



Daffodil
International
University

Internship Report

on

Loan Disbursement and Recovery Systems of Premier Bank Limited

Submitted To

Dr. Md. Abdur Rouf

Associate Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University (DIU)

Submitted By

Md.Sijan Ahmed

ID: 183-11-697

Major in Finance

Department of Business Administration

Daffodil International University (DIU)

Date of submission: 30th October, 2022

Letter of Transmittal

30th October,2022

Dr. Md. Abdur Rouf

Associate Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University (DIU)

Subject: Submission of Internship Report on **Loan Disbursement and Recovery Systems of Premier Bank Limited.**

Dear Sir,

I am delighted to submit my internship report on "**Premier Bank Limited's Loan Disbursement and Recovery Systems.**" I have compiled what I believe to be the most comprehensive information accessible. This study afforded me the opportunity to gain a basic grasp of Premier Bank Limited's Loan Disbursement and Recovery program. It is a significant accomplishment to work directly under your supervision, care, and guidance. I did my best to absorb all the information I gained throughout the internship. I want the report to meet your requirements and expectations. Regarding the preparation of this report, I must express my gratitude for your important monitoring, untiring dedication, and ongoing dedication.

I genuinely hope you find this report to be satisfactory. If you have any queries, I will gladly respond. I hope and pray that you will be charitable enough to embrace this research.

Sincerely yours

Md.Sijan Ahmed

ID: 183-11-697

Major in Finance

Department of Business Administration

Daffodil International University (DIU)

Date:07 November 2022

Approval of Internship Report

This is to notify you that, **Md. Sijan Ahmed, ID No.183-11-697**, has prepared this internship report entitled “Loan Disbursement and Recovery Systems of Premier Bank Limited” Under my guidance, I hereby approve this internship report. This is for the partial fulfilment of a BBA degree in major finance under the Department of Business Administration of Daffodil International University.

I wish him every moral success in life.



Dr. Md. Abdur Rouf

Associate Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University (DIU)

Student Statement

Following completion of my internship with Premier Bank Limited's Savar Branch over the course of three months, I, Md. Sijan Ahmed, hereby attest that the aforementioned document, headed "**Loan Disbursement and Recovery systems of Premier Bank Limited,**" is complete and accurate to the best of my knowledge and ability.

I agree that the research was conducted solely for academic purposes and for no other reason. It might be in opposition to the corporation's interests. I can also guarantee that this report will never be provided to me in Bangladesh.



Md Sijan Ahmed

ID: 183-11-697

Major in Finance

Department of Business Administration

Daffodil International University (DIU)

Acknowledgement

First, I would want to thank Almighty Allah for granting me the strength to complete the report before the deadline.

I am quite grateful to my distinguished supervisor. Dr. Md. Abdur Rouf, Associate Professor in the Department of Business Administration at Daffodil International University, has assigned me this assignment, which I will complete with his assistance. The extremely well-organized method of preparation for the study was much aided by his helpful guidance and encouragement. I would want to thank the whole Business Administration department for making my internships and report writing simpler.

I would also want to thank my family and friends for their support and assistance during the entire process of preparing this report. In conclusion, I would like to extend my heartfelt gratitude to each member of the Premier Bank Limited Savar Branch team for their excitement in giving me with training and excellent knowledge that was extremely helpful in completing my internship report.

Executive Summary

The Bank is an extremely important institution in terms of the overall growth and development of an economy. Over the past several years, the world of banking has been subjected to a significant amount of change as a result of deregulation, technological innovation, globalization, and other factors. These shifts have also brought about seismic shifts in a country's economic landscape as well.

Premier Bank Limited is Bangladesh's largest private commercial bank in terms of its net asset or interest, and the company has 118 branches, 10 sub-branches, and 186 agent outlets around the country. The mission of Premier Bank Limited is to extend the range of high-quality goods it offers customers in order to meet the various demands of individuals, so contributing to the enrichment of those individuals' lives as well as the socioeconomic growth of the nation.

The majority of this report was created on the basis of my three months of practical experience with Premier Bank Limited in Savar. During the course of my internship, I have gained a significant amount of knowledge regarding the real-world circumstances and surroundings of a financial organization. Because banking institutions possess the most significant attribute and also the principal source of revenue, monetary instruments such as loans and credits are included. On the other hand, loans and credit are also taken into consideration because they represent the most significant risk factor for bank management. The management team at the bank is continuously working toward the goal of striking a healthy equilibrium between the return and risk posed by the loan portfolio. Through reading this report, I was able to gain an understanding of how Premier Bank Limited provides loans to its customers and how those loans are repaid. In point of fact, I have also gained knowledge about their system of credit policy, which includes the application process for disbursement and recovery of loans that have been disbursed. For the purpose of enhancing this article, the data have been collected from all of the original sources as well as the secondary ones. The majority of the information came from secondary sources, while some of it also came from original sources. Some of the data or information that is used comes from secondary sources, such as data acquired from wholly separate databases, the official website of Premier Bank Limited, the PBL handbook, the desk report sheet of the appropriate unit or department, as well as training sheets.

