Report On

ICRRS of Manufacturing Sector Customers of The City Bank Limited – Corporate Banking Division

By

Sharar Irfan Ahmed
19204051

An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of Bachelors of Business Administration

BRAC Business School

Brac University

August 2023

Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

Student's Full Name & Signature:

Sharar Irfan Ahmed
19204051

Supervisor's Full Name & Signature:

Dr. Mohammad Enamul Hoque
Assistant Professor, BRAC Business School
BRAC University

Letter of Transmittal

Dr. Mohammad Enamul Hoque

Assistant Professor,

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of internship report on “ICRRS of Manufacturing Sector Customers of CBL – Corporate Banking Division”

Dear Sir,

It gives me great pleasure to present my internship report, which you directed I prepare for the "ICRRS of Manufacturing Sector Customers of CBL - Corporate Banking Division".

I did my best to wrap up the report with the most important information and suggestions in a meaningful, condensed, and thorough way as I could. I have faith that the report will be in compliance.

Sincerely yours,

____

Sharar Irfan Ahmed
19204051
BRAC Business School
BRAC University
Date: April 16, 2023

Non-Disclosure Agreement

CBL and the undersigned BRAC University student, Sharar Irfan Ahmed, are entering into this agreement to ensure that he would not permit the exposure of illegal confidential information of CBL that was obtained during his internship time.

Acknowledgement

The BUS400 internship course is one of the undergraduate requirements offered by BRAC Business School to students. I value the chance BRAC Business School provided for me to acquire pertinent knowledge and first-hand practical experience. I'd like to take this opportunity to express my sincere gratitude to everyone who made it possible for me to successfully finish my internship report on the internal credit risk rating system used by CBL's corporate banking division.

To begin with, let me express my gratitude to CBL corporate banking divisions for providing me with the opportunity to complete this internship. I want to thank my supervisor Ashrafi Sultana Mala and my mentor Sajjad Ahmed for supporting me during my internship and providing me with constructive feedback. I also want to convey my heartfelt thanks to the personnel of the corporate banking divisions of CBL for providing me with the facts and details I required to complete this study. Their help was essential, and I appreciate their cooperation and encouragement.

I also want to express my gratitude to my coworkers and other interns for their help throughout my internship. Their suggestions and assistance were quite beneficial and significantly contributed in the successful completion of this report. In addition, I want to thank my family and friends for helping me with the report writing for my internship. They never ceased encouraging and assisting me, which is how I was able to complete my report. Last but not least, I'd want to thank Dr. Mohammad Enamul Hoque, my professor, for watching my overall progress and helping me with my report whenever and wherever I needed it.

Executive Summary

Before making loans to its industrial clients, the corporate banking divisions of CBL have a robust risk management framework in place. The internal credit risk assessment method used by this system, which combines quantitative and qualitative factors to calculate each client's credit rating and the appropriate loan limit, is a vital element.

A thorough financial investigation is conducted by the bank to determine a client's creditworthiness. This necessitates a thorough examination of the client's income statement, balance sheet, and cash flow statement. Along with other factors including cash flow, profitability, solvency, liquidity, and past financial performance, changes in sales, costs, and profitability are also taken into consideration.

The internal credit risk evaluation method includes both financial analysis and a comprehensive company inquiry. The bank assesses the client's competitive landscape, market share, and business plan. It evaluates the client's business plan and takes into account how well the client can adapt to shifting market conditions. Additionally, this analysis considers elements like the product mix, clientele, distribution channels, and pricing strategy.

Industry research is also an essential element in the evaluation of credit risk. The bank takes into account the overall size of the industry, its future development potential, and the regulatory environment. Another factor the bank considers is the client's position in the market, including their market share and competitive advantages.

To ascertain the risks associated with extending credit to a customer, the bank conducts a risk analysis. This involves considering the customer's credit history, the existence of any collateral that may be used to lower risk, and any other relevant factors that might have an effect on the risk of default.

By employing this extensive method of credit risk assessment, CBL wants to ensure the stability and profitability of the bank and its industrial partners while enabling it to make informed decisions when giving loans to its clients.

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Chapter 1

Overview of Internship

1.1 Student Information

Name: Sharar Irfan Ahmed

ID: 19204051

Department: Bachelor of Business Administration (BBA)

Major: Finance

1.2 Information on Internship

Details:

Period: January 04, 2023 – April 03, 2023

Company Name: CBL (CBL)

Department/Division: Corporate Banking

Address: 136, Gulshan Avenue, Gulshan 2, Dhaka-1212

Information for CBL's supervisor

Name: Ashrafi Sultana Mala

Position: VP & Unit Head, Corporate Banking Division

Job Scope:

1. Creating and putting into action business plans and strategies for our division that are in line with the general objectives of the bank.

2. Expanding our customer base by seeking out and developing new business prospects and potential clients.
3. Establishing and maintaining trusting connections with important clients and stakeholders to promote long-term partnerships.
4. Keeping a close check on our portfolio's credit quality and making sure that performance data is reported accurately and promptly.
5. Ensuring that we adhere to all statutory, regulatory, and internal banking rules and procedures.
6. Providing coaching and development opportunities to our unit's team members in order to assist them improve.
7. Actively participating in the senior management team of the bank and making a positive impact on management and strategy.

1.3 Internship Results

1.3.1 Contribution of Students to CBL

1. Conduct research and analysis: Conducted research and analysis on the ICRRS of manufacturing clients of CBL corporate banking divisions and identified its strengths and weaknesses, and suggest improvements.
2. Assist in credit risk management: Assisted the credit risk management team in identifying, assessing, and mitigating credit risks associated with the manufacturing clients. Also, analyzed the financial statements, prepare credit reports, and participate in credit risk assessment meetings.
3. Contribute to process improvement: Contributed to the process improvement initiatives of the company by identifying areas of improvement in the credit risk rating system, suggesting process improvements, and participating in process improvement projects.

4. Support team members: You can support team members in day-to-day activities by assisting in documentation, data entry, and other administrative tasks.
5. Provide insights and fresh perspectives: Tried to provide fresh perspectives and insights into the internal credit risk rating system of manufacturing clients. Your unique perspective can help the company identify areas for improvement and enhance the overall efficiency of the system.
6. Learn and develop skills: Learned and developed skills that are relevant to the corporate banking industry, such as financial analysis, credit risk assessment, and process improvement. Also, developed soft skills, such as communication, teamwork, and time management, which are essential for professional success.

1.3.2 Benefits to the Student:

1. Exposure to the industry: Possibility to work in a professional corporate banking setting. Understanding the corporate banking sector, its dynamics, and its difficulties may be aided by this experience.
2. Opportunities for learning: The internship program offers learning experiences that can aid in the growth of new abilities, the expansion of knowledge, and the improvement of understanding of the corporate banking sector.
3. Professional growth: Develop key competencies in teamwork, communication, problem-solving, and time management. These abilities are essential for job success and may be used in any professional context.
4. Networking: Working as an intern with CBL's corporate banking divisions gives you the chance to meet people in your field. Creating a network of connections might help one get established in the field and look into career options.
5. Enhancing the CV and enhancing career prospects is doing an internship with a respectable company like CBL. Employers frequently respect work experience,

thus securing an internship with a reputable company may help one stand out from the competition.

6. Personal development: An internship may help you become more self-aware, more confident, and more conscious of your skills and flaws. Making better informed judgments regarding one's job and personal development is possible because to this personal development.

1.3.3 Challenges encountered during the Internship Period

1. Limited scope of work: You might not have much exposure to the many divisions of corporate banking. This can make it more difficult to have a thorough grasp of the sector.
2. Time restrictions: Given the briefness of the internship term, it is necessary to finish a sizable quantity of work in a condensed length of time. This presented a challenge because I was simultaneously juggling my academics and other obligations.
3. Absence of direction or supervision: I've come across circumstances when I wasn't sure what was required of me or how to finish a task.
4. I had restricted access to some material since it may be highly secret in the corporate banking sector and because I was an intern. This made it difficult for me to do in-depth investigation or analysis.
5. Culture shock: The corporate banking atmosphere was very unlike from what I was used to, depending on my background and prior experiences. It was difficult to adjust to a new work culture and atmosphere.
6. Limited Job Opportunities: Completing an internship with CBL's corporate banking branch does not ensure that you will receive a job offer thereafter. This is disheartening since I had hoped to land a full-time job with the business.

Chapter 2

Organizational Review

2.1 Introduction

In Bangladesh, CBL is a well-known financial company that places a high priority on social responsibility, innovation, and customer care. The company's corporate banking branch is committed to meeting the financial needs of its business clients and offering them specialized financial solutions that will help them realize their objectives.

2.1.1 Origin

With a history spanning more than three decades, CBL is one of Bangladesh's top financial organizations. Since its founding in 1983, the bank has developed into a dependable supplier of financial services to people, companies, and governmental organizations all around the nation. The bank has established a reputation as one of Bangladesh's most reputable financial institutions thanks to its dedication to innovation, superior customer service, and ethical business practices.

2.1.2 Objectives

Giving readers a broad overview of CBL is the goal of this research, including information on its background, goals, organizational structure, range of goods and services, and financial performance. The strategy and tactics used by the bank to provide value to its clients, shareholders, and other stakeholders will be examined in the report. The bank's financial performance will also be assessed in the report, with an emphasis on important financial indicators including asset quality, profitability, and capital sufficiency.

2.1.3 Scopes

This report's scope is broad and covers every facet of CBL's performance from 2018 to 2021. The study's foundation will include primary and secondary data sources, including key stakeholder interviews, financial report analysis, and internal records. To gather information and assess the bank's performance, a combination of qualitative and quantitative research techniques will be used in the report.

2.1.4 Methodology

CBL uses a procedure that is designed to benefit its clients, shareholders, and other stakeholders while lowering risks and ensuring long-term survival. The bank's commitment to customer-centricity, innovation, risk management, corporate governance, and financial management has allowed it to maintain its position as one of Bangladesh's leading financial institutions.

2.1.5 Limitations

Even though this study aims to provide an in-depth analysis of CBL as a whole, it is important to be aware of its limitations. How thorough the report is will depend on the amount and quality of the data, the amount of time and money spent on the research, and other factors.

2.1.6 Significance

CBL's importance may be attributed to its role in advancing financial inclusion, fostering economic growth and development, and supporting social causes in addition to its soundness and stability on a financial level. The bank, one of Bangladesh's top financial institutions, is a major participant in the market, and stakeholders all across the nation actively monitor its results and effects.

2.2 An Overview of the Business

2.2.1 The City Bank Limited – About the company

One of Bangladesh's biggest commercial banks is CBL. The bank, which was founded in 1983, provides a variety of banking and financial services to individuals, companies, and governmental organizations through its national network of branches and ATMs. Retail banking, corporate banking, SME banking, treasury services, trade financing, and investment banking are just a few of the services and products the bank offers. Bangladesh has seen significant economic growth and development as a result of the bank's dedication to innovation, customer-centricity, risk management, corporate governance, and financial management.

2.2.2 Vision, Mission & Goals

Vision

The "Vision" statement of an organization outlines the idealized future it hopes to achieve. The firm's vision establishes the tone for the organization and gives the employees a shared understanding of where the company is headed. The Vision is continuously improbable and unrealistic.

In order to map out a path towards the future we see, we at CBL (sometimes referred to as the "CBL" or the "Bank") have developed our vision. The vision of CBL is as follows:

“THE FINANCIAL SUPERMARKET WITH A WINNING CULTURE OFFERING ENJOYABLE EXPERIENCES”

Missions

An organization's mission identifies the particular goals that must be accomplished in order to advance toward its vision. With a goal of offering complete financial solutions to its clients, CBL is one of Bangladesh's top financial institutions. The bank adopts a customer-centric philosophy and is dedicated to providing exceptional customer service by offering creative and specialized financial solutions that satisfy its clients' changing demands. The following are the missions of CBL:

- Provide a wide range of unique goods and services to all consumer segments.
- Establish yourself as the "Employer of Choice" by providing a setting that fosters leadership development.
- Constantly improve effectiveness and efficiency by challenging platforms and procedures.
- Encourage innovation and automation with the goal of ensuring and increasing service quality.
- Ensure that everything they do is done with compliance, good governance, and respect for the community.

Goals

Providing comprehensive financial solutions: The bank wants to provide a variety of goods and services to meet the various financial demands of its clients. These solutions are created to be cutting-edge and specialized to satisfy clients' changing demands.

Delivering superior customer service: Delivering top-notch customer service to its customers is very important to the bank. This involves offering rapid, effective services and speedy response to client concerns and questions.

Maintaining a strong focus on risk management: In order to maintain a secure operating environment, the bank strives to maintain a strong focus on risk management. In order to do this, possible risks that can affect the operations and financial stability of the bank must be identified and mitigated.

Promoting financial inclusion: The bank is dedicated to encouraging financial inclusion and increasing underserved and unbanked communities' access to financial services. This is accomplished by taking steps like providing no-fee banking services and collaborating with microfinance organizations.

Assisting in the nation's economic development: By encouraging the expansion of small and medium-sized businesses and funding important infrastructure projects, the bank hopes to aid in Bangladesh's economic development.

