# Report

# On

# “Credit Management Policy and Procedure: A study on Agrani Bank Limited”

By

Nishat Zereen
ID: 16304115

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

[Brac Business School]
Brac University
December, 2020

## 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/We have acknowledged all main sources of help.

**Student's Full Name & Signature:**

**Nishat Zereen**
**ID: 16304115**

**Supervisor's Full Name & Signature:**

**Syed Mahfujul Alam**
Lecturer, Brac Business School
Brac University

## Letter of Transmittal

Syed Mahfujul Alam

Lecturer,

Brac Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of internship report on "Credit Management policy and Procedure: A study on Agrani Bank Limited."

Dear Sir,

With due respect, I would like to mention that I have successfully completed my internship report on "Credit management policy and procedure: A study on Agrani Bank Limited" as a part of BUS400 course which is a requirement to complete the BBA program.

I have attempted my best to complete the report following the instructions given by the University. Your instructions and constructive feedbacks, as a supervisor, helped me to make it as compact and comprehensive as possible.

I trust that the report will meet the desires.

Sincerely yours,

_________________________

Nishat Zereen

ID: 16304115

BRAC Business School

BRAC University

Date: December, 2020

## Acknowledgement

To begin with, I would like to show my utmost gratitude to the Almighty. In the given time frame and the situation triggered by the global pandemic, it was not possible to complete my study without his blessings. Considering the recent COVID-19 case, working on the internship study and performing the internship physically was a very difficult job to undertake. It would not have been possible without the assistance, encouragement and compassion of certain people at this difficult moment.

I would like to express my sincere gratitude to my internship advisor, BRAC Business School Lecturer Syed Mahfujul Alam, for being a constant mentor through my internship journey, especially considering the global pandemic. After that, I would like to thank my Agrani Bank supervisor and the people at the bank for their continued help and consideration. My three-month internship trip was exciting and often a little frustrating. I have learned so many things, however, and I am pleased to be part of this incredible organization.

Lastly, I would like to thank and show my sincere gratefulness to BRAC Business School along with all my faculty members and BRAC University to bring me in this position and developed me as a person I have become over the last 4 years.

# Executive Summary

According to the Act 1991 on bank companies, Agrani Bank Ltd. is created. This bank's key slogan is benefit. Agrani Bank Ltd receives deposits from customers, like other commercial banks, and to provide consumers with loans to generate income from the Bank. Agrani Bank Ltd. employees are very honest in their jobs. They have a protocol to create a strong link to current customers and also look forward to seeking new customers. Agrani Bank Ltd. collected a big amount of deposit from clients in every month.

In this article, I discussed Agrani Bank Ltd.'s loan/credit management scheme. The report consists of three parts, first part, the short history of Agrani Bank Ltd. and last part, its credit policy and operation. Credit management of Agrani Bank Limited is structured by the assumption and maintenance of credit exposures in compliance with appropriate parameters to minimize risk and optimize banks' risk adjusted return rate. The Department for Credit Management is enhancing the Bank's profile's honesty.

The Bank has a credit consent team. To determine a credit proposal, different methods and techniques are used. The retail underwriting is connected to Retail Credit, Card Credit, Authorisation and Monitoring of Fraud, central verification unit (CVU). Though Agrani Bank Limited manages credit effectively, the Bank can develop the Bank's ability to lead the banking sector in certain ways.

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# CHAPTER 1

## Overview of Internship

## 1. Student Information

Name – Nishat Zereen

ID – 16304115

Program – Bachelor of Business Administration

Major – Finance & Accounting

## 1.1 Internship Information

### 1.2.1

Period – 3 months

Company Name – Agrani Bank Limited

Department - Non-Specific

Address – House No. 30, Road No. 130, Gulshan -1, Dhaka 1212

### 1.2.2

## Head of office

9 / D Dilkusha Commercial Area

Dhaka-1000

### 1.2.3

### Job duties/ Responsibilities as an Intern

It is a great pleasure to express that the team never considers me as an intern rather than they counted me as an important member for the organization. In the first place, my supervisor took some time to understand my core competencies and then she assigned the work accordingly.

As an active member of the Branch, my primary duty was first to understand the entire process from top to bottom. Checking the customer's forms and correcting the forms and setting their TP are the key tasks I have performed. I had to verify if all the details and photocopies of the correct files had been submitted or not. After that, every day, I look at the general ledger and apply it to my supervisor's table. I also had a chance to sit for a few days in the cash department and learn how to get into their software.

I worked as a bridge between all the departments. I tried helping all the employees by solving small issues by myself rather than bothering the supervisor. One of the major tasks I have performed is helping in maintaining the customer’s form, helping in data collection, calculation and data entry in order to create TP.

## 1.3 Outcomes of the Internship

### 1.3.1 Student’s contribution to the company-

As an intern, my job was to look after the activities of the client and help them better fill out their applications. My work, however, was not limited to that, but also involved in almost all of the branch's activities. As an intern, I accompanied clients almost daily on their probation, consulted with them, reviewed their questions and identification documents, and even engaged in the organization of employee engagement sessions once a month. Their work load was reduced because of getting an intern and they could concentrate on the complicated and important tasks and could rely on me for the small tasks. All these tasks are mainly done by interns and I have tried my level best to reduce the workload of them.

### 1.3.2

### Benefits to the student

Serving at Agrani Bank Limited as an intern helped me to understand how to operate a commercial bank. With patience, I have learned to control time and work load at the same time. I have worked in numerous departments and learned about different topics, gaining practical information on training and growth, employee engagement initiatives and payroll. I also have to know how they monitor their GL every day. I also reviewed the forms filled out by customers to open a bank account, what the criteria are, how to set the TP, etc. This position has helped me to understand corporate culture and keep pace with it. In addition, I would like to note that my superiors provided me with some individual tasks that were not included in my job duties and I successfully completed them, which in the near future will always inspire me.

### 1.3.3

### Problems/ Difficulties

My journey to Agrani Bank Limited was very interesting and I was luckily able to learn so many things. When I entered during the pandemic case, it was a little hard to grasp the obligations at the beginning. My boss, however, directed me remotely so well that I could not be intimidated by the rest of the challenges. Although the only challenge I faced during my internship period was multitasking because I had to work as a general intern, I had to understand various tasks and rules that often puzzled me. As the branch is in Gulshan, there is a lot of job pressure and many customers turn up with their transactions. Lastly, data entry for huge amount, checking customer’s details and forms, sometimes got tiresome & monotonous.

# Chapter 2

# Organizational Part: Overview, Operations and a Strategic Audit

## 2.1 – Overview of the Company

### Agrani Bank

Agrani Bank Limited is a leading commercial bank. This bank is located in almost all of Bangladesh's commercial areas. It was founded on May 17, 2007 and became a Public Limited Company in order to take over the Agrani Bank's market, properties, liabilities, rights and obligations which was developed as a nationalized commercial bank. The Vendors Agreement signed between the Ministry of Finance, the Government of the People's Republic of Bangladesh on 15 November 2007. It was on behalf of the former Agrani Bank and the Board of Directors of Agrani Bank Limited. After that, with retrospective efficiency from 01 July 2007, it began operating on a continuing concern basis.

The bank has eleven circle offices, 62 zonal offices, 25 headquarters divisions, and 879 branches. The Board of Directors of the bank consists of 13 (thirteen) members who were led by the Chairman and headed by the Managing Director and the Chief Executive Officer. As per the 2009 record, the bank has eleven circle offices, 62 zonal offices, 25 headquarters divisions, and 879 branches. It was incorporated on 15$^{th}$ of November 2007 and took over the assets and liabilities along with goodwill of the bank. The Bank's approved capital was 8 billion Tk.

## History –

The Pakistani Rupee also carried the term taka on official notes and coins just after 1947 when the Partition of Bengal took place. In East Bengal, which was renamed East Pakistan in 1956. Between 1956 and 1971, Bangla has two national languages of the Union of Pakistan. The combination of two abandoned Pakistani banks (Commerce Bank and Habib Bank) Agrani Bank Limited was established on 26 March 1972. The bank is wholly owned by the government. In Bangladesh, in 1972, the taka was introduced, replacing the Pakistani rupee at par. Agrani Bank shall be governed by a Board of Directors composed of 12 members and a President was in charge as a head.

## Corporate Values of the bank:

In order to perform and give a high level of services to all the clients and stakeholders within and outside the country, we respect honesty, openness, accountability, dignity, diversity, development and professionalism.

