



Daffodil
International
University

Internship Report

On

Credit Management of First Security Islami Bank Limited

Supervised By:

Md. Arif Hassan

Associate Head & Assistant Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Prepared By:

Mira Madhu

ID: 152-11-4772

Major in Accounting
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

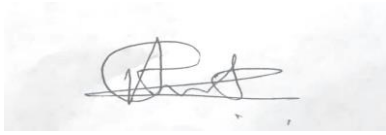
Date of Submission: 15-01-2019

Certificate Approval

This is to certify that Mira Madhu, ID: 152-11-4772, student of Business Administration of Daffodil International University has successfully completed the BBA internship

Program entitled- “Credit Management of First Security Islami Bank limited”. A study on “Mohammadpur Branch” He has completed this work under my supervision and prepared this report according to my supervision and prepare this report according to my direction and guidance.

She has tried her best to do this successfully. I wish her very success in future.



MD. Arif Hassan

Associate Head & Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Acknowledgement

The successful accomplishment of this project work is the outcome of the contribution of a number of people, who gave the time to share their thoughts and suggestions to improve my report. At the beginning, I would like to pay my humble gratitude to the Almighty for giving me the ability to work hard under pressure. However, the space involved does not allow us to mention everyone individually. It gives me immense pleasure to thank a large number of people for their cordial cooperation and encouragement who have contributed directly or indirectly in preparing my report.

This is a great pleasure for me to be assigned under the guidance of MD. Arif Hassan, Associate Head & Assistant Professor of Daffodil International University, Department of Business Administration. I am very grateful to him for all kinds of cooperation and guidance in preparing this report. His valuable suggestions and guidelines helped me to prepare this report in a well-organized manner.

Then, I would like to give special thanks to Asma Farzana (senior officer) and Mr. Jalal Uddin (PO) and I convey my gratitude to Mrs. Sharmin Chowdhury, Credit In Charge, for helping me by providing guidelines of working throughout my internship period. Without their guidance and assistance, this report would not have seen the light of day.

Finally, I would like to thank all these people who have shared their views about my work, provided me with necessary information, criticized me and congratulated me. This acknowledgement is not enough to tell them how profound the impact of their opinion is on the report, how indebted I am to them. I express my heartiest gratitude to all of them.

Executive Summary

The topic of the report is an analysis of credit management of First Security Islami Bank Ltd. Credit is an important product of every bank. A bank success largely depends on effective management of credit. The disquieting feature of financial inter mediation in Bangladesh is the all-pervading default culture. It has shaped the health of the financial sector. The most important reason of non-performing loan is an inadequate evaluation of perceived risk before extending the loan or credit management through a stage and effective process as a lending risk analysis guideline of Bangladesh that enable the bank to pro-actively manage loan portfolio in order to minimize losses and earn an acceptable level of return. The report discusses about the nature of credit, Principal of credit, credit process, management system, Remittance, credit approval process, Importance of Credit , management committee, ad credit Division and performance of First Security Islami Bank Ltd.

The study not only focuses on the activities of First Security Islami Bank Ltd, but also highlights the credit management system of the bank. In the first chapter of this report contains some description about the banking sector and the perspective of the FSIB limited. The next chapter of this report is about the company. Their corporate mission and vision. How they exercise their key management profile. Third chapter contains the theoretical background of the credit management. The fourth chapter is the analysis part of this report, which contains performance analysis of Total Assets and Total deposit, Net Profit, Investment and Advance, Deposit Ratio of First Security Islami Bank limited. Final chapter five includes some findings that made based on the analysis part and some recommendation for the improvement of credit performance.

Table of content

| | |
|--|----|
| Chapter- One | 1 |
| Introduction | 1 |
| 1.1 Introduction | 2 |
| 1.2 Origin of the study: | 2 |
| 1.3 Objectives of the Study: | 3 |
| 1.4 Scope of the Report: | 3 |
| 1.5 Data Collection Method: | 3 |
| 1.6 Limitations of the Report: | 4 |
| Chapter- Two | 5 |
| Overview of First Security Islami Bank Limited | 5 |
| 2.1 An Overview of First Security Islami Bank..... | 6 |
| 2.2 Mission of First Security Islami Bank Limited..... | 6 |
| 2.3 Vision of First Security Islami Bank Limited | 6 |
| 2.4 Goal of First Security Islami Bank Limited | 6 |
| 2.5 First Security Islami Bank Strategy: | 6 |
| 2.6 Corporate Profile of First Security Islami Bank..... | 7 |
| 2.7 First Security Islami Bank Location and its Branches: | 8 |
| 2.8 SWOT Analysis of First Security Islami Bank | 9 |
| 2.9 Organization Hierarchy:..... | 11 |
| 2.10 Departments of FSIBL | 12 |
| 2.11 Service of FSIBL..... | 12 |
| 2.12 Products offered by FSIBL: | 12 |
| Chapter -Three | 15 |
| Credit Management of FSIBL..... | 15 |
| 3.1 Definition of Credit Management: | 16 |
| 3.2 Importance of Credit Management: | 16 |
| 3.3 PRINCIPALS OF CREDIT MANAGEMENT: | 16 |
| 3.4 PROCESS OF CREDIT MANAGEMENT: | 17 |
| 3.5 At Credit Division:..... | 17 |
| 3.6 Define loan:..... | 17 |
| 3.7 Classification of loan: | 17 |
| 3.8 Types of loan of what are offered by FSIB Limited: | 18 |
| 3.9 Re-Fixation of Interest Rate (S) on Loan and Advances: | 19 |
| 3.10 DOCTORS CREDIT SCHEME | 20 |

| | |
|---|----|
| 3.11 Education Loan | 23 |
| 3.12 Car Loan:..... | 25 |
| 3.13 Home Loan..... | 26 |
| 3.14 Cottage Loan | 27 |
| 3.15 Overseas Employment Loan | 28 |
| 3.16 Remittance: | 30 |
| Chapter -Four | 33 |
| Analysis of the Study | 33 |
| 4.1 Investment & Advance: | 34 |
| 4.2 Loan to deposit ratio: | 35 |
| 4.3 Performance analysis of Standard loan of FSIBL:..... | 37 |
| 4.4 Performance analysis of Sub- Standard loan of FSIBL:..... | 38 |
| 4.5 Performance analysis of Doubtful loan of FSIBL: | 40 |
| 4.6: Performance Analysis of the bad and loss of FSLBL..... | 41 |
| 4.7: Performance of classification loan recovery of FSLBL:..... | 42 |
| 4.8Performance of sector wise loan and advance of FSLBL:..... | 44 |
| Chapter-Five | 45 |
| Findings, Recommendations &Conclusion..... | 45 |
| 5.1 Findings..... | 46 |
| 5.2 Recommendations: | 47 |
| 5.3 Conclusion..... | 48 |

Chapter- One

Introduction

1.1 Introduction

We know what bank is a Financial Institution which deals with Customer and money. The consist Definition of Bank. Bank is a financial institution licensed to receive deposited and make loans. Banks may also provide financial service, Such as wealth management, safe deposits, Currency Exchange and many other etc. I am trying to represent the Contribution of bank to a Country by developing its economy.

I think we are really unsafe without bank. Foreign exchange department plays important roles through providing different services for the customers. Latter of credit is the key player in the foreign exchange Business with the Globalization of economics, international trade has become quite competitive.

Timely payment for Exports and quicker delivery of goods is, therefore a pre-Requisite for Successful international Trade Options. I am trying to give a clear concept or idea to you about First security Islami Banks and its activities, performance, were values, core strategies, current and future condition regarding on loan Management banking activates.

The credit or loan management Department is a valuable part for any Bank to have an effective Management system. Bank is a very obligate to us to secure our money to invest our money to take money.

The whole Report is divided into three part introductory parts, learning part and concluding part. The first Chapter is the introduction chapter of this report. The learning part shows foreign exchange activities of FSIB limited. This includes introduction, foreign exchange remittance. The Third and last chapter contain problems, Findings, Recommendations and conclusion of First Security Islami Bank Limited.

1.2 Origin of the study:

Bank is a financial institution which accepts money from its customers as deposit and gives money as a loan to the borrowers. A bank is a financial intermediary a dealer in loans and debts. I wanted to complete my internship program from a reputed bank which would be helpful or my future professional career. I got the opportunity to perform my internship in the First Security Islami Bank Limited. I was sent to Mohammadpur corporate branch as a part of it. This report is originated as the requirement of the First Security Islami Bank Limited.

This is the last part of BBA program. It is essential to fulfil all the requirements the program demand. Only after preparing & submitting the report this program becomes completed. Internship is highly needed to gain practical idea, knowledge and experience. I have selected credit (loan and

advancement and its policies and procedures) department of First Security Islami Bank Limited because here all types can be known. Besides all types how the loans are given what is the requirement of giving loan how the loans can take back from the customers and many more things.

I had to prepare report under the supervision of Mr. Arif Hassan, and Associate Head & Assistant Professor of Department of business Administration. On the other hand, in charge of loan and advancement department of First Security Islami Bank Limited supervised me in the organization. As an intern I got the opportunity to perform my internship in the FSIBL.

1.3 Objectives of the Study:

The main objective of the report is to analyze the credit management of First Security of Islami Bank Limited.

Specific Objectives:

1. To describe the credit risk of First Security Islami Bank.
2. To analyze the credit performance of First Security Islami Bank.
3. To identify the problems related with banking activities and credit Management of FSIBL.
4. To suggest some possible recommendations to overcome the problems.

1.4 Scope of the Report:

The report will be dealing with the overview with the overview of first security of Islami bank limited and mainly deals with “Loan Distribution” of this bank. The Topic is fixed. But the report has tried to cover overview of FSIBL, Objectives, Function, Management, Business Policy and other things. This report has also mentioned some problems of FSIBL’s Operating systems and its solutions. The empirical part includes only the published information and current practices of the Frist Security Islami Bank Limited included.