Ensuring sustainable growth and profitability: Long-term sustainable growth and profitability are goals for the bank. This entails controlling expenses, streamlining its capital structure, and making investments in fresh goods and services that support its strategic objectives.

2.2.3 Values

The values of CBL specify the conduct that is required of its personnel in order for them to jointly fulfill the bank's mission and vision. The following are the values that they must always uphold:

1. Result Driven
2. Engaged & Inspired
3. Accountable and Transparent
4. Courageous & Respectful
5. Customer Delight

2.2.4 The 3 Ps of CBL – People, Process, Physical Space

1. People: All human factors that play a part in service delivery and influence customer perception about the organization is symbolized by the term ‘People’. This is the first and foremost feature of attaining service excellence. A properly groomed professional

with the right attitude and an inspiring smile is what we are looking for. Therefore, all human resources are expected to adhere to City Bank's standards of physical appearance, attitude and action. But it should be noted that the list given here is not exhaustive; there is always a room for improvement. So, it expected to keep polishing oneself to give their best.

2. Process: The procedure of delivering service is termed as 'Process'. Assessment of current service quality and re-engineering the process to develop an effective and efficient service blueprint is what the 'Process' aspect is all about. There are points for better understanding of how to deliver smooth, hassle-free and error-free service to the customer, how to shorten service delivery time and to improve efficiency.
3. Physical Space: The term "Physical Space" refers to the outward look of each client access point. It is crucial to communicate to clients the organization's professionalism, effectiveness, brand image, and dedication to providing high-quality service. They want to send the proper message about themselves by maintaining a safe, secure, and healthy work environment. If they give their employees the ideal, enjoyable, and professional atmosphere to work in, they feel their employees can deliver the best-in-class service. To consistently excel in the "Physical Space" category, the rules must be followed.

2.3: Managing Techniques

2.3.1 Organizational Structure and Important Individuals

CBL has an 11-member board. CBL employs a hierarchical organizational structure with clear roles and responsibilities. The managing director and chief executive officer are at the top, followed by a large number of department heads in charge of several divisions. The Chairman, Mr. Aziz Al Kaiser, the Managing Director and CEO, Mr. Mashrur Arefin, the Heads of Retail Banking, Corporate Banking, and SME Banking, Ms. Arup Haider, Mr. Nurullah Chaudhury, and Mr. Nurul Azam Mazumdar and other operational divisions, are important members of the team.

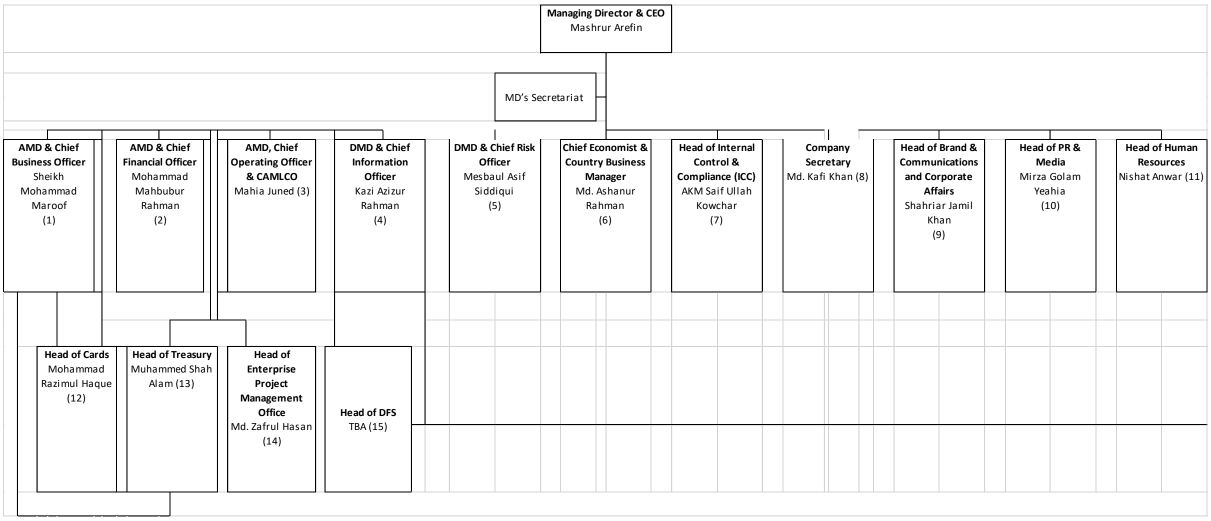


Figure 1: Organogram of CBL

2.3.2 Leadership Style

CBL combines the participatory and democratic leadership ideologies. This tactic encourages staff workers to make recommendations and take part in decision-making. By promoting open communication and cooperation, the bank develops employee ownership and dedication, which aids the company in achieving its goals and objectives.

2.3.3 Human Resource Planning

The methodical and open recruiting and selection procedure used by CBL aims to draw the greatest people from a variety of backgrounds. To find suitable applicants, they use a variety of methods, including job sites, university recruitment events, and referrals.

A combination of monetary and non-monetary advantages, such as competitive pay, performance-based incentives, and employee welfare programs, are included in the compensation system. Through training and development activities, the bank also provides chances for both personal and professional advancement. These programs include on-the-job training, skill-based courses, and online learning environments.

The performance review process at CBL is intended to promote staff development and motivation. Employees may create objectives and monitor their progress, and it links performance with awards and recognition. It also includes frequent performance assessments and feedback sessions.

2.3.4 Corporate Culture and Work Environment

The core values of CBL's corporate culture are integrity, innovation, and excellence. These guiding principles form the basis for the bank's commitment to provide its customers top-notch financial products and services. The work environment supports employee well-being and productivity by fostering a culture of cooperation, open communication, and respect for one another.

2.3.5 Decision-making and Communication

Combined centralized and decentralized decision-making methods are used at CBL. While top management makes strategic decisions, middle and lower management is given the ability to make operational decisions. This combination allows decisions to be made efficiently and in line with the bank's overall objective.

There are efficient channels for communication in place, allowing a seamless flow of information inside the business. These channels include frequent meetings, email, and intranet platforms.

2.3.6 Change Management and Adaptability

The market and industry are always changing, and CBL reacts accordingly. In order to ensure that the company stays competitive and responsive to client requirements, management frequently reviews and modifies its plans and operations.

2.3.7 Corporate Social Responsibility (CSR)

CBL is dedicated to ethical, social, and environmentally conscious business practices. Community development activities, environmental sustainability initiatives, and assistance for healthcare, education, and disaster relief operations are just a few of the bank's CSR initiatives.

2.4: Marketing Methods

2.4.1 Marketing Techniques

Using a customer-centric marketing approach, CBL (CBL) identifies and caters to the specific demands of each of its target market groups. To meet the needs of diverse client demographics, CBL provides a broad variety of financial services and products, including retail banking, corporate banking, SME banking, and Islamic banking. The bank often adjusts its marketing tactics in order to be competitive in the fast-paced financial sector while also implementing technology to improve customer satisfaction and service level.

2.4.2 Customers to target, positioning, and targeting

Small and medium-sized businesses (SMEs), nonprofits, and corporations are just a few of the several consumer groups that CBL targets. The bank identifies its target clients using a combination of demographic, regional, and psychographic segmentation. In order to present CBL as a reputable, forward-thinking, and client-focused financial institution that provides specialized banking solutions and top-notch customer care, the positioning strategy is primarily concerned with promoting this image.

2.4.3 Marketing Channels

To reach its target audience, CBL employs a variety of marketing strategies, including time-honored ones like print, radio, and television advertising as well as cutting-edge ones like social media, email marketing, and search engine marketing. For convenient access to financial services, the bank also makes use of its ATM network, branch network, and digital platforms, such as internet banking and mobile applications.

2.4.4 Development of Products and New Products and Competitive Strategies

CBL consistently innovates and creates fresh goods and services to cater to the changing demands of its clients. The bank undertakes market research, customer satisfaction surveys, and competitive analysis to find new areas for product development and advancement. The wide variety of banking services and products that CBL provides assures client satisfaction while keeping it competitive in the industry.

2.4.5 Branding Activities

CBL's branding activities are focused on developing credibility, trust, and a strong brand identity. The bank uses a consistent visual identity, logo, and messaging across all of its marketing materials and communication channels. The objective of CBL's branding activities is to strengthen its core values of integrity, innovation, and quality while promoting the company's image as a leading and customer-focused financial institution.

2.4.6 Advertising and Promotion Strategies

CBL employs a range of advertising and marketing techniques to increase awareness and promote customer acquisition. Traditional advertising methods include print advertisements in publications and newspapers, radio spots, and television commercials. The bank attends trade shows, conferences, and industry events to promote its products and services.

In order to reach a wider audience and better cater to its growing clientele of tech-savvy customers, CBL has expanded its emphasis on digital marketing in recent years. The bank engages with customers on social media platforms including Facebook, Twitter, and LinkedIn and executes customized advertising campaigns. Email marketing is used to inform customers of new products, special offers, and critical changes. Utilizing search engine marketing (SEM) and search engine optimization (SEO) techniques, the bank may boost its online visibility and website traffic.

To entice new clients and keep existing ones, CBL also offers promotional activities including discounts, special offers, and loyalty programs. These marketing efforts aim to develop enduring client connections and loyalty by enticing clients to utilize the bank's goods and services.

2.4.7 Important Marketing Problems and Gaps

Although CBL has undertaken considerable marketing campaigns, there may be space for improvement. A few potential challenges and gaps include the need to adapt marketing strategies more quickly to changing consumer preferences, broaden digital marketing operations to engage with younger demographics, and enhance customer segmentation to better target niche markets. By filling these gaps, CBL can enhance the standing of its brand in the market and the relationships it has with long-term customers.

2.5: Accounting Procedures and Financial Performance

2.5.1 Analysis of Financial Performance

Introduction:

Financial performance analysis is a key tool for assessing an organization's overall financial stability and health. The financial performance of CBL during the previous five years is examined and understood in this part using a range of financial statistics, trend analysis, and comparative analysis methods. The company's ratio analysis is shown below:

Table 1: Ratio Analysis of CBL

Particulars	2022	2021	2020	2019	2018
Credit to Deposit Ratio (including Off Shore Banking Unit)	83.20%	85.30%	82.70%	79.40%	77.70%
Investment to Deposit Ratio (IDR)	51.00%	64.70%	30.90%	67.50%	29.60%
Debt - Equity Ratio (times)	14.4	12.4	12.3	13	12.3
Tier I Capital Ratio	9.60%	10.60%	10.80%	9.70%	8.30%
Tier II Capital Ratio	4.80%	3.50%	4.80%	5.50%	5.10%
Total Capital Adequacy Ratio	14.50%	14.20%	15.50%	15.20%	13.40%
RWA to Total Assets	71.20%	73.20%	70.30%	69.10%	79.90%
Percentage of NPL over Total Loans and Advances	3.90%	4.90%	4.00%	5.80%	5.30%
Return on Average Equity (ROE)	14.01%	15.80%	14.80%	9.90%	8.20%
Return on Average Assets (ROA)	1.00%	1.20%	1.10%	0.70%	0.70%
Cost to Income Ratio	51.90%	48.60%	57.90%	54.70%	58.00%
Yield on Advance based on average EOD balance	7.50%	7.10%	8.40%	10.30%	9.70%
Cost of Deposit based on average EOD balance	3.20%	2.50%	4.60%	5.40%	5.60%
Net Interest Margin Ratio	4.30%	4.60%	3.80%	5.00%	4.10%
Current Ratio (Times)	0.3	0.9	0.9	0.8	0.9
Operating Profit per Employee	2.4	2.4	1.6	1.8	1.7
Operating Profit per Branch	88.9	76.9	53.3	62.8	51
Operating Profit per Share (BDT)	9.9	10.3	6.9	8.2	6.9
Earnings Per Share (BDT)	3.8	4.4	3.9	2.4	2.1
Market price per share (BDT) as on close of the year (DSE)	21.8	27.3	24.8	21.1	30.2
Price Earnings Ratio (Times)	5.8	6.1	6.3	8.7	14.5
Net Assets Value Per Share (BDT)	27.4	29.3	28.4	25	25.2
Dividend Cover Ratio (EPS/DPS)	312.90%	177.80%	175.40%	162.10%	189.50%
Total Dividend**	12%	25.00%	22.50%	15.00%	11.00%
Cash Dividend	10%	12.50%	17.50%	15.00%	6.00%
Stock Dividend	2%	12.50%	5.00%	0.00%	5.00%

2.5.2 Analysis of Accounting Practices

Core Accounting Principles:

Based on our review of CBL's financial statements and annual reports over the previous three to five years, we will draw conclusions about whether CBL abides by fundamental accounting principles like generally accepted accounting principles (GAAP) or any specific accounting standards pertinent to the banking industry.

Method of Accounting:

We will ascertain if CBL accounts using the accrual approach or the cash basis. Additionally, we'll discuss how the accounting system choice will impact the accuracy of the bank's financial statements and reporting.

