Internship Report

on

Loan Processing, Credit Appraisal, Follow-Up & Recovery Procedure of Meghna Bank Limited

Submitted To:

Department of Business Administration
Faculty of Business
Sonargaon University (SU)
Dhaka-1215

Submitted By:

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Program: Bachelor of Business Administration [BBA]
Major: Finance
Semester: Spring -2026
Sonargaon University (SU)

Submitted for the partial fulfillment of the Degree of Bachelor of Business Administration [BBA]

Date of Submission: 2nd May, 2026

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on
Loan Processing, Credit Appraisal, Follow-Up & Recovery Procedure of Meghna Bank Limited

Submitted To:

Natasha Shikder
Lecturer (HRM)
Department of Business Administration
Sonargaon University (SU)

Supervised To:

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Letter of Transmittal

2nd May, 2026
Natasha Shikder
Lecturer (HRM)
Department of Business Administration
Sonargaon University (SU)

Subject: Submission of Internship Report on "Loan Processing, Credit Appraisal, Follow – Up & Recovery Procedure of Meghna Bank Limited".

Dear Sir,

With due respect and humble submission, I like to state that I have completed my internship report on **"Loan Processing, Credit Appraisal & follow-up Recovery Procedure of Meghna Bank Limited".** The internship program has given me the opportunity to learn about different aspects of this well reputed organization. Before facing the corporate world, I have gathered general idea about the organization culture and activities. Without sincere cooperation and proper guidance of you it was not possible for me to prepare this report. For this act of kindness, I am grateful to you.

I have tried my best to make this report as informative, practical, reliable and relevant as Possible. In preparation of this report, I have reviewed few books, journals, articles from internet, taking few interviews and on the basis of this available information I drew a set of Recommendation which I believe will help the credit department to improve their competence.

Yours sincerely,

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Musammat Bristi Akther
ID: BBA 2202026087
Program: Bachelor of Business Administration [BBA]
Major: Finance
Semester: Spring -2026
Sonargaon University (SU)

Student’s Declaration

I am a student of Bachelor of Business Administration [BBA], Major: Finance, Semester: Spring-2026, Sonargaon University (SU), hereby declare that the report entitled **“Loan Processing, Credit Appraisal, Follow-Up & Recovery Procedure of Meghna Bank Limited”** embodies the results of my effort, perused under the supervision of **Natasha Shikder,** Lecturer (HRM), Department of Business Administration, Sonargaon University (SU).

The report is a unique one which is not submitted to anywhere for any academic purpose. The data and information which are mentioned here are also collected and organized by myself. I am solely responsible for any kind of misleading or manipulation of data or information in this report.

I also confirm that this report is only prepared for my academic requirement, not for any other purpose.
It has not been previously submitted to any other university/college/organization for an academic qualification/certificate/diploma or degree.

Sincerely Yours,

____

Musammat Bristi Akther
ID: BBA 2202026087
Program: Bachelor of Business Administration [BBA]
Major: Finance
Semester: Spring -2026
Sonargaon University (SU)

Certificate of the Supervisor

This is to certify that the internship report entitled **"Loan Processing, Credit Appraisal, Follow-Up & Recovery Procedure of Meghna Bank Limited"** is done Musammat Bristi Akther, ID: BBA 2202026087, Program: Bachelor of Business Administration [BBA], Major: Finance, Semester: Spring -2026, Sonargaon University (SU) under my supervision. This report is going to be forwarded for evaluation.

I have gone through the report and it seems satisfactory to submit for the award of the Degree of Bachelor of Business Administration.

I wish her success in life.

____

Natasha shikder
Lecturer (HRM)
Department of Business Administration
Sonargaon University (SU)

Acknowledgement

At the beginning, I would like to express my sincere gratitude to Almighty, the most merciful and beneficial for empowering me to prepare the report within the scheduled time.

As a student of BBA Program, Internships one of the most important partial requirements of the total courses four years BBA program. In this regard I would like to thank all the faculties of Sonargaon University who helps me to finish my courses. This is a synopsis of my recent report on “Loan Processing, Credit Appraisal & Follow Up Recovery Procedure of Meghna Bank Limited” as a part of the internship report program.

I would like to thank my honorable teacher and internship supervisor **Natasha shikder,** Lecturer (HRM), Department of Business Administration, Sonargaon University (SU)for her kind guidance and support in the preparation of this report. I will remain indebted to her for the valuable suggestions and the time she has given in supervising my work on report. I am very much thankful to her because without her support and suggestion my effort would not be materialized. I feel myself very lucky to be in touch of her great faculty. I also thank all the staffs of this department for their sincere support.

I would also like to acknowledge my appreciation toward MD Mehboob Alam Chowdhury (SAVP) senior assistant Vice president of MEGHNA Bank, Taker hat Branch, Rajbir, Madaripur for being patient and supporting me throughout my 3 months long program. My peers and colleagues at the bank had also been very kind and helpful and they made my internship a more comfortable one. I would like to specially thank Debashish Saha (Credit Analyst) for being there whenever I needed their support.

Executive Summery

Banking system of Bangladesh has through three phases of development Nationalization, Privatization and lastly Financial Sector Reform. MEGHNA Bank Limited has started its journey as a private commercial bank on April 21, 2013. As a part of my under-graduation program, have completed my internship in this organization. Throughout the period of my internship, I had been working in several departments. However, I was officially appointed to work in the credit department. The report will reveal the background of the company, description of the loans, findings and recommendations based on the experience gathered.

One of my major responsibilities was to assist the clients in opening new accounts. Alongside, my work was limited to Account opening section, Bills and clearing section. I had been given access to unique software, called MYSIS. I would be required to log in with username and password, and then search for specific clients. In one hand, I was assigned to provide account opening related information to the new customers. Every day, one of my responsibilities was to capture new or existing information related to account opening and then, disseminate that information to the clients who are interested to open accounts in MEGHNA BANK. On the other hand, I was assigned to keep a database of the information collected. Alongside, I prepared and fill up new and existing files for the department.

The report is based on my critical observation while working in the credit division of MEGHNA Bank. Lending is one of the principal functions of the bank. Sound lending practice therefore, is very important for profitability and success of a bank. For the sake of sound lending, it is necessary to develop a sound policy and modern credit management techniques to ensure that loans/ advances are safe and the money will come back within the time set for repayment. For this purpose, proper and prior analysis of credit proposals is required to assess the risk. The comparative analysis shows that MEGHNA BANK is in better position, but there are some obstacles it faces to sustain the position. However, the continuous improvement of the services will certainly place the bank in the best position in one decade.

List of Abbreviation

01	**SE** - Small Enterprise
02	**HO** - Head Office
03	**CRM -** Credit Risk Management
04	**CRG -** Credit Risk Guideline
05	**PPG -** Product Program Guideline
06	**RM -** Relationship Manager
07	**RRM -** Retail Risk Management
08	**CIB -** Credit Information Bureau
09	**D.P Note –** Demand Promissory Note
10	**CAD -** Credit Administration Department
11	**HBL -** House Building Loan
12	**NPL -** Non performing Loan

Table of Content

Chapter-01: Introduction

1.1 Back ground of Report

A Banking institution is crucial at today's modern macro-economic system both for domestic and international perspective (Mr. Toha, personal communication, December 24, 2025). Banks play a vital role in the economy by providing means of payment and in mobilizing resources (Mr. Shoel, personal communication, December 24, 2025). Now people directly or indirectly are surrounded in the field of banking. Today's modern banks aren't only providing traditional banking but also expanding the many financial services with unique features to their clients both individual and institutional. Credit Banking is one of those innovative services which are operating throughout the world economy. This new business concept is very recent in respect of banking industry of Bangladesh. The internship program has been conducted in MEGHNA Bank LTD. one of the reputed first-generation private banks in the growing banking sector in Bangladesh. This report on Loan Processing, Credit appraisal, follow–up & Recovery procedure of MEGHNA Bank limited: A report on MEGHNA BANK has been prepared under the guidance, supervision and inspiration of Debashish Saha. Moreover, while preparing the report the writer was under the supervision and guidance of Debashish Saha (Credit Analyst of MEGHNA Bank Limited Taker hat Branch, Rajbir, Madaripur).

1.2 Objective of the Report

1. To know about the categories of credit those are offered by a Privet Commercial Bank.
2. To have better orientation on credit management activities specially credit policy and practices credit appraisal, credit-processing steps, credit management, financing in various sector and recovery, loan classification method and practices of Maghna Bank PLC.
3. To know the lending policy of Privet Commercial bank.
4. To identify the lending risk of bank.
5. 5. To know the bank performance & efficiency field of Loan & advance management.
6. To identify the problems face by the bank in credit management.
7. Suggest several guidelines to overcome these problems.

1.3 Scope the Report

Every academic and professional relative research and reporting work has got some scopes and limitations. The scopes and limitations of this research and reporting works are:
Credit Division and its loan processing, follow-up & recovery activities are the prospective Data needed for the interpretation is Muche Asier to access unrespect to of the commercial banking business related issues. Supervisors in the work place are very help Fulin case of data collection and interpretation. Very realistic problems and questions can be arisen from the respective topics relating to the issues and very helpful for the future career illumination

1.4 Methodology of the Report

Meghna Bank PLC employs a risk-based, technology-drive methodology focused on financial inclusion, utilizing digital banking (Meghna Pay), Agent Banking, and NFC enabled cards to expand reach. The bank adheres to Basel III guidelines, managing capital adequacy through a Supervisory Review Committee to monitor risk-weighted assets.