1.5 Data Collection Method:

Primary Data: Data has been collected primarily through Discussing with my Senior Colleagues, Manager Operation, Head of Branch Credit in charge etc.

Secondary Data: Secondary sources Consist of Several Information is as follows:

Internal Sources:

- ❖ Bank’s Annual Report
- ❖ Group business principal

External sources:

- ❖ Foreign Exchange manual of FSIBL.
- ❖ Internet

- ❖ Files and Documents of the Branch
- ❖ Personal Interview with branch officials and Executives.

1.6 Limitations of the Report:

There was particular limitation had to suffer in order to develop this statement. Some restrictions are following:

1. There was a limit range to operate at credit department in the bank for an intern student.
2. Deficiency of time was one of the major determinants that decreased the study.
3. FSIB does not have a strong and affluent combination of numerous varieties of publications or journals compared to banking activities.
4. Confidentiality of data was another significant limitation that was covered throughout the execution of this investigation. Credit management is a private & confidential material at a bank. Alike all other banking organizations, FSIB is also quite careful and strict in implementing commercial information

As some of the fields of Banking are still not covered by our Courses, there was difficulty in understanding some activities.

Chapter- Two

Overview of First Security Islami Bank Limited

2.1 An Overview of First Security Islami Bank

First Security Islami Bank Limited (FSIBL) was incorporated in Bangladesh on 29 August 1999 as a banking company under Companies Act 1994 to carry on banking business. It obtained permission from Bangladesh Bank on 22 September 1999 to commence its business. The Bank carries banking activities through its 67 branches in the country. The commercial banking activities of the bank encompass a wide range of services including accepting deposits, making loans, discounting bills, conducting money transfer and foreign exchange transactions, and performing other related services such as safe keeping, collections and issuing guarantees, acceptances and letter of credit. From January 01, 2009 bank has converted into Islami shariah based banking system instead of conventional banking system. The bank has constituted a shariah council consisting prominent ulama, bankers, lawyer and Economists to advice and guide on the implementation of Islami shariah in business activities.

2.2 Mission of First Security Islami Bank Limited

- To be a provider of high quality product and service to its potential markets.
- With a view to achieving commercial objective of the bank, their sincere and all efforts stay put unabated.
- Respected Client is attracted to them for their transparency, accountability, and social commitments and high quality of clientele services.

2.3 Vision of First Security Islami Bank Limited

The vision of the first security Islami bank is to be the most efficient bank in term of the customer service, probability and technology application.

2.4 Goal of First Security Islami Bank Limited

The motto of the First Security Islami Bank Limited is to explore a new horizon of innovative modern banking creating an automated and computerized environment providing one stop service and prepare itself to face the new.

2.5 First Security Islami Bank Strategy:

- To achieve our customer's best satisfaction & win their confidence.
- To manage & operate the bank in the most effective manner.
- To identify customer's need & monitor their perception towards meeting those requirements.
- To review & update policies, procedures & practices to enhance the ability to extend better customer services.
- To train & develop all employees & provide them adequate resources so that customer's need reasonably addressed.

- To promote organizational efficiency by disclosing company plans, policies & procedures openly to the employees in a timely fashion.
- To ensure a congenial working environment.
- To diversify portfolio in both retail & wholesale market

2.6 Corporate Profile of First Security Islami Bank

| FSIBL Corporate Profile | |
|---|--|
| Name of the Company | First Security Islami Bank Ltd. |
| Chairman | Mr. Mohammad Saiful Alam |
| Vice Chairman | Mr. Mohammad Abdul Maleque |
| Managing Director | Mr. Syed Waseque Md. Ali |
| Company Secretary | Mr. Oli Kamal FCS |
| Legal Status | Public Limited Company |
| Date of Incorporation | August 29, 1999 |
| Date of Commencement of Business | August 29, 1999 |
| Date of getting license from Bangladesh Bank | September 22, 1999 |
| Date of Opening of First Branch | October 25, 1999 |
| Corporate Head Office | House- SW (I) 1/A, Road-8, Gulshan-1, Dhaka-1212, Bangladesh. |
| Registered Office | 23, Dilkusha, Dhaka-1000, Bangladesh |
| Line of Business | Banking |
| Authorized Capital | Tk.10,000 Million |
| Paid up Capital | Tk.7,840.99 Million |
| Date of consent for IPO | 04 June 2008 |
| Phone | 88-02-9888446 (Hunting), 8402613-8402625 (ICT Division). |
| Fax | 880-02-9891915 |
| E-mail | info@fsibld.com |
| SWIFT Code | FSEBDDH |
| Auditors | M/S. Huda Vase Chowdhury & Co. Chartered Accountants BTMC Bhaban (8 th Level) 7-9, Karwan Bazar C/A, |

Dhaka-1215

Bangladesh

2.7 First Security Islami Bank Location and its Branches:

The Head office of First Security Islami Bank situated in Gulshan- 1, Dhaka-1212, House# SW (I) 1/A, Road No- 08. The major branches are situated at Dhaka and Chittagong city. There are total 172+ branch offices of First Security Islami Bank and also there are 137+ ATM booths for clients. Most important things of First Security Islam Bank are they have 1316897+ happy customers.

2.8 SWOT Analysis of First Security Islami Bank

Definition: SWOT analysis is a useful technique that is used to understanding the company's Strength, weakness, opportunities and threats. It also used in a business context, it helps the company to carve a sustainable niche in market and it helps the company to develop his career in a way.

Strength:

- First strength is that it is a Shariah based bank.
- By this time it has established an integral, customer friendly relationship with its clients.
- It has prominent saving scheme named DPS for a fixed or lower income group of people of this society.
- It provides services even after the banking hour to special clients.
- Sound profitability growth and high assets.
- Experienced management team.
- Honest, sincere and dedicated employee competency.
- Wide market share and stable source of fund.
- High attention on recovery of overdue amount and or pre-overdue situation.
- High attention on individual performance.
- High attention on making quality investment and disposal of proposals.
- All the officials are dedicated and honest to serve their own duty.

Weakness:

- Traditional network system and lack of full scale automation.
- Poor marketing of investment products.
- Lack of required information specifically on SME.
- No growth on carrier advancement. So the employee wants to switch elsewhere.
- FSIBL Bank Ltd. does not have an individual marketing department.
- They have limited advertising strategy on behalf on their bank and accompanied by conservatism rule in this sector.
- FSIBL Bank Ltd. does not use the share mode of investment.

.

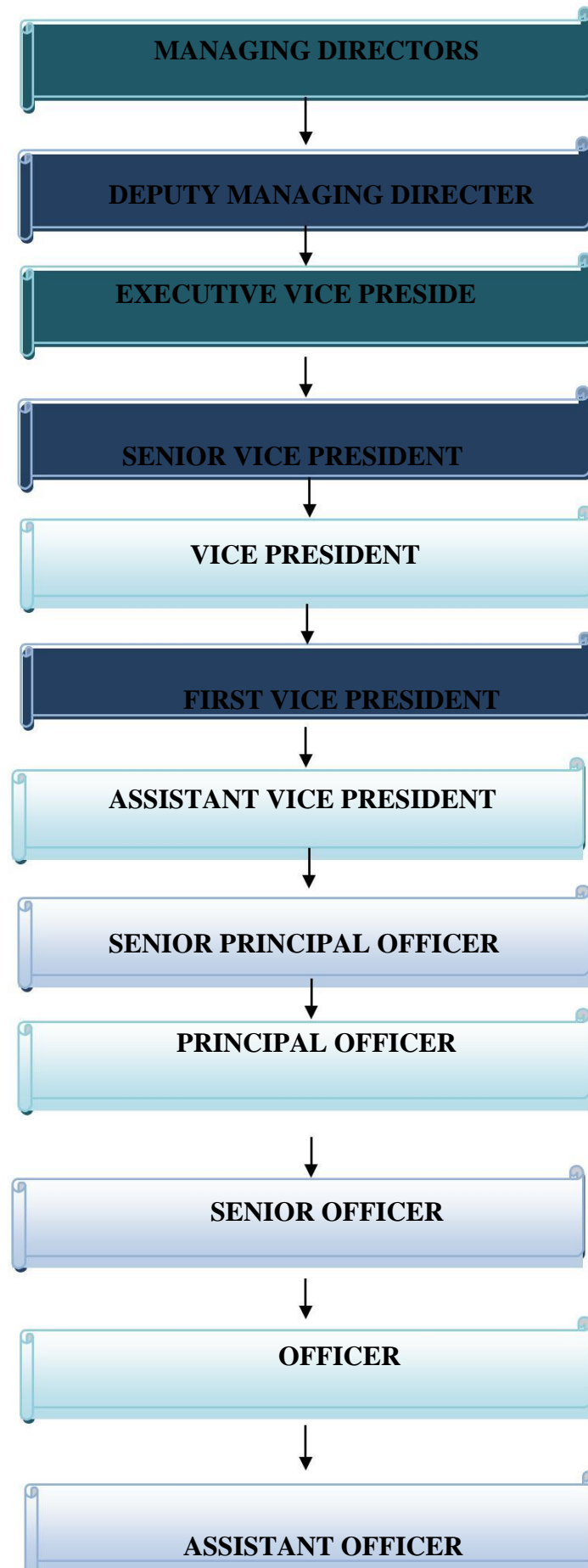
Opportunities:

- Scope of market penetration through diversified investment products.
- Increasing awareness of Islamic banking among the clients.
- Scope develops new committed entrepreneurs.
- Country wide branches having wide opportunities to access in different kinds of business.
- Service charges in other banks are comparatively higher than FSIBL Bank Ltd.
- No other banks could provide as much integral working atmosphere as FSIBL Bank Ltd.
- Bank introduce Islamic card, which is a first time in Bangladesh.

