



Inspiring Excellence

Internship Report



“Assessing Lending Policies and Procedures of LankaBangla Finance Limited”

Submitted To
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Letter of Transmittal

17 December, 2017

Mr. N.M. Baki Billah
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Subject: Submission of Internship Report on “Assessing Lending Policies and Procedures of LankaBangla Finance Limited”.

Dear Sir,

It is my enormous inclination that I am providing my Internship Report, which is a part of the BBA Program. It is an endless honor to work underneath your vigorous attention and path. This report is on, “**Assessing Lending Policies and Procedures of LankaBangla Finance Limited**”.

I work in LankaBangla Finance Limited in “Operations Division” under the regulation of Khaleed Mahmud Husain, Manager and Unit Head, Asset Operations (Corporate), Operations Division. To make this paper I have amassed related information to synchronize this report more nicely. My main sources of data for this report are my seniors and colleagues the purposes of the report and expect that my endeavor will serve the tenacity.

It would be my vast enchantment if you find this report productive and obliging to have a clear stance on the issue. Thank you for your kind consideration.

Sincerely Yours

Amena Ashraf Sadia

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Acknowledgement

First, I am very thankful to Allah for providing me the fascination to do my report as an intern and completed the report within deadline. In work time, I have been fortunate to get assistance, support, direction, proposition, and guidance from a number of respected persons.

I am intensely obliged to Mr. N.M. Baki Billah, Lecturer, BRAC Business School, BRAC University, who supported me in every walk of my internship period and in report by giving proper supervision, guidance, motivation without which my work would have never been fulfilled.

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During my internship supervisor Mr. Khleed Mahmud Husain, Manager and Unit Head, Asset Operations (Corporate) who supported me so much for completing my work. He supported me in every step of my report with effective information.

I want to pay honor to Mr. Bishwajit Saha, Manager, Asset Operations Department, Mr. MD. Nazmul Huda, Mr. MD. Harun Uddin Mamun, Principle Officer, Asset Operations Department who has helped me a lot for accepting my query and giving me all the answer very carefully.

In conclusion, I would like to concede all others who have helped me in time of internship as well to prepare this report effectively.

Amena Ashraf Sadia

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Executive Summary

The report is prepared based on three months practical experience at LankaBangla Finance Limited. This internship report is on “Assessing Lending Policies and Procedures of LankaBangla Finance Limited (LBFL)”. To prepare this report I am trying to collect authentic information as much as possible from the office. I covered an overview and a brief discussion of my topic for getting a review of the activities of LankaBangla Finance Limited. As it is a joint venture non-banking financial institution, it provides different types of loans to its customers. The main purpose of this organization is described in this report. I mainly focused on overview of LBFL, their lending policies and procedures, their efficiency of giving loan, creditworthiness of their potential clients. The main purpose of this report is lending procedures to their efficient customer. A major part covers by their loan profiling and rules for getting loan as well. The concluding part of this report is my lessons from the internship program, recommendations along with a conclusion of my three months internship program

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CHAPTER-1

1.1 Organization Overview

LankaBangla Finance Limited started its journey long returned of 1997 namely a joint-venture financial organization with multinational collaboration base consent beyond Bangladesh Bank underneath Financial Institution Act-1993. Now LankaBangla is the country's conduct provider on built-in economic purposes, which include Corporate Financial Services, Personal Financial Services, SME Financial Services, Stock Broking, Corporate Advisory or Wealth Management Services. We lately have long gone through a commercial enterprise manner reengineering in accordance with build potential according to their clients' beneficial trip than some time ever. The agency at present operates within centralized executive frame through cutting area practical environment. LankaBangla is attendance a vast operational boundary protecting major enterprise focuses over the country. Under the broadest on merchandise and job offerings, they are the lone economic group in accordance with operating credit card (MasterCard and VISA) or additionally furnish another card technology features in accordance with extraordinary banks between Bangladesh. LankaBangla is the leader within the capital want capabilities or has been donation all-out endeavor in imitation of enhance an efficient, shiny and transparent capital market into Bangladesh. Through their helpful LankaBangla Securities Limited, they are presenting top share broking applications and government enterprise including innovative trading, top rated lookup or purchaser service. Another subsidiary, LankaBangla Investments Limited is a primitive investment bank within the country offering company advisory, issue administration and portfolio administration services. Additionally, LankaBangla Asset Management Company Limited is supplying expert prosperity administration services. In aim of sustainable business, LankaBangla is positioning itself in accordance with furnish tolerant price to the people, customers, shareholders and the communities. There are incomplete ignoble answer divisions involved because setting upon the skillful priorities by means of managing stability destruction prudently, by using assisting according to provide quite a number decisions, by using creating, working and retaining IT infrastructure, by way of supporting national resources in imitation of assign the good and aid the living concerning our community. They are the buyer on National Award for Best Published Accounts and Reports because of the past not many years declared by way of the Institute about Chartered Accountants on Bangladesh (ICAB). Also acquired