Accounting Cycle:

We'll assess if CBL records transactions, makes necessary adjustments to entries, creates financial statements, and closes the books in accordance with the processes of the accounting cycle. This evaluation will show whether the bank follows ethical accounting principles.

Depreciation Methods:

We shall offer our thoughts on CBL's fixed asset depreciation approach. We can comprehend the bank's process for identifying and distributing the expenses of its long-term assets over the course of those assets' useful life by analyzing the depreciation method.

Accounting Disclosures:

It will be examined how CBL discloses its financial information, including footnotes, related-party transactions, contingencies, and major accounting policies. We will be able to analyze the accuracy and completeness of the bank's financial reporting through this examination.

This section of the study concludes with a detailed analysis of the accounting practices and financial performance of CBL. Using a range of financial metrics, trend analysis, and comparative analytical frameworks, we have assessed the bank's liquidity, solvency, efficiency, profitability, leverage, and market value. Additionally, we evaluated the bank's adherence to basic accounting standards as well as its depreciation practices, accounting cycle, and accounting disclosures. These analyses support a full understanding of CBL's financial state and the accuracy of its accounting practices.

2.6: Practices in Operations Management and Information Systems

Introduction:

In this part, we'll look at how CBL makes use of information systems (IS) to gather, store, analyze, and share data. We'll also examine the bank's use of databases (DB) and office management software (OMS). We'll also look at the bank's scheduling, resource allocation, and quality management (QM) practices.

Information Systems:

IS is used by CBL to efficiently gather, store, process, and communicate data throughout the company. These systems are essential for enabling the efficient exchange of information across various departments and stakeholders. The bank uses IS to expedite procedures and support efficient decision-making based on precise and current information.

Database and Office Management Software:

CBL is aware of how crucial DB and OMS are for handling massive amounts of data. To store and retrieve client information, transaction data, and other pertinent data points, the bank uses database systems. This makes it possible to handle data effectively, providing instant access to information when required. The adoption of OMS also improves communication, document management, and administrative procedures inside the bank.

Quality Management:

QM is highly valued by CBL in order to guarantee the provision of top-notch services to its clients. The bank uses QM procedures to reduce mistakes, increase productivity, and boost customer happiness. These procedures could use TQM, Six Sigma, or other quality management frameworks. The bank works to uphold high levels of quality throughout all of its activities by constantly reviewing and improving processes.

Scheduling and Resource Allocation:

Key components of CBL's OM practices are effective resource allocation and scheduling. The bank meticulously prepares and schedules its business activities to satisfy consumer needs while making the most use of its resources. The bank guarantees efficient operations by skillfully controlling employee schedules, delegating work, and matching resources with client demands.

Operations Management:

In order to improve efficiency and streamline procedures, CBL adheres to best practices in OM. To find and remove inefficiencies, reduce waste, and optimize operational processes, the bank may use strategies like Lean Management, Kaizen, or Business Process Reengineering (BPR). By using these procedures, the bank continuously enhances its operations and gives consumers a better experience.

Information System Security:

Given the sensitivity of financial data, IS security is a top priority for CBL. Encryption, firewalls, access restrictions, and routine audits are just a few of the strong security methods the bank uses to safeguard client data and preserve data integrity. The bank establishes confidence with its stakeholders and takes precautions against future risks by maintaining the security of its IS.

Summary:

The efficient use of DB, OMS, and IS by CBL for data management and information exchange increases the bank's operational effectiveness. The bank's dedication to QM, effective planning, resource management, and OM procedures increases its capacity to offer consumers high-quality services. The bank's emphasis on IS security also highlights its dedication to data protection and upholding the confidence of its stakeholders.

2.7: Industry and Competitive Analysis

Introduction:

This section's goal is to examine the market and rivals of CBL. Using a comprehensive Porter's Five Forces analysis, we will look at the competitiveness of the banking industry. A SWOT analysis will be carried out to identify the organization's common strengths, imitable strengths, and distinctive strengths in order to ascertain the competitive advantage of the company.

2.7.1 Porter's Five Forces Analysis:

Threat of New Entrants:

Since the banking sector is so heavily regulated, it might be difficult for new competitors to gain traction. Significant entrance hurdles include substantial capital investment needs, regulatory compliance requirements, and brand awareness.

Bargaining Power of Suppliers:

Suppliers to the banking sector, including technology companies and outside service providers, have a limited ability to negotiate. However, the availability of substitute providers and the bank's established connections aid in somewhat reducing this influence.

Bargaining Power of Buyers:

Customers from businesses and individuals have a moderate to high degree of negotiating power in the banking sector. Customers have options when it comes to banks and financial institutions, so they may put pressure on costs, interest rates, and service standards.

Threat of "Substitute Products or Services":

The risk of substitute goods or services is low in the financial industry. Clients continue to choose conventional banking services due to their dependability and broad range of services, despite fierce competition from fintech companies and internet banking services.

Intensity of Competitive Rivalry:

Intense competition is a defining characteristic of the banking sector. For market share, a large number of local and foreign banks as well as non-banking financial organizations compete. To obtain a competitive edge, differentiation tactics, product innovation, and customer service are crucial.

2.7.2 SWOT Analysis:

Strengths:

CBL has a number of advantages that support its competitive advantage. These advantages include a solid reputation for the brand, a vast branch network, a diverse product selection, effective risk management procedures, and a knowledgeable team.

Weaknesses:

Despite its advantages, CBL has certain drawbacks. These difficulties might be caused by inadequate technology infrastructure, ineffective business practices, or a lack of market penetration in particular clientele groups or regions.

Opportunities:

The company has the chance to benefit from developing markets, improvements in financial technology, and alterations in the law. Potential development areas include increasing the variety of digital banking services offered, concentrating on underserved consumer groups, and investigating strategic alliances.

Threats:

Economic instability, regulatory changes, cybersecurity dangers, and growing competition from both conventional banks and fintech innovators are just a few of the issues facing CBL. Disruptive technology and shifting consumer tastes are further dangers to the bank's market position.

Summary and Conclusions:

CBL operates in the very competitive banking industry, where entry barriers, supplier and customer bargaining power, and market competitiveness all significantly affect the company's position. By leveraging its advantages and capabilities to capitalize on its strong brand recognition, extensive branch network, and wide product range, the bank may be able to maintain its competitive edge. Addressing weaknesses and fending off threats will be crucial for continuing growth and success.

2.8: Summary and Conclusions

We will succinctly summarize the most important facts from the previous parts in this section and reach illuminating conclusions about CBL's performance and competitive position in the banking sector.

2.8.1: Summary:

Several significant findings have been made as a result of the examination of CBL's financial performance, accounting procedures, operations management, information system use, and industry competitiveness.

Financially, throughout the previous several years, the bank has shown strong liquidity and solvency levels, demonstrating its capacity to fulfill short-term obligations and have a good financial position. Positive trends have been observed in efficiency and profitability ratios, which are indicators of efficient resource allocation and reliable revenue production. The bank's market value study indicates that investors have a favorable opinion of the bank.

CBL conforms to fundamental accounting standards and utilizes accrual based accounting. In order to ensure openness and adherence to accounting standards, the corporation exhibits a strong accounting cycle, uses suitable depreciation techniques, and offers thorough financial disclosures.

The bank's effective service delivery and high customer satisfaction levels are a result of operations management strategies including quality management, scheduling, resource allocation, and operations optimization. Information systems are essential to data gathering, storage, processing, and sharing because they provide efficient decision-making and simplified business procedures.

According to industry and competitive analyses, CBL competes in a highly competitive banking sector with low entry barriers and moderate supplier bargaining power. Both established fintech companies and conventional banks compete with the bank. However, it has a competitive edge because to its strong brand recognition, broad branch network, varied product line, and risk management procedures.

2.8.2: Conclusions:

CBL has shown exceptional financial success, which is a result of its good resource management, efficient operations, and adherence to accounting norms. The bank's dedication to quality management, the use of information systems, and customer-centered operations has helped it maintain a competitive position in the sector.

CBL should keep utilizing its advantages, such as its solid brand recognition, broad branch network, and diversified product offerings, to take advantage of new market possibilities if it wants to maintain its success. It will be crucial to address flaws like restricted technology infrastructure and operational inefficiencies if banks are to remain competitive in the changing financial sector.

In order to keep ahead of the competition, the bank must also continuously analyze market trends, legislative changes, and developments in financial technology. CBL may negotiate the difficulties and take advantage of possibilities in the constantly changing banking sector by embracing digital transformation, focusing on underserved client segments, and cultivating strategic alliances.

In summary, CBL has proven to have strong financial performance, efficient operations, and a competitive edge within the banking sector. The bank may position itself for ongoing development and success in the competitive market by building on its strengths, resolving its flaws, and seizing chances.

2.9 Recommendations/Implications

Based on the research done throughout the study, we will offer suggestions and consequences in this part, with the goal of assisting CBL in improving its performance and preserving a competitive edge.

Recommendations:

Embrace Digital Transformation: Given that the banking industry is changing as a consequence of technological advancements, it is essential for CBL to work on initiatives connected to digital transformation. This involves implementing cutting-edge technologies like blockchain and artificial intelligence (AI) to increase corporate efficiency and customer happiness, as well as enhancing online banking capabilities and developing user-friendly mobile banking applications.

Strengthen Cybersecurity Measures: The bank must improve its cybersecurity measures in light of the growing threat of cyberattacks. To protect client data and uphold confidence, CBL should continuously review and update its security measures, train staff on cybersecurity best practices, and invest in reliable technology.

Improve Customer Relationship Management (CRM): CBL should prioritize fortifying customer connections by putting in place a sophisticated CRM system. As a result, customers will be more satisfied and loyal as individualized communication, a greater knowledge of their needs, and customized product offerings become possible.

Foster Innovation and New Product Development: The bank has to promote an innovative culture and always look for new product development chances if it wants to stay ahead in a cutthroat industry. CBL may broaden the scope of its product offering and draw in a larger client base by proactively recognizing consumer needs, doing market research, and embracing product innovation.

Strengthen Risk Management Procedures: CBL should emphasize and improve its risk management procedures as a financial institution. To successfully minimize possible risks, this entails completing thorough risk assessments, evaluating and updating risk management frameworks on a regular basis, and putting in place strong internal controls.

Implications:

Customer demands and technology improvements continually influence the market in the fiercely competitive banking sector where CBL works. To retain its competitive position, the bank must keep a close eye on new competitors from both traditional banks and disruptive fintech businesses.

Regulatory Compliance: As the banking sector comes under more intense regulatory scrutiny, CBL must keep up with changes in regulations and maintain rigorous adherence. This will assist the bank in preserving its good name, avoiding fines, and fostering shareholder and customer trust.

Customer tastes Are Evolving: As digital banking becomes more popular and customer tastes change, CBL must adjust to meet their requirements and preferences. To satisfy customers, it will be necessary to provide seamless digital banking experiences, tailored services, and practical access methods.

Technology advancements: CBL needs to stay up with technological advancements to be competitive in the industry. By integrating technologies like AI, ML, and data analytics, the bank will be able to make data-driven decisions, improve operational performance, and offer cutting-edge services to clients.

Talent Acquisition and Development: The success of CBL depends on its ability to draw in and keep outstanding talent. The bank should concentrate on hiring experts in new technology, cybersecurity, and digital banking. A trained staff capable of fostering the bank's growth and innovation will also be ensured by investing in training and development initiatives.

Implementing these suggestions and being aware of the ramifications will help CBL position itself for long-term success, adapt to market changes, and keep its competitive edge in the fast-moving banking market.

Chapter 3

Guidelines of ICRRS- Internal Credit Risk Rating System

3.1 Introduction

A key component of a bank's operations is credit risk management, which aims to efficiently balance risk and profit. It entails managing the risk connected to each unique borrower transaction as well as controlling the exposure to credit risk across the whole bank portfolio. For any financial institution to be successful and stable over the long term, risk management must be approached holistically.

The significance of recognizing, measuring, monitoring, and reducing credit risk must be well understood by banks. They must have enough cash on hand to cover any risks and guarantee that they are fairly paid for whatever risks they incur. Strong risk management procedures must be in place since credit risk continues to be a major source of problems for banks.

The Internal Credit Risk Rating System (ICRRS) is a tool that banks use to evaluate the creditworthiness of borrowers in various industries. This method considers criteria including leverage, liquidity, profitability, and other pertinent quantitative and qualitative indicators, which may differ from sector to sector, taking into consideration the unique peculiarities of each industry. The ICRRS evaluates borrowers using proper financial measures and qualitative questionnaires, making sure that each borrower is judged according to the distinctive characteristics of their individual businesses and sectors.

Banks may make educated judgments, reduce possible credit-related problems, and ensure their long-term profitability in the volatile financial environment by implementing such comprehensive risk management techniques.

3.2 Internal Credit Risk Rating and Internal Credit Risk Rating Definition

- Internal Credit Risk Rating System is a term used to describe a system that analyzes a customer's financial situation to determine whether they will be able to repay a loan. This evaluation includes looking at their liquidity, cash flow, profitability, debt profile, market indicators, industry and operational background, management capabilities, and other indicators.
- The Internal Credit Risk Rating (ICRR), the system's summary indicator, will be an important instrument for assessing credit risk.

