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**“An Evaluation of The Credit Management policy of National Bank
Limited (NBL): A study on Gulshan Branch, Dhaka”**

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Letter of Transmittal

To

Nurul Mohammad Zayed
Assistant Professor and Head
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Subject: Submission of an Internship Report .

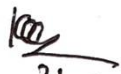
Dear sir,

I am very pleased to submit you my internship report on “**An Evaluation of TheCredit Management Policy of National Bank Limited**”. It has been a great gratification for me to have the opportunity to apply my academic knowledge in practical field. The theoretical knowledge is of no worth if it is not applied in reality. The report is prepared on the basis of the theoretical and practical learning from the 3-month internship program in National **Bank Ltd. (Gulshan Branch)**.

I tried my level best to put careful effort for the preparation of this report. As an intern it is usual that short comings or flaws may arise and it may lack professionalism in some cases. For any unintentional inadequacy in the report, your sympathetic consideration would be highly appreciated. Furthermore, I will heartily welcome any clarification and suggestion about any view and conception disseminated in the report. I truly appreciate your patience and support.

I sincerely expect that you would be kind enough to accept my report for evaluation and oblige thereby.

Sincerely yours,


21.05.19

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Certificate of Approval

This is to certify that, Md. Kamruzzamaninti, ID: 181-14-2613, student of Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University, has prepared this internship report entitled “An Evaluation of The Credit Management Policy of National Bank Limited (NBL), Gulshan Branch under my supervision and guidance. I do hereby approve the formation and contents of this internship report. To the best of my knowledge the report has been prepared by him. I have supervised him throughout the preparation of the paper.

I wish him all success.

Signature of the Supervisor

Nurul Mohammad Zayed

Assistant Professor and Head

Department of Real Estate

Faculty of Business & Entrepreneurship

Daffodil International University



Acknowledgement

First of all, I would like to give my heartiest gratitude to the almighty Allah who has helped me through all the difficulties which I faced in my life and showed me the right path. It is Allah who has made my journey smooth and easier. I would like to thank National Bank Limited for providing me nice academic environment for the successful completion of the program. My sincere respect also goes to my supervisor Assistant Professor and Head, Department of Real Estate , who has guided me from the very beginning of my internship program. His inspiration and encouragement has made me confident and self-dependent. His tireless efforts and appreciation has greatly contributed to my report . All the shortcomings and weakness of this report, however, are incurred by me. I express my appreciation to all staff members of National Bank Limited, gulshan branch, especially Delera Mam and a very special thanks goes to – Laila Afroze Senior Assistant Vice President And Second Manager of National Bank Limited, gulshan Branch, for providing all the support in the organization. Special thanks go to the respondents, who spared their time generously, and took the trouble of answering my queries and helped me to complete my study.



Executive Summary

National Bank Limited is a commercial bank and its play a very important role in our country. The bank provides all types of support of trade, commerce, industry and overall business of the country. With the active support and guidance from the Government, the bank has been showing a steady and improved performance. Making loans is the principal economic function of banks. National Bank Ltd. is one of the market leaders in lending credit over the last few years. In my report, I mainly try to find credit policy, credit approval process, credit disbursement, risk grading and credit recovery policy of National Bank Limited. My report is divided into five chapters. In the first chapter, discussed about introduction and other formalities which had to maintain make report a worthy one. The second chapter is concentrated on the profile, services and core performances of National Bank Limited. The third chapter contains about the credit management procedure. Here, summarized Bangladesh Bank guidelines and credit program, credit approval process National Bank Limited. . In the fourth chapter is concentrated on credit risk assessment of National Bank Limited. The fifth chapter contains findings, recommendations and conclusion of this report and last part contains references and appendix. This study finds that Credit management needs to be a robust process that enables banks to proactively manage loan portfolios in order to minimize losses and earn an acceptable level of return for shareholders.

Table of Contents



Letter of Transmittal		II
Supervisor's Certificate		III
Acknowledgement		IV
Executive Summary		V
Chapter 1	Introduction	1
1.1	Background of the Study	2
1.2	Scope of the Study	2
1.3	Objectives of the Study	3
1.4	Research of the Methodology	3
1.5	Limitations of the Report	4
Chapter 2	An overview of the National Bank Limited	5
2.1	Background of the Organization	6
2.2	Vision & Mission	6
2.3	Ownership Structure	7
2.3.2	Board of the directors	8
2.4	The Hierarchical Structure	9
2.9	Core Values	10
2.11	Corporate Slogan of National Bank	11
2.14	Products and Service of National Bank Limited	12
2.14.1	Credit Products	12
2.14.2	Consumer Credit Scheme	13
2.14.3	Special Deposit Scheme	13
2.14.4	Monthly Savings Scheme	13
2.14.5	Millionaire Deposit Scheme	14
2.14.6	Double Benefits Scheme (DBS)	15
2.14.7	Credit Card	15
2.14.8	NBL ATM Service	15
2.14.9	Account Opening and Closing	16
2.14.10	Deposit and Cash Department	17
2.14.13	Foreign Exchange	18
Chapter 3	Credit Management of National Bank Limited	19
3.1	Definition of Credit	20
3.2	Definition of Credit Management	20
3.3	Objective of Credit Management	20
3.4	Guidelines by Bangladesh Bank	21
3.4.1	Policy Guidelines	21-23
3.4.2	Procedural Guidelines	24-25
3.5	Credit management process of National Bank Limited	26
3.5.1	Credit program	26



3.5.2	Credit policy of National Bank Limited	27
3.5.3	Credit Principles in National Bank Limited	28-30
3.5.4	Credit risk grading of National Bank Limited	31
Chapter 4	Credit Risk Assessment	32-36
4.1	Loan Process of NBL	37
4.2	Application for the loan:	37
4.3	Filling Form-A:	37
4.4	Scrutinizing And Collection of Information	37
4.5	Preparation of loan proposal:	38
4.6	Documents	39
4.7	Assessment of loan proposal	40
4.8	Credit Approval process of National Bank Ltd.	41
4.9	Sanction Letter	42
4.10	Securities	42
4.11	Verification of Security	43
4.12	Mandatory Checking	43
4.13	Documentation	43
4.14	Loan Disbursement	44
4.15	Credit Monitoring	44
4.16	Credit Recovery	45
4.17	Diagrammatically Loan Procedure of NBL	46
4.18	Total Loans & Advances	47
4.19	Sector wise Loans Disbursement	48
4.20	Geographical Location Wise Loans and advances	49-50
4.21	Recovery percentage of loans and advances	51
Chapter 5	FINDINGS, RECOMMENDATIONS & CONCLUSION	52
5.1	Major Findings	53
5.2	Recommendations	54
5.3	Conclusion	55
5.4	APPENDIX AND REFERENCE	56
	Appendix	56-57
	Reference	58



Chapter One:

Introduction





CHAPTER # 1

INTRODUCTION

1.1 Background of the Study

Any academic course of the study has a great value when it has practical application in the real life. Only a lot of theoretical knowledge will be little important unless it is application in the practical life. So we need proper application of our knowledge to get some benefit from our theoretical knowledge to make it more fruitful when we engage ourselves in such field to make proper use of our theoretical knowledge in our practical life., only then we come to know about the benefit of the theoretical knowledge. Such an application is made possible through internship. When theoretical knowledge is obtained from a course of study it is only the half way of the subject matter. Internship implies the full application of the methods of producers through rich acquired knowledge of subject matter can be fruitfully applied in our daily life. Such a procedure of practical application is known as internship. The case study is titled overall banking operation of "National bank limited". This report is prepared as the program requirement of BBA, Daffodil International University, as practical orientation is integrate part of BBA program. As a student this study will be more significant in my practical life, I have worked for three months at North Brook Hall Road branch of National Bank Limited to complete the internship program as an academic requirement.

1.2 Scope of the Study

In my report I have discussed about the background of the NBL. Before that a brief overview of the NBL has been given to understand its operation and activities. So the scope of the report covers the comprehensive knowledge on the organization of NBL. I have tried to analyze and evaluate of banking credit performance based adequate information contained in documents.



1.3 Objectives of the Study

Broad objective: To research the credit risk management of National Bank Ltd

Specific objectives: To fulfill the general objective, some specific areas were analyzed which will be called specific objectives. The specific objectives of this report are as follows:

- To get an idea about the process of credit management practices of NBL.
- To examine the credit recovery performance of NBL.
- To present the major findings of NBL.
- To prescribe some suggestions to overcome the problems.

1.4 Research Methodology

The report is fully exploratory in nature. Data has been gathered from secondary sources.

Secondary sources of data (2014-2018)

- Annual report of National Bank Limited
- Different papers of National Bank
- Unpublished data
- Different text books
- Various files, balance sheet and various documents.

Data Processing

Collected information was then processed by the use of computer; hear by the officer, seeing bank prospectors etc. and this detail analysis work is written in the report.

1.5 Limitations of the Study

- Anything, which will adversely affect the image of the bank, could not be disclosed.
- The annual report of the banks is not a well report. Some terms are not happened in future.



- National Bank Limited (NBL) is a private bank which is conservative about their data as a result it was not possible for the report to get all the data required.
- Sometimes the officials had been unable to provide information because of their huge busy work.
- Due to lack of experience, there is a chance of having some mistake in the report though



Chapter Two:

An Overview of The National Bank



2.1 Background of the organization



National Bank Limited has its prosperous past, glorious present, prospective future and under processing projects and activities. Established as the first private sector bank fully owned by Bangladeshi entrepreneurs, NBL has been flourishing as the largest private sector Bank with the passage of time after facing many stress and strain. The members of the board of directors are creative businessmen and leading industrialists of the country. To keep pace with time and in harmony with national and international economic activities and for rendering all modern services, NBL, as a financial institution, automated all its branches with computer networks in accordance with the competitive commercial demand of time. Moreover, considering its forthcoming future, the infrastructure of the Bank has been rearranging. The expectation of all class businessmen, entrepreneurs and general public is much more to NBL. At present we have 145 branches under our branch network. In addition, our effective and diversified approach to seize the market opportunities is going on as continuous process to accommodate new customers by developing and expanding rural, SME financing and offshore banking facilities

2.2 Vision & Mission

Vision

Ensuring highest standard of clients services through best application of latest information technology, making due contribution to the national economy and establishing ourselves a front ranking bank at home and abroad.