Contents

Letter of Transmittal	ii
Certificate of Approval	iii
Student Statement	iv
Acknowledgement	v
Executive Summary	vi
Chapter One: Introduction	1
1.1 Introduction.....	2
1.2 Background of the Report.....	2
1.3 Objectives of report.....	3
1.4 Significance of the Study	3
1.5 Methodology of the study	3
Primary sources.....	3
Secondary sources.....	4
1.6 Limitations of the study	4
Chapter Two: Company overview	5
2.1 Introduction.....	6
2.2 Corporate information.....	6
2.3 Vision.....	6
2.4 Mission.....	7
2.5 Management practice	7
Chapter Three: Disbursement of Loan and Recovery System.....	9
3.1 Loan Disbursement and Recovery	10
3.2 Disbursement	10
3.3 Recovery	10
3.4 Different categories of Loan	10
Continuous loan	10
Term loan	11
Loans to Individuals.....	12
SME Loan	12
3.5 Loan Disbursement Procedure	12
3.6 General Procedures of Loan.....	15
3.7 Loan Monitoring	16

3.8 Loan Recovery Procedures	17
3.9 Loan Risk Evaluation.....	18
3.10 Risk Area	18
Chapter Four: Findings, Recommendations & Conclusion	21
4.1 Problems Identified.....	22
4.2 Recommendations.....	23
4.3 Conclusion	24
Reference	25

Chapter One: Introduction

1.1 Introduction

The rapidly expanding businesses of today have a demand for commercial banking services that fully match their expectations in terms of speed, convenience, efficiency, and security. Many banks, both domestic and international, are developing innovative corporate banking services to meet the growing demand from businesses of all sizes.

It is no exaggeration to say that Bangladesh is one of the developing countries working hardest to join that group. When discussing the financial infrastructure of a country like Bangladesh, banks undoubtedly take center stage. Bangladesh's economic development rates have been on the rise in recent years, but the vast majority of the country's citizens still lack access to formal banking services. Providing access to financial services for all segments of society, including the economically disadvantaged, is essential to achieving development and growth.

The growth of the economy depends on the financial sector, which must be robust and healthy. Credit for economic operations backed by public surplus capital is made possible through a variety of deposit incentive programs, and this has played a significant role in Bangladesh's economy.

Banks are sometimes referred to as the bearers and carriers of the economy. Millions of savers look to banks for optimism. One of the most significant segments of the financial sector in Bangladesh is the banking sector. This sector's coverage is progressively expanding. The banking industry's entire services are expanding at the same time. The banking system is being modernized. People can use quick banking services. Any nation's economic growth is mostly fueled by the banking industry. The banking industry is crucial to many processes, including the management of deposits, the exchange of money, the provision of different credit services, the protection of long-term investments, and the growth of SMEs.

There are currently 61 banks, including public, private, and international institutions. Villages now have more bank branches than cities. As a result, the rural economy is seeing an incredible recovery. In order to meet client demand and service requirements, private banks are actively updating and maximizing the use of information technology.

1.2 Background of the Report

The business environment is growing increasingly complicated on a daily basis. Without appropriate hands-on experience, running a business is a challenging and, in some instances, even impossible endeavor. Because of commercial connections, everything in the world is changing. The growth of a nation's economy is significantly influenced by the activities of its business community. Therefore, in the world of business, having hands-on experience is valued as a channel through which we can develop a familiarity with the world as it actually exists. An individual who participates in this internship can anticipate gaining a good knowledge and understanding on the numerous methods of operation performed by Premier Bank Limited, notably in the field of Financial Institutional Services. This is something they can look forward to.

1.3 Objectives of report

The following are some of the goals of the study:

- ✓ Process of Loan disbursement of Premier Bank Ltd.
- ✓ To know the deposit recovery system.
- ✓ To explore new loan disbursement techniques and recovery systems.

1.4 Significance of the Study

The purpose of this program is to gain an understanding of an organization's norms, corporate culture, investment decision making, and level of customer happiness. Because to revolutionary advances in technology as well as the development of new ideas and frameworks, banking in the new century is even more prosperous than it was in the past. I anticipate that the experience I gained via my internship has contributed to the enhancement of my professional development.