To find out objectives I have followed some Methodologies include; Direct

Observation Face-to- face discussion with employees of different depart Report of files, circulars and practical work Annual Report of 2024 and 2025 etc.

This report will include both quantitative and qualitative data. However, this report is basically, qualitative in nature.

1.6 Data Sources

Meghna Bank PLC utilizes a variety of data sources to drive its banking operations, financial reporting, and digital services, primarily focusing on internal transactional systems and regulatory compliance.

Primary Data Sources

For the proposed report, I have collected primary data by taking Interviews of some bank officials in order to get the information regarding Loan Processing, evaluation as well as the real picture of the bank.

Secondary Data Sources:

1) I collected the internal secondary data from the bank itself.
2) External secondary data had been collected from the website of the bank.
3) Report of files, circulars and practical work.
4) Annual Report of 2024 and 2025 etc.
5)

1.6 Limitations

Based on various internship and performance analysis reports conducted on Meghna Bank PLC, the limitations of such studies often stem from the constraints of academic reporting, data confidentiality, and the specific scope of the projects. Common limitations identified include:

1. Data Confidentiality and Access Restricted Access:

- Researchers often face constraints in accessing confidential, top-level, or highly sensitive, internal information, which may limit the depth of analysis.
- Information Availability: Dependence on limited, authorized, or publicly available data, restricting comprehensive analysis.
- **Constraints Short Duration:** Internship reports are usually prepared within a limited period (e.g., 3-month internship), which is inadequate for a comprehensive, long-term, and in-depth study of a full banking organization.
- **Focus Scope:** Time limitations require focusing on specific areas (e.g., HR, general banking, specific branches) rather than a holistic view of all departments.

- **Methodological and Scope Constraints Sample Limitations**: Surveys or interviews, especially in specific branches (e.g., Moti jeel Branch, or specific districts), may not represent the entire bank's customer base or management team nationwide.
- **Limited Scope:** Many studies focus narrowly on specific aspects like HR development or specific software implementation (e.g., Ultimus), ignoring broader strategic, technological, or financial challenges.
- **Dependence on Subjective Opinions:** Some analysis relies on personal observations and perceptions of the reporter rather than extensive empirical, independent data.
- **Experience and Professional Constraints Inexperience**: Interns may lack extensive experience in in-depth banking analysis. Observation Gaps: Due to being a new hire or intern, some deeper organizational, political, or operational issues might be missed.

Chapter- 02
Company Overview

2.1 Overview of Meghna Bank

A fourth-generation bank, Meghna Bank Limited commenced its operation from May-9, 2013 with a Meghan Bank pay's pay-off line "Together We Sail" exemplifies the bank's commitment to contribute towards building up an enlightened and prosperous nation.

The bank has started attaining profitability in its first 10 months operation for its diversified and innovative customer friendly services and products. It renders all types of commercial banking services to the customer of all strata in the society within the stipulations laid down in the bank Company Act 1991 and rules regulations framed by Bangladesh Bank from time to time.

Meghna Bank is a modern, progressive and dynamic bank and plays constructive role in the economic development of the country. For better customer services, optimum productivity and higher returns on investments, the Bank is professionally managed by using the modern information technology in every sphere of its operation. This bank is provided with 15 different departments and 47 branches.

As the bank is new and still need to be recognized as the supporting force in banking sector, Meghna Bank tries to get attention from the customer and is actively doing the banking and marketing activities to get more potential customers. The bank already gets a good response from the customers.

2.2 Objective of Meghna bank PLC.

The main objective of Meghna Bank PLC is to become a leading, technologically advanced financial institution in Bangladesh, focusing on financial inclusion, digital banking transformation, and superior customer service. It aims to support economic growth by serving unbanked populations, providing tailored SME/agriculture solutions, and expanding its footprint through modern, user-friendly digital tools like.

2.3 Mission &Vision of Meghna Bank PLC.:

Mission Meghna Bank PLC:

Meghna Bank PLC's mission is to be an essential institution for the unbanked, achieving this through zealous participation in the financial inclusion process. Driven by the ethos "Together we Sail," they focus on providing innovative technology-based products and services to ensure a prosperous nation.

Core Mission Focus Areas:

Financial Inclusion: Actively bringing the unbanked population into the formal banking system.

Customer-Centric-Services:

Providing tailored, high-quality services to meet diverse needs through professional, technology-driven solutions

Innovation-Technology:

Utilizing modern digital banking, such as NFC-based "Meghna Bank Tap 'n Pay," to improve banking efficiency. Strategic Growth: Focusing on corporate, retail, and SME banking to promote sustainable growth and economic stability.

Vision Meghna Bank PLC.

Meghna Bank PLC’s vision is to be recognized as an essential institution for the unbanked through zealous participation in the financial inclusion process. The bank aims to contribute to building an enlightened and prosperous nation, encapsulated in its payoff line, "Together We Sail".

Key Aspects of the Vision:

Financial Inclusion:

Focused on bringing the unbanked population into the formal financial system.

Customer-Centric Growth:

Enhancing customer satisfaction through technology-driven products and services.

Strategic Growth (2026 Focus):

The bank is prioritizing digital transformation, sustainability, and long-term growth as part of its strategic outlook.

Comprehensive Services:

Operating through corporate, retail, SME, and digital banking to ensure broad accessibility. As a fourth-generation bank operating since 2013, it emphasizes sustainable development and acting as a trusted partner to all stakeholders. About Meghna Bank - Meghna Bank PLC.A fourth generation

Bank, Meghna Bank PLC. Commenced its operation from May 09, 2013 with a vision of "To be recognized as an essential institution for the unban.

2.4 Corporate Values of Meghna Bank PLC.:

Meghna Bank PLC focuses on fostering a culture of integrity, innovation, and dedicated customer service to achieve sustainable growth and financial inclusion. Key values include maintaining high ethical standards, transparency in operations, a commitment to being a responsible corporate citizen, and "Together We Sail" as a shared journey with stakeholders. Core corporate values and principles, as reflected in their reports and code of conduct, include:

Integrity and Ethics:

The bank emphasizes honesty, accountability, and the prevention of money laundering, ensuring that employees adhere to high ethical standards and maintain confidentiality.

Customer-Centricity:

Dedication to understanding customer needs and providing superior service, utilizing technology to deliver modern, efficient banking solutions.

"Together We Sail":

A commitment to collaboration, fostering a healthy work environment, and growing together with clients and stakeholders.

Compliance and Responsibility:

A commitment to complying with all laws and regulations, operating as a responsible corporate citizen.

Innovation and Growth:

Promoting a dynamic, tech-driven approach (such as digital banking and NFC technology) to foster rapid, sustainable, and inclusive growth.

The bank aims to build an environment where employees can excel and deliver best-in-class service to stakeholders.

2.5 Goals of Meghna Bank PLC.:

Meghna Bank PLC aims to become a top-tier service provider in Bangladesh by leveraging technology, professionalism, and sustainable practices, with a specific focus on financial inclusion through agent banking. Key goals include expanding into the SME sector to rank among the top 15 lenders while maintaining low non-performing loans.

Core Goals and Strategic Objectives Customer-Centric Digital Banking:

To offer hassle-free, user-friendly digital banking solutions (e.g., Meghna Pay) that align with modern technological adoption.

Financial Inclusion (Agent Banking):

To bring low-income groups into the banking fold by providing accessible services, particularly in remote areas, aiming for financial and digital inclusion.

SME Sector Expansion:

To expand the footprint in the Small and Medium Enterprise (SME) sector to become a leading lender in the country.

Service Excellence & Professionalism:

To provide high-quality service by building strong relationships with clients and ensuring customer satisfaction.

Sustainability & Growth:

To operate with sustainability in mind, focusing on creating long-term value for society while maintaining a resilient, "Together we Sail" approach to business growth.

Risk Management:

To maintain a low percentage of non-performing loans to build and strengthen depositor trust.

2.6 Meghna Bank PLC: Financial Highlights (2021-2024)

(Amount in Million Taka)

Particulars	2021	2022	2023	2024
Total Assets	65,285	67,725*	83,451	109,635
Loans & Advances	41,876	52,042*	65,029	86,838
Deposits	52,738	67,725*	83,451	109,635
Operating Profit	1,043	1,597	1,876	2,533
Net Profit After Tax	308	778	465	465
Shareholders' Equity	6,194	-	18,704	26,184
Earnings Per Share (BDT)	0.61	1.40	0.83	0.83
Capital Adequacy Ratio	17.12%	11.24%	6.40%	6.40%
NPL Ratio	5.60%	-	-	15.06%

Financial Highlights

Meghna Bank PLC’s financial highlights, including audited statements, annual reports, and performance indicators, are primarily sourced from the Financial Disclosure section of their official website. Key data shows the bank reached a BDT 10,000 crore deposit milestone in Q1 2026, with 2024 total loans exceeding BDT 73,000 million.