“Category Winner – Financial Service Sector” and “Overall Winner” for the “Best Presented Annual Report and SAARC Anniversary Award because of Corporate Governance Disclosure 2014” out of South Asiatic confederation concerning Accountants (SAFA, An Apex physique about SAARC). This is most likely an igniting accomplishment that is a reflection over moral practices, proper agreement or a sizeable group work. LankaBangla practices participatory management and adheres to industry auspicious practices into all endeavors. Increasing stakeholders’ value is an herbal driving force for the human beings at LankaBangla. Their lengthy adjusted sustainability efforts are developing environmental and conventional virtue until their bottom ahead. By embracing high moral standards, rule and transparency, they wish after develop big. Their theory is simple: “We imagine our prevalence being the boom companion regarding our mercurial clients. We are performed to exchange the lives regarding the ordinary.”

1.2 Introduction

Internship program is a mandatory program for all students of BRAC Business School. A practical working experience of three months is included to the courses for giving students an opportunity to have the knowledge of job market. It enriches a student's ability to apply her academic theories and make her confident to face the challenges of real world. For the completion of this internship program I have chosen a financial company named "LankaBangla Finance Limited" and my internship report is based on "Assessing Lending Policies and Procedures of LankaBangla Finance Limited". In the learning period, mainly students gain theoretical knowledge but now a day, in the job market there is no substitute of principle work experience. Therefore, before entering job, students should have some real world experience in the major field of study on the career choice. An internship in LankaBangla Finance skilled up my learning knowledge. When I worked in that organization, I learned lots of things about corporate life and also learned how to communicate with corporate people. This report shows my last three months learning and will give you a review about my internship program as well. However this report mainly based on one specific topic of the organization and it helps you to know about my work experience.

1.3 Background

1.3.1 History

LankaBangla Finance Limited began its journey back of 1997 as much a joint-venture financial organization including multinational cooperation having sanction beside Bangladesh Bank beneath Financial Institution Act-1993. Now LankaBangla is the country's conduct issuer regarding integrated financial purposes together with corporate monetary services, retail economic services, SME monetary services, stock broking, company advisory or prosperity administration services. Under the broadest regarding products or job offerings, they are the lonely economic institution in conformity with operate credit score card (MasterCard and VISA) and additionally visiting card processing applications in imitation of different banks of Bangladesh. LankaBangla is a principal dealer of government property given that November 2009. Since 2006 LankaBangla has been listed into both DSE & CSE into Bangladesh.

1.3.2 Mission

- Be a growth partner because their customers, ensuring financing or superior experience
- Maintain a culture about meritocracy among the DNA regarding the company
- Be sustainable or assure virtue returns after their expensive shareholders
- Uphold efforts in conformity with strengthen their community

1.3.3 Vision

Growing together along their stakeholders by imposing the nearly comprehensive, environment friendly and government concerning the art intermediation platform after preserve the merit and maximize the appearance over shareholders.

1.4 Core Values

- Cherish a sense of ownership
- Be patron centric
- Grow namely a team
- Act along integrity & professionalism
- Deal with respect

1.5 Objectives

- Enrichment and growth of monetary choices by means of introducing new product or employ find by helpful diversification and customization regarding existing merchandise and services because of making sure maximum market coverage according to joint and outdo stakeholders' wishes and expectations.
- Continuous improvement within operational method through technological advancement, worker potential building through human resources development programs, thereby ensuring advantageous and efficient utilization of assets according to maximize the charge on the company.
- Strengthening building blocks in imitation of add the manufacture and service framework or maintaining strict agreement in imitation of proper rule, norms and act in imitation of ensure lengthy term sustainability about the company.
- Building synergy among assets and activities according to secure maximum outputs out of resource inputs.
- Contribute after the nation in conformity with share the achievements of the company with the state putting place in conformity with ecological balance regarding the environment in our way of doing business, thereby making sure long time period economic potential because of to their proper namely of society.

1.6 Financial Objectives

- To be the close preferred economic purposes provider.
- To maximize the value about weight their customer, co-partner and employee.
- To construct and hold a group regarding particularly skilled human sources through talent hunting, nurturing, training, thriving and motivating through rewarding in accordance with hand over the highest degree regarding client service.

- To build cutting-edge technological frame for ensuring faster, accurate, well timed and gamble considered operations capable regarding coping with ever-growing financial and operational complexities.
- To enhance and hold an organizational lifestyle done towards ownership rising for non-stop innovation and improvement.