1.5 Methodology of the study

The extent to which a study follows its methodology to the letter is a significant factor in determining how objective its findings will be. This report is capable of being objectively evaluated, provided that both qualitative and quantitative data are utilized. The findings of this study are totally dependent on data acquired from two different sources. To mention a few, including:

Primary sources:

My three-month internship program, during which I received information from the representatives of The Premier Bank Limited by imparting it to them and working with them, served as the primary source for the data that was collected. I collected information via having direct conversations with police and the manager, as well as by performing personal desk work, making personal observations, and having direct interactions with customers.

Secondary sources:

I have relied on secondary sources such as

- ✓ The Annual Report of Premier Bank Limited,
- ✓ Other Premier Bank Limited publications and manuals,
- ✓ Scholarly books,
- ✓ Wikipedia, and
- ✓ The PBL website.

1.6 Limitations of the study

The report has limitations, but so does any study. Nonetheless, these are the most significant limitations I've encountered throughout my internship. This list includes:

- ✓ A major drawback is the limited time available for internships. Since it takes longer than three months to get a full picture of a bank, several aspects of Premier Bank Ltd. are left out of this study.
- ✓ Each company has its own set of internal secrets, which no one else is privy to.
- ✓ They had access to more internal information that we were unable to obtain, and they did so without disclosing the details to us.
- ✓ No one in a position of power was willing to do an interview.
- ✓ The Annual report did not include all accessible data.
- ✓ They did not come clean about the internal policies that compromised company secrecy during data collecting.
- ✓ Inconsistencies in data from several sources hampered the report's production.
- ✓ The report writing process necessitates a deeper dive into the topic at hand, which was unfortunately beyond the scope of the available time.

Chapter Two: Company Overview

2.1 Introduction

On June 10, 1999, in accordance with the Companies Act of 1994, The Premier Bank Limited was established as a banking corporation in the country of Bangladesh. On June 17, 1999, in accordance with the Banking Companies Act of 1991, the Bangladesh Bank, which is the country's central bank, issued banking licenses. In 2007, it became a public limited company and began trading on the Dhaka stock exchange as well as the Chittagong stock exchange. It was one of the first local banks in Bangladesh to offer Visa credit card services, making it one of the pioneering banks in the country. Both the conventional banking operation and the Islamic banking system are active at the same time. The bank's goal is to be able to adapt with new technology, to service its customers with the utmost care, and to strike favorable arrangements with its stakeholders in order to achieve improved growth and long-term viability.

2.2 Corporate information

Registered name of the company: The Premier Bank Limited

Registered Office: Iqbal Centre (4th floor), 42 Kemal Ataturk Avenue, Banani Dhaka-1213

Incorporation Certificate: C-37922 (2222)/99, dated June 10, 1999

Commencement of Business Certificate: Ref no. 16370, dated June 10, 1999

Bangladesh Bank Approval Certificate: BRPD (P) 744 (72)/99-1638, dated June 17, 1999

Vat Registration: 5101027082, dated July 31, 2000

TIN Certificate: 140-201-0820, LTU, Dhaka, dated October 17, 2000

Auditors: Mahfel Huq & Co.

Legal Advisor: M/S Rokanuddin Mahmud & Associates.

2.3 Vision

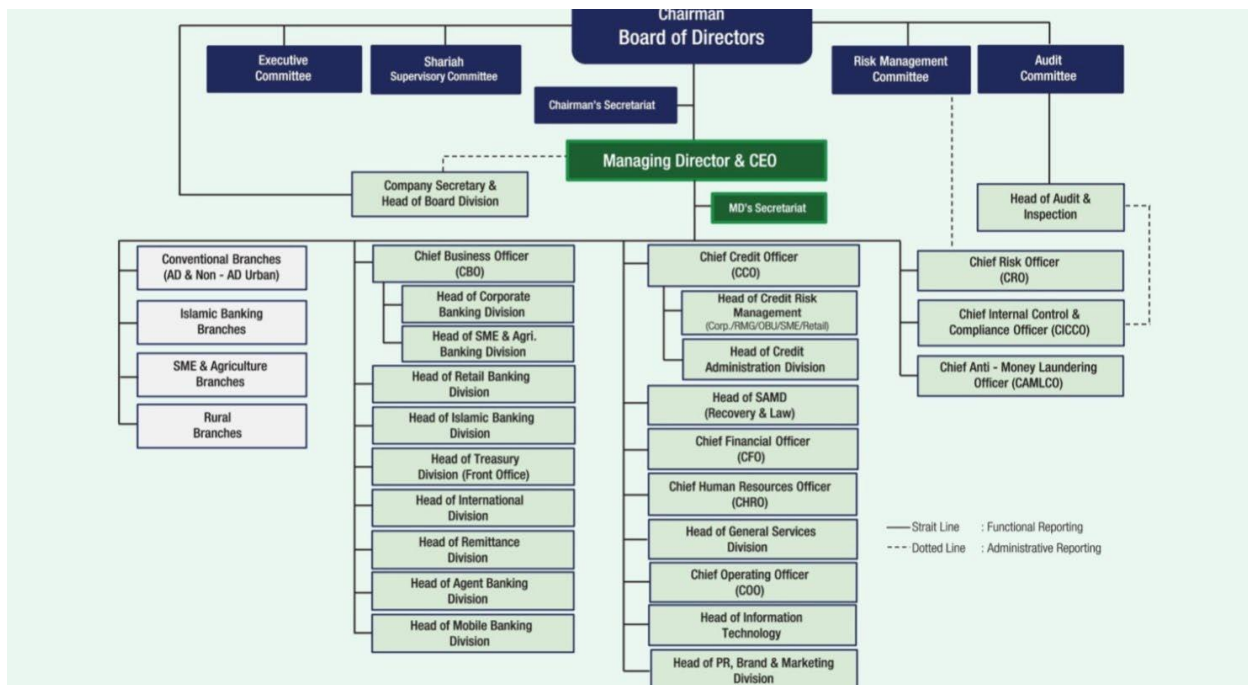
The Bank has a distinct goal in mind for its long-term future, and that is to be the most successful of the leading financial organizations.

