



জনতা ব্যাংক লিমিটেড
Janata Bank Limited

**Analysis of Credit Performance of
Janata Bank Limited**



Daffodil
International
University

Internship Report

On

Analysis of Credit Performance of Janata Bank Limited

Supervised by

Shahana Kabir

Assistant professor

Department of Business Administration

Daffodil International University

Prepared by

Md. Moniruzzaman Munna

ID: 161-11-5063

Major in Accounting

Department of Business Administration

Daffodil International University

Date of Submission:

Letter of Transmittal

December, 2019

Shahana Kabir

Assistant Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

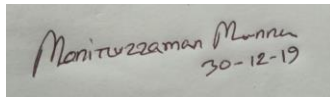
Daffodil International University

Subject: Submission of Internship Report.

Dear Madam,

It's a great pleasure to submit internship report on Analysis of Credit Performance of Janata Bank Limited. It was a super possibility to gather knowledge and journey in appreciate of the functions, methods and operational mechanism of banking sectors. It's believed that understanding and experience gathered all through internship length will immensely assist in professional existence and it used to be assigned by using the Janata Bank Limited, Satmasjid, Dhaka 1209 corporate branch. It has been focused first-class efforts to achieve goals of the practical orientation and hope that the effort will serve the purpose.

Sincerely Yours,



Md. Moniruzzaman Munna

ID: 161-11-5063

Program: BBA

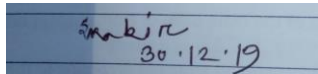
Department of Business Administration

Faculty of Business and Entrepreneurship

Certificate of Approval

I am pleased to certify that the internship report on Analysis of Credit Performance of Janata Bank Limited (JBL), conducted by Md. Moniruzzaman Munna and ID No: 161-11-5063 of BBA program, Department of Business Administration has been approved for presentation and defense. Md. Moniruzzaman Munna worked with Janata Bank Limited (JBL), Satmassjid Road Branch, Dhaka, as an intern under my supervision.

Md. Moniruzzaman munna bears a strong moral character and a very pleasing personality. It has indeed been a great pleasure working with this.



Signature of the Supervisor

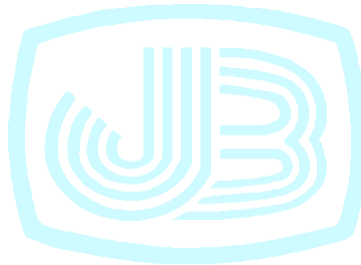
Shahana Kabir

Assistant Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University



Acknowledgement

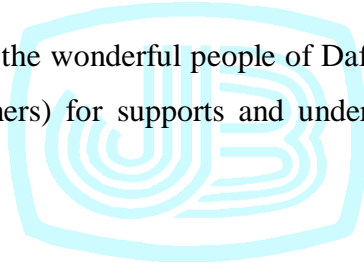
At the beginning, it would be appreciated to particular sincere gratitude to Almighty, the most merciful and advisable for empowering to put together the document inside the scheduled time. As a student of BBA Program, Internship is one of the most important partial requirements of the total courses BBA program.

In this regard it would be liked to thanks all the faculties of Daffodil International University who helps me to finish my courses. This is a synopsis of my present day learn about on “Credit Performance of Janata Bank Limited” as part of my internship report.

It would be preferred to thanks Md. Nurul Islam (Assistant General Manager) the branch manager of Satmassjid Road corporate branch, and other officials who helped me a lot to prepare my report

Then it would be liked to be give special thanks to my supervisor shahana kabir who guide me and assist to complete the report.

Lastly, it would be thanked to all the wonderful people of Daffodil International University (My teachers, my classmates, and others) for supports and understanding. It would be impossible without their help.



Executive summary

This report is organized as requirement of the BBA program under Department of Business Administration. This report is originated as a requirement of BBA program. This report is accomplished based totally on three months' internship application at Janata Bank Ltd. The objectives of the study were help to know different kinds of deposit schemes, lending procedures & approval processes, credit assessments & chance administration processes, discover troubles associated to savings management of JBL.

This report has been divided into 5 chapter. In the first Chapter it has been discussed about the introductory word of the report, the origin of the record and additionally objective of the study. In Chapter two it contains the organizational historical past of Janata Bank Limited. In the chapter three it includes theoretical knowledge about the real credit management system. It also mentioned deposit administration system, lending guidelines, and how to provide better loan. The fourth chapter is the most important chapter of the report. The evaluation part has been given here and last 5 years' credit performance associated with overall performance analysis and considered in this part. Finally, in the chapter five also included findings and recommendation.

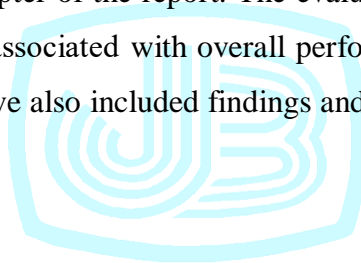
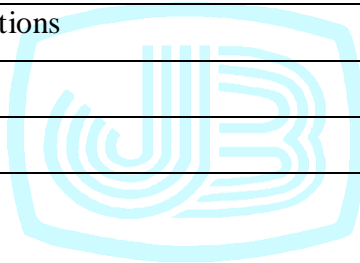


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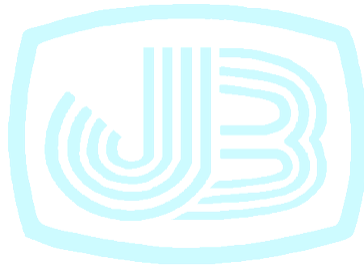
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Chapter- One

Introduction

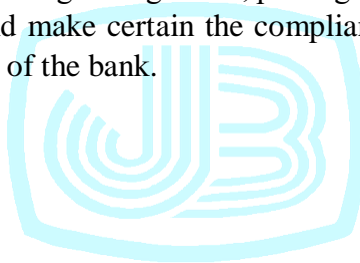


1.1 INTRODUCTION

As a growing economy Bangladesh has motivated to develop its banking sector to promote financial growth. Bangladesh has viewed awesome expansion of the banking industry. The banking sector in Bangladesh has even long past a step further via advertising financial inclusion of the very bad in rural areas of which micro finance and micro credit are the policy units to acquire that objective. This has helped to increase the monetization of the rural economy, and as a final result it has emerge as more market-oriented. Such market orientation of the rural financial system additionally facilitated non-stop resource transfer from rural areas to urban areas.

Bank supply the services which is collecting deposit, advancing of loan, overseas foreign exchange, cheque payment, remittance, collecting and repayments of savings instruments. We know Janata Bank Limited is the 2nd greatest business financial institution of the country. Bank's reputation is a necessary measure for its success and consequently Janata Bank must observe ideal guidelines, policies and applicable manuals concerning credit score extension and recovery. In the Janata Bank Limited they grant loan and advance, and collecting of credit and they additionally grant sector smart loan to rural area. This record is based totally on analysis of deposit performance of Janata Bank Limited.

Credit management is the technique of granting credit, placing the terms it's granted on, improving the credit score when it is due and make certain the compliance with corporation credit policy. Credit is the chief earning sources of the bank.