Mission

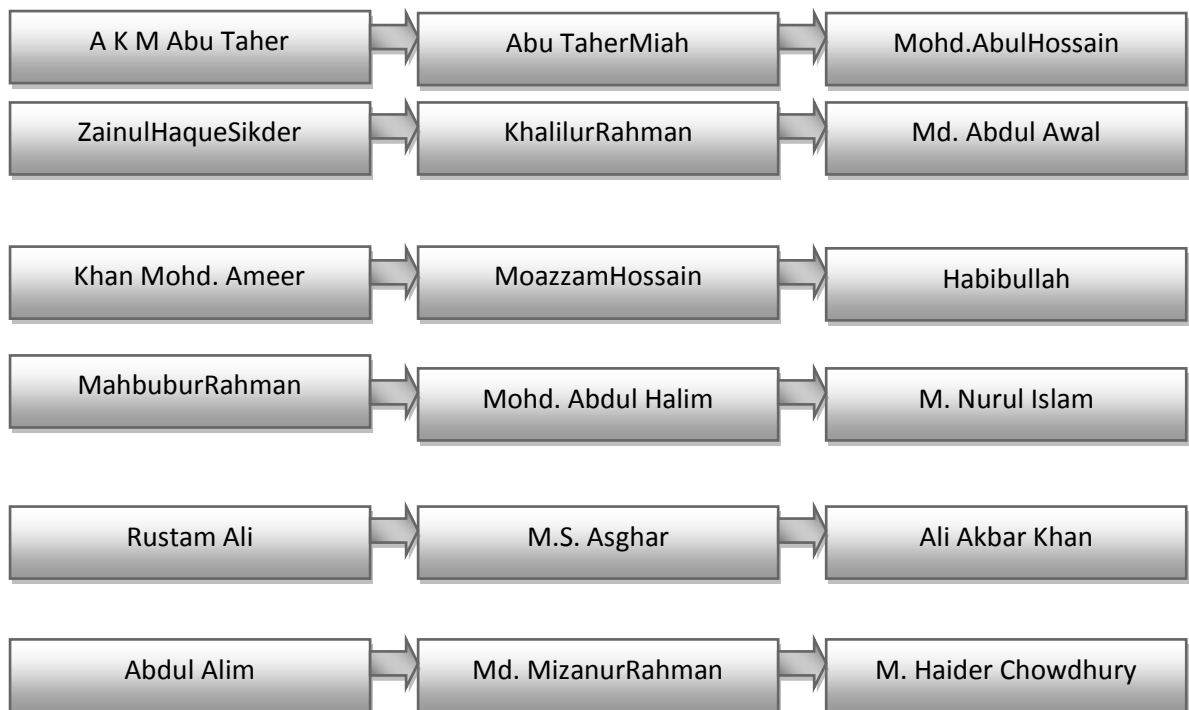
Measures for expansion of our activities at home and abroad by adding new dimensions to our banking services are being continued unabated. Besides, we are also giving highest priority in ensuring transparency, accountability, and improved clientele service as well as to our motivation to serve the society, through which we want to get closer and closer to the people of all strata.

2.3 Ownership Structure

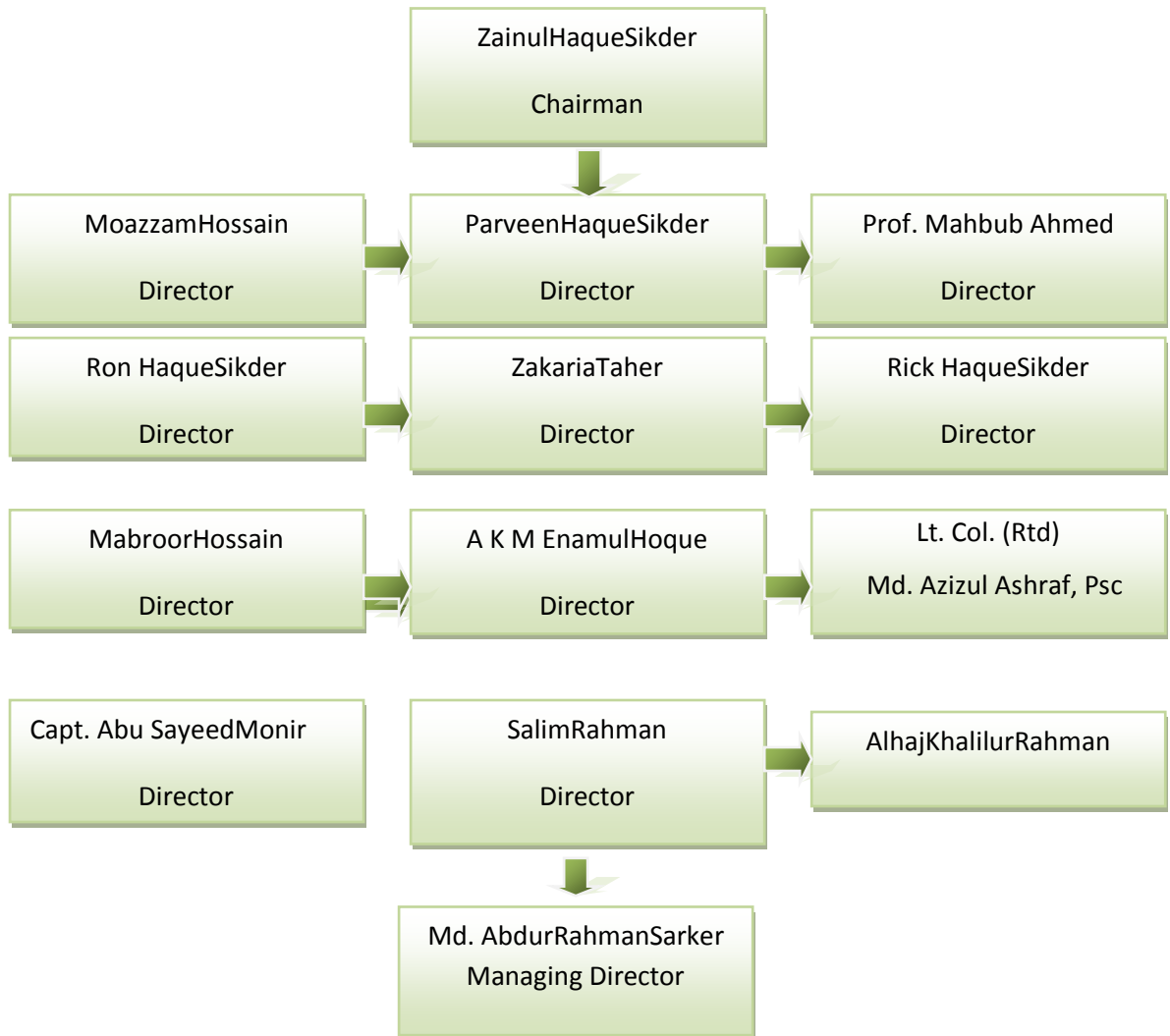


2.3.1 Sponsor of Directors:

The sponsors of National Bank Limited are highly successful leading entrepreneurs of the country having stakes in different segments of the national economy. They are eminent industrialists and businessmen having wide business reputation both at home and abroad. The sponsorship of NBL members are:-

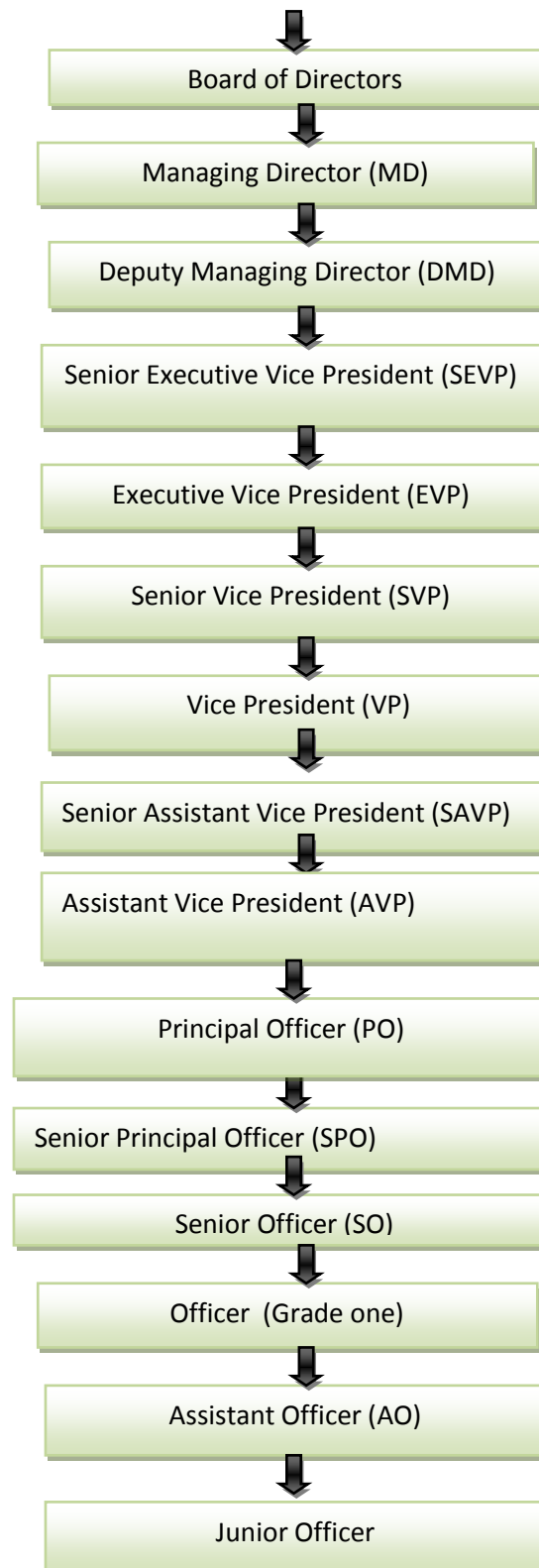


2.3.2 Board of the directors



2.4 The Hierarchical Structure

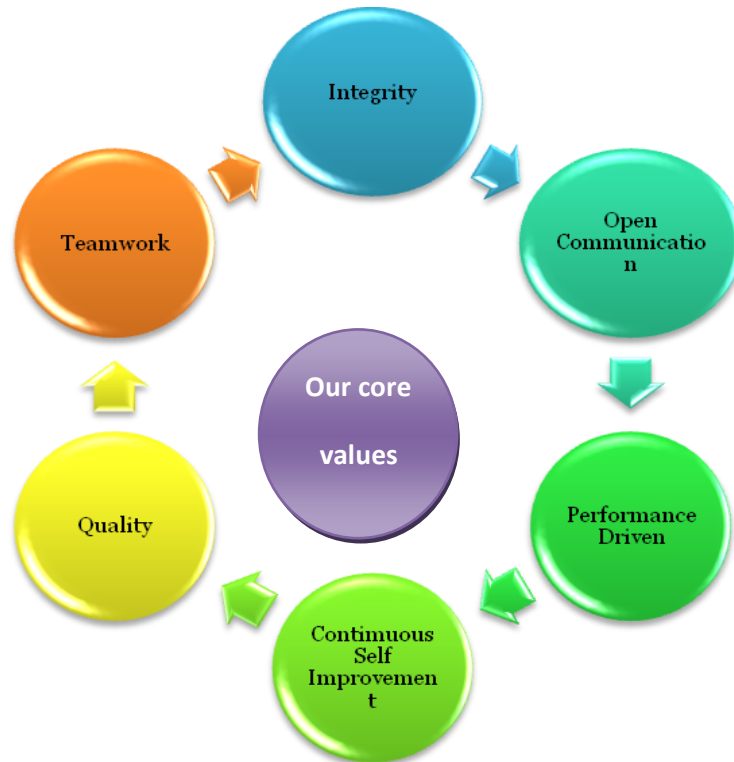




2.9 Core Values



NBL's core values consist of 6 key elements. These values bind their people together with an emphasis that their people are essential to everything being done in the Bank.



