

AN INTERNSHIP REPORT
ON

The Loans & Advances of Rupali Bank Ltd: A Case Study of
Ranirbandar Branch, Dinajpur.

This report is submitted to the Faculty of Business Studies, Hajee
Mohammad Danesh Science and Technology University, Dinajpur
for the fulfillment of Degree Master of Business Administration
(MBA), Evening.

(MBA Program-2013)

SUBMITTED BY
MD. NUR-UN-NABI
MBA, Evening (Major in
Finance)
Student ID: E-130502013
Faculty of Business
Studies
HSTU, Dinajpur.

SUBMITTED TO
MD. MOSTAFIZUR
RAHMAN
Assistant Professor
Department of
Management
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Date of Submission: 9 May, 2016.



Faculty of Business Studies
HAJEE MOHAMMAD DANESH SCIENCE AND
TECHNOLOGY UNIVERSITY, DINAJPUR.

May, 2016.

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Faculty of Business Studies

HAJEE MOHAMMAD DANESH SCIENCE AND TECHNOLOGY
UNIVERSITY, DINAJPUR-5200.

Dedicated

to

My Beloved

Parents

Letter of Transmittal

09 May, 2016

Md. Mostafizur Rahman
Assistant Professor
Department of Management
Faculty of Business Studies
HSTU, Dinajpur.

Subject: Submission of internship report.

Sir,

It is my pleasure to submit this internship report on "The Loans & Advances of Rupali Bank Ltd: A Case Study of Ranirbandar Branch, Dinajpur" to you at due time which is an integral part of my degree requirement.

I have tried my level best to gather all kinds of relevant information which could give an overall idea on this topic. I have worked 45 days with this bank and have observed their work. I tried to gather information regarding report as much as possible. I hope that this report will meet the expected standard. I have enjoyed preparing the report very much. Especially, the knowledge obtained from my MBA (Evening) program and some employees of this bank helped me with the information which made my work easier.

I am submitting this internship report for your kind consideration and thanking you for your constant assistance and guidance.

Yours sincerely,

Md. Nur-Un-Nabi
Student ID: E-130502013
MBA (Major in Finance)
Faculty of Business Studies

HSTU, Dinajpur

Letter of Acceptance

I hereby declare that the concerned report entitled "The Loans & Advances of Rupali Bank Ltd: A Case Study of Ranirbandar Branch, Dinajpur" is an original work by Md. Nur-Un-Nabi, Student ID: E-130502013, Hajee Mohammad Danesh Science and Technology University, Dinajpur, completing his internship program under my supervision and submitted for the partial fulfillment of the requirement for the degree of Masters of Business Administration (MBA) at Hajee Mohammad Danesh Science and Technology University, Dinajpur. In my opinion this report is sufficient in terms of scope and quality for the award of the degree of Master of Business Administration (MBA), Evening from Hajee Mohammad Danesh Science and Technology University, Dinajpur.

I approve his full internship report with full satisfaction and wish him a bright future and every success in his life.

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Supervisor
Department of Management
Faculty of Business Studies
HSTU, Dinajpur.

Declaration of Supervisor

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Supervisor
Department of Management
Faculty of Business Studies
HSTU, Dinajpur.

Declaration of Co-Supervisor

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Sourav Paul Chowdhury
Assistant Professor
Co-Supervisor
Department of Management
Faculty of Business Studies
HSTU, Dinajpur.

Student's Declaration

This internship report is an integral part for the completion of my Master of Business Administration (MBA) in Hajee Mohammad Danesh Science and Technology University (HSTU), Dinajpur. It is prepared as per academic requirement after the successfully completion of 45 days internship.

It is my pleasure and great privilege to submit my report titled "The Loans & Advances of Rupali Bank Ltd: A Case Study of Ranirbandar Branch, Dinajpur" as a presenter of this report; I have tried my level best to gather as much information as possible to enrich the report. I believe that it was a fascinating experience and it has enriched both my knowledge and experience.

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In this connection, I would like to take chance to give thanks to all the employees of Rupali Bank Limited, Ranirbandar Branch, Dinajpur. I also thank all of my other colleagues for their support to complete this report. Finally, appreciation is extended to my parents and family members.

ABSTRACT

"The loans and advances of Rupali Bank Limited- A Case Study of Ranirbandar branch, Dinajpur" is an attempt to indicate the importance of loan and advances in financial institutions such as commercial banks. Thus, the rationale behind for undertaking this study is to judge the causes of credit management problems and to suggest the possible solutions that enable the bank to run its operation in a safest way as credit is known to be the main stay of all banks.

The ability of banks to formulate and adhere to policies and procedures that promote credit quality and curtail non-performing loans is the means to survive in the stiff competition. Inability to create and build up quality loans and credit worthy customers leads to default risk and bankruptcy as well as hampers economic growth of a country. However, little work is done to search the ways and means that enable to quality loan creation and growth as well as to determine the relationship between the theories, concepts and credit policies both at country or regional level.

The main objective of the study is to make a thorough review of tools and techniques of credit risk management practiced in RBL as suggested by the relevant bodies and experts under the leadership of Bangladesh Bank.

For the purpose of the study both primary and secondary data were used. Primary data were collected using semi structured questionnaires. The secondary data is collected from annual reports, directives, and bulletins of the bank. Descriptive statistical tools are used in analyzing the data collected. Hence, the nature of the study is descriptive. Finally, based on the findings possible

recommendations are given. These include the issues impeding loan growth and rising loan clients complaint on the bank regarding the valuing of properties offered for collateral, lengthy of loan processing, amount of loan processed and approved, loan period, and discretionary limits affecting the performance of credit management.

Executive Summary

This report is prepared as requirement of MBA program. This report focuses forty five days working experiences in, Rupali Bank Limited, (Ranirbandar Branch), Dinajpur. This report will give a clear idea about Loans & Advances of Rupali Bank Limited.

The main object of the report is to know about the loan & advances and the procedure followed by the bank for sanctioning loan. This Bank tries to provide higher quality services in case of sanctioning the loans and advances. The information of the report has collected from secondary sources like books, published reports and website of the Rupali Bank Limited. It include source of existing/published data, such as Operational manual, official website, Banking journals, Research papers and financial statement.

After analyzing data, it was found that customers have chosen Rupali Bank Limited for its goodwill as state owned bank. But the loan sanctioning procedure is time consuming. That's why bank is losing its valuable customers in loan and advance department. Therefore, Rupali Bank Limited should give more effort to make well establish market in the context of Bangladesh and be more flexible to disburse loan & advance.

Letter of Transmittal

09 May, 2016

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Student ID: E-130502013

MBA (Major in Finance)

Faculty of Business Studies

HSTU, Dinajpur.



Rupali Bank Limited
Ranirbandar Branch
Dinajpur

phone-05342-

RANIDI/GENERAL/2016/18
Dated-09.05.16

TO WHOM IT MAY CONCERN

This is to certify that Md. Nur-Un-Nabi having Student ID NO.E-130502013, Department of Finance and banking, a student of hajee Mohammad Danesh Science and Technology University (HSTU),Dinajpur under MBA(Evening) program has successfully completed his 45 (Forty Five) days internship program (From 06.03.2016 to 19.04.2016) at Rupali Bank Limited, Ranirbandar Branch, Dinajpur.

During his internship period Md. Nur-Un-Nabi was found honest,sincere and responsible duties.

We wish his every success for the days to come.

Manager

Acknowledgement

A detailed research type internship report can not be completed without the help of significant others. I would like to thank at first; The Almighty Allah, who has given me the courage, patience, knowledge and fitness to complete the report promptly and within right time. The heartfelt support or cooperation that I have received while doing the internship and preparing the report is unforgettable and very appreciable. I would like to thank my honorable supervisor Md. Mostafizur Rahman, Assistant Professor, Department Of Management, Hajee Mohammad Danesh Science and Technology University, Dinajpur for guiding me throughout the course of my MBA, Evening internship program.

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The main objective of the study is to make a thorough review of tools and techniques of credit risk management practiced in RBL as suggested by the relevant bodies and experts under the leadership of Bangladesh Bank.

Finally, based on the findings, possible recommendations are given. These include reduction of classification of loan, improvement of recovery system, maintain to follow the credit policy and Bangladesh Bank guideline, selection of good borrower etc.

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After analyzing data, it was found that customers have chosen Rupali Bank Limited for its goodwill as state owned bank. But the loan sanctioning procedure is time consuming. That's why bank is losing its valuable customers in loan and advance department. Therefore, Rupali Bank Limited should give more effort to make well establish market in the context of Bangladesh and be more flexible to disburse loan & advance.

1.1 Prelude

Banking system plays an important role in the economic development of a country. Bangladesh, as a developing country, is no exception to this. In Bangladesh, the banking sector dominates the financial sector and the macroeconomic performance largely depends on the efficiency of the banking sector. The country's banking sector comprises of Bangladesh Bank, State Owned Commercial Banks, Private Commercial Banks, Foreign Commercial Banks and other Specialized Financial Institutions. The financial sector in various economies including Bangladesh is undergoing a mammoth restructuring process in the past few years due to massive crisis in the financial sector across the globe. The recent global recession has highlighted the need for banks to incorporate the concept of risk management into their regular agenda. Various aspects of increasing deregulation, introducing innovative products, and financial instruments as well as innovation in delivery channels have highlighted the need for banks' risk management.

While providing credit as a main source of generating income, banks take into account many considerations as a factor of credit management which helps them to minimize the risk of default and mismanagement lead to results in financial distress and bankruptcy. This is due to the reason that while banks providing credit they are exposed to risk of default (risk of interest and principal repayment) which need to be managed effectively to acquire the required level of loan growth and performance.

Credit can be defined as 'A transaction between two parties which one (the creditor or lender) supplies money or monetary equivalent goods services, etc, in return for a promise of future payment by the other (the debtor or borrower)'. Prudent use of credit results in the economic growth of the borrowers, which in

turn leads to overall economic well-being of the society and ultimately the country.

Credit risk is a critical risk area in banking business. If not effectively managed, it causes non-performing loans or bad assets, reduces a bank's profit margins and capital and in extreme cases, may lead to bank failure. Credit risk management thus, has to be a vital banking practice, involving identification, measurement, aggregation, control and continuous monitoring of credit risk (Greuning & Bratanovic, 2009). Credit risk can be defined as 'the probability of loss (due to non-recovery) emanating from the credit extended, as a result of the non-fulfillment of contractual obligations arising from unwillingness or inability of the counter-party or for any other reason'. If the probability of the loss is high, the credit risk involved is also high, and vice-versa.

In recent days, people are becoming more aware about the management of their resources. As the banks do business by lending their depositors' money, they are more responsible to manage their credit portfolio smoothly. Bank's reputation is a critical factor for its success and therefore multinational banks must follow appropriate guidelines, policies and relevant manuals regarding credit extension and recovery. The usage of banking service for any type of financial activities is increasing day by day. People are taking loans to start different types of businesses as well as other purposes. It is now very important to know the internal credit processes of the banks.

1.2 Background of the Study

The internship program is mandatory requirement for the students who are post graduating from the Faculty of Business

Studies under the program Master of Business Administration of Hajee Mohammad danesh Science and Technology University. Internship program has 45 (forty five) days program for working in an organization for which there was an opportunity to engage in Rupali Bank Limited where learned a lot regarding loans and Advances provided by the Bank.

Consequently, it will help to relate the theoretical knowledge of bank to practical exposure. Thus the knowledge and continued working experience gathered from the bank helped me to work selected topic "The Loans & Advances of Rupali Bank Limited: A case study on Ranirbandar Branch, Dinajpur."

1.3 Scope of the Study

Scopes for the study depicted as follows:

- a) Loans and advances procedure followed by the Rupali Bank Ltd.
- b) Background and prospective of Rupali Bank Ltd.

1.4 Objectives of the Study

General Objective:

- The main objective of the study is to analyze the Loans and Advances of Rupali Bank Limited, Ranirbandar Branch.

Secondary/Specific Objectives:

- To discuss credit services offered by Rupali Bank Limited.
- To describe loan sanctioning process of Rupali Bank Limited.

- To analyze loan operations system of the Rupali Bank Limited.
- To identify the problems related to loans and advances operations of Rupali Bank Limited.
- To make some recommendations to solve the problems.

1.5 Methodology of the Study

Methodology is the way to systematically solve the research problem. This job had been completed by following systematic and sequential steps. Firstly, the research problem was formulated. Secondly, an extensive survey had been taken place to gather relevant and required literature. Thirdly, a research design had been determined. In the fourth stage as sampling technique had been chosen which is called non probability judgment sampling. Fifthly, both the primary and secondary data were collected. At the final stage, collected data were analyzed and arranged as per the study demands.

The study has been initiated to explore the insight of the critical issues of Loans & Advances. So the study is an exploratory research. To complete the study both primary and secondary data has been used.

