



Daffodil
International
University

An Internship Report
On
Credit Risk Management of Social Islami
Bank Limited

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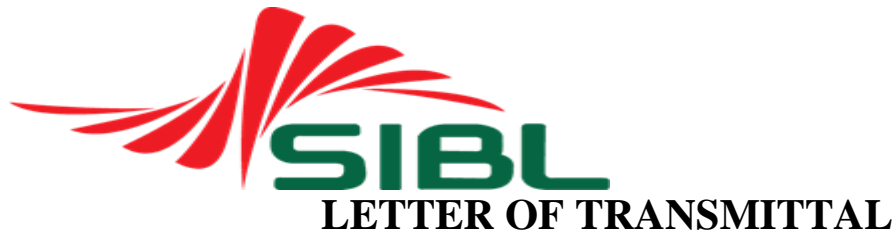
Major in Finance

Department of Business Administration

Faculty of Business & Entrepreneurship

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Subject: An Internship Report on Credit Risk Management of Social Islami Bank Limited

Dear Madam,
Assalamu Aliakum

My name Md. Samaun Kabir and I am a student of your reputed university. I am a student of the Department of Business Administration and my major is in finance. Recently I had completed my Internship program. My supervisor had assigned me to submit an internship project on “Credit Risk Management of Social Islami Bank Limited”. I am very much happy to inform you that I have completed the report. During the preparation of this project, I had experience and learnt a great deal about the practical procedures and transaction that are involved in bank.

I sincerely hope that this report will help you to evaluate me. I will be obliged to clarify any matter or provide any further information regarding this report.

Sincerely yours,

Md. Samaun Kabir
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CERTIFICATE OF SUPERVISOR

This is to clarify that Md. Samaun Kabir student of BBA program, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University, major in finance completed his internship program successfully with social Islami Bank Limited.

He has done his job according my supervision and guidance. During his work period, he maintains regularity, obedient to comply rules and policy.

I wish great success of his future career path.

Best regards

A square box containing a handwritten signature in black ink, which appears to be "Shah-Noor Rahman".

Shah-Noor Rahman

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University



ACKNOWLEDGEMENT

First of all, I would like to express my deep gratitude to the almighty Allah for fruitfully preparing this internship report.

I am also very much grateful to my supervisor Shah-Noor Rahman for his tips containing specific guideline regarding the preparation of the term paper successfully.

I am grateful to all concerned for providing information, advice and guidance in the collection, analysis and preparation of information. I am especially grateful for those who work so hard and collaborate together as much as possible.

Finally, I would like to thank all the bank staff for providing additional information and supplies and I would like to thank my friends who helped me complete the final form.



EXECUTIVE SUMMARY

A Bank is an economic institution whose main aim is to earn profit through exchange of money & credit instruments. It is a service oriented as well as profits oriented organization.

The work of the charter is focused on the "differences between Islamic banks and banking institutions". According to Social Islami Bank (SIBL) is an Islamic bank. Hence, it is easy for me to see the difference between an Islamic financial institution and a bank.

SIBL was launched in Bangladesh on November 22, 1995 as a traditional bank. As in Islam, interest is limited, which is why Shariah law requires sharing of money.

The essence of Islamic banking is the sharing of money and profits. The main focus of Islamic financial institutions is the same with profitable corporate finance. Following the sharia operation, Islamic banks adhered to certain conditions: Mudharabah, Wadiah, Musharakah, Murabahah, Ijar.

The last part consists of electronic recommendations, conclusions and references, which includes recommendations and conclusions. Suggestions can be given to overcome the problems of Social Islami Bank Limited. In a general sense, this study finds a very promising and positive tone of credit risk management for Islami Social Bank Limited.



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CHAPTER-01

INTRODUCTION



Financial institutions play an important role in developing the economic conditions of any country. The banking sector is one of the largest among them. Bangladesh is a developing country. There are two types of banks, such as private and public banks, which operate in particular in the field of capital promotion, encouragement of entrepreneurship, employment opportunities, etc. Due to globalization, money transfer and other important tasks are easily done by banks. In the clothing industry most of the institutions participate in the loan from the bank and also give the payment of the buyers via bank, for the opening of the LC bank is also required. For our agricultural sector farmers take a loan from the agricultural bank, not only the loan it gives but also other tasks such as mortgages, deposits, social tasks and many other banks in the sector are involved. The open market concept of the free economy is used all over the world.

1.1 Background of the Report

The report titled "Credit Risk Management Analysis of Social Islami Bank Limited" was prepared as a fulfilment internship report of the BBA program authorized by the Bachelor of Business Administration, Daffodil International University.

1.2 Objective of the Study

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

Specific Objectives:

- To assess the lending and recovery procedure of SIBL for the period of 2015-2019.
- To analyze the trend of loan and advance of SIBL.
- To scrutinize the sector wise and geographical location wise concentration of loan and advance of SIBL.
- To analyze the non-performing loan & advances of SIBL.
- To compare credit to Deposit Ratio, Capital Adequacy Ratio, Cost to Income, Return on Asset, Return on Equity of SIBL with industry average.
- To suggest better way for enhancing the credit performance of the Bank.



1.3 Scope of the Report

Social Islami Bank is one of the largest commercial banks in Bangladesh. It has 161 branches and four overseas branches. He likes 1203 foreign correspondents from all over the world. I was appointed to learn practical knowledge from Social Islami Bank Ltd. Here I tried to find out how to manage credit risk management, credit risk management tools, loan recovery system, dealing with problems in the loan recovery system, the bank's performance in the loan recovery system, etc. All things fall under the theory of credit risk management and, finally, I would conclude with the critical assessment of credit risk management in accordance with the guidelines of banking companies' act 1995 and a discussion of the major findings and recommendations.

1.4 Methodology of the Study

- ❖ Primary source
 - ✓ Direct Conversation with bank's employees
 - ✓ Personal observation
 - ✓ Desk work in different section of the bank

- ❖ Secondary source
 - ✓ Annual report of social Islami bank
 - ✓ Variety of books, Newspaper, magazine, articles and journal
 - ✓ Bank Web side

1.5 Limitation of the Report

In preparing these reports I faced some problems which are as follows:

- All the clients whom I interviewed
- Information relating to the lawsuit was not available
- The bank's employees are very busy; they couldn't pay enough time.
- Some consumers of the bank did not provide answers on some questions.
- Lack of Supervision by the bank officers
- Rush hours and work were another reason that acts as a hindrance when collecting data.



- The abundance of basic information is not provided to me by the staff of the bank as security and other functions of the company.

CHAPTER-02

OVERVIEW OF SOCIAL ISLAMI BANK LIMITED



2.1 History of Social Islami Bank Ltd.

Founded in 1995, Social Islami Bank Ltd is a national financial institution under the Shariah law. SIBL includes SIBL Contract Ltd, SIBL Investment Ltd, and SIBL Foundation Hospital. Work closely with our valued customers and partners to provide their one-stop service, access to current state-of-the-art products using the most advanced technology. Our lack of customer service has left us with a lack of equality in business. We establish long-term business partnerships with our customers so that they are profitable.

We are always ready to assist you with 3125 employees in 161 branches and 50 branches nationwide. It also has 156 bankruptcy reps that assist with financial services for areas in the region.

The trust created by the caring community is at the heart of every SIBL project. We want a strong relationship with people. We believe that entrepreneurial ventures alone cannot bring our lives to a good and honest level. So we have been involved in a lot of CSR activities in the community. We work in fields ranging from poverty prevention to supporting families. Unlike others, strategic standards for achievement are not only an important goal to achieve, but also an area to become a national service for people and to achieve Bank.