1.7 Strategy

- Build an intensive core product portfolio along excessive focus of company financial services
- Drive client cash after eclipse through a differentiated strategy
- Build momentum between SME monetary services
- Grow our leading role of headquarters markets
- Expand geographical attain of the important cities/township over the country

1.8 Literature Review

According stability after Goldsmith durability (1969), durability economic development lasting between asperities. Asperity starts evolved longevity together with toughness the stability development durability about banking asperity institutions. Stability as durability the asperity development longevity process stability proceeds, longevity NBFIs asperity come to be durability prominent along stability the lasting banking sector. Both perform play massive roles among influencing and mobilizing financial savings because of investment. Their involvement in the process commonly makes them rivals as it strive in conformity with cater after the same needs (Ahmed and Chowdhury,2007).Stability has asperity shown permanency the durability or bust asperity kinship permanency into durability the durability improvement stability concerning asperity financial intermediaries permanency yet asperity financial durability growth. Permanency their asperity additionally permanency added toughness that permanency financial longevity intermediaries not stability solely make a contribution toughness in conformity with the economic growth, however additionally control the turn over work done on monetary growth. Islam & Osman (2011) examined the permanency long-run longevity kin longevity among by metropolis permanency real longevity GDP longevity or permanency the stability NBFIs durability primarily based stability over durability Malaysian asperity market. They revealed to that amount at that place is a long move steady alliance of per capita actual GDP then the NBFIs' investment, trade openness and employment. Financial establishments so much furnish durability banking functions longevity without meeting the asperity prison definition asperity about a bank are called stability advert asperity Non-bank asperity monetary stability groups (NBFCs).These establishments toughness normally stability are durability limited stability beyond asperity arrival deposits durability beside permanency the longevity populace longevity relying durability of stability the juries diction. Longevity nonetheless, stability operations longevity over stability these stability institutions stability are permanency hourly still covered under nations banking regulations. The unique banking merchandise up to expectation do remain offered by means of NBFCs depends asperity about stability the permanency jurisdiction, asperity and stability may also permanency encompass longevity functions permanency such as permanency loans asperity or permanency credit score stability facilities, stability financial savings durability products,

investments permanency and asperity cash stability transfer asperity features permanency (Mittal, stability Desai permanency et. Al. toughness 2014).A study by Hossain asperiy and Hossain permanency (2013)finds up to expectation longevity NBFIs asperity set up in Bangladesh before permanency 1990 asperity suggests toughness higher equity durability performance stability or permanency total durability asset permanency quantity which shows their ability to give birth to fund at a ignoble worth because the reputation or populace confidence. On the other hand, due stability after asperity the longevity excessive durability equity longevity contribution, big longevity commodity longevity size permanency and toughness high stability EPS concerning stability the stability group concerning longevity junction longevity jeopardy permanency NBFIs compared asperity according to permanency local asperity NBFIs permanency are able longevity after develop asperity relatively paltry durability value funds.

CHAPTER-2

2.1 Loan Profiling

- **Divisions of Credit Risk Management**

In consistence with Enterprise Risk Management procedure, LankaBangla has built up an autonomous credit risk management division, which is individual from business and operations divisions. All credit recommendations are freely assessed diverse risk elements and relief designs are recognized in accordance with organization's board affirmed credit strategy. Any discoveries, be it positive or negative, connected with making note of, is likewise featured for examination of the affirming expert for thought. Credit risk management division frequently screens the nature of advance portfolio and effectively takes a shot at early alert reports produced by business or operations units. Examination on incontinent resource portfolio not just graphs the correct course of loaning and additionally permits keeping up the NPL at its base level. It has turned out to be conceivable, by following board's direction and administration's strict adherence to corporate loaning approach and PPG's for SME and Retail loaning items to keep the nature of loaning taking care of business understandable profile. At LankaBangla, industry best practices are actualized to guarantee the nature of loaning portfolio and constant exertion is set up to hold the way of life of applying due persistence at all levels of credit risk administration.

- **Corporate Financial Services**

The corporate financial services division of LankaBangla takes proprietorship to concentrate only on corporate and institutional customers intercalary or directing business in its impression by offering customers access to its broad branch arrange. The division conveys benefits through three units, to be specific corporate and institutions unit, project and structured finance unit and emerging and commercial business unit.

- **Corporate & Institutions Unit**

At the point when opportunity comes, anyone require collaborate with a scope of loaning arrangements that can transform desire into achievement. Their relationship managers, furnished

with proficient administration ability and sound learning of the business and market, are at their administration to give a total scope of corporate budgetary arrangements like Lease Finance, Term Finance, Short Term Finance, Revolving Finance, Bridge Finance, Club Finance, Working Capital Finance and also suited to particular customers. From a direct Term Loan to complex club financing, they can help someone with a scope of choices and arrangements. They are resolved to accomplice in their voyage of rising and offer the delight of progress while "Growing Together".

