



Internship Report
On
Credit Risk Management System of
National Bank Ltd:
A Study on Lake Circus Branch



Daffodil
International
University

Letter of Transmittal

To

Mahbub Parvez,

Assistant Professor

Faculty of Business & Economics

Daffodil International University

Subject: Submission of the report on “Credit Risk Management System of National Bank Ltd”.

Dear Sir;

With due respect I beg to inform you that, I am a student of BBA, (28 batch), Faculty of Business and Economics at Daffodil International University. The Report is prepared on “**Credit Risk Management System of National Bank Ltd**”.

I have given my best effort to prepare the report with relevant information that I have collected from National Bank Ltd. and from others sources during my internship program from 10 June, 2014 to 10 September, 2014.

I pray and hope that, the mistake of the report may have, will be kindly excused. Lastly, I beg your kind consideration for evaluating this report.

Thanking you very much indeed

Sincerely Yours,

Nasreen Araby

ID: 111-11-1780

BBA (Major in Finance)

Batch 28th

Certificate of Approval

This is to certify that Nasreen Araby, ID. 111-11-1780 has prepared her internship report titled **“Credit Risk Management System of National Bank Limited”** in Lake Circus branch in National Bank Limited, under my supervision and guidance; I do hereby approve the style and contents of this internship report. This is for the partial fulfillment of her four years BBA program, major in Finance from Daffodil International University.

I wish her every success in life.

Mahbub Parvez
Internship Supervisor
Assistant Professor
Faculty of Business & Economics
Daffodil International University

Acknowledgement

First I would like to express my gratitude to almighty God to give me the strength to complete the report within the specific time.

I am also grateful to my course instructor & supervisor Mr. Mahbub Parvez, Assistant Professor, Faculty of Business & Economics, Daffodil International University for giving me valuable advice and suggestions to complete the report in an appropriate manner.

My sincere gratitude goes to all employees of Lake Circus Branch, of National Bank Ltd. for his cordial attitude and helping hand guides me in all situations during my tenure in the bank. My special thanks go to Branch Manager; Vice President, Mr. Saiful Islam & Mrs. Salima Akhter Assistant Vice President. I am also grateful to Md. Asaduzzaman, Principle Officer, & Mr. Asif Mohmud Faruque Senior Executive officer (Credit Department). I would also like to thank Mrs. Ishrat Jahan Senior Officer and Maruf Ahamad Junior Officer of NBL Lake Circus branch for providing me the necessary information that I need to prepare my report.

This report would not be possible without co-operation of all the officers of National Bank Ltd. Lake Circus branch. So my heartiest appreciation goes to those officers. Finally I would like to thank all the other who's strong support make me able to complete this report.

Executive Summary

Banks are most active financial intermediary in today's world. As a financial institution bank mainly operate to communicate among persons and effectively works as safeguard among them in this age globalization. Bank faces many of risk like credit risk, reputation risk, liquidity risk, and market risk etc. credit risk is one of the major risks of them. To manage the risk they take various kinds of steps.

This report is based on Credit Risk Management system and concentration is given on the National Bank (Lake Circus branch). Here both primary and secondary sources of data are used. Personal observation and consultation with the concerned personnel is key sources of data.

Risk is inherent in all aspects of a commercial operation; however for banks and financial institutions, credit risk is an essential factor that needs to be managed. Credit risk is one of the major risks faced by the Bank. This can be described as potential loss arising from the failure of a counter party to perform according to contractual arrangement with the Bank. The failure may arise due to unwillingness of the counter party or decline in economic condition etc.

This study mainly tries to find credit policy, credit approval process also find out credit disbursement credit allocation.

This study also finds that credit risk management needs to be a robust process that enables banks to proactively manage loan portfolios in order to minimize losses and earn an acceptable level of return for shareholders.

Acronyms and Elaborations

NBL	National Bank Ltd.
SB	Saving Account
FED	Foreign Exchange Department
AD	Authorized Dealer
CCI	Chief Controller of Import
CCE	Chief Controller of Export
IMP	Import Policy
EXP	Export Policy
SWIFT	Society for Worldwide Inter-bank Financial Telecommunication
FC	Foreign Currency
L/C	Letter of Credit
PAD	Payment Against Documents
LIM	Loan Against Imported Merchandising
TC	Export Registration Certificate
VAT	Value Added Tax
CA	Current Account
STD	Short term Deposit
FDR	Fixed Deposit Receipt
MSS	Monthly Saving Scheme
DD	Demand Draft
TT	Telegraphic/Telephonic Transfer
MT	Mail Transfer
PO	Pay Order
CM	Credit Memorandum
DBDS	Double Benefit Deposit Scheme

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Chapter One

Introduction

1. Introduction:

Banking sector of the world contributed in the present global economy. To establish a strong banking sector it is required to have good study in banking operations. Today's Economic policy is concerned to obtain the optimum economic condition in a country's economy. Banking sector and banking activity are playing a vital and important role to achieve that optimum goal of the economy. The successful running of banking business depends upon effective banks. As a commercial bank NBL has a huge responsibility to ensure efficient and effective banking operation all over the Bangladesh in a sound manner with the other banks as a competitor.

Banking sector is indispensable in a modern age and modern society. It always plays a vital role to the economic development of the country. In modern age of science and technology the banking sector all over the world has been undergoing a lot of change due to deregulation, technological invention and globalization. But Bangladesh banking sector is lagging to keep pace with the other countries it adapts the changes. Basically banks take deposit from the customers against some interest payment and lend the money to the borrowers with a different interest rate and time period. To ensure safety of the depositors fund there are various types of credit facility. Also bank must hold adequate fund to meet the daily needs of the clients.

1.2 Objectives of the study:

The main objective is to identify the credit risk management system of National Bank Ltd .Specific objectives are as follows:

- To know about the credit policy guidelines of National bank Ltd.
- To have an in-depth idea about credit assessment and credit approval process.
- To evaluate the overall credit risk management & credit recovery system of the Lake Circus Branch of the bank
- To analyze the performance of loan disbursement of the branch.
- To find out some problems regarding credit risk management of the bank
- To prescribe some suggestions to overcome the problems.

1.3 Scope of the study:

The study would focus on the following areas of National Bank Limited: Credit management system of National Bank Limited, Procedure for different credit facilities, and Portfolio (Loan or advances) management of National Bank Limited, Organization structures and responsibilities of management.

1.4 Methodology of the study:

Sources of information: Both primary and secondary sources of information were used to complete this report.

I. Types: The study is descriptive in nature. This report has been prepared on the basis of experience gathered, during the period of internship. For preparing this report, I have also obtained the information from annual report and website of the National Bank Ltd and from conducting unstructured questionnaire survey.

II. Design: The purpose of the study was to investigate overall scenarios about contributions, potentiality, profitability and risks of NBL. Therefore, descriptive approach is selected.

III. Sources of Data: This report is based on both primary & secondary source of information. For theoretical development of this paper, data have been collected from the various sources like different publications, library sources, books, articles, etc.

The primary sources are-

- Officers
- Supervisors
- Customers of the bank

The secondary sources are –

- a) Annual Report 2009 to 2013 of National Bank Ltd.
- b) NBL website “ www.nationalbankbd.com ”
- c) Periodicals published by the Bangladesh Bank;

IV. Data collection procedure:

Primary Data: Primary data were collected by structured questionnaire.

Secondary Data: Secondary data were collected from their Annual Report and the website “www.nationalbankbd.com” and periodicals published by the Bangladesh Bank, Different publications regarding Banking functions, operation, and transactions policies.

V. Data Analysis and report writing:

Collected data were analyzed and presented in the form of bar design and pie chat etc. Different types of software like Ms-Excel, Ms-Word etc. are used to prepare accordingly in the form of word format.

1.5 Limitations of the study:

- Anything, which will adversely affect the image of the bank, could not be disclosed.
- National Bank Limited (NBL) is a private bank and they are conservative about their data as a result it was not possible for the report to get all the data required.
- Sometimes the officials had been unable to provide information because of their huge routine work.

