

Chapter - 01

Introduction

1.1 Introduction:

The internship program of BBA students of Department of Business Administration, Sonargaon University, is an imputing part of the BBA program, 4 credit hours are for this internship program, out of 135 credit hours of the program. The program is for a 3 months duration. However, I was assigned to Uttara Bank Ltd to complete the program. During this period, I have worked closely with the employees of the Uttara Bank Ltd. A student must submit one copy of a report on the assignment topic to the faculty supervisor, to the director of report of the BBA program and to the host supervisor after the completion of the program period.

1.2 Rational of the Study

Theoretical knowledge is not enough for a student. Because there lies a far difference between theoretical knowledge and practical knowledge. Theoretical knowledge applied in the practical field. So, these two may be synchronized. Our internship program is launched mainly for this purpose. Another purpose that may be is to know about the rules, regulations, management, and environment of an organization before getting a job. To gather some experience that will help a student to get a good job or may also be another purpose of the study.

1.3 Objectives of the Study:

The internship experience is meant to serve as a bridge between the theoretical learning of students and the practical application of the same.

The objectives of the study are categorized as below:

a) General:

- To carry out an effective and comprehensive accounting system followed by the management of Uttara bank Ltd. As a financial institution.

b) Specific:

- To develop knowledge about the accounting system of Uttara Bank Ltd.
- To identify the strengths and weaknesses of the accounting system overall operation and monitoring process in Uttara Bank Ltd
- To make recommendations regarding the Bank's overall accounting system.

1.4 Scope of the study:

The Uttara Bank Ltd. is a private Ltd Bank where all types of financial transactions take place. It is the second largest private commercial Bank in Bangladesh. It has a massive network all over the country with 198 Branches in the country. It contains a separate functioning division that furnishes all types of activities. I have the opportunity to do everything practically, which is helpful to gather experience. I have the opportunity to work at the all-important desk of the Uttara Bank Shyamoli Branch. As the Bank doing **Branch Banking** rather than **Unit Banking**. So I can have a very clear scenario of the all Branches accounting System in other words the accounting system of the Uttara Bank Ltd as well. The liability side of the Balance sheet is deposit collection and the system it is maintained. The asset side of the Balance sheet that is advance/loans/Credit. Selection of borrower, system of choosing the correct borrower, approval of loan. Providing the advance to the customer. Having the proper documentation. This documentation is very important in case of lending for a Bank to meet up the legal procedure. Here are some documents called the **Prime Document**. Banks also keep some other security in the name of **Collateral Security** to safeguard the Banks interest. Here the Bank often keeps **Primary Security** in support of **Secondary Security** or additional security.

1.5 Methodology:

Sources of Data:

Both primary and secondary sources of data have been used in this study:

1) Primary sources:

Among the primary sources, the main sources are:

- i) Face to face interview of the employees of the Uttara Bank Ltd.
- ii) Official record of related section of the Uttara Bank Ltd.
- iii) Direct interaction with the customers.

2) Secondary sources:

- i) Annual Report of the Uttara Bank Ltd.
- ii) Relevant Books of the Uttara Bank Ltd. and
- iii) Uttara Bank Ltd. website.

1.6 Limitation of the study:

Like other study, my study has some limitations also. The organization on which I have studied is a Branch of Uttara Bank Ltd. at Shyamoli. It is a private Bank in Bangladesh. The main limitations are:

- The main limitation that I faced during conducting the study was lack of access to information considered confidential by employees of Head Office due to strategies.
- Shortage of time: I could not get into the depth of the Study due to time limitation.
- Insufficiency of necessary information of data.
- Lack of proper explanation of records and documents.
- Inaccurate or contradictory information.
- Field practice varies with the standard practice that also creates problems.

Chapter - 02

Overview of Uttara Bank LTD

Overview of the Uttara bank Ltd.