1.2 OBJECTIVES OF THE STUDY

- To find out knowledge about credit policy, credit management, credit risk management and lending procedure of Janata Bank Limited.
- To analyze the credit performance of last five years.
- To discover some problem regarding credit performance.
- To provide some suggestion based on the findings

1.3 BACKGROUND OF THE STUDY

This is a prerequisite to fulfill the BBA program. I assigned by Daffodil International University to Janata Bank Limited, Satmassjid Road Branch. I was done my 3-month internship program. My academic supervisor was Shahana Kabir and organization supervisor was Md. Nurul Islam (Assistant General Manager of Janata Bank, Sattmasjid Road). I am accomplished my internship part on Analysis of Credit Performance of Janata Bank Limited. I am tried to discover out Trend analysis and Comparative evaluation via their remaining 5 years' annual report. And I also talk Janata Bank Officers for gathering some data.

1.4 METHODOLOGY OF THE STUDY

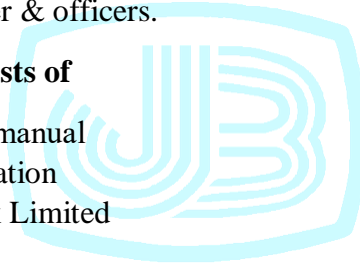
The methodology of this report is very distinct from conventional reports. I have emphasized on the realistic observation even though this report has to want some foremost and secondary data. Nevertheless, subsequently nearly the whole report consists of my practical observation.

1. In the primary sources includes

- Opinion of Expert's
- Conversation with manager & officers.

2. In the secondary sources consists of

- Janata Bank's Instruction manual
- Relevant paper and publication
- Annual file of Janata Bank Limited



1.5 LIMITATIONS OF THE STUDY

Although the officials were so busy, they gave me wholehearted cooperation in the time of internship additionally in preparing this report. It was such a best trip I have gathered from JBL.

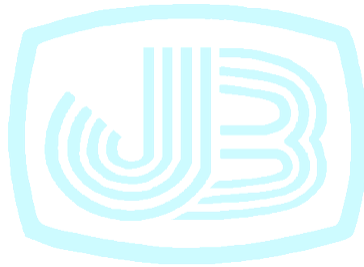
Lack of time: I got 3 months only for prepare really It is really difficult to collect proper data in a short time period.

Lack of available data: I tried to find proper data for making report but sometime an organization cannot provide the real figure of its because of secrecy.

Lack of available data: Some data are not available.

Chapter- Two

Organization Profile



2.1 Background OF JANATA BANK LIMIT

Janata Bank Limited, the 2nd biggest State Owned Commercial Bank in Bangladesh, it's play pivotal role in the country. Since inception in 1972 the Bank has commendably contributed to the socio-economic improvement of Bangladesh and helped structuring robust monetary ground of the country as well.

Including four remote places branches in United Arab Emirates Janata Bank runs its organization with 913 branches across the country having a large household of round 11,966 (As on 30.06.2019) personnel with its head office positioned at Janata Bhaban at Motijheel C/A, the heart of the capital city, Dhaka

At the end of 2018 the Bank held Deposit BDT 675,548.46 million, Advance BDT 533,707.17 million with Authorized capital BDT 30,000 million and Paid-up Capital BDT 23,140 million.

The contribution of the Bank to the countrywide financial system and social reform has set fashionable bar so high that others in this business can't assist aspire touching the benchmark of success earned by way of JBL.

Janata Bank Limited, a corporate body trusted on over the years, the 2nd greatest commercial financial institution in Bangladesh, has been enjoying pivotal role in ordinary monetary things to do of the united states

2.2 JBL BOARD OF DIRECTORS



Name	Designation
1. Dr. Jamaluddin Ahmed, FCA	Chairman
2. Khondker Sabera Islam	Director
3. Mr. Mohammad Abul Kashem	Director
4. Mr. Ajit Kumar Paul, FCA	Director
5. Mr. Meshkat Ahmed Chowdhury	Director
6. K. M. Shamsul Alam	Director
7. Muhammed Asad Ullah	Director
8. Shaikh Shamsuddin Ahmed	Director
9. Mr. Md. Abdus Salam Azad (F.F.)	CEO & Managing Director

2.3 CORPORATE PROFILE

Features	Values
Name	Janata Bank Limited
Legal Status	Public Limited Company
Registered Address	Janata Bhaban, 110, Motijheel Commercial Area Dhaka- 1000
Genesis	Janata Bank Limited, the second largest state owned commercial Bank in Bangladesh Janata Bank runs its business with 912 branches across the country including 4 overseas branches in United Arab Emirates.
Chairmen	Dr. Jamaluddin Ahmed, FCA
CEO& Managing Director	Md. Abdus Salam Azad(F.F)
Company Secretary	Hussain Yeahyea Chowdhury
Date of Incorporation	21 th may, 2007
Authorized Capital	BDT 30,000 Million
Paid up Capital	BDT 23,140 Million
Face value per share	BDT 100 per share
Shareholding Pattern	100% share owned by the Government of Bangladesh
Number of Employees	11,966(As on 30.06.2019)
Banking license obtained from Bangladesh bank	31 May, 2007
Phone	+88 02-9560000, 9566020, 9556245-49
SWIFT	JANBBDDH
Website	www.jb.com.bd , www.janatabank-bd.com
E-mail	md@janatabank-bd.com

2.4 ORGANIZATIONAL STRUCTURE



2.5 MISSION

Janata Bank Limited will be an effective commercial bank by maintaining a stable growth strategy, delivering high quality financial products, providing excellent customer service through an experienced management team and ensuring good corporate governance in every step of banking network.

2.6 VISION

To become the effective largest commercial bank in Bangladesh to support socio-economic development of the country and to be a leading bank in South Asia.

2.7 OBJECTIVES OF JANATA BANK LIMITED

- To make consumer satisfaction through various banking activities and introduction of innovative banking.
- To improve the patron offerings in latest times by way of introducing a quantity of IT-based reform measures.
- To make certain a sufficient charge of return on investment.
- To hold enough liquidity to meet maturing obligations.
- To maintain a robust growth of commercial enterprise with preferred image.
- To hold enough control systems and transparency in processes.
- To make sure most beneficial utilization of all reachable resources.

2.8 PRODUCT

1. Deposit

Current Deposit: Current Deposit refers to a savings to a financial institution account or economic institution without a distinctive maturity date. These kinds of Current Deposit account normally solely earn demand deposit interest.

Fixed Deposit Schemes: It is a fixed account helps your money work for you by way of incomes a greater rate of pastime for a fixed time period of 3 months, 6 months, one-year period.

Savings Deposit: A savings account is a deposit account held at a retail financial institution that can pay interest but cannot be used without delay as cash in the narrow experience of a medium of trade (for example, through writing a cheque). These accounts let customers set apart a component of their liquid belongings while incomes a financial return.

Special Notice Deposit: Special Notice Deposit Account is the net glide of modern transactions such as services and interest payments.

2. Loans & Advance

- Agriculture Loan
- Working capital loan
- Rural credit
- Tannery trading
- Consumer financing
- Education loan

2.9 SERVICES

1. E-Service

Online banking, additionally known as internet banking, is an electronic price device that permits customers of a bank or different economic business enterprise to behavior a vary of financial transactions through the economic institution's website. The online banking device will typically join to or be part of the crucial banking system operated by way of a bank and is in distinction to branch banking which used to be the normal way clients obtain get entry to banking services.

1. Modern Banking

E-Banking process is a Modern Banking device which is a Windows access, full point-and-click, on premise issuer offering Core Data Processing Solutions, Item Capture, Imaging Solutions, and Management Information Systems. Modern banking gadget includes: Internet Banking, Telephone, PC Banking, Network Systems, etc.