Primary data

The primary data has been collected from original sources by an investigation. The primary data are those which are collected a fresh and for the first time and are original in character. The data was collected following an interview schedule from the employees of the bank.

Primary Data Sources

- i) Data collection through working with employees of the bank at the time of field operations.

- ii) Work experience gathered through working during internship period.
- iii) Discussion with employees, zonal managers
- iv) Observation during others works.

To collect primary data most popular and convenient questionnaire method was used. Two set of questionnaire has been designed on the basis of multiple choice questions and a few questions got the dichotomous format.

Target Population

The target population of this report is the managers and loan department staffs of the bank.

Sampling Technique

To gather primary information from a sample size has been determined from a population by selecting a sampling technique named judgment sampling technique which is non probability sampling.

Sample Size: The sample size of the study as follows

- 1 Manager.
- 2 loan Department staffs.
- 20 customers

Secondary Data

On the other hand, the secondary data are those which have already been collected by someone else which have been collected through the statistical process. Secondary sources of data consist of all published and reported materials including books, journals, articles etc.

Secondary Data sources are

- (i) Collection of secondary from Annual report
- (ii) Secondary data also have been collected from the different publications of the Bank.
- (iii) Other information was obtained from various corresponding files of the Bank.
- (iv) Internet was one of the important sources for secondary data collection.

1.6 Limitations of the Study

The study is conducted with an objective to make a thorough study of loans & advances procedures that have been availed many facilities and faced some obstacles during my study. These obstacles may be termed as limitation of the study. These limitations are as follows:

- Limitation of time during internship period.
- The sample size was too short considering the size of the population.
- The survey made for the study couldn't reflect the fact because the state of mind of the respondents' and the question-answer may not be equitable.

□ Confidential documents or objects to the firm were not available to access.

□ As the internship is the first practical experience, it is not possible to know everything about the bank.

2.1 Banking sector of Bangladesh

Banking sector of Bangladesh is one of the major sectors, which contributes significantly to the national economy. The sector comprises a number of banks in various categories. Considering ownership the sector can be classified in to four major categories such as Nationalized Commercial Banks (NCBs), Specialized Banks (SPBs), Private Commercial Banks (PCBs), and Trans National Banks (TNBs)(Islam, 2001).

The commercial banking system put on vital role in Bangladesh's financial sector. Bangladesh Bank is the Central Bank of Bangladesh and the principal regulator of the sector. Bangladesh have total of 55 states owned, private, foreign and specialize Banks. The banking system consists of four state-owned commercial banks, 31 private commercial banks, 12 specialized development banks, and 10 foreign commercial banks.

The Nobel Prize for Grameen Bank is a specialized micro-finance institution, the concept of micro credit revolution and a major contribution to poverty alleviation and empowerment of women in Bangladesh. Structure of the banking sector by the type of banks is shown in table 1 below-

Banking sector of bangladesh						
Bank Types	Number of Banks	Number of Branches	Total Assets	% of Assets	Deposits	% of Deposit

National Commercial Bank	4	3384	786	32.7	654.1	35.2
Government owned Development	12	1354	187.2	7.8	100.2	5.4
Private commercial Banks	31	1776	1147.8	47.7	955.5	51.3
Foreign Commercial	10	48	284.9	11.8	150.8	8.1

Source: Bangladesh Bank, 2015

2.2 Historical Background

After the independence, banking industry in Bangladesh started its journey with 6 nationalized commercialized banks, 2 state owned specialized banks and 3 foreign Banks. In the 1980s banking industry achieved significant expansion with the entrance of private banks. Now, banking sector in Bangladesh is primarily of two types:

A) Schedule Bank

B) Non-schedule Bank

A). Scheduled Bank: The banks which get license to operate under Bank Company Act, 1991 (Amended in 2003) are termed as Scheduled Bank State-owned commercial banks, private commercial banks, Islamic commercial banks, foreign commercial banks and some specialized banks are Scheduled Bank.

B). Non-Scheduled Bank:

The banks which are established for special and definite objective and operate under the acts that are enacted for meeting up those objectives are termed as Non-Scheduled Bank. These banks cannot perform all functions as like as scheduled banks. Grameen Bank, Probashi Kallyan Bank, Karmasangsthan Bank, Progoti Co-operative Land Development Bank Limited (progoti Bank) and Answer VDP Unnayan Bankare Non-Scheduled Bank.

2.3 List of Banks in Bangladesh:

There are 5 types of Banks in Bangladesh. These are:

A)Central Bank

B)State-owned Commercial Banks

C)Private Commercial Banks

D)Foreign Commercial Banks

E)Specialized Development Banks

A) Central Bank:

Bangladesh Bank

B) State-owned Commercial Banks:

- Sonali Bank Limited
- Rupali Bank Limited
- Agrani Bank Limited
- Janata Bank Limited

C). Private Commercial Banks:

- United commercial Bank Limited
- Mutual Trust Bank Limited
- BRAC Bank Limited
- Eastern Bank Limited
- Dutch Bangla Bank Limited
- Dhaka Bank limited
- Islami Bank Bangladesh Limited
- Uttara Bank Limited
- Pubali Bank Limited
- IFIC Bank Limited
- National Bank Limited
- The City Bank Limited
- NCC Bank Limited
- Prime Bank Limited
- Southeast Bank Limited
- Al-Arafah Islami Bank Limited
- Social Islami Bank Limited
- Standard Bank Limited
- One Bank Limited
- Bangladesh Commerce Bank Limited
- First Security Islami Bank Limited
- The Premier Bank Limited
- Bank Asia Limited

- Trust Bank Limited
- Shahjalal Islami Bank Limited
- Jamuna Bank Limited
- Exim Bank Limited
- ICB Islami Bank
- AB Bank
- Mercantile Bank Limited

D) Foreign Commercial Banks:

- Citibank
- HSBC
- Standard Chartered Bank
- Commercial Bank of Ceylon
- State Bank of India
- Habib Bank Limited
- National Bank of Pakistan
- Woori Bank
- Bank Alfalah
- ICICI Bank

E) Specialized Development Banks:

- Bangladeshi Krishi Bank
- Rajshahi Krishi Unnayan Bank
- Progoti Co-operative Land Mortgage Bank Limited
- Grameen Bank
- The Dhaka Mercantile Co-operative Bank Limited
(DMCBL)
- Bangladesh Development Bank Limited
- Bangladesh Somobay Bank Limited (Cooperative Bank)
- Ansar VDP Unnyan Bank
- Basic Bank Limited
- Karmasangstan Bank

2.4 Islamic Banking

Alongside the conventional interest bearing banking system, Bangladesh entered into an Islamic banking system (profit-loss sharing) in 1983. At present, out of 56 banks in Bangladesh, 6 private commercial banks are operating as full-fledged Islamic banks and 10 conventional banks are partially involved in Islamic banking in a total of 21 branches. The Islamic banking industry continued to show strong growth since its inception in 1983 to June 2007 in tandem with the growth in the economy, as reflected by the increased market share of the Islamic banking industry in terms of assets, financing and deposits of the total banking system. The entire picture is given at Table 2. Total deposits of the Islamic banks and Islamic

banking branches of the conventional banks stood at Taka 286.5 billion at end June 2007. This was 23.6 percent of the deposits of all private commercial banks and 14.3 percent of the deposits of the total banking system at the end of June 2007. Total investment of the Islamic banks and the Islamic banking branches of the conventional banks stood at Taka 265.4 billion at end June 2007. This was 26.9 percent of all private banks and 17.2 percent of the total banking system of the country (Bangladesh Economic Review, 2010)

Table: 2. Comparative position of the Islamic Banking Sector

Particulars	Islamic banks	Islamic Banking Branches	Private Commercial Banks	All Banks
Number of Banks	5	10	30	48
Number of Branches	330	21	1854	6596
Number of Employees	12109	390	38426	99287
Deposits	263.1	23.4	1214.6	2005.8
Investments(Credits)	249.6	15.8	987.7	1541.9

2.5 Contribution of Commercial Bank in Bangladesh

- Banks promote capital formation
- Investment in new enterprises
- Promotion of trade and industry
- Development of agriculture
- Balance development of different savings
- Influencing the economy activity
- Implementation of monetary policy
- Export promotion cells

2.6 Expansion of Bank Branches of Rural Areas

The strategy of government in promoting financial inclusion has witnessed little realization as private and foreign banks have made hardly any progress in setting branches in remote and rural areas of the country though they control almost 75 per cent of the banking sector. For example, between February 2008 and December 2015 the percentage of branches of bank in rural areas decreased from 57.94 to 57.20 percent, whereas the share of branches of bank in urban are as increased from 42.06 to 42.80 percent. Disparity also exists between the level of commitment of state owned commercial banks and that of private and foreign commercial banks. As of December 2014, for example, 63.97percent branches of state owned commercial banks were located in rural areas, as opposed to only 38.08 percent branches of private commercial banks. The foreign banks have not yet to establish any branch in rural areas as of December 2015 (Bangladesh Economic Review-2015).

2.7 Regulation of the Banking Industry

Bangladesh Bank, being the central bank exerts supervisory controls over the banking sector. BB requires that banks have a minimum paid up capital and reserve funds and that no person, family or company own more than 10% of bank share personally, jointly or both. Bangladesh Bank may with prior Government

approval at any time change the policy regarding the reservation of risk-based capital of assets. BB may determine policy to control advances by banking companies. BB has direct authority to appoint any new Managing Director, General Manager, or CEO and BB can dismiss none so appointed without prior approval. BB also has the power to supersede the Board of Directors of a banking company. BB is also the official liquidator and has the power to give directions to a banking company and also remove directors when it feels that this may be in public interest. Banking companies in Bangladesh are not allowed to form subsidiaries, although this rule may be amended soon.

The World Bank recently called BB as “a weak central bank” in its report entitled ‘Bangladesh: Key Challenges for the Next Millennium’. The functions and responsibilities of BB are not clearly defined, and it lacks autonomy in such core areas as the licensing of new banks, monetary and exchange rate policies, and the supervision of NCBs. Banks are allowed to operate even though some of them suffer from capital deficiency. Loan classification and provisioning are not fully enforced, and no punitive measures are taken against banks that fail to implement agreed corrective measures. BB would be unable to deal with a banking sector crisis if one were to occur. With over 6,200 staff, of whom 1,720 are clerical, BB is significantly overstaffed relative to the size of the financial system.

2.8. Industry’s Competitive Forces

Rivalry among the Competitors

In the banking industry, rivalry among the competing banks is moderate to high due to the following reasons:

- Major rivals are equal or close to in size and capability (revenue and volume)
- Exit barriers are high.

- New private banks are snatching share from the NCBs and each other's customers by providing extra benefits.
- Slow market growth due to the sluggish economy.
Depositor's cost of switching banks is low.

2.9 Problem of the Banking Sector of Bangladesh

Problem of banking sector is widespread and is not related to banking system only. The regulatory entity should be independent but accountable. Prudential regulation should be limited to deposit-taking institutions and should be clearly separated from non-prudential regulation. The problem of lower profitability of bank is that it might reduce the tax and thus make a trace on fiscal system where bank is the number one source of tax under large tax unit of NBR. Moreover, the revenue target may face hurdle from another side where lower growth of credit may affect investment and growth, and thus tax collection.

2.10 Possibilities of the Banking Sector of Bangladesh

There are huge possibilities of the banking sector in Bangladesh. These are below:

- Banking sector of Bangladesh has a great opportunity to become a major sector of the national economy.
- Bangladesh has huge number of population. This advantage may accelerate expansion and growth of Bangladeshi banking sector.
- Bangladeshi banking sector is very much capable to ensure proper quality of the product services as per requirement of the global market.
- There are ten foreign banks active in Bangladesh, but no Japanese bank yet. So there are huge prospect for Japanese bank to open their branch in Bangladesh.

3.1 Background

Rupali Bank Ltd. was constituted with the merger of 3 (three) erstwhile commercial banks i.e. Muslim Commercial Bank Ltd., Australasia Bank Ltd. and Standard Bank Ltd. operated in the then Pakistan on March 26, 1972 under the Bangladesh Banks (Nationalization) Order 1972 (P.O. No. 26 of 1972), with all their assets, benefits, rights, powers, authorities, privileges, liabilities, borrowings and obligations. Rupali Bank worked as a nationalized commercial bank till December 13, 1986. Rupali Bank Ltd. emerged as the largest Public Limited Banking Company of the country on December 14, 1986.

The head office of the bank along with its corporate structure is located at 34, Dilkusha Commercial Area, Dhaka-1000, Bangladesh, the main commercial center of the capital with one local office (main branch), four corporate branches at Dhaka, one in Chittagong and twenty-five zonal offices all over the country. The Board Of directors is composed of eight members headed by a chairman and the directors comprise representatives from both public and private sectors and shareholders. The Bank is headed by the Managing Director (Chief executive) who is a reputed professional Banker. The Bank has an authorized capital of TK. 7000 million with a paid up capital of TK. 1650 million. GOB owns 90.19% of its share while the private share constitutes only 09.81%.

