

**An Analysis of Credit Risk Management of Rupali Bank Limited.**





**Daffodil**  
*International*  
**University**

**Internship Report**

**On**

**“An Analysis of Credit Risk Management of Rupali Bank Limited.”**

**Submitted to:**

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Date of Submission: 01/02/2021

## Letter of Transmittal

Date: 01/02/2021

To,

Md. Arif Hassan

Assistant Professor

Faculty of Business and Entrepreneurship

Daffodil International University

Subject: Submission of Internship Report on “**An Analysis of Credit Risk Management on Rupali bank Limited**”.

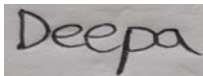
Dear Sir,

I am presenting my internship report on the subject "An Analysis of Credit Risk Management on Rupali bank Limited". Which was assigned to me as a partial requirement to complete my BBA program.

I have tried to accommodate details and related problems as far as possible through this analysis and have tried to obey your guidelines as you suggested.

Therefore, I hope that you will appreciate my effort and I shall be grateful if my report is accepted for the appropriate purpose.

Sincerely Yours,



Omme Tanjila Deepa

ID:171-11-5341

Major in Accounting

BBA Program

Department of Business Administration

Faculty of Business & Entrepreneurship

## Letter of Acceptance

This is to certify that **Omme Tanjila Deepa, ID: 171-11-5341** is a student of Daffodil International University. Under my guidance, she prepared her internship report entitled "**An Analysis of Credit Risk Management for Rupali Bank Limited.**" It seems that the data and reports provided in this internship study are genuine. It is then approved for presentation of the internship security presentation.

I wish her every success in life.



Md. Arif Hassan

Associate Head & Assistant Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

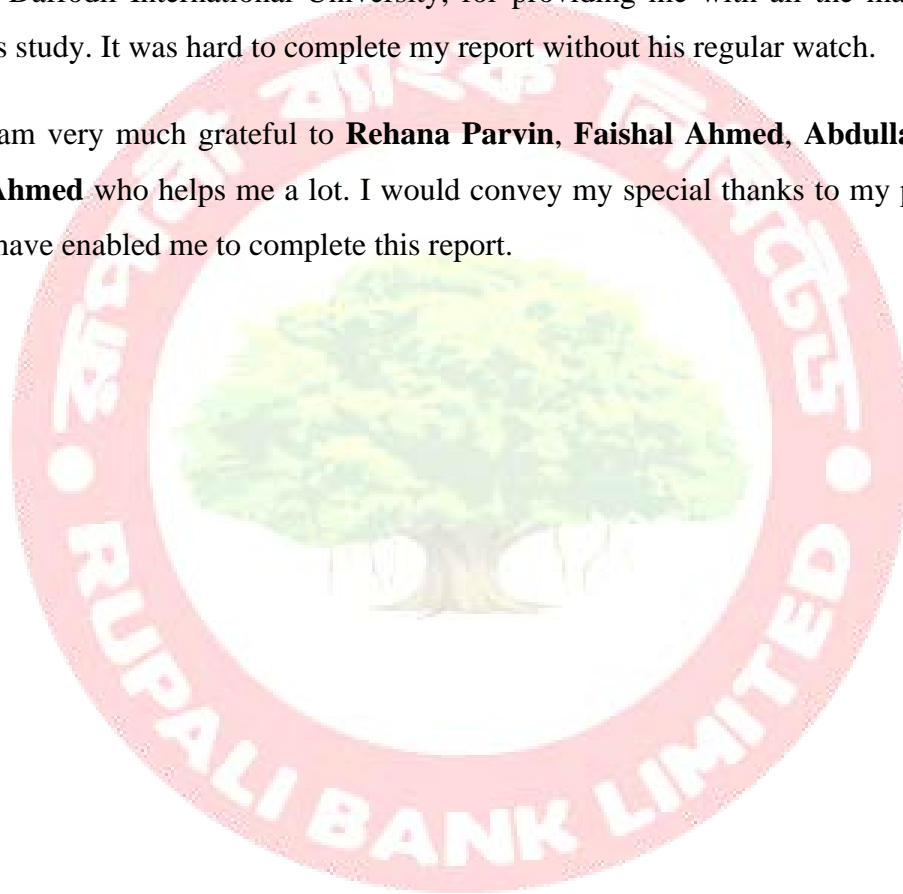
Daffodil International University

## Acknowledgement

I am **Omme Tanjila Deepa** and may want to thank the people who helped me all the way through to complete my internship report "**An Analysis of Credit Risk Management on Rupali bank Limited**" At the absolute starting point, I need to thank God, whose unviable guidance helped me to complete this assistant report.

I especially appreciate my academic supervisor, **Mr. Arif Hassan**, Associate Head & Assistant Professor of Daffodil International University, for providing me with all the main partners to complete this study. It was hard to complete my report without his regular watch.

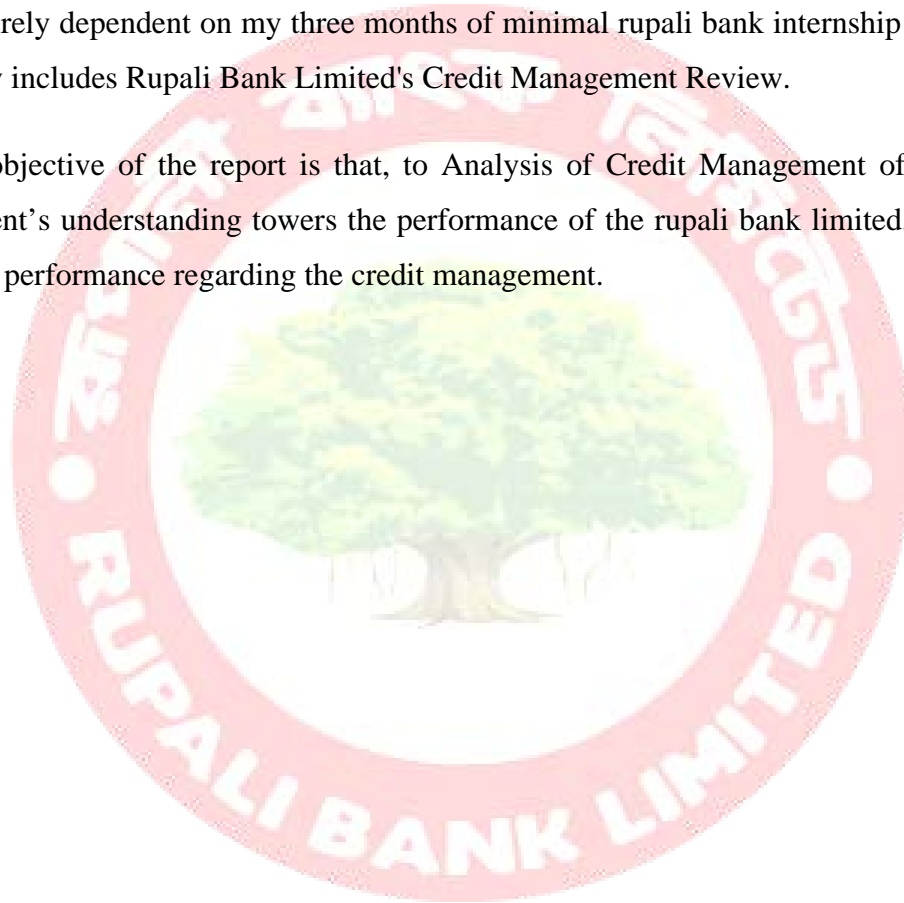
Secondly, I am very much grateful to **Rehana Parvin, Faishal Ahmed, Abdulla-Al-Mamun, Salauddin Ahmed** who helps me a lot. I would convey my special thanks to my parents whose inspirations have enabled me to complete this report.



## Executive Summary

As an accounting department student, it's a great opportunity to get the opportunity to be an intern at a government financial institution. In Bangladesh, there are many renowned and famous government banks. One of the most profitable and modern government banking financial institutions is among those limited by Rupali bank. Rupali Bank Limited's vision is to be a leading financial institution as well as a leading contributor to the economy. The process of preparing the report is entirely dependent on my three months of minimal rupali bank internship program. The study mainly includes Rupali Bank Limited's Credit Management Review.

The prime objective of the report is that, to Analysis of Credit Management of Rupali Bank Limited, client's understanding towers the performance of the rupali bank limited, and analyses the financial performance regarding the credit management.



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## 1.1 Introduction

Banking has a long-term tradition and a rich one. It began as a product of the needs and desires of people. But it has played an important role in meeting the desperate needs of businessmen and others over the decade. As the scale and complexity of business and services are growing day by day, the banking sector also provides basic functions for various creative services and seeks to increase the size of its operation and minimize complexities.

To fulfil the demand the number of banks are increasing day by day. Mainly there are two types of banks like:

- State-owned commercial bank limited.
- Private-owned commercial bank limited

## 1.2 Origin of The Study

This report has been created to obtain a Bachelor of Business Administration (BBA) degree from Daffodil International University and the essayist needs to work in credit risk management at Rupali Bank Limited as a temporary position.