Chapter- Three

CREDIT MANAGEMENT AND RISK



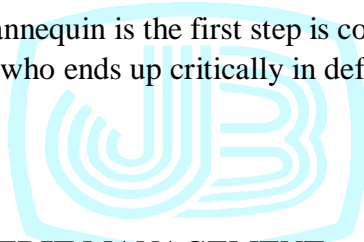
3.1 WHAT IS CREDIT MANAGEMENT

Credit management is the system of granting credit, placing the terms it's granted on, recovering this deposit when it's due, and ensuring compliance with organization credit performance policy, among other deposit related functions. The purpose within a financial institution or company in controlling credit score is to improve revenues and profit with the aid of facilitating sales and reducing economic risks.

3.2 CREDIT MANAGEMENT

Credit Management is a part of accountancy, and it is a department that falls below the label of “Credit and Collection’ as a branch in many organization and institutions. They will commonly deal with the credit affirm of customers, the decision of any bill queries, allocations of payments, interior fund movements, reconciliations and additionally retaining effective working relationships with patron in the course of the debt collection or credit score evaluation and approval process.

Credit Management has begotten now from being a pure accounting characteristic into a front-end client dealing with function. It carries screening of clients and solely those who are credit precious are allowed to do business. A sound assessment of the monetary role of the customer, and appreciation of their enterprise mannequin is the first step is confirming that the agency does now not stop up promoting to a patron who ends up critically in default.



3.3 OBJECTIVES OF THE CREDIT MANAGEMENT

Credit Management is now not all about discovering the pleasant way to limit debt, the most effective way to possible. It is all about creating on the believing relationships with purchasers so that business effects are accomplished and profits are increased.

Control Customer Risk: To Control charges and making sure that sufficient care is used to make the right decisions at the proper time is the most valued objective of credit management. It is the first step and one that should be used with as lots chariness as risk.

Settlement of Outstanding Balances: To make sure that outstanding balances are settled can be challenging. This undertaking is like the eggs to a cake. Without the receipt of charge there is no money flow. Without cash flow, there is no opportunity. Without opportunity, there is no business. It wishes to be done, and as a count of priority.

Managing Cash Flow: Credit administration is all about accepting the most efficient, truthful processes to advance cash flow. This incorporates utilizing reliable software programs, as properly as training and development opportunities to make certain that the business continues to grow and compete with the best.

3.4 CREDIT MANAGEMENT PRINCIPLES

Credit administration performs an essential role in the banking sector. Bank is one of the essential supply of lending capital.

Liquidity: Liquidity acting's a major role when a financial institution is into lending money. Regularly, banks give money for brief period of time. This is due to the fact the cash they lend is public money. This money can be withdrawn by using the depositor at any point of time.

Safety: The 2d best significant function of lending is safety. Safety means that the borrower ought to be in a position to repay the mortgage and interest at constant durations of time barring any fail.

Diversity: Principle of diversity is appropriate to the advancing of loans to one of a kind types of firms, industries, factories, businesses and markets.

Stability: The forth necessary precept of a bank's funding coverage is stability. A financial institution ought to opt for investing in those stocks and securities which hold an excessive diploma of stability in their costs. Any financial institution cannot incur any loss on the price of its securities.

Profitability: This must be the predominant precept of investment. A bank must only invest if it earns ample earnings from it. Thus, it should, make investments in securities that have a proper and secure return on the funds invested. The acquiring capacity of securities and shares depends on the activity price and the dividend fee and the tax advantages they hold.

3.5 IMPORTANCE OF CREDIT MANAGEMENT SYSTEM

One of the most quintessential activities in your company is credit score administration or higher known as deposit control. Credit management is the method to make certain that clients will pay for the merchandise delivered or the services rendered. It will be profitable, however if you lack the money to continue your business, you will additionally be bankrupt or taken-over through any person who is aware of how to deal with cash.

When clients are no longer paid but that is called Accounts Receivables. The trouble with Accounts Receivables is that this is cash owned by your organization over which you do now not have any control. There are two large drawbacks with AR. Accounts Receivable is a debtor.

When patron has now not settled his quantity due, capital stays tied in Accounts Receivables and barring an adequate phrases and prerequisites does not even carry interest. Capital is money or liquidity, and you can use that cash for many different and for more useful and worthwhile purposes.

3.6 SYSTEM TO CREATE CREDIT POLICY

•Know your customers

First of all, when create credit score coverage to understand the precise consumer name and kind of business. Then confirm the customer, and employer is dependable or no longer perceive this, and ensure their savings references.

•Set the credit amount

The credit score coverage must be determine the total amount of credit score your firm will allow. This is normally equal to the lower of 10% of your net really worth or 20% of your working capital. Then, calculate how lots of this quantity you will enable your clients to borrow from you. To organize customers in bands in accordance to their risk (low, medium, high). The lower risk, the extra deposit can be acceptable and vice versa. The 20% of complete debt owed to the dealer is a common most limit to the quantity of credit to be given to high threat debtors.

•Set payment terms

You can solely preserve your clients to the phrases that are settled when an order is placed, so they need to be clearly communicate. You can do this by using making positive that your general terms and prerequisites of deposit (30 days from date of invoice) are definitely distinctive in all pre-sale communications, which includes your website, index or charge list.

•Enforcing your credit policy

For your credit policy to be effective, you need to make certain that your sales body of workers are attentive of customers' savings limits and the phrases they have to observe. They have to additionally be alert of instances in which deposit limits may additionally need to be reviewed.

3.7 POLICY GUIDELINES OF CREDIT MANAGEMENT:

Credit Management of Janata Bank Limited to have been made in accordance with the Policy Guidelines of Bangladesh Bank's. This tenet made in such a way that the bank can reduce its losses for fee of estimated charge to the shareholders.

Lending guidelines:

- To focus on industry and business sector
- Natures of credit facilities
- Single debtors'/ group bounds
- Loaning caps
- Depressed business styles

3.8 CREDIT RISK

The concept of Credit introduces the notion on lending the borrower with some goods or services and then counting the chances of loss may occur on the borrower's failing to repay the debt or supplying the items or offerings being promised in the future. Since the banking area has been installed and supporting in each aspects of human's life, this lending and borrowing is the most distinguished source of profits for any banks. This relationship mounted among lenders and borrowers underneath a mutual believe just as the phrase "Credit" describes in Latin which means "I believe"

Just to make sure of it gets the capital in return as promised so the complete manner of generating income stays alive with the existence of the bank, there is an appropriate way is credit score risk administration and what are the motives it may additionally occur so it can create a whole machine for tackling any hazardous scenario in opposition to the sustainability for the bank. Managing the savings has to be performed proactively via managing the portfolio in order to limit the losses.

Credit risks have predominant unfavorable consequences on banks' capital and other results along with finance as the debtor's default to meet the bank and its obligations. Credit risk can be look through in different factors on happening it such as:

Concentration Risk: Which might also appear via directly or not directly of being exposure to comparable kind or kind of risk through the bank.

Country Risk: Which relates to the person's different country the financial institution is exposed to and having bad effect on bank's capital due to bank's incapacity to acquire the debt for motives such as political, economical and other circumstances of the borrower's foundation or country.

Transfer Risk: Due to foreign money conversion internationally, the likelihood of loss imposed by foreign authorities which outcomes in transferring out money from the country.

Settlement Risk: Which is additionally called default risk, while one birthday party is unable to pay the debts on the time of settlement. Which additionally results in moving time and due to inability of each sides.