- Introduction
- Objectives & Nature of the Uttara bank Ltd.
- Capital of the Uttara bank Ltd.
- Organization structure & Department of the Uttara bank Ltd.
- Management of the Uttara bank Ltd.
Board of Director

Overview of Uttara Bank Ltd:

2.1 Introduction:

Uttara Bank ltd is closely related from the very beginning of history, tradition, and people's life in this country. This Bank was established at first privately named “Eastern Banking Corporation” on January 28, 1965. The mission statement of the Bank is

“ **Abohoman Bangla Aitijhya Lalito**". Before the start of Eastern Banking Corporation, it was Nath Bank. This Nath Bank was situated in the Mymensingh region. The then Eastern Banking Corporation took all the assets and liability of Nath bank. Before liberation the Bank was one of two Bangali owned banks in Pakistan with the fastest growth. After liberation, the Bank was nationalized and named Uttara Bank in 1972. After reduction of capital under privatization policy of government it got permission to work as privately named Uttara Bank ltd since the month September 1983. This Bank is registered on June 29, 1983 and get certificate to operating business activities on August 21, 1983. The registered office of this bank is located at 90 Motijheell, C/A , Dhaka-1000. This bank operates its activity all over the country through its 198 branches. Uttara Bank ltd enlisted in Dhaka Stock Exchange ltd by selling its share in 1984. It enlisted in Chittagong Stock Exchange ltd in 2004.

2.2 Objectives and Nature of the Uttara Bank Ltd.:

Uttara Bank Ltd-one of the largest and oldest private-sector commercial bank in Bangladesh. With years of experience adaptation of modern technology both in terms of equipment and banking practice ensures efficient service to clients. 198 branches at home and 600 affiliates worldwide create efficient networking and reach capability. Uttara is a Bank that serves both clients nationally and internationally.

2.3 Capital of the Uttara bank Ltd.

Capital	2005	2004
Authorize Capital 20,00,000 Ord Sh of Tk 100 each	20,00,00,000	20,00,00,000
Issued Capital 10,00,000 Ord Sh of Tk 100 each	10,00,00,000	10,00,00,000
Paid up Capital 9,98,324 Ord Sh of Tk 100 each	9,98,32,400	9,98,32,400
Proposed Bonus Share 9,98,324 Sh of Tk 100 each	9,98,32,400	
Statutory Reserve	51,08,37,039	51,08,37,039
Others Reserve	115,09,62,512	113,09,62,512
Profit and Loss Account balance	35,69,539	7,78,411
Shareholders total equity	4206,22,01,299	3970,09,32,623

2.4 Organization structure & Department of the Uttara bank Ltd.

Head Office

- Chairman's Secretariat
- Managing Director's Secretariat
- Board Department
- Share Department
- MIS & Computer Department
- Establishment Department
- Stationary & Records Department
- Transport Department

Human Resources Division

- Personnel Department
- Test Key Department
- Disciplinary Department

Marketing Division

- Business Development Department
- Branches Department
- Engineering Department
- Public Relations Department

Credit Risk Management Division

- Credit Approval Department
- Credit Admin & Monitoring Department
- Credit Marketing Department
- Credit Recovery Department

Central Accounts Division

- Accounts Department
- Reconciliation Department

Internal Control & Compliance Division

- Audit & Inspection Department
- Monitoring Department
- Compliance Department

International Division

- Treasury Division
- Foreign Remittance department.

Regional Offices.

Whole country is divided into 12(twelve) Regions headed by not less than Deputy General Manager ranking officers. The regions are as under.

Regional Offices	Headed By
Dhaka Central Zone	General Manager
Dhaka North Zone	General Manager
Dhaka South Zone	General Manager
Narayanganj Zone	Deputy General Manager
Mymensingh Zone	Deputy General Manager
Chittagong Zone	General Manager
Comilla Zone	Deputy General Manager
Rajshahi Zone	Deputy General Manager
Bogra Zone	Deputy General Manager
Barishal Zone	Deputy General Manager
Khulna Zone	Deputy General Manager
Sylhet Zone	Deputy General Manager

BOARD OF DIRECTORS

Chairman

Mr. Azharul Islam

Vice-Chairman

Mr. Md. Asaduzzaman

Directors

Mr. Md. Mahfuzus Subhan

Mr. Sarwar Boudius Salam

Mr. Abu Hossain Siddique

Mr. Abul Barq Alvi

Mr. Faruque Alamgir

Col. Engr. M. S. Kamal (Retd.)