3.3 Uses

Implementing an internal credit risk rating system is one of the most important aspects of controlling credit risk in banks. This mechanism does a number of crucial tasks:

a. It offers an accurate, unbiased, transparent, and consistent process for determining a borrower's credit risk. This implies that the bank can calculate the proper degree of risk involved with each borrower and precisely assess the chance of a borrower defaulting on their loan.

b. The bank can manage its whole loan portfolio more easily thanks to the rating system. The bank may better understand the risk distribution within its portfolio and take the required steps to balance and diversify its lending activities by classifying borrowers according to their credit risk.

c. This rating method evaluates the creditworthiness of each borrower, assisting the bank in determining the overall caliber of its credit portfolio. It also helps in the analysis of the credit risk exposure performance of particular business sectors, branches, or the bank as a whole.

d. The internal credit risk rating system serves a number of useful functions. It aids in figuring out whether a person is credit-eligible, choosing the best credit terms and conditions for borrowers, and establishing the right price for the credit that is being supplied.

Banks may efficiently manage credit risk, make educated lending decisions, and maintain a strong and stable credit portfolio by utilizing such a thorough and reliable rating system.

3.4 Functions

a. The Internal Credit Risk Rating technique is an automated technique for evaluating credit risk that incorporates the distinctive traits of different businesses and sectors into a standardized model;

b. On the initial page of the template, there is a dropdown list from which the analyst must choose the suitable sector or industry before utilizing the system. For a rating and score to be accurate, this is essential. The grade may not adequately reflect the distinctive characteristics of a certain sector or industry if the wrong one is selected.

c. When a borrower engages in various sectors, the evaluation should be concentrated on the sector that generates the largest proportion of revenue and/or profit. If a specific business line cannot be identified, the ICRRS should be done using a broad category, such as "other industry- if manufacturing" or "other service- if service."

Financial analysts may assure a trustworthy evaluation of credit risk for diverse borrowers, taking into account their unique sectors and features, by applying the Internal Credit Risk Rating System diligently and accurately. This promotes sound and balanced credit risk management practices and enables informed decision-making.

3.5 General Instructions

a. All banks shall fully adhere to the criteria and grading system established by the Bangladesh Bank without making any alterations, additions, adjustments, or deletions.

b. The Internal Credit Risk Rating (ICRR) methodology is applicable to all types of exposures, with the exception of short-term agroloans, microloans, lending to banks and non-bank financial institutions (NBFIs), insurance, and small companies with total loan exposures under BDT 50 (fifty) lac.

c. The ICRR exercise consists of two parts: an analyst or credit officer handles the quantitative piece, and the relationship manager or branch manager completes the qualitative evaluation in order to determine the final ratings.

d. The ICRR must be followed for all credit proposals, including new, renewed, or improved loans, since it is a vital step in the credit approval process. The loan file must contain the ICRR report.

e. As a backup measure, the bank's credit risk division is in charge of guaranteeing the veracity and correctness of the ratings.

f. The executive summary report of the ICRR for the borrower must be approved and signed by the CRO. The ultimate approval authority in that office must agree with and sign the ICRR executive summary report for loans granted at lower levels, such as zonal or branch offices.

g. Banks shall utilize the most recent audited financial data of the borrower to determine the quantitative rating required by the ICRR.

h. Whether a credit proposal is new, renewed, or enhanced, the ICRR method must be followed, and a record of the ICRR report must be retained in the loan file.

i. To update their Management Information System (MIS)/records, the approved department will request the ICRR report from the relationship manager.

j. To make sure that the Internal Credit Risk Rating System is being implemented in accordance with the stated requirements, banks are required to carry out periodic internal audits.

By following these rules, banks may successfully manage credit risk and make informed lending decisions that comply with regulatory regulations and industry norms.

3.6 Frequency of Credit Risk Scoring

- All credit proposals, including fresh, renewed, and improved ones, must go through an ICRR;
- The ICRR must be assessed for existing credit connections at least once a year as part of the annual or regular credit review.

3.7 Sectors that are selected

The following industries were chosen, taking into account the extent of bank exposures, to guarantee the existing approach is effective.

A. Industry

1. Ready Made Garments (RMG)

2. Textile (such as knitting, weaving and spinning mills)

3. Allied Industries including food

4. Pharmaceutical

5. Chemical

6. Fertilizer

7. Concrete Cement

8. Ceramic

9. Ship building

10. Ship breaking

11. Jute Mills

12. Steel Engineering

13. Power and Gas

14. Other industry (only to be selected if the borrower falls under industry but does not fit with other 13 specific sub-categories)

B. Trade and Business

C. Agriculturally Based and Agro Processing

D. Service

1. Housing and Construction

2. Hospitals and Clinics

3. Telecommunications

4. Other services

3.8 Scores of Credit Risk Ratings

The quantitative and qualitative aspects are covered by the ICRR's 4-notch rating system. The ratings and scores are mentioned below:

Table 2: Credit Risk Rating Scores by Bangladesh Bank

Rating	Scores Aggregate
Excellent	≥80%
Good	≥70% to <80%
Marginal	≥60% to <70%
Unacceptable	<60%

3.9 Credit Risk Rating Definitions

The features of the different categories of Credit Risk Ratings are given below:

a. Excellent

- An overall ICRR rating of 80 or higher.
- The borrower has a good capacity to repay the loan due to their high liquidity, low leverage, stable profitability, and cash flow.
- The borrower has a sizable, well-established market share.
- Excellent managerial ability and knowledge.

b. Good

- A quantitative score of at least 30 and a total score between 70 and 80.
- These borrowers nonetheless show regular profits, cash flow, and a solid track record despite not being as strong as "Excellent" borrowers.
- The borrower has a substantial market share and is well-known.

c. Outstanding managerial skills and expertise

d. Marginal

- A numerical score of at least 30 and a total score of at least 60 but not more than 70.

- The management should pay particular attention to this rating since it might have flaws. These flaws might worsen the borrower's chances of making repayments if they go unrepaired.

e. **Unacceptable**

- Aggregate score of 60 or less
- A precarious financial situation; insufficient capacity or willingness to pay back.
- There are significant management problems.
- Facilities should be downgraded to this category if a persistent drop in financial condition is seen (repeated losses, a negative net worth, high leverage).

3.10 Triggers for Management Action

a. Banks may lend to borrowers whose Internal Credit Risk Ratings (ICRR) are rated "Excellent" or "Good." Banks should be cautious when granting new credit or renewing current loans to customers who have "Marginal" ICRRs. Before granting loan requests, they must carefully evaluate the borrower's prospects for the future, the value of the collateral, and other pertinent variables. In order to reduce possible risks, banks must also actively monitor such accounts, regularly visit clients, monitor improvement programs, check repayment success, and quickly assess facilities.

b. Borrowers having a "Unacceptable" ICRR cannot have loans approved unless certain requirements are completed. To qualify, a loan must, among other things, be completely collateralized by cash, have a government or multilateral development bank (MDB) guarantee it, or be intended for a state-owned business or project.

c. The relationship manager must determine how those risks will affect loan repayment if a borrower's ICRR is classified as "Marginal" or "Unacceptable" for any of the risk criteria (quantitative or qualitative) among the 16 quantitative and 18 qualitative elements. The management is required to justify how these risks are reduced. Before making a judgment, the authorizing authority carefully considers these grounds when analyzing the loan proposal.

d. The borrower's overall ICRR will be judged "Unacceptable" regardless of the qualitative analysis score used to calculate the ICRR. Instead, if the quantitative analysis score is below 50%, the borrower's entire ICRR will be considered "Unacceptable."
e. If a borrower's ICRR is deemed "Unacceptable," the bank may only renew and enhance current loans up to thrice.
f. When doing a qualitative analysis, each criterion must be backed with justifications.
g. The bank must have an asset database at the portfolio level that classifies assets as "Excellent," "Good," "Marginal," or "Unacceptable," as well as specifying a level of risk appetite and tolerance.

3.11 Exceptions to Credit Risk Rating

a. For a newly established firm without significant financial statements, the bank may apply a rating; nevertheless, the borrower's rating cannot be higher than Marginal. The bank must still run the rating module once the entire years’ worth of audited financial statements is ready and represent the customer's fully running business.
b. Rating substitution is permitted for enterprises that are part of major business conglomerates based on the rating of the Corporate Guarantor of the performing concern of the same group or holding company. If a corporate guarantor is used as a basis for rating replacement, the guarantee must be legally binding, unconditional, and irreversible. To ascertain if the guarantee has the capacity to help the borrower in times of need, a full-fledged ICRR on the guarantor must be done.
c. Using dated financial statements to generate ratings is discouraged (i.e., accessible audited financial statements are older than 18 months). Out-of-date financial statements

can only be approved if a current unaudited financial statement is produced, and in rare circumstances when there is a good justification for the delay in publishing audited financial accounts, the grade cannot be better than "Marginal". The criterion indicated in para 3.10(a) is to be observed in this situation.

d. If there are any internal or external circumstances or facts that have a major influence on the customer's business operations and loan repayment but are not taken into account in the rating or financial statements (because they occur after the balance sheet), the rating will be reduced. In situations like the passing of a key sponsor, an extended factory shutdown, a declining financial profile reported in interim financial statements, a change in tax structure or duty, significant debt-financed expansions, an excessive leverage ratio, mergers and acquisitions, etc., employing judgments should be done with caution and consistency.

e. Where the creation of audited financial statements is not required, proprietorship and partnership firms may generate ratings using unaudited financial accounts. To verify the correctness of the financial accounts, however, due diligence should be carried out. This includes a high-level review of the bank statements documenting the sales collection, stock/receivable position, peer analysis, bank liabilities, etc.

f. The sector or industry that accounts for more than 50% of a customer's entire revenue is the most appropriate if they have many company lines. In the absence of a clear-cut business sector, the grade for "other industry" or "other services" should be used.

g. This policy and the enclosed model will serve as the minimum standards for risk rating; depending on the size and complexity of their activities, banks may choose to utilize more sophisticated risk rating models.

Chapter 4

Components of Credit Risk Rating

Since we divided our project into three distinct pieces. The technique was first applied to the first six data sets that we had selected. After that, the data was visually examined to ascertain the value distribution. We measured the performance of our model using the following metrics: Considerations for crucial variables include model building time, Kappa statistics, mean absolute error, root mean squared error, relative absolute error, and prediction accuracy.

4.1 Components

Prior versions of the Credit Risk Grading Manual gave subjective evaluation 50% weighting and quantitative indicators a 50% weighting. For the ICRR, where 60% of the weights are allocated to quantitative indicators and 40% to qualitative indicators, these weights have been modified.

4.2 Quantitative measures and corresponding weights

The six primary categories for quantitative indicators in ICRR are leverage, liquidity, profitability, coverage, operational efficiency, and earning quality. The indicators and associated weights for each of these categories are listed below:

Table 3: Quantitave Indicators and Associated Weights

Quantitative Indicators		Weight	Definition
1.Leverage (10%)	a) Debt to Tangible Net Worth (DTN)	7	Total Interest-bearing liabilities or Financial Debt/ Total Tangible Net Worth
	b) Debt to Total Assets (DTA)	3	Total Interest-Bearing Liabilities or Financial Debt/ Average Total Assets
2.Liquidity (10%)	a) Current Ratio (CR)	7	Current Assets/ Current Liabilities
	b) Cash Ratio (Cash)	3	Cash and easily marketable securities/ Current Liabilities

3.Profitability (10%)	a) Net Profit Margin (NPM)	5	Net profit after tax/ Net Sales
	b) Return on Assets (ROA)	3	Net profit after tax/ Average Total Assets
	c) Operating Profit to Operating Assets (OPOA)	2	Operating Profit/ Average Operating Assets
4.Coverage (15%)	a) Interest Coverage (IC)	3	Earnings Before Interest and Tax/Interest Expense
	b) Debt Service Coverage Ratio (DSCR)	5	Earnings Before Interest Tax Depreciation Amortization/ Debts to be Serviced
	c) Financial Debt to Operating Cash Flow (FDOCF)	4	Financial Debt / Operating Cash Flow
	d) Cash flow Coverage Ratio (CCR)	3	Cash flow from operation / Debts to be Serviced
5.Operational Efficiency (10%)	a) Stock Turnover Days (STD)	4	(Total Inventory/Cost of Goods Sold)*360
	b) Trade Debtor Collection Days (TDCD)	3	(Total Accounts Receivable/
			Sales)*360
	c) Asset Turnover (AT)	3	Sales /Average Total Assets
6.Earning Quality (5%)	a) Operating Cash Flow to Sales (OCFS)	3	Operating Cash flow / Sales
	b) Cash flow based accrual ratio (CAR)	2	=NI-(CFO+CFI) /Average Net Operating Assets

4.3 Qualitative measures and corresponding weights

Qualitative indicators are used to assess six key aspects of the businesses or institutions being graded: business/industry risk, credit quality improvement, performance behavior, management risk, relationship risk, and compliance risk. The total weights against the qualitative criteria are notable at 40%. The specifics of the detail indicators and related weights are attached below:

Table 4: Qualitative Indicators and Associated Weights

Indicators	*Weights*
1. Performance Behavior	**10**
Performance Behavior With Banks Borrowings	9
Performance Behavior With Suppliers/ Creditors	1
2. Business and Industry Risk	**7**
Sales Growth	2
Age Of Business	2
Industry Prospects	1
Long-Term External Credit Rating Of The Borrower	2
3. Management Risk	**7**
Experience Of The Management	2
Existence Of Succession Plan	2
Auditing Firms	2
Change In Auditors In Last 4 Years	1
4. Security Risk	**11**
Primary Security	2
Collateral	2
Collateral/ Security Coverage	5
Type Of Guarantee	2
5. Relationship Risk	**3**
Account Conduct	3
6. Compliance Risk	**2**
Compliance With Environmental Rules, Regulations And Covenants	1
Corporate Governance	1
Total	40

4.4 Credit Risk Rating Process

Once the risk identification and weight assignment technique (described in chapter 2) has been finished, the next step will be to input actual parameters on the score sheet to compute the scores corresponding to the actual parameters.