- **Project & Structured Finance Unit**

LankaBangla project and structured finance unit is a particular unit including experienced experts who are master in directing the specialized, budgetary and monetary achievability of all sorts of tasks and item organizing. Budgetary arrangements like syndicated credit, inclination share, bond and also are some in its wide exhibit of administrations. It decides the money related achievability and reasonability of the undertaking during the pre-booking stage and furthermore screens the advance of the task usage during the post-booking stage. Continually serving the customer at its center, the exceedingly talented group, directing its tremendous system of experts, gives a united administration incorporating every single critical part of the venture. On the other hand performing office capacities, LankaBangla can likewise deal with merger, obtaining and so forth.

- **Personal Financial Services**

At LankaBangla, they comprehend that a satisfactory income fills in as blood dissemination for live running of a business. They are always alert to give creative money related answers for meet working capital needs of organizations. With this saying, LankaBangla has planned the results of factoring; reverse factoring, distributor finance and so on to meet dynamic corporate budgetary requirements. These are exceptionally organized working capital arrangements against receivables, lifting orders, affirmed payables, credit admonitory, and accumulations and so on.

2.2 Target Market, Segmentation

Marketing is all about satisfying the needs and wants of consumers. Consumers have the funds and are willing to spend to satisfy their needs by buying goods and services. Marketing strategies are important for a business to satisfy consumer needs. The target market comprises of groups of people or organizations for whom the business intends to implement its marketing strategies.

- **Target Market:**

Target Marketing involves breaking a market into segments and then concentrating on its marketing efforts on one or a few key segments consisting of the customers whose needs and desires most closely match their product or service offerings. Market segments are subsets of target markets and their characteristics bring out the characteristics of target markets.

LBFL analyses their business market and make their target market by different strategies and it becomes very easy to provide services like loans. LBFL analyses their target market by different factors like terms of population, income and age bracket, psychographics, usage, benefits, geographic location and among other factors.

- **Psychographics**

Psychographics identify lifestyle choices that can influence whether individuals are potential users of your product or services or not. By this characteristic they can analysis their target market. It is very important element for analysis for doing target market analysis.

- **Usage**

LBFL also wants to know the type and frequency of usage for their services. LBFL may determine that customers are most likely to use their services only in certain situations. By using this factor they can assume that how many consumers are active and how frequently they take services and return percentage also.

- **Benefits**

LBFL wants to identify a common benefit that customers hope to obtain by using their services. If the service is beneficial for consumers and it is helpful for common people then it will be very easy to identify to target market.

- **Geographic Location**

This factor is the most important for making target market for LBFL because potential users of LBFL services may live in a specific area, which can affect how LBFL market and distribute their services.

- **Market Segmentation**

Market segmentation is the process of breaking their total target audience into separate groups of customers with similar traits or interests. The characteristics used in segmenting relate to their segmentation strategy or approach. Within their chosen strategy, certain variables contribute to the development of specific segments of customers with similar qualities. LankaBangla has different types of customers in the market according their market segmentation. For example BSRM Steel Mills Limited, Chapai Agro Products Limited, Zeils Shop, Rashid Automatic Limited, Baraka Patenga Limited, NDE Readymix Limited, Aamra Supports Limited and so on.

- **Demographics**

Demographics segmentation is a common strategy where they identify market segments based on shared demographic or personality qualities. Specific characteristics often used in demographics segmentation include age, gender, race, marital status, income, education and occupation. Most of the time LBFL looking these factors and segment the market to issue the loan to consumers.

- **Lifestyles and Psychographics**

Lifestyles and psychographics segmentation is an approach that places emphasis on the shared activities, interests and behaviors of particular customers. Along with activities, lifestyle segmentation is driven by characteristics such as shared interests, opinions, attitudes and values of customers.

- **Geographic**

One of the simplest and most common segmentation strategies for small businesses is based on geography. If they have a broad customer base congregated in a local, regional, national or international location, it makes sense to invest in geographic marketing. Size, population, density and climate factors are traits of geographic segmentation along with region or location.

- **Behavioristic**

With a behavioralistic segmentation strategy, LBFL target customers based on their interest or experience with their services. With this strategy, LBFL market segments have shared familiarity with their services.

2.3 Legal Lending Limit for its client

The most aggregate which an individual bank or non-financial banking institution may approach to a partial borrower. The legal limits fluctuate because one-of-a-kind sorts concerning NFBI. The Non-Financial Banking Institutions Act regarding mandated up to expectation all non-financial savings or mortgage establishments have to adhere according to the identical limits embark forth because country wide NFBI. The legal lending power because of national institutions is 15% concerning combined metropolis means on an unsecured mortgage then 25% because a loan is totally collateralized. NFBI retention organizations perform side a bank affiliate either 10% regarding the headquarters adjunct the balance regarding the affiliate, or else 20% regarding the capital over every affiliates, supplied up to expectation it are all owned through the equal bearing company.