Threats/ Challenges:

- Because of the intense competition, most of the competitor banks of FSIBL Bank Ltd. are coming up with new service line ATM.
- The competitor banks of FSIBL Bank Ltd. have more geographical coverage than FSIBL Bank Ltd.
- State law defers with the Islamic Sharia.
- In the money market of Bangladesh there is no call money system of Islamic Sharia.
- Some other conventional banks have opened their Islamic banking branch.

2.9 Organization Hierarchy:



2.10 Departments of FSIBL



2.11 Service of FSIBL

- ATM Banking
- Locker Service
- Online Banking
- SMS Banking
- Utility Bills
- Foreign Remittance
- Debit Card Holder Facilities
- FSIBL Call Center
- SWIFT service
- Bill Payment Service

It's growing up rapidly and expanding its areas. It's becoming very popular to the clients.

2.12 Products offered by FSIBL:

1. Deposit Products

- Al-Wadiah Current Deposit
- Mudarabah Savings Deposit
- Mudarabah Short Term Deposit
- Mudarabah Term Deposit:
 - I. One Month
 - II. Three Months
 - III. Six Months
 - IV. Twelve Months

- V. Twenty Four Months
- VI. Thirty Six Months
- Foreign Currency Deposit
- Mudarabah Savings Scheme:
 1. Monthly Savings Scheme
 2. Monthly Profit Scheme
 3. Mudarabah Double Benefit Deposits Scheme in 6 years
 4. Mudarabah Triple Times Deposit Scheme in 10 years
 5. Mudarabah Four Times Deposit Scheme in 12 years

2. Investment Products

- Investment / Utilization of the funds:
 - Bai-Murabaha (Deferred Lump Sum/ Installment Sale)
 - Bai-Muajjal (Deferred Installment / Lump Sum Sale)
 - Ijara (Leasing)
 - Musharaka (Joint-Venture, Profit-Sharing)
 - Mudaraba (Trustee Profit-Sharing)
 - Bai-Salam (Advance Sale and Purchase)
 - Hire-Purchase
 - Direct Investments
 - Ijara (Leasing)
 - Post Import Investment
 - Purchase and Negotiation of Export Bills
 - Murabaha Import Bills
 - Bai-Muajjal Import Bills
 - Pre-Shipment Investment
 - Quard-ul-Hasan (Benevolent Investment)
- Letter of Guarantee
 - Tender Guarantee
 - Performance Guarantee
 - Guarantee for Sub-Contracts
 - Shipping Guarantee
 - Advance Payment Guarantee
 - Guarantee in lieu of Security Deposits
 - Guarantee for exemption of Customs Duties
- Letter of Credit (L/C) / Back to Back Letter of Credit (L/C)

- Specialized Schemes
 - Tender Guarantee
 - Consumer Investment Scheme
 - SME Investment Scheme,
 - Lease Investment Scheme,
 - Hire Purchase,
 - Earnest Money Investment Scheme,
 - Mortgage Investment,
 - Employees House Building Scheme,
 - ATM, VISA Investment Card, EEF, etc.

3. Foreign Remittance

4. Utility Bill Payment

5. Locker Service

- Personalized service
- Facilities to access outside scheduled time
- Parcel handling
- Safe custody of goods and bonds/shares
- Lockers available in various sizes. For example: Small, Medium and Large.

6. Inland and Online Transaction Services

7. Foreign Exchange Business Transaction / Service

Chapter -Three

Credit Management of FSIBL

3.1 Definition of Credit Management:

A function performed within a company to improve and control credit policies that will lead to increased revenues and lower risk including increasing collections, reducing credit costs, extending more credit to creditworthy customers, and developing competitive credit terms. Also call credit control.

3.2 Importance of Credit Management:

Turnover can only become profit when your debtor has fully paid for your product or service. It is of utmost importance that payment takes place within the agreed upon time limit. Your debtor paying later than agreed upon (or not paying at all), costs your company a lot of money. Consequently, it may be necessary to request payment or, in extreme cases, resort to legal debt collection. A perfectly organized credit management contributes to a better assessment of your credit risks as well as to a better collection of your debts, increasing the efficiency of your company and its usable capital. A company may be confronted with a temporary or a structural credit management problem. A company can have a temporary problem like short-term payment delays, lack of personnel or lack of practical knowledge in the field of credit management. Companies in these situations can rely on Credit managers.

These managers will assess the credit risks, take on the debtors efficiently, guarantee the continuity of debt collection actions and critically screen debt collection in order to give additional advice. When a thorough change in the organization takes place, external helps often very necessary. Far reaching reorganization measures and new implementation procedures can be optimally monitored by project managers. They help to streamline processes of change, minimize resistance and implement more efficient, more effective working methods.

3.3 PRINCIPALS OF CREDIT MANAGEMENT:

Principals of credit a reasonable Banker ought to dependably hold fast to the accompanying general standards of loaning assets to his clients.

- Background, Character, and capacity of the borrowers,
- Purpose,
- Safety,

- Security,
- Profitability,
- Source of reimbursement,
- Diversity
- National intrigue,
- Liquidity

3.4 PROCESS OF CREDIT MANAGEMENT:

Credit the executives ought to be sorted out in such a procedure, to the point that the bank can be limit its misfortunes for installment of the normal profit to the investors. The principle reason for existing is that to give rules to enhance the danger of the board, build up least benchmarks for isolation of obligations and duties, and its aid the progressing enhancement of concerned bank.

3.5 At Credit Division: Though maximum of the time in my intern Period I have Over past in General banking Department but I have spent a few time in credit Department. Firstly I was ascribed in Credit Department under direct Supervision of Md. Arif Hassan and at the time I have Perform below activities

- (1) Printing typing and photocopying Different Documents related Credit.
- (2) I had to organize all the Customer files & keep them at a specific place separately.
- (3) Checking and filling different loans forms.
- (4) Data entries in the Computer.
- (5) Helping clients that where to signature on the form.

3.6 Define loan: In back, a credit is the loaning of cash by at least one people, associations, or different elements to different people, associations and so on. The beneficiary (i.e. the borrower) brings about an obligation, and is generally subject to pay enthusiasm on that obligation until the point when it is reimbursed, and furthermore to reimburse the foremost sum obtained.

3.7 Classification of loan: The principle capacity of a business bank to assemble sparing from general individuals as store and finding the real parts of said store as credit and advance to the individual/business/organization and other people who are need of reserve for venture. The fundamental protest of a business bank to make a benefit. Premium points from credit and advance

in the principle wellspring of income of a bank. The benefit of a bank relies upon the effective way for the most part advance and advance are permitted by the bank against security. After dispensing of the advance, the bank must be managed and checked so as to guarantee the reimbursement of the primary alongside enthusiasm for a due date. At the point when a borrower can't re-pay intrigue and for portion on a credit after it has turned out to be expected. This sort of advance is called default advance or the non-performing advance. The advance grouping framework attempts to isolate non-performing advances from the performing advance.

3.8 Types of loan of what are offered by FSIB Limited:

Depending on the various nature of financing, all the leading activities have been brought under the following major heads:

Loan (General)

Short term, Medium term and Long term loans allowed to individual/firm/industries for a specific purpose but for a definite period and generally Repayable by installments fall under this head. This Type of leading is mainly allowed to accommodate financing under the categories.

- (1) Large & Medium Scale Industry and
- (2) Agricultural
- (3) Small & collage Industry
- (4) Others and also include here

House Building Loan (General): Loan allowed to individual/enterprise for Constriction advance. The amount is Repayable by monthly Installment within a specified period.

House Building loan (staff): Loan Consent to Employees other than for house Building shall be grouped under head staff loan.

Lease Financing: Lease Financing is one of the most convenient sources of Acquire capital matching and equipment where by a Clint by given the opportunity to have an exclusive to use an asset usually for an agreed period of time versus grant of Rent.

SOD (General): Advances allowed to individual/firms against financial obligation. This may or may not be a continuous credit.

SOD (others): Advance allowance Assignment of work falls under this head. This advance is generally allowance for a definite period and specific purpose.

3.9 Re-Fixation of Interest Rate (S) on Loan and Advances:

| Sector of Business | Precious Interest Rate (Mid-Rate) | Revised Interest Rate (Mid-Rate) |
|--|-----------------------------------|----------------------------------|
| Women Entrepreneurs Development Scheme | 10.00% | 10.00% |
| Rural Development Scheme | 15.00% | 15.00% |
| Overseas Employment Scheme | 16.00% | 16.00% |
| Financing Solar Energy and Bio-Gas Project under BB Refinance | | |
| Direct Lending to Ultimate Beneficiary | 9.00% | 9.00% |
| Lending through NGO linkage | 10.00% | 10.00% |
| Cottage Loan | | |
| Interest Rate | 17.00% | 16.00% |
| Loan Processing fee | 0.50% | 0.50% |
| Education Loan | | |
| Interest Rate During moratorium Period | 10.00% | 10.00% |
| Interest Rate after Moratorium Period | 15.00% | 15.00% |
| Other Loan and Advances | 16.50% | 14.50% |

3.10 DOCTORS CREDIT SCHEME

Objectives:

- Help new F.C.P.S. or post graduate for setting chambers and buying medical equipment.
- Help experienced doctors for refurbishing chambers and buying equipment.
- Assist private clinics for acquiring medical equipment.

Purpose:

- Doctors Loan is a loan for professional Doctor to support their small scale purchase of different medical equipment, tools and small machineries for installation of their chamber/hospital/clinic.

Loan Limit:

- Minimum TK 2.00 Lac only.
- Maximum
 1. TK 5.00 Lac for General Practitioners
 2. TK 15.00 Lac for specialized Doctors.
 3. TK 50.00 Lac for owners of Clinic/Hospital or Diagnostic Center.