2.4 Mission

- ✓ Our mission is to be the world's preferred provider of caring, customer-focused financial services, expanding access to economic opportunity everywhere.
- ✓ In order to maintain a steady expansion while increasing profits for stockholders.
- ✓ To rapidly implement technological solutions across the board in order to boost productivity and cut down on transaction costs.
- ✓ For the Bank to maintain a culture of openness, honesty, and high ethical standards in all of its dealings with customers and other businesses.
- ✓ The goal is to create a welcoming workplace so that qualified people will feel good about joining the Bank's team.
- ✓ To act ethically and seek to improve people's standard of living by actively contributing to the country's progress.

2.5 Management practice

The Premier Bank Limited has an excellent reputation for management practices thanks to its top-to-bottom command line and its commitment to a democratic work environment in which all employees have the right to voice their opinions and vote on the best course of action based on all the available evidence. It features a well-structured hierarchy that allows for professional oversight of all operations and management of all human resources. There are a total of 23 functional divisions within PBL. These divisions report to a total of 7 deputy managing directors and provide assistance to the actively managing director of the bank. On the other hand, in order to achieve higher levels of performance and conduct stringent oversight, system bank has four committees that are each comprised of numerous directors and advisors. Policy is decided by the Board of Directors and the members of the committees based on the employee's reporting of their operations. Another level of management hierarchy can be found under each division, with each tier being responsible for reporting their activities to the one below it in the organizational chart.



The Premier Bank complies with all of the rules and regulations that are designed to maintain and create a positive environment for business, which contributes to its excellent reputation in the banking industry. The bank's products have a wide range of applications and are tailored to meet the specific needs of each client segment. It is recommended that a well-practiced business way include all of the components that had been evaluated, ranging from the management practice to the industry competitive analysis. This financial institution places a significant emphasis on the relationship that it has with its customers, and its internal procedures are designed to be very accessible to those customers. The annual report contains marketing practices that are both thoroughly detailed and discussed in an open and honest manner.

The performance of the premier bank with regard to its finances is remarkable and has adhered to the appropriate guidelines in accordance with the banking laws. The banking industry is one of the most important and technologically dependent sectors of the modern economy. The entire banking industry entered a new phase of development with the assistance of the internet and technology. Modern banking companies keep their data protected using a cloud-based storage system and have their employees keep a close eye on it.

Chapter Three: Disbursement of Loan and Recovery System

3.1 Loan Disbursement and Recovery

Premier Bank Limited engages in every conceivable kind of banking activity through its many divisions in order to realize and accomplish its goals of maximizing profits, contributing to the growth of the economy, and fortifying its position in the market.

3.2 Disbursement

The action of handing out cash or distributing funds to several recipients. The money that is spent on running a business, cash that is spent on personal expenses, dividend payments, and/or the amounts that a lawyer might have to pay out on someone else's behalf in connection with a transaction are all examples of disbursements.

3.3 Recovery

In the world of finance, the phrase "recovery" refers to the process of collecting an amount that is owed. The recuperation is typically contingent on factors such as the purpose, the time, the conditions, the running procedure of the firm, etc. In most cases, the total amount of the loan will be paid back via installments. The manager has the ability to determine the length of the installment period based on the nature of their firm.

