

An Internship Report

On

“Credit Management System of Trust Bank Ltd -A Study on Savar Cantonment Branch”

Supervised by:

Professor Dr. Mostafa Kamal

Dean, Permanent Campus

Professor, Department of Business Administration

Faculty of Business & Entrepreneurship

Submitted by:

Ariful Islam Abir

ID: 151-11-217

Program: BBA

Major in Finance

Department of Business Administration



Daffodil International University (DIU)

Date of submission: December 12, 2018

Letter of Transmittal

Date: December 12, 2018

Professor Dr. Mostafa Kamal
Dean, Permanent Campus
Professor, Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Subject: Submission of Internship Report.

Dear Sir,

I am hereby submitting my internship report, which is part of the BBA program. It's been a great pleasure to work under your active direction.

I have tried my level best to follow your guidelines in every planning of the report. I have also collected the information to make the report. I am honestly thankful for your guidance to during preparing the report. I hope you will appreciate my work. I hope you will assess my report considering the limitations of the study.

Sincerely Your's

.....

Ariful Islam Abir

ID: 151-11-217

Declaration

I am, Ariful Islam Abir hereby declare that the presented internship report “Credit Management System of Trust Bank Ltd- A study on Savar Cantonment Branch” is uniquely prepare by me after successful completing of three months internship program in Trust Bank Ltd, Savar Cantonment Branch. This internship report is being submitted as a partial fulfillment of Bachelor of Business (BBA) program.

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

Sincerely Your’s

.....

Ariful Islam Abir

ID: 151-11-217

Batch: 40th

Program: B.B.A (Major in Finance)

Department of Business Administration

Faculty of Business & Economics

Daffodil International University (DIU)

Letter of Acceptance

This is to certify that Ariful Islam Abir, ID No: 151-11-217 a regular student of Daffodil International University (DIU) of Bachelor of Business Administration program under Department of Business Administration. He has successfully completed his internship report on “Credit Management System of Trust Bank Ltd- A study on Savar Cantonment Branch” for the aware of the degree of Bachelor of Business Administration (BBA) under my supervision.

To the best of my knowledge and as per his declaration the report an authentic work on the issue and has not been submitted to anywhere for awarding any degree. He is permitted to submit the internship report and I wish his best success and prosperity.

.....

Professor Dr. Mostafa Kamal

Dean, Permanent Campus

Professor, Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Acknowledgment

First of all, I would like to thank almighty Allah who blessed me and made it possible for me to complete the internship report. I am thankful for the help and assistance of various people who helped me while working on this report. Daffodil International University (DIU) provides an excellent academic environment that helps me to carry out study and gives opportunity to obtain knowledge fairly. I want to thank my internship supervisor Professor Dr. Mostafa Kamal, Dean, Permanent Campus, Daffodil International University (DIU) who provides me such an attractive prospect to make the report. I will be glad to mention Trust Bank that gives me a chance to obtain practical knowledge through their internship program. I will show appreciation to every person who helps me to perform all the official activities of Trust Bank Ltd. properly. At last, I think it was an amazing experience to work with every person including Md Faisal Shahriar, AKM Zahidul Islam, Sayeda Shahana Akther, Noureen Sayed and Md Ferdous Ahmed of Trust Bank Ltd. who provided me with ideas, data and invaluable experience of the corporate culture.

Executive Summary

Credit management is a dynamic field where a certain standard of long-range planning is needed to allocate the fund in diverse field and to minimize the risk and maximizing the return on the invested fund. The objective of the credit risk management is to maximize the performing asset and the minimization of the non-performing asset as well as ensuring the optimal point of loan and advance and their efficient management. Continuous supervision, monitoring and follow-up are highly required for ensuring the timely repayment and minimizing the default. Actually the credit portfolios not only constitute the bank's asset structure but also a vital factor of the bank's success. 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.

This report points out the various functions and activities of Credit risk management of Trust Bank Ltd and also explains the basic framework of regulations and policies regarding Credit risk management. Government role to minimize the credit risk is extensively highlighted in this report.

In fine, this report contains some findings and recommendations, which may be helpful for the bank.

Table of Content

Particular	Page Number
Letter Of Transmittal	i
Declaration	ii
Letter of Acceptance	iii
Acknowledgement	iv
Executive Summary	v
Table of Content	vi-vii

Chapter- 1: Introduction

1.1 Introduction	2
1.2 Background of the Study	3
1.3 Objectives of the Study	3
1.4 Methodology	3-4
1.5 Limitations of the Report	4

Chapter- 2: Overview of TBL

2.1 A Brief History	6
2.2 Objective of the Bank	7
2.3 Vision of the Bank	7
2.4 Mission of the Bank	7
2.5 Management Hierarchy of TBL	8
2.6 Products & Schemes	9-10

Chapter- 3: Credit & Credit Management

3.1 Credit	12
3.2 Credit Management	12-13
3.3 Classification of Loan	14-16

3.4 Retail Banking Products	17-19
3.5 Asset Products of SME	20-25
3.6 General Procedure of Lending	26-29
3.7 Required Documents for Different Loan	29-33

Chapter- 4: Credit Monitoring & Recovery

4.1 Supervision, Monitoring and Follow-up	35
4.2 Credit Monitoring	35-36
4.3 Methods of Supervision and Follow-Up	36
4.4 Process of Monitoring	36-38
4.5 Early Alert Process	38-39
4.6 Credit Recovery Methods	39-40
4.7 Renewal and Rescheduling of Loan	41-42
4.8 Legal Action	43

Chapter- 5: Loans & Advances

5.1 Loans and Advances under Conventional Banking and Islamic Banking	45-46
5.2 Residual Maturity Grouping of Loans and Advances	47
5.3 Nature Wise Loans and Advances	48
5.4 Geographical Location Wise Loans and Advances	49
5.5 Industry Wise Loans and Advances	50

Chapter- 6: Findings, Recommendations & Conclusion

6.1 Finding	52
6.2 Recommendations	53
6.3 Conclusion	54
6.4 Bibliography	55

Chapter- 1:
Introduction

1.1 Introduction

Bank is an institution which creates money with money. These institutions are as investment intermediaries who connect the fund of savers and users. They are making relationship between the borrowers and lenders permitting them efficient transfer of funds. Individuals having surplus funds can provide it as loan for reasonable return to entrepreneurs who need funds. The existence of financial institutions like bank facilitates such exchange of resources. As a result, both the borrowers and lenders can improve their economical position. Banks have a positive role in financing and investment which have a multidimensional effect on improvement of national productivity and economy.

“Credit” it is a very similar word for the bank. It contents a huge meaning. A bank’s main earning source is credit. If bank’s credit management is not good then the bank will never ever achieve its proper goals. Question may arise what are the proper goals for the bank? The proper goals for the banks are profit maximization and shareholder’s wealth maximization. The basic idea of credit is that a component of trust exists among purchaser and vender whether of good or cash. The primary utilization of bank subsidize is to gather cash from surplus unit and loan it to shortfall monetary unit. The Trust Bank Limited is a recently settled bank, which is joined in 1999. The TBL has been set up with the target of giving effective and imaginative managing an account administrations to the general population of all areas of our general public. One of the outstanding qualities of this bank is that it is supported by the taught and most grounded Institution of Bangladesh i.e. Bangladesh Army and there is a cooperative energy of welfare and benefits in the elements of this organization. Towards accomplishment of its objectives and destinations, the bank seeks after enhanced credit approaches and vital arranging in credit the executives. To give some examples, the bank has expanded small scale credit, shoppers strong plan advances, house building advances and so on. To take into account the necessities of the people, which thusly has helped a huge number of families. The bank additionally expands advance as exchange fund, mechanical back, and venture back, trade and import fund and so on. The bank's credit approaches went for adjusted development and agreeable improvement of the considerable number of segments of the nation's economy with best most need to guarantee nature of loaning by turning away development of non-performing resources.

1.2 Background of the Study

The Internship program is an essential piece of the BBA program that every one of the graduates need to experience of Daffodil International University. The students are sent to different associations where they experience and work in different projects. Toward the finish of the program, the primary task is required to put the achievements and discoveries of the project through the experience of the temporary job report covering the specific topics. Throughout the program every student is supervised by respective officials both from university and the selected organization.

This report based on a three months internship program at Trust Bank Limited, Savar Cantonment Branch. It contains of Introduction part, Overview of Trust Bank Limited, The Analysis and the description of Credit Operation and Recovery of Trust Bank Limited, The Findings of the required divisions, Recommendations and Conclusion.

1.3 Objectives of the Study

- ❖ To understand actual Credit Functions of TBL
- ❖ To investigate the Lending Procedures maintained by TBL
- ❖ To assess the Credit Monitoring and Recovery of the TBL
- ❖ To recommend suggestions to make the Credit Operation of TBL smooth and efficient.

1.4 Methodology

This report incorporates both quantitative and qualitative information. But, this report is essentially based on qualitative information. In every one of the cases relying upon the necessities information have been gathered from various sources. Methodology consist of:

- ❖ Direct conversation with officers of credit department.
- ❖ Different files, circular and reports study.
- ❖ Annual Report of 2017.

Source of Data:

This report is based on both primary & secondary sources of information that has been collected from the various sources like different publications, library sources, books, articles, etc. For collecting **primary data**, I ask the respective officers. Others are like -

- ❖ Exposure on different desk of the bank
- ❖ File study

The secondary sources are -

- ❖ Annual Report - 2017
- ❖ Different publications regarding banking functions, Credit Operation.
- ❖ Brochure of Credit Department
- ❖ TBL web Page

1.5 Limitations

The primary issue considered in preparing the paper was the inadequacy and absence of accessibility of required information. This report is a general perspective of Credit Operations and Recovery of The Trust Bank Ltd. However, there is some confinement for creating this report. These boundaries, which hampers my work, are as follows:

- ❖ Difficulty in accessing latest data of internal operations.
- ❖ Some information was withheld to retain the confidentiality of the bank.
- ❖ The time period for preparing this kind of study was very short.

