

A Project Report

On

“Credit Management System of Trust Bank Ltd”

Supervised by:

Md. Shahnawaz Mostofa

Senior Lecturer

Department of Business Administration

Submitted by:

Md. Rakibul Islam Jihan

ID: 2163011051

Batch: 41st A

Major: Finance

Program: Bachelor of Business Administration

Department of Business Administration



Uttara University

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Letter of Transmittal

Date: August 30, 2020

Md. Shahnawaz Mostofa
Senior Lecturer
Department of Business Administration
Uttara University

Subject: Submission of Project Report.

Dear Sir,

I am hereby submitting my Project 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

.....

Md. Rakibul Islam Jihan

ID: 2163011051

Batch: 41st A

Program: Bachelor of Business Administration

Student's Declaration

I am, Md. Rakibul Islam Jihan hereby declare that the presented Project report “Credit Management System of Trust Bank Ltd” is uniquely prepare by me. This Project report is being submitted as a partial fulfillment of Bachelor of Business Administration (BBA) program.

I also confirm that this Project 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

.....

Md. Rakibul Islam Jihan

ID: 2163011051

Batch: 41st A

Program: Bachelor of Business Administration

Department of Business Administration

Uttara University

Supervisor's declaration

This is to certify that Md. Rakibul Islam Jihan, ID No: 2163011051 a regular student of Uttara University (UU) of Bachelor of Business Administration program under Department of Business Administration. He has successfully completed his Project report on “Credit Management System of Trust Bank Ltd” 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 Project report and I wish his best success and prosperity.

.....

Md. Shahnawaz Mostofa
Senior Lecturer
Department of Business Administration
Uttara University

Acknowledgment

First of all, I would like to thank almighty Allah who blessed me and made it possible for me to complete the Project report. I am thankful for the help and assistant of various people help me while working on this report. Uttara University provides an excellent academic environment that helps me to carry out study and give opportunity to obtain knowledge fairly. I want to thank my Project supervisor Professor Md. Shahnawaz Mostofa, Senior Lecturer, Uttara University who provides me such an attractive prospect to make the report. I will show appreciation to every person who helps me to perform all the official activity properly.

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Section- 1:

Justification of the Study

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 administration 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 Justification of the Study

This Project is an essential piece of the BBA program that every one of the graduates need to experience at Uttara University. From the very beginning of my career planning I was very much interested in banking industry. I always find credit department more challenging which attracted me study more in this topic. Throughout this report I have to research, analyze and bring out findings and recommendation about this selected topic. Throughout the project every student is supervised by respective officials from university. Toward the finish of the project, the primary task is required to gather the findings and present that to supervisor covering the specific topics.

This report based on research about Trust Bank Limited. It contains of Justification part, methodology, analysis and the description, findings, future prospects and Conclusion. At the end of this report I will be able to understand all the credit function of a bank and I will be more prepared to start my career in a bank as a credit analyst.

Section- 2:

Objectives of the Study

2.1 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

Section- 3:
Methodology

3.1 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.

Source of Data:

Due to corona pandemic the main source of this report is based on secondary data that has been collected from the various sources like different publications, library sources, books, articles, etc.

The secondary sources are –

- ❖ Different files, circular and reports study.
- ❖ Journals and Research Papers
- ❖ Annual Report of Trust bank ltd.
- ❖ Different publications regarding banking functions, Credit Operation.
- ❖ Brochure of credit department
- ❖ Trust bank limited web Page
- ❖ Exposure to credit department of Trust Bank Limited

3.2 Limitations

The primary issue considered in preparing the paper was the inadequacy and absence of accessibility of required information. Due to corona pandemic I wasn't able to access all primary data. 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.

Section- 4:
Discussion

4.1 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.

4.2 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.

4.3 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. Is 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.

4.4 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

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)

4.5 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

	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

	<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)

4.6 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.

4.7 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:

- ❖ Letter of hypothecation of vehicle
- ❖ Letter of agreement in the bank's standard format
- ❖ Igpa to sell the hypothecated vehicle
- ❖ 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.