## 1.3 Objectives of The Study

### **Broad Statement**

The main objective of the study is to know the Credit Risk Management process of Rupali Bank Limited

### **Specific Objectives**

- To analyze various credit policies of Rupali Bank Limited;
- To examine the credit appraisal procedures followed by Rupali Bank Limited;
- To identify the problems related to credit management of Rupali Bank Limited;
- To make some recommendations to solve those problems of Rupali Bank Limited;

## 1.4 Methodology of the Study

In the preparation of this report, both primary and secondary information has been used. The subtleties of the sources of data are as follows:

### 1.4.1 Primary Sources:

- Practical work exposure with Rupali Bank Limited
- Face to face conversation / Interview with the Bank Officials
- Observations

### 1.4.2 Secondary Sources:

- Annual Report of Rupali Bank Limited
- Credit Operational Manual
- Training materials of the Bank
- Periodicals published by Bangladesh Bank
- Various books, journals, articles etc.
- Web Sites.

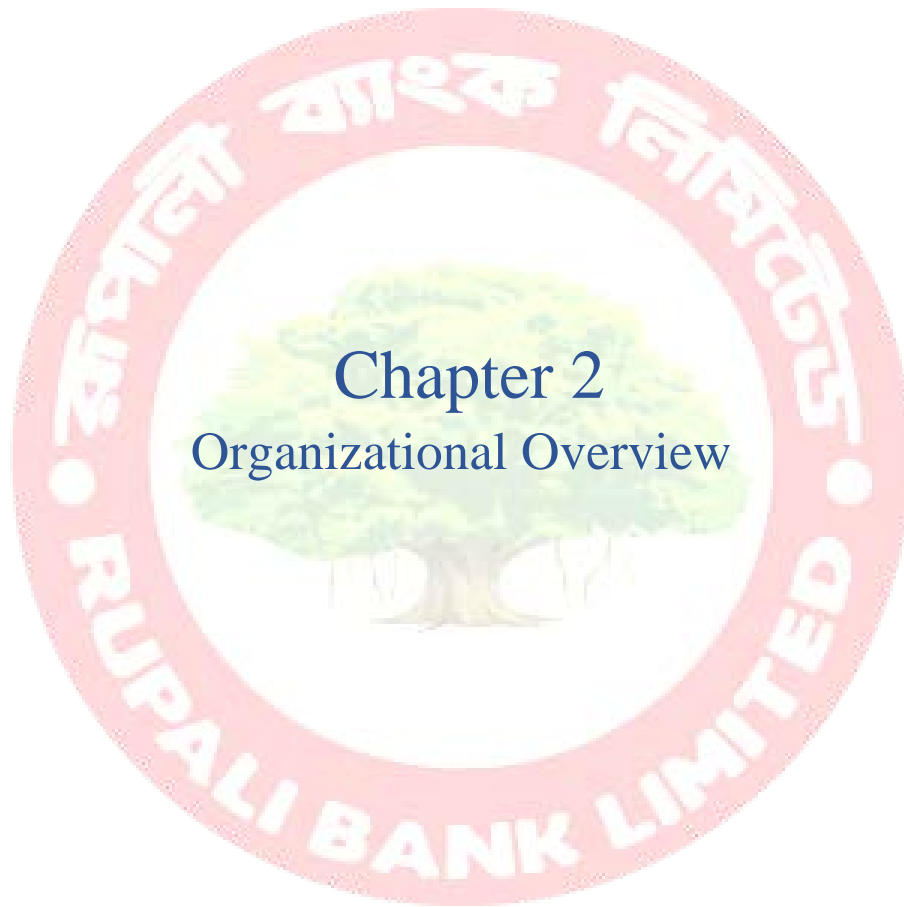
## 1.5 Scop of the Study

The study covers the board of Rupali Bank Limited's financial management, organizational structure, credit offices, and credit risk. This is the thesis paper used by the executives of Rupali Bank Ltd.

## 1.6 Limitation of the Study

The genuine imperatives of this report are according to the accompanying:

- There was an absence of optional legitimate data for Rupali Bank Limited and its goods. Annual reports, rules on the course of action, local and other relevant files do not cover complete and appropriate material.
- It was impractical for me to investigate anything about Rupali Bank Limited within such a brief timeframe.
- In order to track the bank's mystery, Rupali Bank Limited employees are not intrigued to disclose any particular data needed for this study.



## 2.1 About Rupali Bank Limited

Rupali Bank Ltd. (RBL) was formed by the merger of 3 (three) former commercial firms. In other words, Muslim Commercial Bank Ltd., Standard Bank Ltd. and Australasia Bank Ltd. are banks. Operated in what was then Pakistan on 26 March 1972 under the Bangladesh Banks Command 1972 (Nationalization) (P.O. NO. 26 of 1972), including all its money, privileges, rights, powers, rights, responsibilities, debts and obligations. Until 13 December 1986, Rupali Bank functioned in the same manner as the Nationalized Exchange Bank. Rupali Ltd. bank. They emerged on December 14, 1986, as the first public limited banking company in the world.

## 2.2 Vision of Rupali Bank Limited

To emerge as the main financial agency of the country to finance manufacturing ventures in the private sector and other projects with a significant effect on the economic growth of the country. Be an influential player in commercial banking by developing innovative product outlines and offering outstanding customer support.

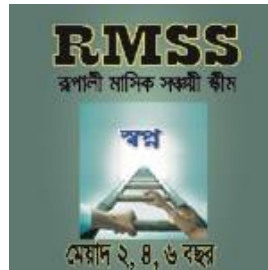
## 2.3 Mission of Rupali Bank Limited

- Develop long-term relationships that help our customers achieve financial success.
- Offer rewarding opportunities and cultivate staff commitments.
- Uphold ethical values and meet its customer's financial need in the fastest and most appropriate way and continue innovate works in order to achieve human resource with superior qualities, technological infrastructure and service packages.

## 2.4 Objectives of Rupali Bank Limited

- To acquire and keep up CAMEL Rating 'Solid'
- To set up relationship banking and improve administration quality through advancement of Strategic Marketing Plans.
- To stay probably the best bank in Bangladesh as far as productivity and resources quality.
- To present completely mechanized frameworks through incorporation of data innovation.
- To guarantee a satisfactory pace of degree of profitability.
- To keep hazard position at an adequate reach (counting any wobbly sheet hazard).
- To keep up satisfactory liquidity to meet developing commitments and responsibilities.
- To keep up a solid development of business with wanted picture.

## 2.5 Products and services of Rupali Bank Limited



## 2.7 Types of loan of what are offered by RBL

- Loan (General)
- House Building Loan (General)
- House Building Loan (Staff)
- Other Loans to Staff
- Cash Credit (Hypo.)
- Cash Credit (Pledge)
- Corporate Social Responsibilities of the Rupali Bank Limited
- Hire Purchase
- Lease Financing
- Time Loan
- Cons SOD (General)
- SOD (Others)
- SOD (Export)
- PAD
- LIM