2.7 Megha Bank PLC SWOT Analysis:

Meghna Bank PLC (established 2013) is a Bangladeshi commercial bank focused on corporate banking, SME, and trade finance. Strengths include a strong corporate image and personalized services. Weaknesses involve limited branch network compared to larger rivals, while opportunities lie in digital banking, and threats include high market competition and fintech disruption.

Strengths Strong Corporate Focus:

Established brand as a competent corporate bank and provider of specialized corporate products.

Service Personalization:

Known for high customer focus and building strong, long-term relationships with clients.

Diverse Product Range:

Offers comprehensive services including corporate, SME, retail, trade finance, and treasury.

Technological Integration:

Adopts modern digital banking platforms to enhance customer experience.

Weaknesses

Limited Branch Network:

Smaller physical footprint compared to established traditional banks in Bangladesh, limiting reach.

Limited Brand Penetration:

Lower brand awareness among the general public compared to industry veterans.

Dependence on Conventional Banking:

As a newer bank, it faces challenges in transitioning to fully automated systems at the same speed as competitors.

Opportunities

Digital Banking Expansion:

High potential to target tech-savvy customers through improved mobile apps and online services.

SME and Retail Finance:

Growing market demand allows for expansion in retail lending and small/medium enterprise financing.

AI and Automation:

Utilizing technology for better risk management and customer service operational efficiency.

Threats

Intense Competitive Rivalry:

Competition from long-standing private commercial banks and fintech firms.

Economic Volatility:

Vulnerability to fluctuations in the Bangladesh economy and regulatory changes by Bangladesh Bank.

Cybersecurity Risks:

Rising security threats associated with expanding digital products. Disclaimer: This SWOT analysis is based on available report findings up to 2024-2025 and focuses on the bank's operating environment

Chapter-03
Internship Responsibility

3.1 The Things I have learned from Meghna Bank Limited.

My internship at Maghna Bank Limited started on January 2nd, 2026 and it ended on March-31th 2026. During these 3 months I was assigned at the Maghna Bank. I had a lot of experience from here and most importantly to finally understood working by actually being there. This practical experience is necessary for the development and preparation of a person in the job sector. The things that I have learned from Maghna Bank Limited are given below:

- Meaning of responsibility.
- Necessity of commitment.
- Punctuality and regularity which is very important.
- Being able to cope with the different corporate people in the workplace.
- Dealing with different sorts of customer.
- Maintain and respect the organizational culture of Meghna Bank Limited.
- To be committed to the profession.

Meghna Bank has a prepared internship program for internees. Although it is rarely followed, it served as a guide for me. I was rotated across 3 different departments in the past 3 months.

3.2 The Nature of the jobs and Responsibilities.

In my first week I was appointed to work in GB (General Banking). I have spent only 2 weeks there. I spent very short time there and learnt some basic work of general banking. Some responsibilities of mine are shared below:

- Get the cheque books when its ready for the clients, verifying them, receiving them.
- Printing pay order regularly.
- Match the Debit/Credit of the voucher entry of GB and cross checking the voucher regularly.
- Opening savings accounts for new clients of the bank through EASY APP by Meghna Bank Limited and aiding them in the process.
- Write down and make entry of the cheque book name and account number, date.
- Call customers to collect the cheque books from the branch.

After that I was in the Credit Department for the 8 weeks. Although much work was not assigned to me. I did assist this department in whatever way possible. I was under Thamina Akther (Senior Assistant Vice President), who was very intellectually intriguing. Some responsibilities of mine are shared below:

- I had to rearrange all the customer file.
- Checking and filling up CIB forms.
- Printing, typing, scanning and photocopying documents.
- Typing different type of CIB in Ms. Excel.

- Typing different type of information and data entries in the computer.
- Finding any type of error of loans from.
- Helping my supervisor about balance of Debit and Credit.

The last 2 weeks I was posted in the Foreign Trade Department. I did not have to deal with the customers that much but there were a lot of responsibilities that I had. I was under Md. Kamal Kabir (Assistant Vice President), who was very helpful and very well personalized person and he help me lot by giving different kinds of general information about Foreign Trade. Some responsibilities of mine are shared below:

- Learnt about Processing a new LC (Letter of Credit).
- Putting seals and scanning files.
- Taking signatures.
- Numbering the LCs.
- Doing the similar things for BTB (Back-to-Back) LCs and Local LCs.
- Putting the LC an IMP into their following registers.
- Learning to put different types of seals.
- Learning about different type of forms.
- Printing Cover Letters, Letters etc.
- Picking up calls, calling up customers for missing information's.
- Typing BTB LCs and listing in Ms. Excel.

3.3 Observation

I have worked 3 months at Meghna Bank Limited. From this little time, I have learned many things from them. The things I have noticed and observed some of are given below:

- Work is never left pending for the next day unless it is absolutely necessary.
- The working environment is very satisfying and all other employees are so positive.
- From banking rules, the time of the banking hours is 10.00am to 5.30pm but they don't leave the office before 7.00pm to 8.00pm.
- They all are very active and attentive to their work.
- They all are very punctual also, normally bank open at 10.00am but all employees are present at office before 10.00am.
- There is always a rush of customers so there is no standard on what the employees do throughout the day. The work activities of an employee are set, but what to do when varies along the day.

The work activities are always set and divided for each of the employees. This is the way it should be. Each and every employee has a certain set of responsibilities. He/she carries out those responsibilities throughout the day. Even though, I often saw other staff members are helping each other out when they needed any help.

3.4 Recommendation

As already I have said I work there as an intern for 3 months so I would like to give some recommendations for Meghna Bank Limited. They are given below:

- First of all, they must involve with more promotional activities to boost their appearance to the banking market and to the potential clients.

- as I have understood that, the media coverage of Meghna Bank Limited isn't adequate enough to draw client's attention so they should choose mass media coverage to gain new client's attention.
- In the Credit Department of has only 3 employees excluding me and in the Foreign Trade Department has only 2 employees so I believe there should be a minimum 4 employees in each department because the pressure is quite higher than the other departments, and Meghna Bank's loans are mostly within the bigger segment.
- As I said already the Meghna banks loans are bigger segment so, if the performance of those big sectors falls then the bank will not be gain any profit so that the bank should provide more loans of small scale in several small sectors. Although the profit could be less but it will be safe in future.

Chapter04

Loan Processing, Credit Appraisal and Follow-up Recovery Process of MEGHNA BANK LIMITED

4.1 Credit Flow of MEGHNA BANK LIMITED

Credit Risk Management is basic to risk management and controlling, as it is the major risk factor in most bank business. Therefore, a bank should assess the degree of risk associated with each loan and its profitability. Bangladesh bank has undertaken a project to install a core risk management system in every bank. MEGHNA Bank Ltd has also installed the same system in respect to asset liability management, foreign exchange management, internal control & compliance, anti-money laundering. The bank prudently controls asset allocation through limiting exposure to industry sector & setting client limit. Moreover, the bank approved a new organization structure to accommodate core risk management perspective. In this connection prior assessment of and follow up on a loan transaction constitute essential ingredients of the credit risk control process. An in-depth analysis of the borrower financial conditions, expected usage of funds, ability to repay, willingness to repay and sources of repayment all together constitute step one in the risk control processes. The overall success in credit management depends on the banks credit policy, portfolio of credit, monitoring, supervision and follow-up of the loan and advance.

4.2 Types of Advances on the basis of Security

Secured Advances

Securedloanoradvancemeansaloanoradvancemadeonthesecurityofassets, the market value of Which is not at any time less than the amount of such loan or advance.

Unsecured Advances

An unsecured or clean advance is one, which is granted to a borrower without obtaining any security subject to restriction imposed from time to Tim.

4.3 Types of advances as per Bangladesh Bank Criteria for Classification.

Loans and Advances have been categorized into four different categories by Bangladesh Bank:

Continuous Loan.

The loan which has no particular repayment schedule, but contains date of Expiry, credit limit etc. will be termed as Continuous Loan e. g. CC, SOD etc.

Demand Loan.

The loan which is considered repayable only after it is claimed by the banks, will be termed as Demand Loan. If contingent or any other liability is converted.

To Compulsory loan or Forced Loan (I. e. the loan without having prior approval as a regular loan) then it will be termed as Demand Loan e.g., Forced LIM, PAD, FBP, and IBP etc.

Fixed Term Loan.

The loan which is repayable within particular period of time as per Repayment schedule will be termed as Fixed Term Loan.

Short Term Agricultural and Micro-Credit

Those credits which are enlisted as Short-Term Credit under the annual credit program declared by ACD of Bangladesh Bank will be termed as short-term Agricultural Credit. It will also include credit extended to agricultural sector and repayable with in period not exceeding12months. this hotter Micro-Credit will be that which will not exceed an amount of Tk. 10,000.00 and will be repayable within a period not exceeding 12 Months. Such loans may be Non-Agricultural Credit, Samarvir Credit, and Weaving Credit or Bank's self-financed Project Loan and whatsoever

4.4 Continuous Loan

Secured Overdraft (SOD).