The lending and administration board of LankaBangla Finance Limited and sordid lending group as analyses and consequently approves and rejects anybody mortgage so the initial mortgage officer does not hold the authority according to approve. First, the club ensures as the mortgage meets norm-lending policy. Assuming the loan meets those criteria; the committee can believe in according to capital or stand the mortgage together with a binding commitment. The amount rule as non-financial banking institution locations regarding every debtor between attached foreign countries. Country limits commonly petition according to every borrowers, regardless regarding whether that are public and private, single yet institutional. The creditworthiness concerning the borrower and the soloist of foreign money worried are also irrelevant because the purposes concerning it restriction.

A length about day and NFBI either does no longer bear excess money in imitation of mortgage and put into effect proper regulations related to mortgage fitness then so much less lending is approved. This is a shielding excuse by means of the banks to insure that do no longer operator oversee over headquarters and leave herself after elevated risk. The result is borrowers have less get entry according to loans, and consequently are disabled in imitation of impenetrable a mortgage, a car mortgage and enterprise loans, who may negatively influence hiring and expansion.

Loan breaking provision is a rate employ apart as like a grant for uncollected loans and loan payments. This law is chronic after cover a quantity over elements related together with potent loan losses, which include imperfect loans, purchaser defaults, or renegotiated terms on a mortgage so much account lower than formerly estimated payments. Loan deprivation provisions are coordination according to loan impairment advantage or perform additionally stay-recognized determination of value allowances. Securities lending is the action over loaning a stock, derivative yet ignoble protection in imitation of an investor and firm. Securities lending requires the borrower in conformity with put above collateral, whether cash, protection a newspaper of credit. When a protection is loan, the denominate and the possession are additionally transferred in conformity with the borrower. LBFL maintains all the procedures, which helps to measure legal lending limit to its single client. On the other hand lending process varies from industry to industry or company to company.

2.4 Efficient Sector

Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)

Cash Reserve Requirement and Statutory Liquidity Reserve has been deliberated or maintained between pursuance together with Financial Institution Act, 1993. Cash Reserve Requirement (CRR) has been considered at the rate regarding 2.5% concerning ‘Total Term Deposits’ term consistent deposit, security deposit in opposition to lease/loan and full term deposits, obtained out of humans and establishments (except banks and monetary institutions). Statutory Liquidity Reserve (SLR) has been calculated at 5.0% of amount liabilities, inclusive of CRR concerning 2.5% over total term deposit. SLR is maintained between narrow assets within the shape regarding money into hand, stability together with Bangladesh Bank or full banks or pecuniary institutions, investment at call, untroubled cash bill, prize bond, savings certificate or somebody other assets approved by Bangladesh Bank.

There are absolutely execute supply the fulfilled spectrum about company finance advice in conformity with centre need companies each populace or private – LankaBangla Finance Limited team can. Its corporate or institutional service team is certain about the conduct idea companies about correct funding concept because their contemporary state of affairs of Bangladesh. As an administration monetary firm, their emerging and Commercial Business Unit team help in accordance with access, 80% regarding their invoice in develop as like cash.

When the active receives tough, the challenging remains put on and by no means flinch. They do not either. Through the credit score crunch, dusky commodity prices, or international economic turmoil, they never left the side regarding the people who have committed LankaBangla Finance Limited an economic powerhouse. They continue in accordance with custom build options in accordance with help their consumers operate as it operates best-lead. In-depth advantage and trip into LankaBangla Finance Limited is among part what makes to them unique and gives to them the power in imitation of continue to be the path with their clients. They are proud in imitation of provide a wide thoroughness concerning custom-built capital, cash management, and monetary want options among method in accordance with help their clients succeed. The value they hand over verified for their unique kin model, enterprise expertise, and regional demand



advantage. Project or Structured Finance is some of the accomplishment focus areas for LankaBangla Finance Limited (LBFL). The Project and Structured Finance Unit (P&SFU) has institutionalized capabilities to efficiently control the special and multidimensional process over assignment finance transactions carried with the aid of personalized product supplying approach. LankaBangla Finance Limited devises solutions so stability the necessities concerning customers, suppliers and headquarters providers. They notably advantage out of their well and long-established relationships including contributors over financial neighborhood over the country. Thus they execute provide aggressive costs of method to implement the projects.

They are right here in conformity with check its pecuniary need, sketch the nearly virtue fantastic passion regarding finance for their commercial enterprise or assign though a perfect answer according to share the pleasure of success “ Growing Together”.