Integrity

- NBL products and safeguards all customer information.
- NBL treats everyone in an equitable and consistent manner.
- NBL creates an environment, which earns and maintains customer trust.

Open Communication

- NBL builds customer relationships based on integrity and respect.
- NBL offers a full line of products and excellent service.
- NBL is committed to the prosperity of the customer and shareholders.

Performance Driven

- In NBL, customers and employees are judged in terms of their performance.

Continuous Self-improvement



- Continuous learning, self-challenge and strive make ways for self-improvement of workforce at NBL.

Quality

- NBL offers hassle free better service timely.
- NBL builds–up quality assets in the portfolio.

Teamwork

- Interaction, open communication, and maintaining a positive attitude reflect NBL`s commitment to a supportive environment based on teamwork.

- Earning the highest level of trust requires the balanced provision of value to four constituents: customers, shareholders, market environment & society and employees. Through this process, the Bank aims to

These values tightens our people together with an intension that our people are essential to everything being done in the Banking sector.

2.11 Corporate Slogan of National Bank- “A Bank for Performance with Potential”

National Bank Ltd. as the name implies, is not a new type of bank in some countries on the global, but is the first of its kind in Bangladesh. It believes in togetherness with its customers, in its march on the road to growth and progress with services. To achieve the desired goal, it has intention to pursuit of excellence at all stages with a climate of continuous improvement.

Organizational memory has helped the Bank in order to deliver maximum value to customers, employees, shareholders and the nation. Knowledge has always been an important driver of value creating over the past years.

2.14 PRODUCTS & SERVICES OF NATIONAL BANK LIMITED



Products & services are the asset of an organization. These products may attract the customers or not. It mainly depends on the offering and benefits of the products and services. The products and services of National Bank Ltd. Are

2.14.1 Credit Products

Secured Overdraft (SOD)	General purpose
	100% cash covered
	12 months period
Overdraft (OD)	General purpose
	12 months period
Time loan	Against security or collateral
	To finance inventory / receivables
	12 months
Term loan	Against fixed assets
	Over 12 months
	Maximum 7 years
Packing Credit	Against export LC and export order 180 days

+ Payment against document (PAD)	Against sight LC
	21 days
Loan against trust receipt (LATR)	Against import LC
	180 days
Cash credit (Hypo)	To finance inventory
	12 months
Local documentary bill purchased (LDBP)	To purchase discount against local usence LC
	180 days
Foreign documentary bill purchased (FDBP)	To purchase discounted export document
	45 / 180 days
Sight LC	For imports
	12 months
Back to back LC & Acceptance	For import of raw materials and accessories for subsequent export
	Maximum 180 days
Letter of Guarantee	For contractual obligations
	Specific period

Table 1: Products offered by NBL.

2.14.2 Consumer Credit Scheme



National Bank's customer Credit Scheme provides a great scope to buy household and office items on easy installments. This scheme provides the advantage of part payment to cope with the high price tags of many necessary homes and office equipments. Television, Refrigerator, VCR, Personal Computer, Photocopier, Washing Machine, Furniture, Microwave Oven, Car, and a number of other expensive appliances are now within your buying range. With this scheme NBL makes better living possible for people who are living on fixed income. Customers can buy these home and office appliances without over taxing their budget.

► **Benefits (Condition Apply)**

- Fast processing
- Competitive interest rate.
- No application or processing fee.
- Easy monthly installment.

2.14.3 Special Deposit Scheme

For most of the people on fixed income the opportunity to supplement their monthly earning is a golden one. And NBL Special Deposit Scheme gives a customer just that. Under this scheme, customers can deposit money for a term of 3 years. The deposited money is fully refundable at the expiry of the term. At the same time, during the term period they can enjoy a monthly profit corresponding to their deposited amount. As for instance, under this scheme a deposit of Tk, 100,000/- gives a monthly income of Tk.1000/-.

2.14.4 Monthly Savings Scheme

This scheme is specially designed for the benefit of the limited income group members. This helps to accrue small monthly savings into a significant sum at the end of the term. So, after the expiry of the term period the depositor will have a sizeable amount to relish on.



Sl no	Monthly Installments (Taka)	Amount to be paid on completion of Term		
		3(Three) years @9.00%	5(Five) years @9.25%	8(Eight) years @9.50%
01	500/-	20,627/-	37,896/-	70,849/-
02	1,000/-	41,255/-	75,791/-	1,41,691/-
03	2,000/-	82,510/-	1,51,583/-	2,83,394/-
04	3,000/-	1,23,765/-	2,27,374/-	4,25,091/-
05	4,000/-	1,65,020/-	3,03,166/-	5,66,788/-
06	5,000/-	2,06,274/-	3,78,957/-	7,08,485/-
07	10,000/-	4,12,549/-	7,57,914/-	14,16,970/-

2.14.5 Millionaire Deposit Scheme: This scheme is specially designed for 5 or 7 or 10 years. Here same the person can open more then one account.

<i>Amount of Saving</i>	<i>Years</i>	<i>Payment of Money</i>
Tk. 12,450.00/-	5	Tk. 10,00,000.00/-
Tk. 7,870.00/-	7	Tk. 10,00,000.00/-
Tk. 4,550.00/-	10	Tk. 10,00,000.00/-



2.14.6 Double Benefit Scheme (DBS)

National Bank Limited offers customers a hassle free and low charges savings account through the branches all over Bangladesh.

Benefits (Condition Apply)

- Interest rate of 6.00% on minimum monthly balance.
- Minimum balance Tk.1000.
- Maintenance charge yearly Tk. 400.
- No hidden costs.
- Standing Instruction Arrangement are available for operating account.

2.14.7 Credit Card

Through its Cred

National Bank Limited has not only initiated a new scheme but also brought a new life style



concept in Bangladesh. Now a days the dangers and the worries and the difficulies of carrying cash money are memories of the past.Credit Card which comes in both local and international forms, giving the customer power to buy all over around the World. Now enjoy advantages of using Credit Card as you step into the new era of millennium.

2.14.8 NBL ATM Service

National Bank Limited has started ATM service to its Clients. The card will save our valued customers from any kind of predicament in emergency situation and time



consuming formalities. NBL ATM Card which will give our distinguished customers the facility to withdraw cash at any time, even in holidays.

2.14.9 Account Opening and Closing

- Opening of different types of Accounts.
- Issuing checkbook and delivering Deposit receipt book.

There are several kinds of Account are held:

✓ Savings Account:

- When a person will do this A/C, the important things are necessary.
- Introduction of Depositor / A/C's holder.
- Photocopy of passport / Chairman Certificate/ Attested of First Class officer/ Voter ID Card
- Two copies of photographs.
- KYC {Know Your Customer} form

✓ Current Individual Account:

- When a person will do this A/C, the important things are necessary.
- Introduction of Depositor / A/C's holder.
- TIN certificate.
- Photocopy of passport / Chairman Certificate/ Attested of First Class Officer/ Voter ID Card.
- Two copies of photographs.
- KYC {Know Your Customer} form.

✓ Current Account for Proprietorship /Firm Account:

- Common Individual of S/A.
- Trade License with validity.
- Seal of the Firm.
- TIN certificate.

✓ Current Account for Partnership Account:

- Common Individual of S/A.



- Trade License with validity (more than two owners).
- TIN certificate.
- Partnership Deed with Registered.
- TK.1000 stamp.
- Partnership letter (Bank will gives).
- Firm's Seal.

✓ **Current Account for Private (LTD)**

- Common Individual of S/A.
- Trade license.
- TIN certificate.
- Memorandum or articles of association.
- Certificate in Corporation.
- Regulation of full board with signature.
- List of Directors.
- Organizations seal.
- Certificate of commencement

✓ **Club/ Society**

1. By Laws.
2. Regulation.
3. Common Individual.
4. Seal of club/society.
5. Registration number.

✓ **Trustee**

1. Common as club/society.
2. Trustee Deed.

2.14.10 Deposit and cash department

Bank performs their activities simultaneously because these two departments are separately engaged to each other of Branch. The main functions carried on by Deposit and cash Departments are as follows:



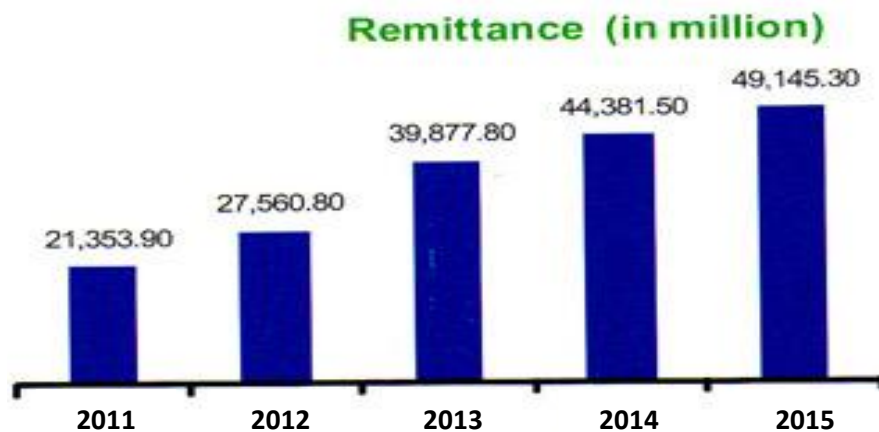
- Receipts.
- Payments.
- Cash Balancing.