Chapter Two

Organization Profile

2.1 History of NBL

National Bank Limited has its prosperous past, glorious present, prospective future and under processing projects and activities. Established as the first private sector bank fully owned by Bangladeshi entrepreneurs, NBL has been flourishing as the largest private sector Bank with the passage of time after facing many stress and strain. The members of the board of directors are creative businessmen and leading industrialists of the country. To keep pace with time and in harmony with national and international economic activities and for rendering all modern services, NBL, as a financial institution, automated all its branches with computer networks in accordance with the competitive commercial demand of time. Moreover, considering its forthcoming future, the infrastructure of the Bank has been rearranging. The expectation of all class businessmen, entrepreneurs and general public is much more to NBL. At present we have 145 branches under our branch network. In addition, our effective and diversified approach to seize the market opportunities is going on as continuous process to accommodate new customers by developing and expanding rural, SME financing and offshore banking facilities. We have opened 10 branches and 5 SME/Agri branches during 2012.

The emergence of National Bank Limited in the private sector was an important event in the Banking area of Bangladesh. When the nation was in the grip of severe recession, the government took the farsighted decision to allow the private sector to revive the economy of the country. Several dynamic entrepreneurs came forward for establishing a bank with a motto to revitalize the economy of the country.

National Bank Limited was born as the first hundred percent Bangladeshi owned Bank in the private sector. From the very inception, it was the firm determination of National Bank Limited to play a vital role in the national economy. We are determined to bring back the long forgotten taste of banking services and flavors. We want to serve each one promptly and with a sense of dedication and dignity. The then President of the People's Republic of Bangladesh Justice Ahsanuddin Chowdhury inaugurated the bank formally on March 28, 1983 but the first branch at 48, Dilkusha Commercial Area, Dhaka started commercial operation on March 23, 1983. The 2nd Branch was opened on 11th May 1983 at Khatungonj, Chittagong.

At present, NBL has been carrying on business through its 130 branches and 15 SME / Agri Branches (total 145 service locations) spread all over the country. Since the very beginning, the bank has exerted much emphasis on overseas operations and handled a sizable quantum of home bound foreign remittance. It has drawing arrangements with 415 correspondents in 75 countries of the world, as well as with 37 overseas Exchange Companies located in 13 countries. NBL was the first domestic bank to establish agency arrangements with the world famous Western Union in order to facilitate quick and safe remittance of the valuable foreign exchanges earned by the expatriate Bangladeshi nationals. This has meant that the expatriates can remit their hard-earned money to the country with much ease, confidence, safety and speed.

NBL was also the first among domestic banks to introduce international Master Card in Bangladesh. In the meantime, NBL has also introduced the Visa Card and Power Card. The Bank has in its use the latest information technology services of SWIFT and REUTERS. NBL has been continuing its small credit programmes for disbursement of collateral free agricultural loans among the poor farmers of Barindra area in Rajshahi district for improving their livelihood.

NBL focused on all key areas covering capital adequacy, maintaining good asset quality, sound management, satisfactory earning and liquidity. As a consequence, it was possible to a record growth of 175.51 percent with Tk. 8,809.40 million pretax profits in the year under review over the preceding year. The net profit after tax and provision stood at Tk. 6,860.34 million which was Tk. 2,070.47 million in the previous year registering a 231.34 percent rise. The total deposits increased to Tk. 102,471.83 million being 33.37 percent increase over the preceding year. Loans and advances stood at Tk.92, 003.56 million in the year under report which was Tk. 65,129.289 million representing 41.26 percent rise over the preceding year. Foreign trade stood at Tk. 144,255.00 million in 2010 compared to Tk. 115,939.00 million, increased by 24.42 percent compared to that of the previous year. During 2010, the bank handled inward remittance of Tk. 49,145.30 million, 10.73 percent higher than that of the previous year. Return on Equity (ROE) registered a 77.84 percent rise over the preceding year.

National Bank, has now acquired strength and expertise to support the banking needs of the foreign investors. NBL stepped into a new arena of business and opened its Off Shore Banking Unit at Mohakhali to serve the wage earners and the foreign investors better than before

2.2 Profit of NBL

Name of the organization:	National Bank Limited
History:	National Bank Ltd. was created and commencement of business started on 23rd March 1983.
Year of establishment:	1983
Nature of organization:	Private Commercial Bank.
Products:	Banking Services, Retail Banking, Corporate Banking, Investment Banking, Islami Banking, ATM Services
Shareholders:	Main shareholders include leading Industrialists and business magnets of the Country. The Board of Directors consists of 13 members. Most of the directors are Owner of large business groups.
Website:	http://www.Nationalbank.com.bd
Customers:	Business Enterprise and Individuals
Head office:	Adamjee Court Annexe Building-2,119-120, Motijheel Commercial Area, Dhaka - 1000, Bangladesh.

2.3 Vision

The visions of the National Bank are given below:

- To encourage savings in the form of direct investments.
- Be one of the best banks in Bangladesh.
- To contribute in the socio economic development of Bangladesh.
- To establish relationship banking and improve service quality through development of strategic marketing plan.
- To ensure optimum utilization of all available resources

2.4 Mission

Establishing banking through the introduction of welfare oriented banking system and also ensuring equity and justice in the field of all economic activities, achieving balanced growth and equitable development through diversified investment operations, particularly in the priority sectors and development areas of the country; encouraging socio economic uplift and financial services to the lower income communities, particularly in the rural areas.

2.5 Goal of the Bank

- To become the leading profitable bank.

Long term goal: To maximize the wealth of the shareholders.

Short term goal: To earn satisfactory rate of return on investment by providing wide range of banking service.

2.6 Management Style

For any financial and non financial organization, Management is the most valuable and important resource of any kind of organization. And a well organization management provides the organization to reach its ultimate goal. Management means planning, organizing, staffing, directing and controlling of all financial or non financial resources of the organization. Different aspect of management practice in National Bank planning, organizing, staffing, directing, and controlling, human resource practices and recruitment finally.

2.7 Organization Hierarchy of National Bank Ltd.



2.8 Products and Services of NBL

2.8.1. Deposits Product

- Saving Deposit
- Current Deposit
- Term Deposit
- Foreign Currency Deposit
- Monthly Saving Scheme
- Monthly Income Scheme
- Double Benefit Scheme
- Millionaire Income Scheme

2.8.2 Credit Products

- Overdraft
- Lease Financing
- House Building
- Small Medium Enterprise
- Consumer Credit Scheme
- Trade Finance

2.8.3 Cards Products

- Credit Card
- Debit Card
- Visa Card
- ATM Card

2.9 Financial Performance

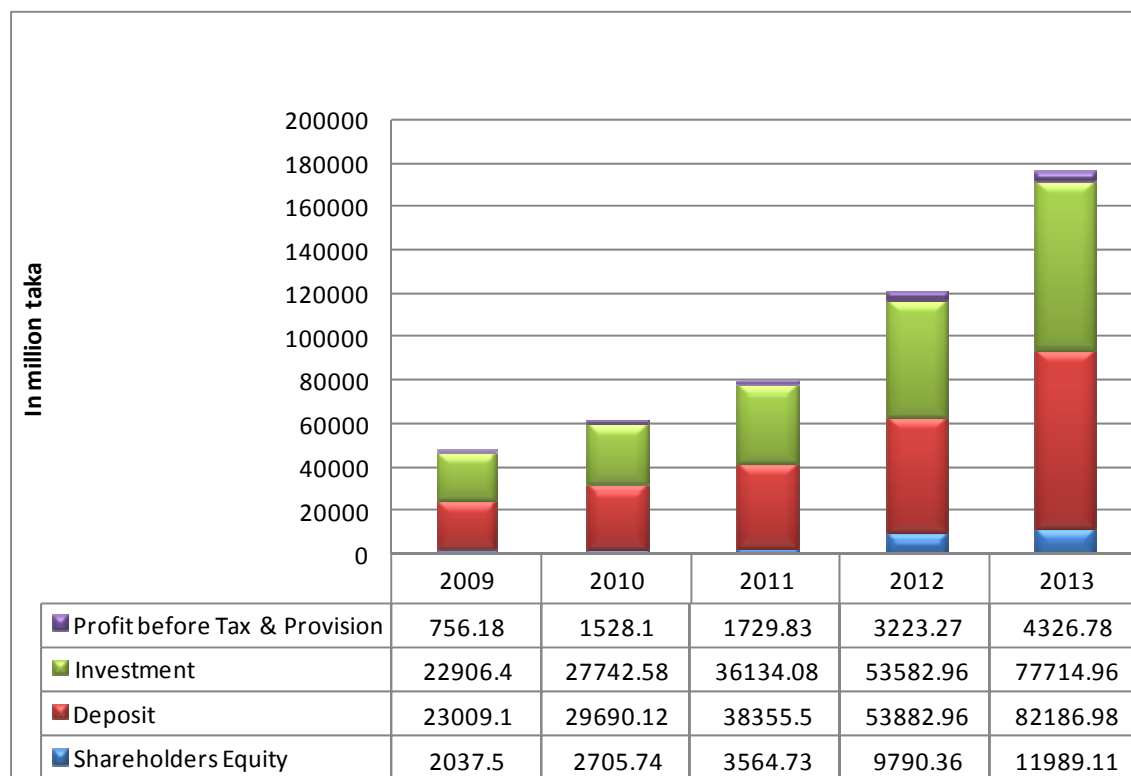


Table 1: Financial Performance

2.10 SWOT Analysis:

The bank's strength and competitive capabilities can be shown by the SWOT analysis. The SWOT analysis is grounded in the basic principle that strategy making efforts must aim at producing a good fit between a company's resource capability and its external situation. The SWOT analysis is as follows:

2.10.1 Strengths:

- The banks have provided services successfully and have achieved goodwill in all over the country.
- National bank has sponsors from various section of Bangladesh. The most successful entrepreneurs from various sections started this company. As a result there was a combination of different thoughts and skills in the management of the bank, which is very much essential for success in today's competitive market.
- Bank has a very competent and experienced top Management.
- Branches: National bank is operating their business all over the country with branches. It has strengthened the distribution of the bank's services.

2.10.2 Weaknesses:

- The bank does not have any formal promotional activity. They do not give any sort of advertisement or do not have any marketing activity. They do not even too many bill boards.
- The remuneration of the officers of National bank is lower compared to other banks. Even the internship students are paid nothing. This is way high skilled human resources are discouraged to join here.
- The decision making of the bank is too many centralized. No decision is made without the authorization of the head office.

2.10.3 Opportunities:

- National bank is operating corporate banking. In our country there is a huge opportunity of consumer banking. So National bank can reposition their branding and introduce consumer banking with corporate banking.
- The banking sector of the country is becoming modernized in the country. People like to draw money anytime from anywhere. So ATM card is getting popularized in the country. National bank can introduce ATM system in their bank.
- The intention of the people has been changing. They now want to save more. They also want some benefit on their saving. So National bank can introduce more products and schemes.

2.10.4 Threats:

- In Bangladesh, after economic reform, more private bank has started their operation in the country. They are coming with different types of attracting products. This has increased the completion among the banks.
- The value of local currency is decreasing. So investment in banking is decreasing. Moreover the inflation is increasing in the country. So people want to save money but in many cases they cannot. As a result, the banks are getting less deposit.
- There is a tendency of the people of the country to become bankrupt. Few days ago Oriental bank has a great suffering. In our country, the receivable from top 20 bankrupt companies stood 88.36 billion. This is discouraging banks to make new investment.

Chapter Three

Credit Risk Management

3.1 Credit:

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

Credit means a provision of, or commitment to provide, funds or substitutes for funds, to a borrower, including off-balance sheet transactions, customers' lines of credit, overdrafts, bills purchased and discounted, and finance leases.

3.2 Credit Risk:

Risk may be defined in terms of the variability of possible outcomes from a given investment. If the outcome is certain and there is no variability-hence no risk. Another way Risk means the exposure to a chance of loss or damage. Risk is the element of uncertainty or possibility of loss that exist in any business transaction. Credit risk is the likelihood that a borrower or counter party will be unsuccessful to meet its obligation in accordance with agreed terms and conditions. Also we can say credit risk means as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms.

3.3 Credit Risk Management:

Risk Management is a discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. It involves Identification, Measurement, Aggregation, Planning and management, as well as monitoring.

Identification

A bank's risks have to be identified before they can be measured and managed. Typically banks distinguish the following risk categories:

- Credit risk
- Market risk
- Operational risk

Measurement

The consistent assessment of the three types of risks is an essential prerequisite for successful risk management. While the development of concepts for the assessment of market risks has shown considerable progress, the methods to measure credit risks and operational risks are not as sophisticated yet due to the limited availability of historical data.

Calculation of Credit risk

Credit risk is calculated on the basis of possible losses from the credit portfolio. Potential losses in the credit business can be divided into

- expected losses and
- unexpected losses

Expected losses are derived from the borrower's expected probability of default and the predicted exposure at default less the recovery rate, i.e. all expected cash flows, especially from the realization of collateral. The expected losses should be accounted for in income planning and included as standard risk costs in the credit conditions.

Unexpected losses result from deviations in losses from the expected loss. Unexpected losses are taken into account only indirectly via equity cost in the course of income planning and setting of credit conditions. They have to be secured by the risk coverage.

Aggregation

When aggregating risks, it is important to take into account correlation effects which cause a bank's overall risk to differ from the sum of the individual risks. This applies to risks both within a risk category as well as across different risk categories.

Planning and Management

Furthermore, risk management has the function of planning the bank's overall risk position and actively managing the risks based on these plans.

The most commonly used management tools include:

- Risk-adjusted pricing of individual loan transactions
- Setting of risk limits for individual positions or portfolios
- Use of guarantees and credit insurance
- Securitization of risks
- Buying and selling of assets

Monitoring

Risk monitoring is used to check whether the risks actually incurred lie within the prescribed limits, thus ensuring an institution's capacity to bear these risks. In addition, the effectiveness of the measures implemented in risk controlling is measured, and new impulses are generated if necessary.

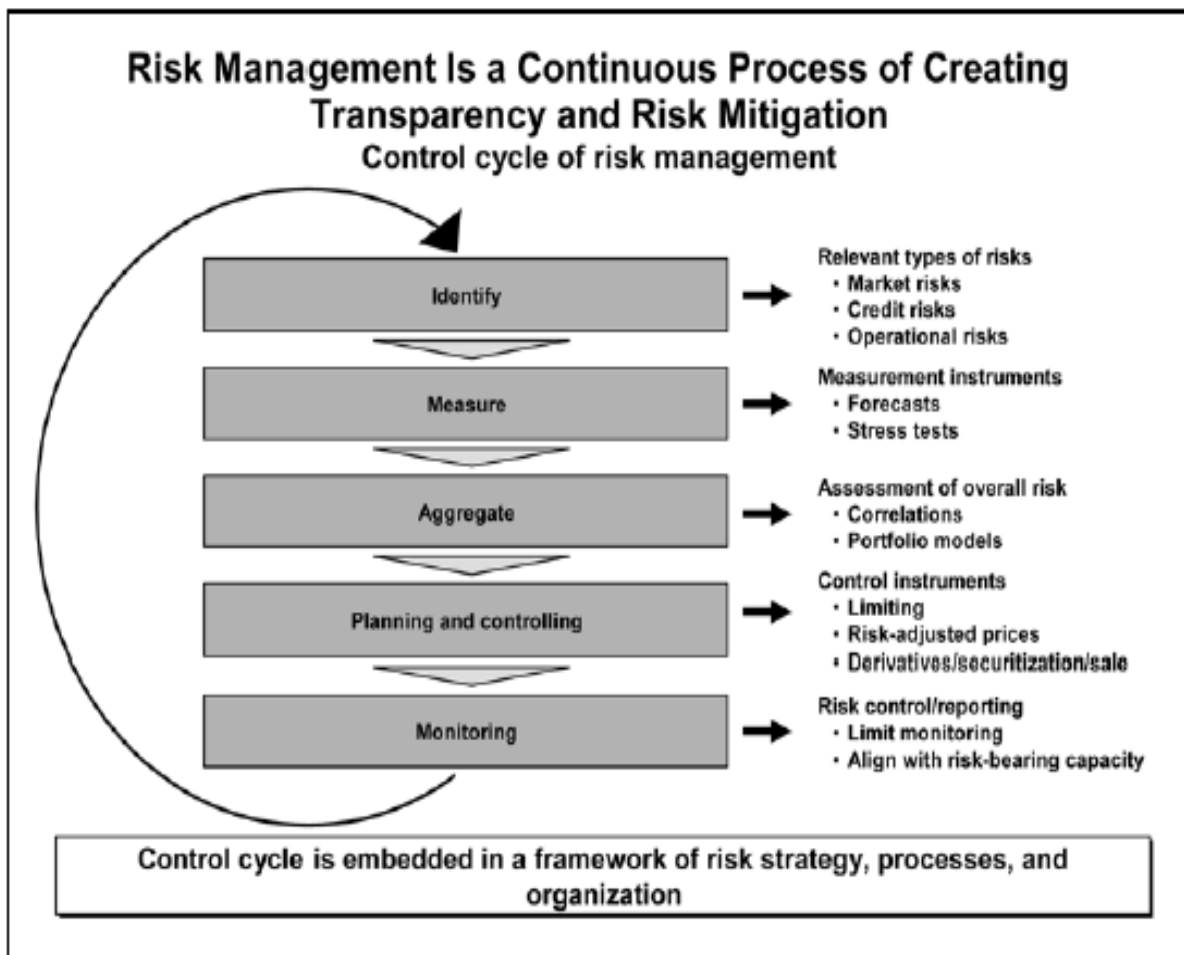


Figure 1: Risk Management

Chapter Four

Credit Risk Management System of National Bank Ltd.

