



**Internship Report
On
Credit Risk Management of Janata Bank Limited**



Internship Report on Credit Risk Management of Janata Bank Limited

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Letter of Transmittal

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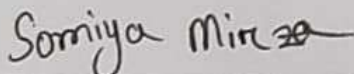
Professor Dr. Mostafa Kamal
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Subject: Submission of Internship Report on Credit Risk Management of Janata Bank Limited

It gives me great pleasure to present the internship report for my BBA program, which is named "Credit Risk Management of Janata Bank Limited." I have confidence that the knowledge and experience I gained while writing my report would be useful to me in my professional life. This will benefit me in a variety of other ways as well. Basically, I did my best to create this report accurately.

I therefore hope you will approve my internship report.

Yours Sincerely,



Somiya Mirza

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Certification of Supervisor

This is to certify that the internship report entitled **Credit Risk Management of Janata Bank Limited** is prepared by Somiya Mirza, 191-11-6060, as a requirement of the BBA Program under the Department of Business administration and the Faculty of Business and Entrepreneurship at Daffodil International University.

The report is recommended for submission and acceptance.



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Acknowledgment

In the name of Allah, the compassionate and kind. This work would not have been possible without the guidance and assistance of numerous people who in various ways contributed and extended their significant assistance in the preparation and completion of this study. This report regarding my internship was my attempt, and it is now complete. A special mention should be made for my encouraging mentor, **Professor Dr. Mostafa Kamal**, Faculty of Business & Entrepreneurship. His advice and support were essential to the smooth progression of the internship program. The cooperation is genuinely highly esteemed.

I'd want to thank all the senior officials who helped make getting practical experience feasible. The internship program has also given me a new perspective on the kind of workplace that constantly puts us to the test and made me appreciate the value of teamwork.

Last but not least, I would like to thank everyone who worked at Janata Bank Ltd. and other places and contributed to this study.

Executive Summary

The study's goals include an analysis of Janata Bank Limited's credit risk management practices. It contains policies and framework for managing credit, methods for approving and disbursing credit, methods for recovering unpaid credit, and policies for credit risk management and safeguards. Data analysis has shown a number of problems. Due to poor risk management, Janata Bank Limited is growing the amount of loans and advances it makes as well as the number of bad loans. In comparison to the fiscal years 2016 and 2017, the debt load in 2020 has grown. Additionally, the high ratio of non-performing loans for JBL puts such loans at danger. Sometimes the branch does not fairly complete the loan papers. It has been discovered that less money has been collected in cash against categorized loans and advantages. There is an employee and training shortage in the credit section. One person must manage all loan and advantage activity in some branches. Therefore, it is challenging to supervise such a challenging activity. JBL occasionally distributes loans with insufficient security. This is one of the factors that led to the safeguard policy being weakened. Additionally, it is against the Bangladeshi bank order. Due to the drawn-out procedure of evaluating credit offers, sometimes valuable clients are lost. Loans and advances must be distributed equitably throughout all departments without giving credit to certain groups in order to lessen the impact of bad concerns. JBL will develop new programs and release more loans to qualified customers. JBL must provide the borrowers loans and develop plans for its recovery. They must therefore create plans for appropriate monitoring. Honesty should be used in all loan documentation. To create a trustworthy and healthy department, the bank should focus on providing sufficient documentation for all forms of loans. To stop this degradation and to handle the account directly, there should be a recovery unit. If required, other initiatives should be started to support the recovery unit. Each branch should appoint skilled credit officers, who will receive the required supervision and periodic training. Before approving the loan, the bank must thoroughly verify the documents providing the security for the loan. In order to prevent customers from moving their accounts to another bank, they should shorten the waiting period and give attractive interest rates.

“Credit Risk Management of Janata Bank Limited”

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Chapter: 01

Introduction

1.1 Introduction:

The legacy of rebuilding the already damaged financial base of the country was felt as an urgent call of the day against a collapsed economic reality of a newly born state with the advent of Bangladesh as an independent, sovereign state in 1971 after a devastating nine-month war against the West Pakistani occupation army, a war, full of blood and tears, trauma and pain of millions of our beloved ones. On November 15th, 2007, Janata Bank changed its structure to become a public limited company under the name Janata Bank Limited and registered with the Joint Stock of Registrars. At the end of 2019 the Bank held Deposit BDT 691,409,372,051, Advance BDT 548,473,941,439 with Authorized capital BDT 30,000 million and Paid-up Capital BDT 23,140 million. Janata Bank operates its business with 915 branches throughout the nation, including 4 overseas branches in the United Arab Emirates. Its head office is located at Janata Bhaban at Motijheel C/A, in the center of the capital city of Dhaka, and it employs a large family of approximately 11,463 people (as of 31.07.2020). Since her embankment right after the emergence of this verdant rich alluvial soil as a sovereign, independent state, Janata Bank Limited, a corporate body trusted over time and the second largest (in respect to Deposits/Assets) commercial bank in Bangladesh, has played a crucial role in overall financial activities of the nation. She also has a long history of providing laudable services to the society. Others in this industry can't help but want to reach the benchmark of success attained by JBL because of the Bank's commitment to the national economy and social transformation.

1.2 Background of the Study:

The internship program is a mandatory for students finishing the BBA program at Daffodil International University's faculty of business and entrepreneurship. Every entity that assists in suggesting both hypothetical and actual information must provide a report on an internship. After that, my expertise and ongoing participation in the selected association enabled me to complete my subject, “**Credit Risk Management of Janata Bank Limited**”.

1.3 Scope of the Study:

The scope of the study covers general activities and Credit Risk Management of Janata Bank Limited:

The second-largest commercial bank in Bangladesh is Janata Bank Limited. 915 branches of the bank exist across the nation. In addition, there are 4 other branches in abroad. This study aimed to learn more about the bank's performance system, safeguard policy, loan recovery and monitoring system, risk management instruments & evaluation, results, and recommendations.