The principal activities of the bank are to provide a comprehensive range of financial services, personal and commercial banking, trade and services, cash management, treasury, securities and custody services and perform Government treasury functions as an agent of the Bangladesh Bank. It offers various banking services such as personal banking, rural banking, international banking, and industrial financing as well SME banking. For its retail customers it offers

savings, remittance and deposit products including savings accounts, daily profit accounts as well as education deposit, Medicare deposit, marriage savings deposit and rural deposit schemes.

3.2 Corporate Profile

Name of the company	:	Rupali Bank Limited
Chairman	:	Monzur Hossain
Managing Director	:	M. Farid Uddin
Company Secretary	:	Md. Shahjahan Khandaker
Legal Status	:	Public Limited Company
Genesis	:	Rupali Bank Limited has been incorporated on 14 December 1986 under the Companies Act 1913 after taking over and acquiring as a going concern the undertaking and businesses of Rupali Bank with all of its assets, liabilities, benefits, rights, powers, authorities, privileges, borrowings and obligations. Rupali Bank, which initially emerged as a Nationalized Commercial Bank (NCB) under the Bangladesh Banks (Nationalization) Order, 1972 (President's Order No. 26 of 1972), has now become a state-owned commercial bank (SCB) through a vendor's agreement dated 15 November 2007.
Date of Incorporation	:	14 December 1986
Registered Office	:	34, Dilkusha Commercial Area, Dhaka-1000, Bangladesh
Authorized Capital	:	Tk. 700 Crore
Paid-up Capital	:	Tk. 240.03 Crore
Reserves & Retained Earnings	:	Tk. 1374 Crore
Credit Rating by CRAB(2009)	:	Long Term - A3; Short Term-ST3; National Support- AAA
Listing with DSE	:	19-08-1987
Listing with CSE	:	10-10-1995
VAT Registration	:	9011039307
TIN Certificate	:	177-200-0021/LTU/Dhaka
Legal Advisor	:	S.M Atikur Rahman, Barister-at-Law, Suite- D (1st Floor), 105/A Kakrail Road,

	Dhaka, Bangladesh.
Number of Employees	: 5639 (As on 31-01-2016)
Number of Branches	: 554
Number of Subsidiary Companies	: 01 (Rupali Investment Limited)
SWIFT BIC	: RUPBDDH
Website	: www.rupalibank.org
E-mail	: info@rupalibank.org , it@rupalibank.org

3.3 Vision & Mission

Vision

- Our Vision is to expand our loyal customer base by being known as the financial partner of choice constantly exceeds customer expectations.

Our Mission

- Develop long-term relationships that help our customers achieve financial success.
- Offer rewarding opportunities and cultivate staff commitments.
- Uphold ethical values and meet its customer's financial need in the fastest and most appropriate way and continue innovative works in order to achieve human resource with superior qualities, technological infrastructure and service packages.

3.4 Core Values

- Social responsibility-we care for and contribute to our communities.
- Performance-we measure and results reward achievements.
- Integrity-we uphold trustworthiness and business ethics.
- Respect-we cherish every individual.
- Innovation-we encourage creativity.
- Teamwork-we work together to succeed.

The first letters of the initial words form "SPIRIT" and carry equal importance.

3.5 Strategic Objectives

- Develop a customer oriented service culture with special emphasis on customer care and convenience.
- Increase market share by following a disciplined growth strategy.
- Achieve a significant share of deposit and credits from the existing and niche markets.
- Leverage its technology platform.
- Cost-effective operations, efficient MIS, improved delivery capability and high service standards.
- Develop innovative products and services that attract targeted customers and market segments.
- Maintain a high quality assets portfolio to achieve strong and sustainable returns and to continuously build shareholder's value.
- Explore new avenues for growth and profitability, particularly by diversifying loan portfolio through structured finance and expansion of retail and SME financing.
- Strengthen the bank's brand recognition.

3.6 Ethical Principles

Customer Focus and Fairness: At RBL, Their prime focus is to achieve perfection in their customer service. Customers are their first priority and driving force. They wish to gain customer confidence and be their trusted partner. They believe in fair treatment to all customers, depositors, borrowers, and clients without any discrimination.

Quality: Quality service experience is a paramount to their customers and they are strongly committed in fulfilling this

ideal. They have a culture of timely compliance of regulatory requirements.

Honesty and Integrity: They ensure the highest level of integrity to their customers, creating an ongoing relationship of trust and confidence. They treat their customers with honesty, fairness and respect.

Belief in our people: They recognize that employees are their most valuable asset and their competitive strength. They respect the worth and dignity of individual employees who devote their careers for the progress of the bank. They trust in equal treatment to all shareholders irrespective of their individual size of shareholdings.

Teamwork: They are a firm believer in team work and feel that loyal and motivated team can produce extraordinary results. They are driven by a performance culture where recognition and rewards are based on individual merit and demonstrated track record.

Good Corporate Governance: Effective Corporate governance procedures are essential to achieve and maintain public trust and confidence in any company, more so in a banking company. At RBL, They are committed to following best practices resulting in good corporate governance.

Corporate Social Responsibility: As a responsible corporate citizen, they consider it important to act in a responsible manner towards the environment and society. Their commitment has always been to behave ethically and contribute towards the improvement of quality of life of our people, the community and greatly the society, of which they are an integral part.

3.7 Banking Facilities of Rupali Bank Limited

3.7.1 General Banking Services

Rupali Bank Limited extends all the Banking facilities and services to customers. The bank has a very wide network of activities and services both in urban and rural areas through its 554 branches all over the country.

- Deposit schemes
- Savings deposit
- Current deposit
- Short Notice deposit
- Time Deposit
- DPS
- Rupali Deposit Pension Scheme
- Festival Deposit
- Call deposit

Table - 3: Interest Rates of different type of deposits

SL No.	Types of Deposit	Interest Rate per annum
1	Savings Deposit	4.50%
2	Short Notice Deposit	3.50%
3	Time Deposits	
	3 month and above but less than 6 months	7.50%
	6 month and above but less than 1 year	7.75%
	1 year and above but less than 2 year	8.00%
	1 year and above but less than 2 year	8.50%
4	Deposit From foreign Remittance	6.00%
5	Rupali Bank Deposit Pension-Scheme 2	6.50%

3.8 Other Banking Services

Rupali Bank Ltd. provides prompt and excellent other Banking Services like issuing

- Demand Draft
- Pay Order
- Telegraphic Transfer
- Mail Transfer
- Call Deposit
- Transfer of Fund on standing instruction arrangement

3.9 Computerized Banking Service

To modernize banking operation and ensure prompt services, major branches of the bank have already been computerized. Most of the branches are in the process of online.

3.10 One Stop Service

In order to provide speedy services to the customers, Rupali Bank Ltd. has already introduced One Stop Service in the following Branches:

- Local Office, Dhaka.
- Ibrahim Mansion Corporate Branch, Dhaka.
- Motijheel Corporate Branch, Dhaka.
- T.C.B. Bhaban Branch, Dhaka.
- Gulshan Branch, Dhaka.
- Mohammadpur Ladies Branch, Dhaka
- Rupali Sadan Branch, Dhaka.
- Farmgate Branch, Dhaka.
- New Market Branch, Dhaka.
- Dhanmondi Branch, Dhaka

3.11 Sectors of Financing

Rupali Bank Ltd. extends credit to the following rural sectors

- Fishery
- Livestock
- Shrimp Culture
- Poverty Alleviation Programme
- Micro-credit
- Agricultural product processing and marketing.

3.12 Green Banking

The world is concerned and worried about climate change, Global warming, environment pollution and their bad impacts. The rapid change in climate have direct impacts on biodiversity, agriculture, forestry, land, water , air, human health and so on. Urgent steps are needed to save the planet against climate change. Bangladesh is the most climate change vulnerable country. Climate change has compelled us to think about protection of environment and conservation of energy. They also think about renewable energy for their existence. Banks hold a unique and vital position in the area of economy. Bankers can contribute much to develop the country's economic system.

When a bank does something good its reputation goes up and when it does something bad or accused to do so, its reputation goes down. Green banking is a tool to acquire reputation.

Green banking is a simple word but its magnitude is significantly wide covering social environment and economical aspects. Green banking is a device that considers social and ecological factors to protect environment and conserve natural resources. They think protecting environment means protecting ourselves. Green bankers think to protect environment and conserve power and energy in order to ensure a safer world for the next generation. Green bankers are concerned about sustainable development. Green banking is our special agenda to take care of environment of the earth. Green banking is a proactive and effective step with a vision for future sustainability. As a human being, they are to maintain ethical standard. They don't compromise with unethical tasks. Doing harm to environment means doing harm to us as well as our next generations. They should use their resources with responsibility avoiding harm to mankind.

3.13 Investment Portfolio

Rupali Bank Ltd. presently roaming in the following areas of investment:

- Bangladesh Government Securities/Bonds.
- Treasury bills.
- Grameen bank bonds.
- Debentures of government and semi-government organizations & Public limited companies.
- Shares of listed companies.

3.14 Industrial Banking

In order to support the development of industrial sector of the country through active participation of private and direct foreign investment, Rupali bank Ltd. has taken appropriate

programmes as per industrial policy of the Government. The loan portfolio of the bank includes sizeable investment of fund towards development of thrust industrial sectors like Textile, Jute, Leather, Leather goods, Frozen and semi cooked shrimps, footwear, knit garments and other small and medium enterprises.

Rupali Bank Ltd. is participating in joint venture finance and consortium finance for setting up large-scale projects. The bank lays special emphasis on agro-based and IT related industries.

3.15 Utility Services

Rupali Bank Ltd. offers some special services to customers in addition to its normal banking operation. Collection of various utility bills is one of them. Under this service, the bank gives benefit to the customer by collecting their various utility bills like telephone bill, water & sewerage bill, electricity bill etc free of charges.

3.15.1 Collection of Bills

1. Telephone bill of Bangladesh Telephone & Telegraph Board (BTTB).
2. Water & Sewerage bill of Water and Sewerage Authority (WASA).
3. Electricity bill of Power Development Board (PDB), Rural Electrification Board (REB) etc.

4.1. ABOUT RANIRBANDAR BRANCH

Rupali Bank Limited Ranirbandar br. Dinajpur has been established on 14 December 1973 under the Companies Act. It is one of the most busiest commercial branch in Dinajpur zone. As a commercial bank Ranirbandar branch perform all banking activities since establishment. The principal activities of the branch are to provide a comprehensive range of financial services, personal and commercial banking, trade and services, cash management, and perform various other functions . It offers various banking services such as personal banking, rural banking, as well SME banking and Islamic banking (saving for Hajj). For its retail customers it offers savings, remittance and deposit products including savings accounts, daily profit accounts as well as education deposit, Medicare deposit, marriage savings deposit and rural deposit schemes.