3.9 PRINCIPLES FOR CREDIT RISK MANAGEMENT:

- Sufficient data about the heritage of the borrower
- Capability and total assets owned by way of the borrower
- Any liabilities or medical, political problems
- Proper police verification
- Purpose for the need
- Source of compensation

3.10 MEASURING CREDIT RISK METHODS

Credit chance grading is one of the most famous strategies for banks and monetary sectors to predict the rating that helps to measure the reliability of the settlement with the borrower. It helps to perceive one-of-a-kind dimensional impact on different events for specific transactions. This helps to assess the nice of savings portfolio of the financial institution of a branch on looking distinct activities and lines of business. The higher the grading system the more the it in the direction of bank safety and soundness by using facilitating informed selection making. The result of grading gadget is measuring credit score risk and differentiating man or woman credit and businesses of credits by means of the chance they pose. Then it receives saved and which enables higher stage administration and examiners to monitor risks ranges via changes and trends. This process helps to generate optimized returns.

There are distinctive types of weights being assigned on accordance to the severity of the danger where the areas are economic risks, administration risks, relationship risks, industrial risks, business risks and safety risks. They are subdivided. Prior to sanctioning of savings services there is a thorough deposit hazard evaluation being conducted and which is achieved yearly for every relationship. Then the assessment result is presented in the savings suggestion through the Relationship Manager.

Borrower Analysis: Reputation, education, journey and age along with success records and net well worth of the borrower. Also missing of administration depth, tricky ownership constructions are addressed in borrower analysis.

Industry Analysis: For examining industry, Janata Bank considers function of industry and associated threats in the industry, borrower position in the industry and the risk factors bearing on to it.

Historical Financial Analysis: Minimum of three years of monetary records has to be presented of the borrower, which helps the analysis to tackle the excellent and sustainability of earning, money go with the flow and the strength of the borrower.

Projected Financial Performance: There's been made a projection of the borrower's future monetary performance.

Infrastructural Facilities: Seasonality of demand, Debt-Equity ratio, account conduct of the borrower, Security and different relevant elements are considered to assess credit risks.

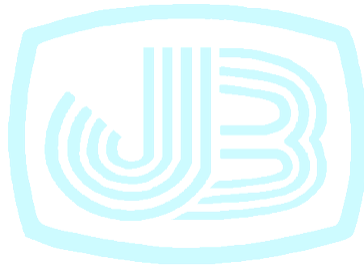
3.11 CREDIT RISK MANAGEMENT SYSTEM

One of the most promising section of Janata Bank has been its System for Credit Risk Managing so that it can manipulate the mortgage portfolio for minimizing the loss. It has accelerated the computation of price in such an accelerated way that enabled a fashionable for segregation of duties and responsibilities touching on to Credit Operation

- Some fundamental steps being taken by way of Janata Bank on enforcing the risk managing system.
- Task-force of Head Office will give necessary directions to settle / get better the bank's dues from pinnacle 200 defaulters.
- Division Head will supply instructions to settle / get better trouble loans authorized under Head Office's discretion.
- Corporate Branch/ Regional Office will take vital motion to settle/ get better problem loans accredited underneath their discretion.

Chapter- Four

FINANCIAL ANALYSIS



As JBL is a financial sector so it has to be targeted in producing capitals and for that there has to be crucial evaluation and visuals to look how they are moving toward their goal and growing value to the community and to their employees.

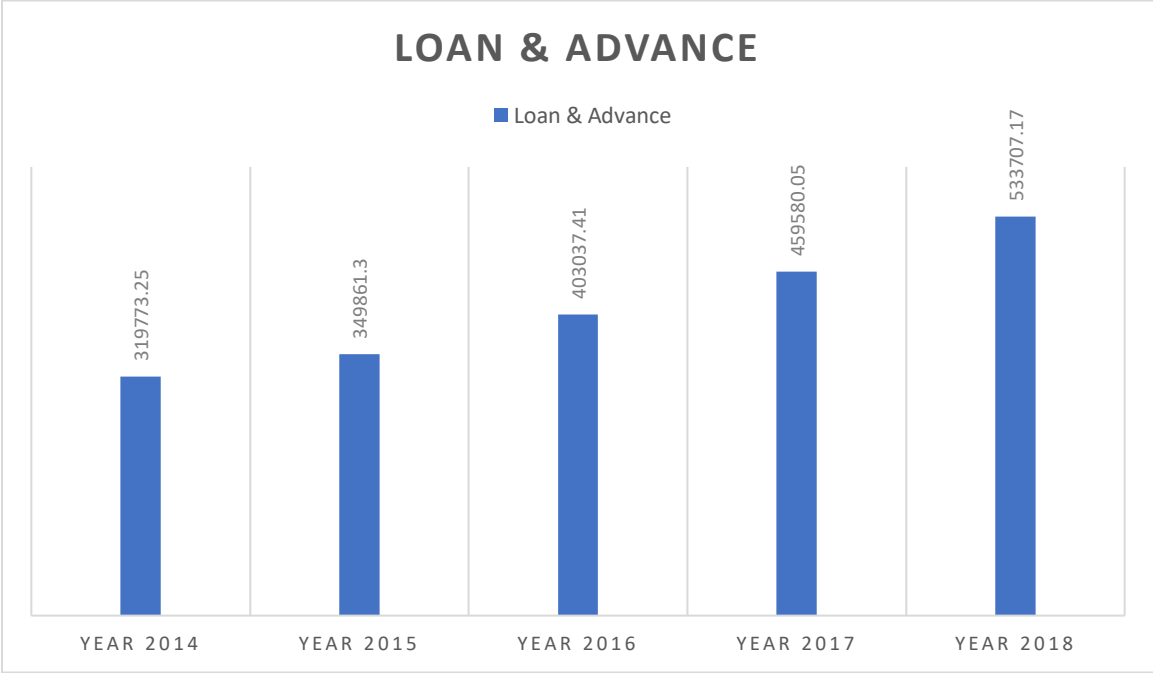
Analysis by and large based on the trend analysis on remaining five years (2014-2018) credit score overall performance given below:

4.1 LOAN AND ADVANCE: A loan and advance is an economic facility supplied by using the banks and monetary institutions to assist their customers in economic need. Finance is a lifestyles blood for any kind of enterprise or a unique need. So when one is not able to get a full quantity of cash by way of his own.

Loan & Advance

BDT figures in million

<i>Year</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
<i>Loan & Advance</i>	<i>319,773.25</i>	<i>349,861.30</i>	<i>403,037.41</i>	<i>459,580.05</i>	<i>533,707.17</i>
<i>Growth rate</i>	<i>11.91%</i>	<i>9.41%</i>	<i>15.20%</i>	<i>14.02%</i>	<i>16.13%</i>



Explanation: Loan and Advance of Janata Bank Limited is growing over the year. It was in the best possible on 2018 which is 533,707.17 million which is 16.13% greater than in 2017. The growth rate in 2015 is lowest one which is 9.41% greater than 2014. So, in this table and format we can see in year 2014 to 2018 loan and advance is increasing, but growth rate percentage continuously up and down in year 2014 to 2018.