Chapter- 2:
Overview of Trust Bank Ltd.

2.1 A Brief History

Trust Bank Limited is one of the prominent private business bank in Bangladesh supported by the Bangladesh Army Welfare Trust (AWT), began its tasks in November 29, 1999 under the Companies Act 1994 as an open organization restricted by offers for doing a wide range of managing an account exercises. From the earliest starting point of their activity they are making their progress steadily and were fit enough to hold the achievement a seemingly endless amount of time. They picked up progress early on the grounds that they have a decent popularity and solid reinforcement to give them money related help and they are the Army Welfare Trust. This bank is particularly prominent inside the armed force network since all the monetary exercises of the armed force done by this bank. In an ongoing days the Trust Bank Ltd likewise picking up popularity in the general individuals and furthermore for the representatives.

Trust Bank is a client service oriented money related establishment. It stays devoted to get together with the consistently developing desires for the client in light of the fact that at Trust Bank, client is dependably at the center. Guaranteeing quality client service with general banking the bank likewise deals with Foreign Exchange activities. Meanwhile the bank has stretched out credit to all the division of the nation's economy. The bank has plans to put broadly in the nation's modern and agricultural parts in the coming days. Trust Bank has effectively presented Visa Credit Cards and Visa Electron (Debit Card) to serve its current and potential esteemed clients. Credits cards would now be able to be utilized at shops and cafeterias all around Bangladesh and even globally.

It has additionally plans to advance the agro-based enterprises of the nation. The bank has just taken an interest in syndicated advance concurrence with different banks to advance material parts of the nation. Such cooperation would proceed later on for more noteworthy enthusiasm of the general economy. Remembering the customer's budgetary and managing an account needs the bank is occupied with always enhancing its supervisions to the customers and forcing new and creative items to give better managements towards satisfaction of rising needs of its clients.

2.2 Objective of the Bank

The Trust Bank Limited has been built up with the target of giving productive and imaginative banking facility to the general population of all areas of our general public. One of the amazing qualities of this bank is that it is sponsored by the restrained and most grounded Institution of Bangladesh i.e. Bangladesh Army and there is a collaboration of welfare and benefits in the elements of this establishment. Bank is service oriented industry and we on our part are resolved to guarantee reformed Qualitative and bother free service in our banking tasks alongside the concentration to expand the customer base.

2.3 Vision of TBL

A vision is now and again distinguishing an image of an organization later on yet it's far beyond that. Vision declaration is one sort of motivation; the system for all association's key arranging. From the vision, we can find out the overall characteristics, policy and the main target of the institution. A vision may apply to a whole organization or to a solitary division of that organization. Regardless of whether for all or part of an association, the vision explanation answers the inquest, "Where do we want to go?" So vision is most important issue for every organization.

Trust Bank Ltd has its own and specific vision. The vision of TBL is:

"We aim to provide financial services to meet customer expectations so that customers feel we are always there when they need us, and can refer us to their friends with confidence. We want to be a preferred bank of choice with a distinctive identity."

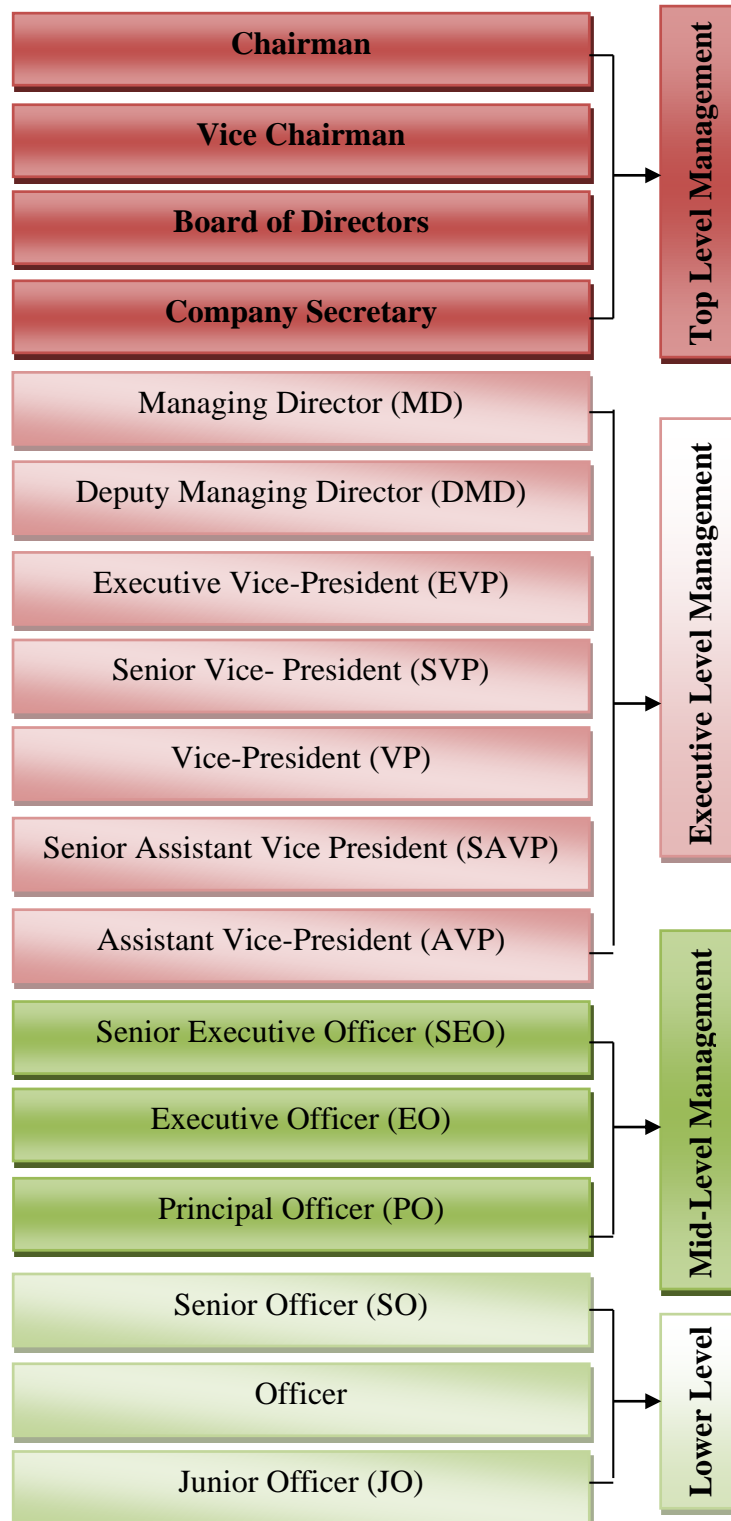
2.4 Mission of TBL

A mission is a short exposure of an organization's crucial reason. A mission answers the inquest, "For what reason do we exist?" The mission describes the organization's incentive both for those in the association and for people in general.

Trust Bank Ltd has its own and specific Mission. The Mission of TBL is:

"Our mission is to make banking easy for our customers by implementing one-stop service concept and provide innovative and attractive products & services through our technology and qualified human resources. We always look out to benefit the local community through supporting entrepreneurship, social responsibility and economic development of the country."

2.5 Management Hierarchy of Trust Bank Limited



2.6 Products and Schemes

As a private limited bank, Trust bank is also committed to its owner to return profit by providing a good service to the customer. To providing efficient and innovative banking services to the people of all sections of our society, Trust Bank Ltd has been offered different products and schemes to its customer. They are given below-

Deposit Products:

A Banks main activity is to collect deposit, because this deposit will use as loan money. So deposit is very much important for the bank. Generally a bank's principal activity is to serve the customer or give service. There are different types of deposits which not only help the bank to attract the customer but also help the customer by fulfilling their demand. Different types of deposit provide different opportunities, different terms & condition and different benefit. They are:

- ❖ Current Deposits Account (CDA)
- ❖ Savings Deposit Account (SBA)
- ❖ Special Notice Account.
- ❖ Fixed Deposit Account (FDR)
- ❖ Trust Educare Scheme (TES)
- ❖ Trust Smart Savers Scheme (TSSS)
- ❖ Trust Money Double Scheme (TMDS)
- ❖ Trust Money Making Scheme (TMMS)
- ❖ Monthly Benefit Deposit Scheme (MBDS)
- ❖ Lakhopati Savings Scheme (LSS)

SME Finance Products:

SME finance is the funding of small and medium sized enterprises, and represents a major function of the general business finance market – in which capital for different types of firms are supplied, acquired, and coasted or priced. SME finance is the most effective weapons to

reduce poverty & unemployment and increase productivity, industry and the growth of GDP. As a private limited bank, Trust Bank is concern to take part on improvement of our nation. SME finance is of their activity to improve the income level of poor people and newly initiated entrepreneur. Now a day, Trust Bank Ltd is more interested to invest on SME financing tricks. As a result they are willing to endow among this type of investment.

- ❖ Trust Falan Agri-Business Loan
- ❖ Entrepreneurship Development Loan
- ❖ Loan for Light Engineering
- ❖ Loan for Poultry Farm
- ❖ Loan for Shopkeepers
- ❖ Women Entrepreneur Loan

Retail Products or Loans:

Bank is an institution which creates money by money. Only collecting deposits are not the task of a bank. They have to provide different loans to customer. And by this way Bank earn profit. As a private commercial bank, Trust Bank Ltd has different types of retail products. These Products create a center of attention of loan among the general customer. The Trust Bank provide Special offer for Bangladesh Army from their retail products. Retail product given by Trust Bank Ltd is given below:

- ❖ Car Loan
- ❖ House Hold Durable Loan
- ❖ Doctor's Loan
- ❖ Education Loan
- ❖ Advance against salary
- ❖ Travel Loan
- ❖ Any purpose Loan
- ❖ CNG conversion Loan
- ❖ Marriage Loan
- ❖ Loan against TMDS
- ❖ Apon Nibash Loan
- ❖ Hospitalization Loan

Chapter- 3:
Credit & Credit Management

3.1 Credit

Credit can be described as the sureness of the lender on the capability and willingness of the borrower to reimburse the debt in due time and in due course.