4.8 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.

4.9 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

4.10 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.

4.11 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.

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.

4.12 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:

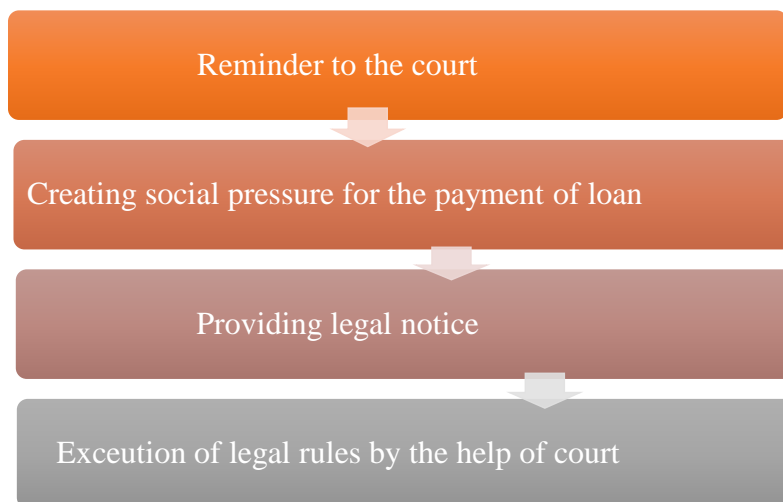
- ❖ Building Task Force
- ❖ Arranging seminar
- ❖ Loan rescheduling policy
- ❖ Waiver of interest rate

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:



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.

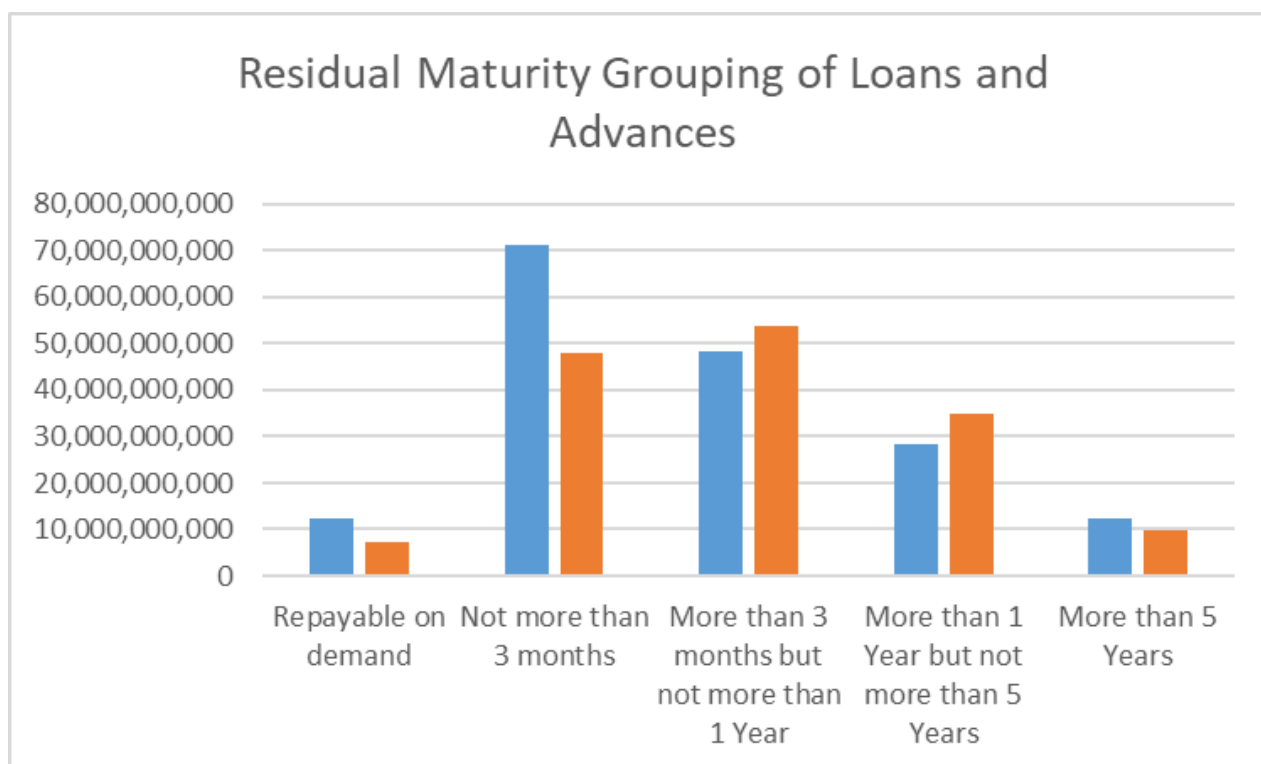
4.13 Loans and Advances under Conventional Banking & Islamic Banking