3.4 Different categories of Loan

PBL has divided its many credit programs into the following categories, which are as follows:

Continuous loan:

The loan is referred to as cash credit (CC hypothecations), and it is provided to the businessmen. It is a facility that allows for continual lending. Borrower is permitted to borrow money up to a particular limit, but they are not allowed to withdraw the entire sanctioned amount all at once. Mortgages will be held as collateral for the loans. Only the withdrawal will result in a charge of interest. The following list of documents may be associated with this loan:

- ✓ Pay slip
- ✓ Demand promissory note
- ✓ Letter of arrangement
- ✓ Letter of authority
- ✓ Letter of undertaking

- ✓ Letter of guarantee
- ✓ Letter of continuity
- ✓ Letter of Hypothecation
- ✓ Supplementary agreement for letter of hypothecation
- ✓ Letter of revival
- ✓ Memorandum of deposit of title

Disbursement procedure:

- ✓ Client must have an account in the stated bank
- ✓ Trade license is also required
- ✓ Written application for regarding loan
- ✓ A/C statement
- ✓ CIB report from Bangladesh bank
- ✓ Confidential report from local banks
- ✓ Field verification report
- ✓ Personal net worth statement
- ✓ Stock report
- ✓ Land valuation

Mortgage:

- ✓ Registered mortgage of land
- ✓ Irrevocable power of attorney for sale mortgagee property
- ✓ Legal opinion
- ✓ Current rent receives

Term loan:

Construction of Houses:

The usage of this financing is constrained to the construction of residential buildings exclusively. This credit may be used over a period of up to 18 years. Seventy percent of the entire value is represented by the amount of the loan.

Leasing and financing: This loan is approved for the purpose of purchasing manufacturing equipment, automobiles, and several other types of machinery:

SOD and Loan Obtained:

Only one year is available for the repayment period of loans of this kind, which can be secured by various schemes such as DBDS, MSP, FDR, and others. In such a scenario, the amount of the loan that is provided by a branch is equal to eighty percent of the instrument described above.

Loans to Individuals:

This loan is only available to service holders, and holders must be of officer level (with the exception of insurance companies and non-governmental organizations).

Procedure:

Credit holders are required to have one granter, the loan must be repaid in 12-36 installments, and the monthly payment amount cannot be more than fifty percent of the monthly net salaries.

SME Loan:

Only people who own businesses can get approval for loans of this kind. In this particular circumstance, two grantors and business documents are required. The amount of the loan can range anywhere from 50,000 to 5,000,000. The loan must be returned in equal portions over the course of 12/24/36 months.

The following is a list of some other credit facilities that are offered by PBL:

- ✓ SOD against work order
- ✓ SOD general earnest/other.
- ✓ LTR
- ✓ Doctors credit scheme etc.

3.5 Loan Disbursement Procedure

A bank is able to extend credit to customers by accepting deposits together with funds from other sources. This location offers a wide variety of different loan disbursement programs. The following sanctioning procedure is followed by the bank prior to disbursing any loans.

1. **Application for a Loan:** A borrower first submits an application for a loan in order to have a particular amount of loan sanctioned, along with certain papers and documents that are required.

2. **Credit Investigation:** Because the bank lends the money that its depositors have given it, the bank is obligated to return the money in the normal course of business.

The process of selecting the borrower:

To make the appropriate choice of borrower, it is necessary to do an in-depth and methodical analysis of the prospective borrower's financial situation. Therefore, the lender who is lending money ought to investigate the borrower's character, capacity, capital, condition, and collateral.

The Principles of Lending:

The banker ought to take the principles of lending into consideration. These include things like safety and security, profitability and purpose, as well as national interest and diversity.

The personal interview is used to evaluate the candidate's attitude, skills, desired levels of achievement, and knowledge, among other things.

Collect Information from a Number of Different Sources:

The bank's own records, the borrowers' loan applications, on-the-spot verifications, and reports from friends and family members, together with reports from other sources.

3. Credit proposal appraisal:

The following are factors that need to be taken into account for these feasibility tests.

- ✓ Place, land and buildings, product, and unprocessed materials
- ✓ Sales demand, costs, and profitability of the business
- ✓ Statement of cash flows and income.
- ✓ Planning, organizing, marketing etc.

4. Documentation:

The caution that is supplied in place of security for an advance is all that is required. In most circumstances, a banker would prefer to avoid having to retrieve the advance from the safe of security. A banker will accept correctly as security if it has a high level of liquidity, is simple to realize, is simple to market, has a good title, is simple to store, and is stable in its market price.

The following procedures are utilized by the bankers in order to create a charge on the security:

Lien:

It refers to the right of the lender to keep the borrower's property or goods in custody as security until the terms of the debt are revised. In this scenario, the banker is only allowed to retain custody

of the commodities; but he is permitted to sell them after providing the borrower with adequate notice.

Ledge:

It was designed specifically for moveable property, such as products, documents, and so on. In such a scenario, the banker would continue to retain ownership of the things, while the loan would be responsible for taking possession of the items.