Credit constitutes the major revenue earning asset of a Bank/FI. Banks function as the financial intermediary, collecting deposits from the surplus group and investing it by selecting worthy borrowers.

3.2 Credit Management (Functions of Credit Department)

The pre-requirement of management risk is using sound judgment. Accurate decision making depends on precise data and legitimate investigation.

The objective of credit management is to boost bank's rate of return by keeping up credit risk performance inside adequate parameters. Banks need to deal with the credit risk total in the whole portfolio and additionally the risk in separate credits or exchanges. Banks ought to likewise think about the connections between credit risk and dissimilar risks. The powerful governance of credit risk is a basic segment of a complete way to deal with risk the board and basic to the long term accomplishment of any banking association.

1. Identification of Risk:

- ❖ Risk Factors internal to the Business
- ❖ Risk Factors external to the Business

Internal risk factors	External risk factors
Market Identification and Segmentation	Dependency on external stakeholders
Risk in Planning	Input/Utility Availability
Risk in Execution / Implementation	Economic/Geographic Factors
Marketing Risk	Govt. Policies
Financial Risk	Natural Calamities
Managerial Risk	Technological Obsolescence
Security/Collateral Risk	Political Situation
Most Important Risk Factors	

2. Selection of Borrowers:

Identification of appropriate market segmentation with adequate demand, proper plan to address the demand, efficient team to back up every step of the business and above all integrity of the sponsors are the key points for a business to succeed. A potential business venture or historically successful one with good prospect is the ideal borrower for the bank.

- ❖ Borrower Analysis
- ❖ Industry Analysis
- ❖ Supplier / Buyer Analysis
- ❖ Financial Analysis (Historical/Projected)
- ❖ Relationship Analysis
- ❖ Security Analysis

3. Loan Structuring:

The loan quantity and moods of planned funding should be justified based on the expected reimbursement ability and specific requirement. Excess tenor or volume comparative to commercial requirements rises the risk of deposit alteration and may badly effect the borrower's reimbursement aptitude. Same for the short tenor or amount will cause an adverse effect on the client's business.

4. Securitization/Documentation:

Appropriate security to securitize bank's exposure is important. At the same time, proper documentation is also a must for creating charge. Both the charge documents and legal documents should be given equal priority.

5. Supervision and Monitoring:

Time to Time monitoring of the disbursed loan is also an important task of Credit Department. Taking appropriate measures to address client's need and/or adverse credit portfolio is equally important.

3.3 Classification of Loan

Loan classification implies giving every single advance/credit a status like unclassified, sub-standard, dubious or awful/misfortune through confirmation of borrower's reimbursement execution on a specific information (at present, the quarter ended dates) whereas provisioning means, set apart fund from the return against potential credit loss.

This is prepared for protection the investor's cash, guarding of investment, and to ensure proper recycling of funds so as to attain sustainable economic growth and to build strong confidence in the financial system. Beside loan classification and provisioning, effective lenders recourse with its proper enforcement as well as proper monitoring and controlling system for strengthening the credit discipline.

Loan classification is recognized in positions of risk related with credits. Classification of loans means and includes only such assets of the balance sheet of a bank which do not yield interest income and which have remained past due for some quarters.

Credit can be generally classified into two types:

- ❖ Funded facility
- ❖ Non-funded facility

Funded facility:

1. Funded means direct involvement of "cash" with the facility.
2. The facilities can be OD, Cash credit, Term loan, Time loan, etc.

Non-Funded Facility:

1. Non-funded has no direct involvement with cash/fund immediately.
2. It has future value of transaction.
3. Non-funded facility can be Letter of credit, Bank guarantee etc.

Funded Facility:

❖ **Cash credit:**

- It is used as temporary capital requirement for trading business who deals only stocks/goods.
- The account holder is permitted to withdraw specific amount of money (limited by bank) any time.
- It is also a revolving basic credit facility.
- It can be classified into two forms:
 - CC (Hypo)
 - CC (Pledge)

❖ **Overdraft:**

- It is also temporary capital funding for any business to meet up miscellaneous operating expenses to guarantee smooth operations.
- The account holder is permitted to withdraw the amount up to the limit sanctioned by the bank.
- It is a free limit and doesn't have fixed payment schedule.

Non-funded facility:

❖ **Letter of Credit (L/C):** A letter issued by bank favoring buyer of a country to ensure the payment of purchasing good to the seller of other country. If the buyer (importer) becomes unable to pay the purchase payment then bank will be responsible to pay the amount to seller (exporter).

❖ **Bank Guarantee:** A guarantee from the bank ensuring the liabilities of the client will be met. If debtor fails to meet the liability the bank will cover it. It can be issued for different purposes:

- Payment Guarantee
- Advance Payment Guarantee
- Performance Guarantee
- Tender Guarantee (Bid)

According to Banking regulation and Policy Department

- (a) **Continuous Loan:** The advance in which transactions might be inside sure limit and have an expiry date for full reimbursement is treated as Continuous Loan. Instances are – CC, OD and so on.
- (b) **Demand Loan:** The credits that turn into repayable on demand by the bank will be treated as demand loans. If any contingent or any other liabilities are turned to forced loans (i.e. without any prior approval as regular loan) those too is treated as demand loans. Such as: Forced LIM, PAD, FBP and IBP etc.
- (c) **Fixed Term Loan:** The credits which are repayable inside an obvious day and under an obvious reimbursement plan is treated as fixed term loans.
- ❖ **Short Term**
 - ❖ **Medium Term**
 - ❖ **Long Term**
- (d) **Short Term Agricultural Credit & Micro Credit:** Short Term Agricultural Credit incorporates the momentary credits as recorded under the Annual Credit Program issued by the Agricultural Credit and Financial Inclusion Department (ACFID) of Bangladesh Bank. Credits in the agrarian part repayable inside a year is additionally included in this. Short Term Micro-Credit incorporates any miniaturized scale credits not superior a sum controlled by the ACFID of Bangladesh Bank every once in a while and repayable inside a year, be those entitled in names, for example, Non-farming credit, Self-dependent Credit, Weaver's Credit or Bank's individual task credit

From Security Point of View

- ❖ **Secured loans:** The loan which is sanctioned against security of asset (Physical and Paper asset) is called secured loan. If the market value of security is more than loan amount then it is called fully secured loan.
- ❖ **Unsecured loan:** When a loan or advance is not secured by any collateral or asset that loan is called unsecured loan. It is also called clean advances which is only sanctioned to highly reputed personnel.

3.4 Retail Banking Products

Retail banking indicates to banking in which banking organizations execute exchanges specifically with clients, instead of firms.

Retail Banking is for the most part offers funds to singular clients for individual utilization, identified with assets and resources items. Banks focus on different sections like proficient, housewives, retired person, kids, and salaried class and so on. Diverse sorts of item like repeating store, sparing bank stores, settled stores, charge cards, lodging and buyer credits are offered by groups of the previously stated market units.

TBL Retail Loan Products:

1. Loan Against Salary
2. Personal Loan
3. Car Loan
4. Doctors Loan
5. Home Loan
6. Digital Loan

1. Loan against salary:

For Salaried Executives only, who maintain Salary account with TBL or with other banks.

There Categories:

Category	Particulars	Loan Amount
A	Payroll customers of TBL and employees of Government, MNC, Foreign Bank, DO, Donor Organs, UN Bodies, Embassies, Renowned public & private Educational Institutes & Hospitals etc)	15 Times
B	Employees of Local Banks (Public & Private). Large & Local Corporate House, etc)	15 Times
C	Employees of other organizations	12 Times

Credit Management System of Trust Bank Ltd.

Loan Amount	BDT 10,00,000 (Maximum)
Tenor	5 Years (Maximum)
Rate of Interest	11% for A & B and 11.50% for C Category
DBR	50% Maximum
Debt Equity Ratio	30:70
Age Limit	24 to 63 Years

2. Personal loan:

Customer Segments	Salaried Executives, Business Persons, Landlords and Self Employed Professionals (Doctors, Engineers, Architects)
Tenor	5 Years (Maximum)
Rate of Interest	11.50%
DBR	50% Maximum
Debt Equity Ratio	30:70
Age Limit	22 to 63 Years
Joint Applicant	Joint Applicants will be allowed (with spouse only)

3. Car loan:

Product	Any New or Reconditioned Car, Microbus, SUV, Micro Bus, Station Wagon
Loan Amount	BDT 40,00,000
Tenor	5 Years (Maximum)
Rate of Interest	11.00%
DBR	50% Maximum
Debt Equity Ratio	50:50
Age Limit	22 to 63 Years
Joint Applicant	Joint Applicants will be allowed (with spouse only)

4. Home loan (apon nibash):

Purpose	Purchasing new or used apartment, Building of first-hand building(s), Captivating over of Finances from other Institutions/NBFI, Renovation/ Modification, Extension, Finishing Work & Debt Consolidation.
Loan Amount	BDT 120,00,000
Tenor	25 Years (Maximum)
Rate of Interest	9.00%
Debt Equity Ratio	70:30
Age Limit	22 to 63 Years
Joint Applicant	Joint Applicants will be allowed (with spouse only)

5. Digital loan:

Purpose	To facilitate the under privileged student to purchase laptop with the minimum down payment & easy monthly installment.
Loan Amount	BDT 20,000/- to BDT 100,000/-
Rate of Interest	15.00% (If refinanced by BB, rate will be 10.00%)
Debt Equity Ratio	30:70 (80: 20 will be applicable for Bangladesh Bank only for 'Amar Desh Amar Gram' project under ref: (P-1)/661/13/2014-947)

3.5 Assets Products of SME

(SME, Agriculture, Green Financing and Loan for Women Entrepreneur)

No	Product Name	Brief Description
1	Trust Muldhon	Loan for Shopkeepers and Traders.
2	Trust Shufola	Loan for agriculture & Green Financing (Group Product)
3	Trust Projukti	Loan for Light Engineering.
4	Trust Pay Order Finance	Loan for Contractors.
5	Trust Peak Seasons	To meet up temporary working capital requirements.
6	Trust Bunon	Loan for power loom and handloom.
7	Trust Ekota	Group Loan with Group approach (Jessore and Hill Tract Area).
8	Trust Nondini	Loan for Women Entrepreneurs.
9	Trust SUKONNYA	Cluster approach loan for Women Entrepreneurs (SMEF).
10	Trust Nobeen	Loan for new entrepreneurs.
11	Trust Prantik	Loan for marginal peoples (Tk.10/-A/C holders).
12	SME Others	For working capital requirements, business expansion etc.
13	JICA Loan Fund	Loan for smes engaged in Manufacturing and Service sector but preferably Manufacturing/ Industrial Sector.