2.14.13 Foreign Exchange

The main functions of Foreign Exchange Department are:

- 1) Deals with inward foreign Remittance.
- 2) Dealing of Traveler Checks.
- 3) Transfer money and currency through Western Union.
- 4) Transfer fund through draft, Telegraphic Transfer, Mail Transfer etc.
- 5) Foreign Bills collection.
- 6) Foreign Bills purchase and discount.

. In 2010, foreign remittance brought through NBL was USD 708.67 million with an increase of USD 62.70 million over the previous year showing a growth of 9.70%.





Chapter Three:

Credit Management of National Bank Limited .





CHAPTER # 3

CREDIT MANAGEMENT OF NATIONAL BANK LIMITED

3.1. Definition of Credit

The word credit comes from the Latin word “Credo” meaning “I believe”. It is a lender’s trust in a person’s/firm’s/or company’s ability and intention to repay. In other words, credit is the ability to command goods or services of another in return for promise to pay such goods or services at some specified time in the future.

In banking terminology, credit refers to the loans and advances made by the bank to its customers or borrowers. Bank credit is a credit by which a person who has given the required security to a bank has liberty to draw to a certain extent agreed upon. It is an arrangement for deferred payment of a loan or purchase

3.2. Credit management

Banks are major financial institutions, which coordinate between borrowers and lender. They mobilize funds from one group of people at low rate and lend the same to other groups of people at the highest rate of return to maximize profit. Credit management in banking is mainly liable to its concerned authority. At any cost they have to bind to keep its funds in safety and returnable with maximum profit from the investment. So credit management involves an effective Processing of the entire loan transactions, proper evaluation of credit risk, accurate documentation of the loan, security agreements and systematic monitoring of the process of the loan that will help to minimize loan defaults.

3.3. Objectives of credit management

- To provide service in special sector
- To ensure profit maximization of the bank
- To provide adequate liquidity and cash



- To manage the loan and investment portfolios in the best possible manner so as to ensure profitability
- To maintain reserve for contingencies
- To minimize loan defaults

3.4.Guidelines by Bangladesh Bank

3.4.1 Policy Guidelines

This section details fundamental credit risk management policies that are recommended for adoption by all banks in Bangladesh. The guidelines contained herein outline general principles that are designed to govern the implementation of more detailed lending procedures and risk grading systems within individual banks.

(I) Lending Guidelines

Every bank should have established Credit Policies (“Lending Guidelines”). The Lending Guidelines should provide the key foundations for account officers /relationship managers (RM) to formulate their recommendations for approval, and should include the following:

- Industry and Business Segment Focus
- Types of Loan Facilities
- Single Borrower/Group Limits/Syndication
- Lending Caps
- Discouraged Business Types
- Loan Facility Parameters
- Cross Border Risk

(II) Credit Assessment

Credit Applications should summaries the results of the risk assessment and include, as a minimum, the following details:

- Amount and type of loan(s) proposed.
- Purpose of loans.
- Loan Structure (Tenor, Covenants, Repayment Schedule, Interest)
- Security Arrangements



(III) Credit Risk Grading

The Credit Risk Grading (CRG) is a collective definition based on the pre-specified scale and reflects the underlying credit-risk for a given exposure.

GRADING	SHORT NAME	NUMBER
Superior–Low Risk	SUP	1
Good–Satisfactory Risk	GD	2
Acceptable–Fair Risk	ACCPT	3
Marginal/Watchlist	MG/WL	4
Special Mention	SM	5
Sub standard	SS	6
Doubtful and Bad (non-performing)	DF	7
Bad & Loss (non-performing)	BL	8

Table-03: Credit Risk Grading

Source: “MANAGING CORE RISKS IN BANKING: CREDIT RISK MANAGEMENT” by BB

(IV) Policy on Loan Classification

Irrespective of credit score obtained by a particular obligor, grading of the classified names should be in line with Bangladesh Bank guidelines on classified accounts, which is extracted from “PRUDENTIAL REGULATIONS FOR BANKS: SELECTED ISSUES” by Bangladesh Bank are presently as follows :



Basis for Loan Classification:

(a) Objective Criteria:

<i>Types</i>	<i>Objective Criteria</i>	<i>Status</i>
Continuous Loan	Overdue period for	
	Less than 90 days	Standard
	90 days or more but less than 6 months	Special Mention Account
	6 months to less than 9 months	Substandard
	9 months to less than 12 months	Doubtful
	12 months or above	Bad loan
Demand Loan	Overdue period for	
	Less than 90 days	Standard
	90 days or more but less than 6 months	Special Mention Account
	6 months to less than 9 months	Substandard
	9 months to less than 12	Doubtful
	12 months or above	Bad loan
Fixed Term Loan period up to 5 years	If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within	
	Less than 90 days	Standard
	90 days or more but less than 6 months	Special Mention Account
	6 months	Substandard
	12 months	Doubtful
	18month	Bad loan
Fixed Term Loan period more than 5 years	If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within	
	Less than 90 days	Standard
	90 days or more but less than 12 months	Special Mention Account
	12 months	Substandard
	18 months	Doubtful
	24 month above	Bad loan
Short-Term Agricultural Credit And Micro Credit	Overdue period for	
	Less than 90 days	Standard
	90 days or more but less than 12 months	Special Mention Account
	12months to 36 months	Substandard
	36 months to 60 months	Doubtful
	60 months or above	Bad loan



(b) Qualitative Judgment:

If any uncertainty or doubt occurs in respect of recovery of any Continuous Loan, Demand Loan or Fixed Term Loan, the same will have to be classified on the basis of qualitative judgment be it classifiable or not on the basis of objective criteria.

If any situational changes occur in the stipulations in terms of which the loan was extended or if the capital of the borrower is impaired due to adverse conditions or if the value of the securities decreases or if the recovery of the loan becomes uncertain due to any other unfavorable situation, the loan will have to be classified on the basis of qualitative judgment.

(v) Policy on Loan Provisioning:

The provisioning rate as per Bangladesh Bank circulars are as follow:

	Business Unit	Rates of Provision				
		UC	SMA	SS	DF	BL
Consumer Financing	House Building & Professional	2.00%	5.00%	20.00%	50.00%	100.00%
	Other than House Building & Professional	5.00%	5.00%	20.00%	50.00%	100.00%
	Small & Medium Enterprise	1.00%	5.00%	20.00%	50.00%	100.00%
	BHs/MBs/SDs against Shares	2.00%	5.00%	20.00%	50.00%	100.00%
	All Others	1.00%	5.00%	20.00%	50.00%	100.00%

3.4.2 Procedural Guidelines

This section outlines of the main procedures that are needed to ensure compliance with the policies contained in Section 1.0 of these guidelines.

(I) Approval Process

The preferred approval process -

1. Application need to be forwarded to Zonal Office for approved/decline.
2. Advise which is the decision as per delegated authority (approved /decline) to recommending branches. A monthly summary of ZCO approvals should be sent to HOC and HO CB to report the previous months approvals sanctioned at the Zonal Offices. The HOC should review 10% of ZCO approvals to ensure adherence to Lending Guidelines and Bank policies.



(II) Credit Monitoring

To minimize credit losses, monitoring procedures and systems should be in place that provides an early indication of the deteriorating financial health of a borrower. At a minimum, systems should be in place to report the following exceptions to relevant executives in CRM and RM team:

- Past due principal or interest payments , past due trade bills, account excesses, and breach of loan covenants ;
- Loan terms and conditions are monitored, financial statements are received on a regular basis, and any covenant breaches or exceptions are referred to CRM and the RM team for timely follow-up.
- Timely corrective action is taken to address findings of any internal, external, or regulator inspection/audit.
- All borrower relationships /loan facilities are reviewed and approved through the submission of a Credit Application at least annually.
- Computer systems must be able to produce the above information for central/head office as well as local review. Where automated systems are not available,
- a manual process should have the capability to produce accurate exception reports .
- Exceptions should be followed up on and corrective action taken in a timely manner before the account deteriorates further.

(II) Credit Recovery

The Recovery Unit (RU)'s primary functions are:

- Determine Account Action Plan/Recovery Strategy
- Pursue all options to maximize recovery, including placing customers into receivership or liquidation as appropriate.
- Ensure adequate and timely loan loss provisions are made based on actual and expected losses.



3.5 Credit Management Process of National Bank Limited

The loan and credit department is a very important department of a bank. The money mobilized from ultimate surplus units are allocated through this department to the ultimate deficit unit (borrower).the success of this department keeps a great influence over the profit of a bank. Failure of this department may lead the bank to huge losses or even to bankruptcy. The Bank implemented the system of credit risk assessment and lending procedures by stricter separation of responsibilities between risk assessment, lending decisions and monitoring functions to improve the quality and soundness of loan portfolio.

3.5.1 Credit Program

- The main focus of National Bank Limited Credit Line/Program is financing business,trade and industrial activities through an effective delivery system.
- National Bank Limited offers credit to almost all sectors of commercial activities having productive purpose.
- The loan portfolio of the Bank encompasses a wide range of credit programs
- Credit is also offered to 15 (fifteen) thrust sectors , as earmarked by the Government, at a reduced interest rate to develop frontier industries.
- Credit facilities are offered to individuals, businessmen, small and big business houses, traders , manufactures, corporate bodies, etc.
- Loan pricing system is customer friendly.
- Prime customers enjoy prime rate in lending and other services .
- Quick appreciation, appraisal, decision and disbursement are ensured.
- Credit facilities are extended as per guide-lines of Bangladesh Bank (Central Bank of Bangladesh) and operational procedures of the Bank.

3.5.2 Credit Policy of NBL:

Credit policy by which the bank is guided to lend are as follows:

- Assessment of the customer's character, integrity and willingness to repay will form basis of lending.



- Customers having capacity and ability to repay shall only be sent.
- Possibility of default will be worked out before lending.
- Diversified credit portfolio to be built and maintained.
- Be proactive in identifying, managing and communicating credit risk.
- Credit will normally be financed from customers' deposits and not out of short term temporary funds or borrowing from other banks.
- Ethical behavior in all credit activities shall be ensured.