1.4 Objectives of the Study:

The objectives of this study are listed below-

General Objective:

To analyze the Credit Risk Management of Janata Bank Limited.

Specific Objectives:

- To gain an in-depth knowledge about the credit risk grading policy of the bank.
- To understand Janata Bank Limited's current financial situation.
- To analyze the credit risk mitigation and safeguard policies.
- To recommend some measures based on findings.

1.5 Methodology of the Study:

I combined primary and secondary data to create this study. Primary data have been gathered through my observation and a private conversation with the administration. They provided me the information, and I used their website's Janata Bank Ltd. yearly report to compile this report.

1.5.1 Data collection:

Primary Data Collection:

- Personal interactions with bank employees.
- Practical work Experience.
- Studying office file while working in the organization

Secondary Data Collection:

- Annual Report of Janata Bank Ltd.
- Official Website of Janata Bank Ltd
- Article, Journal, Newspaper & Publication

Data Analysis:

- To analyze the data, MS word has been used.

1.6 Limitations of the Study:

I had a great opportunity to work with Janata Bank Ltd. I have learned both theoretical and practical information throughout the first quarter of the internship program, and it has helped me better grasp how to adjust to a work setting. There were a few limitations too, which made my internship report difficult to organize. The issues and restrictions are as follows:

- Three months is not long enough to fully understand the operations of any branch.
- The Study Company's technology cannot be used on a single workstation.
- Due to confidentiality, the authority withholds information.
- Staff members have less time to train trainees due to the branch's large amount of business.
- Access to current data that is relevant to the inquiry inadequate report-writing skills.

Chapter: 02

About Janata Bank Limited



জনতা ব্যাংক লিমিটেড
Janata Bank Limited

2.1 Profile of Janata Bank Limited:

Janata Bank operates its business with 915 branches throughout the nation, including 4 overseas branches in the United Arab Emirates. Its head office is located at Janata Bhaban at Motijheel C/A, in the center of the capital city of Dhaka, and it employs a large family of approximately 11,463 people (as of 31.07.2020). On November 15th, 2007, Janata Bank changed its structure to become a public limited company under the name Janata Bank Limited and registered with the Joint Stock of Registrars. At the end of 2019 the Bank held Deposit BDT 691,409,372,051, Advance BDT 548,473,941,439 with Authorized capital BDT 30,000 million and Paid-up Capital BDT 23,140 million.

2.2 Mission of Janata Bank Limited:

Janata Bank Limited will be an effective commercial bank by providing high quality financial products through an experienced management team, maintaining a sustainable growth strategy, providing better customer service and providing a seamless efficiency in every step of the banking network.

2.3 Vision of Janata Bank Limited:

Became one of the greatest commercial banks in South Asia and relentlessly worked for the economic and social growth of the nation

2.4 Corporate Information:

Name of Company	Janata Bank Limited
Legal Status	Public Limited Company
Registered Office	Janata Bhaban 110, Motijheel C/A Dhaka, 1000, Bangladesh.
Date of Incorporation	21 May 2007
Date of Commencement of Business	21 May 2007
Paid up Capital	Tk. 23,140 million
Authorized Capital	Tk. 30,000 million
Shareholding Pattern	100% Share owned by the Government of the Peoples Republic of Bangladesh
Chairman	Dr. S. M. Mahfuzur Rahman
CEO & Managing Director	Md. Abdus Salam Azad FF
Chief Financial Officer (CFO)	Md. Nurul Alam FCMA, FCA
Total Number of Branch	915
Number of Divisional office	12
Number of Area Office	50
Number of AD Branch	56
Overseas Network Number of Branch	04
Website:	www.jb.com.bd

2.5 Business operation and strategy of Janata Bank Limited

2.5.1 Primary area of business at Janata Bank Limited

Various operations are carried out by Janata Bank Limited. Basically, this bank's primary business activities are to conduct and carry out all activities related to banking under the Banking. Company Act of 1991 this bank's operations are mostly focused on business. Customers of Janata Bank can deposit money with them. Additionally, they provide their

clients a variety of advance loans. On the deposit that the bank receives from the customer, a specific interest is paid to the consumer. Once more, the bank assesses an interest fee on the loan it extends to the client. The profit of an e-bank is calculated as the difference between interest accepted and interest paid. With considerable tact, Janata Bank collects all of these deposit items under conventional banking. Right now, Janata Bank can provide its services via an internet banking system. Additionally, it has been successful in creating cutting-edge IT solutions that enable any branch banking, SMS banking, and internet banking through ATMs. Customers have access to this facility seven days a week, 24 hours a day.

2.5.2 Collaborating with the client Janata Bank Limited

Customers come first at Janata Bank. Because this bank's primary responsibility is to evaluate the rights of the consumer. Customers are constantly looking for high-quality financial services. These include a wide selection of reasonably priced, contemporary, online banking services. These actions are taken by Janata Bank Limited among its clients. A client views himself as their business partner as a result.

2.5.3 Corporate Branding

The branding effort at Janata Bank is their top priority. Their business branding is given much greater attention. They constantly want the public and other groups to have a positive perception of their brand. The country's social and economic growth is a priority for Janata Bank. For instance, Janata Bank offers financial support to the nation's independence fighters as well as to all of the nation's deserving and underprivileged pupils. There are other additional organizations throughout the nation that participate in sporting events, debate tournaments, and other activities. Like Rod, JBL offers financial support in many of these fields. By offering these services, they build their brand.