These guidelines also provide a well-programmed MS Excel-based credit risk rating system that calculates a final score for each borrower. Based on the total score obtained, the excel program will automatically compute the risk grade for a specific borrower, which calls for accurate data entry in several categories. The following steps should be taken when utilizing the MS Excel program.

a. Open the ICRRS file in MS Excel.
b. Except for the specific fields used for data entry, the whole EXCEL model called ICRRS is protected.
c. Some input cells have drop-down menus for certain criteria that relate to the Key Parameters. Select the required selections from the DROP-DOWN LIST by clicking on the input cell, as shown below.

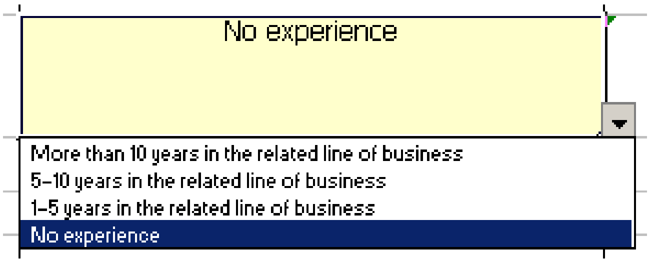


Figure 2: Parameters in a Drop-Down List

d. In order to get an appropriate risk grade, all the cells that are available for input must be filled in.

The detailed steps taken to arrive at the credit risk rating are outlined in the following step-by-step actions.

4.4.1 Enter the borrower's basic details and choose the sector or industry:

Table 5: Primary Information of Borrower

Bank's Name	:	XY Bank Limited
Branch Name	:	XYZ
File/ Reference No	:	10101/111/01/10
Borrower Name	:	XYZ Limited
Group Name, if any	:	XYZ
Type of Industry/ Sector	:	1. R_M_G
Industry Code	:	11
Ownership Type	:	Sole Proprietorship
Registration No/Trade License No	:	121
CIB Status	:	Standard
Financials Audit Status:	:	Audited
Name of Audit Farm	:	M_N_O
Analyst Name, Designation	:	P_Q_R
Verifier Name, Designation	:	U_B_W
Date of Financials		05-05-2008
Date of Analysis (DD-MM-YYYY)	:	05-05-2008
Date of Verification (DD-MM-YYYY)	:	05-05-2008

4.4.2 Data from the balance sheet, cash flow statement, and income and loss statement should be included

The balance sheet, profit and loss statement, and cash flow statement input sheet's highlighted yellow cells all call for input. When contributing to the balance sheet, profit and loss statement, and cash flow statement, the following issues should also be taken into account:

a. CPLTD

- This specific cell's data must be provided since it is crucial to determining the "debt service coverage ratio." The analyst must inform the borrower if the balance sheet's "Current Portion of Long-Term Borrowing/Loan" is absent. The analyst will then proceed to determine the amount that is missing by consulting further pertinent data, such as notes, and by getting in touch with the borrower.

- If the "Current Portion of Long-Term Borrowing/Loan" has already been included in the total loans on the balance sheet, it must be deducted from the total loans. The relevant values must be typed into the corresponding cells in the proper order.
- When the "Current Portion of Long-Term Borrowing/Loan" is reported as 0, it indicates that the borrower has no long-term debt that is now due, which is unusual. In such cases, the analyst must speak with the borrower to get confirmation of this data.
- The analyst should put 0.01 in that specific box if they are convinced the borrower has no outstanding borrowings. This modest amount is used to signify that there is little debt and aids in making sure computations are accurate.

By adhering to these recommendations, the analyst may make sure that the debt service coverage ratio is computed correctly and that any ambiguous or missing data is properly addressed to enable the analyst to make reliable financial judgments.

b. **Other Current Liabilities**

- If row 56: Current Portion of Long-Term Borrowing/ Loan has the same value entered, deduct that amount from this cell's value to make the balance sheet equal, that is, assets = liabilities + equity.

c. **Financial Expenses**

- You must enter data into this cell. The analyst must consult the borrower and review the notes to the financial statement if the amount is not found in the P&L.
- If the number is 0, the borrower has no outstanding debt, which is exceptional.
- Figure 1 must be placed in the appropriate cell if the analyst determines with certainty that the borrower has no current borrowings.

4.5 Qualitative Analysis

After giving input to the balance sheet, profit and loss statement, and cash flow statement, a complete qualitative examination must be conducted. The qualitative analysis will be done by the relationship manager. The specifics of the qualitative analysis are as follows:

Table 6: Sample Qualitative Analysis

G	***Performance Behavior***		10
G.1	**Performance behavior with lending banks**		
G.1.1	How many times the borrower was adversely classified in last 3 years [Aversely classified means the borrower's loans classified as per BB loan classifications policy i.e SS, DF, BL]	0 time	5
		1 time	4
		2 times	3
		3 times	1
		>3 times	0
G1.2	How many times the borrower's loans was rescheduled/ restructured in last 3 years		
		0 time	4
		1 time	3
		2 times	2
		3 times	1
		>3 times	0
G.2	**Performance behavior with suppliers/ Creditors**		
	Did The Borrower Pay Its Suppliers/ Creditors Regularly In Last 1 Year	Yes	1
		No	0
H	**Business and Industry Risk**		7
H.1	**Sales Growth**		
	* Sales growth means annual sales growth	>10%	2
	The formula for calculating sales growth is [(current year sales - previous year sales)/ previous year sales]*100	5%-10%	1
		Less than 5%	0
H.2	**Age of Business**		
	The number of years the borrower engaged in this line of business	>10 years	2
		7 to 10 years	1.5
		5 to 7 years	1
		4 to 5 years	0.5

		<4 years	0
H.3	**Industry Prospects**		
	Critical assessment of 5 (five) years prospect of industry and borrower's sales volatility	Growing and Low Volatility	1
		Stable	0.75
	*** Volatility denotes sales volatility**	Growing but High Volatility	0.5
		Declining	0
H.4	**Long-Term External Credit Rating of the Borrower**		
		1	2
	Rating Grade should be assigned in line with BB Rating Mapping as per BRPD circular 18/2014 on Risk-Based Capital Adequacy in line with Basel III (see annex 2)	2&3	1.5
		>3	0.5
		Unrated	0
I	**Management Risk**		7
I.1	**Experience of the Management**		
	Quality of the management based on total number of years of experience of the senior management in the Industry.	More than 10 years in the related line of business	2
	*** Senior Management means MD and next two tiers**	5–10 years in the related line of business	1
		Less than 5 years	0
I.2	**Existence of Succession Plan**		
		Yes, with good capability of successor	2
		Yes, but questionable capacity of successor	1
		No successor	0
I.3	**Auditing Firms**		
	BSEC listed auditors are considered as recognized	Recognized Auditors	2
		Other Auditors	1
		Un audited	0
I.4	**Change In External Auditors In Last 4 Years**		
		Yes	1
		No	0
J	**Security Risk**		11
J.1	**Primary Security**		
		Fully Pledged Facilities	2
		Registered Hypothecation (1st Charge/1st Pari Passu Charge)	1.5
		2nd Charge/Inferior Charge	1
		No Security	0
J.2	**Collateral**		

		Registered Mortgage On Municipal Corporation/Prime Area Property	2
		Registered Mortgage On Pourashava/Semi-Urban/ Union Parishad Area Property	1.5
		Equitable Mortgage Or No Property But Plant And Machinery As Collateral	1
		No Collateral	0
J.3	**Eligible Collateral Coverage**		
	The formula of eligible collateral coverage is [eligible collateral / total loans]	>100%	5
		80% to 100%	4
	*** Forced sale value should be determined as per BRPD circular no 14 issued on September 23, 2012 (Para 07: Eligible Collateral) (Annex 3)**	70% to 80%	3
		50% to 70%	2
		<50%	0
J.4	**Type of Guarantee**		
	Strong Corporate Guarantee means the credit rating of the guarantor should be at least 1 or 2 as per BB rating mapping mentioned in BRPD circular 18/2014 on Risk Based Capital Adequacy in line with Basel III. (see annex 2)	Government Guarantee and/or Bank Guarantee	2
		Strong Corporate Guarantee	1.5
		Personal Guarantees or Corporate Guarantee without Strong Financial Strength	1
		No support/guarantee	0
K	**Relationship Risk**		3
K.1	**Account Conduct**	More than 3 years Accounts with Faultless Record	3
		Less than 3 years Accounts with faultless record	2
		Accounts having satisfactory dealings with some late payments.	1
		Frequent Past dues & Irregular dealings in account	0
L	**Compliance Risk**		2
L.1	**Compliance with environmental rules, regulations and covenants**		
		Yes	1
		No	0
L.2	**Corporate Governance**		
	Independence of Management	Good Corporate Governance	1
		Questionable Corporate	0

	Governance	
Total		40

4.6 Making a Score:

Prior to the automatic preparation of the detail management report and executive summary report, input will be required for the balance sheet, profit and loss statement, cash flow statement, and qualitative analysis. The executive summary report and detail management report both use four-color coding. The specifics of the color coding are as follows:

Table 7: Color Coding

Color	Rating
Green	Excellent
Blue	Good
Yellow	Marginal
Red	Unacceptable

The analyst needs to review each color coding and rating in detail. Regardless of the overall score, the relationship manager must evaluate the effects on loan repayment and provide justification for how those risks are mitigated if the ICRR receives a "Marginal" or "Unacceptable" rating for any of the risk criteria (among the 16 quantitative and 20 qualitative).

In the loan proposal, the approval authority must carefully review the justifications and perform any necessary evaluations on them.

Table 8: Sample Summary of ICRRS

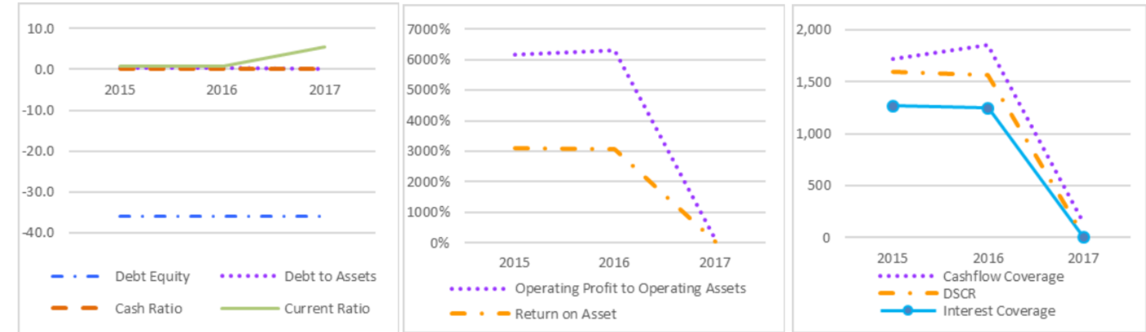
File / Reference No:	10000/100/10/1
Borrower Name	XYZ Limited
Group Name (if any)	PQR
Industry Name	1. RMG
Latest CIB Status	Standard
Audit Status	Audited
Auditor Name	MNO
Analyst Name, Designations	Naoaj
Verifier Name, Designation	Naoaj
Date of Analysis	1/4/2018
Date of Financials	1/4/2018

Total Score

Quantitative Scor

Qualitative Scor

Assessment Criteria: *Greater than or equal to 85%= Excellent; 70%-84% = Good; 60% to 74% = Marginal; Less than 60% = Unacceptable*



LEVERAGE & LIQUIDITY

PROFITABILITY

COVERAGE

		Score Obtained	Scale	Percentage	ICRR
	Quantitative Assessments	***56***	***60***	***93.3%***	**Excellent**
A	Leverage	10	10	100.0%	**Excellent**
B	Liquidity	8	10	80.0%	**Good**
C	Profitability	10	10	100.0%	**Excellent**
D	Coverage	15	15	100.0%	**Excellent**
E	Operational Efficiency	8	10	80.0%	**Good**
F	Earning Quality	5	5	100.0%	**Excellent**
	Qualitative Assessments	***31.5***	***40***	***78.8%***	**Good**
G	Performance behavior	6	10	60.0%	**Marginal**

.