3.5.3 Credit Principles in National Bank Limited

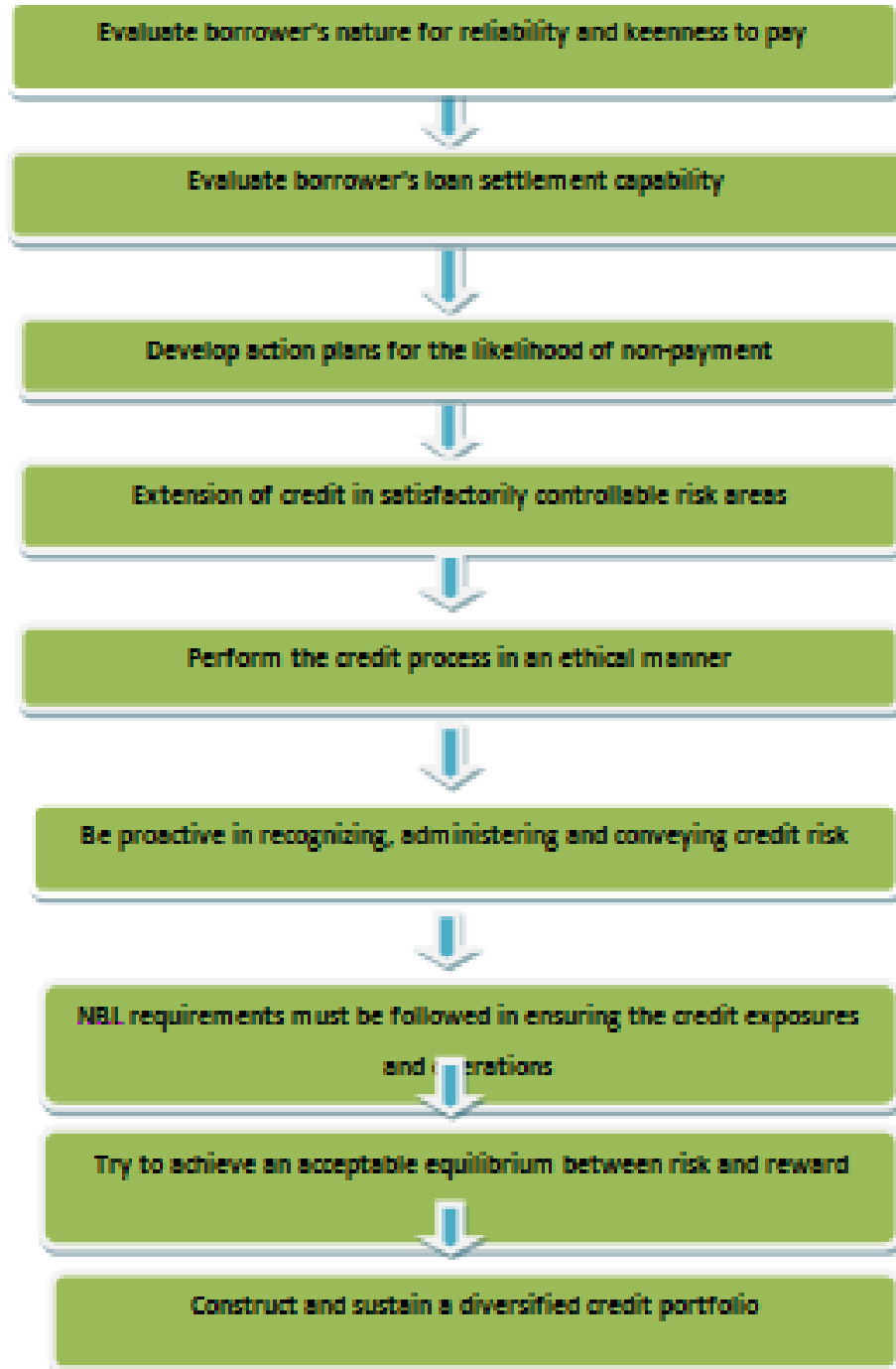


Figure: Credit Evaluation Principles of NBL.



Evaluate borrower's nature for reliability and keenness to pay

A borrower's capacity and commitment to repay a loan are two important factors to a bank. In this respect, the bank has to examine the customer's records and background in his former credit / loan related dealings. The bank should not engage itself into any commitment where there is potential threat and in these cases the bank the bank should be prepared for some exit plans.

Evaluate borrower's loan settlement capability

The loan servicing capacity of the borrower is an essential factor that has to be assessed by the bank prior to the extension of any credit facilities. For this purpose, financial techniques and procedures can be used by the bank. The bank should examine the customer's reason for borrowing, major modes of repayment, historical and projected financial information, industry and competitive position, managerial skills, information source and systems, borrower's operational efficiency, cyclical fluctuations in operations, supply and distribution position.

Develop action plans for the likelihood of non-payment

Any kind of loan carries the possibility of default and thus it is very important for the bank to assess the secondary and tertiary modes of repayment along with the primary source. For this purpose, the bank should consider the security value, value impairment conditions, should define and document the terms and conditions of loan and ensure effective assessment.

Extension of credit in satisfactorily controllable risk areas

To avoid any potential adverse situation, the bank should engage itself only in those areas where it can effectively manage and handle the transaction risk as well as the entity or business risk. In this regard, the bank has the responsibility toward developing and maintaining a productive and efficient relationship with the borrower.

Perform the credit process in an ethical manner



Any kind of unethical and illegal behavior, speculation, conflict of interests is prohibited in NBL. Customer related information should be kept confidential.

Be proactive in recognizing, administering and conveying credit risk

The bank has to be proactive in identifying the state of the borrower's after disbursement performance. Regular monitoring of the accounts, prompt reporting of material deterioration, utilizing Early Warning System (EWS), adjusting of lending terms and conditions are also important factors to be confirmed.

NBL requirements must be followed in ensuring the credit exposures and operations

Bank's guidelines, requirements and internal directives must be complied with. The Relationship Manager must exercise his or her judgment in unforeseen circumstances.

Try to achieve an acceptable equilibrium between risk and reward

The bank should be compensated for the risk it takes. Therefore, an appropriate as well as competitive pricing strategy has to be followed. Credit exposure, loan period, security, credit structure etc. should be arranged in accordance with the bank's policies and guidelines keeping the risk return priorities in view.

Construct and sustain a diversified credit portfolio

Undiversified investment can expose the bank to industry specific risk. Therefore, NBL has to adhere to its policy about pectoral allocation of portfolio, maintain approved ceiling for single borrower, and accurately identify risk characteristics of each exposure



3.5.4 Credit risk grading of NBL

According to Bangladesh Bank guidelines, all Banks should adopt a credit risk grading system. Therefore, NBL has duly implemented a credit risk grading policy in its credit risk assessment program. Risk grading is a key measurement of a Bank's asset quality. All facilities are assigned a risk grade. Where deterioration in risk is noted, the Risk Grade assigned to a borrower and its facilities are immediately changed. Credit Memorandum includes a clear statement of the borrower's risk grade.

NBL applies the following credit risk grading matrix as provided by Bangladesh Bank guidelines.

1.	Superior	Fully cash secured, secured by government
2.	Good	85+
3.	Acceptable	75-84
4.	Marginal/watch list	65-74
5.	Special mention	55-64
6.	Substandard	45-54
7.	Doubtful	35-44
8.	Bad	<35

They grade credit application through these eight criteria. Credit seeker gets credit if they belong first three criteria. Who belongs next three Criteria who may qualify for getting credit if they fulfill the condition as per the banks condition But who belongs in last two criteria who directly disqualified for the credit.



Chapter Four:

Credit Risk Assessment





4.1 Credit Risk Assessment

Before extension of loans, a comprehensive credit risk appraisal is done and annual reviews are made. A credit memorandum (CM) is prepared by the Relationship Manager (RM) which includes the findings of such assessment. The RM used to be the owner of the customer relationship and he / she is held responsible for complying with all the policies and guidelines of Bangladesh bank, bank laws, NBL policies and guidelines etc.

The credit assessment procedure can be segregated into two segments:

- + Call report
- + Credit Memorandum

Call report

At the time inception of a relationship, the relationship manager tries to gather more and more information about the client. He / she sometimes visit the business premises to get an idea about the financial and operational condition of the prospective client. The market reputation, competitive position etc. are also duly assessed. Branch manager along with the relationship manager is also connected in this process. These initial visits or enquiries are referred to as 'calls'. Based on the findings of such calls, RM and the branch manager send a call report to the Head of Marketing, Head of Credit and Managing Director for initial review. The call report contains some basic information about the client such as:

- a. Client's background
- b. Business
- c. Market share
- d. Reliability
- e. Credit exposure
- f. Existing banking relationships
- g. Credit requirements
- h. Pricing of the proposed credit facility



Credit Memorandum (CM)

If the Head Office conveys positive sign for a call report, then only the branch RM goes for preparing a CM. The preparation of CM includes the in-depth analysis of credit risk factors, critical assessment of the client in the light of credit policy guidelines of the bank. Then it is sent to the Head of Marketing to enclose the necessary recommendations and to commence the credit approval process. The CM has to be accompanied with all the required legal documents and the financial information of the prospective client.

The CM generally contains the followings:

- a) A specific control number and base number for each client.
- b) The credit risk grading score.
- c) The authorization for the approval process.
- d) The description of the proposed facility.
- e) Rationale behind the loan extension.
- f) Financial information of the client mainly the income statements for the past years, earnings forecasts in normal and adverse conditions.
- g) Forecasted earnings from the relationship to be established.
- h) Lending agreement.
- i) Compliance of the policies and guidelines of Bangladesh Bank and NBL.

The CM also contains the assessment of the following areas:

Borrower analysis

The majority shareholders, management team and group or affiliate companies are assessed. Any issues regarding lack of management depth, complicated ownership structures or intergroup transactions are addressed, and risks mitigated.

Industry Analysis

The key risk factors of the borrower's industry are assessed. Any issues regarding the borrower's position in the industry, overall industry concerns or competitive forces are addressed and the strengths and weaknesses of the borrower relative to its competition are identified.



Supplier/Buyer Analysis

Any customer or supplier concentration is addressed, as these could have a significant impact on the future viability of the borrower.

✚ Historical Financial Analysis

An analysis of a minimum of 3 years historical financial statements of the borrower is presented. Where reliance is placed on a corporate guarantor, guarantor financial statements are also analyzed. The analysis addresses the quality and sustainability of earnings, cash flow and the strength of the borrower's balance sheet. Specifically, cash flow, leverage and profitability are analyzed.

✚ Projected Financial Performance

Where term facilities (tenor > 1 year) are being proposed, a projection of the borrower's future financial performance is provided, indicating an analysis of the sufficiency of cash flow to service debt repayments. Loans are not granted if projected cash flow is insufficient to repay debts.



+ Account Conduct

For existing borrowers, the historic performances in meeting repayment obligations (trade payments, cheques, interest and principal payments, etc) are assessed.

+ Adherence to Lending Guidelines

Credit Applications should clearly state whether or not the proposed application is in compliance with the bank's Lending Guidelines. The Bank's Head of Credit or Managing Director/CEO approve Credit Memorandum that does not adhere to the bank's Lending Guidelines.