It is a continuous advance facility by this agreement; the banker allows his customer to over-draft his current account he withdraws, to his credit limits sanctioned by the bank. The Interest is changed on the amount, which not on the sanctioned

4.5 Cash Credit

Cash credit (CC) is an arrangement by which a banker allows his customer to borrow a money up to a certain limit.CC is a favorite mode of borrowings by Traders, industrials etc. for meeting their working capital requirements. Cash credit or continuous credit are those, which forms continuous debits and credits up to a limit and have an expiration date. A service charge that in effect of an interest charge is normally made as a percentage of the value of purchases. Cash credit is generally allowed against hypothecation or pledge of goods.

Hence cash credits are two types:
* Cash credit hypothecation
*Cash credit pledge.

4.6 Loan Products of Meghna Bank

Loan Products

Meghna Bank Limited offers a range of loan products designed to meet the financial needs of individuals and businesses

1) Meghna person alloan
2) Meghna express loan
3) Meghna home loan
4) Meghna doctor 'Sloan
5) Meghna apo loan
6) Megacolon

Retail Loan

Retail loans offered by Meghna Bank Limited are designed to meet the personal financial needs of individual customers. These loans are generally provided in smaller amounts compared to corporate loans and are tailored for personal consumption and lifestyle improvement. Retail loan products typically include personal loans, home loans, car loans, and credit facilities for individuals. These loans may be either secured or unsecured, depending on the type and amount.

1) Meghna Bank Personal Loan
2) Meghna express loan
3) Meghna home loan
4) Meghna doctor’s loan
5) Meghna car loan

SME Loan

*** Meghna nabs Arupa**

* Meghna Moushumi in

Agri Loan

- Meghna fusarin
- Meghna Khamari
- Meghna mothering
- Meghna poultry in
- Home Loan (House Building/Apartment Loan)
- Industrial/Project Loan

Agricultural Long-Term Loan Lease Financing.

Term loan as a post finance tool

- Machinery
- Equipment
- Spares
- Building materials

Stand-alone term loan for financing

- Civil construction
- Machinery
- Equipment
- Building materials

4.7 Credit Assessment

- The main objective of the Bank is to earn profit by investing its available investable funds remaining within the norms to generate income along with the expectation of getting the principal back within the stipulated period.
- Emphasis on appraisal of the loan appraisal process and its administration by the MEGHNA Bank Management during evaluation of a Loan recognizes that loans comprise the major portion of bank's assets; and, that it is the asset category, which ordinarily presents the greatest credit risk and potential loss exposure to the bank. Moreover, pressure for increased profitability, liquidity considerations, regulatory compliance and a competitive business environment have produced great innovations in credit instruments/Loan products and approaches to lending. Credit Analysts therefore find it necessary to devote a large portion of time and attention to review a loan proposal.

- Personnel involved in the loan appraisal function is qualified based on level of education, experience, and extent of formal training. They are knowledgeable of both sound lending practices and Bank's lending guidelines. In addition, they are knowledgeable of pertinent laws and regulations that affect lending activities.
- At the time of processing credit proposals, the following points are considered MEGHNA BANK Limited for proper assessment:

Sponsors

- MEGHNA Bank takes into consideration the borrowers‟ integrity, financial position and status before sanctioning the loan. Besides, identification of the present and business addresses of the sponsors is vital to sanction of loan particularly with regard to tracing out the borrower in case of any eventuality. A responsible officer of the branch is assigned to verify the present and business address of the sponsors/clients and submit report.

Purpose

Purpose of the loan is very important for ensuring proper utilization of fund and maintaining quality of the assets.

Liquidity

It is found the credit analyst of MEGHNA Bank considers whether the proposal will generate adequate cash flow to repay the loan within the stipulated period.

Profitability

Profit is the main purpose of a commercial bank. Therefore, while considering the proposal the credit analyst considers the profitability of the proposal, which will in turn, ensure the profitability of the bank.

Security

Security is another important principle of Credit. No matter how attractive the Interest in comer rates the revisal ways the possibility of loan default. Security means any form of guarantee that ensures recovery of bank's finance in case of any eventualities in business. In other words, Security is considered as insurance or a cushion to fall back in case of emergency. Apart from the above fact, taking
of security serves as a safety valve for an unexpected emergency.

4.8 General Consideration

In assessing the credit proposals properly, the credit analysts consider the following points of the lending guidelines:

Industry and Business Segment Focus

The credit analyst while processing the loan proposal considers Industry and Business Segment Focus as per CRM policy set by the bank under the indicators grow, maintain or shrink.

4.9 Types of Credit Facilities

Bank will go for:

Fund based credit

a) Loan
b) Cash credit
c) Overdraft
d) Credit card
e) Export finance
f) Bill finance
g) Leasing finance
h) Retail credit

Non-fund-based Credit

i) Letter of credit
j) Bank guarantee
k) Buyer credit
l) Supplier credit

4.10 Discouraged Business Types

In the context of present economic situation vis-a-vis Government Policy as Well as market scenario, the following industries and lending activities are considered as discouraged.

1) Military Equipment/Weapon Finance
2) Highly leveraged Transactions
3) Finance of speculative business
4) Lending to companies listed on CIB black list or known defaulters.
5) Counterparties in countries subject to UN sanctions
6) Share Lending
7) Taking no equity take in borrowers
8) Lending to holding companies

Single Borrower/Group Limits/Large Loan/ Syndication

The limit for single client/group under one obligor concept will be as under:

The total credit facilities by a bank to any single person or enterprise or organization of a Group shall not at any point of time exceed 35% of the bank's total capital subject to the Condition that the maximum outstanding against fund-based financing facilities (funded Facilities) shall not exceed 15% of the total capital

1) Non-funded credit facilities, e.g. letter of credit, guarantee etc. can be extended to a single large borrower. But under no circumstances, the total amount of the funded and non-funded credit facilities shall exceed 35% of bank's total capital.
2) However, in case of export sector, single borrower limit shall be50%ofthebank'stotal capital. But funded facilities in the form of export credit shall not exceed 15% of the total capital. However, the single Borrower exposure limit maybe changed as per directives issued by Bangladesh Bank from time to time.

Large Loa

While considering credit proposals large loan ceiling has to be strictly followed. At present loan sanctioned to any individual/ group amounting to 10% or more of bank's total capital is considered as large loan. The total amount of large loan of a bank is dependent on the amount of net classified advance. The credit analyst should consider the overall financial strength of the borrower and assess the need including the finances received from other bank and financial institutions.

Loan Facility Parameters

The credit analyst independently assesses the required need of the borrower and ensures adequate financing for operation of the business concerns. Facility parameters e.g. maximum limit, maximum tenor, and covenant and security requirements are clearly stated.

Syndication

Syndication should be preferred while sanctioning large loan. Syndication means a group of banks pulled together to participate in a large loan transaction for the main purpose of spreading the risk exposures. One bank will usually package the loan transaction and become the lead manager selling down a portion of the loan package e toothier banks. The lead bank has defined duties and responsibilities to the other bank participants that are defined in the le-gal documentation.

CIB

CIB report of the borrower is collected before sanction, renewal or reschedule to ensure that credit facilities are not provided to defaulters. In case of large loan, the CIB report must not be two months old.

Insurance

As regards insurance coverage, full value of goods financed on pledge basis, 110% of the sanctioned limit on hypothecation basis and imported goods may be accepted with risk cover-age as per CRM Policy Guidelines. Machinery to be insured covering its full value with transit insurance as per CRM Policy Guidelines. Insurance Policy to be obtained from the enlisted companies and any exceptions should be approved from the competent authority.

Risk Identification

Loans and advances are the large stand most obvious source of credit risk for a Bank. The goal of introducing Credit Risk c and Credit Manual is to maximize the bank's risk adjusted rate of return by maintaining credit risk exposure within

Acceptable parameters. Banks need to manage the credit risk inherent in the Entire portfolio as well as the risk in individual credits or transactions. A credit Officer, therefore, should consider the relationships between credit risk & other risks and address them prudent in the light of Bank's CRM Policy. More importantly, they should have keen awareness of the need to identify measure, monitor and minimize credit risk to maintain the quality of assets, which ultimately affect the

bank's capital requirement. The pricing of individual credit exposures to be considered on the basis of risk in oleander credit analyst should set the price at a desired level to compensate the risk incurred i.e. in case of high-risk exposure the loan should be priced at higher than the prescribed mid-rate.

4.11 Credit Risk Grading (CRG)

Bank has already introduced credit risk grading technique in line with the guideline provided by Bangladesh Bank as a uniform approach for assessing the risk grade of an exposure. Bank shall undertake risk grading of the proposed borrower other than loans related to Consumer Finance, Small Enterprise Finance, and Short-Term Agriculture & Micro Finance through a number of qualitative techniques following the CRG Manuals. While assessing a loan proposal, the CRM in all level should identify and evaluate the following key risks, among others, which may inherit or arise during a life cycle of a loan.

Financial Risk

Risk that counters parties 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.

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 and barriers to entry/exit. To conclude, this capitalizes on the risk of failure due to low market share and poor industry growth.

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.

Security Risk

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 and collateral, location of collateral and support

Relationship Risk

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

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 & Teamwork.
Security Risk	Security Coverage, Collateral Cover age and Sup-port.
Relationship Risk	Account Conduct, Utilization of Limit, and Compliance of Covenants/conditions & Personal Deposit.