4.2. Profile of the branch:

Name of the company	:	Rupali Bank Limited
Branch Name	:	Ranirbandar
Location	:	Ranirbandar Bazar, chirirbandar, Dinajpur
Legal Status	:	Public Limited Company
Legal adviser	:	Advocate-Gulam Md. Habib Alam
Date of Establishment	:	14 December 1973
Total Deposit	:	Tk.1588.96(Lac)
Total Loan and Advances	:	Tk. 744.00(Lac)
Total Expenditure	:	Tk. 115.72 (Lac)
Total Income	:	Tk.169.77 (Lac)
Profit	:	54.05(Lac)
Total Employee	:	10

4.3. Total deposit & Total loan and advances of Ranirbandar Branch are given in below in a table as on 31-12-2015

Table - 4 : Deposit Accounts

Particulars	Figure in lac	
	Balance (taka)	
1. Current Deposit	168.00	
2. Savings Bank Deposit	605.77	
3. Fixed Deposit	291.53	
4. Overdue Fixed Deposit	.35	
5. Special Notice Deposit	156.30	
6. Call Deposit	.10	
7. Rupali Bank Deposit Pension Scheme	.78	
8. Rupali Deposit Scheme	35.09	
9. Rupali Students Savings Account	2.20	
10. Rupali Monthly Savings Scheme (RMSS)	118.51	
11. Rupali Monthly Profit Scheme	51.00	
12. Rupali Double Benefit Scheme	97.73	
13. Rupali Deposit Pension Scheme	.72	
14. Rupali Triple Benefit Scheme	48.04	
15. Sundry Deposit	12.84	
Total Deposit	1588.96	

Table - 5 : Loans and Advances

Particulars	Figure in lac	
	Balance (taka)	
1. Loans	95.46	
2. Cash Credit (Hypothecation)	377.29	
3. Rural Credit	44.73	
4. SME Finance	226.52	
Total	744.00	

4.4 Total Income & Expenditure of Ranirbandar Branch are given in below in a table as on 31-12-2015

Table - 6 : Income

Particulars	Figure in lac
	Balance (taka)
1. Interest Received (General)	91.18
2. Interest Received (Head Office)	64.23
3. Commission	3.20
4. Service Charge	.35
5. Miscellaneous	10.81
Total =	169.77

Table - 7 : Expenditures

Title	Figure in lac
	Balance (taka)
1. Interest paid fixed deposit	24.40
2. Interest paid savings bank deposit	16.40
3. Interest paid SND	1.45
4. Interest paid staff security deposit	.01
5. Expenditure Interest paid GPF	.10
6. Interest paid RDPS 2	.01
7. Interest paid RDS	2.18
8. Interest paid RMSS	7.80
9. Interest paid RMPS	6.20
10. Interest paid RDBS	9.57
11. Interest paid RTBS	5.42
12. Pay (Officer)	8.85
13. Pay (Other employee)	3.51
14. Dearness Allowance	2.62
15. Children Education Allowance	.10
16. Bank Contribution to Provident Fund	.13
17. Bank Contribution to Pension Fund	1.07
18. House Rent Allowance	5.26
19. Washing charge	.03
20. Medical Allowance	.84
21. Medical Charge	.02

22. Welfare and Recreation	5.73
23. Bonus	2.10
24. Liveries and Uniforms	.37
25. Extra Duty Charge	.07
26. Rent	1.00
27. Postage	.13
28. Telephones	.10
29. Stationary	.85
30. Electricity	.49
31. Conveyance	.20
32. P.O.L	.31
33. Travelling	.45
34. Rate and Taxes	.01
35. Legal	1.44
36. Remittance Charge	.97
37. Books and Periodicals	.01
38. Depreciation	2.77
39. Entertainment	.46
40. Repairs and Maintenance	.15
41. Computer Service Charge	.82
42. Miscellaneous	1.32
Total =	115.72

4.5. Vision & Mission

Vision

- Our Vision is to expand our business area by increasing deposit, loan and advances as well as profit.

Our Mission

- Develop long-term relationships that help our customers achieve financial success.
- Reduction of classified loan.
- Increase the income to meet up the expense.

4.6 Credit Facility

- General Credit Line and Programme
- Rupali Bank Ltd. extends credit facility to almost every sector of the country's economic activities.
- Main focus of Rupali Bank Credit programme is on financing trade and commerce, business and industry having productive purpose.
- Credit Programme of the Bank also covers development of rural economic activities like agriculture and livestock, dairy and poultry, fishing and hatchery etc.
- Lending programs are operated as per guideline of Bangladesh Bank (the central bank of the country) through an effective lending policy and procedure of the Bank.
- Lending policy of the Bank ensures quick processing, sanctioning and disbursement of loan in all viable sectors.

4.7 Rural Credit Program

Bangladesh is mainly a land of agriculture. A vast majority of our people lives in the rural areas and their main source of income are agriculture and agro-business. To produce agricultural output, promote agro-business, facilitate agro-based services, create and sustain employment opportunities, Rupali Bank Ltd. is disbursing agricultural loan/rural credit through its 554 branches all over the country.

4.8 Free Services provided by the Bank

The bank provides more than 21 types of free services on behalf of the government of Bangladesh through its rural and urban branches as part of their commitment to society. Ranirbandar Branch gives different services to the people including collection of utilities bills, payment of allowances to freedom fighters, old-aged people, meritorious students, widowed & acid burnt

women and also collection of taxes and revenues, ati doridro allowance etc. on behalf of the government .

4.9 SWOT Analysis

1. Strengths

- serve its customer quickly
- Very strong relation with other branches, Bangladesh bank, other banks.
- Strong local remittance management systems.
- Have strong relation between every employee.

2. Weakness

- Slow modernization due to its huge size.
- lack of employee

3. Opportunities

- The branch can offer more innovative types of services than other banks
- Being a large branch, it can provide large investment.

4. Threats

- Increase in the competition in banking sector.
- Increase in the use of modern technology and services like online banking, mobile banking, internet banking etc.
- About remittance business, many banks are showing greater interest.

5.1 Credit Principles

In the feature, credit principles include guidelines of providing credit by Branch manager or credit officer (Loans in charge). In the Rupali bank local branch offices like Ranirbandar branch the following procedures are followed while sanctioning loans and advances to the client.

- Credit advancement shall focus on the development and advancement of customer relationship.
- All credit extension must comply with the requirements of Banking Company's Act, Bangladesh Bank's instructions, other rules and regulation as amended from time to time.
- Loans and advance shall normally be financed from customer's deposit and not out of temporary funds or borrowing from other banks.
- The bank shall provide suitable credit services for the markets in which it operates.
- It should be to those customers who can make the best use of them.
- The conduct and administration of the loan portfolio should contribute within defined risk limitation for achievement of portfolio growth and superior return of bank capital.
- Interest rates of various lending categories will depend on the level of risk and types of security offered.

5.2 Types of Loan and Advances

5.2.1 General Products

- Cash Credit (Hypothecation)
- Cash Credit (Pledge)
- Overdraft (OD)

- Bank Guarantee
- Student Loan

- Loan under Equity Entrepreneurship Fund (EEF)
- Green project Loan
- Renewable Energy Project loan

5.2.2 Small and Medium Enterprise Loan (SME)

- SHOHOJ
- PESHAJIBI
- BABOSHAYEE
- MAJHARI
- Under the 4 SME products, loan to Solar Installation, Bio-gas and Agro-based project and Trained-Efficient professionals are provided as the specialized area.
- Woman Entrepreneur Financing program
- Cluster Financing

5.2.3 Small Enterprise Financing

1. Manufacturing
 - Fixed Assets Financing
 - Working Capital Financing
2. Trading and Services
 - Fixed Assets Financing
 - Working Capital Financing

The bank's Loans & Advances is mainly two types of Loans

1. Funded (Demand or Consumer loan)
2. Non-Funded (L/C, Bank Guarantee etc.)

Other types of loans are also available in this branch of Rupali Bank.

- Term Loan
- House Building

5.2.4 Demand Loan

- Loan against DPS.
- Loan against other security

5.3 Loan Sanctioning process for the Client

- Application by Client in rough format than built-in format.
- Received
- Verification (Normal than physical)
- For heavy Loan, Branch has to submit CIB and Proposal to Head Office and Bangladesh Bank for permission
- Approved loan application/ Reject the proposal
- Collect security
- Give new account and permission to withdraw the loan money.

5.3.1 Basis of Loans and advances

- I. Lien
- II. Mortgage

I. LIEN

Lien is permitted against the Following

- DPS= Deposit Pension Scheme
- FDR= Fixed Deposit Receipt
- PSE= Protirakha Sanchoy Patra

Lien (VALUE) must be higher than the value of Loans. 90% of Lien documents (VALUE) is permitted for the Loans & Advances. The position of Lien Documents must be under the hand of Bank. Here, Interest Rate of Loans: 14%.

II. Mortgage

- Land
- Building
- Shop

Mortgage value must be higher than the value of Loans. 50% of Mortgage Documents (value) is permitted for the Loans & Advances. The position of Mortgage Documents need not to be under the hand of Bank only legal papers are necessary to be under the hand of Bank. Here, Interest Rate of Loans: 14%.

To get Loans & Advance for the individual client against DPS (Deposit Pension Scheme), FDR (Fixed Deposit Receipt), MBDR (Monthly Benefit Deposit Receipt), DBDR (Double Benefit Deposit Receipt), PSP (Protirakha Sanchoy Patra) etc in favor 3rd party the papers followings are needed.

- Letter of Agreement
- Letter of Authority
- Demand Promissory Note
- Balance Confirmation Slip
- Letter of Lien and authority for advances of third party's against Fixed Deposits/ Call Deposits/ Special Deposits or Margin Deposits
- Letter of Continuity

□ Memorandum of Deposit of Securities

5.3.2 Steps involved in Credit Processing

The credit process starts with building up relationship with customer through account opening. The preliminary screening of credit proposal and collection of information from different sources take places. Feasibility study and appraisal of loan proposal is the important part of the lending process. The stage of credit approval are done both at the branches and head office higher authority level. Sanction of credit is done by the sanctioning officer who has authority to sanction credit. After fulfilling the conditions the credit is disbursed Credit supervision and follow-up start at the end of the credit disbursement. Necessary steps should be taken to minimize the risk and increase the return of the bank.

Step 1: Application of Loan Proposal

A loan procedure formally stars with a loan application from client who must have an account with the bank. At first, it starts from the branch. Once a customer decides to request a loan, an interview with a loan officer usually Follows right away, giving the customer the opportunity to explain his or her credit needs. After getting an application for a loan, A Rupali Bank official studies the past record of the client. Generally, the study includes

- Account balances and the past transactions.
- Credit report from other banks
- Information of the industry by studying market feasibility.
- Financial statements (Balance sheet, Cash flow statement and Income statement)
- Report from credit information bureau of Bangladesh bank if the credit is proposed.

Interviewing the clients

Interview is particularly important because it provides an opportunity for the bank's loan officer to assess the customer's character and sincerity of purpose. The officer tries to find out the following process

- Borrower's identity, family background, character and capacity.
- Reputation of the borrower in business cycle.
- Educational qualification and experience in business.
- All sources of income, amount and length on time.
- Current loan mortgage information.
- Other stocks such as stocks, bonds etc.
- Liabilities
- Purpose of loan

Step 2: Preliminary screening of credit proposal

Borrower selection

Borrower selection is the most important part of lending process. Generally, anyone who is an employee of the Rupali Bank Ltd can bring credit customer for the bank or present customer can get credit from the bank. While selecting borrower the loan officers are interested to take utmost care so that adverse selection is not made.

Borrower Analysis

The question that must be raised that customer has the ability to repay or not. This usually involves detailed study of 6 aspects of the loan application- Character, capacity, capital, collateral, conditions and control. All must be satisfactory for a loan application from lender's point of view.

Screening of the credit proposal

Bank officials of credit department screening credit proposal at the initial stage. Applicants formally applies for credit facility to the bank, the following documents are collected to screening the credit proposal.

- Profile of the business
- Copy of trade license, TIN certificate, Memorandum of association, Articles of Association.
- Certificate of incorporation, Resolution of Board of Directors.
- Deed, Valuation certificate, financial documents, NECF.
- Bank statements for the last 12 months.

Step 3: Feasibility study & appraisal of loan proposal

Bank officials of the credit department will inspect the proposal for which the loan is applied. Any loan proposal needs to be evaluated on the basis of financial information provided by the loan applicant. If the credit is satisfied with his credit worthiness then second issue must be faced.

An element of risk is always present in every advance. Security is taken against loan and advance to reduce the risk of recovery of loan. Importance of charging security is

- Protection of interest
- Ensuring the recovery of credit.
- Provision against unexpected change
- Commitment of the borrower.

Credit Analysis

To minimize the risk financial information of the borrower is calculated with the scientific method name spread analysis. Financial spread sheet analysis consists of balance sheet, cash flow statement, income statement proved very effective in judging the financial health of the borrower. Sometimes credit analysis fails to prove between the selection of the borrower and the final approval of the loan due to lack of valid information

provided by the borrower. In such case financial spread sheet analysis generates faulty results. Therefore, it is suggested that the quantitative credit analysis should be supplemented with subjective judgment.

Collection of Borrower's Information

Rupali Bank credit administration department collects information on the borrower's liabilities to different banks from the CIB of Bangladesh bank. The information is sought by filling up the specific CIB inquiry form. The importance of CIB report to the loan provider is

- To ensure whether the borrower's have a sound economic situation.
- To ensure that borrower is not a loan defaulter.
- To ensure the repayment condition of the borrower's.

Search and Inspection report

Sources of other information are:-

- Physical information
- Customer financial statements
- Experience of other lenders with this customer
- Customer Annual report
- Local Newspapers
- Local Chamber of commerce

Financial Strength Analysis

Analyzing the financial position is one of the main factors to be identified before financing any business. In the application form, the client has to mention the total investment amount for the business. The net worth of the client must be found by the credit officer.

- Paid up capital
- Investment in business
- Cash flow
- Total assets and total debts

Liability position analysis

While applying for the loan, client must provide information about the credit facility provided by the Rupali Bank and other banks. The credit officer collects information about

- Existing facility taken by the Rupali Bank and other banks.
- Existing facilities for the sister concern if applicable.
- Debt to asset ratio

Risk Analysis

The risk involved with the project or business will determine the return from the business. For assessing the risk bank follows some factors such as Industry risk, Market risk, and Security risk.