2.2 Mission of SIBL

- Fast, accurate and satisfactory customer service
- Optimum return on shareholders' equity
- Establishing three sector Banking Model
- The shift to a functional technology program resulted in banks' interest income
- Large, consistent and stable targets
- Attract and retain the good qualities of people
- Support really poor families and generate community income



- Provide support to health care organizations through the provision of funding and human resources

2.2 Vision of SIBL

- Working together for a caring society

2.3 Services of SIBL

Social Islami Bank has all the key functions of the company and services for its customers. The bank with its network spread across the country is unique and invests in them to different lenders.

Social Islami Bank provides the following network of communications and personal services:

- ✓ Mail Transfer
- ✓ Demand Draft
- ✓ Security Deposit Receipt
- ✓ Pay Order
- ✓ Telegraphic Transfer
- ✓ Current Deposit
- ✓ Saving Deposit
- ✓ Short Deposit
- ✓ FDR Accounts Status
- ✓ Advance Accounts Status
- ✓ Loan Accounts Status
- ✓ NBR Accounts

2.4 SWOT Analysis

Strength of SIBL

- Large number of Deposit mix
- SIBL has ATM service
- Online Banking Service



- Fast accurate and satisfactory customer service
- There is a debit card slot for the bank user
- SIBL various products market to suit Islamic consumers
- SIBL has developed agreements that include high-risk areas.
- Through agreed policies and procedures, SIBL can provide quality services to its customers and companies.

Weakness of SIBL

- Limited number of branches
- Insufficient number of ATM booths
- Lack of capital to meet bank requirement
- The number of employees is less than the workload that creates problems to provide better customer service

Opportunity of SIBL

- Scope to establish ATM booths
- Scope for providing debit card locations to their customers
- Scope of cooperation with Islamic sharia-based company; it can easily increase its number of customers.
- Area for increasing the number of branches
- Combine all the functions of the bank in the process
- Development of a new product for the customer

Threat of SIBL

- Political situation
- Changing government rules and regulation
- Increased competition from other banks
- SIBL can face the challenges of local currency decisions and business risks.

2.5 International Banking

Social Islami Bank Limited has established international connections and business relationships in the company through its 4 (four) overseas branches and 219 foreign



correspondents. The Bank has been an excellent company in management and funding for international trade, especially in supporting the export & import of the country.

The Export Corporation is part of the national export trade policy. He is one of the experts in supporting back-to-back letters for certification in the Planned Parenthood (RMG) industry.

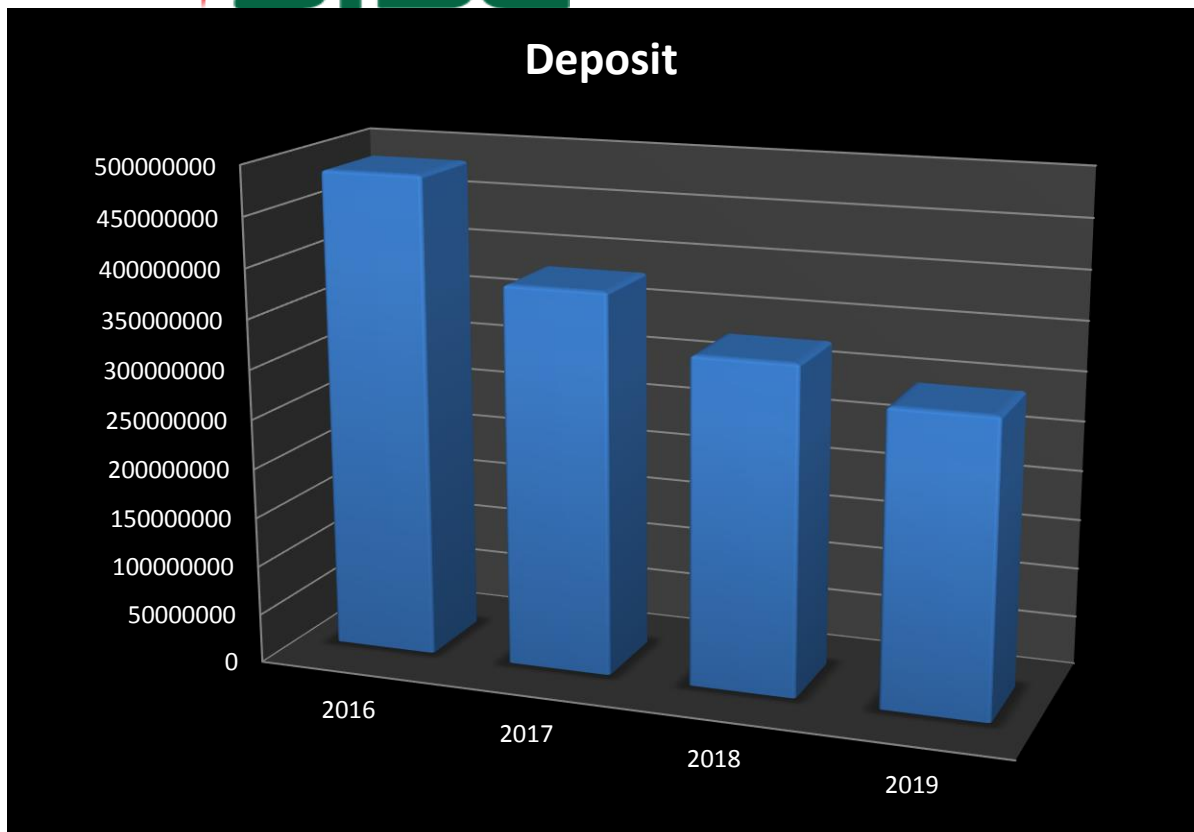
2.6 Principle Activities of SIBL

Social Islami Bank is Bangladesh's second largest bank. The Mission of the bank is to contribute to the development of health in the country through the management of a sound economy. It provides credit to customers' needs and at the same time, protects the interests of suppliers.

Deposits:

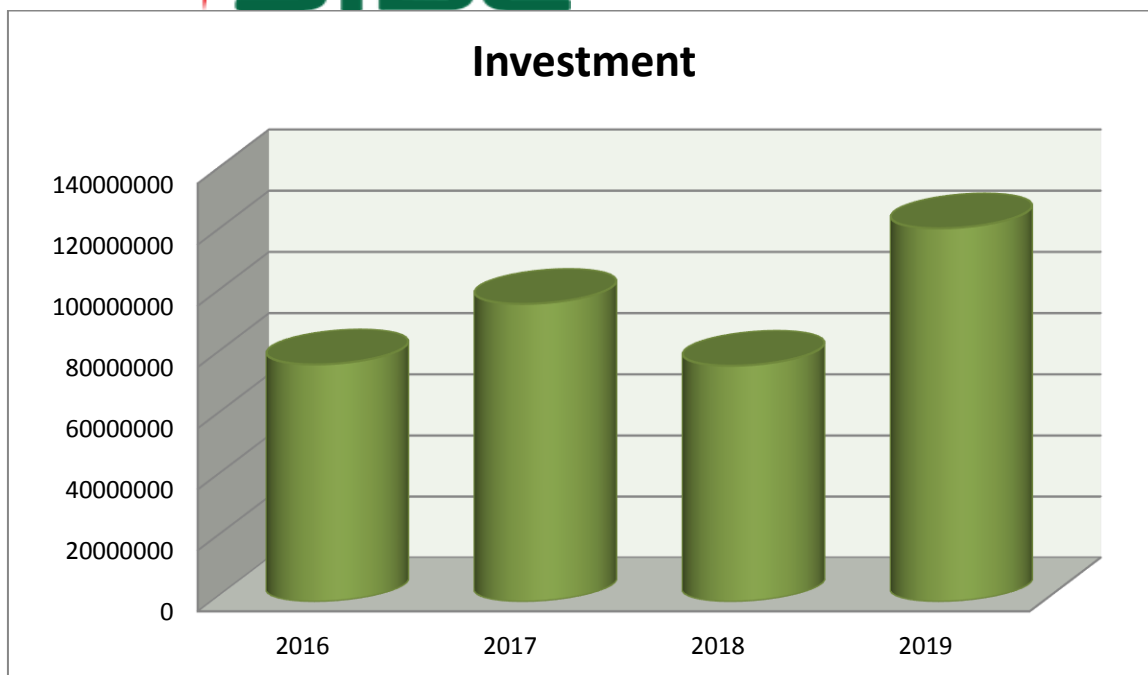
Social Islami Bank authorized the total deposit of BDT486124589.53 crore as of December 31, 2019 compared to BDT 385170551.66 crore in 2018. It is indicated that the reserve of the Social Islami Bank increased FY2019 compared to the FY2018 reserve.

Deposit and Deposit Mix:



Investment:

Social Islami bank investments are increasing year by year. So we can see that customers are interested in Social Islami Bank Ltd to get a higher return.

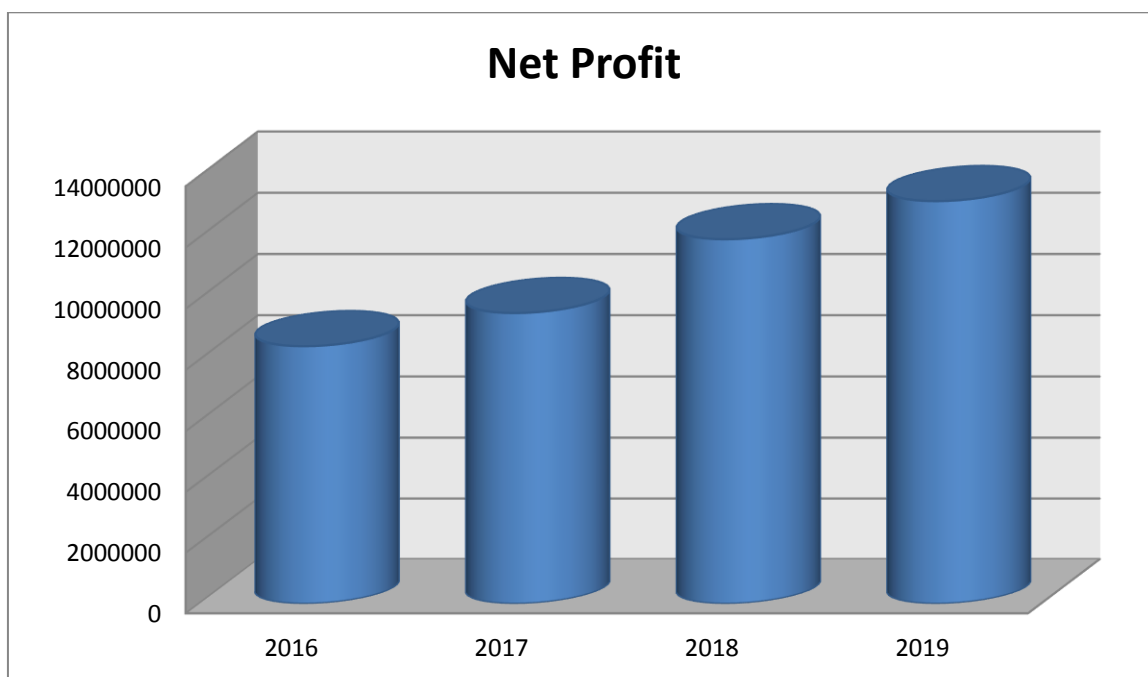


Portfolio wise investment is described below:

S.L	Particulars	2019 (TK)	%	2018 (TK)	%
01	Govt. Securities	108982298.39	89.19	70383615.59	91.05
02	Debentures	404932.8	0.33	349959.68	0.45
03	Corporate Bonds	1196236.56	0.98	927419.35	1.20
04	Shares	11577782.26	9.48	5618736.56	7.27
05	Others	24045.7	0.02	24045.7	0.03
Total		122185295.7	100	77303776.88	100

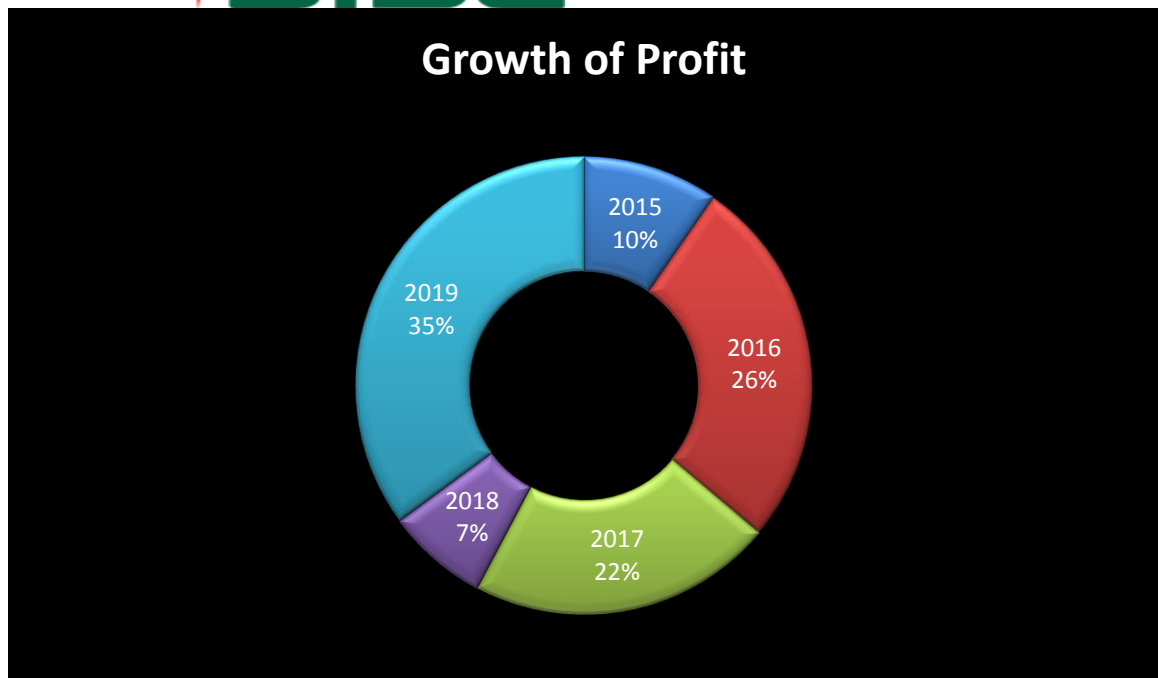


Net Profit:



Growth of Profit

Year	Growth of Profit
2015	40.48%
2016	112%
2017	91.22%
2018	30.39%
2019	148%



Interpretation: The graph shows that the increase in SIBL revenues increased in 2015-2019. In 2015, the growth rate of real income was 40.48%, and in 2016 it increased to 112%. But the 2017 subsidiary SIBL failed to achieve good results, as its net profit margin decreased from 8.80% in 2014 to 112%. In 2018-2019, revenue growth has steadily increased, but the highest growth rate in 2019 is 148%.