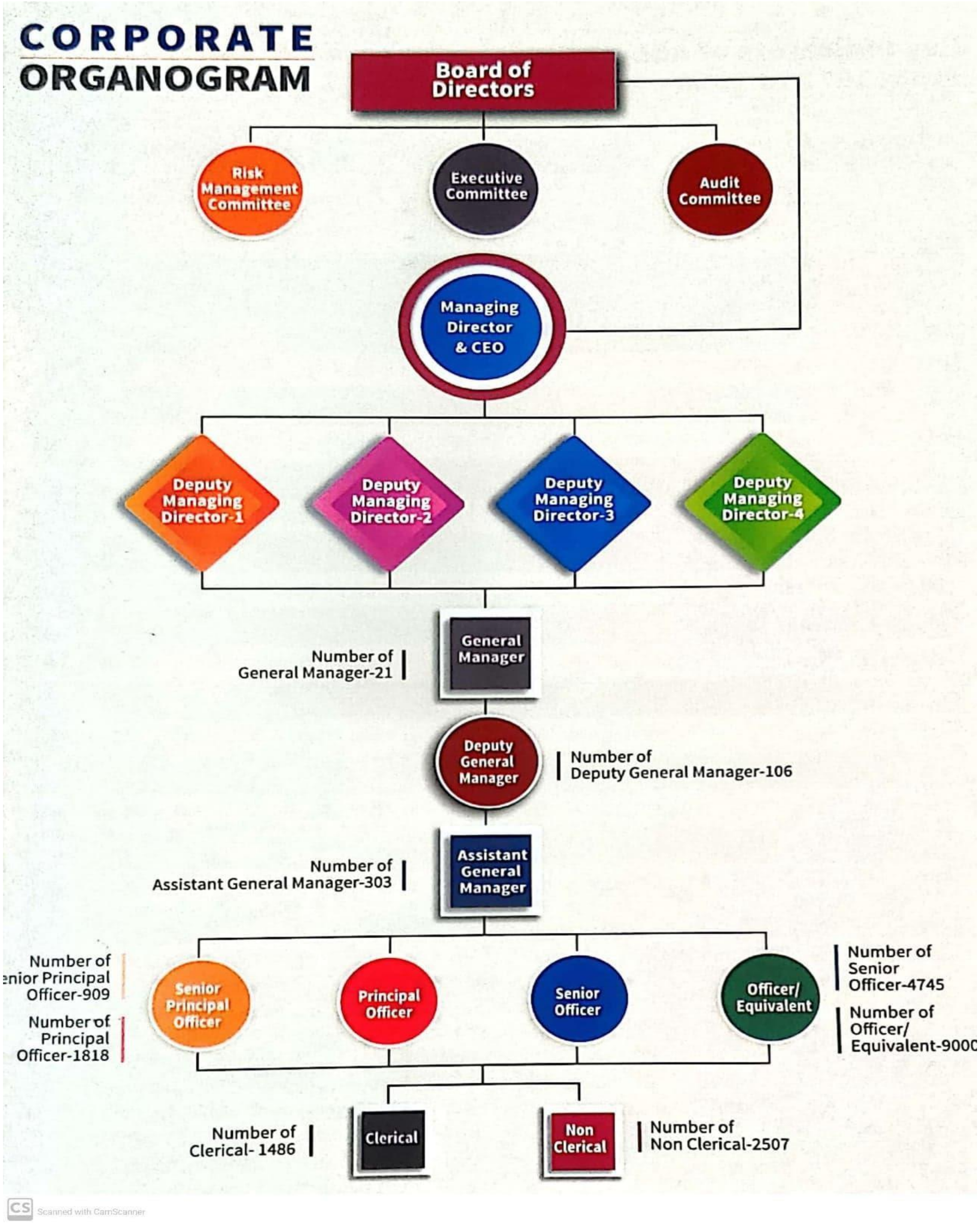
## Corporate vision of the bank:

To make sure the functions are ethically and reasonably within the strict framework defined by the regulators and to assimilate best practice ideas and lessons to strengthen our company practices and procedures to the benefit of our clients and employees.

## Corporate Mission of the bank:

The bank's goal wants to become Bangladesh's leading state-owned commercial bank with an international standard of performance, quality, sound management, outstanding service and strong liquidity.

## 2.3- Management Practices




**Picture: Corporate organogram**

The Bank is controlled by a group of highly informed and expert groups with expanded funding participation and money saving. Bank management still focuses on recognizing and forecasting the needs of clients. Step by step, the conditions and circumstances of managing an account company is changing, so the responsibility of the bank is to adapt electronic systems and new products to the emerging environment. As of now, this bank has made enormous progress with in few years. The bank has established itself officially as one of the leading specialist co-operation and is recognized for its reputation.




Picture: board of directors

## 2.3.1 Agrani Bank Divisions:

| | |
|---|---|
| a. | There are the divisions: |
| b. | Branch & Subsidiaries / Unit Control Division |
| c. | Company Affairs & Board Division |
| d. | Credit Policy & Credit Risk Management Division |
| e. | Establishment & Engineering Division |
| f. | HR Discipline, Grievances & Appeal Division |
| g. | HR Planning, Deployment & Operations Division (HR) |
| h. | HR Planning, Deployment & Operations Division (PD) |
| i. | HR Training, Research & Development Division |
| j. | Industrial Credit Division -1 |
| k. | Industrial Credit Division -2 |
| l. | Information Technology & MIS Division (IT and MIS) |
| m. | Planning, Co-Ordination & Marketing Division |
| n. | Procurement & Common Services Division (Printing) |
| o. | Procurement & Common Services Division (Common) |
| p. | Recovery and NPA Management Division(Recovery) |
| q. | Recovery and NPA Management Division (Loan Classification) |
| r. | Rural Credit Division |
| s. | SME Credit Division |
| t. | Vigilance Division |
| u. | Treasury Unit |
| v. | Islamic Banking Unit |
| w. | International Trade & Foreign Currency Management Division |
| x. | Foreign Remittance Division |
| y. | Card Division |
| z. | Law Division |

Table: Bank's Division

## 2.4 Marketing Practices

ABL always tries their most to serve their customers in a better way and fulfill their queries or requirements. Thus, they are fighting with the competitors by proving quality customer service. This bank is also advance in terms of using technologies. They also have achieved high-tech leadership among its peer groups and they have good connections with all their branches. At the same time, their overall cost is low, which gave them the opportunity to gain competitive advantage by reducing overall cost compared to others banks. ABL is helping the rural entrepreneurs and small businesses in a great manner by providing them capital along with advises. Thus, the bank contributes to economic well-being by also concentrating on the country's SME and agricultural sectors. ABL stresses the research potential for new goods that are missing in compotators and thus strengthens the brand value of the Bank.

## 2.5 Loan/Advance Products

### 1) Continuous Loan

- **Cash Credit (Hypo)**
- **Cash Credit (Pledge)**
- **Secured Overdraft (SOD)**

### 2) Term Loan

| |
|---|
| Inland Bill Purchase (IBP) |
| Export Cash Credit |
| Industrial Credit (IC) |
| Housing Loan (General & Commercial) |
| Consumer Credit |
| Loan for Overseas Employment |
| Weavers‟ Credit |

### 3) Rural & Agro Credit

| |
|---|
| Crop Loan |
| Fishery Loan |
| Animal Husbandry Loan |
| Agri Machinery Loan |
| Rural Transport Loan |
| Poverty Alleviation Loan |

### 4) Small and Medium Enterprise Loan

| |
|---|
| • Service Sector Loan |
| • Trading Sector Loan |
| • Manufacturing Sector Loan |

### 5) Importing Finance

| |
|---|
| Loan Against Imported Merchandise (LIM) |
| Trading Sector Loan Against Trust Receipt (LTR) |
| Payment Against Document (PAD) |

### 6) Exporting Finance

| |
|---|
| Export Cash Credit |
| Packing Credit (PC) |
| Local / Foreign Bills Purchased (FBP) |
| Loan Against Export Development Fund (EDF) |

## 2.6 Types of Loan and Advance

Bank is a corporation which is profit focused. So, loan and advance making has always been a bank's prominent and lucrative feature. Principal services of a modern bank's are to sanction credit to customers and others out of the funds at its disposal. Bank advances of various kinds, such as cash credit (CC), over drafting, small loans, loans at demand, bought and discounted bills, home building loans and employee loans, etc. The bank is dealing with cash repayable on demand from the deposits.

### 2.6.1 Cash Credit (CC)

Cash credit can be defined as an arrangement by which up to a certain limit the client is permitted to borrow money. CC is parliamentary arrangement where the consumers doesn't need to draw the amount approved at the first place but to draw the amount when necessary. He can bring back an amount of surplus that he has for no use. Cash loans are also an active and continuing process for periodic deposits and withdrawals.

### 2.6.2 Over drafting

It happens when a certain amount of money is withdrawn from a bank account and the balance goes under zero, is the situation when it is called as "overdrawn". Even if the account has no funds in it an overdraft enables the person to continue withdrawing money. Basically, this bank allows individuals to lend a fixed amount of cash. When there is a previous arrangement for an overdraft with an account provider, and the amount overdrawn is beyond the maximum of the approved overdraft, then interest is usually paid at the certain rate which was agreed. If the negative balance reaches the negotiated terms, it is possible to charge additional fees and higher interest rates can apply. This arrangement is advantageous from the point of view of the client, since he has to pay interest on the total of what was used by him. In general, overdraft facilities are given to businessmen to extend their company towards stock securities in exchange, bonds, government promissory notes, gold, fixed deposit and gold ornaments etc.

### 2.6.3 Application Loan Application

The loan (overdraft) with or without a particular date, when the lender can recall at any time and have to make the full payment on the demand date, is referred to as the demand loan. A loan on demand is a loan that may be needed at any time by the lender to repay the borrower (a brokerage house). It is a loan that must be paid from the lender on request. Demanded loans are mostly used for the funding of margin accounts; instead, personal loans with no fixed maturity are common.