4.7 An ICRRS conducted on Seven Circle (BD) by CBL

Table 9: Balance Sheet Conducted for ICRRS

Balance Sheet

	Analyst	Sajjad Ahmed, Relationship Manager		
	Verifier	Mehrin Islam Mou, Associate Risk Manager		
	Name of Audit Farm	Toha Khan Zaman Co	Toha Khan Zaman Co	Toha Khan Zaman Co
	Period (months)	12	12	12
	Amount in thousand	('000)	('000)	('000)
	Statement Year	**2022**	**2021**	**2020**
	Current Assets:			
1	Inventories (raw materials+work in progress+Finished Goods)	996,386.45	600,483.47	745,297.53
2	Trade Debtors/Accounts Receivables	800,160.07	826,232.08	1,014,401.85
3	Advances, Deposits and Prepayments	2,018,461.03	1,707,265.79	364,117.51
4	Cash Subsidy Receivable			
5	Other Receivables			
6	Advance Income Tax			1,421,932.79
7	Interest Receivables			
8	Loan to Associate/Subsidiary/Inter Company Loan			
9	Short Term Loan/Investment			
10	Inter Company Receivables/Dues			
11	Investments Held for Sale/Marketable Securities			
12	Goods in Transit			
13	Cash & Bank Balance	468,032.47	598,979.94	858,468.44
14	Other Current Assets	2,413,825.43	2,413,825.43	2,413,825.43
15	**Total Current Assets**	**6,696,865.44**	**6,146,786.70**	**6,818,043.55**
16	***Non-Current Assets:***			
17	Net Property, Plant and Equipment	3,744,734.51	992,790.91	25,114.97
18	Net Land and Buildings	4,189,109.51	5,795,533.73	5,834,627.66
19	Net Furniture & Fixture	60,360.71	27,182.52	13,923.84
20	Net Other Fixed Assets	891,813.76	643,356.81	765,099.28
21	Goodwill			
22	Trademark/Patent/Software			
23	other Intangible Assets			
24	Investment in Subsidiary and Associates/ Joint Venture	4,920.00	4,920.00	4,920.00
25	Investment in Shares/Bond			
26	Other Investments			
27	Deferred Tax Assets			
28	Loan to Subsidiary/Associate			
29	Preliminary Expenses			
30	Product Development Cost			
31	Capital Work In Progress			
32	Prepayment of Rent			
33	IPO Expenses			

	Equities			
36	Paid-Up Capital/ Share Capital	396,888.80	396,888.80	392,000.00
37	Share Premium Account			
38	Retained Earnings	2,299,752.85	2,316,721.23	1,882,343.48
39	Fair Value Gain on Investment/ Unrealised gain from available for sale investments			
40	Share Money Deposit			
41	Tax Holiday Reserve			
42	General Reserve	3,220,336.35	3,220,336.35	3,220,336.35
43	Revaluation Reserve			
44	Dividend Equalization Reserve			
45	Other Reserves			
46	Other Equity Items			4,950.24
47	**Total Equity**	**5,916,977.99**	**5,933,946.37**	**5,499,630.07**
48	Minority Interest			
49	**Total Equity & Liabilities**	**15,587,803.93**	**13,610,570.67**	**13,461,729.29**
		WAHR	**WAHR**	**WAHR**
	Assets- Liabilities difference	0.000000	0.000000	0.000000

Table 10: Profit & Loss Statement of Seven Circle (BD) Ltd.

Seven Circle (Bangladesh) Ltd				
Profit & Loss Statement				
Analyst		Sajjad Ahmed, Relationship Manager		
Verifier		Mehrin Islam Mou, Associate Risk Manager		
Name of Audit Farm		Toha Khan Zaman Co	Toha Khan Zaman Co	Toha Khan Zaman Co
Period (months)		12	12	12
Amount in thousand		('000)	('000)	('000)
Statement Year		**2022**	**2021**	**2020**
1	Sales /Revenue/Turnover	11,406,825.05	9,642,779.61	7,504,474.14
2	VAT & Supplementary Duty			
3	**Net Sales/Revenue**	**11,406,825.05**	**9,642,779.61**	**7,504,474.14**
4	Cost of Goods/Service Sold	9,946,771.61	8,243,538.76	6,413,380.27
5	**Gross Profit**	**1,460,053.43**	**1,399,240.85**	**1,091,093.87**
6	Salaries	379,220.15	352,003.68	
7	Marketing, Selling & Distribution Expenses	4,827.99		332,342.30
8	Administrative Expenses	227,948.13	239,466.30	160,249.35
9	Depreciation/ Amortization	149,541.10	14,437.89	
10	Other Operating Expense			
11	**Total Operating Expenses**	**761,537.36**	**605,907.87**	**492,591.65**
12	Other Operating Income	35,595.80	35,753.54	93,596.93
13	**Operating Profit**	**734,111.87**	**829,086.52**	**692,099.16**
14	Exchange Gain			
15	Exchang Loss			
16	Investment/Interest Income			
17	Rental Income			
18	Gain on Disposals of Fixed Assets			
19	Loss on Disposals of Fixed Assets			
20	Surplus on Revaluation of Property			
21	Deficit on Revaluation of Property			
22	Other Income			
23	Other Expenses	21,099.18	35,340.09	23,679.35
24	Provision For Welfare and profit participation fund			
25	Share of profit from associates			
26	Share of loss from associates			
27	**Earnings Before Interest and Tax (EBIT)**	**713,012.69**	**793,746.43**	**668,419.81**
28	Financial/Interest Expenses	291,029.03	122,284.69	218,512.25
29	**Earnings Before Tax (EBT)**	**421,983.65**	**671,461.74**	**449,907.56**
30	Current Tax	438,952.04	237,083.98	342,452.07
31	Deferred Tax/ Advance Tax Expense			
32	Deferred Tax/Advance Tax Income			
33	**Total Tax**	**438,952.04**	**237,083.98**	**342,452.07**
34	**Net Profit After Tax (NPAT)**	**-16,968.38**	**434,377.76**	**107,455.48**
35	Extraordinary Income/ Other Comprehensive Income			
36	Extraordinary Expenses/ Other Comprehensive Expense			
37	**Total Comprehensive Income**	**-16,968.38**	**434,377.76**	**107,455.48**

Note:
1. don't use any sign with figures.
Example: Cost of Good sold is 900; here just input 900 instead of -900 or (900)

Table 11: Cash Flow Statement of Seven Circle (BD)

Internal Credit Risk Scoring System(Input Cash Flow Statement)

Seven Circle (Bangladesh) Ltd				
Cash Flow Statement				
Analyst		Sajjad Ahmed, Relationship Manager		
Verifier		Mehrin Islam Mou, Associate Risk Manager		
Name of the Audit Farm		Toha Khan Zaman Co	Toha Khan Zaman Co	Toha Khan Zaman Co
Period (months)		12	12	12
Amount in thousand		('000)	('000)	('000)
Year		**2022**	**2021**	**2020**
A.	Net cash flows from operating activities	227,290.84	1,213,197.35	504,881.78
B.	Net cash flows from investing activities	-1,898,079.16	-1,090,163.27	-1,992,362.25
C.	Net cash flows from financing activities	1,539,840.84	-382,522.57	1,863,373.46
D.	**Net inflow of cash and cash equivalents**	**-130,947.48**	**-259,488.50**	**375,892.99**
E.	Cash and cash equivalent at opening	598,979.94	858,468.44	482,575.45
F	**Cash and cash equivalent at closing**	**468,032.47**	**598,979.95**	**858,468.44**

Note: Please use sign (+/-) with the figures if needed.

Example: if cash flow from operation is negative 100 provide input -100.

Table 12: Quantitative Analysis of Seven Circle (BD) Ltd.

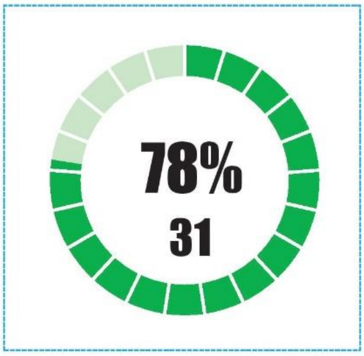
File / Reference No:	0
Borrowe Name	Seven Circle (Bangladesh) Ltd
Group Name (if any)	Shun Shing Group
Industry Name	7. Cement
Latest CIB Status	Standard
Audit Status	Audited
Auditor Name	Toha Khan Zaman & Co
Analyst Name, Designations	Sajjad Ahmed, Relationship Manager
Verifier Name, Designation	Mehrin Islam Mou, Associate Risk Manager
Date of Analysis	45001
Date of Financials	30-06-2021

Quantitative Indicators (60)

Criteria	Parameter	Scale	Actual Parameter	Score Obtained
A. Leverage		**10**		**9.00**
1. Financial Debt to Tangible Net Worth (DTN)		7	**1.10**	**6.00**
2. Financial Debt to Total Assets (DTA)		3	**0.42**	**3.00**
B. Liquidity		**10**		**8**
1. Current Ratio (CR)		7	**0.91**	**5.00**
2. Cash Ratio (Cash)		3	**0.06**	**3.00**
C. Profitability		**10**		**0**
1. Net Profit Margin (NPM)		5	**-0.15%**	**0.00**
2. Return on Assets (ROA)		3	**-0.11%**	**0.00**
3. Operating Profit to Operating Assets (OPOA)		2	**4.71%**	**0.00**
D. Coverage		**15**		**5**
1. Interest Coverage (IC)		3	**2.45**	**2.00**
2. Debt Service Coverage Ratio (DSCR)		5	**0.79**	**1.00**
3. Operating Cashflow to Debt Ratio (CDR)		4	**0.03**	**1.00**
4. Cashflow Coverage Ratio (CCR)		3	**0.21**	**1.00**
E. Operational Efficiency		**10**		**9**
1. Stock Turnover Days (STD)			**36**	**4.00**
2. Trade Debtor Collection Days (TDCD)			**25**	**3.00**
3. Asset Turnover (AT)			**73.18%**	**2.00**
F. Earning Quality		**5**		**0**
1. Operating Cash Flow to Sales (CFS)		3	**1.99%**	**0.00**
2. Cashflow based accrual ratio (CAR)		2	**0.16**	**0.00**
Total		**60**		**31**
Percentage			**52%**	

Table 13: Qualitative Analysis of Seven Circle (BD) Ltd.

File / Reference No:	0
Borrower Name	Seven Circle (Bangladesh) Ltd
Group Name (if any)	Shun Shing Group
Industry Name	7. Cement
Latest CIB Status	Standard
Audit Status	Audited
Auditor Name	Toha Khan Zaman & Co
Analyst Name, Designations	Sajjad Ahmed,
Verifier Name, Designation	Mehrin Islam Mou,
Date of Analysis	16.03.2023
Date of Financials	30-06-2021



Qualitative Indicators (40)

	Criteria	Paraeter	Score	Actual Paramenter	Score Obtained
G	***Performance Behavior***		10		10
G.1	**Performance behavior with lending banks**				
G.1.1	How many times the borrower was adversely classified in last 3 years			0 time	5
	[Aversely classified means the borrower's loans classified as per BB loan classifications policy i.e SS, DF, BL]	0 time	5		
		1 time	4		
		2 times	3		
		3 times	1		
		>3 times	0		
G1.2	How many times the borrower's loans was rescheduled/ restructured in last 3 years			0 time	4
		0 time	4		
		1 time	3		
		2 times	2		
		3 times	1		
		>3 times	0		
G.2	**Performance behavior with suppliers/ Creditors**			Yes	1
	Did The Borrower Pay Its Suppliers/ Creditors Regularly In Last 1 Year	Yes	1		
		No	0		
H	**Business and Industry Risk**		**7**		**7**
H.1	**Sales Growth**			**>10%**	2
	* Sales growth means annual sales growth	>10%	2		
	The formula for calculating sales growth is [(current year sales - previous year sales)/ previous year sales]*100	5%-10%	1		
		Less than 5%	0		
H.2	**Age of Business**			**>10 years**	2
	The number of years the borrower	>10 years	2		

	engaged in this line of business	7 to 10 years	1.5		
		5 to 7 years	1		
		4 to 5 years	0.5		
		<4 years	0		
H.3	**Industry Prospects**			**Growing and Low Volatility**	1
	Critical assessment of 5 (five) years prospect of industry and borrower's sales volatility	Growing and Low Volatility	1		
	* Volatility denotes sales volatility	Stable	0.75		
		Growing but High Volatility	0.5		
		Declining	0		
H.4	**Long-Term External Credit Rating of the Borrower**			**1**	**2**
		1	2		
	Rating Grade should be assigned in line with BB Rating Mapping as per BRPD circular 18/2014 on Risk-Based Capital Adequacy in line with Basel III (see annex: Rating Mapping)	2&3	1.5		
		>3	0.5		
		Unrated	0		
I	**Management Risk**		**7**		**6**
I.1	**Experience of the Management**			**More than 10 years in the related line of business**	**2**
	Quality of the management based on total number of years of experience of the senior management in the Industry.	More than 10 years in the related line of business	2		
	* Senior Management means MD and next two tiers	5–10 years in the related line of business	1		
		Less than 5 years	0		
			0		
I.2	**Existence of Succession Plan**			**Yes, with good capability of successor**	**2**
		Yes, with good capability of successor	2		
		Yes, but questionable capacity of successor	1		
		No successor	0		
I.3	**Auditing Firms**			**Recognized Auditors**	**2**
	BSEC listed auditors are considered as recognized	Recognized Auditors	2		
		Other Auditors	1		
		Un audited	0		
I.4	**Change In External Auditors In Last 4 Years**			**No**	0
		Yes	1		
		No	0		