Nationality:

- Bangladesh

Age Limit

- Form 25 years to 65 years (Note: Age bar may be relaxed by the Managing Director and CEO of the Bank on acceptable grounds.)

Minimum Income:

- TK 25,000.00 for General Practitioner.
- TK 40,000.00 for specialized doctor.

Work Experience:

- For General practitioners having practice length of 3 years.
- For specialized Doctors having practice length of 5 years,

Down Payment:

- 10% of general practitioners.
- 20% of the specialized doctors.
- 30% of owners, hospital or diagnostic center.

Interest rate:

- The interest rate is subject to change based on the market conditions and policy of the Bank.

Repayment Method:

- Equated monthly installment.

Other fees and Charges:

- As per policy and scheduled charges of our bank.

Tenure of the Bank:

- Minimum 12 months- Maximum 60 months (Rural Development Schema)

Objectives:

- Raise the standard of living of rural people.
- Initiative to break the vicious cycle of poverty.
- Enhance the purchasing power of rural people.

Lease Financing:

Objectives:

- Assist and encourage entrepreneurs for acquiring capital machinery, medical equipment, automobiles etc.

Terms and Conditions:

- Lease period 3 to 7 years.

Security:

- Primary- Ownership of fixed items.
- Collateral- Landed property, Bank Guarantee, ICB Unit Certificate etc
Any purpose Loan Schema

Purpose:

- To meet instant personal financial requirements.

Loan Limit:

- TK 0.50 Lac to TK 5.00 Lac only.

Nationality:

- Bangladeshi

Age Limit:

- From 21 years to 60 years (Last installment of the loan has to deposited before the borrower reaches the age of 60)

Note: Age bar may be relaxed by the Managing Director and CEO of the Bank on acceptable grounds.

Minimum Income:

- TK 10,000.00 for Govt. Service Holder.
- TK 15,000.00 for private Service Holder.

(Spouse/other income may be added with the total monthly income. In such cases at least one of the borrowers has to meet the minimum income level)

Work Experience:

- For salaried individual minimum total length of service must be 1 year as confirm employee.
- Govt. Employees must be confirmed on job.

Repayment Method:

- Equated monthly installment.

Other fees and charges:

- As per policy and scheduled charges of our Bank.

Tenure of the Loan:

- Maximum 48 months.

3.11 Education Loan

Fast Security Islami Bank Limited Education Loan may be available for any student of Bangladeshi National with excellent educational track record to provide financial assistance for further educational purposes like study abroad or within the country.

Eligibility:

Applicant must be enrolled as a student in Public/Private University In case of purposing higher studies in home for undergraduate and post-graduate program.

Age Limit:

Age of the applicant should be in between 18 to 30 years old at the time of disbursement of loan.

Qualification:

- Holds excellent result in SSC/HSC/O-Level or equivalent from any recognized educational institution at home or abroad for pursuing undergraduate course at home.
- Holds excellent result in SSC/HSC/O-Level or equivalent from any recognized educational institution at home or abroad for pursuing post-graduate course at home or abroad as well.
- Educational program must commensurate with the career prospect of the borrower.

Loan Limit:

- For studies in Bangladesh – Maximum TK 5.00 Lac.
- For Abroad studies- Maximum TK 20.00 Lac.

Expenses considered for Loan:

- Fees payable to University/Collage/Hostel.
- Examination/Library/Laboratory Fee.
- Purchase of Books/Equipment/Instruments/Uniforms
- Travel Expenses/Passage money for studies abroad.
- Purchase of computers- Essential for completion of the course.
- Boarding and lodging expenses in recognized Boarding Houses/Private accommodations.
- Any other expense required to complete the course- Like study tours, project work, thesis etc.
- Moratorium period of the loan will be depending on the duration of the course ranging from 2 years to maximum 4 years.
- Loan to be repaid within a maximum period of 7years from the date of the first disbursement.
- Payment will be made directly to the educational institutions and reimbursement to the borrower against proper receipt.
- The loan repayment installments will be fixed monthly basis.

- The interest rate will be applied on floating basis.

3.12 Car Loan:

The facility is designed with easy repayment schedule, which gives you the opportunity to own a new/Reconditioned car to materialize your cherished dream.

Added Feature:

Loan amount is inclusive of unit price of Car, VAT, Registration and Insurance.

Eligibility:

- Govt. Officials
- Semi-Government Officials
- Employee off Autonomous Bodies.
- Employee of Banks and other Financial Institutions.
- Employees of Multinational Companies.
- Employees of reputed Private Organizations
- Professionals Doctors/Engineers/Accountants
- Teachers and staff of Public/private Universities.
- Businessmen and others.

Loan Limit:

- Up to TK. 15.00 Lac for reconditioned Cars and up to TK 20.00 Lac ro Brand new cars.

Period:

- 5 Years for reconditioned Cars and 6 years for Brand New Cars.

Repayment Mode:

- Equal Monthly Installment.

3.13 Home Loan

Residing at home/flat is a long cherished dream to everyone. To materialize this dream, First Security Islami Bank Limited is beside you offering easy to avail competitive Home Loan with lucrative features.

Our Strength:

- We ensure smooth and prompt disposal of the loan for your dream house to turn into reality.
- We offer most competitive interest rate with easy to access terms and conditions.

Purpose:

- Purchase of Flats/Apartments.
- Construction of House.
- Extension of House.
- Renovation of House.
- Finishing Works of Building.
- Taking over of regular House building from other Banks.

Eligibility:

- Bangladeshi National
- Regular Employees of Govt./Semi/Autonomous Bodies/Multinational Companies/Public Ltd., Co. /Private Ltd. Companies etc.
- Self-employed professionals.
- Businessman
- Teachers of Universities/ College/Schools and established educational institutions in the public and private sectors.
- Age limit 21-60 years (including repayment period).

Loan Limit:

- Max- TK 75 Lac (Period- Max 25 years including grace period)

Repayment Mode:

- Equal Monthly Installment.

Interest rate:

- Competitive interest rate as per as bank's policy and Bangladesh bank Guidelines.

Required Documents:

- Supporting documents regarding ownership of Land/Building/Apartments.
- TIN Certificate
- Disclosure of income statement and personal net worth.
- Lay out plan approved by the competent authority.

3.14 Cottage Loan

Purpose:

- For Individual to build up or Construct of semi-puce buildings of two types along with pure drinking water facility.
- Foundation up to plinth level, puce floor, brick well, roof of corrugated iron sheet, tiles, or Foundation up to plinth level, puce floor. Corrugated iron sheet fencing, root of corrugated iron sheet/tiles.

Loan Limit:

- UP to 70% of the total cost of Semi-Puce/ Corrugated iron sheet fencing Contraction and puce floor space along with pure drinking water facility/tube-well will be inclusive in the Project cost. However total loan cost amount shall not exceed TK.10 Lac in any cost.

Nationality:

- Bangladeshi

Age Limit:

- Form 21 years to 60 years

Note: Age bar may be relaxed/waved by the managing Director and CEO of the Bank on acceptable grounds.

Loan Processing Fee:

- 0.50% of the loan amount plus 15% VAT on the processing fees.

Interest Rate:

- Interest rate

Repayment Method:

- Equated monthly installment.

Other Fees and Charges:

- As per policy and scheduled Charges of our Bank.

Tenure of the Loan:

- Up to 7 years.

3.15 Overseas Employment Loan

Purpose:

To Support for smooth departure for overseas employment of Unemployed youths form the Country & to save them & their Families form Borrowing money at higher rate of interest form illustrious class of village Mahajan.

Eligibility:

- Any Bangladeshi National intends to go abroad for employment.

Loan Limit:

- Maximum TK.2.50 lac

Tenure:

- Max.03 years with 01 month's grace period

Age Limit:

- 18-45 years

Interest, Fees & Charges:

- 14% interest p.a.
- Tk.200/- for loan Application form
- 1% above over the prescribed rate on overdue amount as penal interest
- 2% on Outstanding amount for early Settlement

Criteria for Selection of Borrower:

- Permanent inhabitant of a particular locality intends to go abroad for Employment Any Bangladeshi

Analysis of Credit Personal/Flexibility/study:

- Status of guardian
- Net-worth of guardian
- Status guarantor

Required Documents:

- Bio-Data of the applicant with 02 referees
- Photocopy of valid Bangladeshi passport
- Copy of work permit
- Copy of clearance from the Bureau of Manpower, Employment & training (BMET)
- Copy of appointment latter
- Clean/Satisfactory CIB

Approval:

- Credit officials after Checking Ensuring that all documents are in order will send the proposal for approval to Delegation of Lending authority (DLA) Sanction
- Sanction Advice contains customer's details, loan limit, interest, fees & charge, mode of disbursement, mode of repayment, other terms & Conditions etc.

Disbursement

- After Complying all term & conditions of sanction Advice Along With all Security documents, a checklist is sent to CDC/respective Division for drawdown permission.

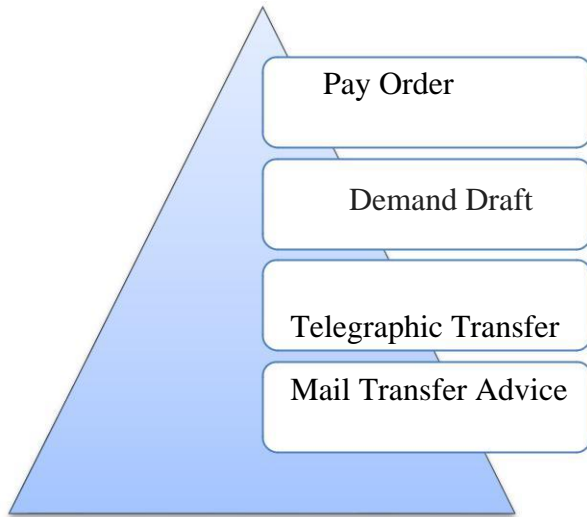
Security:

- 02 PGs among father, mother, brother, son, father in law, brother in law and Mather in law of the applicant and must be acceptable to the bank.
- PG of spouse of the applicant (if any)
- Original copy of the title deed with ancillary papers of the lander property owned by the applicant or guarantor(s)
- Any other Security acceptable to the bank (Lien of FDR or Scheme deposits/ Life insurance policies/Bank Guarantees etc.)