1. Trust Muldhon

Customer Segment	Any Bangladeshi businessman having proprietorship/partnership/Private Limited Company business.
Purpose of the loan	To meet up temporary funding requirements & extension of business.
Type of Facility	OD, Term Loan, Time Loan
Tenor	Max.4-year including 6-Month grace period
Loan amount	BDT 2,00,000 to BDT 50,00,000 (Shopkeeper) BDT 50,00,000 to BDT 500,00,000 (Trader)

2. Trust Shufola

Customer Segment	Any Bangladeshi entrepreneur engaged in agro based business like Rural Farming, Bio Gas Plant, Solar Energy, Manufacturing & Processing Unit such as Chilling Plant, Feed Mill, Rice Mill, Saw Mill, Oil Mill, Other related Agro-based units to meet up Fixed Cost and/ or Working Capital Requirement.
Purpose of the loan	To meet up temporary funding requirements & extension of business
Type of Facility	Overdraft, Term Loan, Time Loan
Tenor	Max.5-year including 6-Month grace period
Loan amount	BDT 0.10 Lac to BDT 150,00,000

3. Trust Projukti

Customer Segment	Potential customers involved in light engineering business
Purpose of the loan	To meet up Operating fund requirements & Extension of business
Type of Facility	Overdraft, Term Loan & Time Loan
Tenor	Max.5 –year
Loan amount	BDT 2,00,000 to BDT 150,00,000

4. Trust Pay Order Finance

Customer Segment	Any Bangladeshi contractors.
Purpose of the loan	To participate in tender floated by govt./semi govt./ and autonomous bodies
Type of Facility	Time loan through payment order
Tenor	4-month from the date of disbursement
Loan amount	BDT 50,00,000 (Maximum)

5. Trust Peak Seasons

Customer Segment	Customers involved in seasonal business
Purpose of the loan	Temporary Capital for buying goods to produce/Sale bulk amount of goods targeting peak season.
Type of Facility	Time Loan
Tenor	06- month
Loan amount	BDT 2,00,000 to BDT 25,00,000

6. Trust Bunon

Customer Segment	Cluster approach loan (power loom and handloom manufacturing of Sharee, Lungee)
Purpose of the loan	To meet up Operating fund requirements & extension of business.
Type of Facility	Overdraft, Term Loan, Time Loan
Tenor	5- Months with 3-6 Month grace period
Loan amount	BDT 1,00,000 to BDT 5,00,000 (for each group)

7. Trust Ekota

Customer Segment	Group loan (Male/female under Cluster approach (i.e. Nakshikatha, Tribal tant, Pottery, etc.)
Purpose of the loan	To meet up Operating fund requirements & extension of business.
Type of Facility	Overdraft, Term Loan, Time Loan
Tenor	2.5 year with 3-6 Month grace period
Loan amount	BDT 1,00,000 to BDT 5,00,000 (for each group collateral free)

8. Trust Nondini

SME Product Name	Trust-Nondini (TBL/HO/SME Circular # 08/724/2014, dated 22.04.2014)
Customer segment	Any Bangladeshi Women having a proprietorship Firm (with specific succession plan) or engaged in partnership business or Private Limited

Credit Management System of Trust Bank Ltd.

	Company (More than 50% Shareholding) with 02 Years of successful business operation in urban/ rural area and who has the means & capacity to repay bank loan is eligible for this loan.
Purpose	<ol style="list-style-type: none"> 1. To meet up working capital requirement and/ or 2. To acquire fixed assets to set up business units/ industries/ expansion of existing business (Repair & renovation, New outlet & building additional stock) <p>Note: To invest in fixed asset that will include Plant, Machinery, Air Cooler, and Furniture & Fixture. Laptop, Gadget may be allowed as additional requirement as amendment on 22.04.2014.</p>
Nationality	Bangladesh by birth
Age	20-55 (as amendment on 22.04.2014)
Minimum Income	Repayment capacity of the client based on Net profit
Loan Size	<p>For Small Business: BDT 1,00,000 to BDT 50,00,000 (Only Funded Facility)</p> <p>For Medium Business: BDT 50,00,000 to BDT 150,00,000 (Both Funded & Non Funded Facility)</p>
Type of Facility	<p>For both small & medium: Overdraft, Term Loan & Time Loan.</p> <p>For medium only: Letter of Credit & Trust Receipt Facility (as the case may be)</p>
Margin	<p>20% for working capital requirement.</p> <p>25% for fixed assets purchase/ expansion of business.</p>
Debt Burden Ratio	Based on Cash Flow of Business.
Grace Period	Maximum 04 months grace period may be allowed against term loan facility for manufacturing & service sector enterprise.
Security Arrangement	<ol style="list-style-type: none"> 1. Hypothecation on Stock, Receivable & Machinery. 2. Registered Mortgage for loans above BDT 25,00,000 3. PG of proprietress & her spouse or any family member for proprietorship concern. 4. Guarantee of spouse may be waived in case of Widow or Divorced women. 3rd Party Guarantee is to be taken in case of Widow or Divorced women as amendment on 22.04.2014

Credit Management System of Trust Bank Ltd.

	<p>5. 3rd Party Guarantee of a person acceptable to the bank for collateral free loan.</p> <p>6. Post Dated Cheque.</p> <p>7. Insurance Coverage/ Letter of Indemnity.</p>
Business Address	The address mentioned in the Trade License may be considered as business premises. It may be in her own house depending on business nature.
Additional Documents	<p>Copy of Trade License/ Partnership Deed/ Certificate of Incorporation (as applicable).</p> <p>TIN Certificate (if applicable).</p> <p>Audited Financial Statement for loans above BDT 40,00,000.</p> <p>Standard set of charge documents.</p>
Interest Rate & Service Charge	As per latest schedule of charges/ latest circulars
Loan Tenor	<p>Maximum One-Year for Operating Fund required finance.</p> <p>Maximum 04-Year for Capital assets purchase/ business extension.</p>
Verification of Personal Details & Quotation	<p>3rd Party agency to be appointed for Contact Point Verification (CPV) of the borrower otherwise branch officials is to verify the concern.</p> <p>Quotation/ Invoice/ Stock Report to be verified by branch officials.</p>
Income Substantiation	<p>Last Tax Return.</p> <p>Bank statement for minimum last six months.</p> <p>Personal net worth statement.</p> <p>Any other documents that may stand as a proof of income.</p>

9. Trust Sukonnya

Customer Segment	Individual/Group women entrepreneurs loan located in Jessore & Hill tract. It is a product under agreement with SME Foundation.
Purpose of the loan	To meet up Operating fund requirements & extension of business
Type of Facility	Term Loan
Tenor	4 Year
Loan amount	BDT 1,00,000 to BDT 10,00,000

10. Trust Nobeen

Customer Segment	New Entrepreneur having sufficient practical education and/or talents
Purpose of the loan	Preference will be given to Women Entrepreneurs, engaged in Innovative and Creative initiatives, ICT Sectors, Import substitute Sector, Export Oriented Sector, and Education related initiatives taken by technical educated entrepreneurs.
Type of Facility	Overdraft, Term Loan, Time Loan
Tenor	Max. 60 Months with 3 months grace period.
Loan amount	BDT 5,00,000 to BDT 25,00,000

11. Trust Prantik

Customer Segment	Unbanked marginal /land less people.
Purpose of the loan	To meet up Operating fund requirements & extension of business, generate income to boost up the rural economy.
Type of Facility	Term Loan, Time Loan
Tenor	12-Month
Loan amount	BDT 10,000/- to BDT 50,000/- (for each person/ group)

12. Trust SME Others

Customer Segment	Potential customers but do not fall under any products.
Purpose of the loan	To meet up Operating fund requirements & extension of business
Type of Facility	Overdraft, Term Loan, Time Loan
Tenor	05-Year (maximum)
Loan amount	Maximum BDT 10,00,000 (without collateral)

3.6 General procedure of Lending

The following procedure is applicable for giving loan & advance to the client. These are:



A. Party's application

At first borrower needed to present an application to the particular branch for advance. He/she needs to definitely specify the description behind credit. In the wake of getting the application from the borrower Bank officer approves all the data consciously. He moreover checks the record keeps up by the borrower with the Bank. On the off chance that the authority ends up fulfilled, he gives Form-A (recommended application type of Bank) to the forthcoming borrower.

B. Filling Form -A

It is the certified frame gives by the distinct branch that contains data of the borrower. It contains-Name of the worry with its manufacturing plant area, Official location and Telephone number, Details of at various times business, its accomplishment and disappointments, sort of advance benefited and so forth.