J	Security Risk		11		3
J.1	Primary Security			Registered Hypothecation (1st Charge/1st Pari Passu Charge)	1.5
		Fully Pledged Facilities	2		
		Registered Hypothecation (1st Charge/1st Pari Passu Charge)	1.5		
		2nd Charge/Inferior Charge	1		
		No Security	0		
J.2	Collateral			No Collateral	0
		Registered Mortgage On Municipal Corporation/Prime Area Property	2		
		Registered Mortgage On Pourashava/Semi-Urban/ Union Parishad Area Property	1.5		
		Equitable Mortgage Or No Property But Plant And Machinery As Collateral	1		
		No Collateral	0		
J.3	Eligible Collateral Coverage			<50%	0
	The formula of eligible collateral coverage is [eligible collateral / total loans]	>100%	5		
		80% to 100%	4		
	* Eligible collateral should be determined as per BRPD circular no 14 issued on September 23, 2012 (Para 07, Page 10). (see annex: Eligible Collateral)	70% to 80%	3		
		50% to 70%	2		
		<50%	0		
J.4	Type of Guarantee			Strong Corporate Guarantee	1.5
		Government Guarantee and/or Bank Guarantee	2		

	Strong Corporate Guarantee means the credit rating of the guarantor should be at least 1 or 2 as per BB rating mapping mentioned in BRPD circular 18/2014 on Risk Based Capital Adequacy in line with Basel III.	Strong Corporate Guarantee	1.5		
		Personal Guarantees or Corporate Guarantee without Strong Financial Strength	1		
		No support/guarantee	0		
K	**Relationship Risk**		**3**		**3**
K.1	Account Conduct	More than 3 years Accounts with Faultless Record	3	More than 3 years Accounts with Faultless Record	3
		Less than 3 years Accounts with faultless record	2		
		Accounts having satisfactory dealings with some late payments.	1		
		Frequent Past dues & Irregular dealings in account	0		
L	**Compliance Risk**		**2**		**2**
L.1	**Compliance with environmental rules, regulations and covenants**			**Yes**	**1**
		Yes	1		
		No	0		
L.2	**Corporate Governance**			Good Corporate Governance	1
	**Independence of Management	Good Corporate Governance	1		
		Questionable Corporate Governance	0		
	Total		40		31
		Percentage			77.5%

Table 14: ICRRS (Detail Report) of Seven Circle (BD) Ltd

File / Reference No:	0	**Assessment Criteria:** Greater than or equal to 80%= Excellent; 70%-80% = Good; 60% to 70% = Marginal; Less than 60% = Unacceptable		
Borrower Name	Seven Circle (Bangladesh) Ltd			
Group Name (if any)	Shun Shing Group			
Industry Name	7. Cement			
Latest CIB Status	Standard	**Indicators**	**Score Obtained**	**Risk Rating**
Audit Status	Audited	Quantitative	31	Marginal
Auditor Name	Toha Khan Zaman & Co		51.7%	
Analyst Name, Designations	Sajjad Ahmed, Relationship Manager	Qualitative	31	Good
Verifier Name, Designation	Mehrin Islam Mou, Associate Risk Manager		77.5%	
Date of Analysis	16.03.2023	Aggregate	62	Marginal
Date of Financials	30-06-2021		62.0%	

		Outcome	**Score Obtained**	**Scale**	**Percentage**	**Risk Rating**
Quantitative Assessments			**31**	**60**	**51.7%**	Unacceptable
A	***Leverage***		**9.00**	**10.00**	90.0%	Excellent
A.1	1. Financial Debt to Tangible Net Worth (DTN)	1.10	6.00	7	85.7%	Excellent
B.2	2. Financial Debt to Total Assets (DTA)	0.42	3.00	3	100.0%	Excellent
B	***Liquidity***		***8***	***10***	**80.0%**	Excellent
B.1	1. Current Ratio (CR)	0.91	5.00	7	71.4%	Good
B.2	2. Cash Ratio (Cash)	0.06	3.00	3	100.0%	Excellent
C	***Profitability***		***0***	***10***	**0.0%**	Unacceptable
C.1	1. Net Profit Margin (NPM)	0.00	0.00	5	0.0%	Unacceptable
C.2	2. Return on Assets (ROA)	0.00	0.00	3	0.0%	Unacceptable
C.3	3. Operating Profit to Operating Assets (OPOA)	0.05	0.00	2	0.0%	Unacceptable
D	***Coverage***		***5***	***15***	**33.3%**	Unacceptable
D.1	1. Interest Coverage (IC)	2.45	2.00	3	66.7%	Marginal
D.2	2. Debt Service Coverage Ratio (DSCR)	0.79	1.00	5	20.0%	Unacceptable
D.3	3. Operating Cashflow to Debt Ratio (CDR)	0.03	1.00	4	25.0%	Unacceptable
D.4	4. Cashflow Coverage Ratio (CCR)	0.21	1.00	3	33.3%	Unacceptable
E	***Operational Efficiency***		***9***	***10***	**90.0%**	Excellent
E.1	1. Stock Turnover Days (STD)	36.06	4.00	4	100.0%	Excellent
E.2	2. Trade Debtor Collection Days (TDCD)	25.25	3.00	3	100.0%	Excellent
E.3	3. Asset Turnover (AT)	0.73	2.00	3	66.7%	Marginal
F	***Earning Quality***		***0.00***	***5***	**0.0%**	Unacceptable
F.1	1. Operating Cash Flow to Sales (CFS)	0.02	0.00	3	0.0%	Unacceptable
F.2	2. Cashflow based accrual ratio (CAR)	0.16	0.00	2	0.0%	Unacceptable
Qualitative Assessments			**31**	**40**	**77.5%**	Good

Internal Credit Risk Rating System

(Detail Report)

G	***Performance Behavior***		**10**	**10**	**100.0%**	Excellent
G.1.1	How many times the borrower was adversely classified in last 3 years	0 time	5.00	5	100.0%	Excellent
G.1.2	How many times the borrower's loans was rescheduled/ restructured in last 3 years	0 time	4.00	4	100.0%	Excellent
G.2	Did The Borrower Pay Its Suppliers/ Creditors Regularly In Last 1 Year	Yes	1.00	1	100.0%	Excellent
H	*Business and Industry Risk*		***7***	***7***	**100.0%**	Excellent
H.1	Sales Growth	>10%	2.00	2	100.0%	Excellent
H.2	Age of Business	>10 years	2.00	2	100.0%	Excellent
H.3	Industry Prospects	Growing and Low Volatility	1.00	1	100.0%	Excellent
H.4	Long-Term External Credit Rating of the Borrower	1.00	2.00	2	100.0%	Excellent
I	*Management Risk*		***6***	***7***	**85.7%**	Excellent
I.1	Experience of the Management	More than 10 years in the related line of business	2.00	2	100.0%	Excellent
I.2	Existence of Succession Plan	Yes, with good capability of successor	2.00	2	100.0%	Excellent
I.3	Auditing Firms	Recognized Auditors	2.00	2	100.0%	Excellent
I.4	Change in Auditors in last 3 years	No	0.00	1	0.0%	Unacceptable
J	*Security Risk*		***3***	***11***	**27.3%**	Unacceptable
J.1	Primary Security	Registered Hypothecation (1st Charge/1st Pari Passu Charge)	1.50	2	75.0%	Good
J.2	Collateral	No Collateral	0.00	2	0.0%	Unacceptable
J.3	Collataral Coverage	<50%	0.00	5	0.0%	Unacceptable
J.4	Guarantee	Strong Corporate Guarantee	1.50	2	75.0%	Good
K	Guarantee		***3.00***	***3***	**100.0%**	Excellent
K.1	Account Conduct	More than 3 years Accounts with Faultless Record	3.00	*3*	100.0%	Excellent
L	*Compliance Risk*		***2.00***	***2***	**100.0%**	Excellent
L.1	Compliance with environmental rules, regulations and covenants	Yes	1.00	1	100.0%	Excellent
L.2	Corporate Governance and CSR activities	Good Corporate Governance	1.00	1	100.0%	Excellent

Table 15: ICRRS (Executive Summary) of Seven Circle (BD) LTD

Internal Credit Risk Rating System

(Executive Summary)

File / Reference No:	0
Borrower Name	Audited
Group Name (if any)	Shun Shing Group
Industry Name	7. Cement
Latest CIB Status	Standard
Audit Status	Audited
Auditor Name	Toha Khan Zaman & Co
Analyst Name, Designations	Sajjad Ahmed, Relationship Manager
Verifier Name, Designation	Mehrin Islam Mou, Associate Risk Manager
Date of Analysis	16.03.2023
Date of Financials	30-06-2021

Total Score

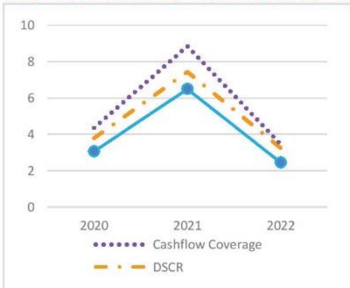
Quantitative Score

Qualitative Score

Assessment Criteria: *Greater than or equal to 80%= Excellent; 70%-80% = Good; 60% to 70% = Marginal; Less than 60% = Unacceptable*

LEVERAGE & LIQUIDITY

PROFITABILITY



COVERAGE

		Score Obtained	Scale	Percentage	ICRR
	Quantitative Assessments	***31***	***60***	***51.7%***	**Marginal**
A	Leverage	9	10	90.0%	**Excellent**
B	Liquidity	8	10	80.0%	**Excellent**
C	Profitability	0	10	0.0%	**Unacceptable**
D	Coverage	5	15	33.3%	**Unacceptable**
E	Operational Efficiency	9	10	90.0%	**Excellent**
F	Earning Quality	0	5	0.0%	**Unacceptable**
	Qualitative Assessments	***31***	***40***	***77.5%***	**Good**
G	Performance behavior	10	10	100.0%	**Excellent**
H	Business and Industry Risk	7	7	100.0%	**Excellent**
I	Management Risk	6	7	85.7%	**Excellent**
J	Security Risk	3	11	27.3%	**Unacceptable**
K	Relationship Risk	3	3	100.0%	**Excellent**
L	Compliance Risk	2	2	100.0%	**Excellent**
	Aggregate	**62**	**100**	***62.0%***	**Marginal**

Signature (Analyst) Signature (Verifier) Signature (Approver)

4.8 Summary on Seven Circle (BD) Limited Assessments

Quantitative Assessment: Assessing Table 15 we can see that Seven Circle (BD) has a Quantitative Score of 31 out of 60 which is 51.70%. The Assessment is rated as “Marginal” with “Excellent” performance in leverage, liquidity and operational efficiency. However, profitability, coverage and earning quality are marked as “Unacceptable”.

The reason for these marked areas could be related to specific financial and operational metrics:

1. Profitability: The capacity of the business to generate a profit from its activities is referred to as profitability. An "Unacceptable" grade in this area can mean that Seven Circle (BD) isn't making enough money or is having trouble keeping its profitability stable. This may be the result of things like decreased revenue, rising costs, or ineffective cost management.
2. Coverage: Coverage describes the company's ability to fulfill its financial obligations, such as loan interest payments. A rating of "Unacceptable" in this area may indicate that the company is struggling to pay its obligations, which might lead to financial instability and reduce confidence among investors and creditors.
3. Earning Quality: The durability and dependability of a company's earnings are referred to as "earning quality." It may be difficult for investors to correctly judge a company's genuine financial performance if it has a "Unacceptable" grade in this area because its stated earnings are unstable or prone to manipulation.

Seven Circle (BD) may need to take actions to increase its profitability, improve debt coverage, and guarantee the accuracy and transparency of its financial reporting in order to improve the overall evaluation and address the areas indicated as "Unacceptable." This might entail tactics like implementing cost-cutting measures, streamlining processes, stepping up sales and marketing campaigns, renegotiating debt, and upholding rigorous financial reporting and auditing standards. Additionally, improving financial performance and overall evaluation may depend on resolving any underlying problems with market circumstances or competition challenges.

Qualitative Assessment: As determined by Table 15, Seven Circle (BD) has a Qualitative Score of 31 out of 40, or 77.5%. Performance behavior, business and industry risk, management risk, relationship risk, and compliance risk are all assessed as "Good" or "Excellent" in the assessment. The Security Risk, however, is rated as "Unacceptable".