CHAPTER- 03
THEORETICAL FRAMEWORK



3.1 Definition of Credit

The word credit comes from the Latin word "credit" which means "I believe". It is the donor's belief in the ability or potential of a person / organization or organizations to pay for the potential. In other words, credit is the ability to order the products or services of others in exchange for the promise to provide those products or services at certain times in the future. For a bank, this is the main source of profit and, on the other hand, the improper use of credit will not only bring disaster to the bank for the whole economy.

The objective of credit management is to reduce performance and impairment assets, as well as to ensure the best loan and advance points and their efficient management. Credit management is a dynamic area where a certain standard of long-term planning is needed to allocate funds in a variety of areas and to reduce risk and maximize the return on invested funds.

3.2 Factors Related with Credit

- ✓ Finance Change
- ✓ Interest rate
- ✓ Inflation
- ✓ Time
- ✓ Risk
- ✓ Operating Expense
- ✓ Security or Collateral
- ✓ Legal Considerations

3.3 Types of Credit Risk Management

- ❖ **Credit default risk:** The risk of failure is minimal to pay all or part of the liability due to the liability of any product more than 90 days prior to the risk that may be affected all exchanges, including unhindered transactions, including loans, securities and financial investment.
- ❖ **Concentration risk:** The risk is related to the impact of one or a group of problems with the potential for the assets to become large enough to threaten the bank's business. It can be a single name model or a high business one.



- ❖ **Country risk:** The Risk of Loss that arises from the freezing of Foreign Payments by the Government of Sovereign or by the liability of its subsidiaries.

3.4 Objectives of Credit Risk Management

There are some objectives of credit risk management of social Islami bank limited follow:

- ✓ Change the position of the work position by top-level management.
- ✓ Expedite the process of loan
- ✓ To provide guidance on loan
- ✓ To analyze and balance tasks.
- ✓ Quick response to customer needs.

3.5 Definition of Credit Risk Grading

- The Credit Risk Level (CRG) is a compound term based on a set measure and has affected the credit risk for exposure.
- Mortgage Security is a simple model for developing a Credit Management Security System.
- A Security Code borrows a number / letter / symbol that is an early indication of the risks associated with debt.

3.6 Credit Assessment & Risk Grading

- ✓ **Credit Assessment:** Before the loan is disbursed and at least once a year for all benefits, a full assessment and risk is required. The benefits of this measure should be disclosed in the loan application by the Relationship Management / Finance ("RM") and approved by the Credit Risk Management (CRM). RM shall be in charge of customer relations and shall have the responsibility of overseeing the availability of all approved loan applications. RMs need to be aware of company bank information about end-of-life and new borrowers, executives and guarantors need to be proactive. It is important that RMs know their customers and be careful to oversee new recruits, the principal and the guarantor to ensure that these groups are truly representative. Each bank is required to establish a KYC and financial protection procedures that must be followed in a timely manner. The loan



application should include a brief summary of the RM risk assessment and include at least the following information:

- ✓ Security Arrangements
- ✓ Amount and types of loan proposed
- ✓ Purpose of loan
- ✓ Loan Structure(Interest, Repayment Schedule, Covenants, Tenor)
- ✓ **Risk Grading:**All banks must accept a credit risk rating. The recipient of certain risk or risk measures should be defined to ensure that he or she meets the risks involved in managing the account, standards and costs. The risk distribution is an important measure of the quality of a bank and, therefore, it is important that the risk is a robust process. Each benefit should be determined by the degree of risk. If impairment is found in the risk, the level of risk offered to the borrower and its benefits should change immediately. The risk classes of the beneficiary must be clearly stated. in the loan application. The lower levels of the risk matrix are given as an example. More conservation of risk.

The initial notification process must be completed by the RM in a timely manner and must be submitted to the CRM for approval at all costs. After approval, the report must be submitted to the credit management, which is responsible for ensuring that the actual receivables / receipts are corrected on a regular basis. in the system. Reductions should be made immediately in the event of improper information and should not be delayed until the annual review process.

3.7 Process of Credit Risk Management

The risk management procedure must cover the entire loan cycle from the history of the credit in the books of the financial institution to the point where the credit has passed through the books (MortonGlantz, 2002). It should include good manners in:

- ✓ Disbursement
- ✓ Credit documentation
- ✓ Credit administration
- ✓ Credit Processing
- ✓ Credit approval



- ✓ Control and Monitoring of individual credits
- ✓ Monitoring the overall credit portfolio
- ✓ Credit Classification
- ✓ Managing problem credits

3.8 Credit Processing

Debt history is a process where all the necessary credit history and application review is done. Loan application forms must contain sufficient information to retain all necessary information for the initial credit start assessment. In this link, financial institutions should have inventory to ensure that all necessary information is properly written. Financial firms need to develop options first; this will be the guide for deciding the type of guarantee for acceptance by their operations. For example, the process may include rejection of an application by an anonymous customer. These procedures will help organizations avoid and evaluate applications that may be rejected later.

The next stage of the credit examination is the credit assessment in which the financial institution assesses the client's ability to perform its functions. Institutions should establish a well-planned credit evaluation criterion (Morton) to ensure that only customers are able to reimburse from reasonably established sources of cash flow over a period of time (Morton Glantz, 2002).

In the case of loan syndication, there must be a policy to ensure that a participating financial institution is not unjustifiably based on a credit risk analysis carried out by a lead insurer. The organization must carry out its proper work, including the terms and conditions of risk analysis and syndication. As a general rule, the evaluation criteria will be concentrated,

- Management capacity of corporate customers
- Purpose and amount of facilities, sources of repayment
- Current and forecast operating environment of the borrower
- Physical inspection of the beneficiary's business premises as well as the facilities subject to the proposed funding



- The integrity and reputation of the applicant, as well as its legal capacity to hold credit liability
- Sensitivity of the industrial sector applicable to the risk profile of the recipient and economic fluctuations

3.9 Credit approval

A financial institution must have written guidelines based on the credit approval process and the approval authority of the person or committee, as well as these decisions. Authorizing authorities must be approved by the Management Board. Approval authorities will amend the terms of new credit approvals, renewals of existing credit and previously approved credit and, in particular, credit restructuring, which should be in full swing. Documented and registered. Prudent credit practice requires that persons authorized with the credit approval authority are not responsible for the relationship with customers.

Depending on the size of the financial institution, it should develop a group of credit risk experts with a high level of expertise and experience and demonstrate appreciation in the assessment, approval and management of credit risk. A system of accountability should be established with the decision-making process, including a clear way to monitor the decisions taken with a correct identification of the persons / committees involved.