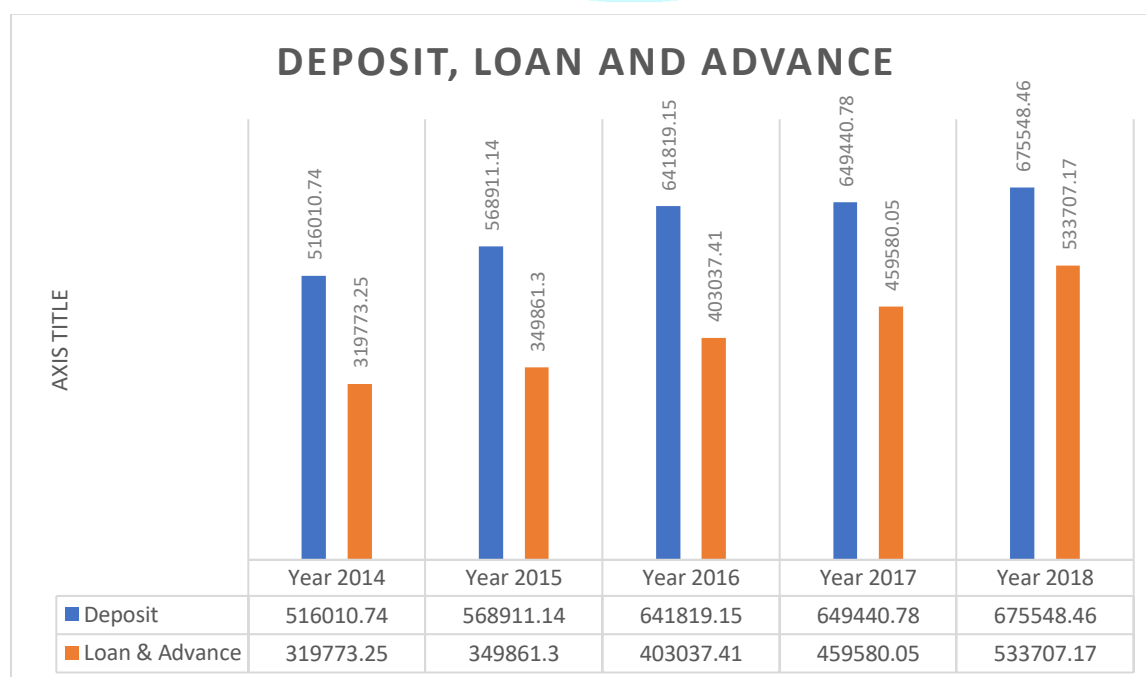
4.2 CREDIT TO DEPOSIT RATIO

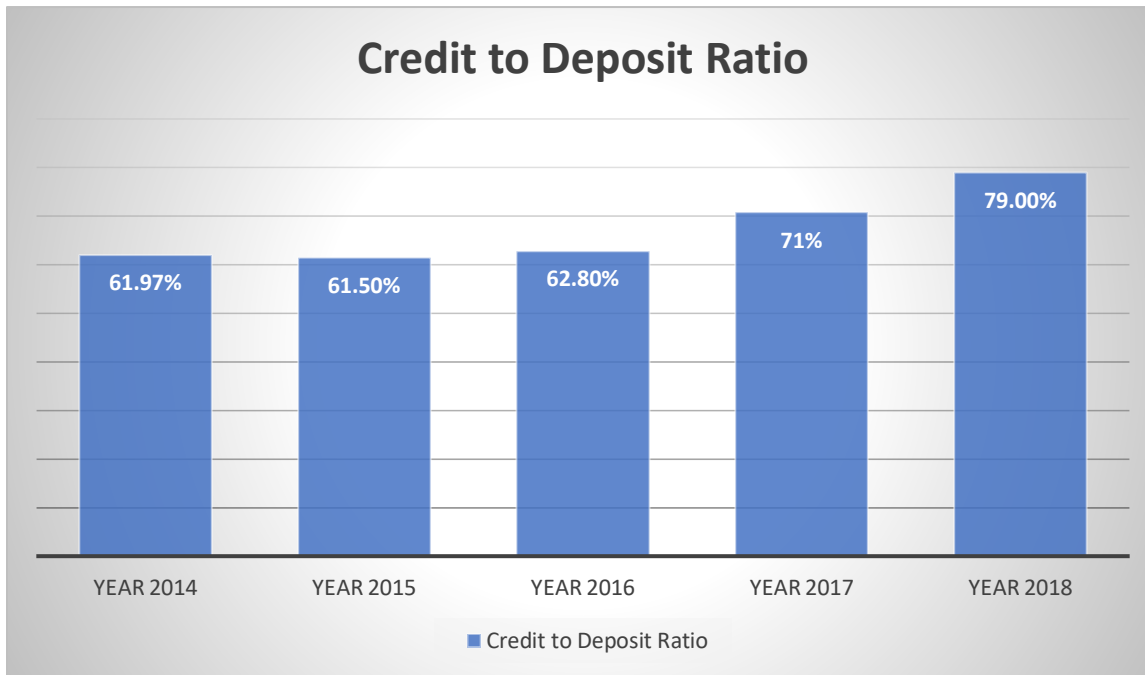
Credit to deposit ratio

BDT figures in million

Year	2014	2015	2016	2017	2018
Deposit	516,010.74	568,911.14	641,819.15	649,440.78	675,548.46
Loan & Advance	319,773.25	349,861.30	403,037.41	459,580.05	533,707.17
Credit to Deposit Ratio	61.97%	61.50%	62.80%	70.77%	79.00%

$$\text{Credit to Deposit Ratio} = \frac{\text{Laon and Advance}}{\text{Amount of Deposit}}$$





Explanation: Credit to deposit ratio is growing however we preserve 79% in 2019 which is closed to general as we know the popular is around 80% credit to ratio standard. But if we see in 2014 it was only 61.97% which is no longer suitable at all which point out that they are no longer use their resources properly. They are not investing money in unique sector, the performance in 2014 to 2016 was once very horrific in the usage of their assets in investment part. But they have recovered from 2017 and it is accelerated to 71% and now it is emerge as 79% which is good.

4.3 Classified loan

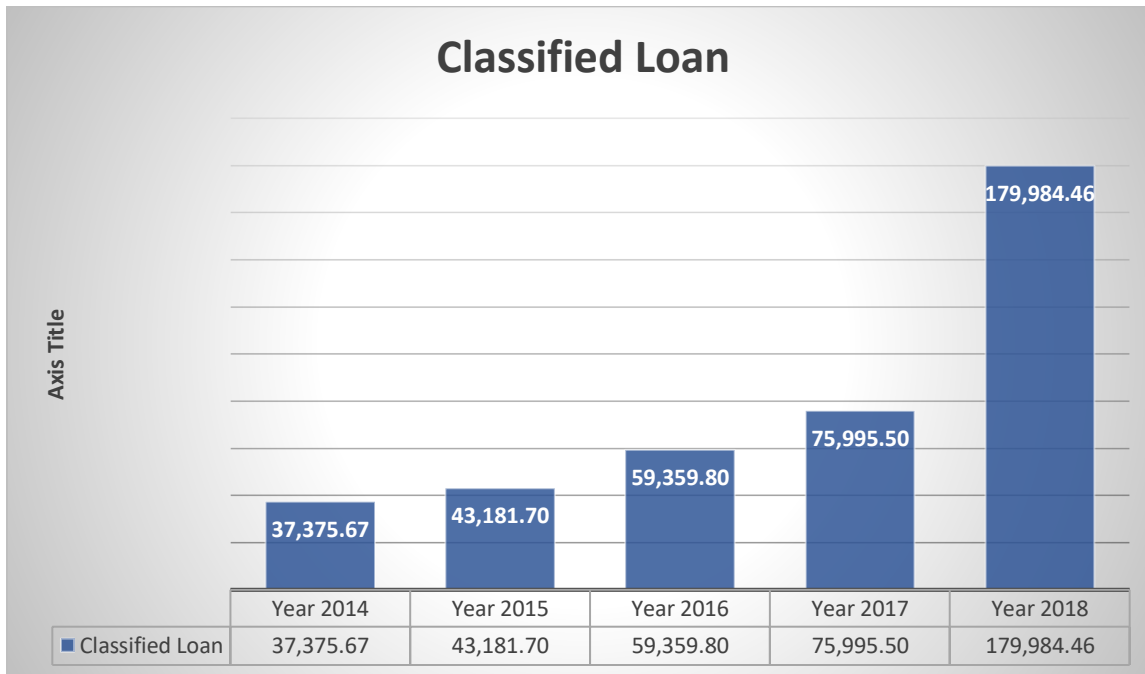
A classified loan is any bank loan that is in danger of default. Classified loans have unpaid interest and principal outstanding, and it is unclear whether the bank will be able to recoup the loan proceeds from the borrower. Banks usually categorize such loans as adversely classified assets on their books.