4.1 Credit Policy Guideline:

The credit policy guidelines of National Bank Limited include the following:

- Credit principles
- Credit Portfolio mix
- Products and services of NBL

4.1.1 Credit Principles in National Bank Limited:

The credit division of National Bank Limited is guided by 10 specific credit principles. They are as follows:

- ✓ Evaluate borrower's nature for reliability and keenness to pay.
- ✓ Evaluate borrower's loan settlement capability.
- ✓ Develop action plans for the likelihood of non-payment.
- ✓ Extension of credit in satisfactorily controllable risk areas.
- ✓ Guarantee self-directed participation of the credit officials in the credit extension process.
- ✓ Perform the credit process in an ethical manner.
- ✓ Be proactive in recognizing, administering and conveying credit risk
- ✓ NBL requirements must be followed in ensuring the credit exposures and operations.
- ✓ Try to achieve an acceptable equilibrium between risk and reward.
- ✓ Construct and sustain a diversified credit portfolio.

✚ Evaluate borrower's nature for reliability and keenness to pay

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

✚ Evaluate borrower's loan settlement capability

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

✚ Develop action plans for the likelihood of non-payment

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

✚ Extension of credit in satisfactorily controllable risk areas

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

✚ Guarantee self-directed participation of the credit officials in the credit extension process

The independent credit participation of the credit officials is desired since it can aid in achieving the benefits of synergy and accountability. The credit personnel should utilize his or her personal Skill and ability in determining the credit worthiness of the borrower and should convey all positive and negative information in time of seeking credit approval.

✚ Perform the credit process in an ethical manner

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

✚ Be proactive in recognizing, administering and conveying credit risk

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

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

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

✚ Try to achieve an acceptable equilibrium between risk and reward

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

✚ Construct and sustain a diversified credit portfolio

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

4.1.2 Credit portfolio mix:

- Trade finance----- 15 %
- Industry- Short term working capital ----- 10 %
- Retail and SME ----- 25 %
- Project- Finance medium and long term ----- 30 %
- Others ----- 20 %

4.1.3 Products offered by NBL:

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

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

4.2 Credit Risk Assessment

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

The credit assessment procedure can be segregated into two segments:

- ✚ Call report
- ✚ Credit Memorandum

4.2.1 Call report

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

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

4.2.2 Credit Memorandum (CM)

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

The CM generally contains the followings:

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

The CM also contains the assessment of the following areas:

Borrower analysis

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

Industry Analysis

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

Supplier/Buyer Analysis

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

Historical Financial Analysis

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

Projected Financial Performance

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

Account Conduct

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

Adherence to Lending Guidelines

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

Mitigating Factors

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

Loan Structure

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

Security

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

4.3 Credit Risk Grading

Credit Risk Grading is an important tool for credit risk management as it helps a Bank to understand various dimensions of risk involved in different credit transactions. According to Bangladesh Bank guidelines, all Banks should adopt a credit risk grading system. The credit risk Grading system is vital to take decisions both at the pre-sanction stage as well as post-sanction stage. At the pre-sanction stage, credit grading helps the sanctioning authority to decide whether to lend or not to lend, what should be the pricing for a particular exposure, what should be the

extent of exposure, what should be the appropriate credit facility and the various risk mitigation tools. At the post-sanction stage, the bank can decide about the depth of the review or renewal, frequency of review, periodicity of the grading, and other precautions to be taken. The Credit Risk Grading (CRG) is a collective definition based on the pre-specified scale and reflects the underlying credit-risk for a given exposure.

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

Risk Rating	Grade	Definition
Superior – Low Risk	1	Facilities are fully secured by cash deposits, government bonds or a counter guarantee from a top tier international bank. All security documentation should be in place.
Good – Satisfactory Risk	2	The repayment capacity of the borrower is strong. The borrower should have excellent liquidity and low leverage. The company should demonstrate consistently strong earnings and cash flow and have an unblemished track record. All security documentation should be in place. Aggregate Score of 95 or greater based on the Risk Grade Scorecard.
Acceptable – Fair Risk	3	Adequate financial condition though may not be able to sustain any major or continued setbacks. These borrowers are not as strong as Grade 2 borrowers, but should still demonstrate consistent earnings, cash flow and have a good track record. A borrower should not be graded better than 3 if realistic audited financial statements are not received. These assets would normally be secured by acceptable collateral (1st charge over stocks / debtors / equipment / property). Borrowers should have adequate liquidity, cash flow and earnings. An Aggregate Score of 75-94 based on the Risk Grade Scorecard.
Marginal - Watch list	4	Grade 4 assets warrant greater attention due to conditions affecting the borrower, the industry or the economic environment. These borrowers have an above average risk due to strained liquidity, higher than normal leverage, thin cash flow and/or inconsistent earnings. Facilities should be downgraded to 4 if the borrower incurs a loss, loan payments routinely fall past due, account conduct is poor, or other untoward factors are present. An Aggregate Score of 65-74 based on the Risk Grade Scorecard.
Special Mention	5	Grade 5 assets have potential weaknesses that deserve management’s close attention. Facilities should be downgraded to 5 if sustained deterioration in financial

		condition is noted (consecutive losses, negative net worth, excessive leverage), if loan payments remain past due for 30-60 days, or if a significant petition or claim is lodged against the borrower. Full repayment of facilities is still expected and interest can still be taken into profits. An Aggregate Score of 55-64 based on the Risk Grade Scorecard.
Substandard	6	Financial condition is weak and capacity or inclination to repay is in doubt. Loans should be downgraded to 6 if loan payments remain past due for 60-90 days, if the customer intends to create a lender group for debt restructuring purposes, the operation has ceased trading or any indication suggesting the winding up or closure of the borrower is discovered. An Aggregate Score of 45-54 based on the Risk Grade Scorecard.
Doubtful and Bad (non-performing)	7	Full repayment of principal and interest is unlikely and the possibility of loss is extremely high. However, due to specifically identifiable pending factors, such as litigation, liquidation procedures or capital injection, the asset is not yet classified as Loss. Assets should be downgraded to 7 if loan payments remain past due in excess of 90 days, and interest income should be taken into suspense (nonaccrual). Loan loss provisions must be raised against the estimated unrealizable amount of all facilities. The adequacy of provisions must be reviewed at least quarterly on all non-performing loans, and the bank should pursue legal options to enforce security to obtain repayment or negotiate an appropriate loan rescheduling. In all cases, the requirements of Bangladesh Bank in CIB reporting, loan rescheduling and provisioning must be followed. An Aggregate Score of 35-44 based on the Risk Grade Scorecard
Loss (non-performing)	8	Assets graded 8 are long outstanding with no progress in obtaining repayment (in excess of 180 days past due) or in the late stages of wind up/liquidation. The prospect of recovery is poor and legal options have been pursued. The proceeds expected from the liquidation or realization of security may be awaited. The continuance of the loan as a bankable asset is not warranted, and the anticipated loss should have been provided for. Bangladesh Bank guidelines for timely write off of bad loans must be adhered to. An Aggregate Score of 35 or less based on the Risk Grade Scorecard

Table 2: Credit Risk Grading

4.4 Credit Approval Process

In approval process the Bank segregates its relationship Management / Marketing from the approving authority. The existing approval authorities are Head of Branch (wherever applicable) and Head Office Credit Committee, Executive Committee of Directors and Board of Directors. The Bank Management/ Board of Directors of the Bank is actively considering for the Individual Delegation Power to the Senior Level Executives at Head Office instead of Head Office Credit Committee for effective credit risk management.