2.6 Service of Janata Bank limited:

- Retail Banking
- Credit Banking
- Rural Banking
- Micro Enterprise Credit
- International Banking
- Foreign Remittance & NRB Services
- Bill Collection
- Online Services
- Consumer Credit Scheme
- Special Deposit Scheme
- Monthly Savings Scheme
- Credit Card
- Local master and visa card
- International master and visa card
- ATM Service
- Janata Bank Ltd Power Card
- Western Union Money Transfer
- Saving Insurance Scheme

2.7 Board of Director:

Name	Position
S. M. Mahfuzur Rahman	Chairman
Md. Abdus Salam Azad	CEO and Managing Director
Ajit Kumar Paul	Director
K. M. Shamsul Alam	Director
Ziauddin Ahmed	Director
Md. Abdul Majid	Director
Rubina Amin	Director
Meshkat Ahmed Chowdhury	Director
Muhammed Asad Ullah	Director

2.9 PESTEL analysis of Janata Bank Limited:

The acronym "PESTEL" means political, economic, social, technological, environmental and legal. PESTEL is a comprehensive version of SWOT analysis. Here is JBL's PESTEL analysis:

Political: Political restrictions exist in Bangladesh. Even though the nation's political climate has recently been more lax, this was not the case a few years ago. The political climate was not favorable for business, particularly in 2013, 2014, and 2015. This resulted from the conflict between the nation's two main parties. JBL does, however, have a benefit in these circumstances. A state-owned bank, that is. Anyone who understands Bangladesh's political climate will have power over the country. On JBL's business, it won't have a significant effect, though.

Economical: Bangladesh is a nation that is still developing economically. By 2040, Bangladesh's government hopes to have the nation at the level of a developed nation. The nation is currently quickly achieving economic prosperity. As a result, JBL has a chance to succeed commercially.

Social: No of the social climate of the nation, people must use banking for money-saving, loan-taking, and other financial needs. Therefore, the banking industry is not greatly impacted by the state of society.

Technological: The era we live in is a technological one. To stay current, everyone is now technologically connected. JBL is an underdeveloped company in this area when it comes to technology. In that situation, they would need to be digitally proficient to stay current.

Environmental: Bankers don't have to walk out into the fields to gather produce or dig out minerals from the ground. Therefore, the climate does not have a significant impact on the banking industry. JBL's banking operations would not have much of an effect on corporate operations absent an unfavorable environment.

Legal: Janata Bank started its official journey in March 1982. It started with the President's order to nationalize all banks. It states that Janata Bank is a state-owned bank. And in 2006 it became a public limited company. JBL has no legal impediment. It gets support from the government in all situations.

Chapter: 03

Credit Risk Management of Janata Bank Limited

3.1 Credit:

Loans and advances made by bank customers or borrowers are referred to as credit. This entry is enforceable in court. Here, the borrower receives a portion of the valuable property and afterwards helps to return the bank with premium after a predetermined amount of time. Credit is a bank's primary source of income, but if it is used in an undesirable way, it may be disastrous for both the bank and the economy as a whole. The goal of the credit executives is to maximize performing resources while minimizing nonperforming resources, while also ensuring the ideal mark of advancement and advancement and their expert management.

3.2 Credit Risk:

Credit risk is the possibility that a borrower or counterparty will fail to uphold their end of the bargain. Credit risk can also be defined as the possibility that a counterparty or holder of bank obligations won't fulfill their obligations in accordance with the terms that have been agreed upon.

3.3 Credit Risk Management:

A particular quality of long-range planning is expected to distribute the asset in a variety of fields, minimize risk, and increase profit from the contributed reserve. This is the powerful field of credit risk management. It is the act of reducing misfortunes by comprehending the sufficiency of a bank's capital and advancing misfortune savings at some random period - an interaction that has been challenging for financial institutions for a while.

Types of Credit Risk:

Credit risk can be classified in following Way:

- Credit Default Risk
- Country Risk
- Concentration Risk

Credit Default risk: A lender's exposure to the risk that a borrower won't be able to fulfill their agreement to pay back their debt in full is known as credit default risk. Here, default risk in basically all forms of credit augmentations is disclosed to the lender and investor.

Country Risk: Country risk refers to the susceptibility associated with investing in a certain country, and more specifically, how much such vulnerability could result in financial losses for financial backers. Numerous factors, such as political, monetary, swapping size, or inventive consequences, can lead to this susceptibility.

Concentration Risk: A threat to a bank's basic business operations caused by any exposure, whether it be a single exposure or a collection of exposures. It could manifest as industry concentration or single-name concentration.

3.4 Credit Risk Management & its process:

Risk management consists of risk measurement, risk monitoring, risk control, risk identification, planning and management.

The whole lifecycle of a financial institution, from credit generation to credit elimination, must be covered by the credit cycle management process. Which will include-

- Credit Processing/Appraisal
- Credit Approval/Sanction
- Credit Documentation
- Credit Administration
- Disbursement
- Monitoring and Control of Individual Credits
- Monitoring the Overall Credit Portfolio (stress testing)
- Credit Classification
- Disbursement of Loan
- Classified Loans
- Recovery of Loan

3.5 Credit Risk Management Framework:

The following factors make up credit risk management: -

- Board supervision.
- Organizational structure.
- Risk monitoring and control.
- Systems and procedures for risk measurement, acceptability and identification.

3.6 Credit Risk management Policy of Janata Bank Ltd:

Credit risk is the possibility of suffering a loss if a borrower, issuer, counterpart, or client fails to fulfill their financial commitments to the bank. The Bank's credit risk policies outline various level risk factors for monitoring and controlling credit risk. A system of restrictions and caps based on internal risk grading regulates credit exposures. All credit risks, foreign exchange settlement exposures, and exposures resulting from resolving securities trades for clients are subject to this system. The creditworthiness of issuers, counterparties, and clients to whom the Bank extends credit is frequently examined by the Bank's Credit Committee, which is presided over by the Deputy Managing Director, Credit Division. Through the relevant department, the committee submits recommendations to the approving authorities.