CHAPTER-04
CREDIT RISK MANAGEMENT



4.1 Types of Credit Facilities

The bank's policy is to introduce different types of products / derivatives in addition to general banking products. The bank currently offers the following benefits:

Trade Finance

- ✓ Funded: PAD< LTR, IBP, FDBP, Time Loan, Loan(general) etc
- ✓ Non-Funded: Acceptance, Bank Guarantee, L/C etc

Project Finance

- ✓ Funded: Term loan for retirement of document of imported machinery, Other project fixed cost, Time loan, Hire Purchase, Lease Finance, General Loan, HBL etc
- ✓ Non-Funded: L/C for import of machinery, Acceptance, Bank Guarantee etc

Working Capital for Industrial Finance:

- ✓ Funded: PAD, LTR, Time Loan, IBP, Cash Credit, Overdraft Cash Credit
- ✓ Non-Funded: Bank Guarantee, L/C

Working Capital for work Order

- ✓ Funded: SOD(work order), SOD(General) etc
- ✓ Non-Funded: L/C, Bank Guarantee etc

Commercial Lending

- ✓ Funded: Cash Credit (pledge), Cash Credit (Hypo), OD, PAD, LTR, Time Loan, IBL, etc
- ✓ Non-Funded: Acceptance, Bank Guarantee, L/C

Specialized Scheme

ATM, VISA Credit Card, EEF, HBL, Car Loan, House Loan, Small Loan Scheme, Personal Loan Scheme, Lease Finance, SME Finance Scheme, Woman Entrepreneurs Development Project etc

Advance against Financial Obligation

- ✓ Funded: SOD (FO), SOD (SS), SOD (general) etc

Export Oriented Business

- ✓ Funded: Overdraft, Hire purchase, Lease Finance, FDBP, IDBP, Paking Credit etc
- ✓ Non-Funded: L/C Back to Back, Acceptance, Bank Guarantee, L/C etc



4.2 General System & Procedure Related to Credit

Advance grants are one of the most important functions of a bank. The strength of the bank depends essentially on the quality of its progress and the ratio between the amounts of total deposits. The bank followed three basic principles for lending in different ways. Credit schemes are security, liquidity and profitability. Another concept, but not political, the bank also considers humanity where the bank is always looking for the real entrepreneur who can truly support the company through self-formation. Or trust in the recipient is the foundation for sure progress. Trust is judged by five considerations: character, power, capital, parallels and conditions.

The MBL loan process takes various steps to comply with the terms and conditions of the Bangladesh bank.

The Credit Department of Social Islami Bank following steps in lending:

Application for loan proposal

First, the borrower who wishes to enter into a loan commitment with the bank must submit an application through the bank's "branch manager" and submit it to the authorizing officer.

After a proper examination of the application, the branch will notify the applicant of the preliminary decision (acceptable for processing / rejection) within 3 (three) working days from the date of receipt of the application.

- ✓ TIN Certificate of applicants for vehicle loan
- ✓ Bank statement of last six month
- ✓ Salary certificate for service holders
- ✓ Trade license and TIN certificate if any businessperson
- ✓ Attested photocopies of current tax receipt, electric bill etc

Selection of borrower

Selection processes include identifying the source of payment and assessing the customer's ability to pay, expected future cash flow, previous transactions with the



bank, capital received from CIB and information. The bank must identify the key factors of the client's business, as well as the main risks for his business. Or there is an age limit for the recipient, the age of the owner / partner / manager must be between 21 and 60 years.

Preliminary screening of credit proposal

- ✓ L/C last year
- ✓ TIN certificate
- ✓ VAT certificate
- ✓ Export license
- ✓ Business plan
- ✓ Personal Guarantee
- ✓ Personal financial statement
- ✓ Business financial statement
- ✓ Cash flow projection
- ✓ Bank solvency certificate
- ✓ Market reputation
- ✓ Formal application for financing

Credit Information Bureau Inquiry

Selection processes include identifying the customer's payment source and payment capacity, expected future cash flows, previous transactions with the bank, capital received from CIB and information. The bank must identify the root causes of the client's business, as well as the main risks to its business. Or there is an age limit for the recipient, the age of the owner / partner / manager must be between 21 and 60 years old.

Security analysis

To secure a loan, it is important to charge a guarantee on the line of credit, as it represents the commitment of the borrowers; this protects the interest and ensures the recovery of the borrowed money.

- ✓ Lien
- ✓ Pledge



- ✓ Mortgage
- ✓ Assignment
- ✓ Set off

Site visit

The bank operates on the borrower's land, inspecting the property that was set up as collateral against the collateral. Here, the venue's accreditation team assists on-site inspections (as needed). At the end of the inspection, the branch credit team sends a detailed report of the site visit relating to the project signed by the MBL headquarters and by the director / operations manager of the branch / management.

Documentation

Documentation can be described as a process or strategy for obtaining documents. When the bank is about to issue a loan to a borrower after examining the character, power, parallelism and capital of the borrower, the bank must obtain from the borrower the appropriate documents that are applied by the borrower to protect the intended borrower. In addition, when payment is made against certain protections on assets, the document must be implemented to provide the bank with legal and binding fees against those assets. The documents contain specific terms for the disbursement of loans and, if the situation allows, serve as important evidence in a court of law. That's why it's appropriate Documentation must be completed before benefits can be distributed.

Listed below are the documents charged according to the documentation requirements:

- ✓ Site visit report
- ✓ Letter of lien
- ✓ Letter of Lien and ownership
- ✓ Letter of Lien and transfer authority
- ✓ Letter of arrangement
- ✓ Letter of Authority
- ✓ Letter of Instalment
- ✓ Letter of Revival



- ✓ Letter of partnership
- ✓ Letter of hypothecation

❖ **Sanction of loans or advances**

- ✓ Documentation
- ✓ Repayment
- ✓ Expire date
- ✓ Rate of interest of loan
- ✓ Primary securities
- ✓ Limit of the loan amount

❖ **My area of Concentration**

In my report, I decided to concentrate on the credit risk management of SIBL. So that i want to say what credit system is credit system is the loan system inside the bank from the money bank get from deposits, FDR and schemes. There are 3 types of loan. They are,

➤ **Time Loan**

Time Loan is given for specific period of time, highest for 1 year.

➤ **Term Loan**

In the event of a loan term, the collateral is based on the line of protection you are required to use. This means insurance. However, by offering collateral, the bank will guarantee the borrower's property if the repayment does not meet the plan. But what the main loan should be depends on the information recorded by the Bank of Bangladesh through this BCD Circular. 17/1977 and there is still a dispute over branches to be worthy of its value. The main categories of activities are indicated as they are assigned to the activities for approval credit: A no. good can promise to exclude the loan. SEBL accepts the following elements to secure loans

- ✓ Govt. Bond
- ✓ FDR of other bank
- ✓ Personal guarantee
- ✓ Export documents
- ✓ Fixed deposit receipt



- ✓ Share certificate
- ✓ Collateral of land & building
- ✓ Local bank & financial institution gurantee
- ✓ Others securities

There are 3 types of Loan

- ✓ Personal Loan
- ✓ Car Loan
- ✓ Home Loan

Product	Loan Limit	Interest Rate	Maximum Tenure	Age Limit
Personal Loan	Minimum Tk. 50000-500000	19% (2% less for SIBL employee)	60 month (for SIBL employee 72 month)	21-55 years, retirement age or 65 years whichever is earlier covers tenor.
Car Loan	Minimum 3000000-2000000	19% (2% less for SIBL employee)	60 month (for SIBL employee 72 month)	21-55 years, retirement age or 65 years whichever is earlier covers tenor.
Home Loan	Minimum Tk.200000-750000	17% (2% less for SIBL employee)		21-55 years, retirement age or 65 years



				whichever is earlier covers tenor.
--	--	--	--	------------------------------------

➤ **Over Draft**

Over Draft is also a kind of loan.