### 2.6.4 Small Loan

In their present form, small loan accounts fluctuate. It refers to the allowance to borrow from small traders, cottage industries, small-scale industries and self-employed individuals. For this loan, the maximum ceiling is currently TK. For small traders and self-employed individuals, 5000/-. TK. TK. 2, 00,000/- for small scale and cottage industries.

### 2.6.5 Loan for Workers

Bank gives staff advances for the purchasing of motorcycles and motor vehicles, for the marriage of their children, etc. It's called an employee loan. This advance money is issued by the bank with little to no interest. This gain is normally measured at a prescribed rate as the interest on the loan, deduct any interest already charged on loan in the year or 30 days later at the end.

### 2.6.7 Loan for house/home

Home Loan is a secured loan to cover a house or property funded by the bank's loans, which may be private or commercial property. The home loan is bought by a borrower from the bank who has been given the property/security to be purchased by the borrower to give the banker conditional ownership of the property, for example, if the borrower was not able to repay the loan, the banker will recover the borrowed money by selling the property.

### 2.6.8 Loan for Crops

Agricultural loans help farmers more successfully manage their crops. Each and every costs associated with operating a farm can be hard to keep up with so farmers need minimum interest agricultural loans to keep them stay afloat. Fortunately, with minimum interest loans and other incentives that help farmers turn a profit, the government also steps in. Agrani Bank provides farmers with crop loans at a low rate of interest.

## 2.6 Financial Performance & Accounting Practices

ABL invests a lot of money in recruiting and training in Information & Technology for its employees, which enables them to learn and understand the environment within a very short period of time. This bank also invests money in research and development department for bringing newness and better services for the customers. At the same time, it aims to keep operations cost low by holding a strict maintenance policy. Administration costs are also kept as low as possible.

Agrani Bank is very rigid in sharing their financial and accounting practices. It is running its operations through the deposits of the customers. The organization does not have a separate finance and accounting departments as there are a lot of branches and their managers are responsible for looking after the daily transactions. Different branch follows different policies and then finally the report to the main branch in Dilkusha.

## 2.7 Industry and Competitive Analysis

SWOT Analysis is the technique for checking the ability of an entity in terms of its power, vulnerability, risk and opportunity. This study is also used to predict the future of its current success line to maximize its performance relative to its rivals. Organizations may also figure out their present position via SWOT Analysis. It can be viewed also as an effective instrument for doing improvements in the organization's strategic management. This acronym is for a firm's internal strength and weakness and the potential and challenge to the world facing that business.

Now, taking Agrani Bank as a business firm and analyzing its strength, weakness, opportunity and threat then the scenario will be:

| Strengths | Weakness | Opportunities | Threats |
|---|---|---|---|
| Energetic and smart team-work | No flexible environment | Change in political environment | Upcoming Banks |
| Cooperation with one another and good cooperation between bankers and customers | Restricted publicity and promotion of the goods and activities of banks | Expansion of online branches and launching own ATM card services | Economic crisis |
| Strong Financial Position | Absence of strong marketing activities | Growth of sales volume | Default Loans |

### 2.8 Summary and Conclusions

To summarize the competitive strength and position of Agrani Bank Limited, it can be stated that it is in a very stable position. Agrani Bank is one of the leading banks in Bangladesh offering private, retail and corporate banking which has been very popular and trustworthy organization for a long time and has a good image in people's mind.

# Chapter 3

# Project Part: Credit Management Policy and Procedure: A study on Agrani Bank Limited

## 3.1 Introduction

The project report emphasizes on the process and procedures of Credit management Policy of Agrani Bank Limited which was adopted by them with Bangladesh Bank on 29th September 2013. This method is intended to cover the entire lending period, starting with processing, penalization, disbursement, execution, tracking, and ending with recovery. The reason behind the development of this policy is to assure that its objectives are meeting through clear lending activities.

Every bank and other institutions need to have written credit policies and framework for their company. Employees, those who wants to build their future in finance or wants to work in credit management department, needs to have clear knowledge and understanding of these policies. Banks gives money or capital to other business or institutions or individuals to start or run businesses and they earn their profit from the return of those landings. Taking decisions on this matter is a lengthy and calculative process. Having knowledge and understanding about credit policy will help students in their future job sectors and also will keep them ahead from others in this competitive world.

A written Credit Policy has the following advantages:

- **It strengthens intern interactions when everyone knows what to do and how to do it.**
- **It tells clients that you care enough for them to clarify precisely how you do business from the outset.**
- **It shows clearly how to get new customers, information that you will need, how much credit you are prepared to offer in time and value.**
- **It clarifies the necessary work for credit and sales together in a positive environment to give the business a grwth.**
- **It enhances inner coordination if everyone knows precisely what to do and how to do it.**
- **It should include the commercial cycle from getting a lead to putting the money in the bank.**
- **It sets out the steps that need to be taken to mitigate risk and minimize losses to maximize profits.**
- **It sets out your provisioning policy, to guard against any nasty surprises.**
- **It must have a "Right First Time" section detailing with the steps and the order the steps should be taken, to ensure smooth running of all the processes.**

Table: Advantages of credit Policy

## 3.1 Objectives

I. To present an overview of Agrani bank’s Credit Policy

II. To understand the process and procedures of Credit policy of ABL

III. To understand the recovery process of non-performing loans and investments.

## 3.2 Literature Review

A company's credit policy specifies the terms and conditions of a corporation for extending credit and receiving payments. Before receiving credit from that specific institution, consumers should check the credit policy. Credit plans for companies vary, but most contain similar sections. A credit policy is a collection of rules that determines customers' credit and payment terms and sets a specific course of action for late payments.

Instead of paying directly, business consumers frequently tend to be billed for sales. This suggests that businesses will require to establish receivable accounts for the majority of business-to-business transactions. Unfortunate situations can take place as it can raise cash flow complications or even worse situation with commercial customers who do not pay on time. Nevertheless, by considering these four strategies, there is also a way to reduce the risk of delinquent accounts by establishing good payment and policies of loan. (Echeverri and others, 2006)

The four methods are:

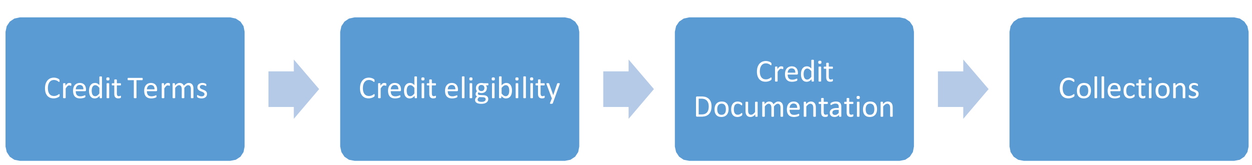



fig: four methods of risk minimization.

The requirements for credit eligibility include researching potential customers by buying company credit reports or contacting credit departments. Then there are credit words that are about understanding the activities of the industry and the creditworthiness of particular clients when designing policies. Some sectors, such as the construction industry, have their own billing procedures, where clients are typically paid with a set of invoices. The specifications for purchase orders, contracts, credit applications, sales agreements and invoices should all be recorded and made transparent to the consumer through clear documentation. Examples of each type of form should be included in the policy and the circumstances under which each would be suitable and/or mandatory should be defined. Having structured processes in place would make it clear to your customers that you are vigilant and expect timely payment regarding the payment process. Collections are the last solution. Which states that the policy requirements of an organization should be explained in plain terms and should include details on late fines, fees, outstanding alerts, and when credit agencies would be informed of unpaid accounts and/or referred to a collection agency. (About Noman et al., 2015)

Credit analysis is governed by the “5 Cs:” character, capacity, condition, capital and collateral. Together, these serve as a way for lenders to evaluate the creditworthiness of potential borrowers.