Borrower selection:

- **Man:** The bank manager is responsible for reviewing each candidate. So, he gathers extensive data regarding the candidate. Those who are considering borrowing assess JBL's fundamental values (safety, quality, honesty, and dependability). The buyer provides information to the managing director in a number of different ways. Personal interviews, market information, and credit reports are some of these.
- **Management:** Management needs to be informed. In business, this is crucial. A company's management must have the necessary technical skills and consultants. The business's beating heart is management.
- **Money:** This is also a significant problem. The firm's loan amount must be measured by the credit management and examined.

Financial Data Analysis: Managers of credit must consider financial statements. He examined the proportions. He examines the balance between liquidity, mobility, and production. The candidate's laser explanation was then carefully examined by him.

- **Industry Investigation:** The management must consider the business behavior by examining market demand, rivalry, and governmental restrictions.
-
- **Lending risk Analysis:** Debt risk must be evaluated. If the risk of the loan is modest, financing is feasible. We must therefore handle variables in accordance with the simple and effective way. If everything is done correctly, the branch manager will offer to submit the crucial documents to the headquarters. The credit department then sends it to the board after reexamining it. A general manager, a deputy manager, and a department head are present. The committee's permission is returned to the credit department after being approved by the board. The branch manager receives it when it has been transmitted from the credit department. The applicant afterwards received a letter of approval.

Security & Facility Offer Letter:

- Preparation of offer letter.
- Offer letter processing.
- Prepare and send documents.
- Creating a legal equitable mortgage on the loan.
- Charge of making registrar of Joint Stock Company.
- Issuance of bank certificate.
- Coordination of legal matters with lawyers.
- Customer auditor's feedback.
- Search and inspection report coordination.
- Update and monitor one of the closed benefits of trade services.

Preparation and Dispatch of Facility Offer Letter:

- Review the terms of credit and risk management approvals
- Approve the application via Lotus Note.
- Check whether the benefits are in accordance with the provisions of Bangladesh Bank Act.
- See Bangladesh Bank's Search Report and Credit Information Bureau Report.
- Prepare security and convenience offer letters in standard format.
- Discuss various aspects of the security and convenience offer letter with RM.
- Finalize the security and convenience offer letter.
- Mail security and convenience offer letter to client for their signature.

Loan Disbursement:

- Accepting customer requests.
- Invoice check.
- Check FOL.
- Distribute loans through A5 debit / credit vouchers.
- Customer advice via courier. - File documents.

Loan Repayment:

- The signature must be verified by accepting the request letter from the customer.
- FOL (First-order logic) contains the details of the terms, so FOL has to be checked.
- To cross the letter and write "Entry pass on" above it. In this case red ink will be used.
- Payment process will be through A5 debit / credit.
- Document file will be completed after final check of everything.

3.7 Credit Sanction process of Janata Bank Ltd:

Janata Bank advises the client to follow the steps below for payment of the client's loan.

Appplier's Application: The process for borrowing from a receiver follows certain rules. To obtain a loan, he must apply to the branch. There is a detailed explanation of his motivation for wanting to borrow money. Later, the bank officer carefully examines the data. Check the receiver's account if necessary.

Form Fill-up: The customer may fill out a form if his application is approved. The relevant details, such as his residence, occupation, business type, and phone number, are included on that form.

Report collection from Bangladesh Bank: To find out if the recipient has accepted any loans from other banks, Janata Bank writes to Bangladesh Bank. A legal evaluation was conducted to see whether the loan could be approved based on the response to that letter.

Processing Loan Proposal: The proposal was forwarded to the head branch office for clearance after getting the report from Bangladesh Bank. The plan makes reference to relevant issues, such as investment conditions.

The required documentation is-

- Application form will mention the period and terms of approval. –
- There will be demand for promissory note.
- Trade license

- Loans and receivables will be mentioned.
- Personal letter of guarantee.

Head Office Approval:

All accounts can be fit before sending the evaluation to the top management personnel after obtaining it from the main office. The top management gives this some thought before deciding whether to act or not. The concerned main branch is then notified to approve it. Officers at the main branch are permitted to properly inspect it.

Sanction Letter:

After approval and completion of all formalities, several officers disbursed the loan.

3.8 Recovery of loan & advance of JBL:

A bank's condition is weaker if its recovery rate is low. The recovery of their outstanding debts is necessary for Janata Bank Limited. When it comes to making loans to its customers, Janata Bank Ltd. adheres quite closely to the loan payback schedule. However, the issue is that some debtors fail to make their loan repayments on time. To recoup loans from each of these clients, Janata Bank engages in debt recovery measures. They are describe as-

- Restructuring of the bank's loan disbursement operations.
- To set up loan monitoring and oversight procedures within the bank.
- Accept the loan while retaining sufficient security with the bank.
- Giving credit management the authority to handle this.
- Give short-term debt more importance than long-term debt.
- Take prompt legal action against borrowers who default on their loan.

Loan recovery procedure:

- The recovery process is a challenging one. This calls for the bank's efforts as well as those of society and the law. Recovering the debt is a key duty of the bank's managers and officials.
- A reminder is provided to the client. The bank repeatedly sent letters to the borrower. The repayment of loans is mentioned.
- The consumer received a demand notice a month ago. In which the loan repayment request is made.
- The bank will then send the borrower a legal notice to return the loan if he refuses to

do so despite receiving the demand notice.

- A customer receives a notice from a local TNO or DC following the two notices mentioned above. Where the debtor is under duress to pay back the loan.
- Debt officers pay the borrowers back for the house in order to recoup the loan.
- When a loan cannot be repaid through legal channels, the bank waives the interest on the debt. Additionally, only the original is requested from the recipient. It is possible to recover the loan in this situation.