## 2.8 Management Hierarchy of Rupali Bank Limited

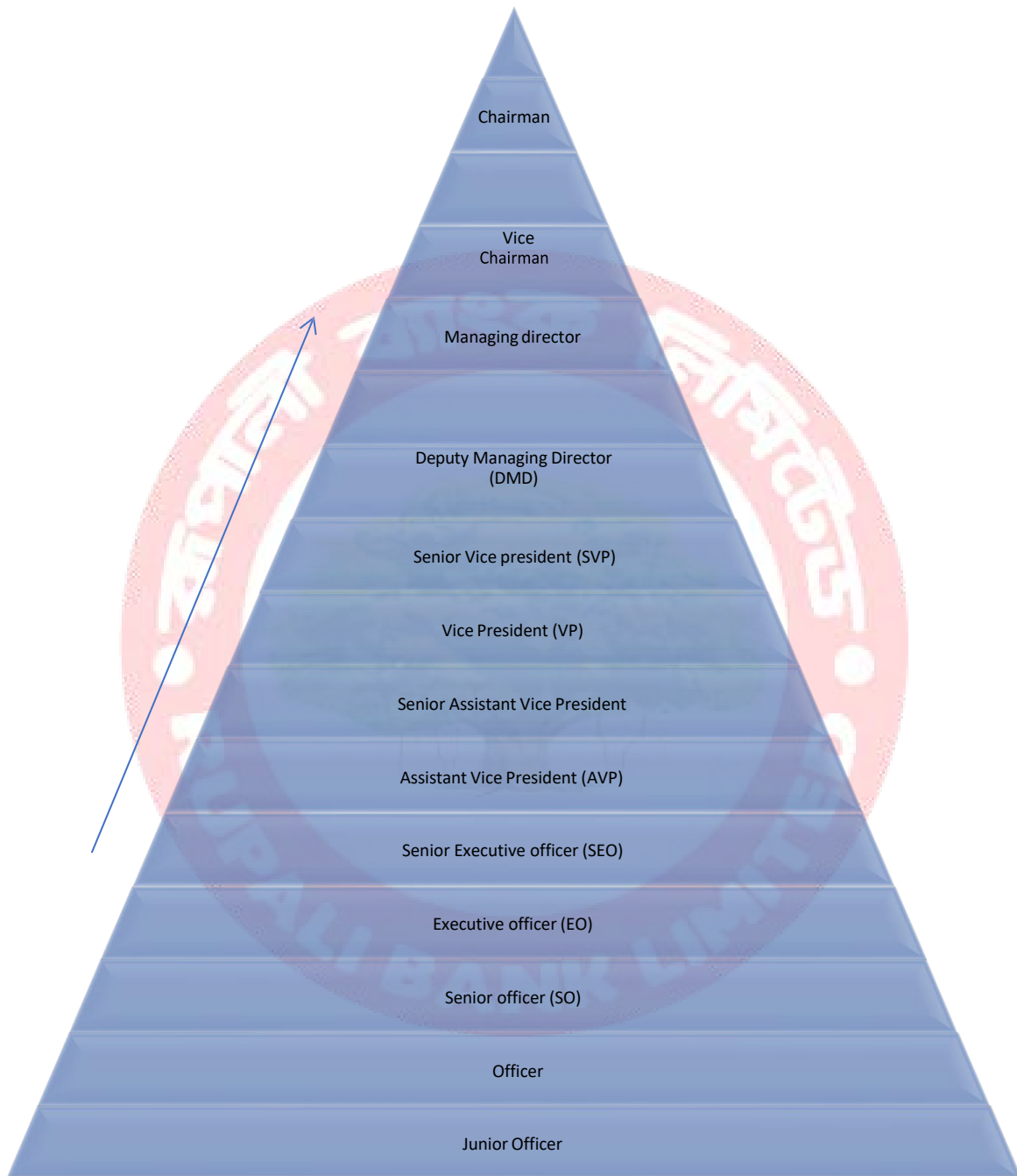
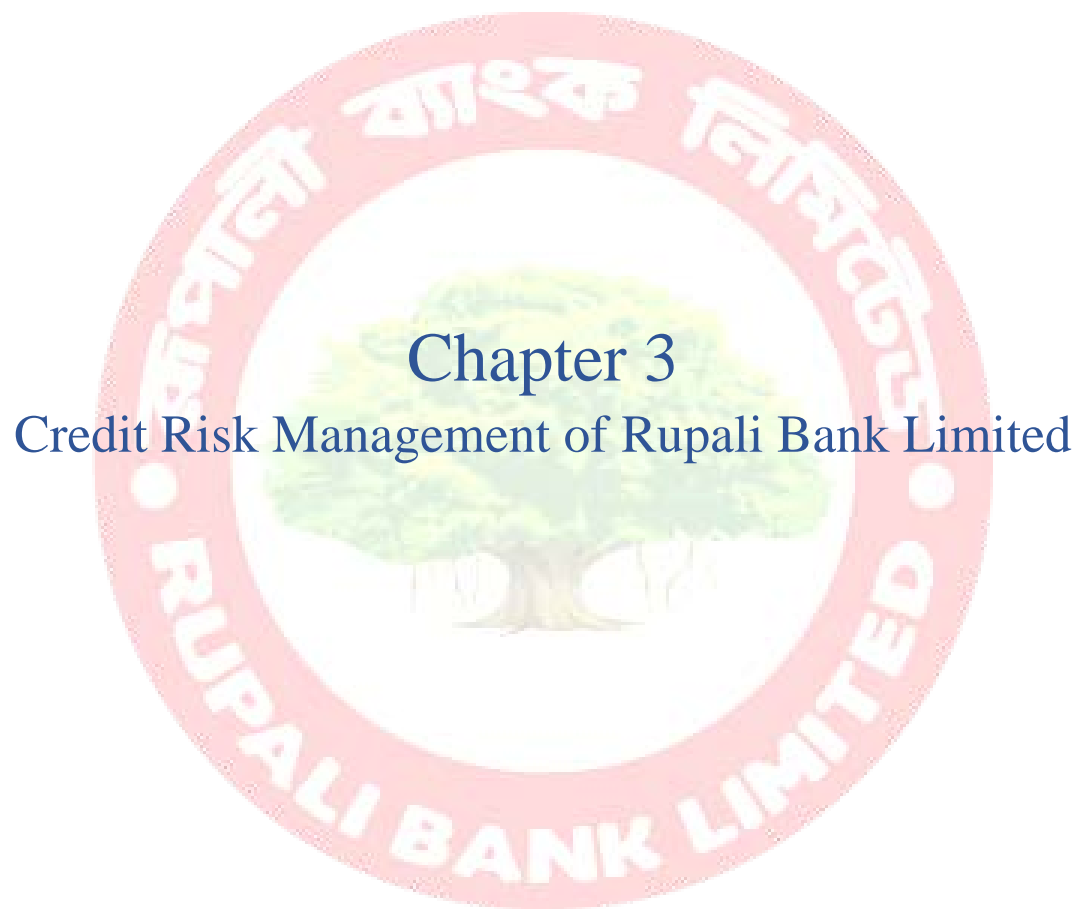


Figure 1 Organizational Hierarchy





### 3.1 Introduction

The fundamental role of the bank is to build a channel by storing cash from the surplus unit and supplying borrowers with financing. The need for a credit division in a bank arises in this way. A significant division of a bank is the credit office. The cash triggered from severe overflow units is allocated to a definitive deficiency unit through this office (borrower). The achievement of this division has an exceptional effect on a bank's advantage. This office's dissatisfaction could lead the bank to gigantic misfortunes or even insolvency. The credit division of Rupali bank is also trying to impeccably fulfill its obligation.

### 3.2 Credit Risk

Credit risk is the possibility that, according to the negotiated terms, a borrower may neglect to fulfill its obligation. Accordingly, credit risk arises from the Bank's transactions with or lending to companies, individuals and various banks or money-related organizations. Tail credit to executives is the strategy that composes, monitors and rouses the borrowers.

Danger is defined as the outcome of a risk (e.g., the cost of harm) and the probability that this risk will occur.  $(Probability) \times (hazard) = Risk$ , in other words. To define risk, the first two values must be known or at least estimated.

### 3.3 Credit Risk Management System

Rupali Bank Limited (RBL) has set up a powerful credit hazard the board framework to proactively oversee advance portfolio so as to limit misfortunes. It has fundamentally enhanced the risk of the culture of the executive and created a standard for the isolation of responsibilities and duties identified with the bank's credit service. The significant advances made by RBL in updating the board's credit risk rules are: The significant advances made by RBL in implementing the executive rules on credit risk are:

- In accordance with Bangladesh Bank's central risk guidance, it has devised its own credit policy guidelines.
- The policy recognizes sectoral concentration and the policy sets a clear exposure limit for the market.
- In accordance with the CRM Guideline, the operational framework of the Head Office has been divided
- The Risk Grade of the Borrower is assigned and mentioned in the credit proposal.

- The policy clearly defines the Credit Approval Authority.
- Good loan portfolio control is assured by the independent Credit Monitoring Agency.

### 3.4 Credit Principles of Rupali Bank Limited

Credit requirements integrate the general rules of the division administrator or credit official providing credit into the part. They obey the accompanying rule in Rupali Bank Limited when offering the customer advances and advances.

- Credit progression will zero in on the turn of events and strengthening of customer relations.
- All agree expansion must go along with the prerequisites of Bank's Memorandum and Article of Association, Banking Company's Act, Bangladesh Bank's directives, separate guidelines, and guidelines as revised every once in a while.
- Usually, investments and advances would be funded from client shops and not from transitory properties or purchases from multiple institutions.
- The bank can provide the market sectors in which it functions with effective credit administration. They should be offered to those consumers who can use them.

### 3.5 Credit Facilities of Rupali Bank Limited

Rupali Bank Limited's primary focus is the funding of industry, trade and industrial operations through an efficient distribution mechanism.

- Rupali Bank Ltd. issues loans with a beneficial purpose for virtually all market workout fields.
- The Bank's advance scheme provides a wide variety of loan schemes.
- Credit offices are offered to individuals, including housewives, finance managers, small and large business houses, distributors, brands, corporate bodies, etc.
- In loans and multiple governments, prime customers appreciate the prime cost.
- Fast appreciation, scrutiny, preference, and payment are assured.
- Credit offices are stretched out according to the rules of Bangladesh (Central Bank of Bangladesh) and operational methods of the Bank.

## 3.6 Lending Criteria of Rupali Bank Limited

To run the proposed venture, the business revolutionary must be trustworthy and properly prepared. From authoritative expert, industry, money-related, and financial viewpoints, the organization should be fair.

### 3.6.1 Technical Viability

- The project must be scientifically sound and eco-friendly.
- Technology transition can be maintained in the case of borrowed know-how.
- Construction should be well planned and well built.