3.16 Remittance: The word “Remittance” originates from the word “remit” which means to transmit money/ fund. In banking terminology the word “remittance” means transfer of fund one place to another place. There are two types of remittance.

1. Local remittance.
2. Foreign remittance.

Local remittance: Remittance of fund is to be collected in two ways. Any person can remit funds to another through Inland remittance by using the following means of remitting funds with charges.



Foreign remittance: Foreign remittance is the transfer of foreign currency from one country to another country. In another word, foreign remittance means, remittance in foreign currency that are received in and made out abroad. Actually, foreign remittance is purchase and sale of freely convertible foreign currencies as permissible under exchange control regulations of the country. Foreign remittance is very important for the country as valuable foreign exchange is involved in the transfer mechanism. Foreign remittance takes place in two ways-

- Inward Remittance
- Outward Remittance

Inward Remittance: Remittance comes from foreign countries to our country is called inward remittance. To the bankers or ADs inward remittance means purchase of foreign currency by authorized dealers. Generally, inward remittances are received by draft, mail transfer, TT, purchase of foreign bills & travelers Cheese, export bills. Basically, these are the formal channels of receiving inward remittance. A local bank also receives indenting commission of local firm also comes under purview of inward remittance.

Outward Remittance: Remittance from our country to foreign countries is called outward foreign remittance. On the other word, sales of foreign currency by the authorized dealer or formal channels may be addressed as outward remittance. The authorized dealers must utmost caution to ensure that foreign currencies remitted or released by them are used only for the purposes for which they are released. Out ward remittance may be made by appropriate method to the country

to which remittance is authorized. Most outward remittance is approved by the authorized dealer on behalf of Bangladesh Bank. Outward remittance may be made for following purposes –

- Travel
- Medical treatment
- Attending seminar etc.
- Educational purpose
- Balance amount of F.C account.
- Profit of foreign companies.
- Technical assistance
- New exporters up to USD 6,000/- for business promotion
- F.C. remittance can be made for fare, exhibition from export retention quota.

Instruments of Foreign remittance:

- Dollar, pound, France Fr. Riyal or any other currency.
- Traveler's cheque.
- Foreign demand draft.
- Telegraphic Transfer, cable transfer or swift transfer.
- Mail Transfer.
- International Money order
- By any person & institution
- Payment order

Chapter -Four

Analysis of the Study

4.1 Investment & Advance:

First Security Islami Bank is the bank which bank Investment and advance increment step by step. There aggregate loan and advances in now year 2013-2017 was 954316.49 million which expanding from the past year. This is the just a single bank which bank all sort Commercial work.

Table: Investment & advance of FSIBL from 2013 to year 2017 Amount in total.

| Year | Total Investment & Advance | Growth rate |
|------|----------------------------|-------------|
| 2013 | 114601798177 | 0.19 |
| 2014 | 152792319038 | 0.33 |
| 2015 | 187680007932 | 0.23 |
| 2016 | 226065271502 | 0.20 |
| 2017 | 273593618710 | 0.21 |

INVESTMENT & ADVANCE

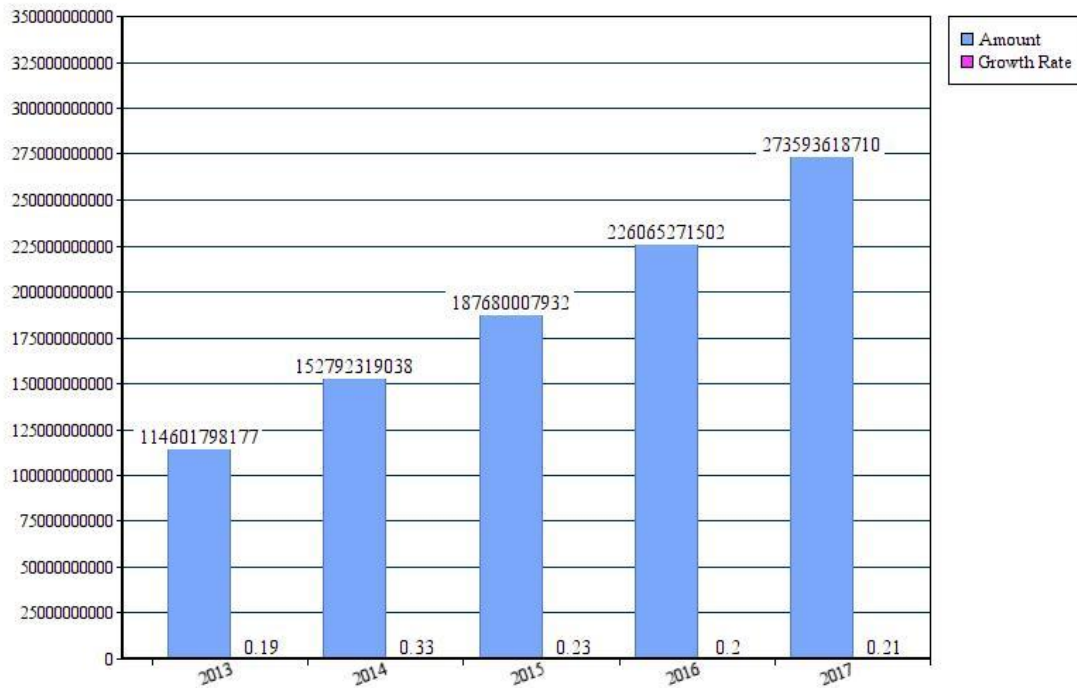


Figure: Loan to Advance ratio from year 2013 to the year 2017

Interpretation: From this Graph it can be seen that the loan & advances increased of First Security Islami Bank from year 2013-2017, which was 11,460,179,817.77 million to 23,593,618,710 million. 2013, 2016 and 2017 the loan advances were increased more than 2014 and 2015. Which is showing all year loan and advances are increasing more year by year. If the type trend is longer so it can be said blindly that it's possible for FSIBL to increase its condition.

4.2 Loan to deposit ratio:

The loan-to-deposit ratio is used to assess a bank's liquidity by comparing a bank's total loans to its total deposits for the same period. This number is expressed as a percentage. If the ratio is too high, it means that the bank may not have enough liquidity to cover any unforeseen fund

requirements. Conversely, if the ratio is too low, the bank may not be earning as much as it could be.

Table: Loan to deposit ratio from year 2013 to year 2017 Amount in total.

| Years | Total Loan and Advance | Total Deposit | Loan to Deposit Ratio |
|-------|------------------------|---------------|-----------------------|
| 2013 | 114601798177 | 139520955783 | 82.14% |
| 2014 | 152792319038 | 182511812854 | 83.72% |
| 2015 | 187680007932 | 231274244689 | 81.16% |
| 2016 | 226065271502 | 274252894129 | 82.43% |
| 2017 | 273593618710 | 299120844464 | 91.47% |