3.9 Monitoring and Control of Individual Credits

The bank should always work to safeguard the organization from potential losses. Which is achieved by having an appropriate monitoring policy. It requires the identification of the problem advantages first. To take prompt corrective action, you need a good credit monitoring system. When the borrower's financial situation is getting worse, this is done. Examples include approved drawings, interest and depreciation in the borrower's operational environment, capital arrears, etc. This is so crucial that financial institutions are required to act at least once a year to assess the borrower's financial situation. In addition, it is required to check every three months if the amount of credits is considerable.

- The borrower's financial situation is monitored and managed on a regular basis.
- Consistently assess the borrower's financial stability and parallel coverage.
- The customer's designated use of the advanced funds is the only use of the funds.
- Consistent internal risk monitoring of the company

3.10 Monitoring the Overall Credit Portfolio

Banks must implement effective credit risk management. It includes investigating potential issues with the total credit portfolio. By evaluating the capital's sufficiency, the outcomes are examined. Financial institutions should take this kind of stress analysis into account.

- Adverse liquidity
- Negative market risk incidents.
- Serious downturn in the economy or industry.

All industries should have industry profiles in institutions engaged in financial activity. Which need to be updated and reviewed annually. According to the recommendations of each stress test, senior management will periodically examine the results. Additionally, the review's findings will be a valuable source of information. Examples include the Credit Risk Management Framework, the Provisioning Level, and the Setting Limit.

3.11 Activities of risk management of JBL:

The risk management process is broken down into many phases. by means of which judgment is evaluated. Risk identification, analysis, pricing, measurement, monitoring, and control are all steps in the risk management process.

- ❖ **Framework of risk management of JBL:** Bangladesh Bank's guidelines, appraisal, parameters, control, and monitoring are the foundation of JBL's risk management strategy. Identification is the main objective of risk management. The outcome must be in line with the risk tolerance and strategy of the bank. Additionally, there is a balance between hockey and rewards that guarantees the highest results. The framework for achieving these objectives is the bank's global risk management system. The three main elements of the bank's risk management framework are:

- ✚ **Risk Governance:** A stronger set of risk-related policies, procedures, processes, and controls has been implemented by Janata Bank Limited. Janata Bank has developed a solid risk management structure over the past few years. JBL keeps working to improve its capacity for risk management and risk reduction through business tactics.

- ✚ **Risk appetite:** For its strategic and financial goals, the bank utilizes a risk appetite structure. A strong understanding of risk limits and risk tolerance is one of the key risk appetite systems. The concentration of management on hazards predicts future performance. The bank includes them in its risk appetite in order to review and adjust those policies.

- ✚ **Risk Management Tools:** The framework for the bank's risk appetite determines how to manage risk effectively. This technique integrates business strategy and banking tactics.

- ❖ **Three major Sections of Credit Risk Management of JBL:**

- ✚ **Policy Guideline:** Credit assessment and risk grading, lending rules, duty segregation, approval authority, and internal audit are all part of the policy guidelines.

- ✚ **Preferred Organizational Structure:** The aspects include the roles of senior management, the credit risk, and the management committee.

- ✚ **Procedural Guideline:** Credit Recovery, Credit Monitoring, and Credit Administration are all

❖ **Risk Management and monitoring system of JBL:**

- JBL identifies all quantifiable risks and risk variables at the same time.
- To handle material concerns, JBL has a strong risk monitoring staff.
- To comprehend the bank's position and risk exposure, a separate management information department has been established. Who eventually gave Serial Management the information they required

❖ **Risk assessment and loan proposal:** Includes a guide to credit risk management. The criteria provide that before the loan may be accepted, the risk must be evaluated and a decision made. The requested loan must then be presented together with a risk analysis statement. The following information must accompany that proposal.

- Data collection checklist.
- Credit Risk Grading Score sheet.
- Limit utilization form.
- Credit Risk Grading Form.
- Internal credit risk rating system.

Chapter-4

Analysis & Discussion

4.0 SWOT Analysis of Janata Bank Limited:

Strengths, Weaknesses, Opportunities, and Threats is referred to as "SWOT." It is a tool for business. A company can see its internal strengths and weakness through this. It may see threats and opportunities from outside at the same time. The JBL SWOT analysis is shown below:

Strength:

- ✚ They are strong based on capital & Asset.
- ✚ Janata Bank Limited" is a state-owned bank. So there is no chance of going bankrupt.
- ✚ Oldest Bank in Bangladesh
- ✚ Janata Bank Limited" is a familiar name to all Bengalis in the country and abroad.
- ✚ Banks always get help from the government. So there is no risk of fund crisis in this bank

Weakness:

- ✚ Backwards in technology
- ✚ ATM Cards & Booths are the vital drawbacks among them
- ✚ Most of the employees are not highly skilled
- ✚ Less Promotional & marketing Strategy.

Opportunities:

- ✚ Bangladesh is a nation that is still developing economically. JBL can invest in a variety of industries across the nation. They can expand their funding in this way. JBL can provide customers with more innovative programs than other private banks.