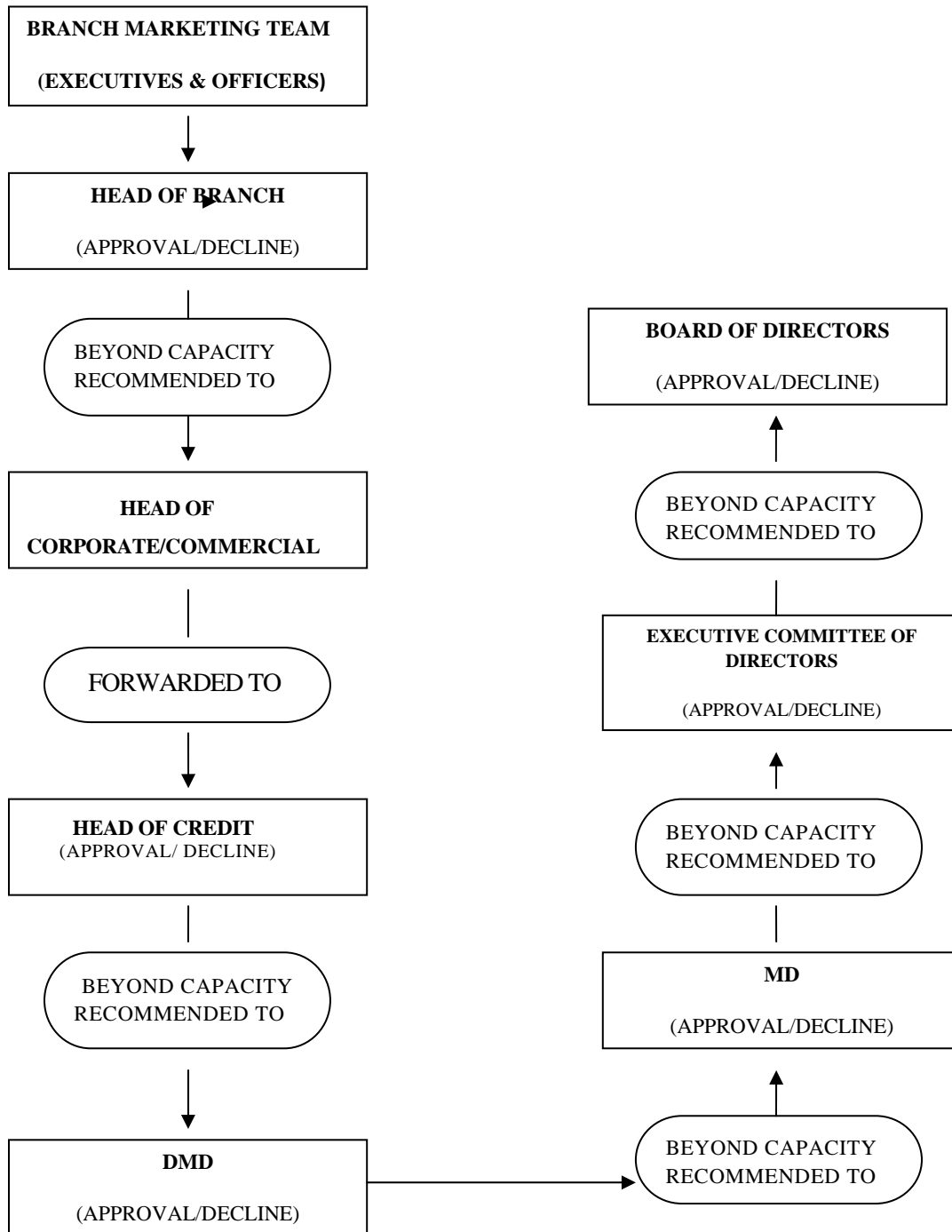
No credit facility may be approved unless a satisfactory presentation package has been prepared. Prior to securing the requisite approval, the authority ensures due diligence that:

- The Bank is in possession of all credit information required to properly evaluate the risk being undertaken.
- A detailed credit analysis has been completed, to include a written analysis of the financial condition of the borrower.
- The proposed extension of credit fully meets the standard of purpose, quality etc.
- The Board of Investment Registration, permission for all regulatory bodies, clean CIB reports etc. are obtained

All the facilities offered by the branch must be approved from the Head of Credit Committee.

Flow Chart of Approval process

A flow chart of approval process of loan is given below:



4.4.1 Appeal Process

Any declined credit may be represented to the next higher authority for reassessment/approval. However, there should be no appeal process beyond the President & Managing Director.

4.4.2 Time requirement

At Branch level: Branch Authority must take decision within maximum of 1-3 days

At Head Office level: The Head Office Credit Committee/EC/Board should take decision within maximum of:

- 3 -5 days for simple type of facility.
- 7-15 days for Project Loan.
- 15-30 days for loans under Syndication.

Sanction letter – on approval, the sanction letter to be issued within 1-2 days time.

In case of Large Loans it must be reported to Bangladesh Bank.

In case of other specific loans like Director's loan, prior approval from Bangladesh Bank to be obtained as per the requirements/ guidelines of Bangladesh Bank.

4.4.3 Sanction Advice

After the facility has been approved, the credit officers of the branch prepare a sanction advice which is addressed to the client. It is a kind of formal letter addressed to the client that provides information regarding the amount of the loan, its purpose, tenor, interest, security details, insurance coverage and other specific and general conditions applicable to the client.

A sanction advice contains the following information:

- a) Address of the client
- b) Subject
- c) Facility type
- d) Review / repayment date
- e) Security details
- f) Insurance coverage
- g) Specific conditions
- h) General conditions
- i) Other conditions and covenants

A sanction advice is accompanied with the necessary legal documents. These documents may include:

- a) Demand promissory note
- b) Letter of agreement
- c) Letter of continuity
- d) Letter of revival
- e) Letter of disbursement
- f) Letter of hypothecation with supplementary documents
- g) Registered deed of mortgage
- h) Letter of guarantee
- i) Registered power of attorney etc.

4.5 Credit Risk Management

The credit risk management process of NBL has the function of consistent monitoring of the transactions within approved limits and recovering the bank's dues in time. The key responsibilities of the credit risk management process are as follows:

- a) Oversight of the bank's credit policies, procedures and controls relating to all credit risks arising from corporate/commercial/institutional banking, personal banking, & treasury operations.
- b) Oversight of the bank's asset quality.
- c) Directly manage all Substandard, Doubtful & Bad and Loss accounts to maximize
- d) Recovery and ensure that appropriate and timely loan loss provisions have been made.
- e) To approve (or decline), within delegated authority, Credit Applications recommended by RM. Where aggregate borrower exposure is in excess of approval limits, to provide recommendation to MD/CEO for approval.
- f) To provide advice/assistance regarding all credit matters to line management/RMs.
- g) To ensure that lending executives have adequate experience and/or training in order to carry out job duties effectively.

The credit risk management process of NBL includes the following operations:

- Loan Administration
- Credit Monitoring

4.5.1 Loan Administration

The main responsibilities performed by the loan administration department are as follows:

- a) To ensure that all security documentation complies with the terms of approval and is enforceable.
- b) To monitor insurance coverage to ensure appropriate coverage is in place over assets pledged as collateral, and is properly assigned to the bank.
- c) To control loan disbursements only after all terms and conditions of approval have been met, and all security documentation is in place.
- d) To maintain control over all security documentation.
- e) To monitor borrower's compliance with covenants and agreed terms and conditions, and general monitoring of account conduct/performance.

4.5.1.1 Documentation

Credit administration department ensures the following in connection with documentation:

All approvals and documents are in place.

- Documents are prepared in accordance with the approved terms and conditions and are legally enforceable
- Vetting of required documents is done.
- Protection of the bank's security interest.
- Any exception from the standard loan facility is duly authorized from the Head of Credit.