### 3.6.2 Commercial viability

- At affordable costs, the business prospect and potential for the commodity must be completely guaranteed.
- The product promotion platform should be open to the entrepreneur,

### 3.6.3 Financial Viability

There should be a fair debt equity ratio, as calculated on a case-by-case basis by the Bank.

The debt service coverage ratio at the maximum production stage should be at least 2.5 times.

IRR should ideally not be less than 20%

### 3.6.4 Economic Viability

- The project should support the national economy and generate ample jobs for work and be environmentally sustainable.

## 3.7 Credit Evaluation Principles

In encouraging advances to downplay the degree of identification threat as well as for fruitful financial sector, a few criteria or loaning guidelines are retained. The basic loaning requirements as set out below.

- **Liquidity:**

Liquidity means, without advance notice, the accessibility of bank reserves. The liquidity of the production means repayment at the due date or after a brief notice upon request. In this way, banks need to retain enough liquidity in order to repay their borrowers, and trade-offs between liquidity and profit must be made.

- **Safety:**

The affirmation of reimbursement of distributed credits means wellness. Bank is ready to go to carry in currency, but to ensure the protection of advance, well-being can never be relinquished for profitability. The creditor should be selected carefully.

- **Profitability:**

Banking is a company targeted at having a respectable edge. A large part of the bank wage is formed by the distinction between the premium earned on propels and the premium charged on shop, and unknown trading business is often extraordinarily lucrative. The bank will not go into an exchange until a fair return from it is ensured.

**Intent:**

Banks, for beneficial purposes, support credit. No loans may be made for futile purposes by the bank, but the creditor will be released from all risks.

- **Security:**

In cases of need, the protection provided for a construction is a safeguard to fall bank on. For an unexpected crisis, protection fills in as a well-being estimate. Safety inclusion must be taken before a loan, because danger considerations are included.

- **National interest:**

In the monetary improvement of a country, the banking industry has a vital role to carry out. If the justification for the advances could give more to the nation's general financial development, the bank would loan.

### 3.8 Different Types of Credit Facilities by RBL:

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

**Loan (General):**

Short-term, medium-term & long-term loans allow individual/firm/industries to come under this head for a particular reason, albeit for a definite duration and usually repayable by installments.

This form of loan is specifically permitted to handle funding under the categories

- (i) Large & Medium Scale Industry and
- (ii) Small & Cottage Industry.
- (iii) Very often term financing for Agriculture & Others are also included here.

**House Building Loan (General):**

Credits entitled to single/house construction projects (private or business) come under this kind of advance. The balance is repayable within a predefined time by a regularly scheduled deposit. These advances are referred to as loans (HBLGEN).

**House Building Loan (Staff):**

This loan is only given to bank workers for the purchase/construction of buildings (HBL-STAFF).

**Other Loans to Staff:**

Loans issued to workers other than house building are grouped under head - Staff Loan Loan (Gen).

**Cash Credit (Hypo.):**

Advances allowed to singular/firm for exchange as a discount cause or to firms to fulfill the prerequisites of working capital toward commodity hypothecation as this form of loan comes under critical protection. It's a non-stop loan. Under the classes, it is approved

- I. "Commercial Lending" when the customer is other than an industry and
- II. "Working Capital" when the customer is an industry.

**Cash Credit (Pledge):**

Under this head of advance are facilities for singular/companies to trade just as for whole deal or for businesses as working capital against commodity pledge as critical protection. It is also a ceaseless credit, as is allowed under the classification above.

- I. "Commercial Lending" and
- II. "Working Capital".

**Hire Purchase:**

Recruit Purchasing is a form of portion of credit in which the Hire-Purchaser decides to take the goods at an expressed rental on enlist, which is extensive of the Principal's refund as well as excitement throughout a predefined duration for altering the advance.

**Lease Financing:**

Lease Funding is one of the most valuable sources of capital gaining equipment and equipment, allowing a customer to have an elite opportunity to typically use a profit against lease installment over a concomitant period. It is a portion-repayable funding term.

**Time Loan:**

It is the most drastic one-time financial convenience for a short span of a year to fulfill a clear cause. Under legality, the credit is versatile and not sustainable and no trade is allowable.

**Consumers Credit Scheme:**

It is the Bank's exceptional credit scheme to finance the procurement of solid customers for the selection of fixed pay to increase their life expectancy. Advances are allowed on a delicate basis against individual confirmation and retention by the customers of a specified degree of importance. The loan is repayable within a set period by periodically scheduled repayment.

**SOD (General):**

Advances approved against financial responsibility (i.e. lien on FDR/PSP/BSP/Insurance Policy/Share etc.) to individuals/companies. This may or may not be a perpetual loan.

**SOD (Others):**

Progress permitted against the work task request for the performance of legally binding works falls under this head. Taking into account a specific time and precise motive, for instance, this creation is by and large little but a ceaseless credit. It falls under the "Others" class".

**SOD (Export):**

Advance considered purchasing unfamiliar cash against L/Cs (Back-to-Back) for installment where the fees do not appear before the date of the import installment. This is also a short-term development that is known as fare money and falls under the 'Business Lending' classification.

**PAD:**

Under this heading is the installment made by the Bank against the lodging of transport reports on products imported through L/C. It is an import-related interval advance and is exchanged by and large against installments normally made by the collection for withdrawal of reports from the traditional authority for the arrival of imported products. It falls under the 'Business Lending' classification.

**LIM:**

Advances considered the removal of transport archives and the introduction of goods transported by L/C claiming convincing responsibility for the merchandise under Bank's lock and key come

under this form of advance through pledge to God. This is also a brief import-related trend known as post-import cash which comes under the "Business Lending" class."

### 3.9 How Rupali Bank recover their Loan:

As Rupali Bank implements credits and advances on its consumers, the refund design is clearly articulated in advance comprehension. However, some account holders do not pay off their loans in due time. Such a challenge needs to be faced by nationalized and private sector business banks. In addition, this condition is found in Rupali Bank. The bank has implemented unique advance recovery plans to overcome the problem of past due credit. Retrieval Programs implemented by Rupali Bank Limited:

- Setting up credit monitoring and control cells in the bank
- Re-organizing the bank's loan authorization and distribution plan
- Sanctioning improvement and progress towards appropriate precautions as best as can fairly be expected
- Giving the division supervisor more rights in the credit structure of the board complex loop
- Offering sound creditors, a bundle of motivators
- Giving more focus on temporary developments and development
- Imposing credit and advance caps for wiped-out firms
- Rapidly take legitimate steps against unsound creditors as best as practicable within the time determined by the Impediments Act

### 3.10 Problems in Loan Recovery

While Rupali Bank performs better in overseeing credit propellers, 12.39% of absolute advances and advances are still organized. There are a lot of purposes behind which the bank's advance turnaround is still inadequate now. Many of the time, difficulties could emerge from the authorization of advance approaches, the analysis of the venture, and the examination of the credits, and so on, that is, the question of advance recovery shows the effects of the advance dispensing default period. In four broad categories, the key explanations for powerless credit recovery are organized as follows.

### 3.10.1 Problems created by economic environment

The following problems arise from the effect of economic environment:

- i. The recovery of mature credit can be delayed by change of management patterns
- ii. Banks often penalize credit for losing interest about the further development of the sector in question, but in other situations they struggle to make improvements.
- iii. There are various companies that rapidly increase their market, but the expansion is for a fleeting period of time. The measure of defined credit increments over the long haul.

### 3.10.2 Problems created by government

The following problems are arisen by the government:

- i. In the advance recovery measure, Rupali Bank has also faced multiple problems as a piece of persistent weight from various fascinating meetings
- ii. In order to protect the legal portions of advance healing, current laws and standards are inadequate. Accordingly, defaulters will essentially get relief from all proceedings against them.
- iii. In terms of loan restructuring, regular shifts in government policies.

### 3.10.3 Problems created by the bank

The following problems are created by the banks:

- i. Rupali Bank often fails to adequately dissect the market risk of the borrowers before loaning, and the bank does not assume whether the business will prosper or fall flat. The advance would be ordered on the off risk of it neglecting to run well.
- ii. In a few instances, the bank fails to settle on the advance security calculation. Therefore, if the advance is shared, the bank will not reclaim the advance by selling a home loan.

## 3.11 Overall Procedure for Sanctioning Loan

The following procedure need to be followed for giving advances to the customer. These are:

- a. Party's application
- b. Filling the form of profile of client
- c. Application to the Head Office Of RBL
- d. Collecting CIB report from Bangladesh Bank
- e. Processing loan proposal
- f. Project appraisal



- g. Head office approval
- h. Sanction letter
- i. Documentation
- j. Disbursement

### 3.12 Computation of Credit Risk Grading

We ought to follow a few stages to have a factual limit of the danger in order to calculate the real risk involved with the advance that the bank will pay to the individual client. The RBL is accompanied by five steps to assess the review of credit risk. Those underneath are provided and portrayed:

#### **Step 1: Identify all the Principal Risk Components**

Credit risk for counterparty arises from an aggregation of the following:

##### **a) Evaluation of Financial Risk:**

Chance of counterparties unable to uphold pledge due to monetary pain. For eg, analysis of impact, liquidity, benefit and intrigue inclusion proportions typically includes examination of financials. To conclude, the risk of high power, powerless liquidity, poor profit and insufficient profits is manipulated.