Threats:

- ✚ Rivals are increasing day by day
- ✚ Inefficiencies occur within the operation of the bank
- ✚ Share market instability
- ✚ Political instability of the country

4.1 Data Analysis:

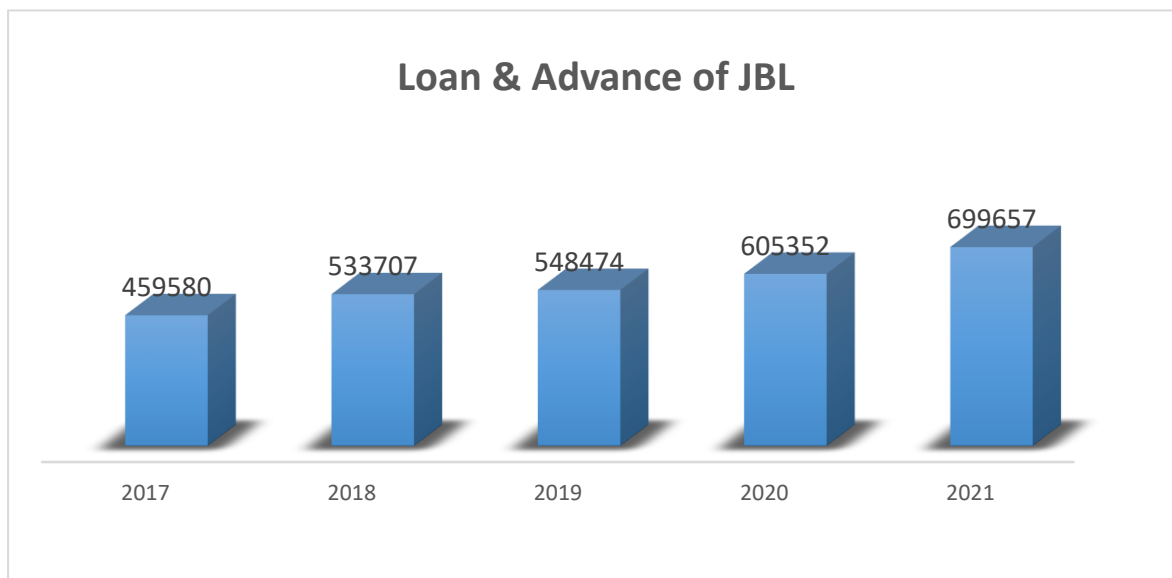
Banks are under a lot of pressure today to deliver results that satisfy the needs of their stockholders, employees, depositors, and customers who are borrowing money, all the while trying to satisfy the government authorities who oversee their loan and investment policies. A commercial bank is merely a business corporation set up with the aim of increasing shareholders' money invested in the company while assuming manageable levels of risk.

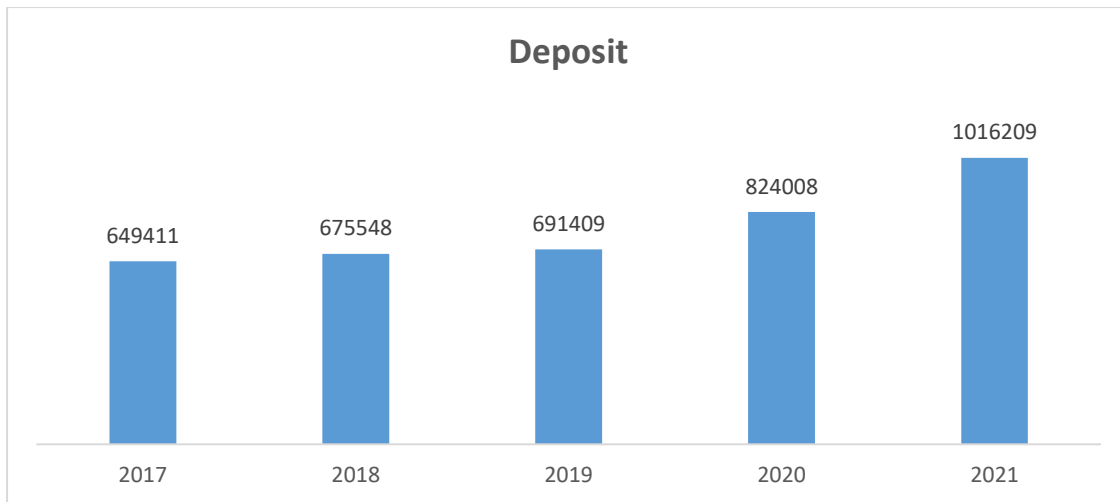
I can conduct a trend analysis of the last five years beginning in 2017 through 2021.

4.2 Total Deposit & Loan Advance of JBL:

Particular	2017	2018	2019	2020	2021
Loan & Advance of JBL	459580	533707	548474	605352	699657
Deposit	649411	675548	691409	824008	1016209

Amount in BDT (mn)





Interpretation: The table & figure shows that both the deposit & loan & advances has increased from year to year. During the analysis loan & deposits trend of the banks were consistently progressive. Nonetheless the rate of advancement of loans shows a solid increasing rate that diminishing the gap with total deposits. It clearly show that JBL financing more every year.