Prof. Mirza Mazharul Islam

Prof. Sharif Md. Shahjahan

Mr. Syed A. N. M. Wahed

Mr. Mustafizur Rahman

Mr. Shah Habibul Haque

Managing Director

Mr. Shamsuddin Ahmed

Executive Commitee

Chairman	Mr. Azharul Islam
Vice Chairman	Mr. Md. Asaduzzaman
Directors	Mr. Md. Mahfuzus Subhan
	Mr. Sarwar Boudius Salam
	Mr. Abu Hossain Siddique
	Mr. Shah Habibul Haque
Managing Director	Mr. Shamsuddin Ahmed

CHAPTER - 03

Deposit Schemes

3.1 Deposit Schemes

3.1.1 Foreign Currency

3.1.1(a) Non Resident Foreign Currency Deposit Account (NFCD)

- All Non-Resident Bangladesh nationals and persons of Bangladesh Origin including those having dual nationality ordinarily residing abroad may open this account with any AD branches of Uttara Bank Ltd.
- The NFCD account may be opened in single/joint name for a period of 1, 3, 6, 12 months.
- This account may be maintained as long as account holder desires.
- On maturity, the account holder can encash it in local currency or can transfer the amount including accrued interest anywhere he likes.
- Initial deposit US\$ 1000 or GBP 500 sterling or equivalent currency.
- The account offers attractive interest Payable in foreign and tax-free.
- The account with accrued interest can be renewed either of the instruction of the account holder or be renewed automatically if there is no instruction otherwise.
- No interest is given on premature encashment.

NFCD Interest Rate:

Currency	1 Month	3 Month	6 Month & Above
US\$	0.8000	0.7775	0.7200
GBP	3.0075	2.9875	2.9100

Requirement for opening of the account

- Account opening form as per format supplied by the Bank. The account opening form and signature card to be filled in and duly signed.
- Two copies of passport size photographs of the account holder.
- Photocopies of the first 7 pages of the passport duly attested by the remitters bank/exchange companies having drawing arrangement with UBL or by Bangladesh Mission abroad.

3.2 Foreign Currency Account

A) Foreign Currency Account for private individuals/firm/organization.

- Any person/firm/organization who earns foreign currency can open Foreign Currency Account with UBL.
- Payments in foreign currency may be made freely abroad from this account and local payment in Taka may be made from this account.
- Bank pay interest provided the accounts be maintained in the form of term deposit for a minimum period of 90 days.

Requirement for opening of the account.

- Account opening form as per format below. The account opening form and signature card to be filled in and duly signed.
- Two copies passport size photographs of the account holder duly attested by remitter's Bank/Embassies
- Photo copies of the first 7 pages of the passport duly attested by the remitters bank/exchange
- Companies having drawing arrangements with UBL or by the Bangladesh Mission abroad.

B) Foreign Currency Account for Bangladeshi Nationals Working and earning abroad.

- No initial deposit is required.
- A/c holder may nominate his nominee to operate the account.
- The account holder can freely transfer the entire amount in foreign currency anywhere he chooses or can convert into Bangladeshi Taka currency.
- Funds from this account may also be issued to the account holder up to his entitlement for the purpose of his foreign travels in the usual manner.

Requirement for opening of the account:

- Account opening form as per format below . The account opening form and signature card to be filled in and duly signed.
- Two copies of passport size photographs of the account holder.
- Copies of employer’s certificate/work permit.
- One copy of the passport size photograph of the nominee if any to be attested by the account holder.
- Photocopies of the first 7 pages of the passport of the account holder.

3.3 Resident Foreign Currency Deposit Account (RFCD)

Resident Foreign Currency Deposit Account

- Persons ordinarily resident in Bangladesh may open and maintain RFCD Account with foreign exchange brought in at the time of his return from travel abroad.
- Any amount brought in with declaration to customs authorities in the form FMJ and up-to US\$ 5000 brought in without any declaration can be deposited in this account.

Balance in this account can be freely transferred abroad.

- Funds from this account may also be issued to the account holder for the purpose of his foreign travels in the usual manner.
- Interest in foreign currency is paid in this account if the deposits are for a term of not less than one month and the balance is not less than US\$ 1000 or GBP 500 or its equivalent.

RFCD Interest Rate	
Currency	Interest
US\$	0.7000%
GBP	2.9075%

Requirement for opening of the account

- Account opening form as per format below. The account opening form and signature card to be filled in and duly signed.
- Two copies of passport size photographs of the account holder.
- Photocopies of the passport and the relevant pages showing evidences of traveling abroad.

3.4) Savings Accounting System.

