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A WORKING REPORT ON SME BANKING AND CREDIT RISK GRADING SYSTEM OF AB BANK LIMITED

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Letter of Transmittal

December 13, 2009

S.M.Arifuzzaman
Lecturer
School of Business
Independent University, Bangladesh

Dear Sir:

Subject: Submission of Internship Working Report

I hereby with due respect would like to state that I have completed my Internship Program in AB Bank Limited. I was appointed in the AB Bank Limited (Pagla Branch) addressed at Al-Haj Afsar Karim Bhaban, DN Road, Pagla, Narayangonj. The topic of my Internship report is **"A Study on SME Banking & Credit Risk Grading system of AB Bank Limited, Pagla Branch".** Apart from the academic knowledge gained, this internship program and preparation of report has given me the opportunity to acquaint myself with a reputed bank. I believe that the experience I acquired from this study will be an invaluable asset in my life.

It has also to be mentioned that without your expert advice and cooperation it would not have been possible to complete this report. If you have any further enquiry concerning any additional information I would be very pleased to clarify that.

Sincerely yours,

_____

Md.Masud Rana
ID#0520066

Acknowledgement

It was the kind design of Merciful Allah that I ***Md. Masud Rana*** have completed the assigned task within the specified time period with fewer hazards.

For the fear of sounding like a vote of thanks speech, I could not possibly thank all of those marvelous people who have contributed something of themselves directly or indirectly in preparing this report. They are of course some very special people who cannot go without mention.

I particularly appreciate the perseverance and contributions of supervision by *Mr.* S.M.Arifuzzaman, Lecturer of the School of Business, Independent University, Bangladesh. Without his constant supervision and valuable advices and suggestions from time-to-time, I would be failing to complete the whole thing in a right manner.

My heartfelt gratitude goes to Mr. Md.Mozibur Rahman Khan, Manager of Pagla Branch, AB Bank Limited. I am indebted to him for his willful and heartiest co operation, inspiration and suggestions to complete the internship in his branch. I also acknowledge the time and support provided by Mr.Md.Abdul Malek, Operation manager of Pagla Branch, AB Bank Limited.

My endless thanks go to Mr. Md. Nazmul Huq, and Mr.M.Abdur Rahman Khan, and other officers for their relentless effort during preparation of the paper. Without their sincere cooperation the completion of internship would be nightmare.

I also heartily thank all my friends who directly or indirectly lend me their assistance in this regard.

Abbreviation & Acronyms

- ABBL- AB Bank Limited
- AVP-Assistant Vice President
- BL- Bad loss
- BMRE- Balancing Modernizing Reconstruction Expansion
- CAM- Credit Administration and Mentoring
- CIB-Credit Information Bureau
- CRM-Credit Risk Management
- CRGS-Credit Risk Grading System
- CU-Credit Unit
- CCU- Credit & Collections Unit
- DF- Doubt Full
- EC- Executive Committee
- EMI-Equal Monthly Installment
- FSRP- Financial Sector Reform Project
- FSV-Force Sale Value
- GOB- Government Of Bangladesh
- PAD-Payment Against Deposit
- UBME- Union Bank of Middle East
- SAVP-Senior Assistant Vice President
- SMA- Special Mention Account
- SME- Small & Medium Enterprise
- RRDH-Repair & Reconstruction of Dwelling Houses
- RFCL-Request for Credit Limit
- RM-Relationship Manager
- KYC- Know Your Customer
- RFA-Request For Action
- RU-Recovery Unit
- PG-Program Guideline.
- PPG- Product Program Guidelines

Executive Summary

Bank is an important financial intermediary in the economy. It plays crucial role of transferring the resources from surplus area to the supply constraint area. Bank performs its job through introducing various financial products to the market. Among them SME credit is the most crucial product. Loan is the product that generates major profit for the bank.

I prepared the internship report on **"*A Study on SME Banking & Credit Risk Grading system of AB Bank Limited, Pagla Branch*" .**I furnished the full contents of the report in Six chapters. I concentrated on arranging and putting the data in such a way that the report progressively anchors to a desired destination of understanding.

In the very first part I point out the information about the report. That is its title, origin, objective, methodology, justification and limitations of the study. It will facilitate the understanding what the report is for and how it is designed.

In second part, I discussed about the historical background of the AB Bank Limited. In addition, I also discuss about the Pagla branch where I worked as a intern. After that, in 3rd Part, I mentioned about SME credit and types of SME product of AB Bank Limited. In 4th part, I mentioned the procedures for providing SME Loan. In part Five, I have shown the credit risk grading procedure along with a specimen CRG sheet of AB Bank Limited.

In the next part I draw some findings and recommendations about their performance. After whole analysis I have come to a single conclusion that their credit division performance is satisfactory in particular SME credit. Recently, they are trying to establish themselves as a strong competitor by launching online facility to serve the customer rigorously.