C. Collecting CIB Report from Bangladesh Bank

After receiving the request for credit, Trust Bank sends a letter to Bangladesh Bank for acquiring a report from that point. This report is called CIB (Credit Information Bureau) report. Trust Bank by and large looks for this report from the set out office toward a wide range of Investment. The motivation behind this report is to being educated that whether the borrower has taken credit from some supplementary Bank; in the event that 'yes' regardless of whether the client has any past due sum or not.

D. Processing loan Proposal

Subsequently getting CIB report, distinct branch set up an Investment proposition, which surrounds terms and states of Investment for authorization of Head Office. Records those are fundamental for sending Investment proposition are Loan application, photo of the borrower appropriately bore witness to, individual data of borrower, CIB report, lawful conclusion, exchange permit, stock report, total assets figuring of business and individual, working capital evaluation, fiscal summary, SME data and CRG.

Trust Bank organizes the proposition in an explicit shape. It contains following significant data Borrower, capital structure, address, Account opening date, presented by sort of business, specifics of past assents, security (existing and proposed), parts on the direct of the record,

Details of store, liabilities with different Banks, CIB report, Rated limit of the task (thing insightful), Production/buy amid the period, Sales amid the period, Earning got for the period.

E. Project Appraisal

It is the pre-speculation investigation done by the officer before confirmation of the credit.

Undertaking evaluation in the Banking part is required for the accompanying reasons:

- ❖ To validate the reliability of an investment,
- ❖ To safeguard reimbursement of credit,
- ❖ To accomplish organizational objectives,
- ❖ To suggest if the undertaking isn't structured validly.

F. Head Office Approval

After getting of the Credit proposal from the branch, the Head Office again assesses the project. On the off chance that it is by all accounts a feasible one, the HO sends it to the Board of Directors for the authorization of the Investment. The Board of Directors (BOD) considers the proposition and takes choice whether to affirm the Investment or not. In the event that the BOD affirms the Investment, the HO sends the confirmation to the respective branch. The distinct officer of Head Office evaluates the scheme by setting up a brief called "Top Sheet" or "Official Summary". At that point he refers it to the Head Office Credit Division for the certification of the Loan. The Head Office Credit Division studies the proposition and takes choice whether to affirm the deal or not. On the off chance that the board of trustees supports the Investment; the HO sends the approval to the concerned branch

G. Sanction Letter

After receiving the approval of the HO the local office issue sanction letter to the debtor. A sanction letter comprises:

- ❖ Name of borrower,
- ❖ Facility allowed,
- ❖ Purpose,
- ❖ Rate of interest,
- ❖ Period of the Investment and mode of adjustment,
- ❖ Security and Other terms and condition.

H. Documentation

After borrower agrees the sanction letter, the Documentation begins. Documentation is a composed declaration of certainty approving certain transactions covering the lawful viewpoints suitably marked by the sanctioned person having the lawful status.

I. Disbursement

At long last distinct officer hand out the money after authorize and fulfillment all things considered. The officer make up a check and gives it to the borrower. For this borrower needs to have a bank account by that he/she can pull back the cash.

3.7 Required Documents for Different Loan

Documentation depends on the following factors:

- ❖ Type of credit facilities
- ❖ Nature & type of security
- ❖ Legal Status/constitution of the borrowing concern and
- ❖ Terms & conditions of sanction

Steps of Documentation:

- ❖ Obtaining of documents
- ❖ Stamping of documents
- ❖ Execution of Documents
- ❖ Witnessing
- ❖ Registration of documents
- ❖ Keeping of documents in the safe custody.

General Documents: In General, required papers and documents to be obtained/maintained irrespective of type of borrower, loan and security are:

1. Clients Request Letter
2. Board Resolution to borrow from Trust Bank Limited with supporting MOA.

3. Memorandum of Articles & Association
4. Photographs, NID , e-TIN of all directors & Company
5. Trade License, ERC, IRC & others business related documents
6. Background of the Borrower, Details of Management, Succession Plan;
7. Details Products of the Company & Production capacity
8. Audited financial for last 03 years with 2 years projection.
9. Latest valid Credit Rating report
10. Personal Net Worth Statement of all director supported by IT-10B
11. Last two year Bank Statement of the company
12. Last 03 years Export performance
13. Export orders in Hand
14. List of Major Suppliers & Buyers
15. List of existing machineries.
16. Liability position with other banks
17. Security details
18. CIB undertaking duly signed by all directors.

Common charge documents:

- 1) Demand promissory note :
 - i) Single dp note
(in case of individual & proprietorship concerns)
 - ii) Joint dp note
(in case of joint, partnership, private & public limited companies)
- 2) Loan disbursement letter
- 3) Letter of undertaking/arrangement
- 4) Letter of authority to debit account
- 5) Letter of continuity [for continuous credit facilities only]
- 6) Letter of revival
- 7) Right to recall the loan
- 8) Letter of installment [for term loan only]
- 9) Debit balance confirmation slip

Letter of guarantee:

- 1) Personal guarantee for
 - i. Individual loan
 - ii. Proprietor of a proprietorship concern
 - iii. Partners of partnership firms
 - iv. Directors of limited companies
- 2) Corporate guarantee supported by board resolution in case of cross corporate guarantee of sister/parent concerns;

Property related documents:

- ❖ Original title deed / certified copy of title deed with original delivery receipt.
- ❖ Chain documents i.e. Bia-deed
- ❖ Mutation certificate
- ❖ Dcr (duplicate carbon receipt) in the name of the owner/mortgagor
- ❖ C.s., r.s., s.a. Parchas
- ❖ Math parcha/khatian
- ❖ Up to date ground rent receipt
- ❖ Up to date municipal tax receipt [for building/flat only]
- ❖ Location map
- ❖ Up to date non-encumbrance certificate
- ❖ Noc from rajuk/housing & settlement/ministry of works to mortgage the property in favor of bank for loan
- ❖ Vetting of bank's nominated lawyer

In case of L/C facility:

- 1) Letter of guarantee for opening of l/c
- 2) Letter of undertaking for clearance of goods
- 3) Undertaking for exchange rate fluctuation

In case of packing credit facility:

- 1) Letter of agreement for packing credit

In case of bank guarantee facility:

In addition to common charge documents mentioned above, following documentation are required:

- 1) Counter guarantee of the borrower

In case of CC(pledge) facility:

- 1) Letter of pledge for stocks pledged/pledge to secure a demand loan
- 2) Letter of disclaimer
- 3) Letter of undertaking for clearance of goods

In case of transport loan facility:

1. Letter of hypothecation of vehicle
2. Letter of agreement in the bank's standard format
3. Igpa to sell the hypothecated vehicle
4. Comprehensive insurance policy for minimum 10% above the purchase value/ landed cost of the vehicle.

Loan to proprietorship firm:

1. Trade license
2. Personal guarantee of the proprietor

Loan to partnership firm:

1. Trade license
2. Personal guarantees of the partners
3. Certified copy of registered partnership deed
4. Partnership resolution for the bank borrowing.

Loan to joint stock companies (limited company):

1. Certified copy of memorandum & articles of association without containing any provision contrary to the bank borrowing.
2. Board resolution to borrow from the bank
3. Personal guarantee of all directors
4. Creation of fixed charge/pari-passu charge on the fixed and floating assets of the company.

Chapter- 4:
Credit Monitoring & Recovery

4.1 Supervision, Monitoring and Follow-up

Supervision and follow-up are firmly connected. Supervision provides more attention on legitimate end-utilize and follow-up provides attention on opportune recovery of credit. By supervision, we anticipate to have an appropriate command over the borrower's activity to guarantee the end-utilization of assets. Supervision monitors the end-utilization of store loaned. Follow-up incorporates activities to guarantee that the terms and states of the credit at (I) pre-payment, (ii) payment, (iii) post-payment and (iv) recovery stages are consented to and cash advanced is reimbursed according to timetable of installment. Retrieval of credit to a great extent relies upon sustainable development.

The essential target of supervision and follow-up framework is to guarantee that the advances granted by the bank are protected as the assets loaned by banks have a place with the investors. In this manner, the bank the board have huge obligation in protecting the premiums of a large number of investors. Supervision work of advances begins directly after the determination of the borrower though follow-up work of advances begins quickly after dispensing of the credit. On the other hand, monitoring, as broadly defined below, starts when the project activity enters implementation phase.

4.2 Credit Monitoring

Monitoring is a procedure of confirming that routine takes place in conventionality with the plan. It is a post loan activity caring for the loan at post-sanction stage in order to safeguard the payment of the cash advanced. Monitoring can be called a mechanism which reduces the need for collateral.

Why credit monitoring?

- ❖ Minimize credit losses
- ❖ Return flow of funds
- ❖ Compliance of terms and conditions
- ❖ Problem solving
- ❖ Feedback
- ❖ Taking timely corrective action
- ❖ Review of borrower relationships / loan facilities

Monitoring basically involves three steps:

- ❖ Measuring
- ❖ Reviewing
- ❖ Reporting

4.3 Methods of Supervision and Follow-up

- ❖ To guarantee that operations of accounts are regular. Bad indications warrant greater supervision.
- ❖ Keep watch over inflow and outflow of fund.
- ❖ Production and sales record.
- ❖ To verify proper end-use of funds for the purpose for which loan was given.
- ❖ Progress made in construction and operations.
- ❖ Ensure that the valuation of security is assessed correctly.
- ❖ Ensure that the documents have been obtained as per terms of sanction.
- ❖ Regular inspection of the security and verification of document.
- ❖ Reasons for default or delayed payment of loan installments.
- ❖ Keep regular contact with the borrower.
- ❖ To keep a watch on safety of funds.