The savings accounting system will accommodate various types of savings plans. Designed to allow one time entry of the customer information which may be tied to as many accounts as necessary. Accounts are set up based on size type class and reports may be generated accordingly. Compounding may be done daily, monthly, quarterly, half yearly basis. Normally compounded on a half yearly basis but in case of employees accounts and some special accounts it may be on a daily basis. Deposits and withdrawals may be made at any time. In case of a big amount a seven day notice is required but there is flexibility, actually the notice is taken for the safety of the depositor. Statements are created individually and sent to the customer (Depositor) on a half yearly basis but the statement is also available on demand. Inquiry of customer or accounting balances is always available. Average daily balance ADB designed to work with general ledger systems, produces a balance according to accounts for the purpose of monitoring trends is also included. Customer waiting list, Current customer waiting list, current customer list, mailing labels, Slabs on the basis of deposit amounts designated by the central bank. An incidental charge of taka 50.00 is charged half yearly basis if the amount of deposit has fallen down a certain size. An amount of Government duty (Excise duty) starting from 150.00 to 5000.00 (amount fixed by the Government may change from time to time) is charged on a yearly basis against the deposit slabs fixed by the Central Bank.

Requirement for opening of the A/c.

- Account opening form as per format below. The account opening form and signature card to be filled in and duly signed.
- Two copies of passport size photographs of the account holder.
- Photograph of nominee (if any) duly attested by the account holder.
- Photocopy of the 1st 7 pages of the passport for non-resident Bangladeshi nationals.
- Signature in the account opening form/card must be the same as the signature of the passport.

3.5) FDR Account (Fixed Deposit.)

Designed as the complete management system for the safe deposit . The system will support global regional or branch pricing with the ability to add a discount percentage to any box (i.e. senior citizens, employees etc.)Income projection for any month is available. State source tax can be assessed with exceptions for tax exempt individuals or organizations. Branches may have their individual tax rates. You may mark a box frozen in the event of death or a court order. A record may be kept of openings for the courts. Included you will find easy daily and monthly routines. The product incorporates a built-in tickler system. Income projection for any month is available. We may maintain waiting lists for the first available box, and specific box sizes. Standard notices include. Many reports are available including, Available Box list, Customer waiting list, Current customer waiting list, current customer list, mailing labels, slabs on the basis of deposit amounts designated by the central bank. An amount of Government duty (Excise duty) started from taka 150.00 to 5000.00 (amount fixed by the Government may change time to time) is charged yearly basis against the deposit slabs fixed by the Central Bank

Requirement for opening of the A/c.

- Any Bangladeshi national residing home or abroad may open FDR with UBL.
- FDR may be a single/joint name for a period of 3, 6, 12, 24 and 36 months.
- UBL offers an attractive/competitive rate of interest in FDR.

3.6 Short term Deposit Accounting System.

This product will effectively manage any number of sizes, classes types or sizes. Actual and current report is available on spot on request. Here interest is given against this type of deposit on a daily basis but here the interest rate is lower. But this type of account is very useful for business personalities. Many reports are available including, Available Box list, Customer waiting list, Current customer waiting list, current customer list, mailing labels, Slabs on the basis of deposit amounts designated by the central bank. An amount of

an incidental charge of taka 100 is charged on a half yearly basis if the amount of deposit has fallen down a certain size. An amount of Government duty (Excise duty) started from taka

150.00 to 5000.00 (amount fixed by the Government may change time to time) is charged yearly basis against the deposit slabs fixed by the Central Bank

- Govt, Semi-Govt, Autonomous, Non Government organization (NGO) Public Limited, Private Limited and an individual may open STD Account with UBL.
- UBL offers an attractive/competitive rate of interest in STD Account.
- 7 days notice required to withdraw a big amount.
- Head Office permission is needed to open NGO accounts.
- Memorandum of articles, Memorandum of association, Certificate of Incorporation, TIN, VAT and other necessary papers are needed.

Loan accounting systems.

Loan service plus : the most portable system on the market today. Can be configured from one to unlimited users handling up to 16 million loans.

Loan portfolio: the same core transaction processing as the larger loan service system. But designed with the small user in mind.

Basic Criteria: What You should expect from any loan servicing system that you use.

Benefits : FAS has invested in extra benefits for the user by using large concepts applied in a PC environment.

Reports : FAS has developed many reports to balance the accounting and general ledger needs of your organization.

Summary : General summary of important features.

Economic Development Summary : general summary of important Economic development edition features.

Comparison : Loan service plus vs Loan portfolio products comparison.

3.7 Consumers Credit Scheme

UBL started the Uttaran Consumers Credit Scheme from 1996.