Mortgage:

Only real estate that cannot be moved is eligible to be mortgaged, and even then, the borrower retains full possession of the property while the lender has an interest in it. In the event that the mortgage holder is unable to repay the loan, the bank has the legal right to collect the outstanding balance by selling the property that is secured by the mortgage.

Classification of securities:

- Personal: Personal guarantee, promissory note, acceptance letter, and other similar documents may be required.
- Impersonal: Real estate, shares of stock, buildings, goods, and so on are all examples.
- Direct versus indirect: The customer himself will make the deposit for the direct security, while third parties will make the deposits for the indirect security.

- Make forward progress against FDR.

- Advance against insurance plans.

- Make an argument in favor of hypothecation and against promise.

Collateral:

It refers to these securities and how they operate in conjunction with a personal right of action against a debtor in regard to on advance. Share certificates, bearer binds, insurance policies, and legal mortgages are the sorts of securities that fall under this category.

Guarantee:

When a banker determines that the personal security and collateral provided by the customer are not adequate, he may approach the customer and request a guarantee from a third party whose financial capacity and credit history are acceptable to the bank.

Execution of Documents:

The act of stamping a document is included in this process. In the event that a mistake is made, it is to be canceled. Therefore, the executants are responsible for signing it accurately and filling it out appropriately. The following are some things that should be kept in mind during the execution:

- The executants' documentation was filled out in the correct manner.
- Specimen signature.
- All of the executants are required to sign across the bottom of the page.
- It shouldn't have any cutting or overwriting in it.
- Documents ought to be stored in a secure location.

3.6 General Procedures of Loan

Approval Process

The approval process further emphasizes the separation of Relationship Management/Marketing (RM) from the authority responsible for giving final permission. Relationship Management is accountable for the preparation of the credit application, which they are responsible for receiving. The Risk Management team reviews credit applications and makes recommendations for acceptance before sending them on to the Customer Relationship Management team (CRM) for examination and evaluation. The credit was ultimately given the thumbs up by the appropriate approval committee.

PBL has established a number of thresholds, and if those thresholds are exceeded, the suggestion of the Head of the Business Unit is necessary before it can be forwarded to CRM and then approved by the proper authorities.

- ✓ Application sent to the ZCRO or HCRO at the Zonal Office or Head Office for review.
- ✓ Inform recommending branches of the review.
- ✓ ZCRO/HCRO endorses and forwards recommendations to the Head of Business Units (HOBUs) in accordance with their authorized authority and to the Head of Credit Risk (HOCR).

- ✓ HOCR informs ZCRO of the review.
- ✓ Supported by HOCR and HOBU, and forwarded to the credit committee.]
- ✓ The Credit Committee recommends the choice in accordance with the authority granted to HOCR & HOBU.
- ✓ The proposal is sent to the EC or Board for approval within their respective purview by the Credit Committee.
- ✓ EC/Board informs HOCR & HOBU of the decision.

Depending on the exposure and the types of items, the approval procedure may change in MBL. For instance, because the nature of the risk exposure is so varied, most lending to corporations and SME's is unstructured. Contrarily, consumer financing is typically structured by standardizing the risk and product characteristics of specific persons. As a result, subject to authority being delegated, applications for consumer loans may be made inside the head of the consumer unit.

3.7 Loan Monitoring

The checking of the pattern of use of the loaned money to determine whether or not it is being utilized for the intended purpose is an essential part of the monitoring process for loans. It consists of a reporting system in addition to a communication arrangement that is established between the lending institution and the borrower. The respective officers are responsible for carrying out the following steps.

- ✓ Regularly examining the borrower's savings, checking, and savings certificate balances
- ✓ Maintaining consistent, one-on-one engagement with delinquent clients, as well as guarantors, through the telephone.
- ✓ Sending a note to the customers as soon as possible following the dishonoring of the check.
- ✓ The sending of a legal notification to the defaulter customers as well as the guarantors in advance of the classification of the loans
- ✓ Sending a letter of thanks or a greeting to loyal consumers who have purchased from you in the past.
- ✓ Routine visits with the clients, for the purposes of maintaining the relationship and supervising the items that have been delivered.
- ✓ Taking legal action is the next step after exhausting all other avenues for recouping the money owed to the bank.

3.8 Loan Recovery Procedures

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

Recovery techniques

The loan can be recouped using any one of the following three strategies.

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

1) Recovery through persuasion:

If the borrower has not paid the required amount of the loan by the due date, the bank will initially attempt to have a private conversation with the borrower. Borrowers will experience increased mental pressure as a result of this to repay the full amount of the loan. The bank is in a position to offer the borrower some guidance regarding the repayment of the loan in this scenario.