- ✓ A customer can get highest 90% of his /her FDR amount
- ✓ An applicant's preference may be 80% higher than the payment for his goal, so if their income is first, when his husband's goal, the client moved to join. What he releases, when he deducts the loan.
- ✓ Refunds: This mode allows the person to comply with FDR or stakeholder plans for up to 1 year. Interest is paid every three months. The interest rate depends on the standard / FDR rate. An additional 3% interest goes beyond the decided campaign / FDR interest.

❖ **Disbursement of loans or advance**

Disbursement will have to be distributed after the completion of the documentation. If all documentation is in place, the document structure is distributed.

- Finally, the Credit Division of the Headquarters has completed the loan documentation authorized by them.
- A set of photocopies of the loan documents is kept by the credit team at headquarters, bearing the roots of the distribution branch.
- Once the documentation and approval is complete, the Credit Division will send a copy of the "Distribution Order" to the Credit Administration Manager (CAD) and the relevant branch for distribution of the division.
- Loan guarantee documents approved by the head office are signed by the customer (s) at the distribution branch and photocopies of the original retained must be sent to the head office.



At the time of disbursement, the officer prepares the vouchers and writes the pay slip which is signed and approved by the Second Officer and Director. The accounting treatment of the disbursement of the loan is shown below-

Loan AccountDr.

Pay Order.....Cr.

Or,

Loan AccountDr.

Account.....Cr.

In addition to the approved amount, the customer has to bear some relevant fees, such as some status fees, service fees, and venture funds for stamping. The accounting treatment of this tax is provided below:

Saving AccountDr.

Miscellaneous earningCr.

Saving AccountDr.

Service ChargeCr.

Saving AccountDr.

Risk FundCr.

4.3 Credit files Maintenance

After going through all the steps, the bank creates and manages the "credit file" of the customer in question. Evidence review is punishable by the police officer to obtain all



relevant information and encourages him to determine all relevant information when investigating the risk of the suspect patients.

Primary file

- All shipping information such as billing statements, invoices, brochures, CIBs and other user files with reference clippings.
- Newsletters, contact newsletters, website newsletters, newsletter arrangements and more. All stored cards must maintain a secure location and access to authorized persons is restricted.
- Credit application, credit / inspection agreement. The analysis includes details about the security, including the recipient, the purpose of the loan, the location of the loan repayment, the cost and the cost sharing. It's the best possible as well the quality of the clients, the wide space for the business and the competition of the clients and other factors that represent the clients' ability to pay return results.
- Proof of credit and approved documents together with the recommendation. Checklists with agreement and deed of distribution, copies of all legal and financial documents.

4.4 Risk Management Division

According to the Bank of Thailand, the "Security Administration" bank was reorganized into an office called "Security Management" which was approved by the Board. The management bank organized a meeting of the 285 board of directors, which was held in 2019, to ensure good governance and risk management. The temple has a number of well-known police officers led by an elderly chief President when the Deputy Executive Director (DMD) serves as the Director of Security (CRO). The department deals with capital management and risk management issues, according to the Bank of Bangladesh, Governance and Risk Management Board. Control. The Bank has a wide range of risk management risks and (six) financial risk priorities, such as financial risk, financial risk, internal risk management and risk management. risk compliance, financial risk, ICT risk and risk management. of assets. There is serious concern about risk and the return to



recovery, and our policy is to monitor management measures beyond the bank's management knowledge and reduce risk. Destiny at a good level.

The function of division are summarized as follow-

- Preparation of the document on risk management
- Perform stress tests
- Disclosure of related information according to the instructions of Pillar III of Basel-III.
- Coordination and monitoring of the main risks
 - ✓ Environmental risk management
 - ✓ Foreign exchange risk management
 - ✓ Investment risk management
 - ✓ Anti money laundering risk management
 - ✓ Internal control risk management
 - ✓ Information and security risk management
- Co operating with credit rating etc

4.5 Types of Risk

Investment (lending) is the main function of a bank. At the same time, there is a start-up risk / risk in each investment (credit). The investment includes a large part of the bank's total assets. For example, passion and decision make / decision making a prerequisite for a good investment and is therefore essential for the viability and success of the bank.

❖ **Market Risk**

Expert advice on choosing a key business location, finding new projects, preparing low-level investments for low-level investments, steps to avoid inconsistencies and competition with business developmentbanks etc. are effective measures to reduce business problems.

❖ **Liquidity Risk**

It is more important to consider the risk profile of the investment company in order to match finances and investments. Long-term investments require long-term and stable improvements. So is the money flowing through debt collection against time against



unsecured investments essential tools to ensure the correct collection and monitoring of key elements.

❖ **Investment Risk**

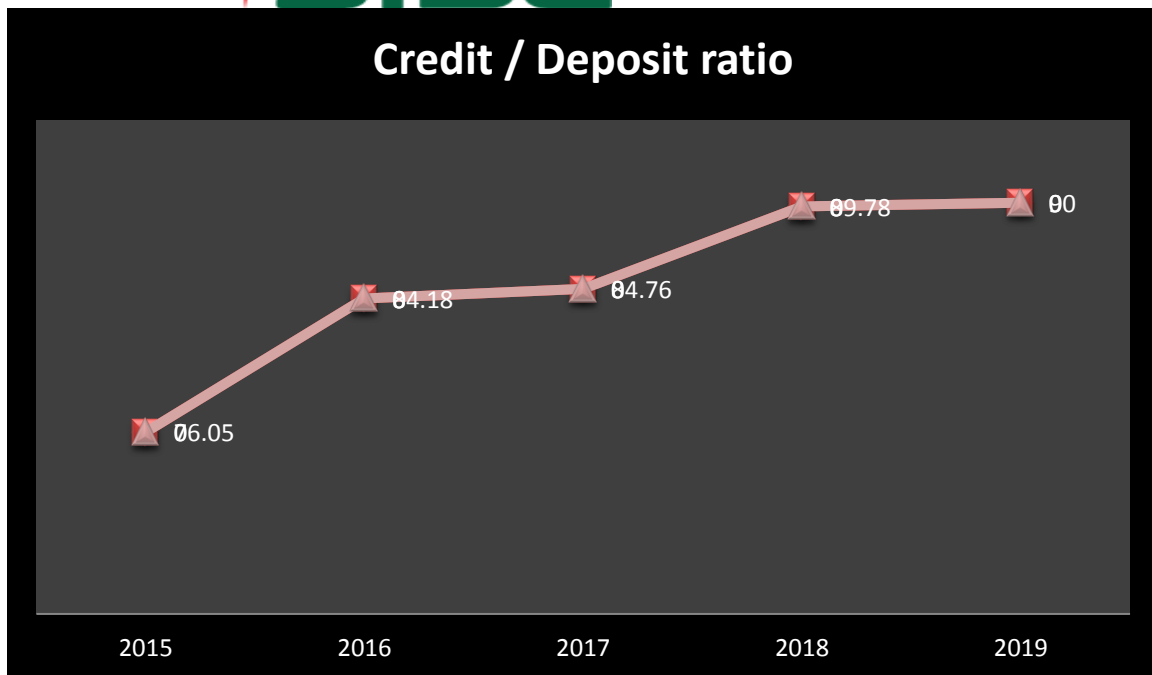
Specialized resource management is developed for individual enterprises. Investment management to ensure that appropriate policies are developed ensure compliance with relevant procedures for the supervision and control of sanctions at the industry level. The investment is a joint venture between single businesses and is ongoing. The investment risk involved can be summarized as an example below.