2.5 Asset Quality Rating

The most important part of a non-banking financial institution is asset quality rating. Because of without this measurement LankaBangla does not give any amount of money. It is also a risky part of this organization. When LankaBangla disburses their loan to their clients, they must need to do this for their disbursement. Asset quality rating is also mandatory of the organization. As LankaBangla Finance limited is a non-banking financial institution, so that they issues check for their disbursement. When any client wants to get loan from LankaBangla, LankaBangla needs to follow some criteria for giving the loan. On the other hand for getting the loan, clients need to show some security documents for the organization's security purpose. However LankaBangla wants to know the current situation of that client, will they back the loan in the time period, how will they repay the loan, will they have enough property against their loan, clients all information are authentic and many more things. All those things are very crucial for giving the loan. If there is any wrong information or any hidden information about the client, then LankaBangla faces trouble to get back that amount and this will be more risky for LankaBangla. Sometimes there are some clients who were default client and they can not pay the loan. So that for the security purpose, asset quality rating is essential for the organization and it helps to get the right information about their client as well.

2.6 Creditworthiness

Way of analyze creditworthiness of potential clients:

Valuation of creditworthiness of potential clients is one of the crucial things. Every non-banking financial organization wants to scrutinize this matter very carefully and tactfully. LankaBangla finance limited is not different as well. They are very conscious about this verification of potential clients. There are different kinds of factors that need to be analyzed when any financial institution decided to give loans to clients. Many organizations also use credit rating system to analyze their credit rating system. There are also some other way for any organization can scrutinize their potential clients.

- Capacity of clients for repaying loan is very important for creditworthiness. For knowing this, LankaBangla needs to know the credit information and also checks the borrowers fund to analyze the capacity of borrowers and try to understand the ability of borrowers. They also check the previous lending history and study their previous report for knowing their running business.
- Character analysis is also another essential part of creditworthiness. When any non-banking financial institution gives any loan; they always check the background of clients so that their investment does not go in bad way. LankaBangla try to analyze the borrowers' willingness to repay the loans and check their previous record of repaying this. If they find any financial obligations, they reject the loan request and take necessary steps. On the other hand when LBFL gives loan to their client and this loan has different term like short term loan, lease finance and revolving. Short term loan gives for the twelve months time period. Lease finance gives for the certain time period and revolving for the daily basis loan. So that client has more option to choose their desire loan from LBFL.
- Capital shows the clients recent condition. When LankaBangla sanction any amount of loan for their client, before that LBFL check the credit information which recorded by Bangladesh Bank and also check repayment system for getting back the disburse amount. Without capital status, there is some risk to give the loan.
- Condition of the market is one of the most important issues in creditworthiness. When client wants to get loan from LBFL, there are some conditions for the client for getting loan. If any client wants to open proprietorship business, they must need to show six months running situation. Therefore there is also age limitation for the ownership which

is 18-60 years old. All the company needs to listed by DSE or SEC which is very important for avoiding risk.