4.3 Sector Wise Loan & advancement:

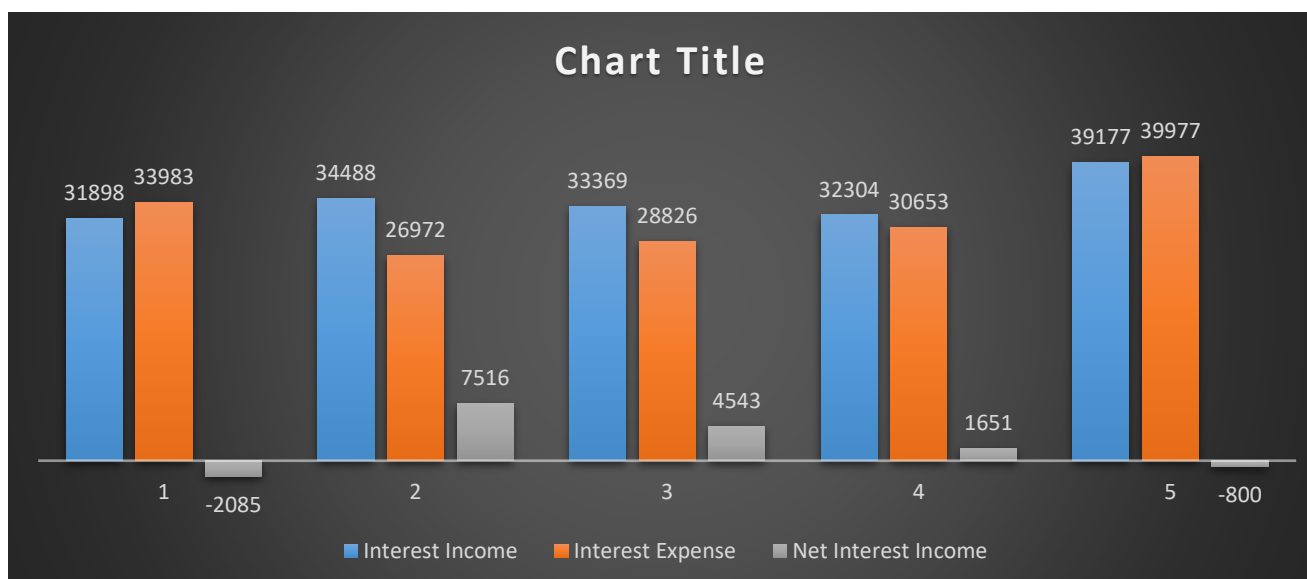
Sector	Sector wise Loan & Advance (In Million)				
	2017	2018	2019	2020	2021
Government	866.768	1036.1	8080.426	10302.267	10900.217
Other Public	17414.836	18854.87	20081.28	19635.97	24482.612
Private	443843.28	506943.235	522685.8	577175.042	666137.734

Interpretation: The grapes show that JBL Sanction highest loan in private sector



4.4 Interest Income & Interest Expense:

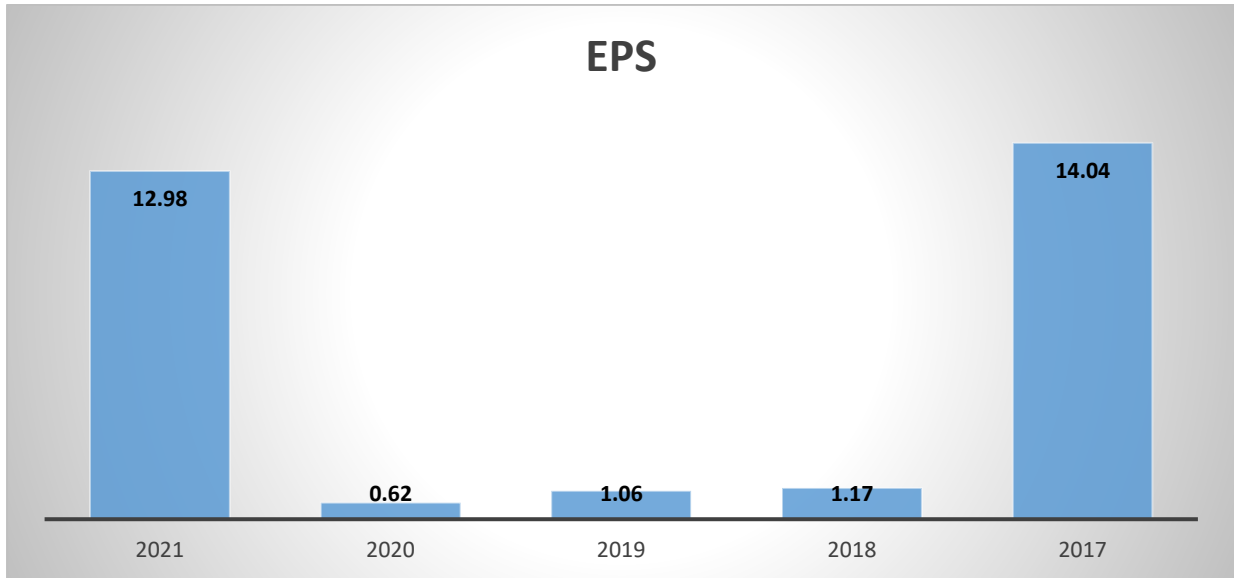
Particular	Sector wise Loan & Advance				
	2017	2018	2019	2020	2021
Interest Income	31898	34488	33369	32304	39177
Interest Expense	33983	26972	28826	30653	39977
Net Interest Income	-2085	7516	4543	1651	-800



Interpretation: From the above table it clearly shows that JBL has been struggling to make profit from interest. Here we saw that in 2017 net interest income is negative but 2018 to 2020 its positive. Again 2021 it's negative. So that is not good sign for JBL.

4.5 Earning Per Share:

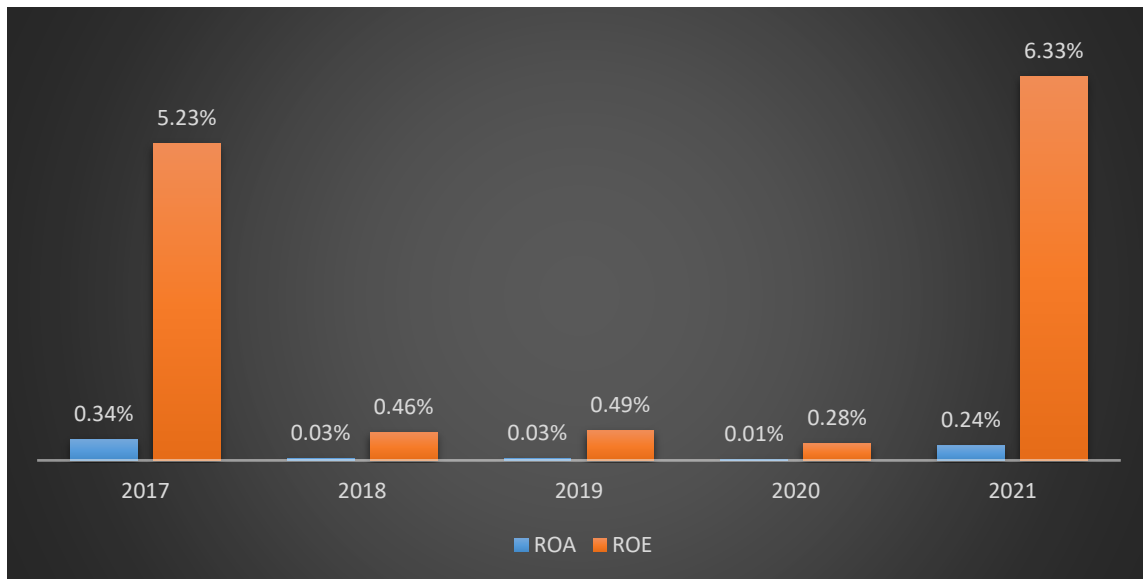
Particular	2021	2020	2019	2018	2017
EPS	12.98	0.62	1.06	1.17	14.04