##### **b) Evaluation of Business/Industry Risk:**

The danger that unfriendly market practices or ominous business conditions would impact the willingness of creditors to satisfy commitments. The evaluation of this hazard class takes a gander at borders, such as company point of view, company scale, industry growth, business competition, and passage/exit barriers. To end, because of the tiny slice of the pie and the helpless growth of the market, this profits from the chance of failure.

##### **c) Evaluation of Management Risk:**

Danger that counterparties could struggle due to poor management capacity, including management experience, the succession plan and team work.

##### **d) Evaluation of Security Risk:**

Risk that the bank might be exposed due to poor quality or strength of the security in case of default. This may entail strength of security & collateral, location of collateral and support.

##### **e) Evaluation of Relationship Risk:**

This risk areas include the assessment of the use of limits, account efficiency, borrower compliance with conditions/covenants and deposit relationships.

**Step 2: Allocate weights to Principal Risk Components:**

Principal Risk Components	Weight
Financial Risk	50%
Business/Industry Risk	18%
Management Risk	12%
Security Risk	10%
Relationship Risk	10%

According to the importance of risk profile, the following weightings are proposed for corresponding principal risks.

**Step 3: Establish the Key Parameters:**

Principal Risk Components	Key Parameters
Financial Risk	Leverage, Liquidity, Profitability & Coverage ratio
Business / Industrial Risk	Size of Business, Age of Business, Business Outlook, Industry Growth, Competition & Barriers to Business
Management Risk	Experience, Succession & Team Work
Security Risk	Security Coverage, Collateral Coverage and Support
Relationship Risk	Account Conduct, Utilization of Limit, Compliance of covenants/conditions & Personal Deposit

**Step 4: Arrive at the Credit Risk Grading based on total score obtained:**

The following is the proposed Credit Risk Grade matrix based on the total score obtained by an obligor

Number	Risk Grading	Short Name	Score
1	Superior	SUP	<input type="radio"/> 100% cash covered <input type="radio"/> Government guarantee <input type="radio"/> International Bank Guarantees
2	Good	GD	85+
3	Acceptable	ACCPT	75-84
4	Marginal/Watch list	MG/WL	65-74
5	Special Mention	SM	55-64
6	Sub-standard	SS	45-54
7	Doubtful	DF	35-44
8	Bad & Loss	BL	<35

**Step 5: Assign weights to each of the key parameters:**

Principal Risk Components	Key Parameters	Weights
1. Financial Risk .....	..... <ul style="list-style-type: none"> <li>○ Leverage.....</li> <li>○ Liquidity.....</li> <li>○ Profitability.....</li> <li>○ Coverage.....</li> </ul>	50% 15% 15% 5%
2. Business / Industrial risk...	..... <ul style="list-style-type: none"> <li>○ Size of the business.....</li> <li>○ Age of the business.....</li> <li>○ Business Outlook.....</li> <li>○ Industry growth.....</li> <li>○ Market competition.....</li> <li>○ Entry / Exit Barriers.....</li> </ul>	18% 5% 3% 3% 3% 2% 2%
3. Management Risk.....	..... <ul style="list-style-type: none"> <li>○ Experience.....</li> <li>○ Succession.....</li> <li>○ Team Work.....</li> </ul>	12% 5% 4% 3%
4. Security Risk.....	..... <ul style="list-style-type: none"> <li>○ Security coverage.....</li> <li>○ Collateral coverage.....</li> <li>○ Support.....</li> </ul>	10% 4% 4% 2%
5. Relationship Risk.....	..... <ul style="list-style-type: none"> <li>○ Account conduct.....</li> <li>○ Utilization of limit.....</li> <li>○ Compliance of covenants.....</li> <li>○ Personal deposit.....</li> </ul>	10% 5% 2% 2% 1%





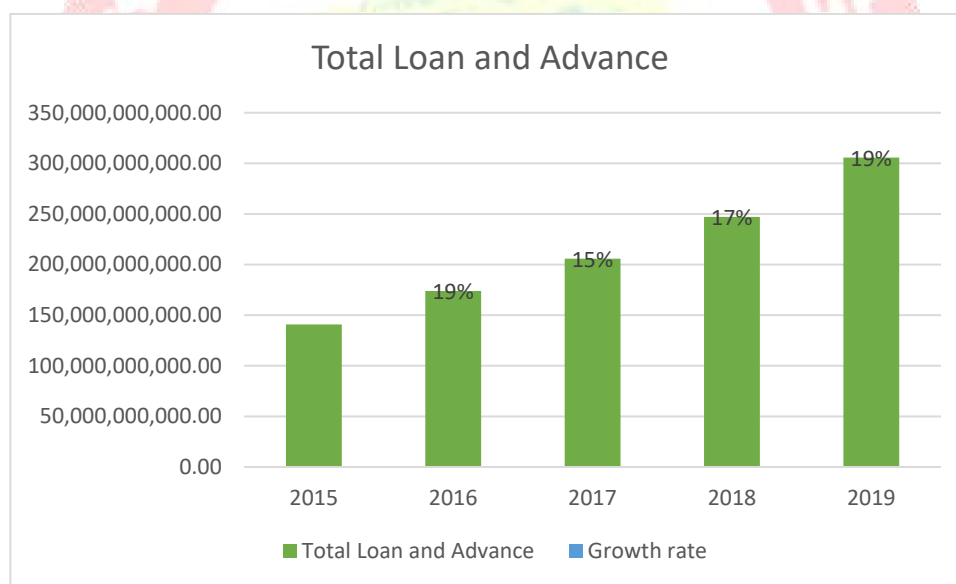
## 4.1 Financial Data Analysis

I have dissected some important information related to RBL's credit activities from the previous five-year annual report. Below, the analyzed information is shown by creating various graphs, etc.:

### 4.1.1 Loan and Advance:

When it is able to respond to the difficulties that the earth hurls and transform them into a preferred position, the genuine quality of an association is tried. Despite the declining loan cost pattern, interest on private part loans has generally remained low despite the fact that we are prevailing in the positive movement.

Year	Total Loan and Advance	Growth rate
2015	140,915,255,805.00	
2016	173,939,298,062.00	19%
2017	205,835,173,526.00	15%
2018	247,114,202,842.00	17%
2019	305,732,273,604.00	19%



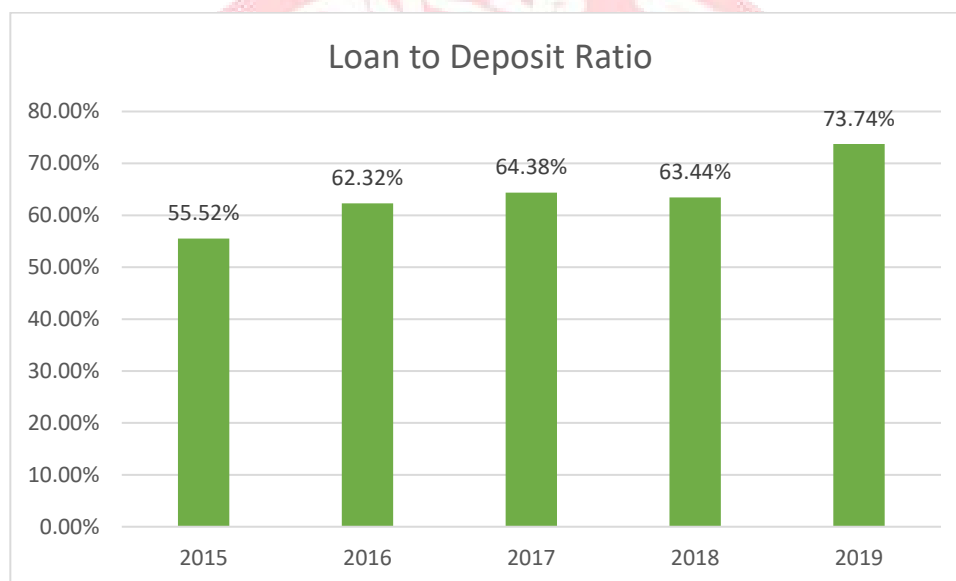
### Interpretation:

The Amount of total loan and advance of RBL are growing every year. In 2015 the total loan was TK. 140,915,255,805.00. It was increased to tk. 173,939,298,062.00 in 2016. In 2017 it was Tk. 205,835,173,526.00 and that is increased Tk. 305,732,273,604.00 in 2019. From the chart, it very well may be seen that complete credit and advances of RBL are expanding a direct result of their alluring and adaptable advance bundles.