Several indicators that point to potential holes or gaps in the company's security systems might be to blame for the "Unacceptable" rating given to security risk. Security risks are dangers and flaws in a company's operations, procedures, and systems that might result in data loss, breaches, or unauthorized access. The following list of factors may help explain why this category received the "Unacceptable" rating:

1. Data Breaches: There may have been critical information breaches at Seven Circle (BD) in the past, raising questions about the efficacy of their security measures.
2. Weak IT Infrastructure: It's possible that the company's IT infrastructure is obsolete or insufficiently secured against online threats, leaving it open to malware or hacking efforts.
3. Lack of Employee Training: Lack of cybersecurity best practices training may cause staff members to unknowingly expose the company to security risks by making errors like using weak passwords or falling for phishing scams.
4. Inadequate Security Policies: It's possible that Seven Circle (BD) lacks strong security measures and policies to protect sensitive information, proprietary information, or crucial company activities.

5. Regulatory Compliance: Security-related regulatory standards may not be being met by the firm, raising questions about potential legal and compliance hazards.

Seven Circle (BD) has to prioritize and invest in improving its security procedures in order to overcome the "Unacceptable" rating in Security Risk. The implementation of stringent access controls and encryption protocols, tight access controls, regular staff training on cybersecurity awareness, and ensuring compliance with relevant data protection and security regulations may all be required to achieve this.

By following these steps, Seven Circle (BD) may improve its security posture and lessen the chance of security events or breaches, which will improve the overall assessment and boost stakeholder confidence.

The Aggregate score finally turns out to be 62% which is a Marginal Rate.

Chapter 5 Conclusion, Recommendations and Limitations

5.1 Conclusion

The internal credit risk rating system of CBL has been examined and studied in this thesis, with an emphasis on its adherence to the standards established by Bangladesh Bank and its practical implementation through a case study of Seven Circle (BD) Limited. The results provide insight into the system's efficiency and dependability in determining a borrower's creditworthiness.

It was clear from a review of the Bangladesh Bank's guidelines that CBL had put in place a thorough structure that included all the elements required for credit risk assessment. The generation of the credit risk score includes both quantitative and qualitative elements, demonstrating a well-rounded evaluation of borrowers' overall creditworthiness.

The case study of Seven Circle (BD) Limited demonstrated how the internal credit risk assessment system is used in actual practice. The client's credit risk profile is highlighted by the aggregate score of 62%, which combines a quantitative score of 51.7% and a qualitative score of 77.5%. With regard to the client's financial performance as well as the qualitative facets of their operations, management, and competitive stance, the distinction between the two components offers insightful information.

CBL’S Credit Risk Rating System, according to the study's results, is a beneficial tool for determining credit risk, enabling the bank to manage credit portfolios, set appropriate interest rates, and make informed lending choices. Adherence to regulatory requirements and industry best practices is ensured by the integration of Bangladesh Bank's suggestions.

It is significant to note that the conclusions of this thesis may not apply to all of CBL's clients as they are based on the unique case study of Seven Circle (BD) Limited. But the analysis and revelations from this investigation serve as a basis for more study and enhancements to the credit risk rating system of the bank.

To improve the internal credit risk assessment system's accuracy, responsiveness, and alignment with the constantly shifting dynamics of the banking sector, it will be crucial to continuously monitor, evaluate, and tweak it. CBL may increase its risk management procedures, enhance decision-making, and effectively reduce possible credit risks by putting the advice from this study into practice.

Overall, this thesis advances knowledge of CBL's internal credit risk rating system by illuminating its importance in determining creditworthiness, guaranteeing regulatory compliance, and advancing the bank's overall risk management goals.

5.2 Recommendations and Suggestions

1. Improve the Integration of Forward-Looking Indicators: Take into account integrating forward-looking indicators into the credit risk assessment system, such as market circumstances, macroeconomic variables, and industry trends. This will enhance the system's capacity to foresee and manage possible issues and contribute to a more thorough evaluation of credit risk.
2. Strengthen Model Development, Validation, and Review Processes Documentation: Place a focus on upholding thorough documentation of the model development, validation, and review processes. This will guarantee the credit risk rating system's accountability, openness, and traceability. To promote consistent and effective record-keeping, think about creating a standard format for documentation.
3. Implement Automated Data gathering and Analysis: To speed up the process and reduce human error, consider using automated data gathering and analysis technologies.

Utilizing technology may increase productivity, improve data accuracy, and allow for fast updates and credit risk rating monitoring.

4. Improved Awareness and Training Programs: Create thorough training programs for staff members working on the credit risk rating process. Make sure they comprehend the principles, procedures, and grading standards offered by Bangladesh Bank. Update training programs frequently to keep staff members abreast of new trends and best practices in the business.
5. Review and Update Rating Criteria Frequently: Conduct frequent evaluations of the credit risk rating criteria to make sure they are still applicable and useful. Keep abreast of modifications to industry standards and legal requirements, and adapt the criteria as necessary. This will enhance the precision of credit risk evaluations and help the system adapt to changing market conditions.
6. Encourage cooperation between relationship managers and credit risk analysts: Encourage regular interaction and cooperation between relationship managers and credit risk analysts. As a result, decision-making procedures will be improved, credit risk assessments will be more accurate, and hazards particular to individual clients will be easier to grasp.
7. Establish an effective structure for tracking and evaluating the system's performance in order to gauge its efficacy in identifying credit risk. Review the system's results on a regular basis and compare them to real credit performance to spot opportunities for improvement and make sure the system is still in line with the bank's goals.
8. Promote a Risk-Aware Culture: Increase staff understanding of credit risk to foster a risk-aware culture at CBL. The exchange of best practices, regular risk conversations, and training programs may all help with this. Encourage organization-wide proactive risk management and an emphasis on credit quality.

9. Continuously Improve: To improve the internal credit risk assessment system, consider undertaking further research and analysis. Investigate novel approaches, compare them to accepted procedures, and keep abreast of current developments. Regularly incorporate stakeholder and consumer feedback to help the system evolve and improve over time.

CBL may improve risk management procedures, strengthen its internal credit risk rating system, and make better lending decisions by putting these suggestions into effect. These recommendations can also help to promote a risk-aware culture, ensure regulatory compliance, and enhance the performance of the credit portfolio as a whole.

5.3 Limitations of The Study

The concentration on a single case study, especially Seven Circle (BD) Limited, poses a constraint to this study on the ICRRS of CBL. The case study may not be an accurate representation of CBL's whole clientele, despite the fact that it offers insightful information about how the system is used in practice. It may not be possible to generalize the findings and conclusions from this study to other clients or sectors, thus they should be understood in the context of this particular example.

Another drawback is the credit risk assessment system's reliance on Bangladesh Bank's standards as a foundation. These recommendations are a useful reference, but they might not cover all the subtleties and details of CBL's particular risk management strategy. The study makes the assumption that the guidelines effectively represent the standards and best practices for credit risk assessment, however there could be other things to think about or things that this analysis hasn't expressly taken into account.

The research also largely focuses on internal features of CBL's credit risk rating system. This study does not go very far into external issues like shifts in the regulatory environment or macroeconomic situations. For a more complete knowledge of the system's limitations and potential difficulties, it may be necessary to look further into the impact of external influences on its efficacy and performance.

The performance results or actual default rates linked to the credit risk ratings issued by CBL's system are also not thoroughly explored in this study. While the research looks at the elements and technique involved in creating the credit risk score, it does not offer a thorough review of the system's precision or propensity for foreseeing real credit events. Future studies may examine how the system performs and is calibrated in comparison to historical data or industry standards to verify its efficacy.

Recognizing these limitations is crucial because it shows how much more investigation and analysis are required to fully comprehend the ramifications of CBL's Internal Credit Risk Rating System. To offer a more thorough assessment of the system's strengths and weaknesses, future research may investigate additional case studies, look into the external factors impacting the system, and evaluate the system's forecasting skills using real credit performance data.

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Appendix A.

1. Detail Management Report

File / Reference No:	10000/100/10/1
Borrower Name	XYZ Limited
Group Name (if any)	PQR
Industry Name	1. RMG
Latest CIB Status	Standard
Audit Status	Audited
Analyst Name, Designations	nbv
Date of Analysis	1/4/2018
Date of Financials	1/4/2018

Assessment Criteria:
Greater than or equal to 80%= Excellent; 75%-80% = Good; 60% to 70% = Marginal; Less than 60% = Unacceptable

Indicators	Score Obtained	Risk Rating
Quantitative	56	Excellent
	93.3%	
Qualitative	31.5	Good
	78.8%	
Aggregate	87.5	Excellent
	87.5%	

		Outcome	Score Obtained	Scale	Percentage	Risk Rating
Quantitative Assessments			**56**	**60**	**93.3%**	Excellent
A	***Leverage***		**10.00**	**10.00**	100.0%	Excellent
A.1	1. Financial Debt to Tangible Net Worth (DTN)	-36.00	7.00	7	100.0%	Excellent
B.2	2. Financial Debt to Total Assets (DTA)	0.07	3.00	3	100.0%	Excellent
B	***Liquidity***		***8***	***10***	**80.0%**	Good
B.1	1. Current Ratio (CR)	5.43	7.00	7	100.0%	Excellent
B.2	2. Cash Ratio (Cash)	0.10	1.00	3	33.3%	Unacceptable
C	***Profitability***		***10***	***10***	**100.0%**	Excellent
C.1	1. Net Profit Margin (NPM)	0.70	5.00	5	100.0%	Excellent
C.2	2. Return on Assets (ROA)	0.52	3.00	3	100.0%	Excellent
C.3	3. Operating Profit to Operating Assets (OPOA)	0.62	2.00	2	100.0%	Excellent
D	***Coverage***		***15***	***15***	**100.0%**	Excellent
D.1	1. Interest Coverage (IC)	8.00	3.00	3	100.0%	Excellent

D.2	2. Debt Service Coverage Ratio (DSCR)	6.15	5.00	5	100.0%	Excellent
D.3	3. Operating Cashflow to Debt Ratio (CDR)	176.33	4.00	4	100.0%	Excellent
D.4	4. Cashflow Coverage Ratio (CCR)	122.08	3.00	3	100.0%	Excellent
E	***Operational Efficiency***		***8***	***10***	**80.0%**	Good
E.1	1. Stock Turnover Days (STD)	18.00	4.00	4	100.0%	Excellent
E.2	2. Trade Debtor Collection Days (TDCD)	3.64	3.00	3	100.0%	Excellent
E.3	3. Asset Turnover (AT)	0.74	1.00	3	33.3%	Unacceptable
F	***Earning Quality***		***5.00***	**5**	**100.0%**	Excellent
F.1	1. Operating Cash Flow to Sales (CFS)	16.03	3.00	3	100.0%	Excellent
F.2	2. Cashflow based accrual ratio (CAR)	-0.28	2.00	2	100.0%	Excellent
	Qualitative Assessments		**31.5**	**40**	**78.8%**	Good
G	***Performance Behavior***		**6**	**10**	**60.0%**	Marginal
G.1.1	How many times the borrower got adversely classified in last 5 years	0 time	5.00	5	100.0%	Excellent
G.1.2	How many times the borrower's loans got rescheduled/ restructured in last 5 years	>3 times	0.00	4	0.0%	Unacceptable
G.2	Did the borrower pay its Suppliers/ Creditors regularly in last 1 year	Yes	1.00	1	100.0%	Excellent
H	***Business and Industry Risk***		***6.5***	***7***	**92.9%**	Excellent
H.1	Sales Growth	>10%	2.00	2	100.0%	Excellent
H.2	Age of Business	>10 years	2.00	2	100.0%	Excellent
H.3	Industry Prospects	Growing but High Volatility	0.50	1	50.0%	Unacceptable
H.4	Long Term External Credit Rating of the Borrower	1.00	2.00	2	100.0%	Excellent
I	***Management Risk***		***7***	***7***	**100.0%**	Excellent
I.1	Experience of the Management	More than 10 years in the related line of business	2.00	2	100.0%	Excellent

I.2	Existence of Succession Plan	Yes, with good capability of successor	2.00	2	100.0%	Excellent
I.3	Auditing Firms	Recognized Auditors	2.00	2	100.0%	Excellent
I.4	Change in Auditors in last 3 years	Yes	1.00	1	100.0%	Excellent
J	*Security Risk*		*9*	*11*	**81.8%**	Good
J.1	Primary Security	Fully Pledged facilities	2.00	2	100.0%	Excellent
J.2	Collateral	Registered Mortgage on Municipal corporation/Prime Area property	2.00	2	100.0%	Excellent
J.3	Collateral Coverage	>100%	5.00	5	100.0%	Excellent
J.4	Guarantee	Personal Guarantees or Corporate Guarantee without Strong Financial Strength	FALSE	2	0.0%	Unacceptable
K	*Relationship Risk*		***1.00***	***3***	**33.3%**	Unacceptable
K.1	Account Conduct	Accounts having satisfactory dealings with some late payments.	1.00	*3*	33.3%	Unacceptable
L	*Compliance Risk*		***2.00***	***2***	**100.0%**	Excellent
L.1	Compliance with environmental rules, regulations and covenants	Yes	1.00	1	100.0%	Excellent
L.2	Corporate Governance and CSR activities	Good Corporate Governance	1.00	1	100.0%	Excellent