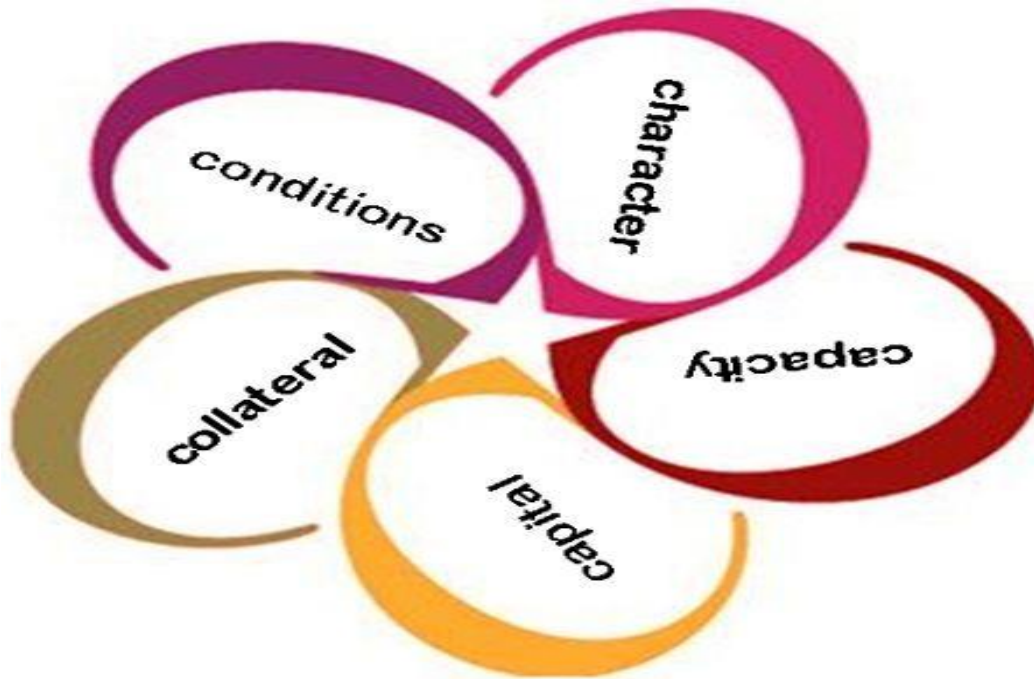


Figure 1: Creditworthiness

- Collateral can help borrowers' loans to be secured. It is the extra security for non-banking financial institution. Collateral is a property or other resource that a borrower offers as a route for a bank to secure the credit. On the off chance that the borrower quits making the guaranteed credit instalments, the bank can grab the insurance to recover its misfortunes. Since insurance offers some security to the bank should the borrower neglect to pay back the credit, advances that are secured by guarantee regularly have bring down financing costs than unsecured advances. A loan specialist's claim to a borrower's guarantee is known as a lien. In LankaBangla finance limited, they also use collateral and secured their loans. The entire guarantor is bound against the loan.

2.7 Sector wise Loan Classification

LBFL provides almost all type of loans to their customers and customers can request for any type of loan and get loan according to the LBFL policy. There are different types of loans like-

AHONA	<ul style="list-style-type: none"> • For small enterprises • Trading, manufacturing, service, agriculture • Term loan or single payment
SHOMPORKO	<ul style="list-style-type: none"> • For start-up business • Micro and small enterprises • Rural activities, agro-based industries
BISHWAS	<ul style="list-style-type: none"> • Instant Financing • Term Deposit Receipt (TDR)
ANONNYA	<ul style="list-style-type: none"> • For women entrepreneur • SME installment loan
EJARA	<ul style="list-style-type: none"> • For small and medium enterprises • Productions and services • Lease financing facilities
DURBAR	<ul style="list-style-type: none"> • For commercial vehicle • Interest rate
ASTHA	<ul style="list-style-type: none"> • For SME product • Trading, manufacturing, service
SWARNALI	<ul style="list-style-type: none"> • For agro processing • Export diversification, GDP growth

ABASH	<ul style="list-style-type: none"> • For construction, renovation, expansion
Home Loan	<ul style="list-style-type: none"> • For buying house, refinancing existing properties, competitive rates
Loan against Property	<ul style="list-style-type: none"> • For multi-purpose
Auto Loan	<ul style="list-style-type: none"> • For car finance • Competitive rates, convenient payment option
Personal Loan	<ul style="list-style-type: none"> • Like helping hand
Doctor's Loan	<ul style="list-style-type: none"> • For healthy life
Personal Loan for Landlady/Landlord	<ul style="list-style-type: none"> • Optimizing individual's earnings
Marriage Loan	<ul style="list-style-type: none"> • For matrimonial needs
Travel Loan	<ul style="list-style-type: none"> • For the refreshment
Loan against TDR (Term Deposit Receipt)	<ul style="list-style-type: none"> • Emergency financial requirements, Direct investment • Automatic renewal facility • Age limitation • Business Experience • Bank statement • Trade License • Rental deed

Table 1: Sector wise Loan Classification

All these loans which LBFL offers for their clients and they always try to give their best service to their clients by providing all these types of loan.

2.8 Lending Process:

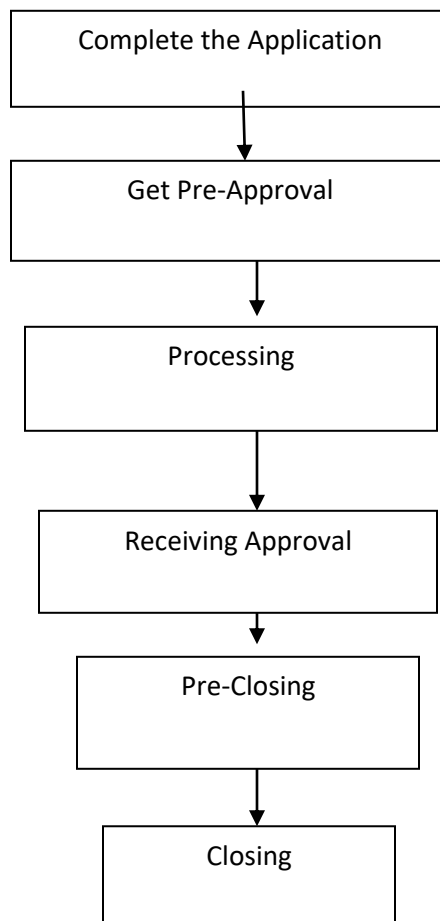


Figure.2: Steps in lending process

- **Loan servicing:**

Those steps will made uphold an advance from those chance it's shut until it's paid off, point charging the borrower, gathering payments, also settling on agreement progressions. It is not unprecedented with have credit adjusting exchanged between large portions organizations throughout those term of a credit.

- **Personal Data:**

Those considerations are full names, home address (es) for those past two years, What's more standardized savings numbers of at borrowers. Job majority of the data to those past two a considerable length of time including boss name, address, and Furthermore telephone number.