#### 4.1.2 Loan to Deposit Ratio:

The loan-to-deposit ratio applies to a bank's liquidity by measuring the cumulative deposits of the bank with its total deposit at the same time frame. If the proportion is too high, it means that the bank does not have ample capital to meet any unforeseen store requirements.

Year	Total Loan & Advances	Total Deposit	Loan to Deposit Ratio
2015	140,915,255,805	253,829,634,016	55.52%
2016	173,939,298,062	279,116,013,508	62.32%
2017	205,835,173,526	319,718,789,701	64.38%
2018	247,114,202,842	389,549,479,401	63.44%
2019	305,732,273,604	414,624,250,170	73.74%



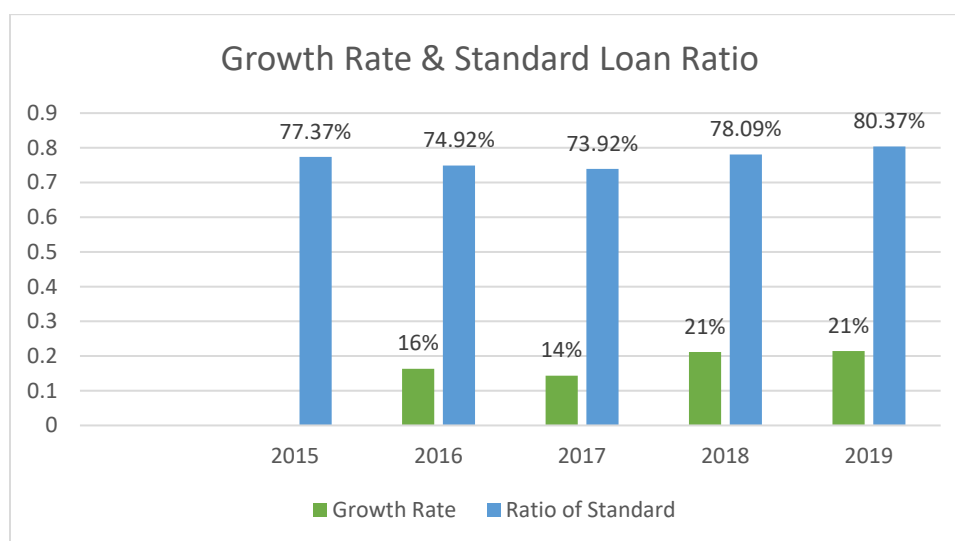
#### Interpretation:

Here, we see that RBL loan to deposits are rising every year. This is due to their attractive and efficient loan packages. In 2015 the total loan was TK. 140,915,255,805. It was increased to tk. 173,939,298,062 in 2016. In 2017 it was Tk. 205,835,173,526 and that is increased Tk. 305,732,273,604 in 2019. It can be seen from the graph that RBL's overall loan to deposit is rising due to their enticing and versatile loan packages. The deposit of RBL is also growing year by year.

### 4.1.3 Standard Loan

An unclassified loan is a regular loan. In the provisions of the segments, those credit accounts work attractively and there is no past due.

Year	Total Loans and Advances (BDT)	Amount of Standard Loan (BDT)	Growth Rate	Ratio of Standard
2015	140,915,255,805	109,024,330,500		77.37%
2016	173,939,298,062	130,307,159,912	16%	74.92%
2017	205,835,173,526	152,158,211,915	14%	73.92%
2018	247,114,202,842	192,974,461,730	21%	78.09%
2019	305,732,273,604	245,710,333,259	21%	80.37%



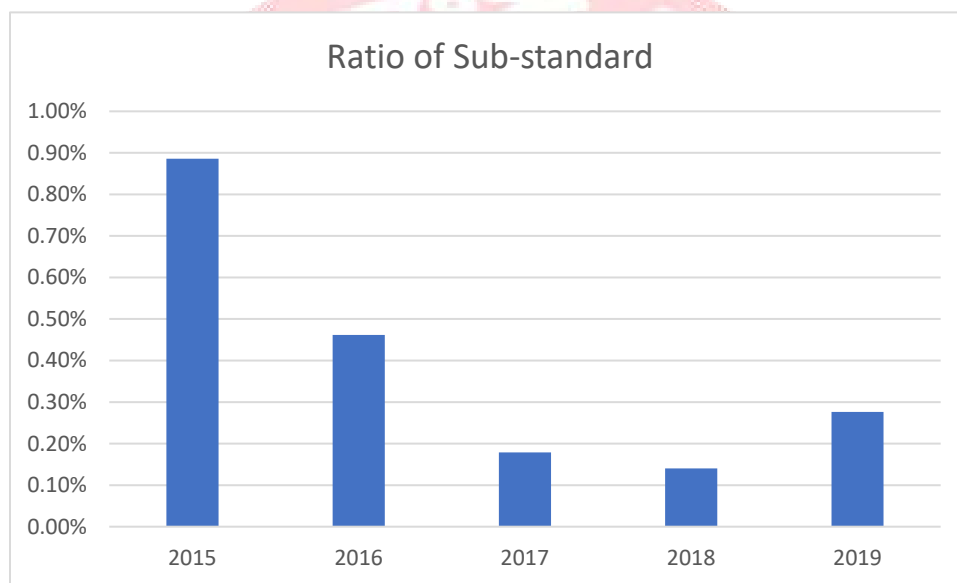
#### Interpretation:

The graph showing that standard loan of RBL between 2015 to 2019. In 2015 their standard loan amount was 109,024,330,500 which ratios of standard is 77.37% and the next years it is growing than the last years which was ratio rate is 74.92%. And the couple of three years its slightly increasing of 2016 to 2019.

#### 4.1.4 Sub-standard Loan

Sub Standard is a classified loan.

Year	Total Loans and Advances (BDT)	Amount of Sub-standard Loan (BDT)	Growth Rate	Ratio of Sub-standard
2015	140,915,255,805	1,248,457,536		0.89%
2016	173,939,298,062	802,868,494	-55%	0.46%
2017	205,835,173,526	368,370,818	-118%	0.18%
2018	247,114,202,842	346,737,154	-6%	0.14%
2019	305,732,273,604	844,510,088	59%	0.28%



#### Interpretation:

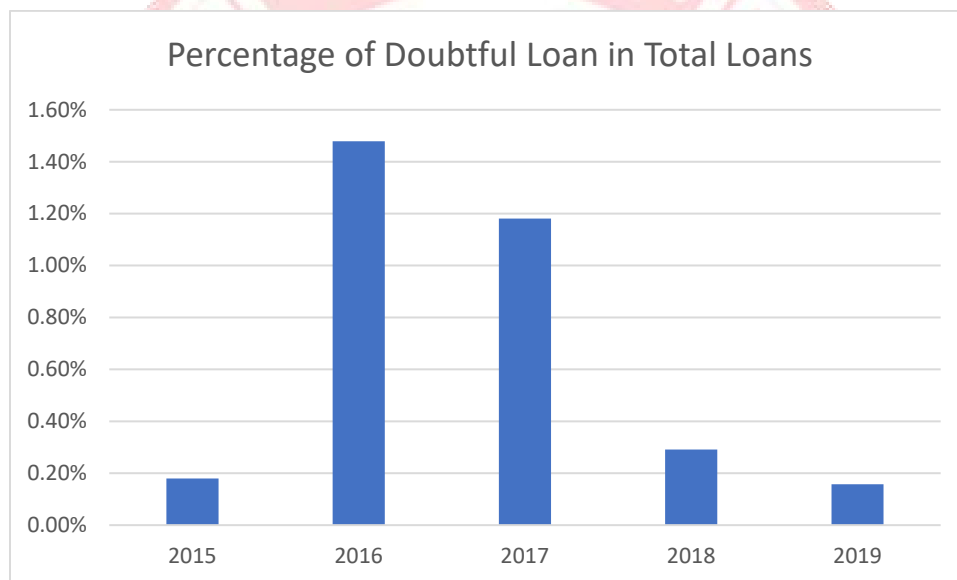
From the above table it is identified that in 2019 their substandard loan growth rate is 59% which is higher than others year. The ratio of Sub-standard is showing decreasing trends. In 2015 the Sub-Standard ratio was 0.89% which decreased to 0.28% in 2019.



#### 4.1.5 Doubtful Loan

This proposal includes where issue remains on the complete recovery of the credit and advance near by a tragedy is expected anyway can't be quantifiable at this stage. The past due season of such a credit is 271-360 days. Such a development is an example of the development mentioned.