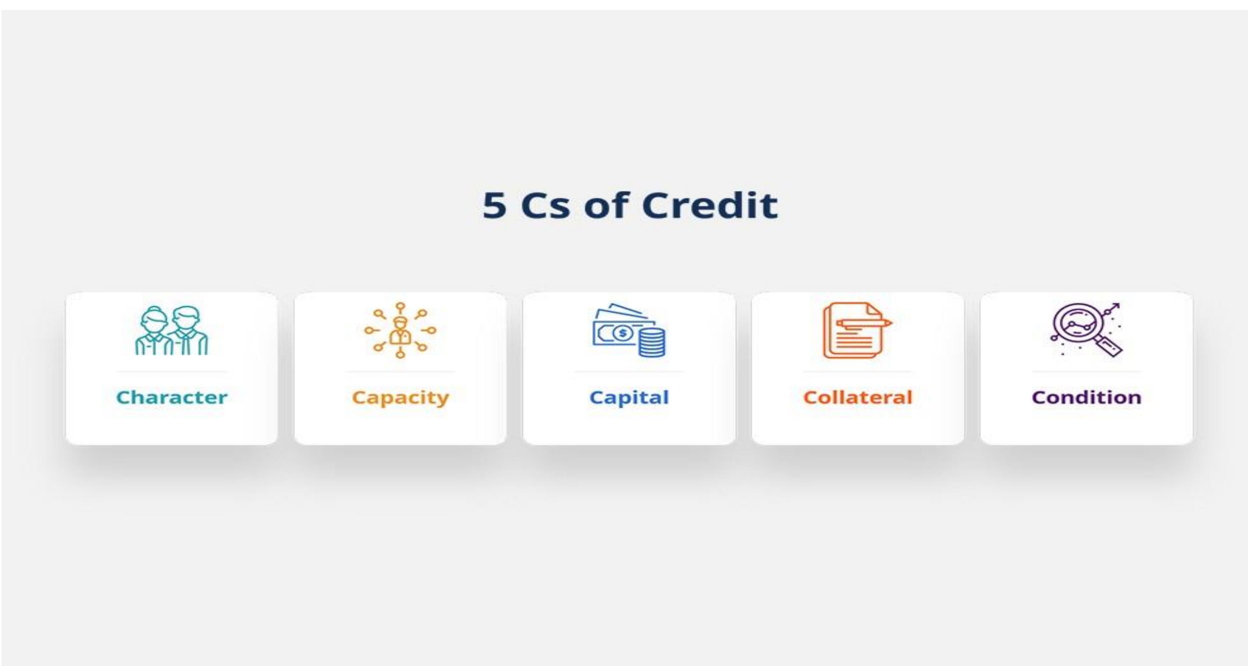



Fig: 5 Cs

- A common phrase used to define the five major factors used to assess the creditworthiness of a potential borrower is the "5 Cs of Credit".
- The 5 Cs of Credit is for Character, Capacity, Collateral, Capital, and Conditions.
- In order to quantify and decide if an individual is eligible for credit, financial institutions use credit scores to determine the interest rates and credit limits for current borrowers.

A dynamic multi-faceted challenge is the determination of an optimum lending strategy; its solution lies in the use of new principles of banking analysis and the use of appropriate instruments. Banks should take into account those considerations when deciding the fee for the loan, such as the credit resource market, in particular the credit agreement, the degree of risk, the term of the loan, the way to provide the loan to ensure its return.

## 3.3 Methodology-

The primary and the secondary data have been used in this chapter. Primary data includes my personal observation throughout this internship period, face to face conversation with DGM, and my supervisor. Besides, I have collected a great number of information from the Annual Report and the copy of Credit Policy 2013. I had to study the credit policy to come up with the ideas of the report. As a business student, having knowledge about credit policy is crucial. It will help them to understand if they want to build their future as a banker or if they are interested to do business and wants to take loan from banks. Having knowledge about credit policy will keep the student one step ahead from others. These reasons my me interested about credit policy and encouraged me to write my report on it.

## 3.4 Limitations-

1. Time limitation - Due to covid19 the actual time of the semester has reduced and also, I was not allowed to go to my office on a regular basis. The employees were also very busy with their own work and I get few chances to know more information from them.

2. Availity of less information – Banks does not share every data on internet and as an intern I also had less access on data. Moreover, it was almost impossible to talk to some of the customers about their experience. I could hardly manage some information, most of them were secondary information.
3. Current global pandemic situation- I faced some health issues during this situation and also lost close relatives. For that reason, I couldn't concentrate properly on this report. Though I tried my level best to complete the report on time.

## 3.5 Findings and Analysis

### 3.5.1 Credit Management

A Bank's most important job is to manage the credits. Bank's main portion of profit gained from the interest paid by the clients and main source is the deposits made by the clients. The main goal of credit management is to create a balanced portfolio mix. Agrani Bank Limited maintains an efficient credit management policy which includes all the pre-sanction activities to post-sanction activities and that helps the bank to understand the various dimension of risk related to investing or lending funds to different business or clients.

### 3.5.2 Agrani Bank's Credit Policy

Agrani Bank Limited implemented this Credit Policy in compliance with the guidelines in the revised as Memorandum of Understanding (MOU) that is signed by Agrani Bank Limited with Bangladesh Bank on 29 September 2013. This approach is intended to cover the entire lending period. Agrani Bank Limited is structured to stablish a way to ensure that its goals are met through sound lending activities.

However, this policy still needs a time to time reviews and changes. The Strategy for Credit (CP) includes:

| |
|---|
| **Detailed credit evaluation or appraisal process;** |
| **Credit origination, administration and documentation procedures;** |
| **Formal credit approval process;** |
| **Credit extension approval process outside prescribed limits and other exceptions to the CP;** |
| **Identifying, assessing, reporting and managing risks;** |
| **Internal risk rating systems, including the description of each risk grade, and explicit demarcation of each risk grade in compliance with BB regulations and policies;** |
| **Risk acceptance;** |
| **Credit approval authority at different levels, including the approval authority for exceptions and the obligations of officials involved in credit transactions;** |
| **Responsibilities of staffs who are involved in management of credit;** |
| **Acceptable and inappropriate credit forms. Such categories may be dependent on the type of credit facilities, the type of collateral protection, the types of borrowers, or the geographical sectors the bank may target;** |
| **Specific guidelines for various types of credits, including highest loan-to-value (LTV) ratios;** |
| **Limits of concentration for a single party or coalition of similar parties, particular industries or sectors of the economy, geographic regions and specific goods. The Bank has set strict internal exposure limits as long as they are at least as strict as Bangladesh Bank's (BB) prudential limits or restrictions;** |
| **Pricing of the credits;** |
| **Checking and approving authority of allowances for probable losses and write offs;** |
| **Guidelines on periodic monitoring and reporting systems, including monitoring of borrowers and processes to ensure the use of credit proceeds for the specified purpose;** |
| **Policies for rescheduling and restructuring;** |
| **The process for appropriate reporting;** |
| **Procedures to ensure the establishment of tolerances and exemptions for lending policy exceptions** |
| **Procedures to check that loan policy standards are applied.** |

Table: Credit Policy

### 3.5.3 Loan Application Process:

Whenever a company, business or individuals comes to a bank or any financial institution for credit the manager needs to look for few things. At first the manager needs to have clear idea about in which sectors the company is allowed to provide loan and how should they select their borrower. After that the manager will go for person assessment where he/she will collect information about the customer. Why the customer wants to take the credit and which business or in which sector he/she wants to invest the money should be the first concern. Then the manager will ask the borrower about his/her personal information whether he/she has any previous criminal report or any bankruptcy record or whether he/she took more money from other banks or not. Along with that, the manager needs to know about the person's family and if he/she has any successor or not and his/her financial condition. Agrani bank do not go with the company or person who has political influence. With the help of the Branch Manager or his/her deputy Loan Officer, the customer completes the credit application. A suggested format is included in the application which will help to ensure that sufficient information is collected about the borrower's financial situation.

### 3.5.4 Collection of data:

At the time of analyzing a credit proposal the following information are to be collected

| |
|---|
| Information of borrowers and guarantors; |
| Business Plan |
| Purpose of Credit/Loan. |
| Updated CIB report; |
| Utility sources; |
| Statement of assets & liabilities; |
| Invoice; |
| Transaction profile; |
| Liability position; |
| Trade License, Environment Department's clearance; |
| Schedule of collateral offered and valuation thereof; |
| Credit Rating; |
| Data from Large Customer; |
| 3 years financial statements (audited); |
| Tax Return Statement (Certified) |
| Customers contracts. |
| Estimated statement of finance |
| Financial statement (personal). |

**Table: data**

### 3.5.5 Site visit:

One of the aims of comprehensive initial customer visits is to assess the essence, market situation, prospects, and obtain additional financial details from the customer. About details. During initial visits, identification and assessment of collateral is also necessary.

- **Verification of Data:**

These data should be verified and confirmed and documented of the borrower:

| |
|---|
| Know Your Customer (Identity) |
| Correct Physical Address |
| Particular Business Place |
| Business nature/Purpose of Loan |
| Address of website |
| Invoice and contract between Suppliers & Customers |

Table: verification data

- **Appraisal Analysis:**

Loan applications will be evaluated with revised market price, cost, and other product information. The assessment/update will be verified by authority of a higher position, concerned to make sure that it was accurate and monitored at least once a year.

A detail analysis is documented to arrive at the following aspects:

| |
|---|
| Credit Worthiness; |
| Ability to penetrate market sectors and comparative factors |
| Debt service coverage ratio; |
| Break even analysis; |
| Benefit cost ratio; |
| Margin /Liquidity; |
| NPV, BCR & IRR; |
| Assessment of Working Capital |
| Environmental issues |
| Cash Flow Analysis |
| Guarantor/Borrower's cash flow; |

Table: document list

The officer of ABL will check the invoice & contract with suppliers & customers prior to evaluation and will check genuineness. Official disbursement at the time of implementation period will check the correct usage of the loan / fund and ensure the use of the loan for which it is authorized.

- **Viability:**

Those organizations who assessed the operations as technically, economically and financially viable and naturally feasible are only given financial assistance. For this reason, the Bank uses a straight pass-fail screening processes and a rating system to assess the risk rate for pricing purposes and guidelines on the maintenance of credit accounts.