Types of security

Types of securities offered by bank vary from place to place and business to business. In metropolitan cities, it may be govt. bonds, shares or bills receivable etc. Where as in industrial areas, raw materials and finished goods are offered as securities. Agricultural production is the principal securities in the agricultural centers. Rupali Bank mainly receives 3 types' securities.

Collateral securities

The tangible securities pledged by the borrower to the bank and additionally held by the bank to secure a loan are called collateral securities. In case of advance against pledge, bank may insist on immovable properties as collateral. Good collateral securities have some characteristics.

- Tangible
- Transferable
- Easily marketable
- Price Stability
- Durability (Not perishable)

Guarantee

At times, when the personal security of the borrower is not considered sufficient or when the risk involved is a border line case and the borrower is not in a position to offer sufficient collateral against loan, the bank may ask guarantee from the third party whose financial ability and credit standing is acceptable to the bank. A guarantee is an undertaking given to the bank by a third party called the guarantor who is ready to give guarantee on behalf of the borrower to the bank.

Margin

The difference between the market value and asset value of the goods, merchandise, and production pledged/ hypothecation to secure a loan/ advances and the amount of the loan/ is known as margin. The margin to be retained for each type of loan/ advances will be in accordance with instructions issued from time to time by Bangladesh Bank/ Head office of the Rupali Bank.

In case where minimum margin is specified, the percentage may be increased according to market conditions/ durability/inspection facility and store capacity of the goods.

Modes of charging securities

Pledge is a bailment of the goods as security for payment of a debt or performance of a promise. A pledge may be in respect of goods including stocks and share as well as documents of title to goods such as railway receipts, bill of lading, dock warrants etc. duly endorsed in favor of the bank.

Hypothecation

In case of hypothecation, the possession and the ownership of the goods both rest the borrower. The borrower to the banker creates an equitable charge to the security. The borrower does this by executing a document known as Agreement of Hypothecation in favor of the lending bank.

Lien

Lien is the right of the banker to retain goods of the borrower until the loan is repaid. The bank's lien is general lien. A banker can retain all securities in his possession till all claims against the concern person are satisfied.

Mortgage

According to section (58) of the Transfer Property Act, 1882, "Mortgage is the transfer of an interest in specific immovable property for the purpose of securing the payment of money advance or to be advanced by the way of loan, existing or future debt, or the performance of an engagement which may give rise to a pecuniary liability". In this case the mortgagor does not transfer the ownership of the specific immovable property to the mortgages, only transfer some of his rights as an owner. The banker exercises the equitable mortgages.

Step 4: Feasibility study & appraisal of loan proposal

If the credit committee is satisfied with the loan application, and its financial information then bank will approval the credit for

the customer. A document is a written statement of facts of proof or evidence arising out of particular transaction. The exaction of documents in proper form is the requirements of the law know as documentation. Documents are necessary for the acknowledgement of the debt by the borrower and charging of securities to the bank by him. Proper and correct documentation is essential not only for the safety of advances but also necessary for taking legal action against the debtors in case of non repayment of dues. Depending on the types of loans and advances different documents are required.

Documentation of Loan

- Demand of Promissory (D.P) Note
- Letter of partnership (in case of partnership concern) or resolution of the board of Directors (in case of limited concern).
- Letter of agreement
- Letter of Disbursement
- Letter of pledge (in case of pledge of goods)
- Letter of Hypothecation (in case of Hypothecation of goods)
- Trust receipt (in case of LTR facility)
- Letter of lien and Ownership (in case of advance against share)
- Letter of Lien for racking credits
- Legal documents for mortgage of the property

Step 5: Disbursement of Loan and Advances

After completely preparing the loan documents, the loan officer is ready to distribute the loan to the borrower's loan account. After disbursement, the loan needs to be organizing and maintaining to ensure whether the terms and conditions of the loan fulfilled by the bank or client or not.

Step 6: Supervision and Follow-up

Credit supervision and follow-up implies that the checking of the pattern of the use of the disbursed fund to ensure whether it is used for the right purpose or not. It includes a reporting system and communication arrangement between the borrower and the lending institution and within department, appraisal, recoveries, follow-up etc. Rupali bank officer checks on the following points.

- The borrower's behavior of the turnover.
- The information regarding the profitability, liquidity, cash follow situation and trend in sales in maintaining various ratios.

The review and classification of credit facilities starts at credit department of the branch with the branch manager and finally the head office of credit division.

5.4 Discussion

5.4.1 Principles of credit Risk management

The management of credit risk is essential for a sound lending process, the basic principles a bank has to follow in its credit risk management are:

- Background, character and ability of the borrowers
- Purpose of the facility
- Term of facility
- Safety and Security
- Profitability
- Source of repayment
- Diversity of loan portfolio

5.4.2. Tools used in Credit Risk Management

The quality of the credit portfolio of banks depends to large extent on the quality of its borrower. To judge the quality of a borrower the bank's takes into consideration the following:

- a) Character: It refers to the willingness of the customers to pay.
- b) Capacity: The customer's ability to meet credit obligations.
- c) Capital: The customer's financial reserves
- d) Collateral: Adequate net worth to support for the loan
- e) Conditions (economic) recent trends in borrower line of credit
- f) Compliance (law & regulations)

5.4.3. Use of Credit Risk Grading

The Financial Sector Reform Program (FSRP) was introduced in the early nineties in Bangladesh with a view to bringing about financial discipline by undertaking appropriate reform measures in the financial sector. The program was undertaken by the Government of Bangladesh (GOB) with combined support of the World Bank and USAID under the 'Structural Adjustment Program'. The program mainly covered the banking institutions in the financial sector and suggested several reform measures. Among the measures that FSRP recommended, the Lending Risk Analysis (LRA) constitutes as an important measure. LRA was prescribed for taking sound credit decision in consolidated form on the basis of analyzing risks involved in borrower's business and security. With a view to ensuring better credit risk management, the use of LRA was made mandatory in case of sanctioning or renewing large credits until the adoption of Credit Risk Grading (CRG) in 2003. At present LRA has been replaced by the CRG.

The Credit risk grading matrix allows application of uniform standards to credits to ensure a common standardized approach to assess the quality of individual borrower, credit portfolio of a unit, line of business, the branch or the bank as a whole.

- As evident, the CRG outputs would be relevant for individual credit selection, wherein either a borrower or a particular exposure/facility is rated. The other decisions would be related to *pricing* (credit-spread) and specific features of the credit facility. These would largely constitute borrower level analysis.
- Risk grading would also be relevant for surveillance and monitoring, internal MIS and assessing the aggregate risk profile of a bank. It is also relevant for portfolio level analysis.

5.4.4 Credit Risk Grading Process:

- Credit risk grading should be completed by a Bank for all exposures (irrespective of amount) other than those covered under consumer and small enterprises financing prudential guidelines and also under the short-term agricultural and micro credit.
- For superior risk grading (SUP-1) the score sheet is not applicable. This will be guided by the criterion mentioned for superior grade account i.e. 100% cash covered, covered by government & bank guarantee.
- Credit risk grading matrix would be useful in analyzing credit proposal, new or renewal for regular limits or specific transactions, if basic information on a borrowing client to determine the degree of each factor is

a) readily available, b) current, c) dependable, and d) parameters/risk factors are assessed judiciously and objectively. The relationship manager as per data collection, checklist should collect required information.

- Relationship manager should ensure to correctly fill up the limit utilization form in order to arrive at a realistic earning status for the borrower.
- Risk factors are to be evaluated and weighted very carefully, on the basis of most up-to-date & reliable data and complete objectivity must be ensured to assign the correct grading. Actual parameter should be inputted in the credit risk grading score sheet.
- Credit risk grading exercise should be originated by relationship manager and should be an on-going and continuous process. Relationship manager shall complete the credit risk grading score sheet and shall arrive at a risk grading in consultation with a senior relationship manager and document it as per credit risk grading form, which shall then be concurred by the credit officer in consultation with a senior credit officer.
- All credit proposals whether new, renewal or specific facility should consist of a) Data collection checklist, b) Limit utilization form c) Credit risk grading score sheet, and d) Credit risk grading form.
- The credit officers then would pass the approved credit risk grading form to credit administration department and corporate banking/line of business/recovery unit for updating their MIS/record.

- The appropriate approving authority through the same credit risk grading form shall approve any subsequent change/revision i.e. upgrade or downgrade in credit risk grade.

5.4.5 How to Compute Credit Risk Grading:

The following step-wise activities outline the detail process for arriving at credit risk grading. First of all, financial spread sheets (as appendix-6) are prepared by the lending bank on the basis of financial information provided by the borrower and secondly, the credit risk grading scoring sheet (as appendix-7) is prepared to compute the composite score of the loan proposal in order to judge the merit of the case for achieving approval of the loan.

Step -1: Identify all the Principal Risk Components

Credit risk for counterparty arises from an aggregation of the following:

- Financial Risk.
- Business/Industry Risk.
- Management Risk.
- Security Risk.
- Relationship Risk.

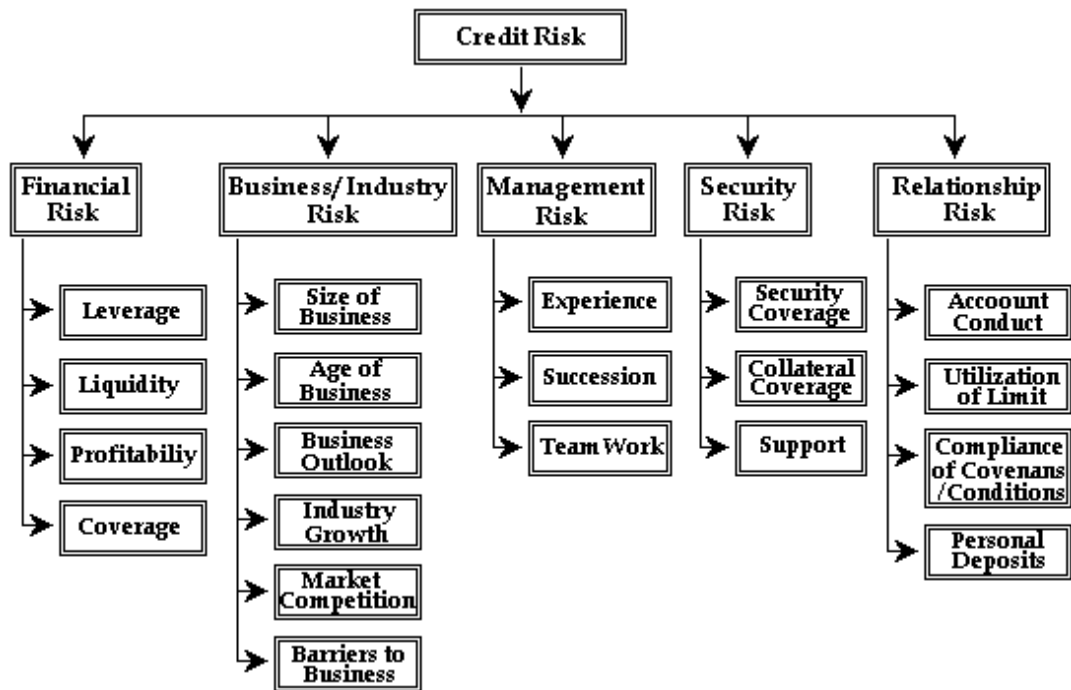


Fig: 1 Risk Components

Each of the above mentioned key risk areas required to be evaluated and aggregated to arrive at an overall risk grading measure.

Evaluation of Financial Risk:

Risk that counterparties will fail to meet obligation due to financial distress. This typically entails analysis of financials i.e. analysis of leverage, liquidity, profitability & interest coverage ratios. To conclude, this capitalizes on the risk of high leverage, poor liquidity, low profitability & insufficient cash flow.

Evaluation of Business/ Industry Risk:

Risk that adverse industry situation or unfavorable business condition will impact borrowers' capacity to meet obligation. The evaluation of this category of risk looks at parameters such as business outlook, size of business, industry growth, market competition & barriers to entry/exit. To conclude, this

capitalizes on the risk of failure due to low market share & poor industry growth.

Evaluation of Management Risk:

Risk that counterparties may default as a result of poor managerial ability including experience of the management, its succession plan and team work.

Evaluation of Security Risk:

This is the risk that the bank might be exposed due to poor quality or strength of the security in case of default. This may entail strength of security & collateral, location of collateral and support.

Evaluation of Relationship Risk:

These risk areas cover evaluation of limits utilization, account performance, conditions/covenants compliance by the borrower and deposit relationship.