2) Recovering voluntarily:

The repayment of the loan is accomplished through the use of this approach by following a series of stages. This region:

- ✓ Establishment of a Task Force
- ✓ Organization of a Seminar
- ✓ Modification of Loan Repayment Policies
- ✓ Waiver of Interest Rates

3) Legal recovery

When all of the measures fail to keep an account in good standing and the borrower does not pay the installments and interests as agreed, the bank will take whatever legal action is necessary against the borrower in order to realize what is owed to it. In this particular scenario, "Artha Rin Adalat Ain-2003" plays a significant part in the process of recovering the loan.

The technique for recovering MBL takes an enormous amount of time, effort, and financial resources. The sum borrowed is recouped in a concerted effort by the Bank, society, and the institutions of the legal system, and the process consists of four procedural steps.

3.9 Loan Risk Evaluation

It is required that every credit proposal the bank considers undergo an in-depth and precise analysis of the risk involved. There can be no proposal presented to the authority responsible for approval unless there has first been an exhaustive investigation. A comprehensive view of the capital, capacity, integrity of the borrower, adequacy, nature of security, compliance with all regulatory / legal formalities, condition of all documentation, and finally continues and constant supervision on the account are required in order to protect the Bank's interests throughout the entirety of the period of the advance. This is necessary in order to ensure that the Bank's interests are protected. Before the proposal is submitted for approval, it is the Credit Officer's or RM's exclusive obligation to make sure that all of the required documentation have been gathered and organized. When loans, advances, or credit facilities are provided against the guarantee of a third party, the creditworthiness of the guarantor must be evaluated in the same manner as that of the principal borrower. When it comes time to make lending decisions, special consideration needs to be given to the analysis of credit proposals that have been submitted by heavily leveraged companies as well as those that deal in consumer goods that aren't absolutely necessary, with a focus on the companies' capacities to pay back their debt.

The following several lending principles are going to get a lot of attention from here on out:

- ✓ The potential for the bank to maximize the use of its funds and generate a higher return on its assets in both the present and the future.
- ✓ A preference for superior businesses that can liquidate themselves.
- ✓ Steering clear of mediocre performances.
- ✓ An understanding of risk depression is essential to the development of sound credit principles and practices. The bank must exercise caution with regard to excessive and unreasonable concentrations of loans to industries, single obligors, and product lines in common, among other things.
- ✓ It is required that a personal guarantee be secured from either the major partners or the directors of the company.

3.10 Risk Area

When evaluating a loan proposal, the following potential danger zones should be taken into account. Analysis of the Borrower (Risks Associated with Management, Ownership, and Corporate Structure):

Evaluations need to be done on the primary shareholders' management teams as well as any group or affiliate enterprises. Any concerns that have been raised regarding a lack of managerial depth, intricate ownership arrangements, or inter-group transactions need to be addressed, and any

associated risks need to be managed. In order to get a better idea of the Management Risk, consider asking these questions.

- ✓ Who is the one who took out the loan? Is there a distinctive or special quality of the borrower that calls for extra attention? For instance, if the borrower is a trust, the Trust Deed needs to be investigated because of this.
- ✓ Do those in senior management possess the necessary skills and experience?
- ✓ Is there an acceptable amount of depth, as well as plans for succession?
- ✓ Does it appear that any of the senior management or owners are at odds with one another, which could lead to potentially disastrous results?
- ✓ Is the Manager or Credit Officer content with the Borrower's Capabilities, Integrity, Character, and Experience?

1. An Examination of the Market (Business and Industry Risk)

It is necessary to do an analysis of the industry in which the borrower operates. Any concerns about the borrower's position in the industry, general industry worries, or competitive factors (demand supply gap) must be addressed, and the borrower's strengths and weaknesses (SWOT Analysis) must be highlighted in comparison to those of its competitors. In order to accomplish the aforementioned goals, the Credit Officers and RM may gather or collect data from various sources, including the statistical year book, the economic trends of the Bangladesh Bank, public reports, newspapers, and journals, amongst others. In order to get a better understanding of the Business and Industry Risk, consider asking these questions.

- Are there any major agglomerations of retail outlets where sales are concentrated? (By customer, industry, country region)
- Where does the borrower stand in comparison to its other businesses in terms of their market share?
- Is it possible to easily pass on to customers any increases in the direct costs of production
- Does the borrower trade in any particular product that has the potential to become obsolete in the near future?
- Is the reason for borrowing money in line with the goals that the company has set for itself?
- Is the intent within the law? Does it violate any of the norms and laws of the country as well as any of the instructions that have been issued by the Head Office or Bangladesh Bank?

2. Supplier/Buyer Analysis/Market Risk

Any customer or supplier concentration that exists must be addressed, since this may have a substantial impact on the borrower's capacity to remain financially viable in the future.

3. Market Risk

It is necessary to collect a sufficient amount of market data in order to determine the clients' or borrowers' market share in the industry as well as the demand-supply gap in the market.