Total Assets	21343 milliom
Total Investment	15516 million
Classified Investment	30 million
Percentage of investment to total Assets	72.70%
Percentage of classified investment to total investment	0.19%

Credit/ Deposit Ratio:

Credit/ Deposit Ratio= Loan and advance/Deposit*100

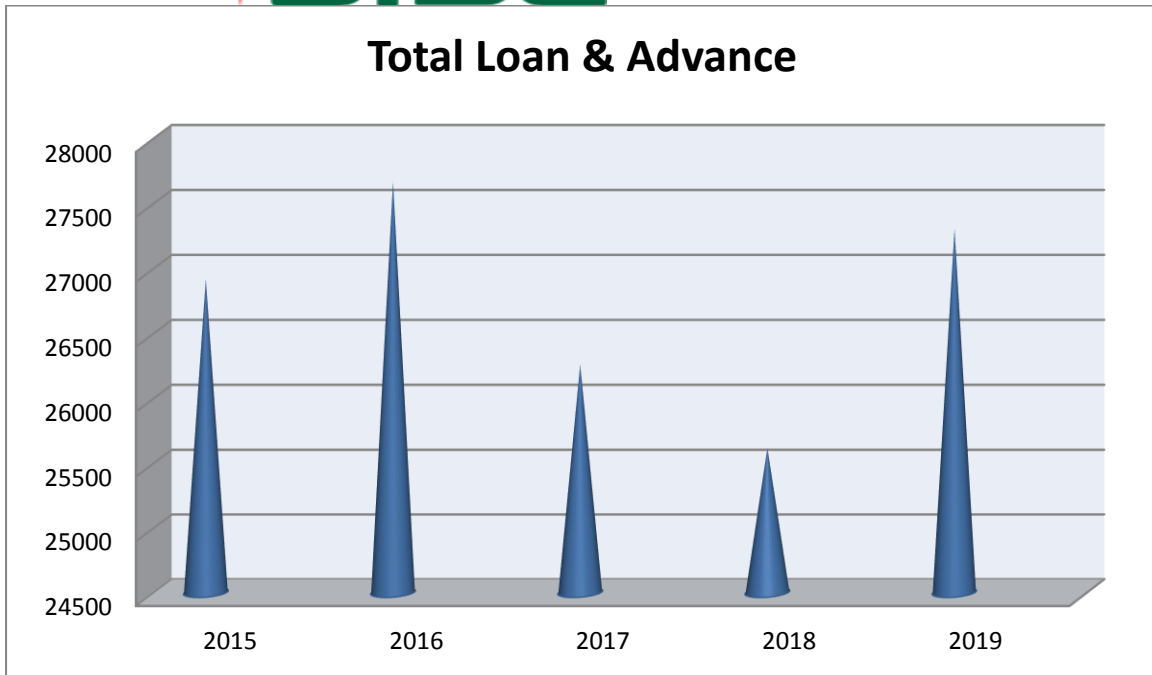
Year	Credit / Deposit ratio
2015	76.05%
2016	84.18%
2017	84.76%
2018	89.78%
2019	90%



Interpretation: The credit / Deposit ratio method will measure the balance of the deposit used for the loan, the higher the percentage, the more often the banks will use the credit-based deposits. In 2018, the ratio was 76.05, and in 2019 it increased by 84.18%. In 2015, the credit / deposit ratio increased slightly by 84.76% and in 2016 and 2017 it increased further, 89.98% and 90.00%. We know that this higher ratio leads to an increased risk.

Total Loan & Advance

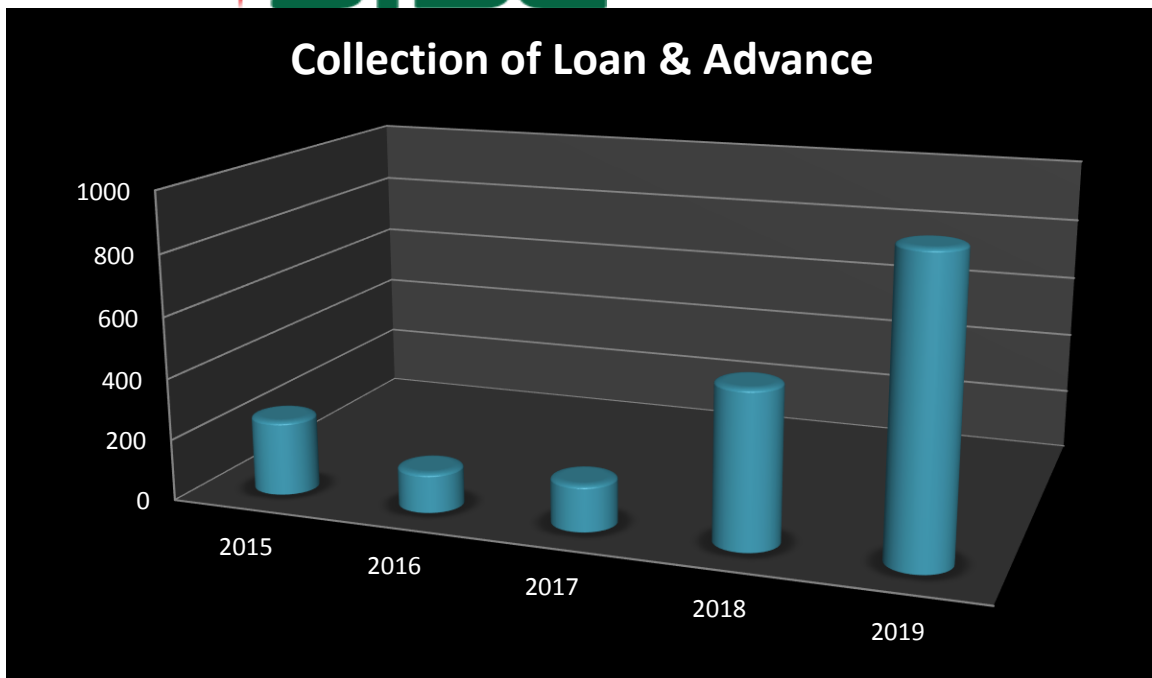
year	Amount (million BDT)
2015	26918.30
2016	27667.10
2017	26260.72
2018	25617.57
2019	27305.90



Average loan & advance are high for SIBL but the study deviation is high. So we can say that though it is increasing but not stable.