UBL offers opportunity of financial assistance for:

- Motorcycle/car- New or reconditioned.
- Refrigerator/ Deep Freeze.
- Television/ VCR /VCP/VCD
- Radio/ Two-in-one/ Three – in – one
- Air-Conditioner/ Water Cooler/ Water Pump
- Washing Machine.
- Personal Computer/ UPS/ Printer/ Typewriter
- Sewing Machine.
- Household furniture- Wooden & Steel.
- Cellular Telephone.
- Fax
- Photocopier.
- Electric Fan- Ceiling/ Pedestal/ Table.
- Bi-Cycle

- Dish Antenna.
- Baby Taxi, Tempo/Microbus (For self-employed persons)

- Kitchen articles such as Oven, Micro-oven, Toaster, Blender, Pressure Cooker etc.

Special Features

- No collateral security is required.
- Simple rate of interest.
- Quick sanction
- Maximum Loan amount Tk.3,00,000/-
- 5% incentive on total interest charged

Personal Loan Scheme

Personal Loan Scheme for Salaried Officers

UBL started personal loan scheme for salaried officials of reputed organizations from 1999 to meet:-

- Emergency expenses for the marriage of a service- holder or his dependents.
- Emergency expenses of urgent surgical operation/ medical treatment.

- Emergency educational expenses of the children for admission/purchase of books, examination fees etc.

Special Features

- Any permanent salaried employee aged between 20 to 55 years is eligible to get loan.
- No collateral security is required.
- Maximum Amount of loan Tk. 1, 00,000.
- Maximum period of loan up to 3 years.

3.8 International Banking

UBL is equipped with all modern technology & provides following international banking services.

- Plays vital role in import / export and other foreign currency of the country through more than 600 foreign correspondents worldwide.
- Renders fastest service to the exporter and importer through its SWIFT service.
- Offers competitive price for importers and exporters.
- Provides support to the exporter and importer by extending working capital, pre-shipment, post- shipment facilities.
- Upholds its commitment in international payment
- Covers exchange fluctuation risk by providing competitive premium.

3.9 Value Date: 20-09-2021

Dealing rates to customer :

<u>SELLING</u>	<u>B.C</u>	<u>Currency</u>	<u>BUYING</u>	<u>TT (DOC)</u>	<u>OD Sight</u>	
<u>TT & OD</u>	<u>OD Transfer</u>		<u>T.T. Clean</u>			
<u>(Exp.)</u>						
67.3500	67.4000	U.S.				
DOLLAR	66.3000	66.2740	66.2084	65.9950		
86.2056	86.2690	EURO	84.0673	83.9691	83.8285	83.7352
0.5855	0.5859	J.YEN	0.5626	0.5622	0.5605	0.5602
127.3917	127.4859	G.B.P	124.3469	124.2413	123.8634	123.7857
60.0728	60.1172	CAN. DOL	58.6569	58.6240	58.4345	58.3962
50.9810	51.0187	AUD	49.7061	49.6748	49.5236	49.5002
17.9862	17.9995	SAUDI.				
RYAL	17.5932	17.5863	17.5267	17.5119		
53.9212	53.9611	SWISS FR.	52.8967	52.8760	52.7071	52.6529
42.6431	42.6746	SING. DOL	41.5859	41.5782	41.4380	41.4039
8.6991	8.7055	HKD	8.4793	8.4775	8.3911	8.3501
18.4430	18.4566	AED	17.9872	17.9801	17.9289	17.9141

<u>Export Bill Usance Rate</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>120 Days</u>	<u>180</u>	
<u>Days</u>						
USD	65.6533	65.1009	64.5485	63.9960	62.8911	
GBP	123.5990	122.5590	121.5191	120.4789		
	118.3988					
EUR	83.2156	82.5154	81.8153	81.1150	79.7145	
<u>CURRENCY</u>	<u>PAK. RS</u>	<u>IND. RS</u>	<u>LANKA. RS</u>	<u>NEPAL. RS</u>	<u>IRAN RYAL</u>	<u>MY.</u>
<u>KYAT</u>						
USD1=	60.5000	45.9100	102.4700	73.0000	N/A	6.4200

Cash & Travelers Cheque

<u>Selling</u>	<u>CURRENCY</u>	<u>Buying</u>				
70.0000	U.S D	69.0000				
127.2859	G.B.P.	124.1469				
69.9000	USD.T.Cs	68.9000				
<u>CROSS RATE IN TOKYO MARKET</u>						
<u>CURRENCY</u>	<u>GBP/USD</u>	<u>AUD/USD</u>	<u>USD/JPY</u>	<u>USD/CAD</u>	<u>USD/CHF</u>	
	<u>EUR/USD</u>					
SELLING	1.8831	0.7536	117.3400	1.1263	1.2509	1.2680
BUYING	1.8826	0.7531	117.3700	1.1267	1.2514	1.2675

4.10 Lease Financing

UBL started Lease Financing since Sept'1999.