4.5.1.2 Disbursement

The loan administration department performs the following responsibilities in connection with the disbursement to ensure that:

- All standard security and charge documents are in place.
- Documentation check list has been prepared.
- Credit administration department has duly authorized the disbursement.
- Disbursement authorization form is documented as an evidence of document.
- A proper back up of all the documents is maintained in the computer system.
- Incomplete documentation has received temporary waiver from the authority.
- Pricing of the facility is appropriate.
- All disbursements / drawings are in the form of approved credit facility.
- Excess over limit are allowed under pre-fact approval.
- A clean updated CIB report is obtained before disbursement.
- The lending cap of the bank is duly maintained.

4.5.2 Credit Monitoring

To minimize credit losses, monitoring procedures and systems are in place that provides an early indication of the deteriorating financial health of a borrower. Credit monitoring process at NBL tries to monitor the following:

- Past due principal or interest payments, past due trade bills, account excesses, and breach of loan covenants
- Loan terms and conditions are monitored, financial statements are received on a regular basis, and any covenant breaches or exceptions are referred to CRM and the RM team for timely follow-up.
- Timely corrective action is taken to address findings of any internal, external or regulator inspection/audit.

4.5.2.1 Branch Monitoring

Credit monitoring activities in the branch performs the following responsibility:

- a) Monitor transactions in accounts to ensure turnover and utilization of limits.
- b) Thoroughly review all past dues, collateral short fall, covenant breach and other irregularities.
- c) Rectify all audit objections and follow their suggestions.
- d) Periodic client calls and review by branch head.
- e) Formal periodic review of all relationships.
- f) Factory visit / stock inspection and progress of work against work / implementation of projects are to be recorded and reviewed.
- g) Borrower to be communicated about past dues, overdue installments, expiry of insurance, guarantee, limits etc.
- h) Early alert reports are prepared within 7 days of identification of weakness in the business and financial weakness of the client and sent to Head Office Loan Administration.

4.5.2.2 Loan Review Committee:

The IT system of NBL produces overdue positions on 3 period's viz. 30 days, 60 days and 90 days and above. It also produces expired limits and excess over limits (EOLs). The loan MIS are duly distributed to branches, HOM, HOC, HOO, HOCA and MD. A designated loan admin officer follows up the position on a daily basis. Besides, the loan review committee of the bank formally follows up the overdue positions, expired limits and EOL with the branches on a monthly basis which is minute for taking actions at the earliest, before the account further deteriorates.

4.5.2.3 Early Alert Process:

An Early Alert Account is one that has risks or potential weaknesses of a material nature requiring monitoring, supervision, or close attention by management. If these weaknesses are left uncorrected, they may result in deterioration of the repayment prospects for the asset or in the Bank's credit position at some future date with a likely prospect of being downgraded to CG 5 or worse (Impaired status), within the next twelve months. Early identification, prompt reporting and proactive management of Early Alert Accounts are prime credit responsibilities of all Relationship Managers and must be undertaken on a continuous basis.

An Early Alert report is completed by the RM and sent to the approving authority in CRM for any account that is showing signs of deterioration within seven days from the identification of weaknesses. The Risk Grade is updated as soon as possible.

Despite a prudent credit approval process, loans may still become troubled. Therefore, it is essential that early identification and prompt reporting of deteriorating credit signs be done to ensure swift action to protect the Bank's interest.

4.6 Credit Recovery

The credit division performs the following recovery related functions:

- Directly managing accounts with sustained deterioration (a risk rating of sub standard or worse)
- Determining work out plan / Recovery strategy.
- Pursuing all avenues to maximize recovery, including placing customers into receivership or liquidation as appropriate.
- Ensuring adequate and timely loan loss provisions are made based on actual and expected losses.
- Keeping top management apprised of grade 6 or worse accounts.

National Bank Ltd follows some recovery steps:

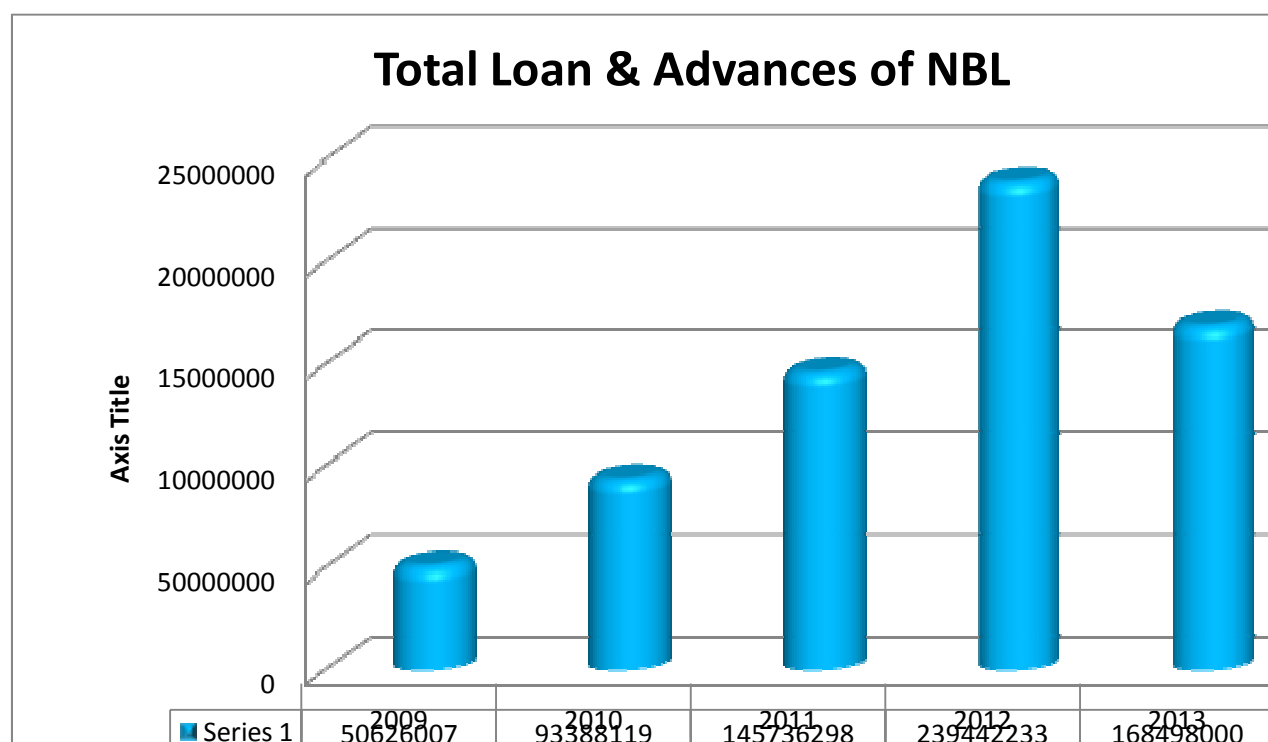
Days Past Due (DPD)	Collection Action
1-14	Letter, Follow up & Persuasion over phone (Annexure V)
15-29	1 st Reminder letter & Sl. No. 1 follows
30-44	2 nd reminder letter + Single visit
45-59	3 rd reminder letter (Annexure VI) Group visit by team member Follow up over phone Letters to Guarantor, Employer, Reference all above effort follows Warning on legal action by next 15 days
60-89	Call up loan (Annexure VII) Final Reminder & Serve legal notice legal proceedings begin Repossession starts
	Telephone calls/Legal proceedings continue Collection effort continues by officer & agent Letter to different banks/Association

Table 3: Recovery Steps of NBL

4.7 Amount of Total Loans and Advances at NBL (Lake Circus Branch) Last Five Years:

Year	Amount (Fig in Tk.)
2009	5,06,26,007
2010	9,33,88,119
2011	14,57,36,298
2012	23,94,42,233
2013	16,84,98,000