Loans And Advances Under Conventional Banking	2019	2018
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	-

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

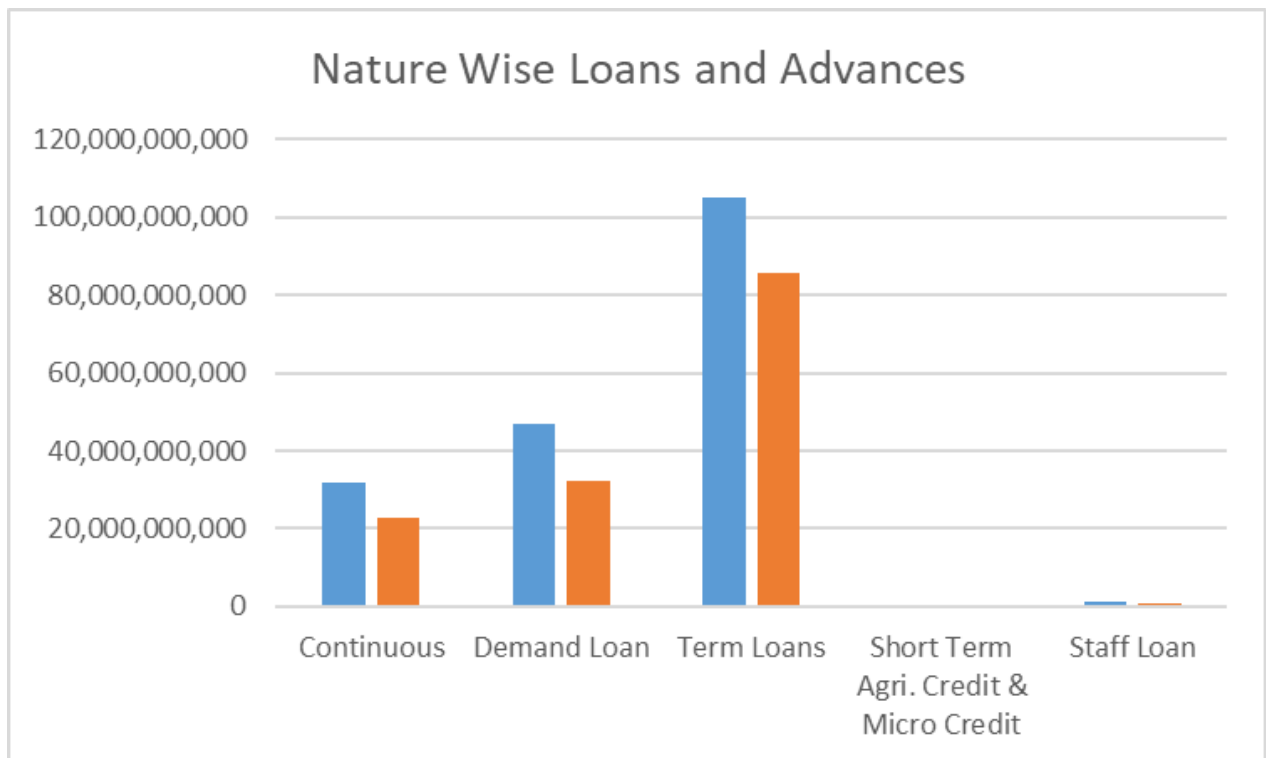
4.14 Residual Maturity Grouping of Loans and Advances