+ Mitigating Factors

Mitigating factors for risks identified in the credit assessment are identified. Possible risks include, but are not limited to: margin sustainability and/or volatility, high debt load (leverage/gearing), overstocking or debtor issues; rapid growth, acquisition or expansion; new business line/product expansion; management changes or succession issues; customer or supplier concentrations; and lack of transparency or industry issues.

Loan Structure

The amounts and tenors of financing proposed are justified based on the projected repayment ability and loan purpose. Excessive tenor or amount relative to business needs increases the risk of fund diversion and may adversely impact the borrower's repayment ability.

+ Security

A current valuation of collateral is obtained and the quality and priority of security being proposed are assessed. Loans are not granted based solely on security. Adequacy and the extent of the insurance coverage are also assessed.



- Names of the borrower
- Factory location
- Official address, Present & Permanent address
- Past and Present business

4.4 Scrutinizing And Collection of Information

In case of clients who have previous record of taking credit facilities, then the existing records are examined to see whether the client has a good record of payments in time. Otherwise, information is to be collected through direct inquiry.

I Direct Inquiry

Direct inquiry one of the common methods of obtaining information to verify facts presented on the application during the interview of an applicant for an initial credit transaction. To collect direct information credit officers visit the clients to see the viability of the information provided by the client. Information regarding the existing and the prospective client are also obtained from the CIB of Bangladesh Bank to see the existing borrowing records of the client. After receiving the application for

advance, National Bank sends a letter to Bangladesh Bank for obtaining a report from there. This report called CIB (Credit Information Bureau) report. National Bank Ltd. seeks this report from head office for all kinds of credit.

In the CIB report Bangladesh Bank uses any of the following reference no:

- **NIL:** If the client has no loan facility in any bank or any financial institution then Bangladesh Bank uses 'NIL' in the report.
- **Unclassified (UC):** If the client has any loan facility in any bank or financial institution and if the installment due 0 to 5.99 months then Bangladesh Bank use UC in the report.

-



- **Substandard (SS):** If the client has any loan facility in any bank or financial institution and if the installment due 6 to 11.99 months then Bangladesh Bank use SS in the report.
- **Doubtful (DF):** If the client has any loan facility in any bank or financial institution and if the installment due 12 to 17.99 months then Bangladesh Bank use SS in the report.
- **Bad lose (BL):** If the client has any loan facility in any bank or financial institution and if the installment due 18 or above months then Bangladesh Bank use BL in the report. This report indicates that the client is defaulter and the bank should not provide loan the client

II In-file Ledger Fact

In-file ledger facts are one of the most important sources of information available to credit committee whether to accept or reject a larger amount of credit from an established credit customer. From the in-file records, credit analysts have at their disposal the experience of the concern with the customer. They know the customer's payment habits, the complaints registered, the collection efforts, if needed to keep the customer in line with the established terms.

4.5 Preparation of loan proposal:

Based on financial and management analysis and need of the client and his capability of operating the business, RM shall design the credit keeping in mind on the following issues:

Purpose of the credit.

- Experience in the similar business
- Risk, Remuneration
- Ancillary business
- Validity Loan Period & Business Profitability
- Debt Equity Ratio
- Repayment capacity & Production capacity
- Market demand of the product

4.6 Documents:



Before sending proposal to the approving authority, the branch ensures that the following document has been completed properly:

- Current CIB report
- Loan application from duly signed by the customer.
- Acceptance of terms and condition
- Copy of last audited financial statement up to 3 years.
- Bank statement-last 6 months
- Net worth of the business
- Net worth of the individual
- Total debit and credit of the business
- Visiting card/company ID
- Trade license for business
- Utility Bill(Electricity/WASA/Gas)
- Income tax return of the borrower
- Partnership Deed
- Company memorandum
- Passport/National ID/Driving License
- Copy of the Board resolution of the company.
- Certificate of professional degree
- Photograph-2 copies
- Guarantors (two persons)

4.7 Assessment of the loan proposal

Borrower Analysis

The management team, majority shareholders should be assessed. Any issues regarding complicated ownership structure, lack of management depth should be assessed and risk is mitigated.

Industry Analysis



The key risk factors of the borrower's industry should be assessed. Any issues regarding the borrower's position in the industry, overall industry concerns or competitive forces should be addressed and the strengths and weaknesses of the borrower relative to its competition should be identified.

Supplier/Buyer Analysis

Any customer or supplier concentration should be addressed. Because it could significant impact on the future viability of the borrower.

Historical Financial Analysis:

Preferably an analysis of a minimum of 3 years historical financial statements of the borrower should be presented. Where reliance is placed on a corporate guarantor, guarantor financial statements should also be analyzed. The analysis should address the quality and sustainability of earnings, cash flow and the strength of the borrower's balance sheet. Specifically, cash flow, leverage and profitability must be analyzed.

Credit Background

Credit application should clearly state the status of the borrower in the CIB (Credit Information Bureau) report. The application should also contain liability status with other Banks and FI's and also should obtain their opinion of past credit behavior.

Account Conduct

For existing borrowers, the historic performance in meeting repayment obligations (trade payments, cheques, interest and principal payments etc) should be assessed.

4.8 Credit Approval Process of NBL



Fig: Credit Approval Process of NBL.

4.9 Sanction Letter



Clint's information and loan details are matched with the credit approval then loan is sanctioned and a loan sanction number is auto generated.

- Name of the borrower
- Facility allowed
- Purpose
- Rate of interest
- Security and other terms and conditions

4.10

Securities

National Bank maintains the security listed below in recovering the loans without risk.

- **Lien:** It's a right to retain the property / goods of the borrower as security until the debit are adjusted. In this case the banker can only hold the possession of the goods he cannot sell them. He can sell the securities under lien after giving reasonable notice to the borrower.
- **Pledge:** Pledge is created only for movable property like goods document etc. The pledged goods are returned to the owner after the loan is adjusted. If the borrower fails to repay the loan the banker can sell the pledged goods after giving reasonable notice to him.
- borrower fails to repay the loan the banker can sell the pledged goods after giving reasonable notice to him.
- **Mortgage:** Only the immovable properties are kept under mortgage. It is a method of creating charge on immovable properties.
- **Hypothecation:** Hypothecation is nothing but the mortgage of movable property. It is an extended idea of pledge. In this case both possession and ownership remains with the borrower but by the hypothecation agreement he undertaken to transfer possession whenever required.



4.11 Verification of Security

- Credit Administration Division must check all collateral, primary securities and, legal opinion may be obtained to protect bank's interest.
- Ensure Mortgage documents are properly vetted by legal counsel /panel lawyer as per existing norms of the bank.

4.12 Mandatory Checking:

- ❖ Proposal Credit facilities are compliant of the existing banking regulations.
- ❖ CRG has been done.
- ❖ Other analysis and assessment has been done properly.
- ❖ Computer authority as per Bank's policy approves facilities in writing.
- ❖ All credit approvals are given on a one-obligor basis.
- ❖ Limit is approved as per delegated authority.
- ❖ Large loans are approved within the ceiling advised by Bangladesh Bank.
- ❖ Fresh approvals, renewal, rescheduling, compromise agreement for the Board as per Bangladesh Bank Guidelines places large loan accounts for approval.

4.13 Documentation:

In the borrower accept the sanction letter, the documentation starts. Documentation is a written statement of act evidences certain transitions covering the legal aspects duly signed by the authorized persons having the legal status. In spite of the fact that banker lends credit to a borrower after inquiring about the character, capacity and capital of the borrower, he must obtain proper documents executed from the borrower to protect him against willful defaults. Moreover, when money is lent and binding charge against those assets. Documents contain the precise terms of granting loans and they serve as important evidence in the law courts if the circumstances so desire:

- Letter of arrangement



- Letter of Disbursement, stock report
- Letter of installment ,Letter of guarantee
- Letter of continuity ,Trust Receipt
- Demand promissory note & status report

4.14 Loan Disbursement

After verifying all the documents the branch disburses the loan to the borrower. A loan repayment schedule is also prepared by the bank and given to the borrower so that borrow can withdraw the money through his bank account. Bank will give cheque book to the party and advise them to draw the money.

4.15 Credit Monitoring

Credit monitoring process at NBL tries to monitor the following:

- Past due principal or interest payments, past due trade bills, account excesses, and breach of loan covenants
- Loan terms and conditions are monitored, financial statements are received on a regular basis, and any covenant breaches or exceptions are referred to CRM and the RM team for timely follow-up.
- Timely corrective action is taken to address findings of any internal, external or regulator inspection/audit.
- All borrower relationships/loan facilities are reviewed and approved through the submission of a Credit Application at least annually.
- Ensuring renewal of limits two months ahead of expiry dates.
- Entering all credit facility amount into MIS database



4.16 Credit Recovery

The National Bank Ltd. used the following recovery steps:

1. Persuasive Recovery: The first step in recovery procedure is private communication that creates a mental pressure on borrower to repay the loan. In this situation bank can provide some advice to the borrower for repaying the loan.

2. Voluntarily Recovery: In this method, some steps are followed for recovering loan. These are:

- Building Task Force
- Arranging Seminar
- Loan rescheduling policy
- Waiver of interest rate

3. Legal Recovery: When all steps fail to keep an account regular and borrower does not pay the installments and interests then the bank take necessary legal steps against the borrower for realization of its dues. In this case ArthaRinAdalat Law 2003 plays an important role for collecting the loan.