Step 2: Allocate weights to Principal Risk Components

According to the importance of risk profile, the following weights are proposed for corresponding principal risks:

Principal Risk Components Weight

□ Financial Risk	50%
□ Business/ Industry Risk	18%
□ Management Risk	12%

- Security Risk
10%
- Relationship Risk
10%
- TOTAL 100%

Step 3: Establish the Key Parameters

According to the importance of risk profile, the following weights are proposed for corresponding principal risks:

Table - 8 Risk components with key parameters:

Principal Risk Components	Key Parameters
Financial Risk	Leverage, Liquidity, Profitability & Coverage ratio
Business/ Industry Risk	Size of Business, Age of Business, Business Outlook, Industry Growth, Competition & Barriers to Business
Management Risk	Experience, Succession & Team Work.
Security Risk	Security Coverage, Collateral Coverage and Support.
Relationship Risk	Account Conduct, Utilization of Limit, Compliance of covenants/conditions & Personal Deposit

Step -4: Weight the Key Parameters

According to the importance of risk profile, the following weights are proposed for corresponding principal risks:

Table: 9 Weight with Key Parameters

Principal Risk Components	Key Parameters	Weight	Individual Total
Financial Risk	Leverage	15%	50%
	Liquidity	15%	
	Profitability	15%	
	Coverage	5%	
Business/ Industry Risk	Size of Business	5%	18%
	Age of Business	3%	
	Business Outlook	3%	
	Industry Growth	3%	
	Market Competition	2%	
	Entry/ Exit Barriers	2%	
Management Risk	Experience	5%	12%
	Succession	4%	
	Team Work.	3%	
Security Risk	Security Coverage	4%	10%
	Collateral Coverage	4%	
	Support	2%	
Relationship Risk	Account Conduct	5%	10%
	Utilization of Limit	2%	
	Compliance of covenants/conditions	2%	
	Personal Deposit	1%	
		1%	

Step -5: Input Data to arrive at the Score on the Key Parameters

After the risk identification & weight assignment process (as mentioned above), the next step will be to give input in actual parameters in the score sheet to arrive at the scores corresponding to the actual parameters. The CRG Manual (CRGM) provided by Bangladesh Bank also includes a well programmed MS Excel based Credit Risk Scoring Sheet to arrive at a total score on each borrower. The excel program requires inputting data accurately in particular cells for input and will automatically calculate the risk grade for a particular borrower based on the total score obtained.

Step -6: Arrive at the Credit Risk Grading based on Total Score Obtained

The following is the proposed Credit Risk Grade matrix based on the total score obtained :

Table-10 :A Typical Risk Grading (Credit Rating) System under CRG Manual

Grade	Description	Weighted Score	Key Indicators
1.	Superior (SUP)	None	-Facilities are fully cash secured, secured by Government/international bank guarantee
2.	Good (GD)	85 +	- Repayment capacity: Strong - Liquidity: Excellent - Leverage: Low - Earnings & Cash Flow: Consistently Strong - Track record/Account conduct: Unblemished
3.	Acceptable (ACCPT)	75 - 84	-Repayment capacity: Adequate. - Liquidity: Adequate - Earnings & Cash Flow: Adequate & Consistent. - Track record/Account conduct: Good
4.	Marginal / Watch List (MG/WL)	65 - 74	-Repayment: Routinely fall past due - Liquidity: Strained liquidity - Leverage: Higher than normal -Earnings & Cash Flow: Thin, incurs loss and inconsistent. -Track Record/Account conduct: Poor
5.	Special Mention (SM)	55 - 64	-Repayment: Deteriorate repayment prospects -Net-worth: Negative -Management: Severe problems -Leverage: Excessive -Earnings & Cash Flow: Consecutive losses
6.	Substandard (SS)	45 - 54	-Repayment: Capacity and inclination to repay is in doubt. -Financial condition: Weak
7.	Doubtful (DF)	35 - 44	-Repayment: Unlikely and possibility of credit loss is extremely high

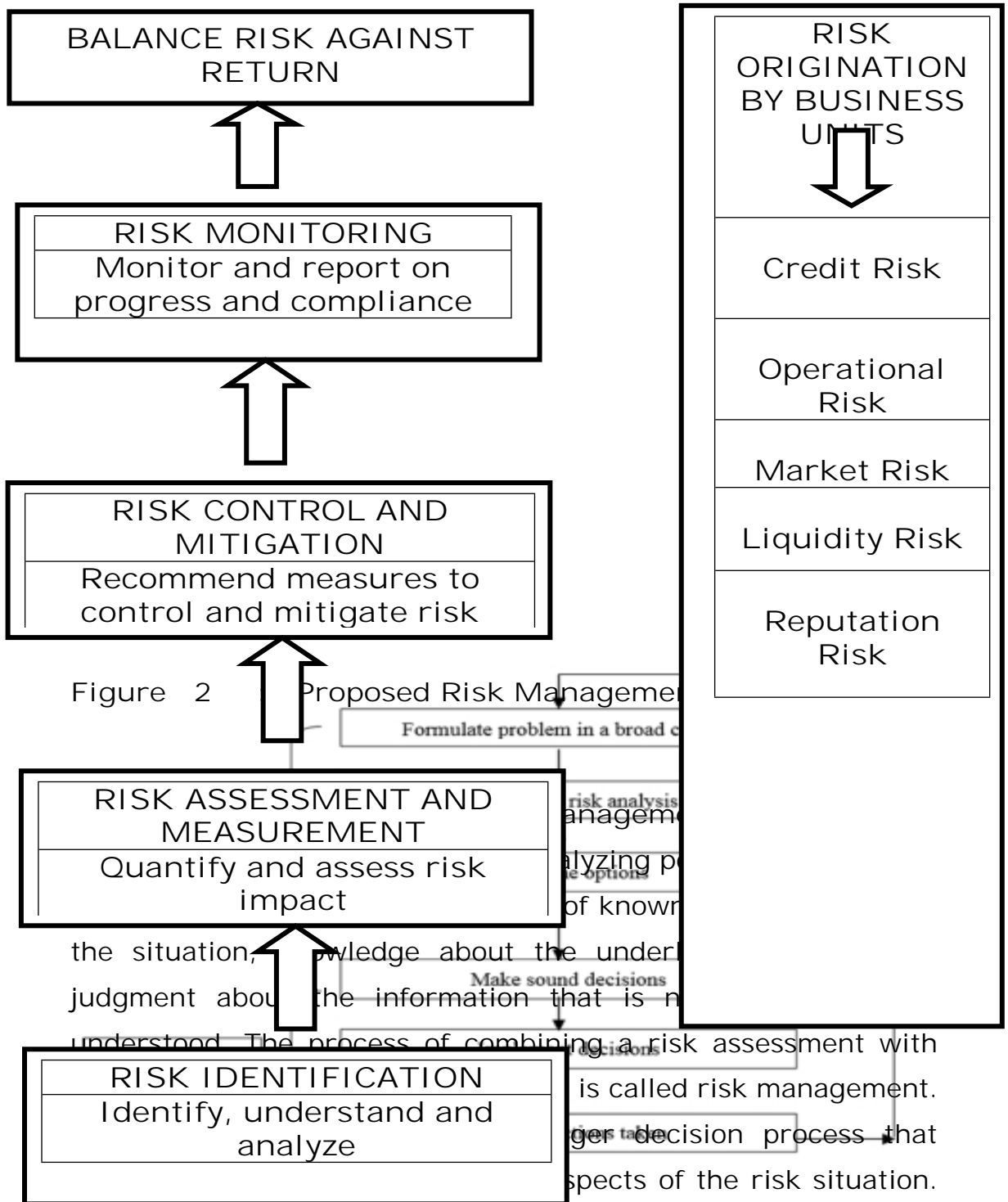
8.	Bad & Loss (BL)	< 35	-Repayment: Long outstanding, the prospect of recovery is poor, legal action have been pursued etc.
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Source: Bangladesh Bank (2005), *Credit Risk Grading Manual*, Dhaka: Bangladesh Bank, Head Office.

Pre-sanction stage	Grading stage	Post sanction stage
(1) Feasible	SUPERIOR	(1) Performing
	GOOD	
	ACCEPTABLE	
(2) Conditional/ Exceptionally Acceptable	MARGINAL/ WATCHLIST	(2) Early warning account
(3) Non-feasible	SPECIAL MENTION	(3) Non-performing

8. Proposed risk grading model

There is a need to modify the existing risk grading model and need more concentration on qualitative factors. Bangladesh Bank must make mandatory to environmental risk management guidelines to make to understand and manage risks that arise from environmental concerns which bring a focus on planning and implementing policies and procedures to mitigate environmental risks. The proposed risk grading model is laid down below:



Risk assessments are performed primarily for the purpose of providing information and insight to those who make decisions about how that risk should be managed. Judgment and values enter into risk assessment in the context of what techniques one should use to objectively describe and evaluate risk. Judgment

and values enter into risk management in the context of what is the most effective and socially acceptable solution. The combined risk assessment and risk management process can be described as a six step process. The first three steps are associated with risk assessment and the last three with risk management:

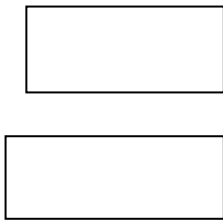


Figure 3: Combined risk assessment and risk management process

Credit Risk is one of the prime risks of the Bank. It indicates the potential loss arising from contractual failure of the borrower with the Bank. The failure may be resulted from unwillingness of the borrower or due to decline of the financial conditions. Therefore, Bank's Credit Risk Management activities have been designed to address all these issues.

On the basis of Bangladesh Bank's Credit Risk Management (CRM) policies, Rupali Bank has formulated a manual of credit risk management policies which have been approved by Bank's Board of Directors already in force. These help to bring the credit operation of the Bank to the level of international standard. The organizational structure of Bank's Head Office has been designed in line with CRM guidelines. The duties of the officers/ executives, working in credit areas, have been segregated for smooth functioning. Credit approval administration, monitoring and recovery function have segregated and functioning accordingly. Credit risk Management activities ensure maintaining asset quality, assessing risks in lending to particular customer, sanctioning credit, formulating policy/ strategy for lending operation, etc.

5.4.7 Credit Process & Risk Management

Contemporary banking organizations are exposed to a diverse set of market and non-market process and the management of risk has accordingly become a core function within banks. Banks have invested in risk management for the good economic reason that their shareholders and creditors demand it. But bank supervisors, such as the Bangladesh Bank, also have an obvious interest in promoting strong risk management at banking organizations because a safe and sound banking system is critical to economic growth and to the stability of financial markets. Indeed, identifying, assessing, and promoting sound

risk management practices have become central elements of good supervisory practice.

5.4.8 Credit risk management process should cover the entire credit cycle starting from the Origination of the credit in a financial institution like this:

- Credit processing/appraisal
- Credit approval/sanction
- Credit documentation
- Credit administration
- Disbursement
- Monitoring and control of individual credits
- Monitoring the overall credit portfolio (stress testing)
- Credit classification and
- Managing problem credits/recovery

5.4.9 Under credit risk management the following tasks are also done

- Collect all relevant data from different models and information systems for analyzing risk.
- Assess the quality, completeness and correctness of all relevant data needed to analyze risks.
- Highlight risky portfolios and deficiencies of the bank on timely manner with recommendations and suggestions.
- Analyze data through preparation of paper named risk management paper.
- Identify, evaluate, control and monitor major risks in line with the standard set in the policy guideline to avoid necessary loss and ensure the banks in pricing all risk correctly .
- Review market conditions and take precautionary measures towards facing abnormal market situation.

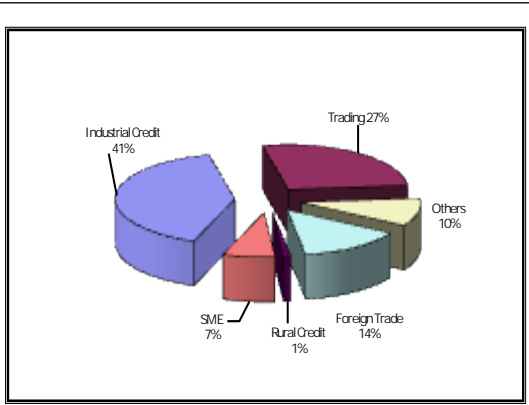
- Ensure through independent oversight that different risks are identified, evaluated, monitored and reported within the established risk management frame work.