Residual maturity grouping of Loans and advances	2019	2018
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



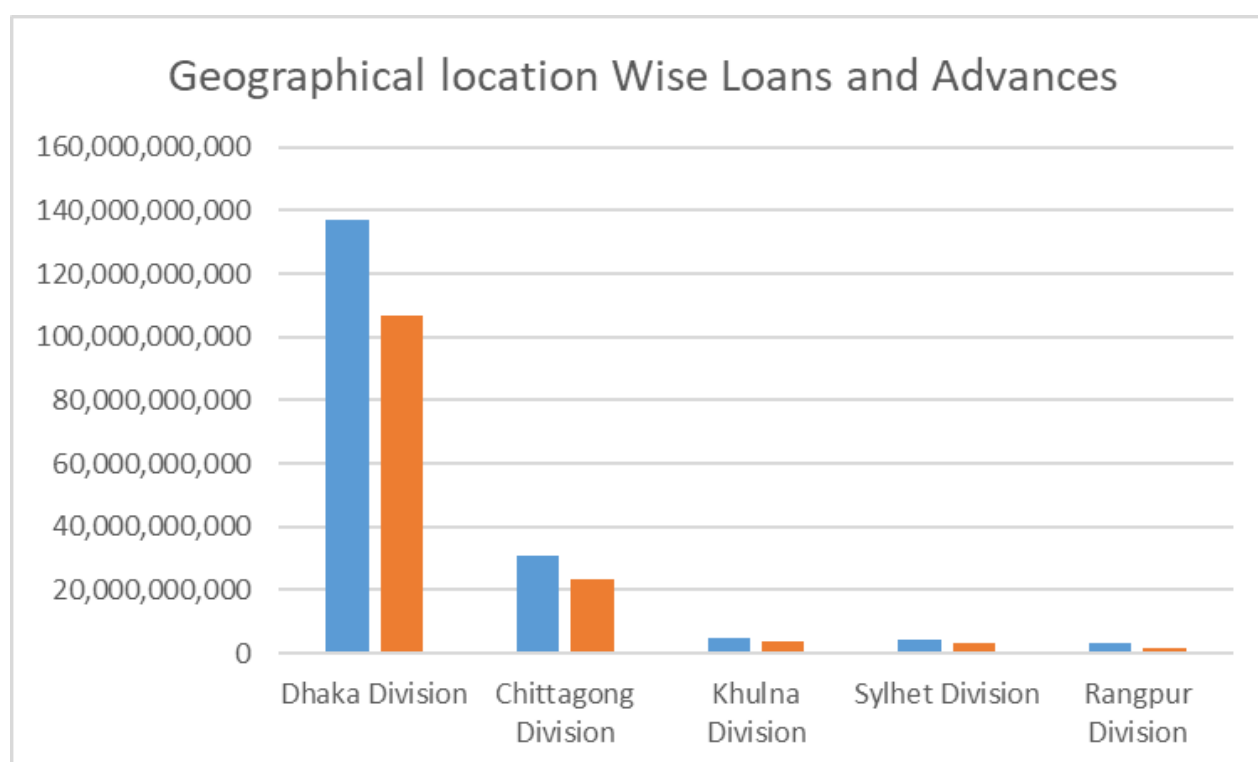
4.15 Nature Wise Loans and Advances

Nature wise Loans and Advances	2019	2018
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



4.16 Geographical Location Wise Loans and Advances

Geographical location-wise Loans and Advances	2019	2018
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



4.17 Industry Wise Loans and Advances

Industry-wise Loans and Advances	2019	2018
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

4.18 Findings

Now it's time for disclose the ultimate outcome of the total study on credit management 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 2019 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.