Year	Total Loans and Advances (BDT)	Amount of Doubtful Loan (BDT)	Growth Rate	Percentage of Doubtful Loan in Total Loans
2015	140,915,255,805	253,567,947		0.18%
2016	173,939,298,062	2,571,774,856	90%	1.48%
2017	205,835,173,526	2,430,506,873	-6%	1.18%
2018	247,114,202,842	719,974,789	-238%	0.29%
2019	305,732,273,604	480,800,000	-19%	0.16%



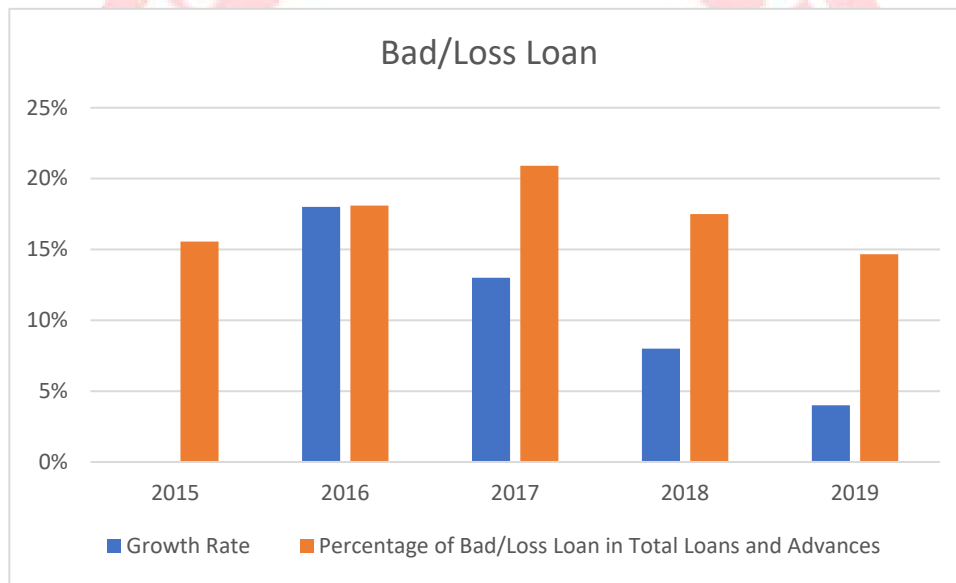
#### Interpretation:

From the chart it shows the doubtful loan of RBL. In 2018 their doubtful loan growth rate was -238% which is much lower than the other years and the next years of 2019 their growth rate was -19%.

#### 4.1.6 Bad/Loss Loan

Bad/Loss Loan is a special credit and advance decline in this class as it seems like even though all the protection has been exhausted, this advance and advance is not collectible or worthless. This kind of advance has not been restored in more than 360 days. Another example of structured production of such credit is.

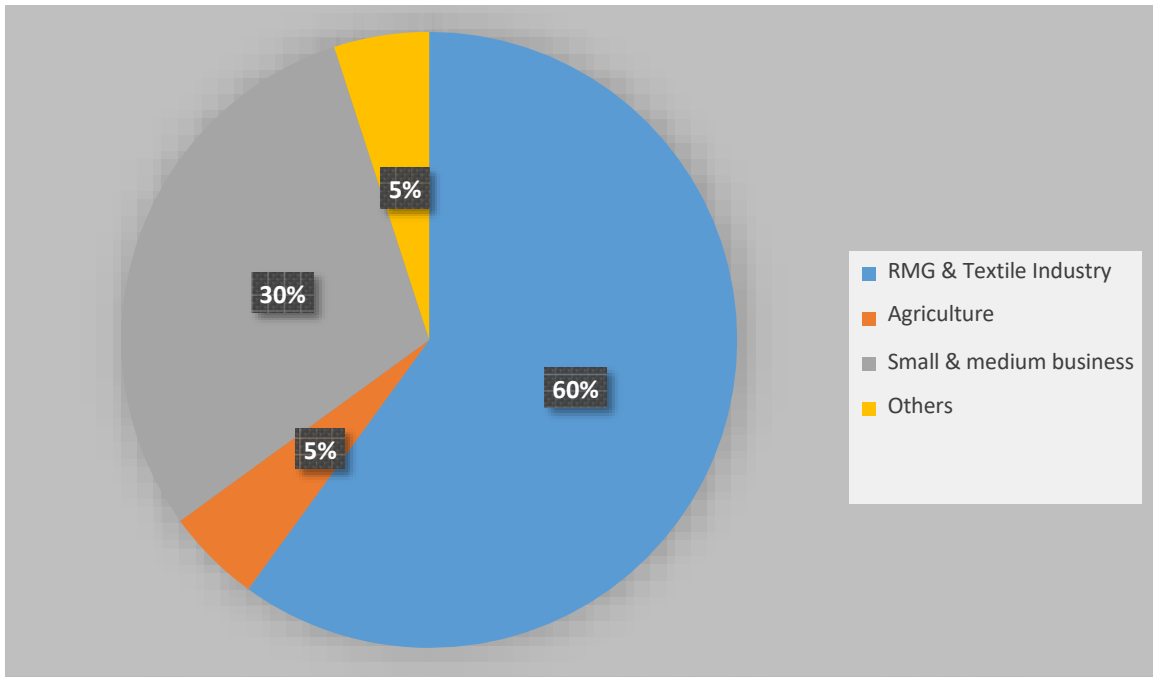
Year	Total Loans and Advances (BDT)	Amount of Bad/Loss Loan (BDT)	Growth Rate	Percentage of Bad/Loss Loan in Total Loans and Advances
2015	140,915,255,805	21,915,607,517		15.55%
2016	173,939,298,062	31,473,856,650	18%	18.09%
2017	205,835,173,526	43,021,694,533	13%	20.90%
2018	247,114,202,842	43,221,837,366	8%	17.49%
2019	305,732,273,604	44,820,361,496	4%	14.66%



#### Interpretation:

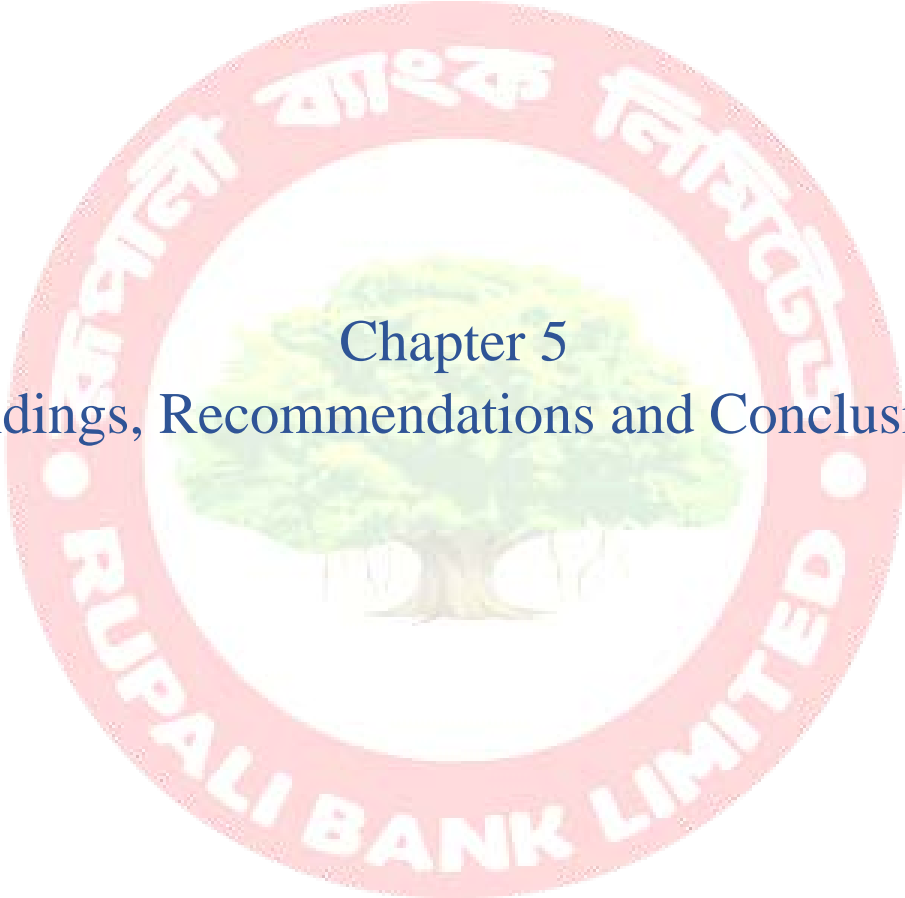
From the above graph it represents that the overall Bad/loss Loan and its growth rate was fluctuating. In 2016 it was 18% and in 2017 it was 13%. So, the average growth rate of bad/loss loan is satisfactory. In 2019 the amount of Bad/loss loan is not much increased. So, it was good for the bank.