Table 4: Total Loan and advances



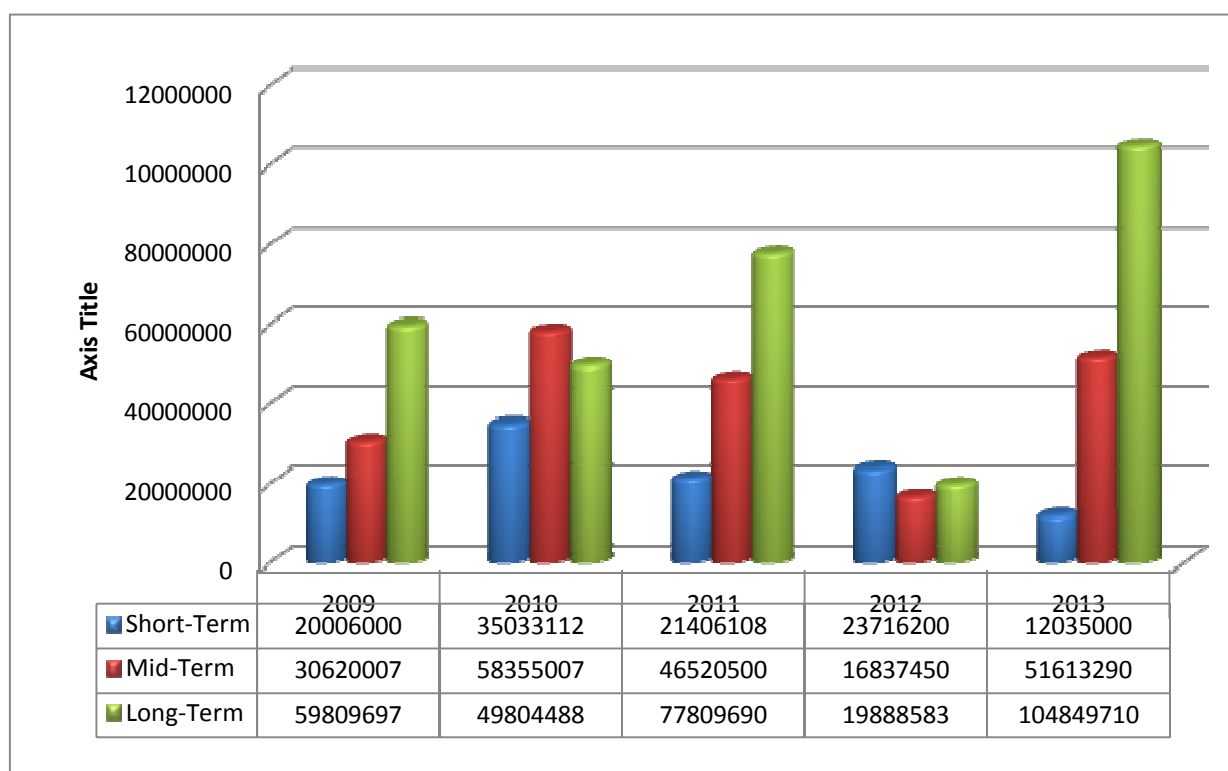
Graph-1: Total Loan and Advances of NBL (Lake Circus Branch).

This branch was started 30th December. Their total loan and advance is growing year by year. But it was not satisfactory. In 2012 their total loan and advances was approximately 23 core 94 lac and up to June 2013 there total loan and advance was approximately 16 core 84 lac.

4.8 Amount of Short Term, Mid Term and Long Term Loan at NBL(Lake Circus Branch) Last Five Years:

Year	Short-term Loan	Mid-term Loan	Long-term Loan
2009	2,000,6000	3,062,0007	59809697
2010	3,50,33,112	5,83,55,007	49804488
2011	2,14,06,108	4,65,20,500	7,78,09,690
2012	2,37,16,200	1,68,37,450	19,88,88,583
2013	1,20,35,000	5,16,13,290	10,48,49,710

Table 5: Short- term Mid-term & Long- term Loan



Graph-2: Short-term Mid-Term & Long-Term Loan (Lake Circus Branch)

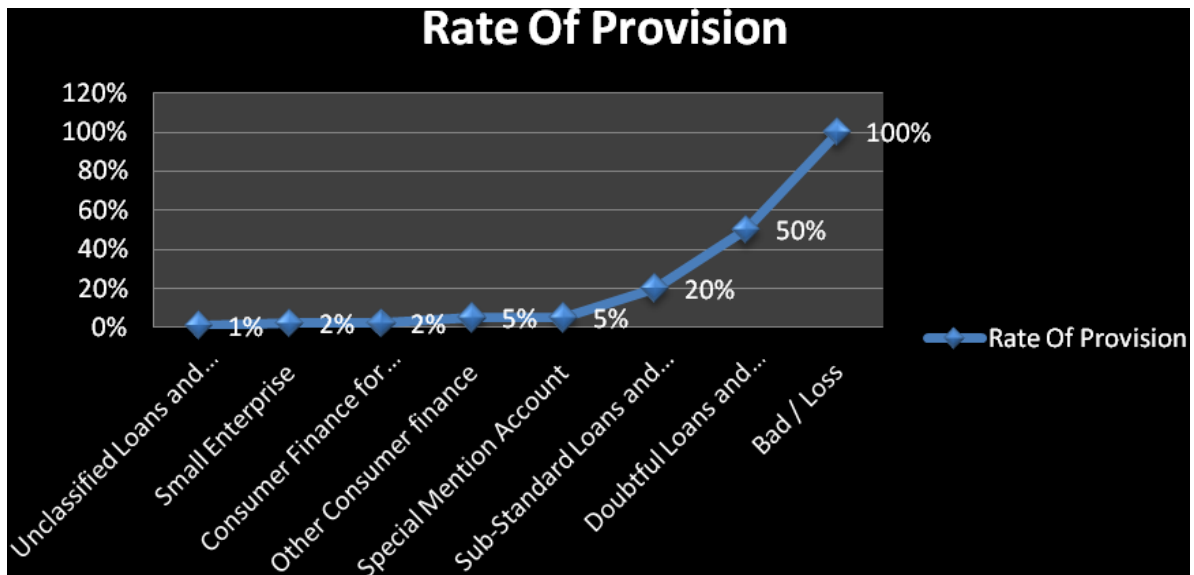
In this graph we can see that in 2009 and 2010 there have a some long- term loan. And short term loan are varying from year to year. In 2011 and 2012 mid-term is quite satisfactory. And In 2013 Investment of Long-Term loan is higher than the year 2011 & 2012 (up to June).

4.9 Provisioning:

- **Specific Provision:** Head office credit division prepares a list of credit accounts, which are considered to be totally or partially be unrecoverable & keeps a provision against the outstanding loans.
- **Rate of Provisioning:** National Bank Limited in the time of loan provisioning to get the real picture of the income mainly follows the Bangladesh Bank guideline.
- **The rate of provisioning used in NBL is summarized in the following table.**

Particulars	Rate
General Provision On:	
Unclassified Loans and Advances	1%
Small Enterprise	2%
Consumer Finance for House Building Loan and Loans for Professional Setup	2%
Other Consumer finance	5%
Specific Provision On:	
Special Mention Account	5%
Sub-Standard Loans and Advances	20%
Doubtful Loans and Advances	50%
Bad / Loss	100%

Table 6: Rate of Provisioning

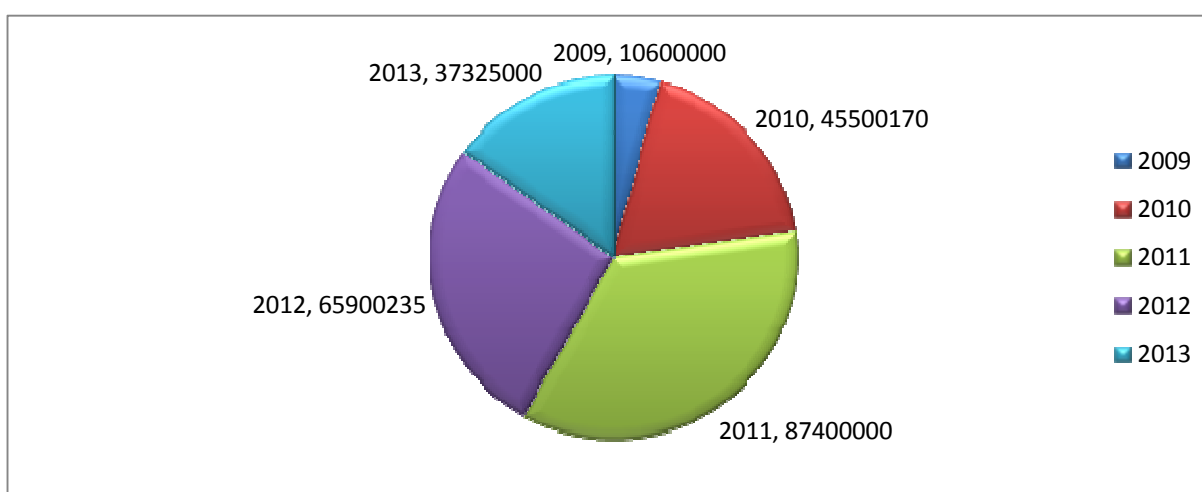


Graph 3: Rate of Provisioning

4.10 Recovery of Loan at NBL (Lake circus branch) Last Five Years:

Year	Recovery(Amount)
2009	1,06,00,000
2010	4,55,00,170
2011	8,74,00,000
2012	6,59,00,235
2013	3,73,25,000