UBL offers opportunity of financial assistance for:

- **Capital Machinery.**
- **Heavy Construction Equipment's.**
- **Lift.**
- **Air-Conditioner.**
- **Vehicles.**
- **Medical Equipments.**
- **Consumer Durables.**

Special Features

- **UBL provides 100% fund for purchasing equipment/machinery usually for BMRE purpose.**
- **No down payment is required.**
- **Tax benefit.**
- **Financial Assistance without out flowing own fund.**
- **Off Balance, sheet Financing.**
- **Prompt Service**

4.11 Home Remittances

Remittance in Taka currency and in foreign currency from abroad Any Bangladesh national residing, working and earning abroad can remit their earnings in Bangladeshi Taka as well as in foreign currency through the Banks/Exchange Companies having drawing arrangement with Uttara Bank Limited. Such remittances are delivered to the beneficiaries expeditiously through its close/wide net work of 198 branches all over the country. It also ensures delivery of remittance to the beneficiary within 24 hours.

CHAPTER - 04
Credit Management of Uttara Bank
LTD

CREDIT MANAGEMENT OF UTTARA BANK LTD.

5.1 Introduction

Part-A PRUDENTIAL REGULATIONS

- Regulation-1 Sources and capacity of repayment and cash flow backed lending
- Regulation-2 Personal Guarantees
- Regulation-3 Per party exposure limit
- Regulation-4 Aggregate exposure of a Bank/NBFI on SE sector
- Regulation-5 Limit on clean facilities
- Regulation-6 Securities
- Regulation-7 Loan documentation
- Regulation-8 Margin requirement
- Regulation-9 Credit Information Bureau (CIB) Clearance
- Regulation-10 Minimum condition for taking exposure
- Regulation-11 Proper utilization of loan
- Regulation-12 Restriction on facilities to related parties
- Regulation-13 Classification and provisioning for assets

PART-B DEVELOPMENT GUIDELINES

5.2. Policy Guidelines

- 4.2.1 Product Program Guidelines
- 4.2.2 PPG Guidelines (for Service Concern)
- 4.2.3 PPG Guidelines (for Trading & Other Concern)
- 4.2.4 PPG Guidelines (for Manufacturing Concern)
- 4.2.5 Segregation of Duties
- 4.2.6 Credit Approval

5.3. Procedural Guidelines

Approval Process
Duplication Check
Maintenance of Negative Files

Credit Administration

- Credit Documentation.
- Disbursement.
- Custodial Duties.
- Compliance Requirements

Risk Management

- Credit Risk.
- Contact point verification.
- Third party Risk.
- Fraud Risk.
- Application Fraud.
- Liquidity & Funding Risk.
- Political & Economic Risk.
- Operational Risk.
- Maintenance of Documents & Securities.
- Internal Audit.

Collection & Remedial Management

- Monitoring.
- Recovery.
- Collection Objective.
- Identification & Allocation of Accounts.
- Collection/ Monitoring Steps.
- Productivity Tracking.
- Agency Management

Preferred Organogram and Responsibilities

- Preferred Organizational Structure.
- Key responsibilities.
- Conclusion.

5.4.

Risk is the element of uncertainty or possibility of loss that prevail in any business

Transaction in any place, in any mode and at any time. In the financial arena, enterprise risks can be broadly five categorized as Credit Risk, Asset-Liability/Balance Sheet Risk, Exchange Rate Risk, Money Laundering Risk and Internal Control & Compliance Risk.

Credit risk is the possibility that a borrower or counterparty will fail to meet agreed

Obligations. Globally, more than 50% of total risk elements in banks and FIs are Credit Risk alone.

Thus managing credit risk for efficient management of a FI has gradually become the most crucial task. Credit risk may take the following forms:

- In direct lease/term finance: rentals/principal/and or interest amount may not be repaid.
- In issuance of guarantees: applicant may fail to build up fund for settling claim, if any;
- In documentary credits: applicants may fail to retire, import documents and many others.
- In factoring: the bills receivables against which payments were made, may fail to be paid.
- In treasury operations: the payment or series of payments due from the counter parties under the respective contracts may not be forthcoming or ceases.
- In securities trading businesses: funds/ securities settlement may not be affected.
- In cross-border exposure: either the availability and free transfer of foreign currency funds may cease or restrictions may be imposed by the sovereign countries.