These are the basic loan related outcome of TBL.

Section- 5:
Future Forward

5.1 Future Forward

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.

5.2 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.

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- ❖ https://www.dsebd.org/data_archive.php

Appendices

Appendix I

Introducing Consulted Articles

Sl.	Article Title	Author(s)	Journal Name	Volume & Issue	Year	Publisher
1	Credit Risk Management system of a Commercial Bank in Tanzania	Richard, Evelyn; Chijoriga, Marcellina; Kaijage, Erasmus; Peterson, Christer; Bohman, Hakan	International Journal of Emerging Markets	3(3), 323 - 332	2008	Emerald Insight
2	Effectiveness of Credit Management System on Loan Performance: Empirical Evidence from Micro Finance Sector in Kenya	Moti, H. O., Masinde, J. S., Mugenda, N. G., & Sindani, M. N	International Journal of Business, Humanities and Technology	2(6), 99-108	2012	
3	Credit Risk Management and Loan Performance: Empirical Investigation of Micro Finance Banks of Pakistan	Sufi Faizan Ahmed, Qaisar Ali Malik	International Journal of Economics and Financial Issues	5(2), 574- 579	2015	Researchgate
4	Influence of Credit Risk Management Practices on	Kurui Samuel Kiplimo, Dr. Aquilar M. Kalio	International Journal of Science and Research (IJSR)	3(10), 2319- 7064	2012	

	Loan Performance of Microfinance Institutions in Baringo County					
5	Credit Management: An Examination of Policy Choices, Practices and Late Payment in UK Companies	Richard Pike, Nam Sang Cheng	Journal of Business Finance and Accounting	28, 7-8	2003	Wiley
6	Trade Credit Management and the Decision to Use Factoring: An Empirical Study	Barbara Summers, Nicholas Wilson	Journal of Business Finance and Accounting	27, 1-2	2000	Wiley
7	Designing Expert Financial Systems: A Case Study of Corporate Credit Management	Venkat Srinivasan, Yong H. Kim	Financial Management Association International	7(3), 32-44	1988	Wiley

Appendix II

Complication of Objectives/ Purposes/ Questions/Hypotheses Addressed by the Articles

Article	Objectives/ Purposes/ Questions/Hypotheses
1	The purpose of this (2008) paper is to develop a conceptual model to be used further in understanding credit risk management (CRM) system of commercial banks (CBs) in an economy with less developed financial sector. The paper reviews existing literature that consists mostly evidence from developed countries.
2	The overall objective of the study was to assess the effectiveness of credit management systems on loan performance in microfinance institutions. i. To establish the effect of credit terms of microfinance institutions on their loan performance. ii. To determine the effect of client appraisal on loan performance of microfinance institutions. iii. To evaluate the effect of credit risk controls measures adopted by microfinance institutions on their loan performance. iv. To

	evaluate the effect of credit collection policies on loan performance of microfinance institutions
3	The main aim of the paper is to evaluate the influence of credit risk management practices on loan performance (LP) while taking the credit terms and policy (CTP), client appraisal, collection policy (CP) and credit risk control (CRC) as the dimensions of the credit risk management practices.
4	The purpose of this study was to investigate the effect of credit risk management practices on loan performance in MFIs in Baringo County
5	This paper draws on the findings of a survey on the credit management practices and policies of large UK companies to: (1) Examine the type of firm most likely to enter into specialist external credit management structural arrangements; and (2) Identify contextual and credit policy choices influencing the credit period taken and late payment of debts.
6	This paper examines the firm's decision to use factoring amongst a cross-sectional sample of 655 manufacturing companies using a rich firm-level database.
7	Designing expert systems for corporate financial management can be a major catalyst in efforts to increase real world usage of financial models. The article describes the development of an expert system prototype for credit granting in a Fortune 500 corporation. The system is currently undergoing extensive real time validation in several Fortune 500 firms.