Mitigation of the Risk

After identifying risk(s) associated to a Loan, at pre-sanction or post sanction, a Credit Officer must consider the different ways of mitigating the same in consultation with the Borrower's external risk factors beyond the control of the borrower to bacon side red for lessening the risk at acceptable level were full mitigation is not possible. Mitigation of a risk to a loan de-pends on its natures and capability of the Borrower for addressing them effectively in due time for which close contact with the borrower is very important.

4.12 Loan proposal of Small Enterprise & Consumer Finance

MEGHNA bank has already introduced Product Programmer Guideline (PPG)For Small Enterprise Financing& Consumer Financing prepared in accordance with the prudential regulations provided by Bangladesh Bank in this regard. The Credit analyst prepares loan proposals as per terms and conditions stipulated in the PPGs and use the prescribed format devised for preparation of loan proposals.

4.13 Approval Process

The Branch Manager of MEGHNA BANK acts as **Relationship Manager (RM)**.The responsibility for preparing the Credit Proposals is rest with the **Credit Officers** at Branch level. Credit Proposals is approved/ declined by the Branch Manager under authority delegated to him/her. The relationship Manager recommends credit proposal beyond legation and sends it to Head of Corporate Banking and Marketing Division who will, upon analyzing the proposal, forward the same with recommendation to Head of CRM for approval or decline the proposal and refer it back to the Relationship Manager. Head of CRM Division will distribute the proposals to the Managers of respective departments who will either sanction/decline within their dele-gated powers or recommend the same to the next higher authority for approval.

4.14 Credit Administration

1) Upon approval, branch will send for disbursement/activation authority to the
2) Credit Administration Department, which will perform the following responsibilities:
3) Ensure execution of necessary documentation in accordance with approved terms and conditions of the sanction advice.
4) Ensure that disbursement is made only after completion of all documentation formalities.

4.15 Appeal

The proposal which is declined by CRM may be presented for review to the next higher authority through Head of Corporate Banking & Marketing Division. However, such review is not applicable when the proposal is declined by the Managing Director.

4.16 Early Alert Process

If any symptom of deterioration of the loan account is identified/ noticed branch Should immediately start Early Alert Process and report as per CRM Policy Guidelines to Head Office. It is a continuous process to monitor and supervise the accounts having potential weaknesses of a material nature and is prime responsibilities of all Relationship Managers.

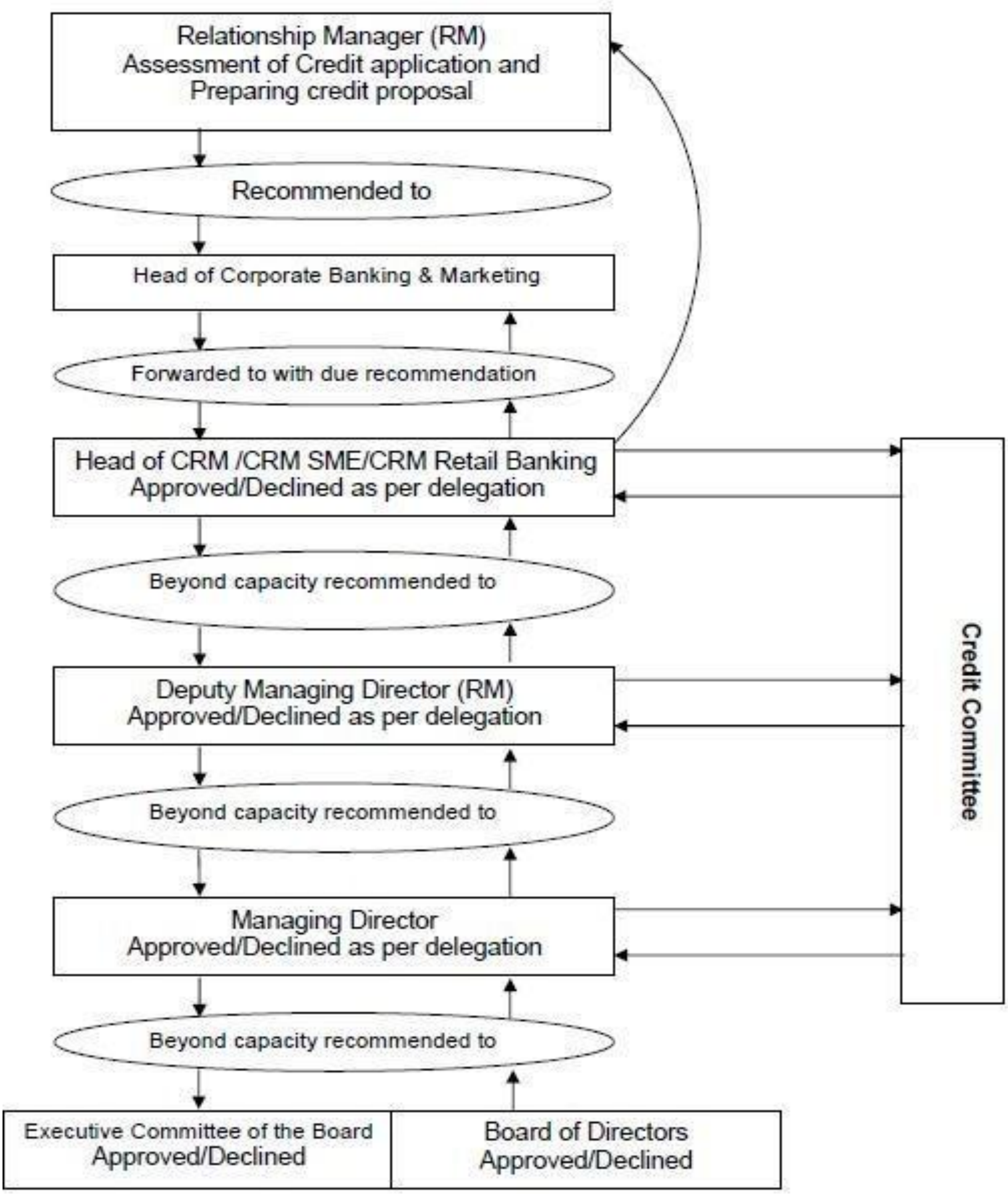


Figure: APPROVAL PROCESSFLOWCHART

4.17 Risk Rating

Mapping the Ratings of Credit Rating Information & Services and Credit Rating Agency of Bangladesh on the Bangladesh Bank Rating Grade

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

Bangladesh Bank Rating Grade	Risk Weight%	Equivalent Rating of CRISL	Equivalent Rating of CRAB
1	20	AAA	AAA
2	50	AA+, AA	AA1, AA2
3	50/100	AA-, A+, A, A-	AA3, A1, A2
4	100	BBB+, BBB+, BBB-	BBB1, BBB2, BBB3

Short Term Category Mapping

51	20	ST-1	ST-1
52	50	ST-2	ST-2
53	50	ST-3	ST-3
54	100	ST-4	ST-4
55	100	ST-5	ST-5
56	150	ST-6	ST-6

Credit Rating Report of Meghna Bank Limite

Year of Rating	2025
Long Term	A+
Short Term	ST-2
Outlook	Stable

Date of Rating: 27 June, 2024 Validity of Rating: 26 June, 2025

I furnished below the house building loan processing system of MEGHNA bank LTD which is one of the products under consumer finance as an example:

4.18 House Building Loan (THIKANA)

House Building Loan is a Term Loan provided for construction of building for commercial/Residential purpose. The Loan is also provided to Developers for completion of their project and construction of factory Building of different industries, purchase of floor space for commercial use. The loan is also provided to purchase readymade flats / completed building for residential/commercial purpose.

Features

1) Loan is disbursed in phases with progress of construction work and utilization of equity portion.
2) Full disbursement to fanaticize is also all owed in case of purchasing of Flat/ commercial spaces/ completed building.
3) Upon completion of disbursement only repayment is allowed Edin The account
4) Grace period maybe allowed in the account depending on the cash flow
5) Interest is calculated and charged quarterly on the drawn amount on the daily product basis.
6) Interstate is fixed based on the rate published fortieth time

Points to be considered before initiating the proposal

While initiating the proposal for allowing House Building Loan, the following points are to be considered: Owner ship of the land should be undisputed which is determined by legal opinion from bank's law division or bank's panel lawyer. Approval for construction and clearance for mortgage from appropriate authority is to be obtained.

Financial string halted borrower for repayment of the loan Realistic cost estimation by a competent engineer Cash flow of the borrower and front hauling. Clean CIB Report While purchase of house only construction cost with necessary depreciation to be considered. Approval of plan for construction of building from competent authority as per existing rules of government

Security

Primary security against the House Building Loan is the land and the building to be constructed on the land. In case of purchase of floor spaces, the security will be the respective floor along with proportionate land. In case of financing to the Developers, security will be the project land along with building as per power of attorney given by the owner of the land to the Developer. House Building Loan maybe collate all y secured by pledge of financial obligation and/or landed property apart from land as primary security.

Approval

The relationship manager shall recommend credit proposal and send it to Head of Corporate Banking and Marketing Division who will, upon analyzing the proposal, forward the same with recommendation to Head of CRM for approval or decline the proposal and refer it back to the Relationship Manager. Head of CRM Division will distribute the proposals to the Managers of respective departments who will either sanction/decline within their delegated powers or recommend the same to the next higher authority for approval.