Credit risk management encompasses identification, measurement, matching mitigations, monitoring and control of the credit risk exposures to ensure that:

- The individuals who take or manage risks clearly understand it.
- The organization's Risk exposure is within the limits established by the Board of Directors with respect to sector, group and country's prevailing situation.
- Risk taking Decisions are in line with the business strategy and objectives set by BOD.
- The expected payoffs compensate for the risks taken.
- Risk taking decisions are explicit and clear.
- Sufficient capital as a buffer is available to take risk.

Credit risk management needs to be a robust process that enables FIs to proactively manage facility portfolios in order to minimize losses and earn an acceptable level of return for shareholders. Central to this is a **comprehensive IT system**, which should have the ability to capture all key customer data, risk management and transaction information including trade & Foreign Exchange. Given the fast changing, dynamic global economy and the increasing pressure of globalization, liberalization, and consolidation it is essential that FIs have robust credit risk management policies and procedures that are sensitive and responsive to these changes.

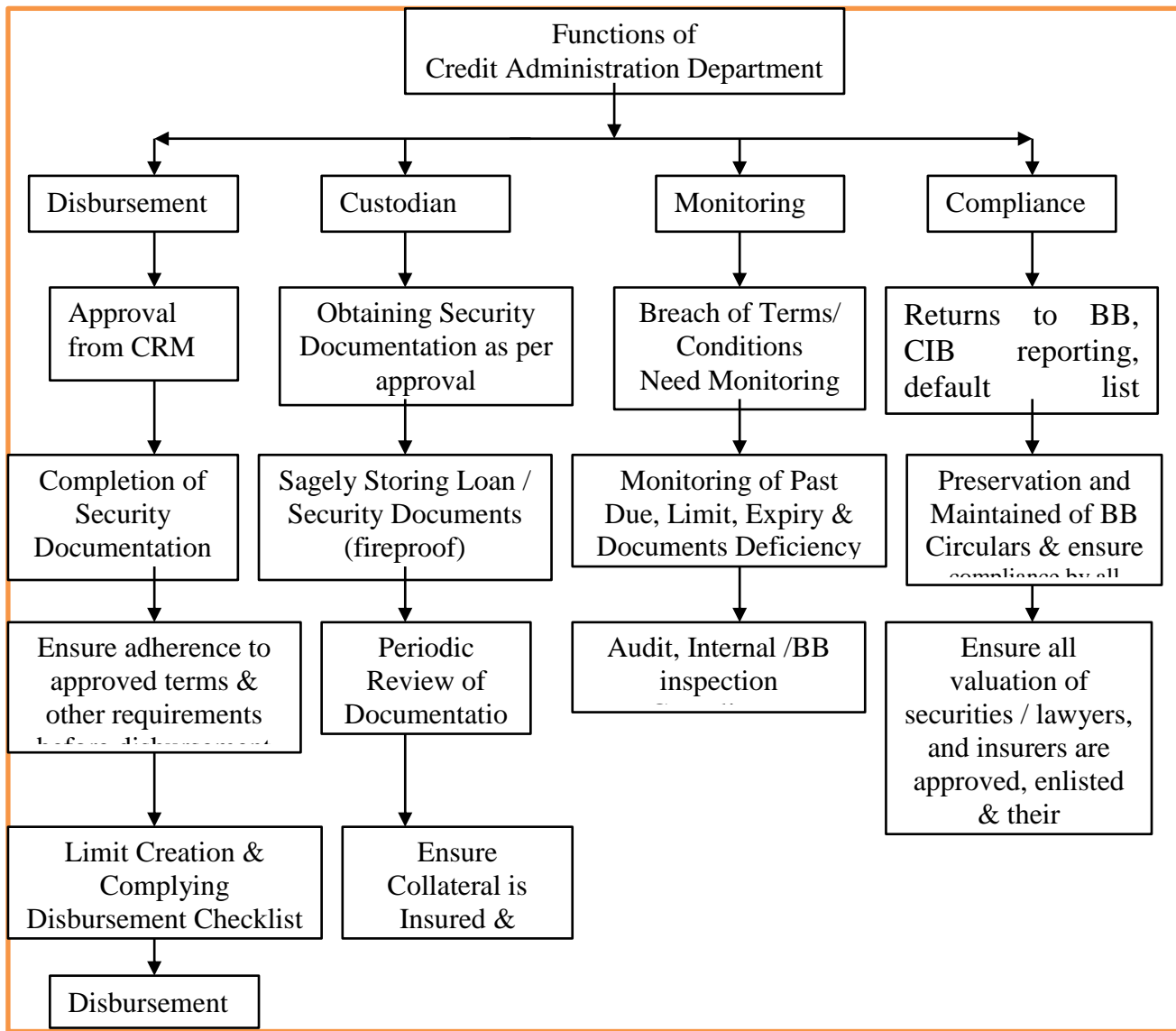
The purpose of this document is to provide directional guidelines to the FIs that will improve the risk management culture, establish minimum standards for segregation of duties and responsibilities, and assist in the ongoing improvement of the FIs in Bangladesh. Credit risk management is of utmost importance to FIs, and as such, policies and procedures should be endorsed and strictly enforced by the MD/CEO and the BOD of the FI.