Appendix III

Complication of Methods

Article	Methods
1	A study model is proposed with amendment to fit Tanzania's environment. This is achieved through the use of both secondary (various relevant documents) and primary (interviews) information from a CB and key management officials dealing with credit management. The selected CB is active in lending, has both foreign and local characteristics in its operations and has been in operation for a relatively longer period.
2	We adopted a descriptive survey design. This design investigates the current status and nature of the phenomena. Orodho (2003) defines descriptive survey as a method of collecting information by interviewing or administering a questionnaire to a sample of individuals. The study location for this research was Meru Town, in Meru County of Eastern Province, Kenya. The target population

	was 70 credit officers of the 14 microfinance institutions registered and operating in Meru town.
3	For statistical evaluation, the primary data in cross sectional form has been taken into consideration. The data is collected from the managerial level credit risk management staff of microfinance banking sector. Multiple regression analysis has been used for empirical relationship evaluation of the credit risk management practices on the performance of loan.
4	The study employed a descriptive research design and was based on a survey of MFIs in Baringo County. The target population in this study was managers and credit officers in MFIs in Baringo County. Census sampling technique was used because all branch managers and credit officers were directly targeted in this study. Questionnaire was used to collect data. Descriptive and inferential statistics were used in data analysis. Descriptive statistics including percentages and frequencies while inferential statistics used included Pearson correlation and regression analysis.
5	A central element in developing credit management policy involves design choices on the extent to which credit activities are best managed internally or through specialist market intermediaries.
6	The paper develops and tests hypotheses that explain this particular choice of credit and financial management policy.
7	The model base and rules that comprise the prototype are a combination of normative prescriptions and managerial preferences presented in a user-friendly environment. Issues that need conscious recognition in implementing such expert systems in corporate finance were also brought forth.

Appendix IV

Complication of Conclusions

Article	Conclusions
1	The study finds that the components of CRM system differ in CBs operating in a less developed economy from those in a developed economy. This implies that the environment within which the bank operates is an important consideration for a CRM system to be successful.
2	Credit terms formulated by the microfinance institutions do affect loan performance; the involvement of credit officers and customers in formulating credit terms affects loan performance. Interest rates charged had a negative effect on the performance of the loans, the higher the interest rates the lower the loan

	performance. Credit risk controls adopted by microfinance institutions have an effect on loan performance, credit insurance, signing of covenants with customers, diversification of loans, credit rating of customers, reports on financial conditions, refrain from further borrowing had an effect on loan performance.
3	The results of the analysis are showing that the credit terms and client appraisal have positive and significant impact on the LP, while the CP and CRC have positive but insignificant impact on LP. The study is helpful for the management to enhance the LP by focusing on the dimension of the credit risk management practices used in the study. Future aspects of the research have also been taken into account and elaborated.
4	The study concluded that there was a strong relationship between client appraisals and loan performance in MFIs. The study revealed that an increase in client appraisal led to an increase in loan performance in MFIs in Baringo County. Thus the study concludes that credit risk management practices significantly influenced loan performance of MFIs in Baringo County. The study recommends adoption of a more stringent policy on credit risk management practices in MFIs in Baringo County so as to improve their financial performance.
5	The study found that specialist intermediaries are not particularly common in large firms. The paper also identifies a number of contextual and policy variables that help explain variation in debtor days and late payment by customers.
6	We find strong evidence of a ‘financing demand’ explanation for the use of factoring, and also some support for theories which relate the decision to use a factor to the firm's product characteristics, to market characteristics and to the preferences of the factor (supply constraints). The motivation to use factoring, however, appears to be related more to a demand for asset-based finance from small companies than to firm-level choices about organizational structure.
7	The tremendous progress in computer and information technologies has provided financial researchers an opportunity to effect a transfer of the expertise contained in normative models to practicing managers through the medium of intelligent computer systems. This is a modest attempt to provide a conceptual foundation to this notion and illustrate its feasibility.