4.4 Process of Monitoring

(a) For new client:

1. Meticulously go through the conditions of the sanction advice and complete the documentation formalities required to be done in accordance with rules and regulations of the sanction advice.
2. Disbursement schedule has to be maintained for each client and close persuasion and follow up will require to be done with the concerned branches so as to monitor the disbursement schedule.
3. Separate expiry schedule will have to be maintained so as to know the status of the outstanding well ahead of stipulated expiry date.

4. Remain in touch with the clients so as to know whether they are facing any difficulty in complying the terms and conditions of the sanction letter.
5. Periodically contact with the clients so as to ascertain the end use of the credit facility extended i.e. Fund diversion under any circumstances will be allowed.
6. Weekly, Fortnightly or monthly statement as and when required may be prepared and meticulous review thereof may be carried out.
7. Physical joint inspection with the Head Office if required under the condition of the sanction letter will have to be done in time and report thereof will be submitted to the higher authority for consideration.
8. A periodical preferably monthly statement pointing out all the important features may be submitted to the Management Committee for kind information.

(b) For Existing Regular client:

1. Existing loan position of all the regular clients i.e. those are not classified, will have to be closely monitored whether all the relevant credit circulars, Bangladesh Bank Circulars, credit policies/guidelines etc. Are being meticulously followed by the branch and whether the account is being transferred to Past due or vice versa as and when required.
2. All relevant statements will have to be prepared and reviewed within the stipulation for each kind of statement so that measures if necessary may be taken.
3. The statement among others includes MOSCF of regular clients, PAD statement, TR, LIM, Time Loan, Term Loan statements EOL and causal drawing statement, Forced Loan statement, statement of unrealized export proceeds, Statement of IBP & FBP with payment date.
4. Identify anomalies of statements and if found in the above statements, appropriate measures will have to be taken to do the necessary rectification immediately. Besides, if any gross violation is noticed from the statements, it should be brought to the notice of the higher authority.
5. Periodical sometimes surprise examination of the account transaction of the selective clients particularly those who enjoy large scale credit facility and those whose outstanding position may seem to remain static over a period of time or account turnover is not satisfactory.

6. Surprise checking if necessary of daily outstanding position of the branches may be carried out and if any irregular/casual or excess drawing is found, the matter may be brought to the notice of the higher authority for immediate solution.
7. Historical analysis may be done as well as maintained in order to observe the repetition/frequency of irregular/casual or excess drawing allowed to the same client by the same person.

4.5 Early Alert Process

The motives of identification the Early Alert Account:

- ❖ Earlier identify the fault of the customer
- ❖ Make sure appropriate observing, follow up and close contact with the clients
- ❖ Take appropriate measures at appropriate time so that deterioration can be arrested before it is too late
- ❖ Uphold the strength of the credit in always decent form
- ❖ Make sure the appropriate reimbursement of the credit
- ❖ Lastly reducing percentage of non-performing loan

The potential risk may be arisen from the following area:

- ❖ Industry concern
- ❖ Ownership c/Management concerns
- ❖ Balance Sheet weakness
- ❖ Cash Flow weaknesses
- ❖ Poor Account conduct
- ❖ Expired limit/pending documents

The Symptoms of Early Alert Reporting:

- ❖ Irregular submission of periodical reports by the assisted concerns.
- ❖ Declining availability of funds as reflected in the cash flow statements.
- ❖ The increase in stock of finished goods.
- ❖ Irregular payment of institutional dues.

- ❖ Intentionally delaying plant / factory visit by officials of the bank and non-cooperating them once they are in the factory.
- ❖ Increase in payable accounts.
- ❖ Difficulties experienced in realizing company's dues from dealers or customers.
- ❖ Increase in fixed assets without corresponding long-term funding.
- ❖ Thoughtless expansions of operations.
- ❖ Worsening of debt-equity ratio.
- ❖ Operational losses.
- ❖ Lack of interest on the part of the management in the company's affairs.

4.6 Credit Recovery Methods

It is the obligation of the Bank to make reimburse the landed fund inside the specified time and if the borrower neglects to recompense the cash inside the supposed period Bank will proclaim him as a defaulter and recover the credit by liquidating the securities provided by the borrower or by solidifying his record or make a suit against him. Credit can be recovered in these 3 ways:

- 1) Persuasive
- 2) Voluntarily
- 3) Legally

1. Persuasive recovery:

If in the due time the borrower didn't paid the due portion of advance, the initial step of bank is private correspondence with him. It makes a stress on borrower to reimburse the credit sum. For this situation bank can give some counsel to the borrower for reimbursing the advance.

2. Voluntarily recovery:

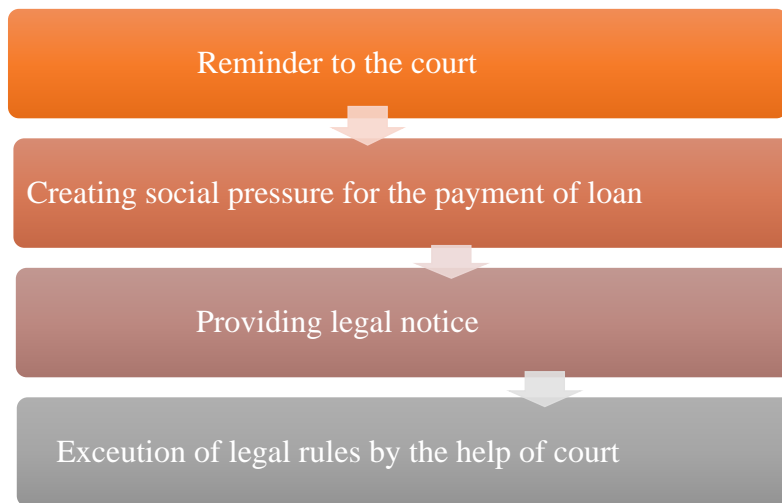
To pull through the credit in this technique some steps are followed:

- ❖ Building Task Force
- ❖ Arranging seminar
- ❖ Loan rescheduling policy
- ❖ Waiver of interest rate

3. Legal recovery:

At the point when all means disregard to keep a account standard and the borrower doesn't refund the portions and premiums then bank make vital lawful steps against the borrower for response of its activity. Recovery methodology of Trust Bank is a definitive mix of time, exertion of cash.

It pursues four procedural strides to recuperate the loaning sum, which is cooperative exertion of Bank, society and legitimate foundations, which are demonstrated as follows:



4.7 Renewal & Rescheduling of Loans

Normally which are granted for one year period are renewed for another term at the request of the client if the turnover in client's account is satisfactory and account conduct is up to the satisfaction of the branch. By the way, even a term advance is restored or stretched out under miserable circumstances that are outside the ability to control of the borrower and don't indicate that the borrower's eagerness or capacity to reimburse has dissolved the credit.

In any case, Bangladesh Bank can consider that rescheduling (otherwise called "prolongation" or "ever greening") may at times outcome in an amplification of capital, when credits that have a low chance of reimbursement are conveyed at full an incentive on banks' accounting reports. Thus, Bangladesh Bank has issued Master Circular no. 15/2012 dated 23.09.2012 so as to impart its arrangement position that rescheduling ought to be done just in constrained conditions and under confinements.

General Conditions for Loan Rescheduling:

1. Throughout the rescheduled time, all mandatory principal and interest payments must be made. Rescheduled amount should be repaid in monthly installments. If the amount of defaulted installments is equal to the amount of 3 monthly installments (for Continuous and Demand Loan) or 6 monthly or 2 quarterly installments (for Term Loan), the loan will be classified as Bad/Loss.
2. If the credit moves toward becoming default after third rescheduling, the borrower will be treated as a defaulter and the bank will not consider for further credit rescheduling.
3. At the season of putting the rescheduling proposition before the Board of Directors or EC, the bank will inform the Board or the Executive Committee, all things considered, in subtleties, consequences of such advance rescheduling on the pay and different regions of the bank. Such appraisal reports should be placed before the Board of Directors or EC as an attached memo signed by the concerned branch manager and MD of the bank.

Required Down Payment for Rescheduling of Term Loans:

1st time: At least 15% of unpaid credit or 10% of total unpaid, whichever is less.

2nd time: At least 30% of unpaid credit or 20% of total unpaid, whichever is less.

3rd time: At least 50% of unpaid credit or 30% of total unpaid, whichever is less.

Required Down Payment for Rescheduling of Demand and Continuous Loans:

1st time: If a Demand or Continuous Loan is converted into a Term loan

Amount of overdue loan

Rate of down payment

Up to Tk.1.00 crore

15%

Above Tk.1.00 crore and up to Tk.5.00 crore 10% but not less than Tk.15,00,000

Above Tk.5.00 crore

5% but not less than Tk.50,00,000

2nd time: (1st time after being converted partly or wholly into Term Loan)

At least 30% of unpaid credit or 20% of total unpaid, whichever is less.

3rd time: (2nd time after being converted partly or wholly into Term Loan)

At least 50% of unpaid credit or 30% of total unpaid, whichever is less.