4. Technology-Related Risk

The manufactured product absolutely needs to be technologically viable, which means checking to see if the technology being used is up to date. The stage that the product currently occupies in its life cycle needs to be comprehended. It is necessary to take into consideration the products' technical aspects. The Credit officer or Risk Manager (RM) needs to be content with the mitigating elements of the technical and technological risk that are related with the products.

5. Protection

The bank's approved enlisted surveyors are required to do an up-to-date valuation of the collateral, and the quality and priority of the security that is being proposed must be evaluated accurately. A loan should not be issued based simply on the consideration of the security. Evaluations of both the sufficiency and the breadth of the coverage should be carried out. The Credit Officer or Relationship Manager is responsible for investigating the client's interest in and dependency on the collateral that is being supplied as security.

Chapter Four: Findings, Recommendations & Conclusion

4.1 Problems Identified

Some findings were discovered during the internship at the Premier Bank Ltd. Corporate Branch, and these are the author's own thoughts and opinions.

- ✓ In a single project, Premier Bank Limited finances from Tk. 50 up to Tk. 100 million annually. In areas where other banks excel, Premier Bank Ltd. Some of their customers have left because of their stingy approach to project funding.
- ✓ In the corporate branch, small investors are occasionally denied small loans, causing the bank to lose those small investors.
- ✓ The high interest rates charged by Premier Bank Ltd. discourages borrowers.
- ✓ Corporate Branch Premier Bank Ltd.'s lone & advance officers are understaffed to accommodate the bank's massive customer base.
- ✓ It can be difficult for a branch to select the best borrowers when loan disbursement is governed by policies established at corporate headquarters.
- ✓ It takes a long time to evaluate a credit proposition. As a result, we may lose some of our most valuable customers.
- ✓ Another issue with Premier Bank Ltd, Corporate Branch's efforts to diversify its loan risk is the limited selection of goods it offers.
- ✓ Unfortunately, the CIB report from Bangladesh Bank is not always obtained in a timely manner prior to loan sanctioning.

4.2 Recommendations

- ✓ To attract more customers, Premier Bank Ltd. could enhance their funding for various projects.
- ✓ Premier Bank Ltd. could attract more micro investors if its corporate division offered smaller loans.
- ✓ Premier Bank Ltd. should reduce loan interest rates in order to attract more customers.
- ✓ More qualified employees are needed in the loan and advance division so that the Corporate Branch may give excellent service to its clientele.
- ✓ The Principal Branch needs to decentralize its client selection authority.
- ✓ To avoid losing key customers, the credit proposal evaluation process should be streamlined.
- ✓ To remain competitive in the market, Premier Bank Ltd. should expand their lending offerings.
- ✓ To increase profits, Premier Bank Ltd. can focus on providing remittance and foreign exchange services.

4.3 Conclusion

Premier Bank Ltd. (PBL) is currently providing customers with an extensive selection of services to meet their needs. However, it should be noted that within the next few years from its establishment, no bank could make as good of a standing as PBL has at this point. This is something that should be noted in addition to the fact that the number of branches indicates that still Bank has limited operations in our country. While going through the various reports, it has been discovered that. capital that has been authorized and paid in full, as well as funds set aside for reserves, savings, and loans and advances. Management of Loans, Investments, and Foreign Trade; Treasury and Capital Market Activities; Number of Branches! Dividend Compliance with rules imposed by the Security and Exchange commission, good corporate governance, and other similar practices are all advancing in the direction of a highly favorable trend at a level that is satisfactory. The Bank is managed by a team of professionals who are dedicated to the institution and has strong organizational skills. Now, it is in the process of gradually transitioning toward automation, which will not permit any kind of disparities to exist. Bank is actively searching for and creating foreign partners in other countries in an effort to simplify and reduce the amount of time required for NRB's remittances. All of the above suggests that they have been effective in acquiring the confidence of the people and corporate organizations in our nation.

Reference

1. Besley Scott & Brigham Eugene F. 2004 “*Essentials of Managerial Finance*” 12th Edition, The Dnyden Press, Harcourt College Publications
2. Foster G. “*Financial Statement Analysis*” 2nd Edition, Pearson Education (Singapore) Pte. Ltd
3. Hazel T. (1993) “*Financial Institutions and Markets*” A Global Perspective, McGraw-Hill International, New York, NY.
4. Peter S. (2005) “*Bank Management & Financial Services*” 6th Edition, McGraw-Hill International, New York, NY.
5. •Bounding, W., Karla, A., Stalin, R., & Zeithaml, V. A. (1993). `` *Loan recovery process and borrowers’ facility: From expectations to rate of recovery*’. Journal of Marketing Research
6. www.bangladesh-bank.org.com
7. <https://premierbankltd.com/pbl/>