- **Credit Worthiness:**

Applications for financial assistance can only be made if the institutions and their main supporters' teams are considered to be credit-worthy. This is shown by previous repayments with the bank or other financial institutions, capacity to absorb payments from external sources and overall credit knowledge and obligation. Credit proposals should not be impaired by over-reliance on the sponsor's legitimacy, independent means of disclosure, or their assumed ability to inject funds into the various undertakings, if necessary. Proposals for credit should be based on sound fundamentals, backed by a detailed financial and risk analysis. For all loans, CIB reports should represent and include the credit capital, balances and name(s).

- **Sufficiency:**

Non-funded credit exposure can be given if necessary, to completely finance the planned project or business requirements along with the owners' equity. Where the assistance proposed by the Bank is inadequate, it may be necessary to satisfy the funding criteria by any of the following means:

- ✓ Loans from other institutions like banks/financial institutions, under a syndicated agreement,
- ✓ An extra loan from a bank fully backed by a guarantee from a local or foreign bank or financial institution. However, that the prudential limits of the overall leverage of the complete financial package are not exceeded.

- **Leverage:**

After the assistance, the debt-to-equity ratio does NOT exceed 60-40 (or 1.5:1) computed for structured business organizations supported by the Bank.

- **Security and Protective Requirements:**

| |
|---|
| ✓ All forms of Cash Credit Hypothecation & Overdraft Cap and financed financial assistance shall be applied on a fully protected basis, provided that the Bank's liability coverage for appropriate tangible assets is not less than 1.5 times the principal exposure at any time. |
| ✓ As a matter of policy, if the bank has an inferior security status relative to any other pre-existing or planned new lender, it does not engage in credit transactions. |
| ✓ In the case of private limited companies, in order to satisfy the terms and conditions of the loan and other credit facilities, all the directors must conduct a joint and multiple Deed of Guarantee. |
| ✓ The Bank shall require the duly approved insurance company to ensure that its protection is completely covered against risk whenever applicable (e.g., fire, riot, strike, damage). In addition, such liability coverage is still in place before all of the commitments have been completely discharged. Expenses for such coverage shall be paid to the borrower's account. |
| ✓ Normal inspections (i.e. monthly, quarterly, half-yearly and annually) of the general status of securities shall be carried out. |
| ✓ The value of securities identified has reduced at any point, the bank can take additional securities to cover the loan cap or reduce the limit to extend beyond the coverage. Such a provision will be included in the advice on credit penalties and the bank will take over the undertaking in this regard from the borrowers/guarantors. |

Table: Security Requirements

- **Kinds of Acceptable Security:**

There are different types of acceptable securities, such as lands with identification and property which is located in city corporations, district, municipalities and commercial developments or in other established areas, subject to the specific property form.

- **Other forms of security which is acceptable:**

| |
|---|
| Raw Material or Inventories; |
| Stock shares which are listed on Bangladesh stock exchanges |
| Bank Guarantee, given that the issuing bank (whether local or foreign) is deemed appropriate by the Board. |
| Government guarantee; |
| Security resources like treasury bills, bills from the Bangladesh Bank. The credit value of these instruments is obtained by discounting the value of the securities at a specific rate. |

Table: Securities

- **Verification of security document:**

All property (landed) provided as protection should be officially search and carried out by the Assistant Commissioner of Lands and a clean report obtained from it (ACL). The aim of this process of verification is to determine the presence or otherwise of burdens and/or breaks in the title chain. Our legal Advisor/Pannell Lawyer should check the title deeds of the proposed property and a certificate should be obtained stating that the title to the property is all right and the bank can take this property as insurance. The branch manager/branch official shall confirm that the mortgagor is in possession of the proposed land.

### ➢ Consent Requirements:

Both protection liens offered has to be based on the consent which is written, of the private owners of the property or primary leaseholders and in the case of public property the concern of government ministries.

- Any kind of buildings
- Machinery given that its lifetime is equal to or greater than Bank's facility's lifetime.

### ➢ Valuation of Security:

For credit purposes, real or tangible assets used for security purposes are priced at their forced sale value (FSV). Internal valuations; all of the loans are made by the trustee.

In comparison to the valuation of shares, greater than Tk. The certificate of valuation of 50 lacs must be checked and signed by the Head of the Corporate Division. Valuation of security of 50.00 lacs or more needs the certificate for the Bank-approved or consultant shall be obtained at the expense of the borrower by that Bank. The lower internal or external valuations would be used by the bank. It contains a list of chartered surveyors. Exchange-listed stock shares are priced at 50% of their current market value or face value (lower one), for loan purposes, collectively by the bank manager and other officers. If the security value reduces, the bank will otherwise reduce the loan cap to secure additional security to cover the loan sum.

### ➢ Pricing of Financial Assistance:

Project loan funding can come from internal funds or external (local/foreign). The Bank's lending charges has to be enough to cover the cost of the funds from sources and to include a marginal spread for managing the Bank's administrative expenses and its revenue.

If the bank goes on with own money, one of the two approaches is used to calculate the base cost of capital:

- The Treasury Unit of Bank will determine the cost of capital, or

- Risk-free investment sources.

The methodology of setting interest rate is derived by using the following formula:

- **Pricing of Loan:**

The formula for pricing shall be:

| | |
|---|---|
| Cost of Funds | |
| + Target Yield | |
| | = Base Lending Rate |
| + Risk Premium | |
| | = Rate for Customer |

The rate to customer should be reviewed.

- **Maturity (Tenor) Calculation:**

The regular tenor for loans for working capital shall not exceed one year of repayment. Loans considered as medium or long term (based on cash flow capacity) should be made for a period between one and ten years, including the implementation and grace period, which provides that the maturity date doesn't cross the maximum time stated in terms of the external credit lines when it is used. In accordance with the credit criteria prescribed from time to time by the Bangladesh Bank, agricultural loans are repayable. Based on updated financial details, any continuous loan should be revised at least annually**.**

- **Approval Procedures:**

The approval of designated authorities is strictly necessary for all loans or facilities. A credit approval authorization map is included in the (Appendix-5). No official of the Bank shall, without prior written permission, authorize or promise the Bank to any loans or investment. In addition, no officer nor any staff may, without similar permission, enter into any agreements that might result in the restruction of existing loan schedules or by making the recovery of loans from the Bank a bit later. Any kind of violation of policy should consider as a criminal & fraudulent act and shall be punished. Loans to Micro Enterprises and Rural Crop Programs are an exception to this criterion.

- **Documentation**:

Credit administration is responsible for ensuring the completeness of the documents (credit agreements, warranties, transfer of collateral names) in compliance with terms & conditions accepted to ensure implementation and receipt, pending documents should be tracked and followed up.

Reasonable documentation, in compliance with accepted legal forms and formats, is required for every forms of credit, investments etc. and the protection to protect them. Customer correspondence concerning their licensed facilities should contain all normal and special requirements which might be implemented from time to time and the customers should be aware of their written compliance with them. Without the formal authorization of the Board of Directors or required committees, no changes of the approved terms and conditions shall be permitted.

Loan reports for each applicant should include a properly completed checklist of credit documentation for tracking and verification purposes. For inspection by management and auditors, this checklist should always be available. It is the responsibility of the Department of the Credit Administration to renew payments and mortgages that the lifetime of the loans terminates. Safety obligations are listed below for all original copies of documents showing transactions:

- **Checklist for Documents:**

The approved document checklist refers to some information that must be maintained for every credit facility.

| | |
|---|---|
| a) | Information for general and particular parameters; |
| b) | The dates on which these dates were filed and fulfilled; and |
| c) | location of the documents. |

Such a checklist should be used as a detailed part of the credit folders and must be accessible for inspection. The original records should be kept in storage and in the checklist, the copies need to be added.

### 3.6 Credit disbursement Procedures:

Until entering facility limits into ledger/computer systems, the credit management guarantees that credit application has approval. Disbursement shall be affected after the conclusion of the agreements and the receipt of collateral containing mortgage deeds. The required approval shall, in the event of exceptions, be reported from the competent authorities.

The policy is to be sure that all documents relating to large loans and loans to stakeholders, should be carried out in accordance to the guidelines of Bangladesh Bank and the Banking Company Act. The concerned manager and officer would be held liable for punishment if any fund is issued without sufficient documentation.

In addition, without exception, every financial transaction should be documented properly for reporting purposes. The non-funded loan cannot be converted into a financed loan before the requisite approval has been received from the relevant authority and prior to the completion of the paperwork formalities. The same underwriting criteria should be consistently observed for the same sort of loans. The last and crucial control stage of this process is the release of funds and the issuance of instruments that attach the bank to future financial obligation. These cannot also be performed until the following are achieved:

- Impending disbursements were notified to the Treasury in advance (24-hour notice for BDT 1 up to BDT 10 crore, and 5 working days for 10 crore or more.