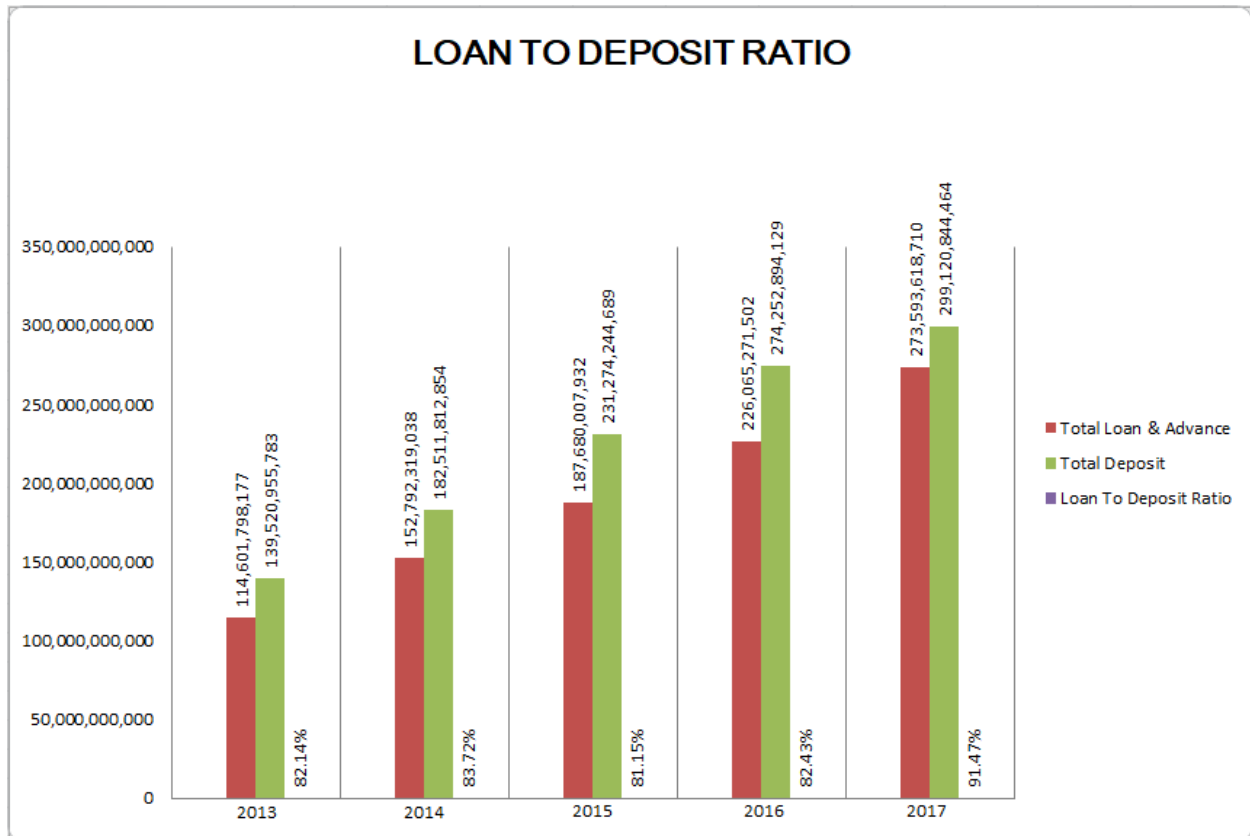


Figure: Loan to deposit ratio from year 2013 to the year 2017

Interpretation: From the above Graph and figure, it's expressed here in percentage of loan and deposit ratio. In this graph it showing 2013 to 2017 loan and deposit ratio. Here from loan to deposit ratio 2014 Increased more than 2013. But in 2015 and 2016 loan to deposit ratio decreased 81.16% and 82.38%. But in 2017 in increase 91.39%. Where 2016 was 82.38%. There showing in 2017 was 9.01% ratio increased. At this moment there performance is good.

4.3 Performance analysis of Standard loan of FSIBL:

This is one kind of unclassified type of loan, the borrower of the type of loan re-pay the interest and installment in due date and no overdue occurred.

Table: Standard loan of SBL from 2013 to year2017 Amount in total.

| Years | Total Loan and Advance | Unclassified(standard loan) | Ratio |
|-------|------------------------|-----------------------------|---------|
| 2013 | 114601798177 | 1297485605 | 113.22% |
| 2014 | 152792319038 | 1461305741 | 95.64% |
| 2015 | 187680007932 | 1574758026 | 83.91% |
| 2016 | 226065271502 | 1893110376 | 83.74% |
| 2017 | 273593618710 | 1837246617 | 67.15% |

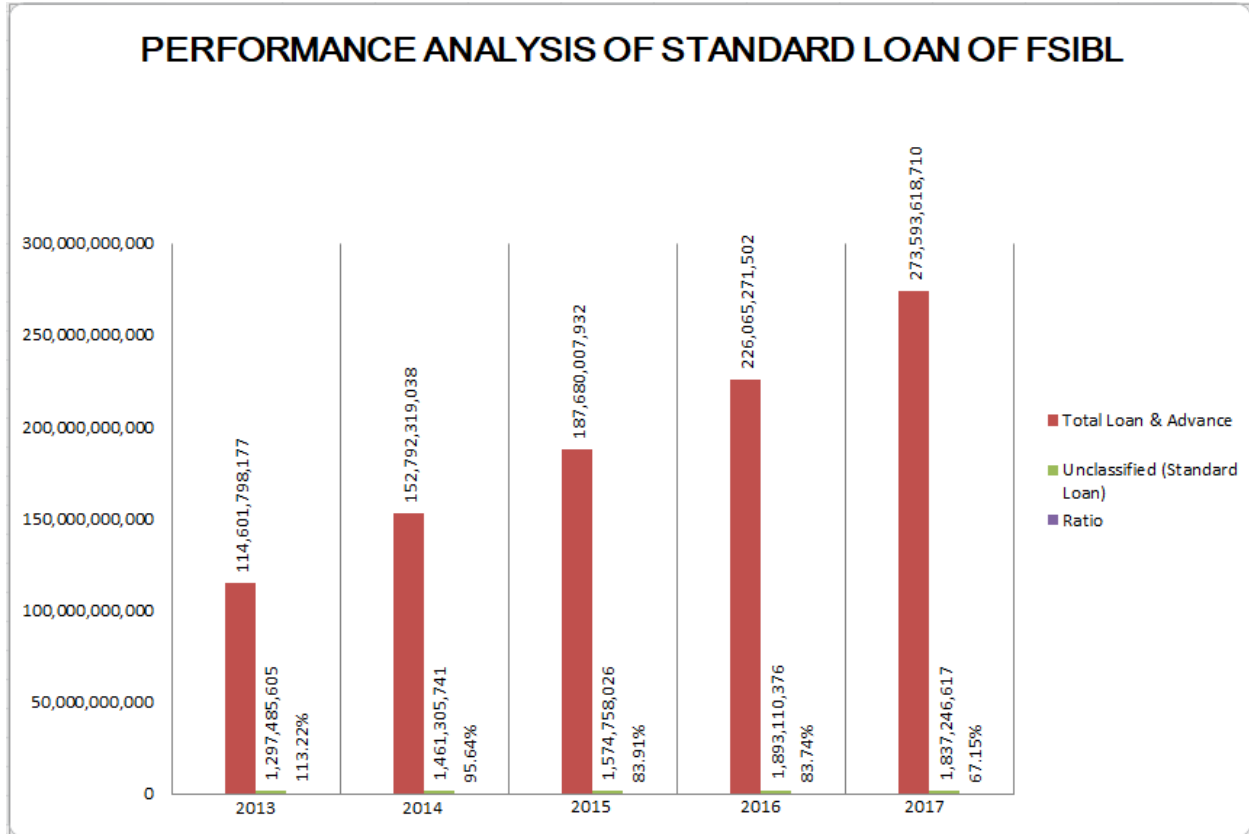


Figure: Standard loan ratio of SBL from 2013 to year 2017

Interpretation: From the graph is shows the performance analysis of standard loan of the FSIBL 2013-2017. From the above figure and graph can be seen in the year 2015, 2016 and 2017 ratio was 83.91%, 83.74% and 67.15%. 2013 was 113.22% of standard of loan ratio and 2014 was 95.64%. From 2013 to 2017 year by year decreased. Which is not good for the bank.

4.4 Performance analysis of Sub- Standard loan of FSIBL:

This is also classified loan. Irregular repayment but have a reasonable prospect of improvement

Table: Sub-standard loan of SBL from year 2013 to year 2017 Amount in total.

| Years | Total Loan and Advance | Sub Standard | Ratio |
|-------|------------------------|--------------|-------|
| 2013 | 114601798177 | 97179973 | 8.48% |
| 2014 | 152792319038 | 2138144 | 0.14% |

| | | | |
|------|--------------|-----------|--------|
| 2015 | 187680007932 | 251333505 | 13.39% |
| 2016 | 226065271502 | 251168475 | 11.11% |
| 2017 | 273593618710 | 212389363 | 7.76% |

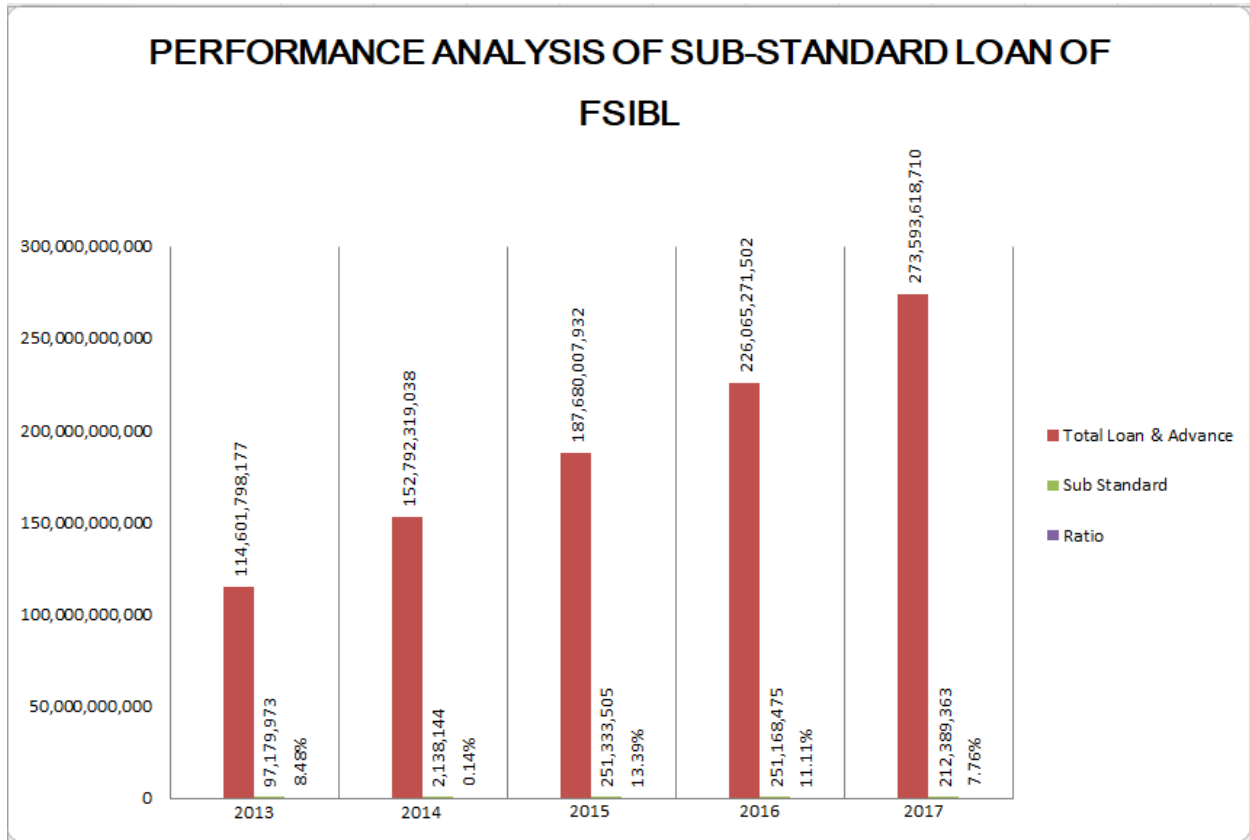


Figure: Sub-standard loan of SBL from year 2013 to year 2017.