Mode of Financing

The House Building loan is termed as "Tihana" under the PPG of consumer financing and as Commercial House Building Loan under Small Enterprise financing.

Disbursement

Branch will confirm in writing Credit Administration Department, CRM, Head Office duly signed jointly Relationship Manager and Credit Administration Officer that all documentation formalities have been completed as per terms of sanction seeking disbursement authority. Branch will also confirm that documents are held with them under joint custody. Copies of all documents shall be sent to the Credit Administration Department along with the letter. After proper scrutiny of the documents with the sanction letter Credit Administration Dept. head of-face shall issue letter authorizing the branch to disburse the advance. On receipt of authority the Credit Officer will open a loan account and the party shall avail the facility in the form of House Building Loan.

Record Keeping

Particulars of sanction shall be recorded in the confidential limit sanction register. All charge documents and securities & other important paper should be recorded in the safe-in safe-out register under the initial of the Relationship Manager &Credit Officer or Credit In-charge & Credit Officer and kept in a separate security file with proper index. The file shall be kept under dual control & kept Ina locked, prefer ably fireproof storage.

4.19 Credit Risk Management: A Theoretical Framework

Credit risk management is one of the most important functions of a commercial bank. It refers to the process through which a bank identifies, measures, monitors, and controls the risk arising from borrowers' failure to repay loans and advances according to agreed terms. In the banking sector of Bangladesh, effective credit risk management is essential for maintaining profitability, liquidity, and financial stability. Meghna Bank PLC follows a structured framework based on Bangladesh Bank guidelines, Basel standards, and internal risk management policies.

The Depositors

Depositors are individuals or organizations who place their money in accounts with Meghna Bank Limited for safekeeping, earning interest, and facilitating financial transactions. Depositors may include individual customers, business entities, government institutions, and corporate organizations. Based on their needs, they can choose from various types of deposit accounts such as savings accounts, current accounts, and fixed deposit schemes.

The bank ensures the safety and security of depositors' funds through proper financial management, regulatory compliance, and modern banking systems. In return, depositors receive benefits like interest income, liquidity, and convenient banking services.

Overall, depositors play a vital role in the banking system by providing the financial base that enables the bank to operate, lend, and contribute to economic growth.

1) Higher return
2) Lower risk
3) Greater liquidity

The Borrowers

Borrowers are individuals, businesses, or organizations that obtain loans or credit facilities from Meghna Bank Limited to meet their financial needs. They are a key component of the bank's operations, as lending is one of the primary sources of income for the bank.

Borrowers of Meghna Bank Limited include individual customers (retail borrowers), small and medium enterprises (SMEs), corporate clients, and agricultural producers. These borrowers take loans for various purposes such as personal expenses, business expansion, working capital, industrial development, and agricultural activities

Before sanctioning any loan, the bank carefully evaluates the borrowers based on their creditworthiness, income stability, repayment capacity, and collateral (if required). This ensures proper utilization of funds and minimizes the risk of default.

Borrowers are required to repay the loan amount along with interest within a specified time period, usually through installment payments. Their timely repayment contributes to the bank's profitability and sustainability.

1) Availability offends for all credit worthy Borrowers.
2) Thus, allow to enterprises grow and expand.

Credit Risk

Credit risk arises from the bank's dealing with or lending to Corporate / Individual and Financial institutions. For most banks, loans are the largest and most obvious source of Credit risk; though, credit risk may arise from both on and off-balance sheet activities. Besides accounting loss, credit risk is to be viewed in the context of economic exposure of the Bank which encompasses opportunity cost, transaction cost and expenses associated with non-performing loans. In a Bank's portfolio, losses stem from the outright default due to inability or Unwillingness of a customer or a counter party to meet commitments in relation to lending, trading, settlement and other financial transactions.

- Thus, the objectives of credit risk management areas follow:
- Identifying, measuring, monitoring and controlling credit risks in order maintaining a manageable and quality loan portfolio.
- Maintaining the overall credit exposure of the Bank at prudent levels consistent with the available capital
- Ensuring top management as well as individual responsible for credit risk management has sound expertise and knowledge to take credit risk and accomplish risk management functions.

2) Credit Risk Management (CRM) is a dynamic process which enables
Banks to proactively manage loan portfolios. Four major areas of CRM are:

a) Policy-Lending guidelines.
b) Procedure-Evaluating viability and associate risks of business enterprises.
c) Organizationalstructure-segregationofrisktakingandriskapprovingauthority.
d) Responsibility-Decision making and accountability. A clear understanding of the four areas is crucial for maximizing Bank's Earning by carefully evaluating credit risks and attempting to minimize those risks. As a financial enterprise, MEGHNA Bank is

also in business and maximizing stake holders‟ value (shareholders, depositors, Borrowers, employees and the public). is Bank's prime objective. The loan portfolio of the Bank is primary source of earnings. It generates most of the interest income, and it also consumes most of resources i.e. deposits. But it may also be Bank's great concern for survival and sustainable growth Nan ever-change in environment credit risk Management Policy will be reviewed annually to accommodate necessary changes in respect of risk mitigation. Thus, Bank's endear our shall be to maintain a manageable loan portfolio which is rewarding by taking calculated risk and ensuring quality of loans.

Objectives Of CRM (Credit Risk Management)

- Maximize Bank's earning from loan portfolio.
- Improve quality of loan portfolio to maximize earnings by:
  a) Tokeepnon-performingassetsbelow5%
  b) Arresting new loans to become classified

2) Utmost emphasis on loan sanctioning is to be given in order to improve quality of the loan portfolio. Credit facilities are to be considered solely on viability of business /enterprises / project / undertaking having adequate cash flows to adjust the loans, and management capacity of the borrower to run the business profitably.

3) Evaluate credit risks before sanctioning, which may hamper generation of the projected cash flows of the borrower and might delay or hinder repayment of Bank's loan.

4) Monitor continuously performances of the financed projects/ business / enterprises will be Bank's main thrust for ensuring repayment of the loan, and receiving early warning (EL) for taking timely corrective measures.

5) Price the loans on the basis of loan pricing module of the Bank focusing on risk rating of the borrower.

6) Strict adherence to Bangladesh Bank's policy guidelines.

1.1 Credit Risk Management Process.

Credit risk management process covers the entire credit cycle starting from the origination of the credit in a financial institution's books to the point the credit is extinguished from the books (Morton Glantz, 2002). It is provided for sound practices in:

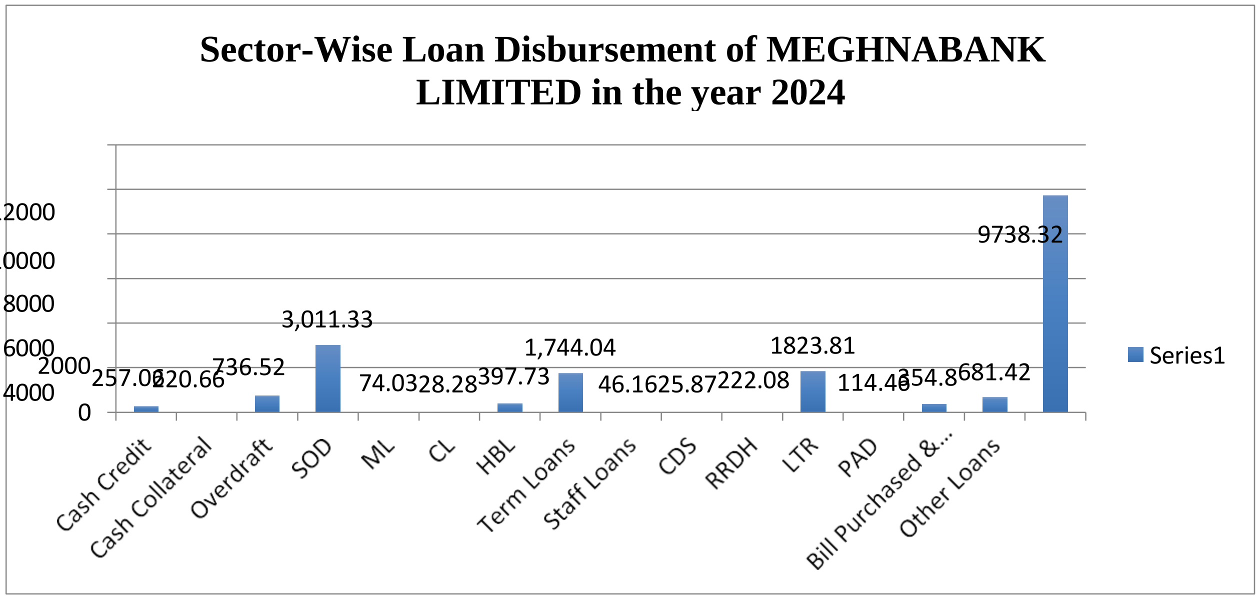
1) Credit Processing or appraisal
2) Credit approval or sanction
3) Credit documentation
4) Monitoring and control of individual credits
5) Monitoring the overall credit portfolio (stress testing)
6) Credit classification.

4.20 Loan Disbursement & Recovery Process

Loan disbursement is the final stage of the credit approval process where sanctioned funds are transferred to the borrower. Meghna Bank follows a systematic process to ensure safe and controlled disbursement.