#### 4.1.7 Sector wise Distribution of Loan and advances:



#### **Interpretation:**

The graphical presentation above reflects that RBL maintained a balanced approach in lending to different industrial sectors and enjoyed a fair share of the business of RMG and Textile industry. RBL's exposure to RMG & Textile Industry stood at 60.00% of total loan portfolio. Loans in Small and Medium business dominated the total loan portfolio of RBL, which stood at 30.00% and loans in Agriculture stood at 5.00% of total loan outstanding

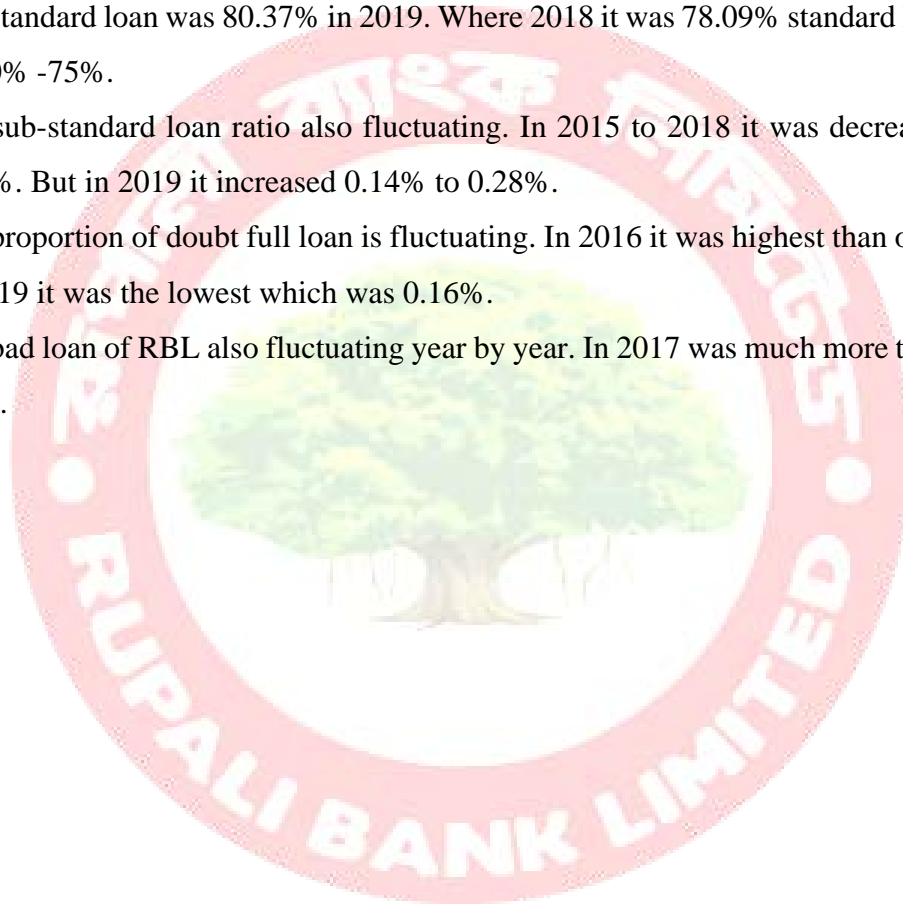
The logo of Rupali Bank Limited is a circular emblem. It features a central illustration of a large, leafy green tree with a thick brown trunk. The tree is set against a light background. Surrounding the tree is a red circular border containing the text 'रुपाली बाँक लिमिटेड' in Nepali script at the top and 'RUPALI BANK LIMITED' in English at the bottom. Two small white dots separate the text on the left and right sides of the circle.

Chapter 5  
Findings, Recommendations and Conclusions

## 5.1 Findings of the Study

By analyzing the credit risk management practice of Rupali Bank and their performance in last five years the following:

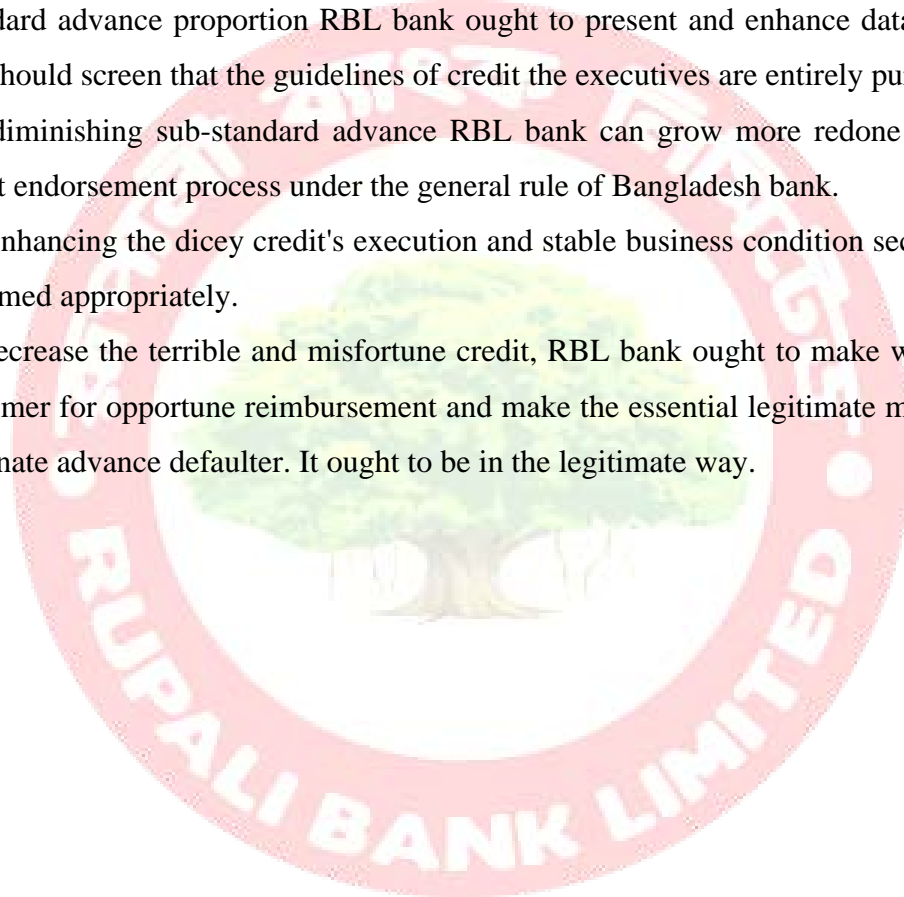
1. The RBL bank's loan and advance were increasing gradually which was Tk. 305,732,273,604.00 in 2019 were much more than the previous four years.
2. Though the RBL bank loan to deposit was also increasing year by year and the ratio was 55.52% in 2015 is the lowest in five years.
3. The standard loan was 80.37% in 2019. Where 2018 it was 78.09% standard loan. It should be 70% -75%.
4. The sub-standard loan ratio also fluctuating. In 2015 to 2018 it was decreased 0.89% to 0.14%. But in 2019 it increased 0.14% to 0.28%.
5. The proportion of doubt full loan is fluctuating. In 2016 it was highest than other years but in 2019 it was the lowest which was 0.16%.
6. The bad loan of RBL also fluctuating year by year. In 2017 was much more than other four years.



## 5.2 Recommendation

To improve credit risk management further, Rupali Bank Limited should improve in some areas. Those are:

1. Need to expand the store of credit proportion. RBL bank needs to make community who will unsurpassed screen the credit chance administration framework.
2. Need to elevate their movement to make mindfulness in individuals of the bank. It tends to energize the general population for taking advance.
3. Standard advance proportion RBL bank ought to present and enhance data arrangement and should screen that the guidelines of credit the executives are entirely pursued
4. For diminishing sub-standard advance RBL bank can grow more redone parameters for credit endorsement process under the general rule of Bangladesh bank.
5. For enhancing the dicey credit's execution and stable business condition securities must be esteemed appropriately.
6. To decrease the terrible and misfortune credit, RBL bank ought to make weight on to the customer for opportune reimbursement and make the essential legitimate move against the obstinate advance defaulter. It ought to be in the legitimate way.



### 5.3 Conclusion

Rupali Bank Limited is a form of bank that needs to do a lot of things to develop our country. Despite rivalry among the banks operating in Bangladesh, rupali bank has restricted its position on the market and is seeking to use its core strengths in order to meet the demands of the shareholders and thus increase its wealth in the future by ethical banking and best pricing for its customers. It has recently made satisfactory improvements in its operational operations and gained impressive operating profits in previous years. Rupali Bank Limited needs to take an effort to satisfy the government's wish. And the yearning of the people. The bank is seeking to increase public resources and set up working teams to ensure that the bank's clients and relevant individuals have the best services. Likewise, the bank is attempting to reach a satisfactory degree of improvement in all segments of the bank. In fact, the bank's credit division is very qualified and aims to provide consumers with the best service. The bank often attempts to compare the results with another bank, by comparing the bank to figure out the expectation of the customer and the standard of their service, if any difference is found, the bank tries to take the right action to minimize the issue and ensure customers have improved service. We live in the Era of Modern. Without online activities, we can't care about our everyday lives. Online banking is the desire of the dynamic world of today, to meet the demand that the small rupali bank is moving for online banking implementation. The borrower seeks to guarantee the bank's profitability during the credit penalty and analyzes the creditability or loan value of the client. Finally, state that in this rivalry era, the rupali bank stands successfully for its capabilities and devotion to providing the best support to the customers.

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