- Transaction sheets are accomplished, showing sufficient detail (date, amount, promissory note number when used, applicable interest rate or fee, and payment period/dates for interest and principal/fee) - refer to E-mail below:

**AGRANI BANK**
**LOAN TRANSACTION SHEET**

No.................

| **Name of Customer:** | **Borrower Code:** |
|---|---|
| **Type of transaction** | |
| **Disbursement** | **1) Application of Payment** |
| **Particulars:**<br>1) PN #<br>2) Value Date<br>3) Amount<br>4) Interest Rate<br>5) Founding Source<br>6) Facility # | **Particulars:**<br>a) Date<br>b) Amount<br>3) **Application:**<br>➢ Principal<br>➢ Interest<br>➢ Others<br>Total<br>4) Facility # |
| Date<br>Prepared by:<br>Verified by: | Processed by: Date |
| Approved by:<br>(Credit Officer)<br>(Treasury Officer)<br>Accounting entry by: | Check by:<br>Accounting entry by: |

Picture: Loan transaction sheet

Bookings should be made at the originating front offices of the transactions referred to in this section and ordered to the Foreign Division at the Head Office within 24 hours, using a triplicate copy of the transaction sheet. For administrative and reporting purposes, the Foreign Division will maintain a consolidated accounting record of all financed and non-financed exposures relating to the Bank's Import and Export operations.

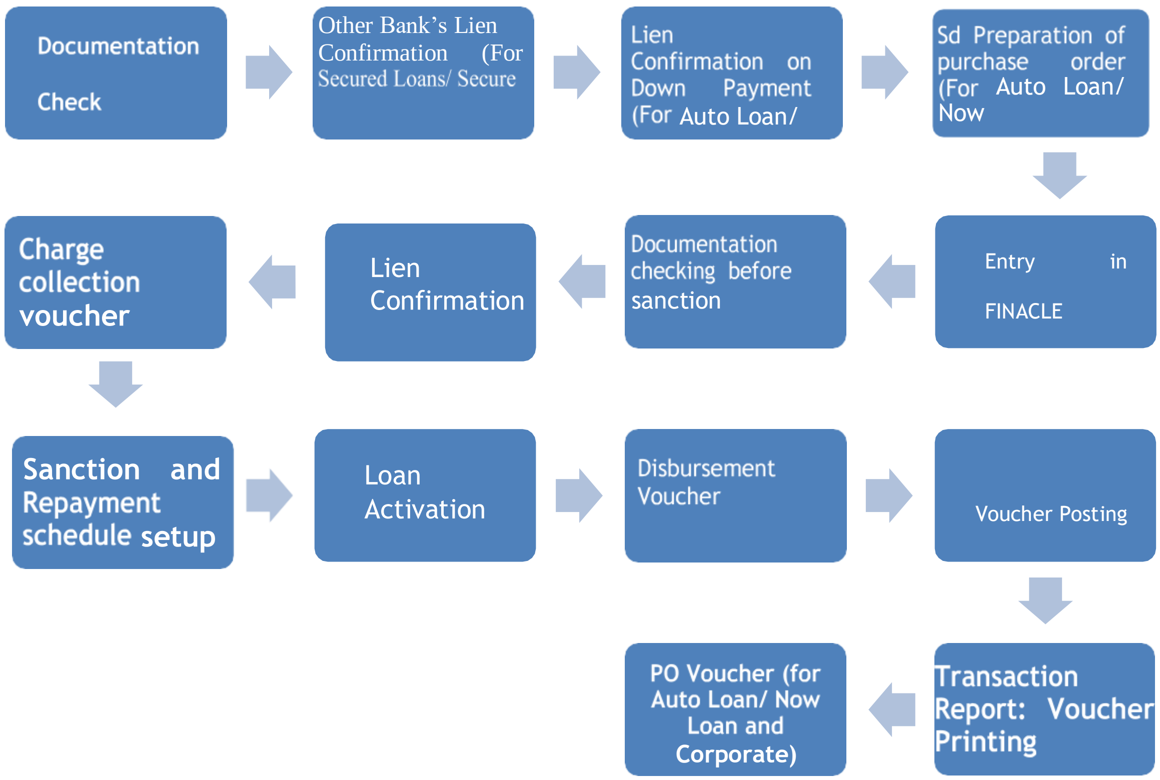



Fig: Credit Disbursement Process

- **Discouraged Sectors of Investment:**

Investment is discouraged by Agrani Bank Ltd. in following sectors:

| |
|---|
| For Military equipment/Weapons |
| Highly Leveraged transactions. |
| Finance of Speculative Investment. |

| |
|---|
| Logging, Mineral Extraction/Mining, or other activity that is Ethically of Environmentally Sensitive. |
| Lending to companies listed on CIB black list or known defaulters, |
| Countries subject to UN sanctions. |
| Lending for Share. |
| Taking an Equity Stake. |
| Holding Companies. |
| Bridge Investments relying on equity/debt issuance as a source of repayment. |
| Tannery Financing. |

Table: discouraged sector for credit

## 3.7 Recovery Process of Non- Performing Loan

### 3.7.1 Non-performing loan:

Complete payment of principal with interest is impossible, there is an exceptionally high risk of failure. It is important to check the adequacy of the provisions at least on a quarterly basis and the Bank should follow a credit agreement in the absence of which legal mechanisms should be pursued to implement protection in order to obtain repayment. 36-44 will be the composite result.

After exhausting all options, the likelihood of recovery is low. There have been legal procedures started. These accounts should be written off in compliance with Bangladesh Bank guidelines. 35 or less will be an aggregate score.

The worsening of loan account is considered to be a huge development which needs the attention of Credit Committee. Because of this reason, the Classified Loan Report should be the focus of any account that is downgraded to 'Substandard'.

Taka 1 crore or above will be graded by the External Rating Agency for any loan cap. Agrani Bank Limited shall not disburse any funds to a customer with a loan rating lower than or equal to BBB or unrated

### 3.7.3 Managing Problem Credits:

In circumstances where the risk of credit loss is severe and/or where specialized expertise is required for the underlying issues, the primary management of the problem credit will be assumed by the NPL Team, taking into account that the originating Branch Manager will be available when necessary to arrange recovery steps. In cases if there is an immediate risk of failure, branch officials should monitor the loan carefully. At that time, all interest accruals should stop, and interest already accrued and taken into profits should be reversed. The assigned risk level should be changed in order to accurately reflect the actual deteriorating condition of the loan or installation.

- **The NPL Department will be responsible for the following:**

Examine and evaluate the credit status of the issue, including a risk assessment, a review of the adequacy and completeness of the credit documentation and, where appropriate, the completeness of the collateral, as well as an analysis of the collateral's status, marketability and current market value.

| |
|---|
| To deal with and address the issue of credit, devise a potential strategy or an action plan to be implemented. |
| Retain outside counsel to, where possible, provide specialized legal assistance. |
| Implement a plan to return the loan to a completely effective state or to fully repay, restructure or reasonably protect the unpaid balance for loss relief. |
| Estimate the potential for full recovery and future output costs (in terms of real expenditures, employee time and foregone income). If there is a poor chance to recover entirely and a low cost for a long time, the Bank will decide to try to immediately pay the debt by intervention by its NPLMC/Credit Committee. The bank's losses can be minimized rapidly and effectively with the problem loans solved. Issue loans are time and effort consuming for the bank and interest revenues and additional costs that are often ignored. At the end of the day, issue credits lower income and can erode capital. |

- **NPL Recovery Unit:**

This is one of the specialist unit and their main role is to maximize retrieval and reduce damages by doing extrajudicial training or litigation, and then selling/leaving/operating physical properties or non-performing assets.