* Analyzing the Sector-Wise Loan Disbursement of MEGHNA BANK LIMITED in the year 2024

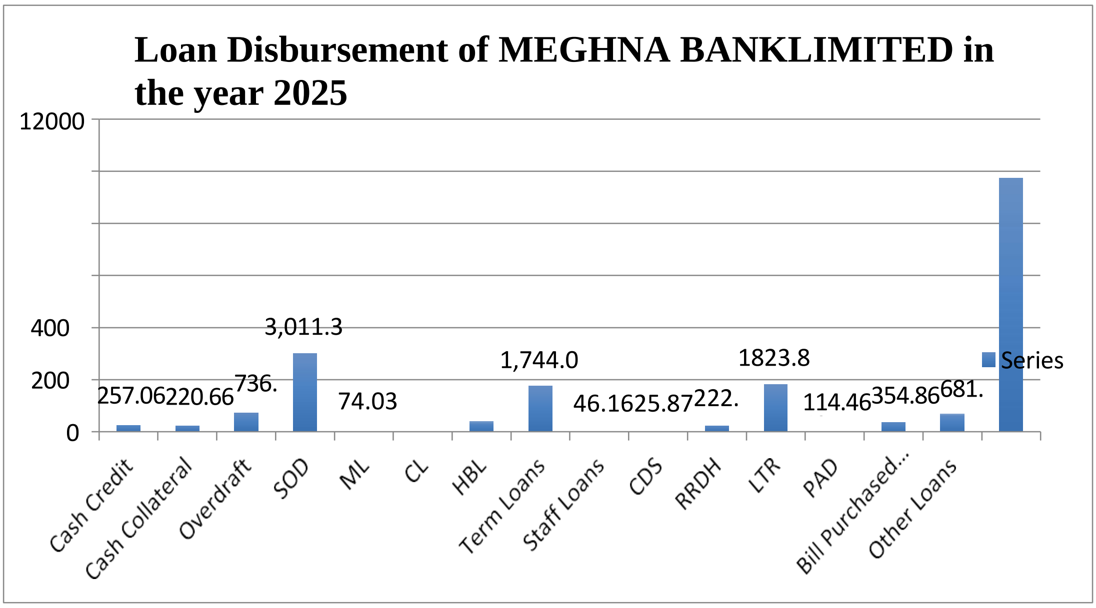
<u>Analyzing the Sector-Wise Loan Disbursement of MEGHNA BANK LIMITED in the year 2024</u>:*



In the year 2024, from the graph we can say that the maximum portion of lending has disbursed to the Overdraft sector which was 39.45% of total loan disbursement. The total loan disbursement amount of Overdraft was increased but the percentage was decreased. In the year, loan disbursement of RRDH (Micro Credit) was decreasing. The second highest percentage of lending was 30% of the total in Loans against Trust Receipts. Term Loans has maintained the third position in loan disbursement by the MEGHNA BANKLIMITED. The amount of loan was 834.56 million, which was

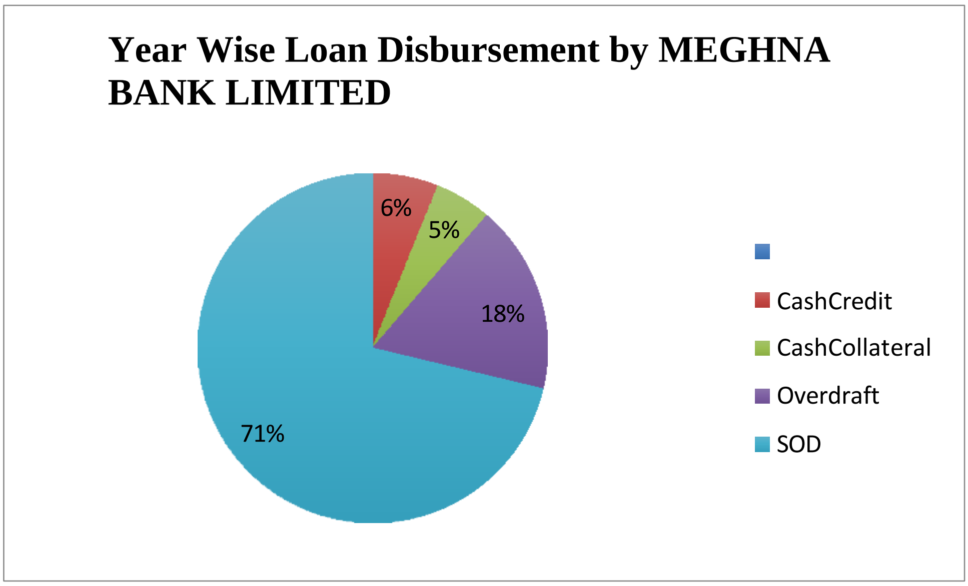
about12.26% of the total lending. A large amount of loans was also disbursed as Cash Credit. Loan has also disbursed as short-term loans, cash credit, House-building loans, Staff loan.

Analyzing the Year-Wise Loan Disbursement of MEGHNA BANK LIMITED in the year 2025



In the year 2025, from the graph we can say that the maximum portion of lending has disbursed to the Overdraft sector. Total percentage of Overdraft was 38.49%. Though total amount of this sector was continued to increase but the percentage of the sector was decreasing. RRDH or Micro Credit was highly decreased. Loan against Trust receipt and Term Loan are the second and third position in this year. The percentage of lending in LTR was 18.73% of the total in this sector. This year long term Loans have maintained the third position in loan disbursement by the MEGHNA BANK LIMITED. The amount of loan was 1744.04 million which about 17.91% of the total lending. Loan has also disbursed as Cash credit, House building loans, Marriage loan, Car loan, Consumer Durable Scheme etc.

Analyzing the Year Wise Loan Disbursement by MEGHNA BANK LIMITED



From the graph we can say that in the year 2025 the total loan disbursement is 39% (Tk 9738.32 million) to compare with other financial years. In the year 2024 the loan disbursement was 28% (Tk 6804.45 million) and in the year 2021, 2022& 2023 the loan disbursement was 7% (Tk 1603.95 million), 8% (Tk 1877.63 million) & 18% (Tk 4358.31 million). So according to this graph we can easily say that the bank's loan disbursement is increasing day by day. It is a positive sign for the bank. After establishing the bank, disbursement of loan is not so high because of their inexperience and inadequate loan disbursement policy. Now the bank has an attractive loan policy which attracts the customers. If we see the percentage increase by the year than in the loan disbursement is 39% and in the previous year it was 28%. So, the percentage increases by 11% only. In the year 2023& 2024 the percentage increased by 10%. In compare, the increasing percentage is about too same that is in 2025 the increasing percentage was 11% which is more than 1% in the previous year. It may be the good sign for the bank because the loan disbursement is increasing or steady not decreasing. Bank's main earning source is loan disbursement, like: interest earning. It is a big part of the bank' 6.2 6.2 outlearning.
So, the bank should take care in this loan side.

Cash Credit	179.92	165.83	257.06
Cash Collateral	148.59	199.53	220.66
Overdraft	355.07	529.89	736.52
SOD	1,676.17	2,153.63	3,011.33
Marriage Loans (ML)	87.35	81.90	74.03
Car Loan (CL)	17.00	26.26	28.28
House Building Loan (HBL)	89.16	100.23	397.73
Term Loans	284.34	834.56	1,744.04
Staff Loans	11.23	20.94	46.16
Consumer Durable Scheme (CDS)	33.04	25.70	25.87
Repair &Recon. Of Dwelling House (RRDH)	247.38	233.35	222.08
Loan against Trust Receipts (LTR)	987.85	2044.41	1823.81
Payment against Documents (PAD)	209.01	257.49	114.46
Bill Purchased & Discounted	30.49	114.04	354.86
Other Loans	1.72	16.69	681.42
Total Loans& Advances	4358.31	6804.45	9738.32

Recovery

It is the duty of the recovery department of the Bank to recover the landed fund within the stipulated time and if the borrower fails to repay the money within the said period Bank will declare him as a defaulter and recover the fund by selling the securities given by the borrower or by freezing his account or make a suit against him.

Legal Frame work for Investment Recovery

After being classified, Bank goes for loan recovery by legal action. Head Office appoints legal advisers and advises to the branch to file a suit against the defaulted loaner. MEGHNA Bank generally suits files under the "Artha Rin Adalat 1990".

Evaluation of Investment Proposals

Financial Statement Financial spreadsheet provides a quick method of assessing business strands and efficiency.

1) Assess the borrower's ability to repay
2) Realistically show business tends
3) Allow comparisons to be made with in industry.

Borrowers that provide Financial Statement are more likely to be good borrowers

Recovery Procedure

Recovery procedure is a lengthy one that requires efforts of the bank, society and legal institutions. It also takes time and money. Like other banks, MEGHNA Bank follows four steps to recover the outstanding amount. This are-

1) Reminders to the clients
2) Creating social pressures
3) Sending legal notice and
4) Legal action

These four-step s are described in detail below-

1) Reminder to the client is given through a formal communication channel. A letter is written and properly signed on the bank's papers. This letter is issued several times to remind the honorable loaner to repay his/her outstanding portion.
2) If the loan amount is not yet repaid after sending a series of letters, then social pressure is created on the client by persons referred while opening account in the bank.
3) Legal notice is prepared and sent by MEGHNA Bank when above two steps fail to recover the amount. It is a threat to the borrower.
4) The last and final step of the recovery procedure is the help from the court.
5) MEGHNA Bank sincerely tries to avoid this kind of situation for its honorable clients but cannot help doing for its own sustainability.