Time Limit for Loan Rescheduling:

The rescheduling will be made for a lowest rational period of time. Time for rescheduling of diverse types of advances will be:

Type of Loan	Frequency	Classified as SS	Classified as DF	Classified as BL
Continuous Loan	1 st resch.	Max. 1.5 Years	Max. 1.0 Year	Max. 1.0 Year
	2 nd resch.	Max. 1.0 Year	Max. 09 months	Max. 09 months
	3 rd resch.	Max. 0.5 Year	Max. 0.5 Year	Max. 0.5 Year
Demand Loan	1 st resch.	Max. 1.0 Year	Max. 09 months	Max. 09 months
	2 nd resch.	Max.09 months	Max. 0.5 Year	
	3 rd resch.	Max. 0.5 Year		
Term Loan	1 st resch.	Max. 0.5 Year	Max. 2 Years	Max. 2 Years
	2 nd resch.	Max. 2 Years	Max. 1.5 Years	Max. 1.5 Years
	3 rd resch.	Max. 1.0 Year	Max. 1.0 Year	Max. 1.0 Year

4.8 Legal Action

When all measures fail to recover Provided Loan, legal actions are taken against the defaulted borrower as under:

1. Placing the postdated cheque(s) in the account of the client,
2. Serving legal notice upon the client u/s 138 of the N.I. Act, 1881 if the cheque is dishonored / bounced
3. Filing of Complaint Case if the client fails to act as per the requirement of the legal action,
4. Serving another legal notice upon the client for recovery of classified loan liabilities,
5. Arranging publication of auction notice in the newspaper for sale of mortgaged properties u/s 12(3) of Artha Rin Ain, 2003 in case of the client's failure to comply with the instruction given in the legal notice,
6. Filing of Artha Rin Suit in the Artha Rin Adalat under Artha Rin Ain, 2003 to recover the classified loan liabilities from the client in case of failure to sell the mortgaged properties through publication of auction notice.
7. Filing of Artha Execution Suit in the Artha Rin Adalat under Artha Rin Ain, 2003 to recover the decretal amount from the client if the bank obtains decree in the Artha Rin Suit.
8. Arranging publication of summon notice in the newspaper u/s 7(1) of Artha Rin Ain, 2003,
9. Arranging publication of show cause notice in the newspaper u/s 30 of Artha Rin Ain, 2003,
10. Arranging publication of auction notice in the newspaper u/s 33(4) of Artha Rin Ain, 2003,
11. Obtaining Possession & Enjoyment Certificate u/s 33(5) or Ownership Certificate u/s 33(7) of Artha Rin Ain, 2003 in respect of mortgaged property of the borrower if the same cannot be disposed off in the auction notice held at the court premises.

Chapter- 5:
Loans & Advances

5.1 Loans and Advances under Conventional Banking & Islamic Banking

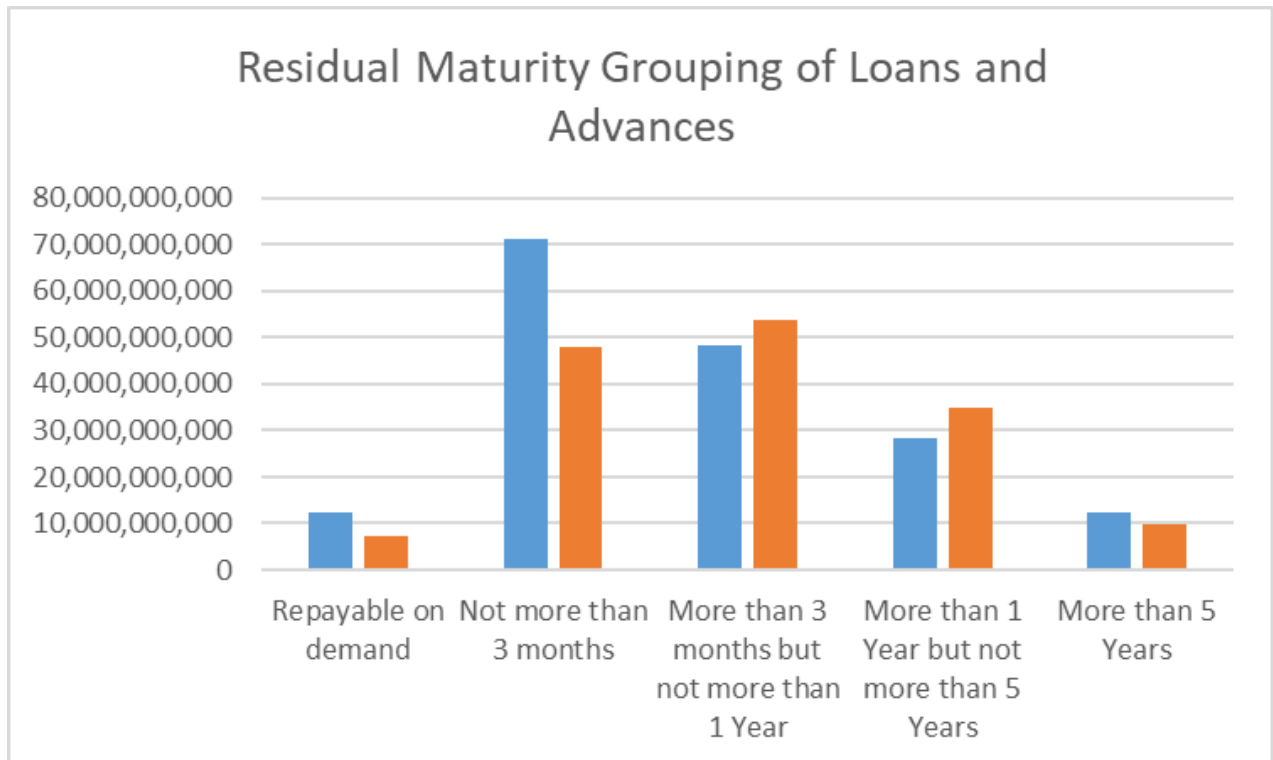
Loans And Advances Under Conventional Banking	2017	2016
Repair & Recon. Of Dwelling House (RRDH)	1,859,984,574	3,301,484,923
Consumer Durable Scheme Loans (CDS)	782,424	2,395,972
Marriage Loans (ML)	438,972,615	703,642,944
Car Loans (CL)	80,653,846	77,626,717
House Building Loans (HBL)	7,236,641,860	5,704,032,162
Term Loans	58,323,309,132	55,686,305,713
Other Retail Loans	2,876,624,787	2,579,422,674
Time Loan	24,245,937,903	16,046,874,680
Other Loans	31,591,619,887	14,589,656,653
Staff Loans	1,045,553,005	893,694,841
Loans against Credit Card	274,786,159	166,689,274
Loans against Trust Receipts (LTR)	5,746,126,511	4,223,179,204
Payment Against Documents (PAD)	2,355,493,563	3,255,772,503
Packing Credit (Loan agt. Packing Credit)	96,597,683	136,655,338
	136,173,083,949	107,367,433,598
Loans And Advances under Islamic Banking		
Bai-Muajjal	7,498,225,387	4,281,912,957
Hire Purchase under Shirkatul Melk	1,111,755,979	798,039,682
IHSAN Apartment Purchase Scheme	181,254,850	81,617,973
BARAKAT Home Construction Scheme	137,399,964	90,516,096
BARAKAT Car Scheme	7,181,691	5,754,294
HPSM-Real Estate	951,290,693	405,448,401
Murabaha TR	2,827,593,069	1,627,683,894
Bai-Salam	31,926,164	88,011,187
Household Durable & others scheme	1,892,495	1,414,099
TIB House Build. Inv. For Rtd. Def. Officer (M)	4,838,842	-
TIB House Building Scheme-HBL (RM)	11,259,101	11,875,101
TIB Household Durable Scheme(Household Durable)	540,795	1,075,931
TIB Car Scheme(Car Loan)	1,179,972	-

Credit Management System of Trust Bank Ltd.

HPSM General	3,281,143,420	2,760,595,693
Barkat Doctors Scheme	3,304,603	1,004,055
MIB- EDF - TIB	838,583,376	1,244,416,663
Trust Nibash	6,138,816	480,705
Trust Power	22,228,765	13,094,983
Baim WES/Doc Bills	38,236,385	-
Cash Credit	16,955,974,367	11,412,941,714
Cash Credit	1,754,505,269	1,184,444,872
Cash Collateral	5,284,646,967	2,146,720,142
Overdraft	7,039,152,236	3,331,165,014
Overdrafts	18,754,589,333	11,488,004,554
Secured Overdrafts	1,618,050,022	5,042,371,622
Total Loans, Cash Credits and Overdrafts	20,372,639,355	16,530,376,176
	180,540,849,907	138,641,916,502

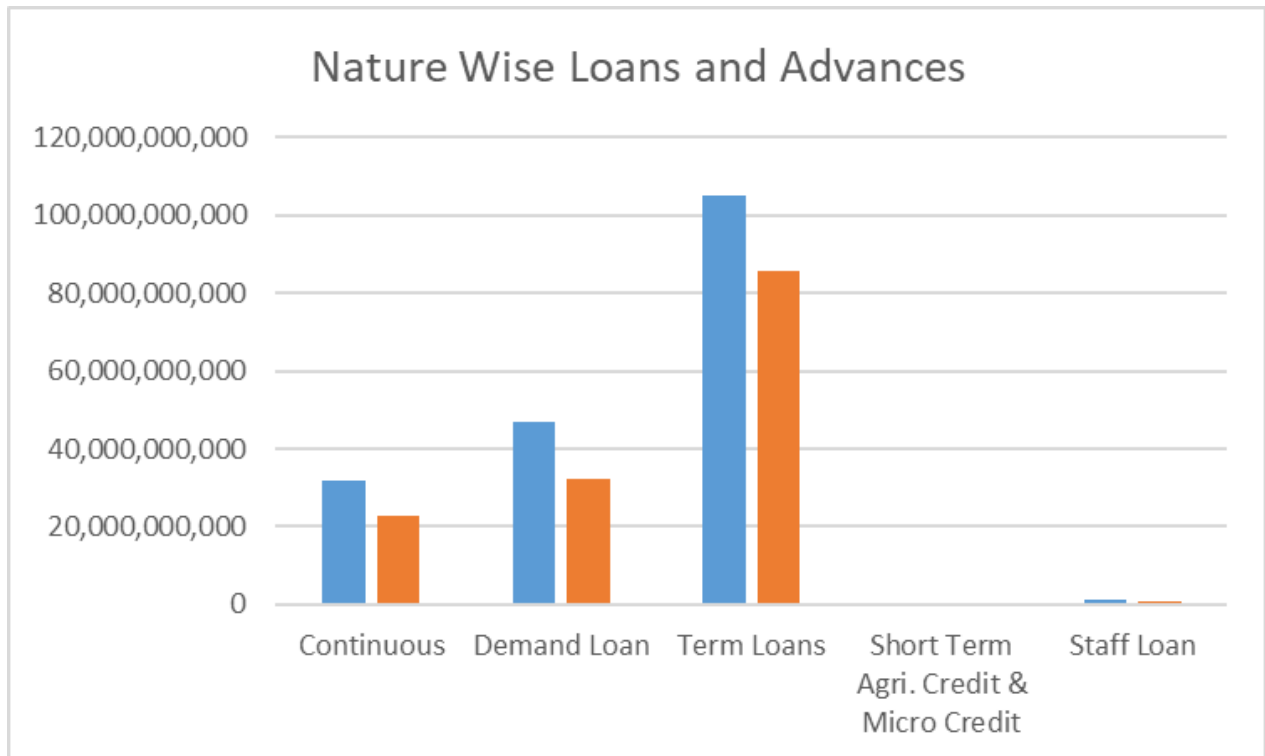
5.2 Residual Maturity Grouping of Loans and Advances