4.17 Diagrammatically Loan Procedure of NBL:

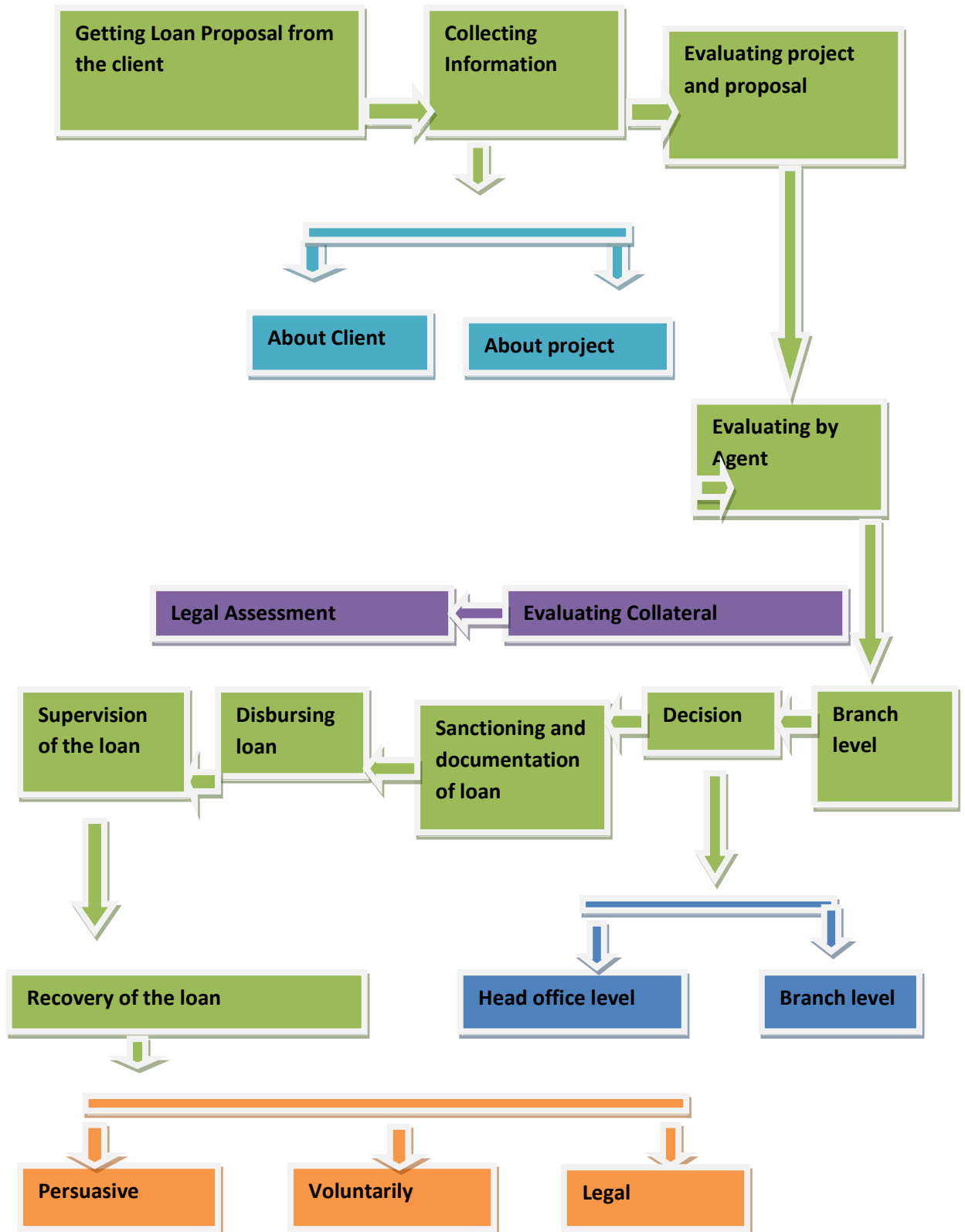


Figure: Loan Procedure of NBL



4.18 Total Loans & Advances:

(Taka in million)

Year	2014	2015	2016	2017	2018
Loans and advances	36475.74	50665.07	65129.29	92003.56	115388.89
Growth rate		38.90%	28.55%	41.26%	25.41%

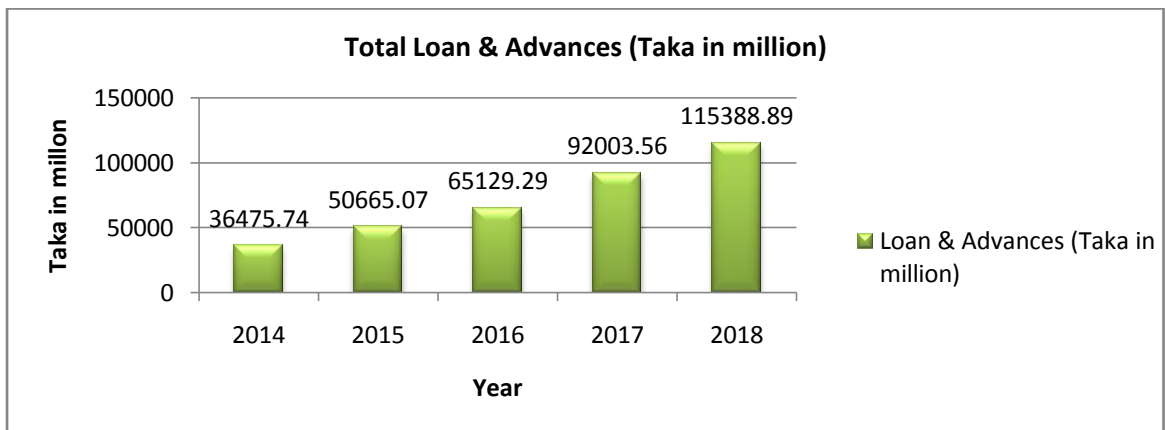


Fig: Year wise total loans & advances of NBL (Source: Annual Report 2014-2017)

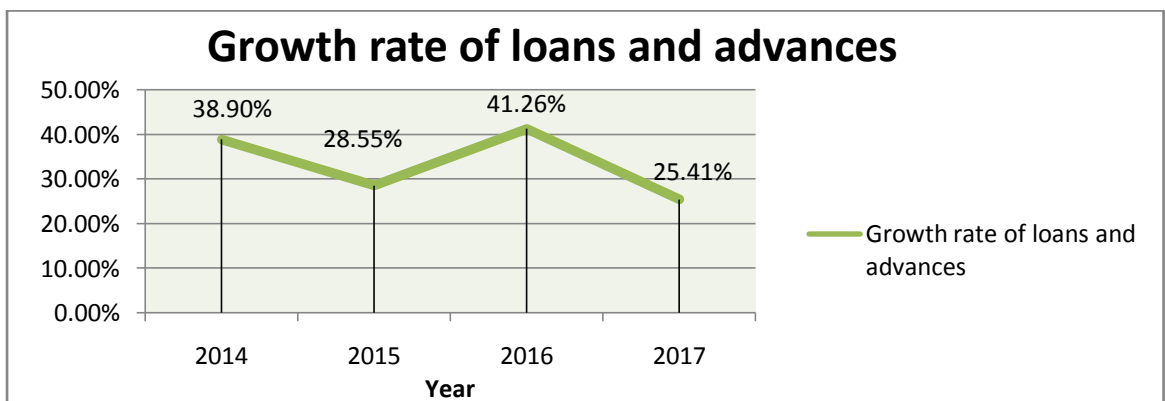


Fig: Year wise growth rate of loans & advances of NBL

(Source: Annual Report 2014-2018.)



Interpretation:The graph represents that, the total loan & advances of growth rate performance is fluctuating gradually year by year. In 2014 the loan and advances was 36475.74 then it was increased year by year. In 2018 it was highest as 115388.89. Although the amount of loans and advances increased year by year but at a fluctuating growth rate. In 2014 it was 38.90% but in 2018 it stood at 25.41%

4.19 Sector wise Loans Disbursement: (Taka in million)

Sector	Taka	Percentage
Agriculture	1102.25	.95%
Term loan to small cottage industries	552.65	.48%
Term loan to medium industries	16205.62	14.04%
Working capital to industry	14260.07	12.36%
Export credit	6925.48	6.01%
Trade finance	35644.15	30.89%
Consumer credit	5.11	.01%
Credit card	601.30	.52%
Others	40092.26	34.74%
Total	115388.89	100%

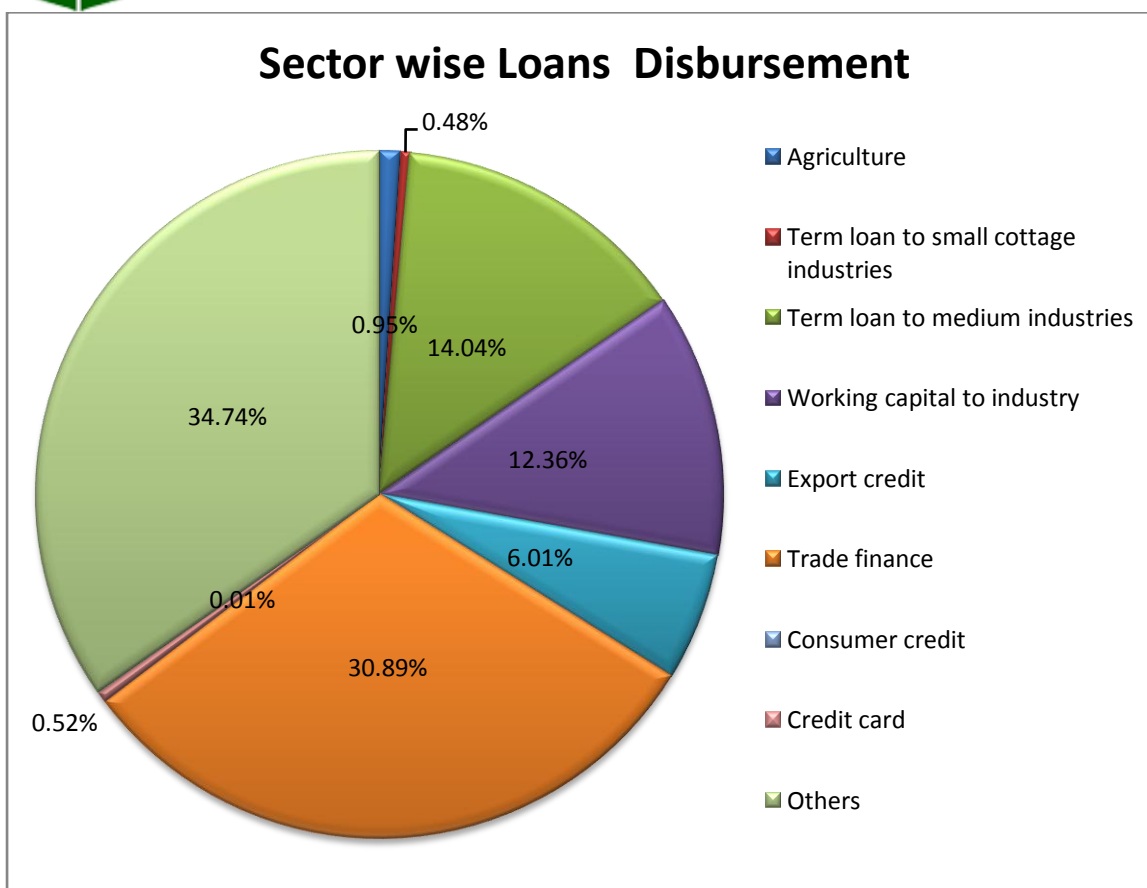


Fig: Sector wise Loans Disbursement of NBL (Source: Annual report 2014-2018)

Interpretation: A wide range of business industries and sectors constitutes the bank's portfolio. Major sector where the bank extended includes trade finance, term loan to medium industries, working capital to industry etc. The high sectors were trade finance 30.89%, term loan to medium industries 14.04%, working capital to industries 12.36% in 2012.