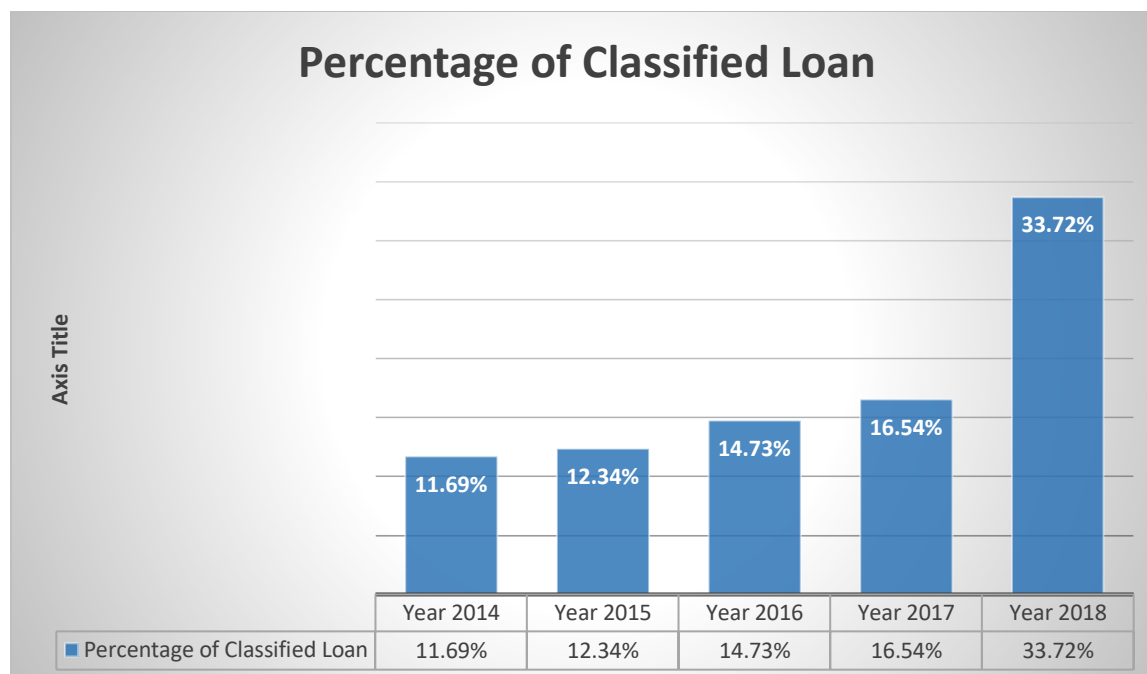
Classified Loan& Advance

BDT figures in million

Year	2014	2015	2016	2017	2018
Classified Loan	37,375.67	43,181.70	59,359.80	75,995.50	179,984.46
Percentage of classified loan	11.69%	12.34%	14.73%	16.54%	33.72%

$$\text{Percentage of Classified loan} = \frac{\text{Classified Loan}}{\text{Total Loan}}$$

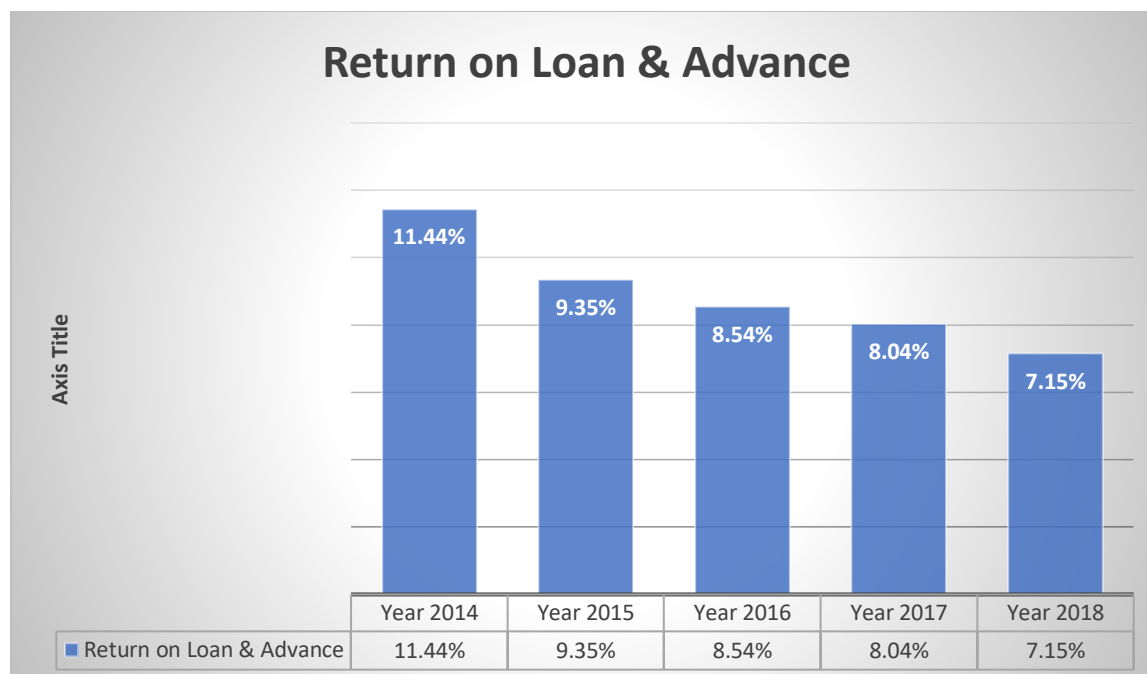




Explanation: Classified loan is a loan which is any financial institution loan that is in risk of default. So, we can see in this figure and table classified loan is increasing in 2014 to 2018 which is 11.69% to 33.72%, that means bank will go to danger situation. And we can see very plenty distinction in 2014 and 2018 which is 37,375.67 million and 179,984.46 million.