- **The structure and reporting lines are diagrammed below:**

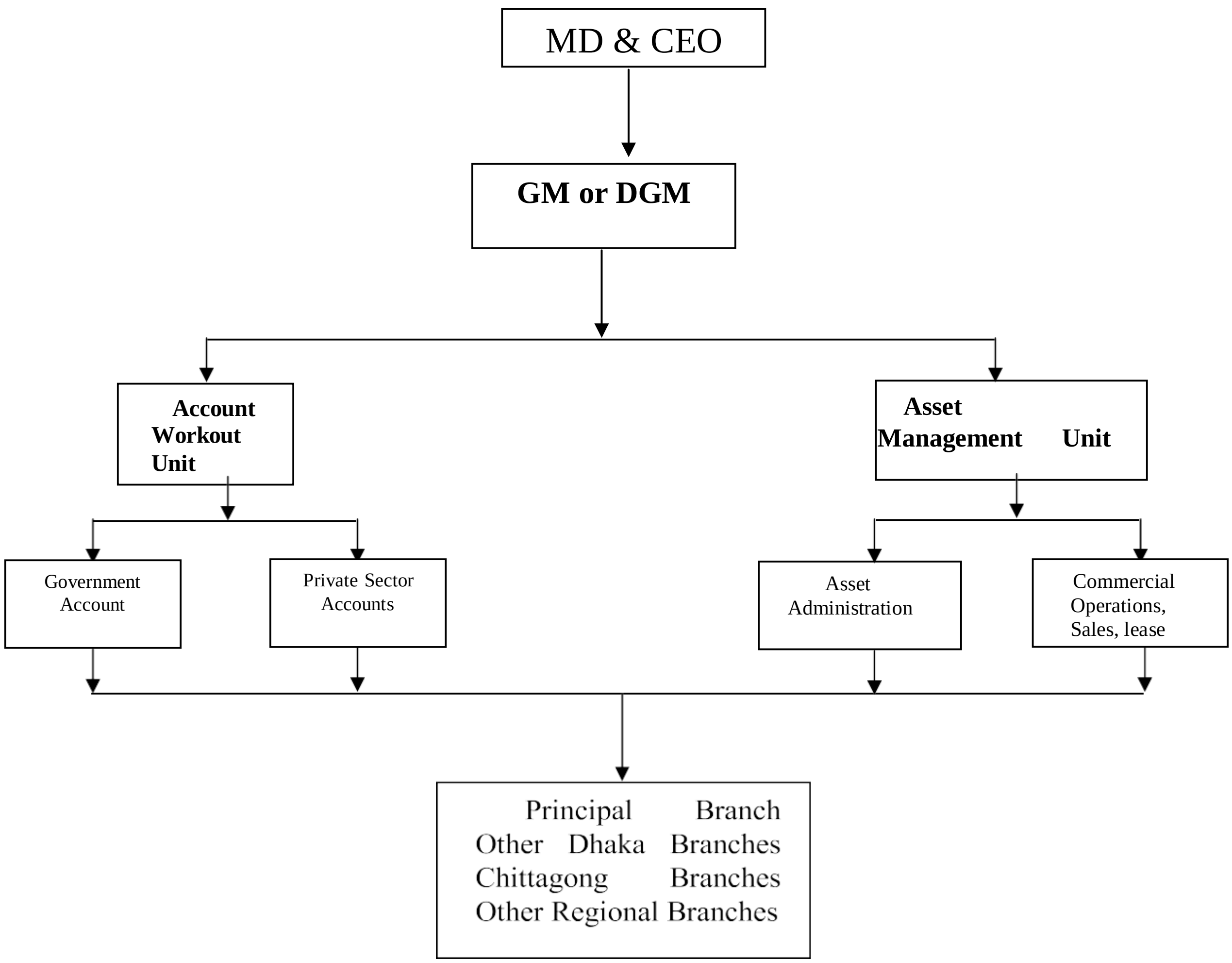



**Fig: Reporting diagram**

- **Recovery Unit's primary functions can be to:**

| | |
|---|---|
| a) | Determination of strategy for recovery. |
| b) | To explore possible ways to optimize recovery, with the legal action or liquidation of customers; |
| c) | Providing for appropriate and prompt loan-loss arrangements which is based on existing and projected losses; |
| d) | Check and recheck to the accounts. |

A problem credit management process maintains the following elements:

- ✓ **Negotiation & follow up:**

In coping with creditors, diligent measures should be made to enforce remedial plans, by keeping regular correspondence and internal records of follow-up behavior. Banks are also prevented from lawsuits and loan defaults by rigorous attempts made at an early level.

- ✓ **Workout remedial strategies:**

Appropriate measures, such as credit facility restructuring, increasing credit limits or lowering interest rates, sometimes help increase the repayment ability of the borrower. It depends, however, on market conditions, the essence of the problems encountered, and, most significantly, the commitment and willingness of the borrower to repay the loan. The failure of a bank to tackle problem loans in a timely manner can threaten its solvency. While these remedial policies frequently yield positive results, banks must be very careful in taking such steps and make sure that such a strategy does not deliberately cause lenders to default. The first consideration in the case of any workout plans should be the interest of the bank. A workout schedule must be approved by the authority at the bank prior to implementation;

- ✓ **Reviewing collateral and security documents:**

Updating the collateral's values from formal valuation, banks must measure the credit recoverable sum. Safety details should also be checked in order to ensure contract completeness and enforceability as well as collateral/guarantee.

- ✓ **Status report and review:**

Troubled credits should be analyses and keep tracks more regularly. The status and creation of credit accounts and the progress of remedial plans should be updated in the analysis. The senior management should be aware of progress made on problem loans.

- ➢ **Recovery of Non-Performing Loans & Investments:**

- ✓ To make sure that credits are correctly risk-rated, with structured categorizing and arrangements made at least quarterly at the outset, to recognize issues with early loans. Overall analysis of the same is also carried out by the Recovery & NPA Management Division.
- ✓ Furthermore, the non-accrual loans recognition and accounting process are in compliance with the Bangladesh Bank requirements.
- ✓ Unless collected in cash or under the instructions provided by the Bangladesh Bank, no interest on classified loans shall be paid for by benefit.
- ✓ Provision shall be made accordingly quarterly for the classified loans.

Standards for credit policy underwriting will regularly be implemented. Accounts allocated by the Credit Committee will be handled by the NPL Recovery Unit. A senior officials will carry out the following tasks.

- Review Thoroughly analyze the accounts and use a decision matrix to:

(a) diagnosis of company prospects; and
(b) Find out the best way for recovering the bank's exposure with minimum future losses.

- Restructure those accounts that are deemed cooperative and temporarily distressed and track their performance until the updated terms have been met, including payment of installments of at least six months; and after this period-limited time for everyday monitoring and surveillance, rehabilitated accounts may be moved in originating front offices.

- Plan preventive legal action accounts whose activities succeed, but which are non-cooperative; coordinate in the filing and enforcement proceedings with the Bank's attorneys or external lawyers; conduct a final judgment as decided by the courts. The NPL unit can provide for additional accounts care (for example, additional credit loss provisions) for certain types of accounts, depending on the expectations relating to bank security status. Borrowers are listed in black to ensure that they are not entertained for future housing (the blacklist should be updated).

- Prepare accounts for attachment of personal property without insurance, whose activities are either operating and whose owners are uncooperative by law; arrange, as above, until cases have been resolved with legal agents of the Bank. Propose write-off and blacklist accounts creditors with no possibility to make sure that those are never kept in future. The Board has sole power to sanction write-offs as may be granted occasionally pursuant to the Bangladesh Banking Guidelines. The Bank should track recovery success closely as a good practice. A certain format is recommended for reporting purposes.

I. Loan Write-off:

BRPD Circular No. 2 dated 13-01-2003 and the BRPD Circular method, procedures, requirements and conditions in the event of its non-performance credit, Bangladesh Bank will follow up carefully on No. 13 dated 07-11-2013.

II. Recovery Write-off loans:

The Debt Collection Unit of the bank will continue to recover written loans. According to the Banking Company Act, the recovery must be paid for by written debt. Procedures for the recovery and handling of write-off loans will be followed in compliance with the guidelines set by the Bangladesh Bank. Proper write-off loan accounting shall be strictly enforcing in compliance with the Banking Corporation Act.

- **Internal Audit & Compliance (IAC):**

As an unbiased evaluation of their activities, all front office loan channels must be regularly audited (at least twice a year). However, more frequent checks and audits may be carried out as situations require. The corporate and licensed dealers' divisions (AD) supposed to originate and manage the bulk of the lending and investment portfolios should be especially carefully considered. The efficiency of credit risk controls should be checked by the IAC and efficiency of screening instruments validated by the use of borrowing performance predictor techniques.

### 3.7.4 Quality of Credit Officers:

The above policies and guidelines can be applied by hiring motivated and trained employees for the organization. The Bank therefore specifically applies screening procedures for hiring employees, both for its lending and investment functions. Moreover, these employees will be trained for basic and advanced courses to develop a well-rounded knowledge set for them.

### 3.7.5 Responsibilities of Lending Personnel:

Acceptance, scrutiny, determination of requests, tracking, sanctions and retrieval of relevant circulating rules, procedures and regulations, as well as requirements for sanctions advice, must be properly implemented. Disbursing agent will be held for the quality of the securities and quantity and overall loans. The person will also complete the loan paperwork before disbursing the loan. When the loan is given, the rules and procedures established by various circular banks/instructions are assumed to be adequately followed on a regular basis as well as the sanction advice's condition. The recommender, the supervisor and the recovery officer will be responsible for their roles. Zonal Heads shall take the appropriate measures to recover loans. The officials of the Branch are taking measures that do not identify any loans. Also, they will take action to avoid a loan from being barred for time.

### 3.7.6 Review of the Credit Policy:

This policy has, at least annually or time after year, been reviewed/revised and updated, taking into consideration the board's external and internal economic condition and regulatory guidelines.

### 3.8 Some Financial Information of last 5 years

| Sl. | Indicators | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|
| 1 | Deposits | 43,997.60 | 49,405 | 53,034.97 | 62,192.72 | 69,224.33 |
| 2 | Loans and Advance | 24,480.18 | 26,587.11 | 31,911.86 | 39,575.30 | 46,582.71 |
| 3 | Advanced/Deposit Ratio (AD Ratio) | 55.64% | 53.81% | 60.17% | 63.63% | 67.29% |
| 4 | Classified Loans & Advances | 4640.41 | 6804.49 | 5569.55 | 6993.38 | 6642.82 |
| 5 | % of Classified Loan | 18.96% | 25.59% | 17.45% | 17.67% | 14.26% |
| 6 | Total Recovery from classified loan | 1092.79 | 953.58 | 1874.6 | 1058.27 | 2661.63 |
| 7 | Cash recovery from classified loan | 366.31 | 379.23 | 575.98 | 319.05 | 410.73 |

Table: Financial Information

From this financial information, it is clearly visible that, the banks performance has improved in last 5 years. The number has increased in terms of deposits and also the rate of recovery of non-performing loan has increased.