Interpretation: The EPS in the graph shows shifting outcomes throughout the years. Over this five years' time span, the estimation of this proportion extended from 14.04 to 12.98, Out of these five years, year 2017 express the best execution and year 2020 shows the most noticeably terrible exhibition. The primary explanation in 2020 of fall right now because of decrease of Net Income.

4.6 ROA & ROE:

Particular	2017	2018	2019	2020	2021
ROA	0.34%	0.03%	0.03%	0.01%	0.24%
ROE	5.23%	0.46%	0.49%	0.28%	6.33%



Interpretation: A group of financial measurements known as profitability ratios are used to evaluate a company's capacity to create profits in relation to its expenses and other pertinent charges incurred during a given time period. A financial ratio called return on assets (ROA) displays the proportion of profit an organization makes in comparison to its total resources. Net income divided by total assets is a frequent definition. In 2017 to 2021 ROE was Increase & Decrease but last year it increasing. ROA also increasing & decreasing trend.

Chapter-5

Findings, Recommendations & Conclusion

5.1 Findings:

- **SWOT analysis:** ATM cards & Booths are the vital drawbacks among them. Less Marketing & promotional strategy
- **ROE:** From the year 2017 to 2021 JBL's ROE percentage was 5.23%, 0.46%, 0.49%, 0.28%, and 6.33% which indicates an Increasing trend. A higher percentage shows that a business is more successful at making a profit off of its current assets.
- **Fiscal year 2017 & 2018:** In comparison to the fiscal years 2017 and 2018, the debt loan in 2021 has grown. This sends out a bad signal.
- **Net interest income:** 2017 was (-2085mn), 2018 was 7516mn, 2019 was 4513mn, 2020 it was 1651mn & last year it was (-800mn). Net interest income decreasing last 3 years.
- **EPS:** from 2017 to 2021 also decreased. In 2017 EPS was 14.04 but in 2021 it was 12.98. A company's future growth prospects are poorly indicated by lower or declining EPS growth. A company's future growth prospects are poorly indicated by lower or declining EPS growth.
- **ROA:** From the year 2017 to 2021 JBL ROA fluctuated which indicates decreasing Trend. A declining ROA is a warning indicator that the company may be in problems since it may have overinvested in assets that have failed to generate revenue growth.
- **Non-performing loans: Additionally,** the high ratio of non-performing loans for JBL puts such loans at danger.
- **Length of Credit:** Sometimes valuable clients are lost due to lengthy credit proposal evaluation process.
- **Loan:** Every year, Janata Bank Limited's loans and advances grow in size.

5.2 Recommendations:

- JBL should focus on increasing ATM booths.
- As the EPS isn't at a satisfactory level, the administration should focus on maintaining the EPS's growth trend in order to maintain the bank's good reputation and solid financial condition.
- Return on asset (ROA) is the indicator how company use its asset to generate returns. So Janata Bank Ltd. needs to pay attention to increase ROA.
- JBL's should focus on net interest income.
- Without giving credit to particular groups, loans and advances must be equally distributed among all departments.
- They should give more attention in increase their deposit.
- JBL have to develop new schemes and grant more loans to qualified borrowers.
- Each branch should appoint experienced credit officers, who will receive the required supervision and periodic training.
- Before approving the loan, the bank must thoroughly verify the documents that support the security against it.
- To stop this degradation and to handle the account directly, there should be a recovery unit. If required, other initiatives should be started to support the recovery unit.
- Political intervention should be avoided while approving & sanctioning loan
- JBL should provide loans to the borrowers and make arrangements for its recovery. That is why they need to make arrangements for proper monitoring.
- All of the loan documentation should be done honestly. The bank should concentrate proper documentation of all types of loans to make department trustworthy and healthy.

5.3 Conclusion:

An important aspect of a nation's economic operations is the banking sector. This is being funded by all banks in Bangladesh, both public and private. It is having a favorable effect on the nation's economy. I have concentrated on Janata Bank Limited's Risk Management and evaluation. Because of this, Credit Rex Management of Janata Bank Limited has examined this report. This bank has much greater deposits and loans than other banks. This bank provides funding for public initiatives. Additionally, it gives others a lot more opportunities. The wellbeing of the average person is the main focus of this bank.

The bank has a sound risk-reduction strategy. Which shows they have effective risk management. Meanwhile, effective risk management enables them to increase their earnings. Of course. The bank, however, has recently had to deal with a significant loan risk. This is primarily due to default. Bank investments have not yielded much. That is due to the senior executives' and management's unethical behavior. The process of managing credit risk is intricate and never-ending. Every bank should be vigilant at all times and take the necessary actions to address this issue.

The JBL banking sector offers a wide range of options. The bank must concentrate on its advantages in order to implement these. Banks must identify their shortcomings and address them.

By effectively utilizing these forces, Janata Bank Limited can lessen these hazards. To deliver quality service and delight clients, they draw on their brand image and experience.

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