4.4 Return on Loan & Advance

Year	2014	2015	2016	2017	2018
Return on Loan & Advance	11.44%	9.35%	8.54%	8.04%	7.15%



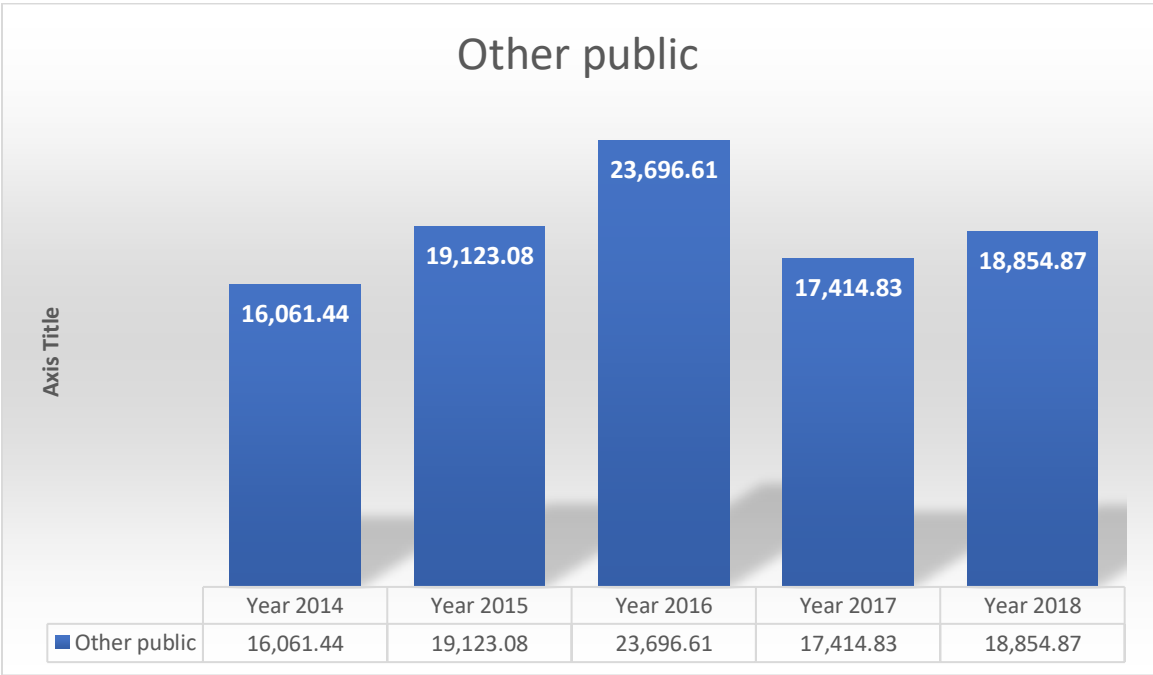
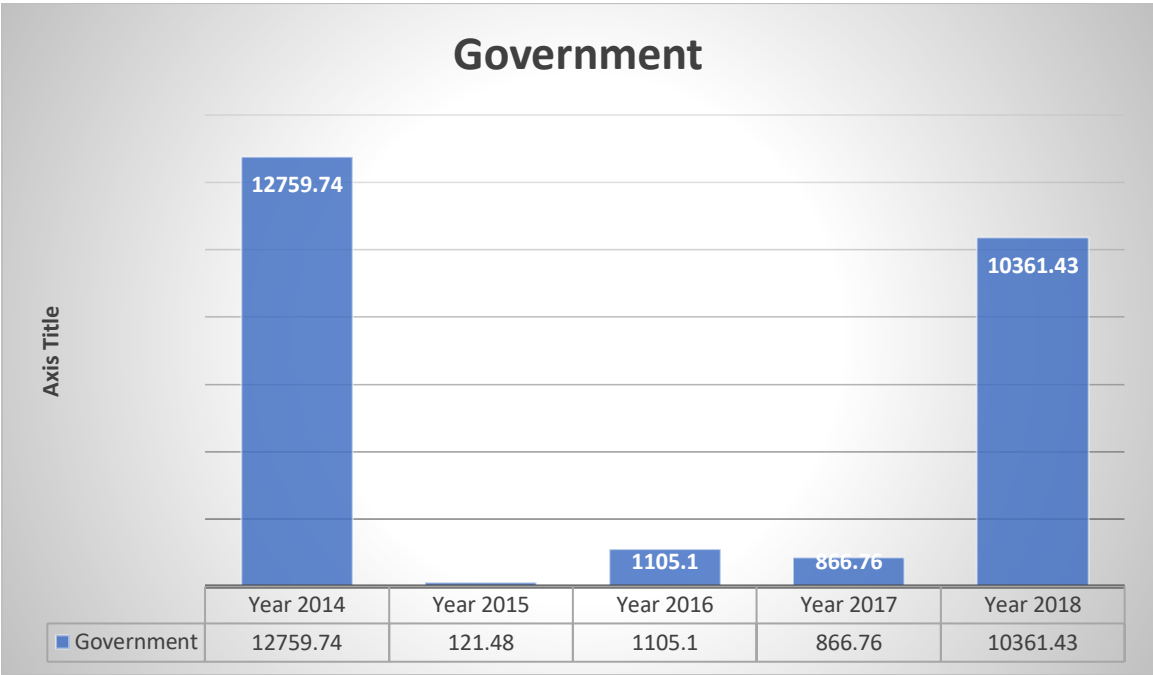
Explanation: The bank is giving loan and improve to the borrower. In short term or long term borrower are return their loan and advance. This fee is lowering which is 11.44% in 2014 and 7.15% in 2018. Financial institution is recovering their loan and advance so, their liquidity is increasing.

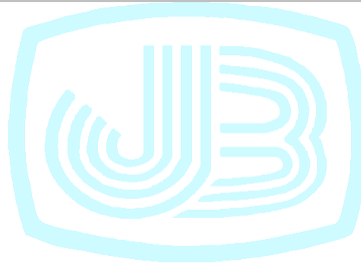
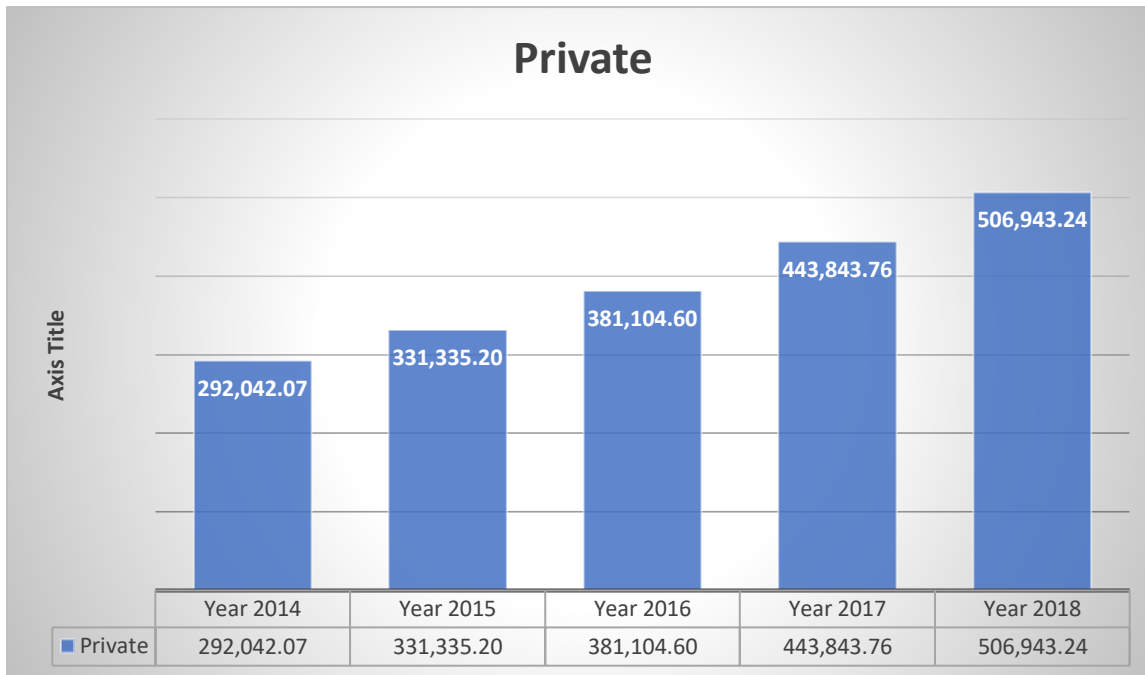
4.5 SECTOR-WISE LOAN & ADVANCE