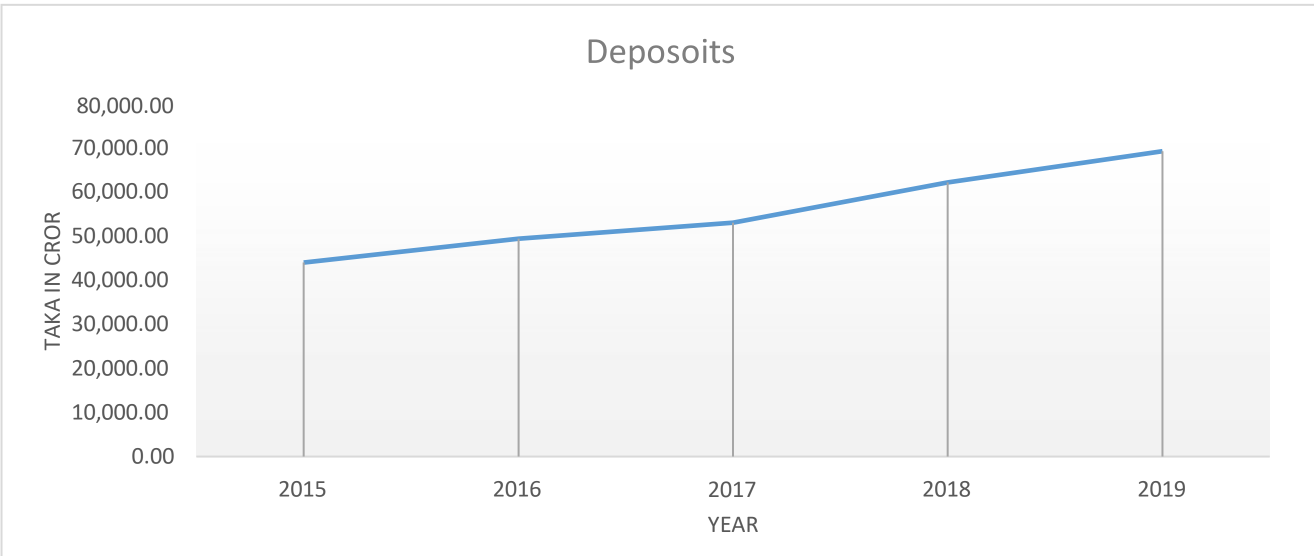



Fig: Deposits of Last 5 years.

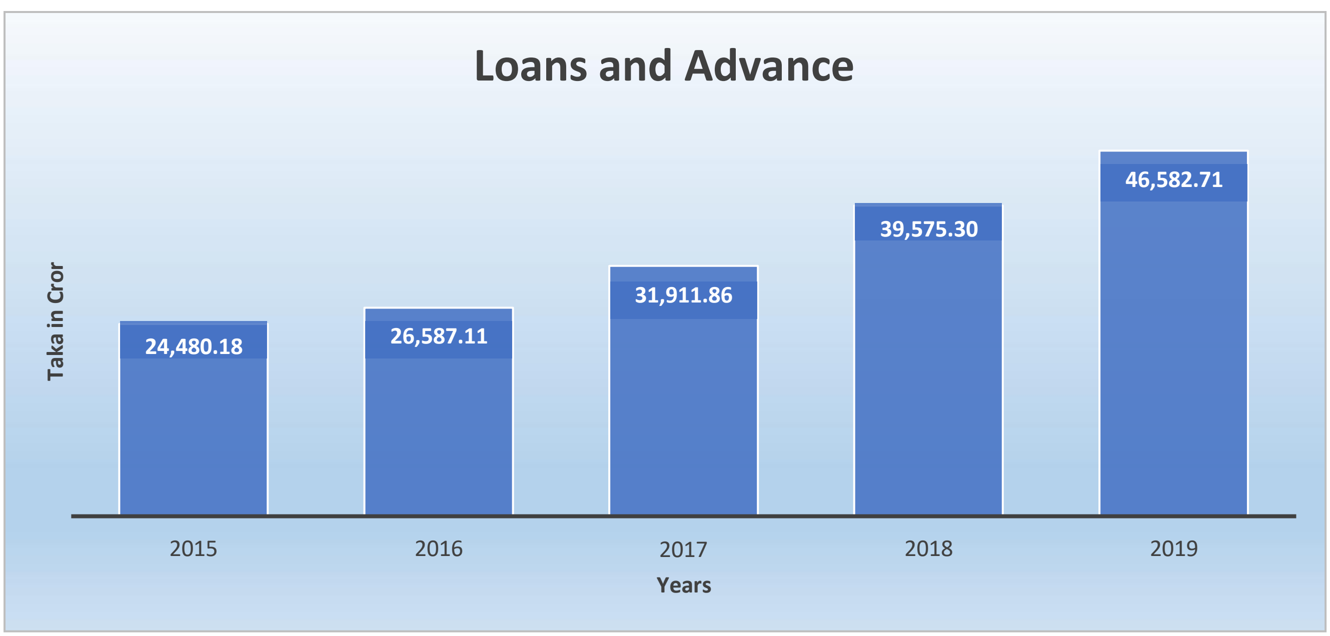


Fig: Loans of last 5 years.

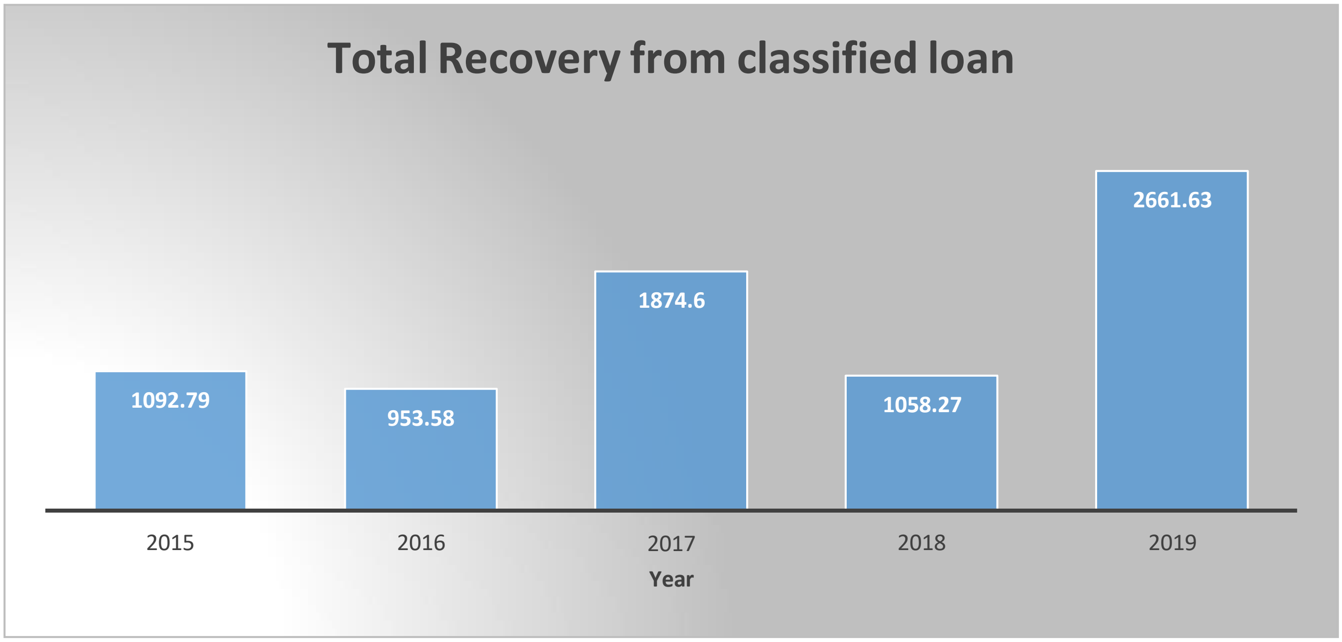



Fig: total recovery of last 5 years.

## 3.9 Conclusions

The loans and advances issued by Agrani Bank Ltd are of great benefit to corporations, individuals, businesses and industrial interests. The Credit Division of the bank has a very knowledgeable and devoted group of employees and officers who are actively striving to provide the best service to their clients. Short-term loan returns are very strong and often tend to be very secure to fund. The credit department has diversified its loans into the various industries it classifies.

This bank has always performed better than other banks of the country. In terms of credit management, this bank has improved their condition from before and from the graphs it is clearly visible. In 2019 the rate of non-performing loan was 11.87%, where Agrani bank had only 14.26%. This bank has a lot of branches all over the country and is proved the most trustworthy bank to its customers. This bank is aiming for reducing the rate of non-performing loan and increase more performing loan. Though in some district, branches are not making that improvement but it has still in better condition than most of the banks in Bangladesh.

## 3.7 Recommendations

- The bank should think about providing student loans, physician loans and so on, thereby enabling students to work for the economy and take the country to a better position.
- To encourage its current potential customers in connection with loans strong promotional efforts should be increased. More loans may be given to new business owners, new business people or new businesses, etc.
- Installment time period should be increased to allow the borrower to use its debt facility correctly for a maximization of benefit.
- Because each year the loan amount has been increased, the bank can aim to raise its recovery value. The bank should look for quality customers and choose the risk-free interest rate project.
- The bank can have additional small-scale loans in various industries, even if they already provide but may increase further.
- The Bank needs to concentrate more on consumer needs in a dynamic financial environment to evolve its products & services.

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