6.1 Data Analysis and Interpretation

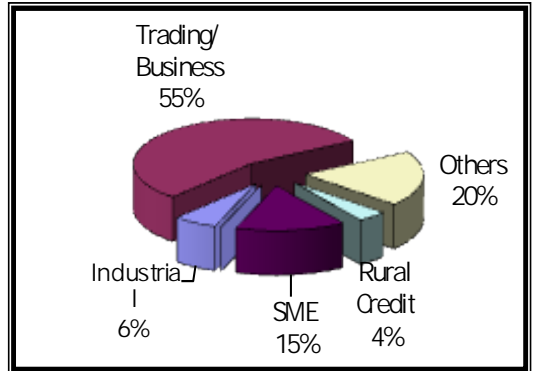
A general analysis of loans and advances of Rupali Bank Ltd is given bellow

(Source: Annual Report -2015):

6.1.1 Sector and Divisional Office wise Loans and Advances o as on 31-12-15:



Sector wise loan of RBL



Sector wise loan of Dinajpur zone

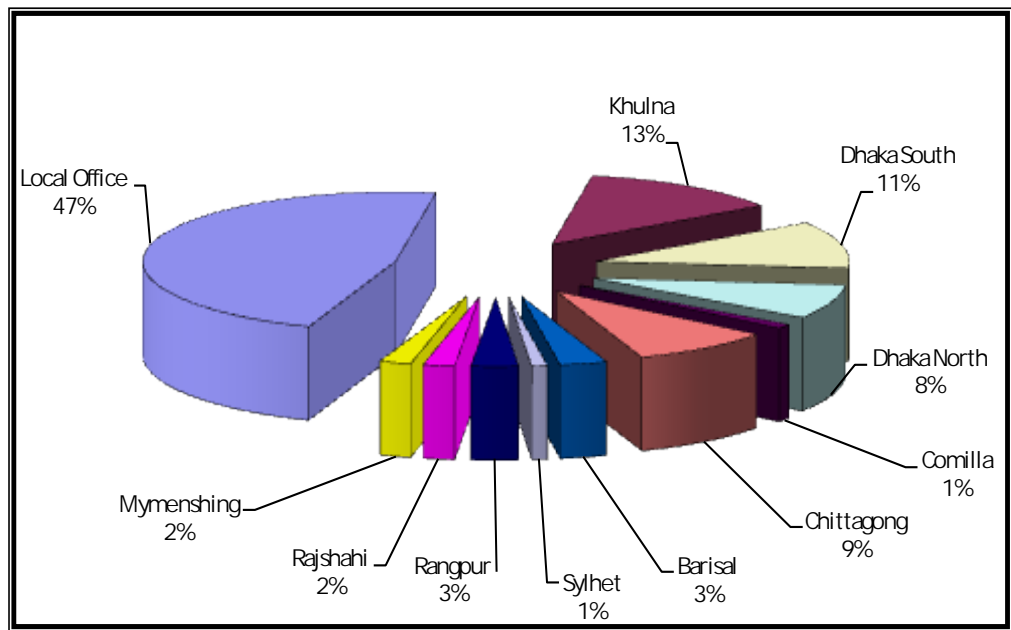


Fig-4 Divisional Office wise Loans of RBL

Fig-4. Sector and Divisional Office wise Loans and Advances of RBL

The figure-4. shows the loan and advances of RBL, Divisional wise, Dinajpur zone.

- In RBL loan and advances consists of industrial loan 41%, trading 27%, sme 7%, rural credit 1%, foreign trade 14% and others 10% .
- In Dinajpur zone loan and advances consists of industrial loan 6%, trading 55%, sme 15%, rural credit 4%, and others 20%.
- In Divisional wise, the disbursement of local office is so high compare to other division. Rangpur division represent the low disbursement by 3%.The loan disbursement should be increased to gain profit.

6.1.2 Sector Wise Loan Status of Ranirbandar Branch
 Table: 11 Sector Wise Loan of Different Years
 (Fig. in Lac)

Year	Trading/ Business	SME	Micro & Agriculture	Others
2013	503.05	148.25	59.98	34.06
2014	423.58	232.18	38.70	71.27
2015	377.29	226.52	44.73	95.46

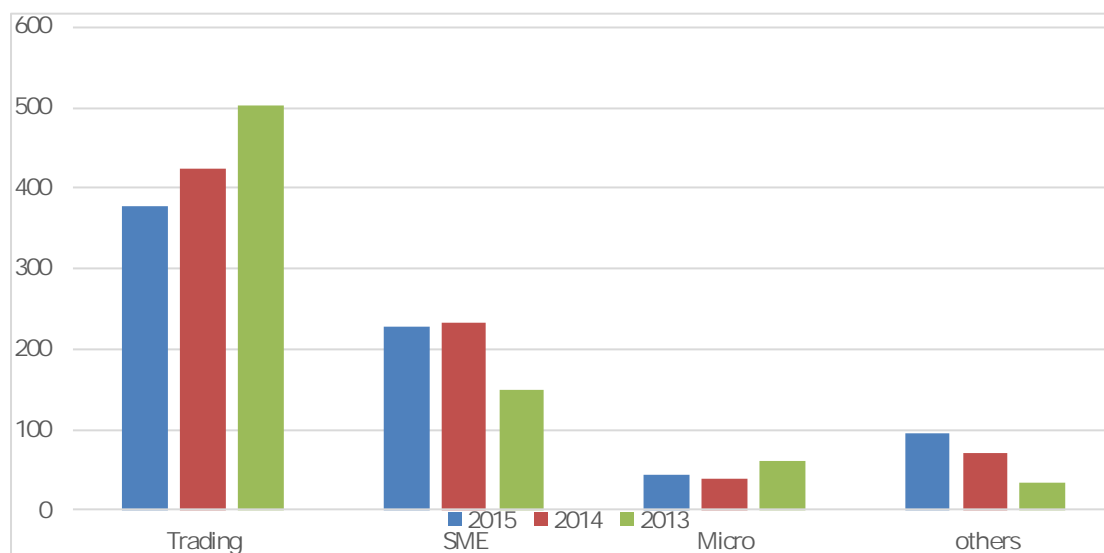


Fig-5. Sector Wise Loan of Different Years of Ranirbandar branch, Dinajpur

- The branch's loan and advances in the year 2013 is trading-503.05 lac, sme 148.25 lac, micro and agriculture 59.98 lac, others 34.06 lac; 2014 is trading 423.58 lac,sme 232.18 lac,micro and agriculture 38.70lac,others 71.27lac;2015 is trading 377.29 lac,sme 226.52 lac, micro and agriculture-44.73 lac, others 95.46 lac.(Table-11).
- Loan and advances amount should be increased for healthy business position as will as to meet up the branch's expenses and to gain profit.
- From comparison from graph Fig-5.we can say that trading loan is gradually decreases in 2013,2014,2015 respectively, but other loans more or less stable.

Table: 12 Sector wise Classified Loan of Different Years

(Fig. in Lac)

Year	Trading/ Business	Micro & Agriculture
2013	87.95	4.47
2014	144.82	2.92
2015	102.98	4.00

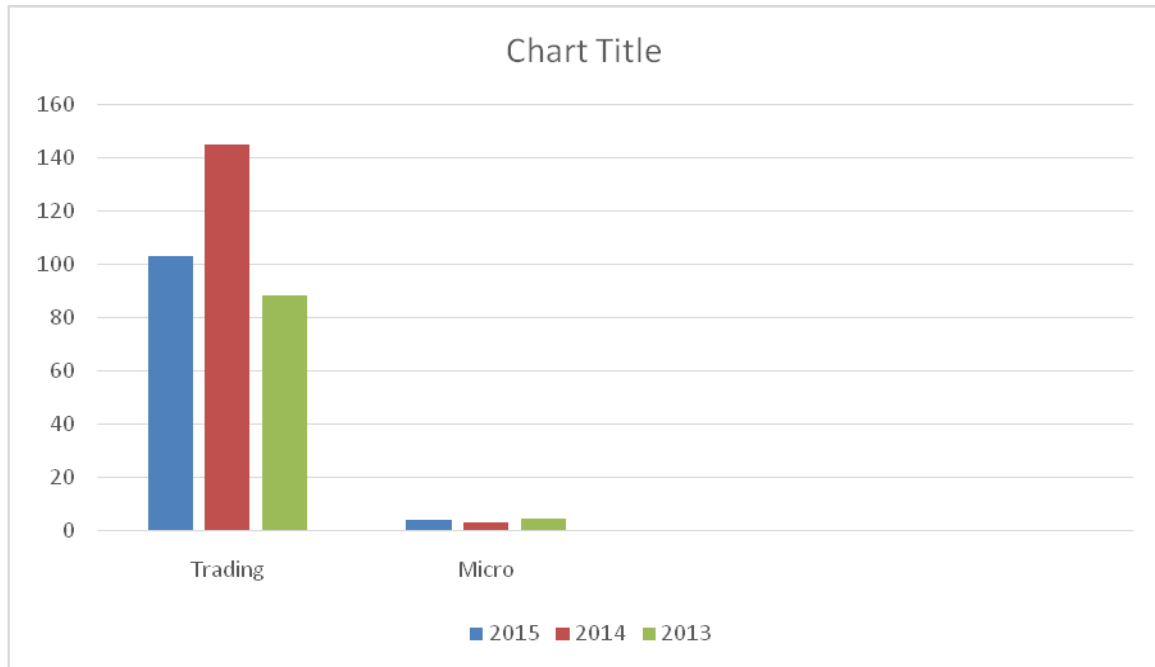


Fig-6. Sector wise Classified Loan of Different Years Ranirbandar branch, Dinajpur

- Table 12 shows the classified in the year 2013,2014,2015 are trading loan-87.92lac,144.82lac,102.98lac and Micro & Agriculture -4.47 lac,2.92lac,4.00 respectively.
- From graph Fig-6. it is clear that Trading classified loan was so high in the year 2014 and Micro & Agriculture classified loan is high compare to previous year

Table: 13 Sector wise Classified Loan recovery of Different Years

(Fig. in Lac

Year	Trading/ Business	Micro & Agriculture
2013	25.76	1.21

2014	46.52	0.98
2015	65.89	1.01

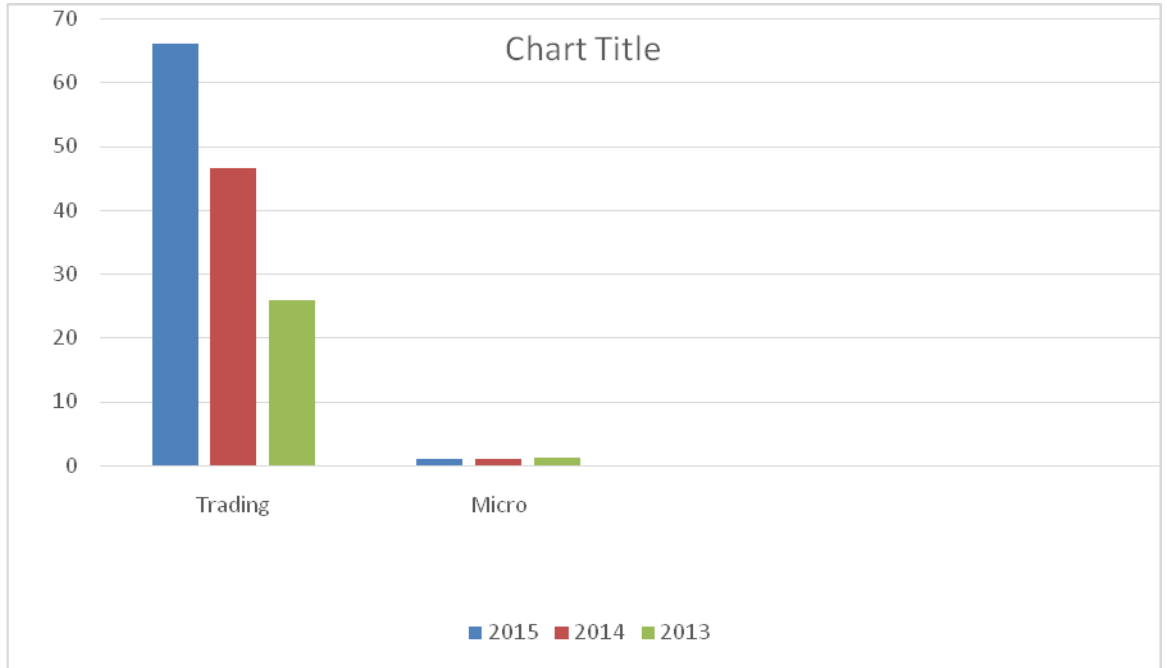


Fig-7. Sector wise Classified Loan recovery of Different Years Ranirbandar branch, Dinajpur

□ Table 13 shows the recovery of classified loan in the year 2013,2014,2015 are trading loan 25.76 lac,46.52 lac,65.89lac and Micro & Agriculture 1.21 lac,.98lac,1.01 respectively.

□ The above graph-7 shows that trading classified loan recovery was so high in the year 2015 and Micro & Agriculture classified loan recovery is high compare to previous year.

□ When we combine the classified loan and recovery in graph, it shows that in 2013 and 2014 classified loan increases but recovery decreases but in 2015 classified loan amount decreases and recovery increases.