Sector-Wise Loan & Advance

BDT figures in million

Year	2014	2015	2016	2017	2018
Government	12,759.74	121.48	1,105.10	866.76	10,361.43
Other Public	16,061.44	19,123.08	23,696.61	17,414.83	18,854.87
Private	292,042.07	331,335.20	381,104.60	443,843.76	506,943.24

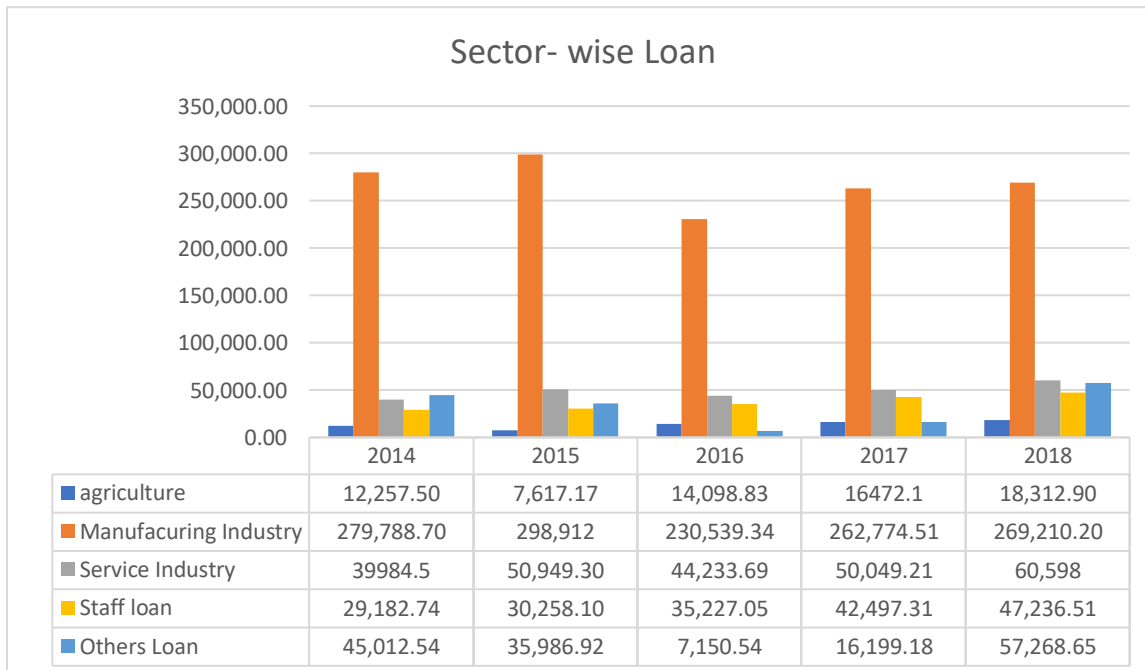




4.6 SECTOR- WISE LOAN

Sector- Wise Loan

BDT in million

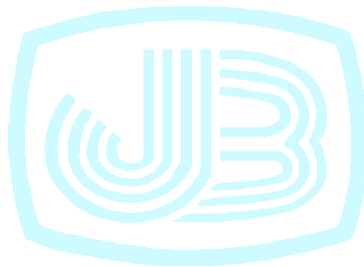


Explanation: Here we see that the bank is increasing their loan investment in the agricultural zone from preceding years in 2017 it was 16,472.10 million and in 2018 it has been 18,312.90 million. In manufacturing enterprise sector the financial institution has expanded their loan 12 months by way of 12 months which is 269,210.20 in 2018 increased than 262,774.51 million in 2017. At the same time the bank has multiplied their service enterprise loan which is 60,598 million in 2018 and higher than from preceding year. The bank also expanded their workforce mortgage from 2017 to 2018, and in 2018 it used to be greater than any other preceding years.



Chapter- Five

Findings, Recommendations, Conclusions and References



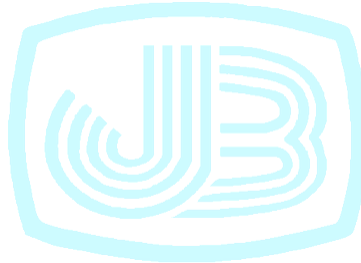
5.1 FINDINGS

- Overall loan and advances is increasing over the remaining five years. The Bank may face liquidity crisis in the future because of their uncontrolled loan system.
- JBL distribute loans without enough safety in some cases also sometime the document verification is completed after sanctioning the loan.
- Lack of proper monitoring system in Sector-Wise Loan & Advance, because they provide most of the loan to private sector but public and government don't get big amount of loan.
- JBL risk management system don't work properly, every year Classified Loan percentage increase very badly. The classified loan in 2014 was 11.69% which go to 33.72% in 2018, that refers lack of risk management system.
- If they don't able to control classified loan properly in future they will face huge loss.
- Return on loans and advances are decreasing day by day. Which one is really bad news for JBL.
- JBL is now not efficient in processing and executing felony movements towards defaulters for their nonpayment of loans and advances.
- Although Bangladesh is an agricultural country but JBL provide staff loan more than agricultural sector loan, it is really shameful.
- Industry sector and service sector loan distance is too much.
- There is shortage of manpower and lack of desirable education for the employees in credit section.



5.2 RECOMMENDATIONS

- They need to concern about their loan and advance because overall loan and advances is increasing over the remaining five years.
- Before sanctioning the loan must be focus on the document verification and ensure enough safety.
- Need to improve proper monitoring system in Sector-Wise Loan & Advance.
- JBL risk management authority always need to concern about their work and try to find out better way for reducing credit risk.
- They have to take proper steps against those persons who are not interest to repayment of loan.
- Need to find out those people and create pressure to repayment loan and mark those people and never give loan to them.
- JBL need to executing felony movements towards defaulters for their nonpayment of loans and advances.
- JBL should be increase agricultural loan.
- Also JBL should increase service sector loan.
- They need to improve shortage of manpower and lack of desirable education for the employees in credit section.



5.3 CONCLUSIONS

Janata Bank is a public limited company and It work with public money. So, they always concern about their reputation that's why they maintain its reputation as a law abiding organization and a true corporate body. The coverage and strategies regarding the banks business manner have been prepared for the gain of the loans and its regulations. JBL follows and maintains all ethical principals in every shape of its banking operation.

Credit Division of Janata Bank has a very effective, qualified and dedicated group of officers and staffs who are always trying to provide the best services to the clients. They always monitor the credit in different sectors and their positions. Before providing the loan they analyze whether the loan will be profitable and whether the client is good enough to repay the loan within the given period of time. It ensures fairness to prevent money laundering, corruption.

The overall credit things to do are composed by way of the company credit score division and deposit administration of Janata Bank Limited. During the year the credit overall performance of Janata Bank Limited is more or less effective of loan recovery position of classified loan has been decreased gradually. Janata Bank is always trying to be developed their credit policy to minimize loss and maximize profits.



5.4 REFERENCES

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