4.20 Geographical location-wise Loans and advances:

(Tk. in million)

Division	Tk.	Percentage
Dhaka	67748.94	58.71%
Chittagong	32538.07	28.20%
Khulna	4996.32	4.33%
Sylhet	1438.99	1.25%



Rajshahi	8666.57	7.51%
Total	115388.89	100%

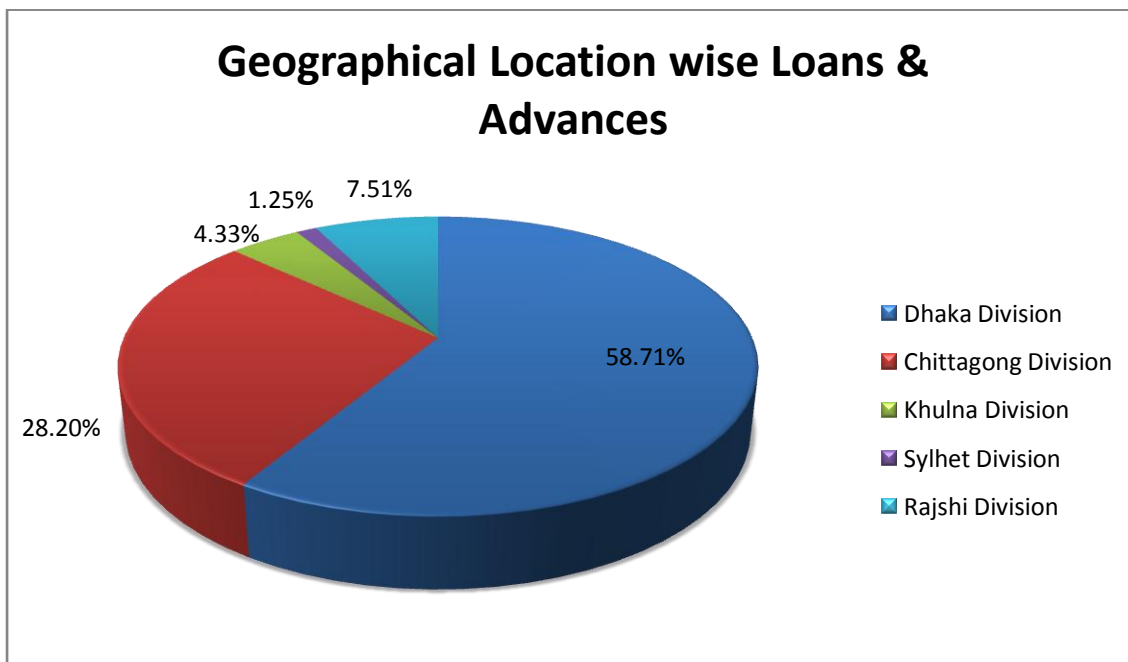


Fig: Geographical Location Wise Credit Distribution:

(Source: Annual report 2014-2018)

Interpretation: From the above figure it has seen that NBL distributes a large portion of credit in Dhaka division. In Dhaka division the bank distributes near about 58.71% where Chittagong divisions are 28.20 % and Rajshahi division is 7.52%. It has been viewed that only 4.33% of their geographical credit distribution goes to Khulna division and 1.25% in Sylhet division.



4.21 Recovery percentage of loans and advances:

Year	Percentage
2014	95.45%
2015	94.61%
2016	94.04%
2017	96.04%
2018	97.17%

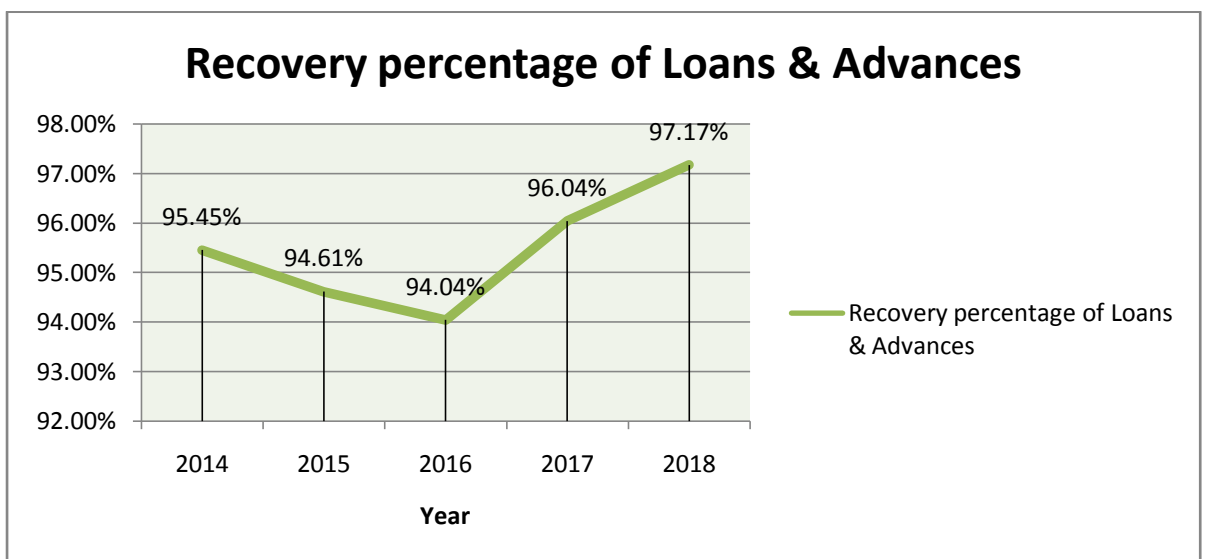


Fig: Year wise Recovery percentage of NBL (Source: Annual report 2014-2018)

Interpretation: From the figure it has seen, the recovery percentage of NBL always stood around 95%. In 2014 the bank has recovery loan which was 95.45%. Then next two years recovery percentage slightly decreased and next two years again increased and in 2018 the rate was 97.17%.



Chapter Five:

Findings, Recommendations And Conclusion





CHAPTER-5

FINDINGS, RECOMMENDATIONS & CONCLUSION

5.1 Major findings:

1. Sometimes the bank can't give loan according to client's purpose as the bank's loan portfolio is not so wider.
2. In spite of having strong procedures in association with credit, proper implementation of those procedures is not seen.
3. Due to increased cost of fund, the bank has to charge high interest rate on loan. Due to this high interest rate, the bank can't attract more customers for investment.
4. There is a lack of proper advertisement for different loan scheme of the bank. It makes the customer ignorant about the bank's credit service.
5. The National Bank has no well effective Recovery unit.

5.2 Recommendations

The recommendations given below are not decisions; rather these are only suggestions to improve the credit performance of National Bank Limited in order to fulfill the customer's satisfaction as well as bank's goal so that customers give more preference to National Bank Limited. There commendations are given below:

1. To solve the problem bank can go with syndicate loan process for proving the loan amount to the customers.
2. The bank should implement all the process and follow all the regulation relating to credit declared by Bangladesh bank.



3. Bank make huge amount of profit by lending fund in different sector, so interest rate should be reasonable for attracting the clients.
4. The authority of the bank should make some arrangement so that the clients will be confirmed about the different credit facility.
5. There should be a Recovery Unit to manage directly the account which sustained deterioration. To encourage recovery unit, incentive program may also be introduced.

5.3 Conclusion

Banking sector of Bangladesh consists of several nationalized and Private Bank .They are doing their activities and highly contribute to the national economy. Among them National Bank Limited also makes significant contribution to the economy. The Bank has established a strong credit portfolio throughout the country. The Bank is well prepared to and capable of meeting the demand for a broad range of credit services . It has got adequate resources , both human and financial, to provide the customers with the best possible services. National Bank has already developed goodwill among its client by offering its excellent services especially in credit through diversifying its product line, strict supervision and monitoring of loans & advances. This success has resulted from the dedication, commitment and dynamic leadership of its management over the periods . But they must concentrate more on customer oriented services and provide better technological advancement relating to banking activities. The Bank is playing pivotal role in providing necessary finance to the different industrial sectors and other sectors. With a view to improving the quality and soundness of loan portfolio, credit risk management methods are continuously updated in National Bank Limited. From the performance evaluation of the bank, it has shown that the credit disbursement, loans & advances growth rate, loans portfolio, loans classified amount are impressively in good position in comparison to Bangladesh Bank



guidelines. Although they have some limitation in their service, they are doing job for the economy. If they can reduce their limitation and introduce new ideas, they can do better in the banking sector of Bangladesh. I am satisfied with their overall performance so far and wish a good success and bright future of the National Bank Limited.



APPENDIX AND REFERENCE

Appendix-1

Abbreviations

APPENDIX	
A/C	Account
ATM	Automatic Teller Machine
ALCO	Asset Liability Committee
B/L	Bill of Lading
BB	Bangladesh Bank
BIC	Bank Identifier Code
BR	Branch
C&F	Clearing And Forwarding
CC	Cash Credit
CCI & E	Chief Controller of Import & Exporter
CFR	Cost And Freight
CRF	Clean Report Findings
CIB	Credit information Bureau
DD	Demand Draft
DBDS	Double Benefit Deposit Scheme
EDF	Export Development Fund
EPB	Export promotion Bureau
EPZ	Export processing Zone
ERC	Export Registration Certificate
EXP	Export Form
FC	Foreign Currency
FDD	Foreign Demand Draft
FDR	Fixed Deposit Receipt
FOB	Free On Board



IBCA	Inter Branch Credit Advice
IBDA	Inter Branch Debit Advice
IMP	Import Form
IRC	Import Registration Certificate
IBC	Inward Bills For Collection
KYC	Know Your Customers
L/C	Letter Of Credit
LCAF	Letter Of Credit Authorization Form
LIM	Loan Against Imported Merchandise
LTR	Loan Against Trust Receipt
LSC	Local Short Collection
MT	Mail Transfer
MDS	Monthly Deposit Scheme
OD	Over Draft
OBC	Outward Bills For Collection
PAD	Payment Against Document
PO	Pay Order
PSI	Pre Shipment Inspection
PL	Personal Loan
SOD	Secured Overdraft
STD	Short Term Deposit
SWIFT	Society For Worldwide Inter Bank Financial Telecommunication
SND	Special Notice Deposit
SDR	Special Drawing Right
SBL	Small Business Loan
SC	Short Collection
TC	Travelers Cheque
TIN	Tax Identification Number
TR	Truck Receipt



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