Collection of Loan & Advance

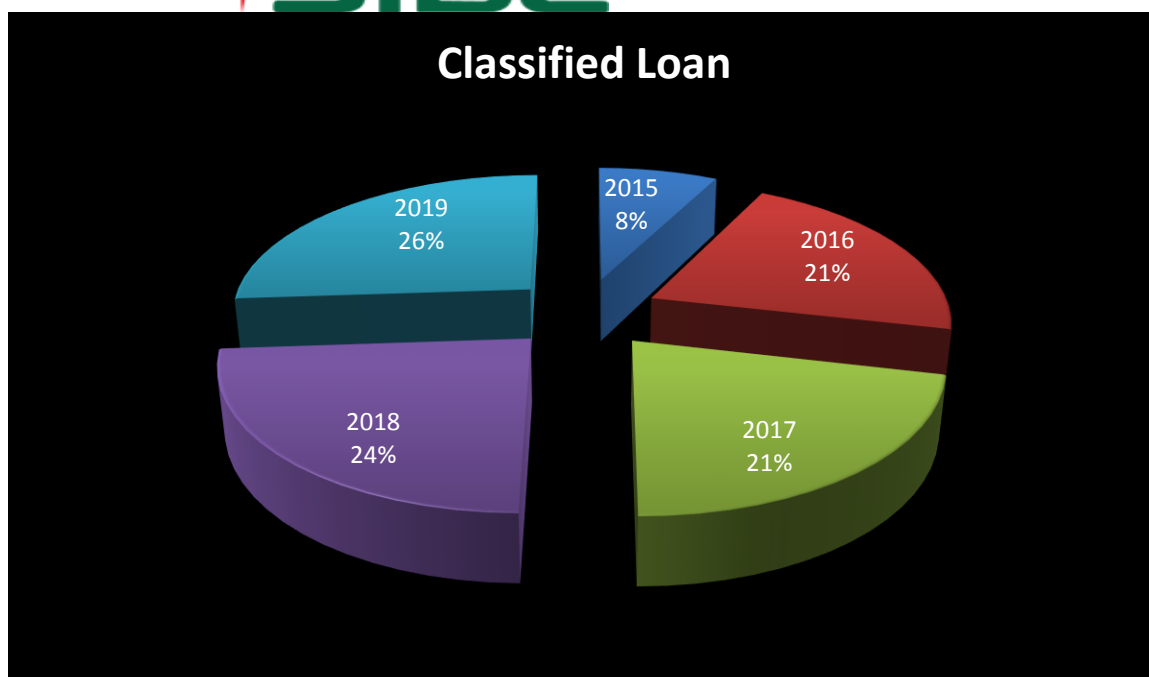
Year	Amount(million BDT)
2015	246
2016	131
2017	152
2018	505
2019	953



Interpretation: The table and figure above show that the aggregation of mortgage rates and the promotion of the SIBL changed from year to year from 2015 to 2019. In 2015, the aggregation of mortgages is 246 million. But it was reduced to 131 million in 2016.

Classified Loan

Year	Amount(million BDT)
2015	0.93
2016	2.59
2017	2.65
2018	2.93
2019	3.21

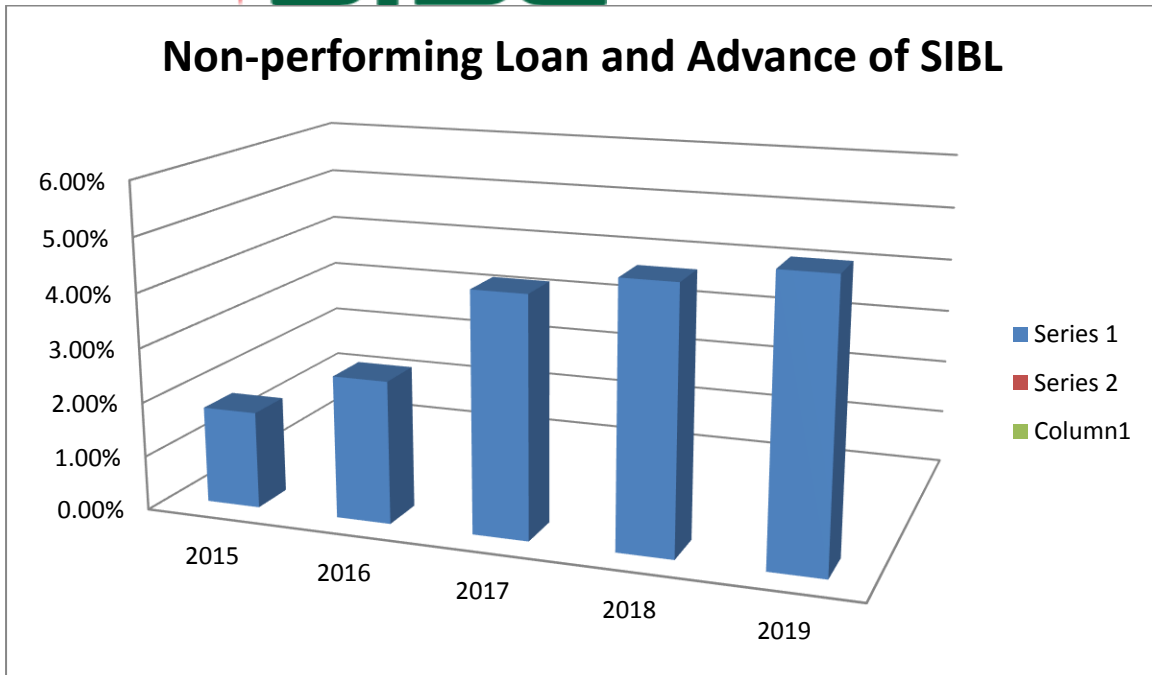


Interpretation: The words and graphs above show the amount of the loan received and the advance The SIBL is increasing in the years from 2015 to 2019.

Non-performing Loan and Advance of SIBL

SIBL have an increasing level of non-performing loan which is an alarming concern for the bank. Its non-performing loan and also NPL to total loan and advance is increasing every year. Non-performing Loan and Advances of the last five years given below,

Year	Loan and Advance (Million Tk.)	Non-performing Loan	NPL to total loans and advance
2015	66377.70	1187.81	1.78%
2016	79999.80	2084.62	2.61%
2017	93610.87	4090.92	4.37%
2018	97688.50	4659.75	4.77%
2019	117060.03	5965.63	5.10%





CHEPTER-05
**FINDING, RECOMMENDATION &
CONCLUSION**



Finding

- Sometimes it is difficult to collect formal documents and financial statements from the client, means the non-availability of client's detailed information.
- There are few human qualifications and no qualifications are required for branch credit department staff.
- The Bank is reviewing the overall rating and risk assessments in line with Sales Bank.
- Higher expenses are required compared to other large loan services received by the bank due to close supervision and supervision of working credit.
- Loan and advance are very important for investment. A reasonable electronic credit system and oversight will ultimately bank benefits. It is true that the size of AIBL lending and upgrades increased over the years.
- Sometimes bad credit information comes from the branch
- At one time, the verification of the accuracy of the data was done after the mortgage loan.



Recommendation

- The bank should establish a good "Credit Manual" so that users can easily understand the rules of bank credit.
- Branches can provide additional training and coaching services to ensure that employees are productive in their work.
- All checks must be made by branch only before receipts are deducted.
- The bank is required to provide short-term loans, such as microcredit, to the poor and residents.



Conclusion

Social Islami Bank Limited is one of the largest Islamic companies in Bangladesh. It was started on 5 July 1995 as a result of the dedication of the entrepreneurs in Bangladesh and the world elite established in 1971. Internships were conducted in three sections (General Banking Division, Exchange and Investment). The bottom line of these publications is how SIBL meets the needs of their broader customer base. In order to meet the needs of the customers, the bank has various types of deposits, such as Al Wada current savings accounts, savings accounts and various types of deposits, such as Lakshopoti deposits speed, deposit, etc. Some of the other important functions of a company are in remittances, cash and remittance services; the bank offers a wide range of services in those areas, such as payment, card request assistance and telephone referrals, etc. During the three-month internship it was found that many of the accounts and payments were increasing each month. An important part of the report is the SIBL performance assessment. Some techniques are used to evaluate performance. The calculations show that all items in the balance sheet and in the income statement have increased since last year. In the general sense of good bank performance analysis, the analysis of the reports, the calculation showed that the convenience and effectiveness of the income is not good, but the percentage Of capital and capital gains compared to last year. From the above description it is understood that the overall performance of the bank was well appreciated.



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