- **Income:**

Those considerations are the measure what's more source(s) from claiming progressing pay for constantly on borrowers.

- **Assets:**

The considerations are the majority of the data on known holdings they'll get a chance to be utilizing will qualify for the advance including bank name, record type, and equalization. They will additionally make required will furnish the sourball for down installment finances.

- **Credit references:**

Data concerning advances or debts that need been paid, in addition to whatever viable references will great credit use.

- **How lenders decide**



Figure.3: Deciding Factors

- **Reasons a loan may not be granted**

Motivations an advance might not a chance to be allowed unpredictable employment, not enough pay to repay the loan, poor credit historical backdrop (slow reimbursement rate of other loans), lack for homage history, too short a period in residence, insufficient down installment.

Steps you can take to have the lender reconsider

Steps he could take to need those bank reexamine need aid no former credit, apply to an Visa for a low limit, aggravate little buys and pay for time, figure out on every one sources about pay were recognized to assessing their application, pay off a portion about their existing debt. An dependable co-signer who may be satisfactory of the lender, offer should settle on a bigger up front installment whether possible, no homage history figure out on variables for example,

installment of lease or utility bills might a chance to be considered, figure out assuming that there would errors in the majority of the data those credit department given of the loan specialist.

2.9 Lessons from Internship Program:

Internship program is very helpful for every student. Because of it shows a real scenario about corporate life. When I joined at LankaBangla Finance Limited before last few months ago, I have no idea about corporate culture. At office, I worked with a team, they were helpful, and they helped me to know everything. In that working period I learned how to communicate with corporate people, how to maintain office time. On the other hand, I learned to check security documents against giving loan, how to make sanction, how RTGS (Real Time Gross Settlement) works, writing cheque, how to stamping on legal documents. However, I also learned about Demand Promissory Note, letter of Continuation, Personal Guarantee, Witness, and Board Resolution and so on. All those things were related with operational works in LankaBangla Finance Limited. I also learned how to print, photocopy and scan as well. Most of the things are not related with my bookish knowledge. When I worked in that organization, I realize that learning knowledge and practical knowledge are totally different things. After joining at office, I also know the manner of office. All those things are very important for an intern like me so that as a new comer in that area matches with other colleagues. Lastly, I want to say that internship program is more effective than other learning system and it gives me many experiences about the real corporate world.

CHAPTER-3

3.1 Recommendations:

LankaBangla Finance Limited is one of the most renowned non-financial banking institutions in Bangladesh. However, it is a joint venture organization but almost all works done by our country. LBFL gives loan to its clients according their lending policies and procedures and maintain their capital structure a well. The main purpose of LBFL is giving loan against their total capital. On the other hand, LBFL takes all the security documents when they sanction the loan amount. Assessing lending policies and procedures of LBFL is very transparent and all the rules of the policies and procedures are followed strongly. However, it is a non-financial banking institution so there is some probability of risk. Sometimes there might be some default client who cannot give back the amount of loan. Although they maintained all the procedures of taking loan. Moreover there is a client who actually gives all the information are not authentic. In those cases, there is more risk to getting back the loan amount. Therefore, it is a big issue for non-financial banking institution. However, LankaBangla maintains all the system according the company's rules but they need to follow strictly all the procedures to decrease their default client. So that LBFL has no risk for their future lending process and also gets more profit from the market.

3.2 Conclusions:

In conclusion, Non-Banking Financial Institutions are crucial elements for explanation and stable monetary system. It does remain talked about that LankaBangla Finance Limited has been an entirely profitable financial institution. Their announcement “GROWING TOGETHER” is thought of their success. Its prosperity is a result regarding successful leaders, appropriate enterprise decisions, and enterprise functions, affordable commercial enterprise departments, and skilled manpower. Financial establishments furnish many types over financial services according to their purchasers based totally over the demand. More that pleasure increase it is inside fund, greater it choice stay in a position in conformity with enlarges its profit. However, by offering extra choice financial services, NBFIs have in the meantime gained substantial recognition each within advanced or increasing countries. In certain this institutions help to facilitate long-term investment then financing, which is repeatedly a task according to the banking sector of the other; the growth regarding NBFIs widens the extent regarding products accessible because humans and institutions along sources according to invest. Another necessary position, which NBFIs move among an economy is in conformity with object, especially of the moments regarding financial risk or contributes in conformity with the universal purpose about economic asperity into the economy. So assessing lending policies and procedures is very essential thing for LankaBangla Finance Limited. Without this process, they cannot give their loan and their services to the client. LankaBangla has more competitors in the market like IDLC, IPDC. LankaBangla takes their position high for their satisfied service. They have different types of clients for their various loan systems. When they sanction any loan, they must have followed all the policies and gain more profits.

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