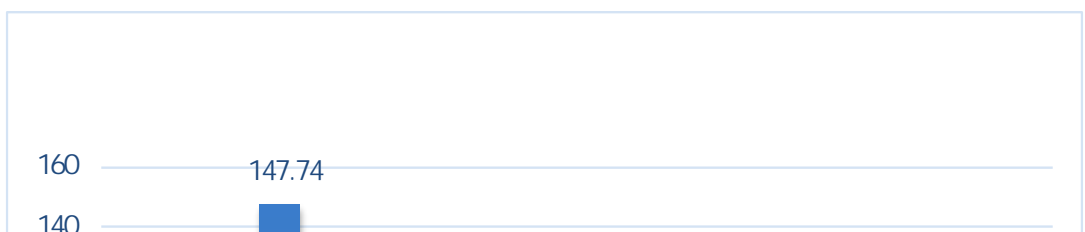
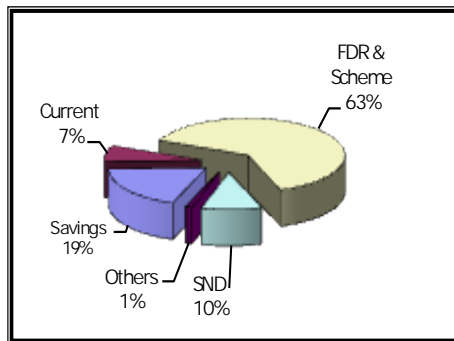


Fig-8. Year wise classified Loan and Recovery of Ranirbandar branch, Dinajpur

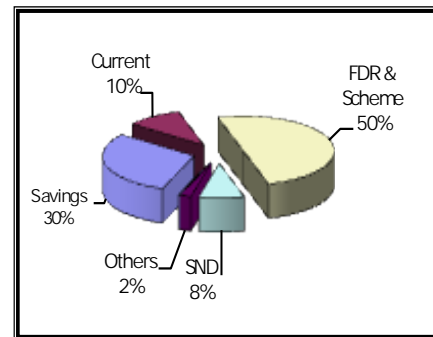
Analysis from Figure 8, we can interpret that-

- The classified loan in the year 2013,2014,2015 are 92.42 lac, 147.74 lac and 106.98 lac respectively.
- The recovery of classified loan in the year 2013,2014,2015 are 26.97 lac, 47.5 lac and 66.9lac respectively.
- The classified loan increases in 2014 year from year 2013 and recovery also increases in 2014 from 2013.
- The year 2015 is significant because the classified loan has decreased as well as recovery has increased

6.1.3 Deposit Mix of RBL as on 31-12-2015:



Deposit Mix of RBL



Deposit Mix of Ranirbandar Branch

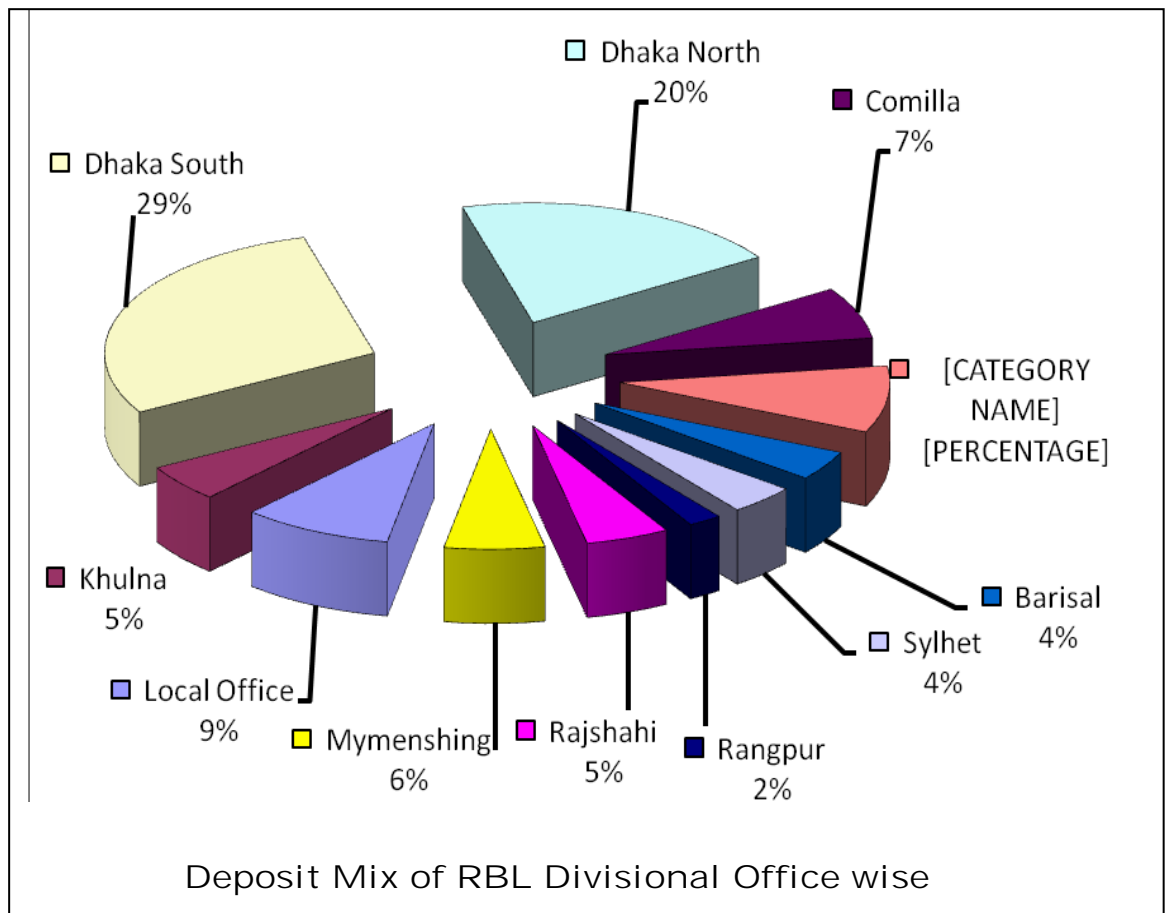


Fig- 9 : Deposit Mix

The figure.9 shows the deposit of RBL, Divisional wise, Dinajpur zone

Analysis from Figure 9, we can discuss that

- In RBL deposit consists of savings 9%, current 7%, SND 10%, FDR and SCHEMES 63%, and others 1% .
- In Dinajpur zone loan and advances consists of savings 30%, current 10%, SND 8%, FDR and SCHEMES 50%, and others 2%
- .In Divisional wise, the Dhaka south and Dhaka north are dominating compare to other division. Rangpur division represent the low deposit by 2%. The cost deposit should be decreased like FDR and low cost deposit should be enhanced to gain profit.

6.1.4 Business position

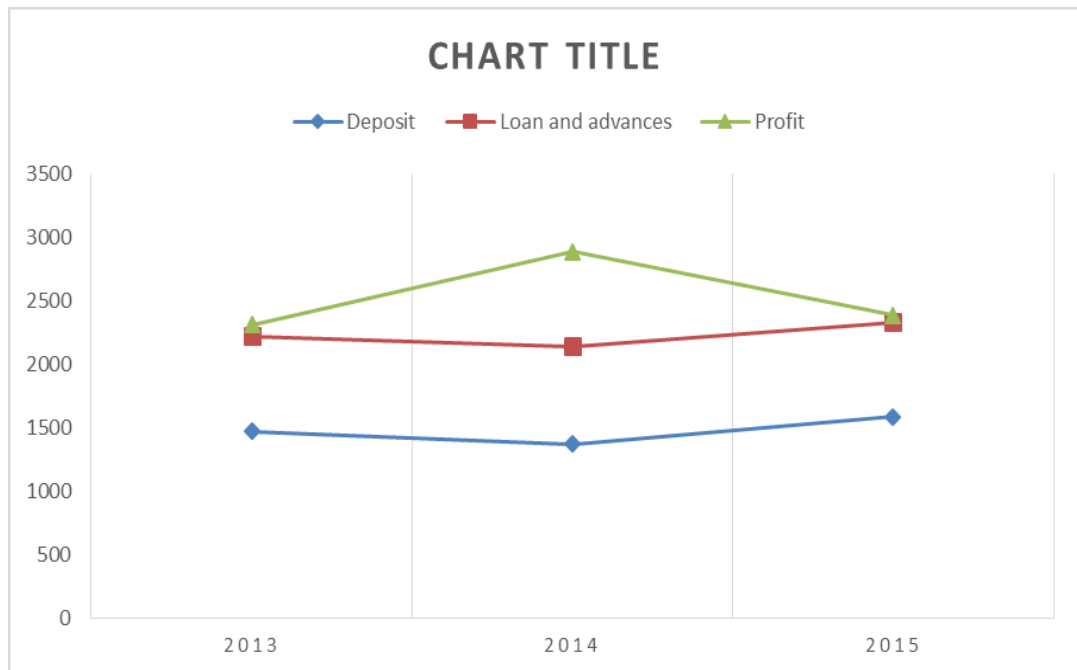


Fig. 10 Business position of Ranirbandar Branch, Dinajpur.

- Analysis from Figure 10, we can interpret that-875
- The loans and Advances increases from 2013 to 2014 and decreases from 2014 to 2015.
 - The deposit and profit decreases from 2013 to 2014 and increases from 2014 to 2015.
 - Generally Loans and Advances and Deposit affect positively to increase on profit. In spite of decreases of loans and Advances in 2013 to 2014, profit increases. This is due to other income sources like service charge, maintenance fee, Head office interest and low classified or bad loan. On the other hand, increases of loans and Advances in 2014 to 2015, profit decreases due to the impact of high classified or bad loans and some other factors.

7.1. FINDINGS

As a commercial bank, RBL must ensure faster services by removing the problems. From my study on the overall performance and activities of RBL (Ranirbandar Branch) I have got some major findings, which are given below:

- Bangladesh bank credit management policies requires bank to set lending guideline which RBL does and reviews on annual basis.
- RBL's detailed product definition shows that each product falls under Bangladesh bank broad classification of loan product.
- RBL follows the BB guideline regarding discouraged lending activities.
- Both interest rate on deposit and loan are lower compared to other strong participants of the market.
- In the financial statement of 2015 of RBL is titled as Auditor's report which means auditors were not independent in inspecting the financial statement.
- The profitability ratio indicates that in last five year RBL made adequate profit which is in mounting trends.
- RBL is much strong in capital adequacy along with good management of liquidity but the asset quality is not so good.
- The number of employee is not enough according to the total customer it serves.
- Foreign exchange contribution is appreciable to total income.

- The credit risk management process of Rupali Bank Ltd. is quite commendable. Hence, the zonal office always try to sanction loan in the shortest period of time within its limit by ensuring the best possible documentation process.

7.2. Recommendations

The loan and advances is one of the most important source of income. From analysis of loan and advances the recommendations are given below:

- Develop more customized parameters for credit approval process under the general guideline of BB to increase its market.
- Classified loans have to be reduced to improve the loan status.
- Classified loans recovery officer should be recruited.
- Credit policy should be revised according to the demand of the situation
- More research and innovative ideas should be made.
- Continuous improvement should be made in the lending procedure which would reduce the default risk of the bank and increase profitability.
- All the branches should be computerized.
- Employees should be given training properly for better loan activities.

- Low cost deposit like SND, current account should be increased.
- collateral securities should be valuable.
- Borrower should be selected carefully.

CONCLUSION

As a bank Rupali Bank Limited has to do a lot of things for the betterment of the country. The Bank is strongly positioned in the market and with its core strengths it can match shareholders' expectations and thus raise their wealth in future through ethical banking and best pricing. Thus, it has to take initiative so that it can fulfill the desire of the govt. as well as people. It will enhance more public services and build up working teams to provide the best services to its valuable customers. It must be run in organized way and discipline must be ensured in all sphere of its performance. Efficient export team, import team and remittance team must be formed and perform duties properly. More training, computerization, data collection, market analysis and swiftness in servicing are essentially required.

Credit risk management is becoming more and more important in today's competitive business world. It is all the more important in the context of Bangladesh. The tools for improving management of consumer credit risk have advanced considerably in recent years. Therefore, as a responsible and reputed commercial bank, RBL has instituted a contemporary credit risk management system. From the study, it is evident

that the bank is quite sincere in their approach to managing the consumer credit risk though there are rooms for improvement. On the other hand Dinajpur Zonal Office has a lot of task managing the huge (11.17%) NPL specially for recovery. They have to be more cautious in the recovery sector and preferential treatments to some big clients should also be stopped. However, they follow an in-depth procedure in assessing the credit risk by using the credit risk grading techniques which provides them a solid ground in the time of any settlement.

From the analysis of loans and advances of Rupali Bank Ltd. Ranirbandar Branch, Dinajpur, we can say that the loaned status is quite good though classified loan has hampered the total business position. Borrower selection, loan sanction procedure should be maintained lawfully. This will help the branch to reach the target business position.

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