Residual maturity grouping of Loans and advances	2017	2016
Repayable on demand	12,224,240,746	7,343,369,851
Not more than 3 months	71,363,889,724	48,009,049,941
More than 3 months but not more than 1 Year	48,349,541,482	53,811,328,885
More than 1 Year but not more than 5 Years	28,333,716,242	34,991,618,320
More than 5 Years	12,519,625,679	9,951,755,797
	184,910,703,354	141,987,433,313



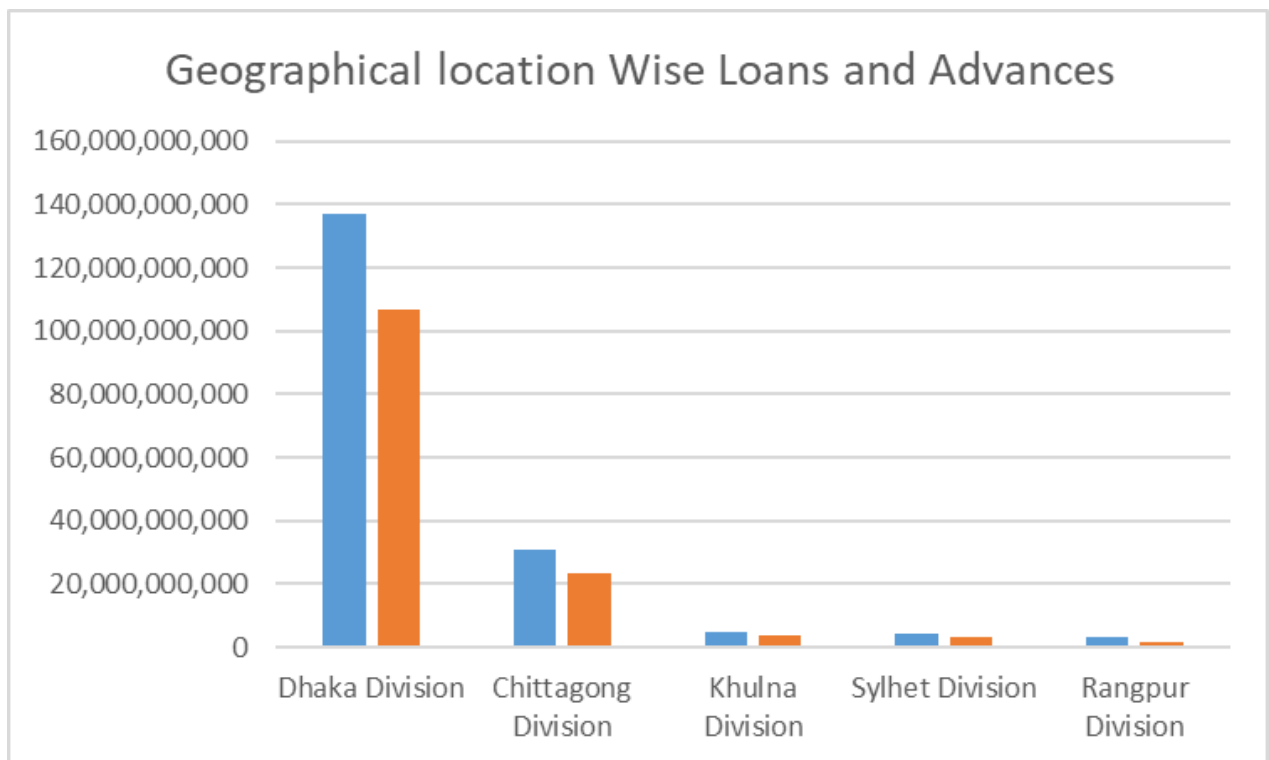
5.3 Nature Wise Loans and Advances

Nature wise Loans and Advances	2017	2016
Continuous	31,754,314,496	22,927,879,079
Demand Loan	46,778,185,938	32,319,146,149
Term Loans	105,072,740,476	85,581,031,147
Short Term Agri. Credit & Micro Credit	259,909,439	263,203,732
Staff Loan	1,045,553,005	896,173,206
	184,910,703,354	141,987,433,313



5.4 Geographical Location Wise Loans and Advances

Geographical location-wise Loans and Advances	2017	2016
Dhaka Division	137,226,043,870	106,846,888,592
Chittagong Division	30,954,140,388	23,553,900,595
Khulna Division	4,658,678,796	3,597,557,480
Sylhet Division	4,245,413,632	3,373,708,847
Rangpur Division	3,282,984,324	1,890,296,497
Barisal Division	212,028,932	176,967,235
Rajshahi Division	3,519,452,640	2,143,038,437
Mymensingh Division	811,960,772	405,075,630
	184,910,703,354	141,987,433,313



5.5 Industry Wise Loans and Advances

Industry-wise Loans and Advances	2017	2016
Agro & Fisheries	2,509,122,082	2,776,032,616
RMG	16,472,105,826	18,825,251,185
Textile	5,909,455,713	5,561,507,920
Food and allied industries (Edible Oil included)	10,335,105,810	5,314,536,849
Pharmaceutical industries	2,199,886,471	2,937,293,394
Chemical, fertilizer, etc.	2,368,609,137	1,434,359,965
Cement and ceramic industries	4,311,446,455	2,599,817,127
Ship building industries		608,520,840
Ship breaking industries	3,273,326,336	2,399,747,393
Power and gas	6,899,689,515	8,124,732,391
Other manufacturing or extractive industries	18,177,162,497	13,746,061,139
Service Industries	16,353,188,878	8,604,712,803
Other Industry	2,698,754,746	2,211,945,529
Trade & Commerce	16,866,569,587	21,401,724,305
Construction & Housing	34,416,221,243	25,387,621,707
Transport	2,245,164,268	1,181,019,622
Consumer Financing (Personal Services)	30,576,431,498	12,964,158,894
Loans to Financial Institution (NBFI & NGO included)	5,001,116,179	2,666,798,487
Miscellaneous (Others)	4,297,347,113	3,241,591,147
	184,910,703,354	141,987,433,313

Chapter- 6:
Findings, Recommendations &
Conclusion

6.1 Findings

Now it's time for disclose the ultimate outcome of the total study on recovery pattern of TBL.

- ❖ The loan sanctioning procedure is more time consuming in Trust bank.
- ❖ Disbursement of loan & advance are increasing year by year. It carries positive sign for Trust bank.
- ❖ In 2017 majority of the loans were provided for shorter term whereas the medium term loans were decreased.
- ❖ In most of the cases different branches perform in different extreme areas. For example Dhaka & Chittagong are doing very well but other area's branches are comparatively doing not very well.
- ❖ In most of the cases loan disbursement is centrally controlled from the head office which creates problem in choosing and matching the right client for the bank.
- ❖ The management has been always emphasizing on providing superior services to the army officers.

These are the basic loan related outcome of TBL.

6.2 Recommendations

The banking sector in Bangladesh is now quite competitive. The private commercial banks that are currently operating in Bangladesh offering different products but there are few basic differences among them in terms of structure and performance. Thus, the competitions among them are increasing day by day. So, based on my experience & knowledge to progress in future, Trust bank must adopt some policy which will help the bank to capture a large number of clients in the market.

- ❖ The loan sanction procedure is more time consuming, it should reduce time to sanction loan.
- ❖ The bank should give same attention towards all types of loan.
- ❖ They should use more advertising to introduce them to their prospective customer.
- ❖ They should be efficient in borrower selection so that bad loss could not occur.
- ❖ TBL should regular monitor the customer's loan account and monthly installment.

6.3 Conclusion

Trust Bank Limited is a very recent bank in the banking business area. It starts its operation from November 29, 1999. So within this short time the bank already got the popularity in the people. When this bank starts its operation, their first target customer was the army person, but with the demand of general people the bank is also doing business with the general people.

The bank is spreading its operation through all over the Bangladesh. Recently this bank has 43 branches in all over the Bangladesh. So very recent it will increase their branches to meet up the people demand.

Credit is most sensitive and important of a bank. A bank's main earning is through interest income from loan. Service charge is very negligible in terms of earning from loan interest. So the main income of a bank is loan interest. So trust bank must be very careful about the loan. It is very necessary to give more and more loan to gain more profit. Trust bank trying to increase its loan quality by accelerating its recovery policy. The bank can concern on the loan sector where default risk is low and investments are profitable.

Moreover, management and others officials of the Trust Bank are trying to formulate new strategies for making the credit policy more competent.

We hope that this bank will compete with the first class banks of Bangladesh very soon.

6.4 Bibliography

- Brochures of Trust Bank Limited.
- Credit Manual of Trust Bank Limited.
- Credit Documents and Files of Trust Bank Ltd.
- Reading Materials on Credit Division of Trust Bank Limited.
- Trust Bank Annual Report of 2017
- Trust Bank's Website - www.tblbd.com