Interpretation: This graph showing analysis of sub-standard loan of First Security Islami Bank limited from year 2013-2017. From the graph and chart it can be seen that the ratio and sub-standard in the year 2013 was 8.84% and in 2016 was 11.11% and 2015 it was highest which 13.39% was sub-standard Loan. After 2015 in 2016 it increased 2.28% again 2017 it decreased by 3.35%.

4.5 Performance analysis of Doubtful loan of FSIBL:

A doubtful loan is one for which full repayment is questionable and uncertain. The degree of repayment of loans in question range from a complete loss to an uncertain loss unless corrective actions are taken.

| Years | Total Loan and Advance | Doubtful loan | Ratio |
|-------|------------------------|---------------|--------|
| 2013 | 114601798177 | 34749977 | 3.03% |
| 2014 | 152792319038 | 76474997 | 5.01% |
| 2015 | 187680007932 | 98348001 | 5.24% |
| 2016 | 226065271502 | 33275329 | 1.47% |
| 2017 | 273593618710 | 555269535 | 20.30% |

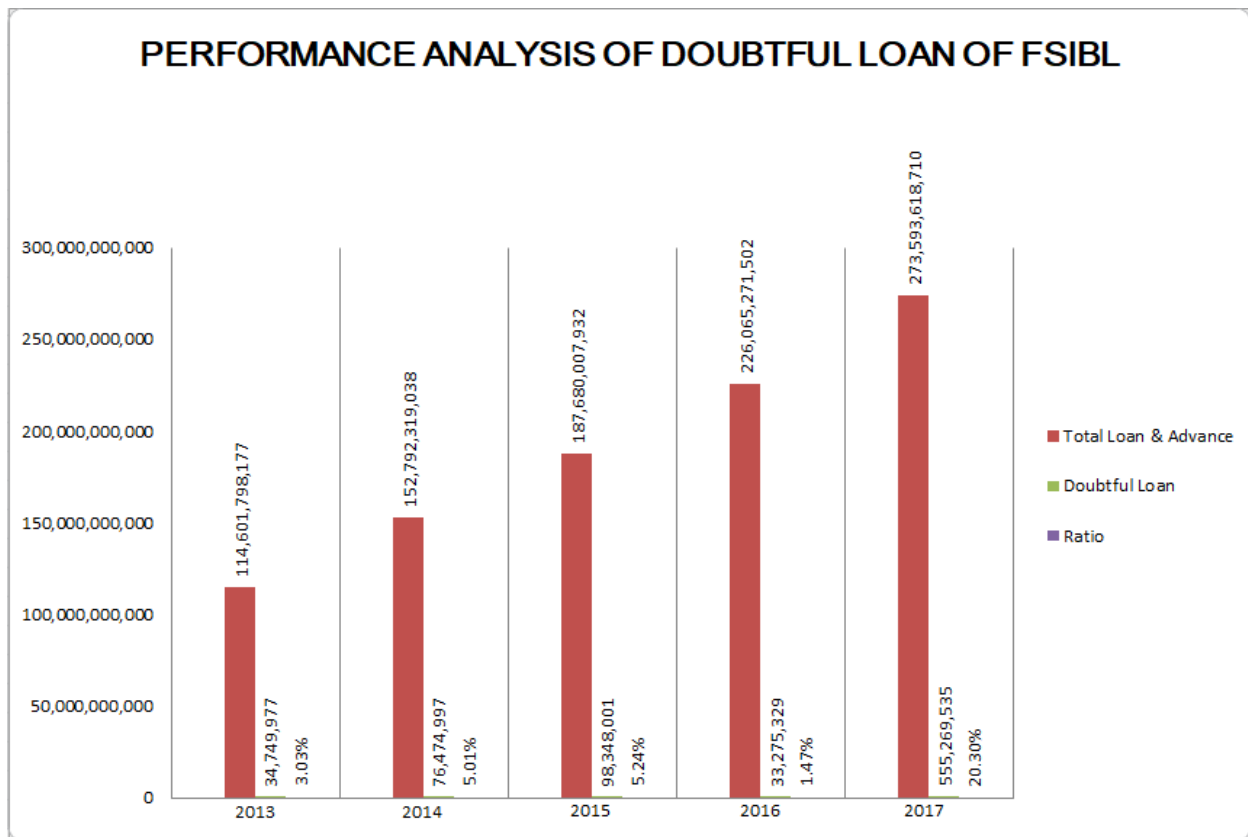


Figure: Doubtful loan of SBL from year 2013 to year 2017

Interpretation: From the above in this graph it shows the performance analysis of doubtful loan of FSIBL. From this graph and table ratio of doubtful loan and advances it running from year 2013 to 2017. Here the lowest ratio was 1.47% in year 2016. And the highest ratio was 20.30% in year 2017. As the ratio is increase sometime and decreasing sometime that means an unstable condition.

4.6: Performance Analysis of the bad and loss of FSLBL

A loss that a company incurs when credit that has been extended to customers becomes worthless, either because the debtor is bankrupt, has financial problems or because it cannot be connected. It's called bad debt.

Table: Bad & loss loan of SBL from year 2013 to year 2017 Amount in total

| Years | Total Loan and Advance | Bad And Loss | Ratio |
|-------|------------------------|--------------|--------|
| 2013 | 114601798177 | 870141756 | 7.60% |
| 2014 | 152792319038 | 1176354211 | 7.70% |
| 2015 | 187680007932 | 1358253494 | 7.23% |
| 2016 | 226065271502 | 2229089094 | 9.87% |
| 2017 | 273593618710 | 3234145663 | 11.83% |

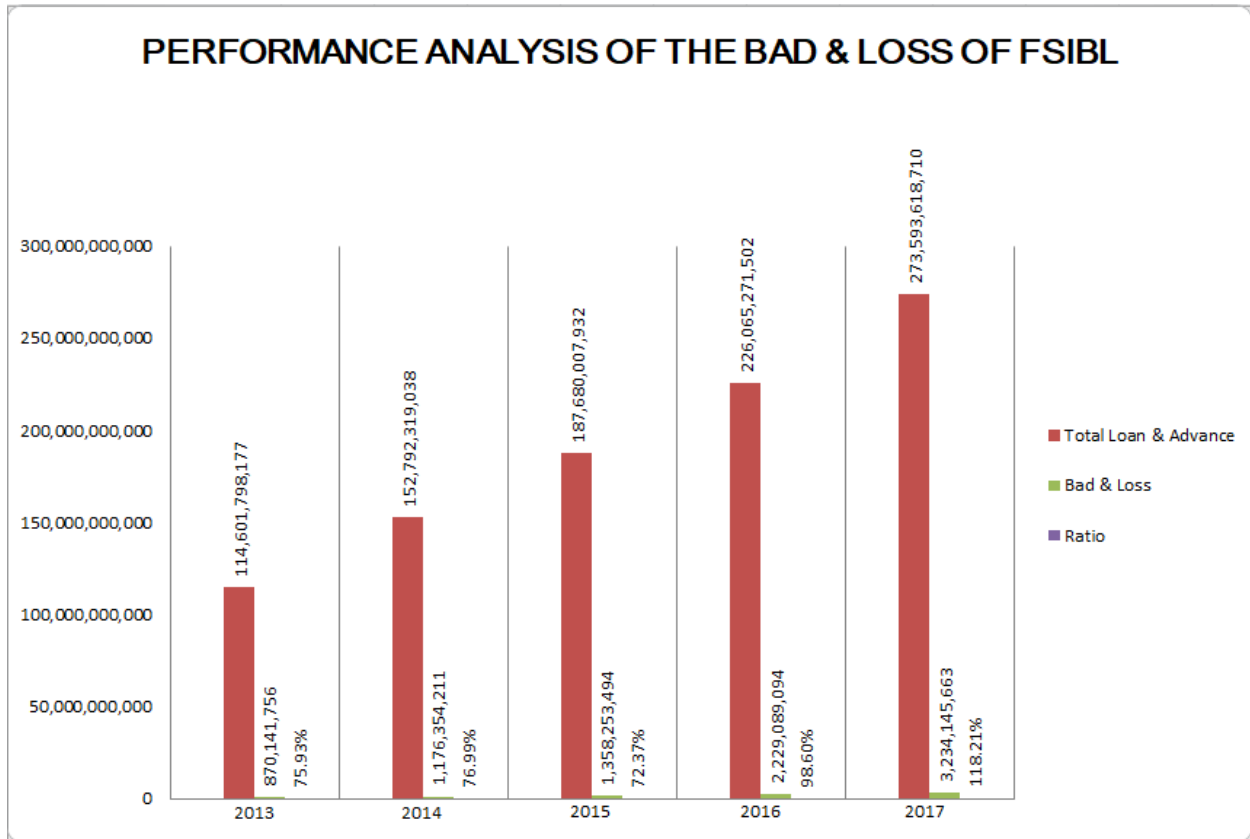


Figure: Bad & loss loan of SBL from year 2013 to year 2017.

Interpretation: From the above in this graph it shows the performance analysis of bad and loss ratio of First security Islami bank limited year 2013 to year 2017. From year 2013 to the year 2014 the ratio was increased .10%, but from the year 2014 to 2015 it Decreased by .47%. In the year 2017 it was 11.83%, which was the highest in comparison to other years.