Strategies for Recovery

Recovery of loan can be made in thefollowing3methods. These are:

1) Persuasive Recovery**:** If the borrower didn't pay the due amount to floating time, then the first step of bank is private communication with him. It creates a mental pressure on borrower to repay the loan amount. In this case bank can provide some advice to the borrower for repaying the loan.

2) Voluntarily Recovery: In this method, some steps are followed for recovering loan. This are-

a) Building Task Force
b) Arranging seminar

c) Loan rescheduling policy
d) Waiver finders trite

3) Legal Recovery: When all steps fail to keep an account regular and the borrower does not pay the instalments and interests then bank take necessary legal steps against the borrower for realization of its dues

Lending Risk Analysis (LRA)

Lending Risk Analysis (LRA)is one of the new management and operational tools for improving the operational efficiency of all banks excepting the foreign banks initiated by "Financial Sector Reform Project (FSRP)" in1993.It focuses on internal changes to the lending process to improve the loan portfolio banks. According to FSRP international consultant, in a successful country (in terms of lending), all applications for credit are thoroughly analyzed to assess the risk that the bank will not fully recover the loan. Through the Lending Risk Analysis (LRA) the banking system will channel the scarce financial resources into those opportunities that will have maximum return. That is profitable enterprises will get fund and grow but loss-making enterprises will be refused funding and will go out of business. Through the better practices of LRA all the banks will be benefited as well as the economy will grow and the people will be benefited. The same FSRP international consultant further says, in Bangladesh, loan analysis in the NCBs typically covers only 25% of the potential risks that are analyzed by banks in the developed world (1993). Analysis skills are virtually non-existent in the NCBs. 905 of lending officers do not know how to analyze a set of accounts. So, the ultimate results of the lending process are- the country's scarce financial resources are not applied effectively, loss making enterprises receive funding and stay in business and allowing them to loss even more, profitable enterprises are constrained by lack of funding, the tax payers are obliged to subsidies heavily the banking system, Bangladesh remain one of the poorest countries in the world.

Credit Information Bureau (CIB)

Due to the irregular and insufficient flow of credit information into the Banking system the proportion of classified loan in relation to the total credit is very high. This proportion of classified loan generated bad influence in the Banking sector. In order to eliminate the bad culture and to equip the Banks with proper credit information for loan application processing, proposal for creation of Credit Information Bureau (CIB) was put forward by different comities and groups such as National Commission for Money, Banking and Credit, 1986, the World Bank Report, 1987 and Financial Sectors Task Force Reports,

1990. In the backdrop of the above proposal Bangladesh Bank approved the CIB in 1992. The main objectives of the CIB are to collect all sorts of information in respect of the borrowers (having outstanding balance of Tk. 10 lac and above) from the scheduled Banks, and other non-Banking financial institutions and creation of computer database in order to feed back the same information to the Banks for quick processing of new loan applications, rescheduling etc. And preparation of various reports for MIS purposes to be used in Bangladesh Bank and Ministry concerned.

Diversification of Risk

It is very risky for a bank to invest all its assets into a particular sector or a single borrower or to one particular region. If somehow the business of that sector or area or borrower collapses, the bank may fall in a critical situation. So, it is better to invest in different sectors/borrowers and spread over the country. That's why MEGHNA Bank invests its fund in various sectors.

Loan Default:

A borrower can default for many intentional and unintentional reasons. There has been a mal practice of loan defaulting since the mid-80s. This creates a great threat to the financial institutions.

Location of Main Risk Elements and Reasons of Loan Default:

If the manager/sanctioning authority is aware of the prominent reasons of loan default and risk elements, he/she can take precautionary measures to minimize risk elements in recommending/sanctioning/disbursing a loan. There may be hundreds of reasons for loan default out of which following are the prominent causes.

1) Sick Management: Sick Management means lack of integrity, co-operation, financial/ marketing knowledge and experience, endurance and judgment
2) Sick Marketing: It means lack of freedom, no restriction, openness (no monopoly), depth, growth and stability.
3) Sick Product: Sick product means lack of quality, competitive ness, demand and durability.
4) Sick Operation: It indicates lack of efficient machineries, skilled labor, good labor relation, utilities, raw materials, access to transport etc.
5) Sick Finance: It is lack of fund, repayment period, flexible rate of interest, matching to assets, collateral, efficient capital market etc.
6) Other Reasons: They include lack of reputation, analysis of balance sheet, Lending risk analysis, adequate margin, pastas factory performance, credit need analysis, good relation with other banks, credit information bureau report, other bank report, quality of security offered, demand etc.

Following Stapes Are Taken Against a Defaulter:

1) Reminder thenardite epithelia after validity dates
2) Send final notice
3) Send legal notice
4) Eventually sue a case against the party

Recovery of Advance

A bank's profitability and sustainability mostly depend on the recovery of its outstanding amount. Outstanding amount includes both principal and interest because, 80% of bank's earnings comes from advances. A poor recovery rate indicates the weak condition of the banking operation and vice versa. But in the mid-80s, there started a loan defaulting culture, which is still in practice. As a result, banking sectors as well as the whole economy is facing a great threat from the defaulters. Money circulation has come down at its minimum level. If this cannot be checked, whole banking system of our country will collapse one day.

Loan Monitoring

Loan monitoring implies that the checking of the pattern of 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. The following steps are followed by respective officer.

1) Regular checking the balance of SB/CD/STD accounts of the borrower.
2) Regular communication with the defaulter customers and guarantors physically over telephone. Issuance of letter to customers immediately after dishonor of cheque.
3) Issuance of legal notice to the defaulter customers and guarantors prior to classification of the loans.
4) Issuanceofappreciation or greeting letter to the regular customers.
5) Periodical visit with the customers to maintain relationship and supervision of supplied articles.

Chapter-05 Findings
&
Recommendations

5.1 Findings and Analysis based on Total Credit Management System of MEGHNA Bank LTD.

Online banking system is available in MEGHNA Bank though it is not improved that is very important to compete to others in the electronic world.

For credit appraisal, the bank takes sometime depends on the client for its authentication.

1) All the employees are not professionally trained enough int he computer literacy part.
2) Most of the borrower does not pay their payment timely.
3) Although all the existing manpower is utilizing their utmost efforts productivity sees not adequate due to lack of utilization of latest technology.
4) Heavily dependent on head office decisions delayed the prompt disposal of decisions or service delivery.
5) It is observed that the fraud forgery is comparatively very low may also bellower if the employees are poorly motivated towards bank's motive.

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Meghna Bank PLC (est. 2013) is a Bangladeshi private commercial bank focusing on digital transformation, SME, and corporate banking, with a 2024 strategic theme of "Together we Sail" aimed at growth and stakeholder value. Led by MD/CEO Kazi Ahsan Khalil (since April 2024), the bank emphasizes digital services and is a primary dealer in government securities. Key findings regarding

Meghna Bank include: Digital Transformation: The bank has accelerated its digital footprint, offering robust internet banking, app-based services, and digital service desks to meet changing consumer behavior.

Strategic Partnerships: They are expanding services, such as signing agreements for utility bill collection (e.g., Titas Gas).

5.2 Recommendation Based on overall Credit Management System.

1. Need to improve its Online Banking systems orthotics can compete with other banks.
2. Respective personnel should be trained to overcome the deficiency in retardation-crease its productivity of employees.
3. There should be reliable efficient personnel in every branch in order to take independent decisions and make prompt service delivery.
4. Strict Supervision must be adapted in case of high-risk borrowers. Time to time visit to the projects should be done by the bank officers.
5. Strengthen Credit Risk Assessment Meghna Bank should adopt more advanced and technology-based credit risk assessment methods to improve lending decisions.
6. Enhance Monitoring and Supervision Continuous monitoring is necessary after loan disbursement to identify early warning signs of default.
7. Improve Recovery Management Recovery performance directly affects profitability and liquidity.
8. Reduce Non-Performing Loans (NPLs**)** High NPLs create pressure on capital adequacy and profitability.
9. Strengthen Employee Training and Development Efficient credit management depends heavily on skilled employees.
10. Increase Use of Technology and Automation Digital transformation can improve speed, transparency, and accuracy in credit management.

The performance evaluation system is not updated. The organization should follow the 360-degree performance evaluation system. In this case, the superior executives will not be much rude to the subordinates because the top-level employees‟ performance will be evaluated by the subordinates.

Chapter-06 Conclusion:

Conclusion:

Banking sector of Bangladesh consists of several nationalized and private banks. They are doing their activities and highly contribute to the national economy. Among them MEGHNA Bank Limited also makes significant contribution to the economy. They are performing their activities, as a result not only the bank but also the economy is benefited. The bank is performing general banking, Loan-advance, foreign exchange activities etc. as a result they are mobilizing the money and do well for the economy. Although they have some limitations in their services, they are doing tremendous job for the economy. If they can reduce their limitation and introduce new ideas, they can do better in the banking sector of Bangladesh**.**

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