Table 7: Recovery of loan (Lake Circus Branch)



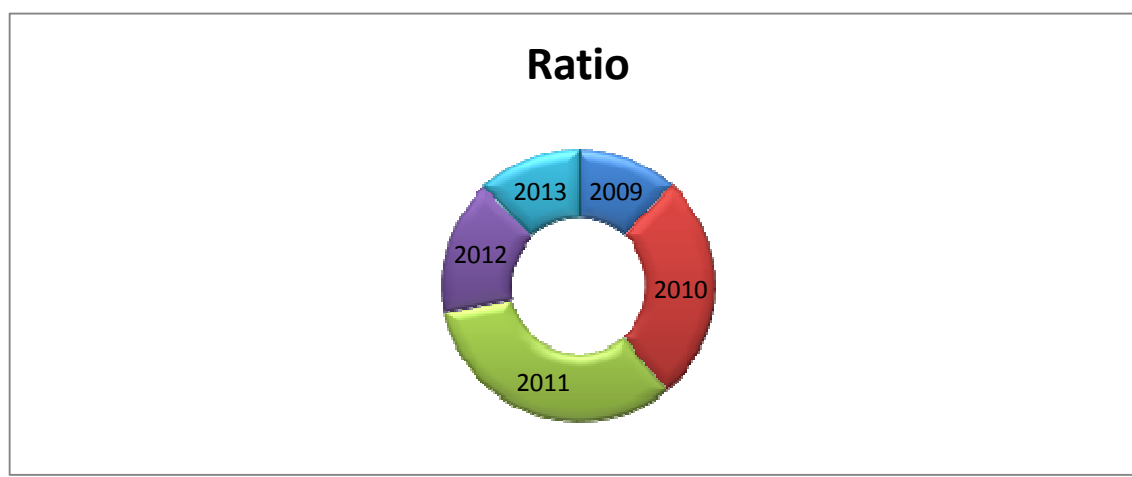
Graph 4: Recovery of Loan (Lake Circus Branch)

The recovery of loan was not satisfactory. In 2009 their total recovery loan amount was Tk 1 core 6 lac only. After that 2010 to 2011 (up to June) their loan recovery amount was varying. In this graph we can see that in 2011 they recover amount was Tk 8 core 74 lac but in 2012 it was decreased the total recovery amount was Tk 6 core 59 lac 235. 2013 it was also decreased .In 2013 (up to June) total loan recovery amount was Tk 3 core 73 lac 25 thousand.

4.11 Recovery ratio of Total Loan Disbursement at NBL (Lake Circus Branch) Last Five Years:

Year	Total Disbursements	Total Recovery	Ratio
2009	5,06,26,007	1,06,00,000	21%
2010	9,33,88,119	4,55,00,170	49%
2011	14,57,36,298	8,74,00,000	60%
2012	23,94,42,233	6,59,00,235	28%
2013	16,84,98,000	3,73,25,000	22%

Table 8: Recovery Ratio of Loan (Lake Circus Branch)



Graph 5: Recovery Ratio of Loan (Lake circus Branch)

Here we can see that loan recovery ratio was increasing trend till 2011. But it was decline in 2012. In 2009 recovery ratio was 21% but the ratio comes to 60% in 2011. In 2012 recovery ratio was decline it was 28%.

Chapter-Five

Major Findings, Recommendations and Conclusions

6.1 Findings of the Study

Based on analysis and brief description of credit risk management system of NBL following findings are originated:

(1) We can see that loan recovery ratio was increasing trend till 2011. But it declined in 2012. In 2009 recovery ratio was 21% but the ratio comes to 60% in 2011. In 2012 recovery ratio was decline it was 28%.

(2) In 2012 it was decreased the total recovery amount was Tk 6 core 59 lac 235. 2013 it was also decreased. In 2013 total loan recovery amount was Tk 3 core 73 lac 25 thousand.

(3) In 2009 and 2010 there have a some long- term loan. And short term loans are varying from year to year. In 2011 and 2012 mid-term loans are quite satisfactory.

(4) In 2012 their total loan and advances was not satisfactory which was approximately 23 core 94 lac and up to June 2013 their total loan and advance were approximately 16 core 84 lac.

- The credit risk management system of National Bank Limited is quite commendable. Systematic and timely monitoring and appropriate documentation are tried to be maintained.
- Credit quality depends on close follow-up and monitoring of loans. The follow-up and monitoring of loans is not strong here.
- Filing procedure is not maintained in a definite and clear manner. It is difficult to locate the documents in a chronological and sequential manner. A definite practice, though mentioned in the credit policy is not always maintained by the credit officials.
- The Banks in Bangladesh has faces a lot of illegal pressure from Political persons, Directors and Management of the Bank for approval of loan. In that cases Risk managers are bound to approve the loan without any assessment and rationality.
- Credit allocation is set-up by the Head Office Credit committee. The Head of the Branch can authorize credit up to Tk.20 Lac.
- Quality development may help the bank to hold on the old customers and attract potential customers.

6.2 Recommendations

National Bank Limited is a second generation private commercial bank in the country with commendable operating performance. Some recommendations regarding bank's betterment are described below. The recommendations given below are not decisions; rather they are only suggestions to improve the performance in order to fulfill the customer satisfaction so that clients give more preference to National Bank Limited. The recommendations are made on the basis of findings and analysis and these are:

- The bank should adopt a credit grading system. All facilities should be assigned a risk grade. And, the borrowers' risk grades should be clearly stated on credit application.
- The responsibilities of the key persons of the above function must also be clearly specified.
- Bank should make proper and exhaustive documentation before disbursement and to ensure proper supervision, monitoring and follow up of each credit.
- The credit sanction procedure should be made quicker since competition is very hard in today's business world. People do not want to wait for three to four weeks on an average to get a loan which is even protected by security.

6.3 Conclusions:

A banker cannot sleep well with bad debts in his portfolio. The failure of commercial banks occurs mainly due to bad loans, which occurs due to inefficient management of the loans and advances portfolio. Therefore any banks must be extremely cautious about its lending portfolio and credit policy. So far National Bank Limited has been able to manage its credit portfolio skillfully and kept the classified loan at a very lower rate.

All things around us are changing at an accelerating rate. Today is not like yesterday and tomorrow will be different from today. The Credit Management system that may seem fit today but may not work tomorrow. So, by taking consideration the fast changing, dynamic global economy and the increasing pressure of globalization, liberalization, consolidation and disintermediation, it is essential that National Bank limited has a robust credit risk management policies and procedures that are sensitive to these changes.

From the discussion in this report, it has become clear that credit risk management is a complex and ongoing process and therefore financial institutions must take a serious approach in addressing these issues. They have to be up to date in complying with all the required procedures and must employ competent people who have the ability to deal with these complex matters. Utmost importance should be given to the improvement of the networking system which is essential for modern banking environment and obviously for efficient and effective credit risk management process.

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- en.wikipedia.org/wiki/Bank
- Foundations of financial management by Stanley B. Block & Geoffrey A. Hirt.
- NBL's retail banking service prospectus.
- Articles published on Credit Department information.
- Credit Risk Measurement: New approaches to Value at Risk and other Paradigms by Anthony Saunders.
- www.bis.org/publ/bcbs54.htm
- Credit Policy and risk management guide of National Bank Ltd.

APPENDICES

B: APPENDICES:

APPENDIX- 1

APPENDIX-2

Appendix-1:

Printed Materials:

- National Bank Ltd annual report 2010-2012
- Bangladesh Bank (1996), “Guidelines for General Banking System” Vol # 1 published by Bangladesh Bank, motijheel C/A Dhaka-1000.

Library:

- Library of Daffodil International University.
- Internet
- www.nbl.bd.com
- www.bangladeshbank.org.bd.com
- www.google.com

APPENDIX-2:

- ANNUAL REPORT
- INCOME STATEMENT
- CASH FLOW STATEMENT