4.7: Performance of classification loan recovery of FSLBL:

The biggest bank of Bangladesh, said that it is the loan recovery rate that had been on a fast decline year on year at least over the last five years since 2013 as the bad borrowers took recourse to various plays. This most important things.

Table: Classification loan recovery of FSIBL from year 2013 to year 2017 Amount in total.

| Years | Classification | Recovery | Ratio |
|-------|----------------|------------|--------|
| 2013 | 1297800000 | 1002071706 | 77.22% |
| 2014 | 1699953011 | 1254967352 | 73.83% |

| | | | |
|------|------------|------------|--------|
| 2015 | 2100566020 | 1707935000 | 81.31% |
| 2016 | 2571816204 | 2513532898 | 97.73% |
| 2017 | 4001804561 | 3102603835 | 77.53 |

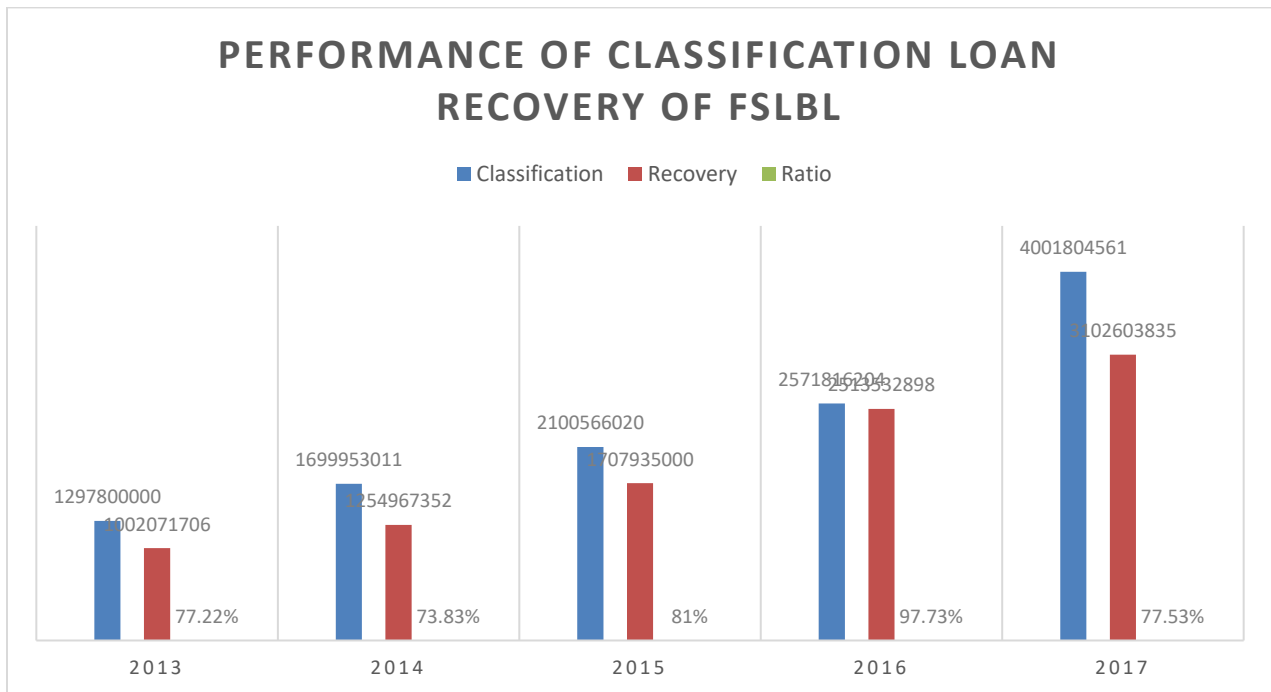


Figure: Classification loan recovery of FSIBL from year 2013 to year 2017.

Interpretation: Here the graph showing the performance analysis of classification loan recovery of First security Islami Bank Limited from the year 2013-2017. Here the graph showing from 2013-2017 increased year by year. Which was 1002071706million to 3102603835 million. Which brought the rate deep down and after that the recovery rate is stand up which was only 77.53% in the year 2017.

4.8 Performance of sector wise loan and advance of FSLBL:

Table: Performance of sector wise loan and advance FSIBL year 2017 Amount in corer.

| Industry Name | Consolidated | Ratio |
|---------------------------------|--------------|-------|
| Agricultural | 42577 | 3% |
| Textile and ready mood garments | 419210 | 27% |
| Internal trade Finance | 271859 | 17% |
| House Building | 198038 | 13% |
| Special Program | 624359 | 40% |
| Total | 1556043 | 100% |

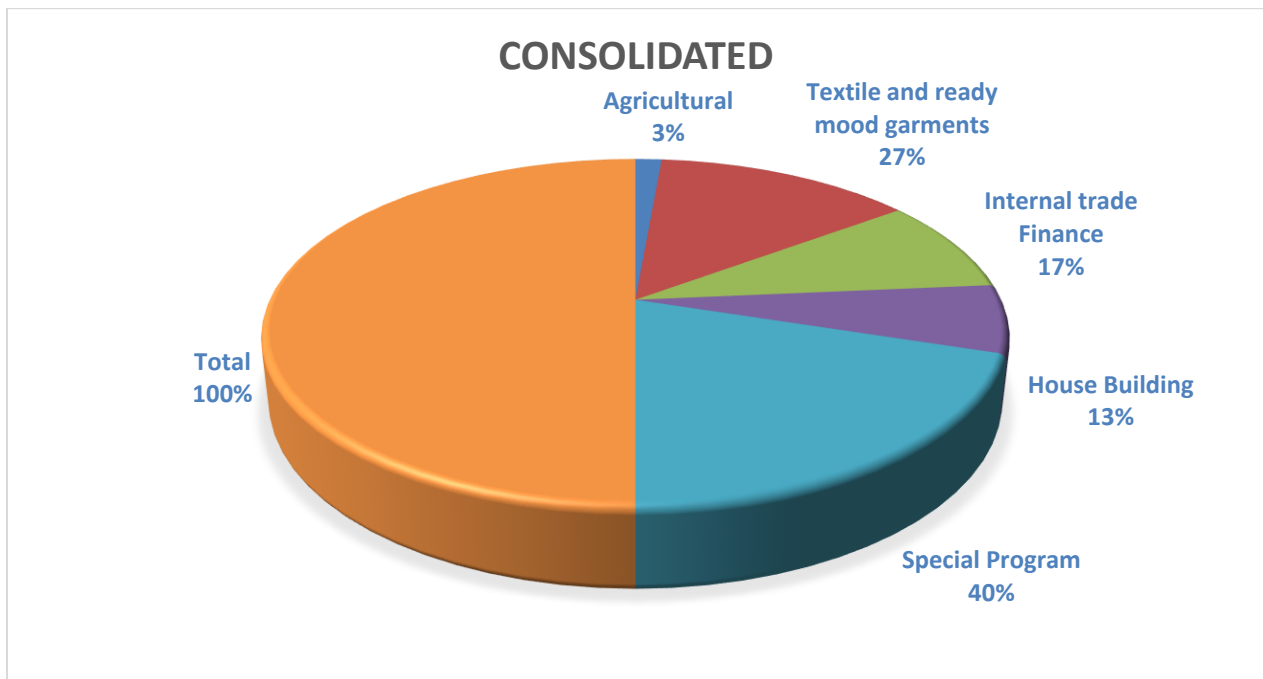


Figure: Performance of sector wise loan and advance of First security Islami Bank Limited.

Interpretation: From the above graph, it showing that sector wise loan and advance FSIBL year 2017. Which was showing Agricultural sector and loan advance was 42577 corer (3%). Here FSIBL giving lowest loan and advances in Special program sector which was 624359 corer (40%) and on the other hand First security Islami bank gives Textile and reedy mood garments 419210 corer (27%) loan and House building 198038 corer (13%). In International Trade Finance sector it was 271859 corer (17%).

Chapter-Five

Findings, Recommendations & Conclusion

5.2 Recommendations:

- Need to expand the store of credit proportion. First security Islami bank Limited need to make comity who will unsurpassed screen the credit chance administration framework.
- Need to raise their drive to make mindfulness in individuals of the bank. It tends to be motivate the general population for take advance.
- Standard advance proportion First security Islami bank Limited ought to present and enhance data arrangement and should screen that the guidelines of credit the executives are entirely pursued .
- For diminish sub-standard advance First security Islami bank Limited can grow more redone parameters for credit endorsement process under the general rule of Bangladesh bank.
- For enhancing the dicey credit's execution and stable business condition securities must be esteemed appropriately.
- First security Islami bank limited should increase loan advance in agricultural sector which was only 3%. Where Bangladesh is agricultural based country.

5.3 Conclusion

First Security Islami bank is a Commercial bank launched its operation in 1999. It has already developed goodwill among its clients by offering its excellent service by Different divisions. The success has resulted from the Dedication, commitment and dynamic leadership among its management over the periods. The Working atmosphere of the First Security Islami Bank limited is very simulating. During the Short span of time of its operations, the bank has been successfully to the Position itself as a progressive and financial institution in the country.

Credit policy is a very convenient banking tool for the Business world. The value of this service is immense. It has garnered such a position in the banking sector that people at developed and also developing countries are very much depended on this service. In Bangladesh credit Facilities or loans started to became very attractive in recent periods. But still lost improvements in services in facilities have to be made in this Department.

Credit division of first security Islami bank has a very qualified and dedicated group of officers and staffs who are always trying to provide the best services to the clients. The always monitors the credit is different sector and their position. Before providing the loan will be profitable and whether the clients are good enough to repay the loan within the given period of time.

The main competitive advantage FSIB is enjoying that it has online banking where as other local commercial bank cannot yet achieve that advantage. But all the commercial banks are now trying to achieve this. In this bank the employees are very much cooperative with their customers, colleagues and simply visitors.