5.5 CREDIT ADMINISTRATION

The function of Credit Administration is a complicated job. Prior to disbursement of loan facilities to a borrower, it is necessary to ensure that proper documentation and approvals are in place for record and for subsequent reference. For this reason, it is essential that the functions of credit Administration be strictly segregated from Relationship Management/Marketing in order to avoid the possibility of controls being compromised.

Credit Administration procedures should be to ensure the following as shown in this chart.

Credit Administration Flowchart:



5.6 CREDIT DOCUMENTATION

Security documents are prepared in accordance with approved terms and are legally enforceable. Standard forms of documentation that have been reviewed by lawyers should be used in all cases. Exceptions should be referred to panel lawyers for advice.

BM/RM is responsible:

- To ensure that all security documentation complies with the terms of approval.
- To control loan disbursements only after all terms and conditions of approval have been met, and all security documentation as per the checklist of approved PPG is in place.
- To maintain control over all security documentation.
- To monitor borrower's compliance with agreed terms and conditions, and general monitoring of account conduct/performance.

DISBURSEMENT

Branch will disburse the loan amounts under the approved loan facilities when all security documents are in place.

CUSTODIAL DUTIES

Loan disbursements and the preparation and storage of security documents should be done at the branch under supervision of the zonal office / Credit Risk Management. ZO, if required will send copies of the documents as directed by the Credit Monitoring Cell working within CRM at Head Office, Credit Division.

Appropriate insurance coverage is maintained (and renewed on a timely basis) on assets mortgaged as collateral or undertaking from the borrower should be taken as per circular in force in lieu of insurance policy.

Security documentation is held under strict control, for safety purpose that is to protect from untoward incidences preferably in a locked fireproof storage.

COMPLIANCE REQUIREMENTS

All returns required for submission to Bangladesh Bank to be prepared in prescribed format correctly and timely. And these are to be submitted to the concerned department of Bangladesh Bank.

Circulars / rules and regulations issued from Bangladesh Bank and instructions from HO shall be maintained at the Branches, Zonal Offices and at H.O CRM desk. The instruction of the circular shall be complied with by all relevant officers/ executives at all levels.

5.7. RISK MANAGEMENT

CREDIT RISK

The credit risk is managed by the BM/ZH, which is completely segregated from business/sales. The following elements contribute to the management of credit risks.

In order to manage the Credit Risk associated with the products, the following areas are to be meticulously examined:-

1. Loans will be given only after proper verification of customer's static data and after proper assessment & confirmation of income related documents, which will objectively ascertain the customer's repayment capacity.
2. Proposals will be assessed by BM/ZH who are completely separated from business/sales.
3. Every loan will be secured by hypothecation over the asset financed, and customer's authority taken for re-possession of the asset in case of loan loss.
4. The loan approval system is encouraged to be parameter driven as much as possible which will substantially eliminate the subjective part of the assessment procedure.
5. There will be a responsible officer at the branch who will ensure timely monitoring of loan repayment and its follow up.

CONTACT POINT VERIFICATION

Contact Point verification should be done wherever possible for all applicants. The external CPV includes residence, office and telephone verifications (format of CPV report attached in Annexure III). All verifications are done to seek /verify/confirm the declared/undeclared information of the applicant.

THIRD PARTY RISK

In case of third party deposits/security instruments, Branches should verify third party's signature against the specimen attached to the original instrument and Branch will also send the instrument to the issuing office for their verification and written confirmation on lien marking and encashment of the instrument. Therefore, any inherent risk emanating from accepting third party deposits / security instruments is minimal.

FRAUD RISK

There is an inherent fraud risk in any lending business. The most common fraud risks are:

APPLICATION FRAUD

The applicant's signature may not be verified for authenticity. However, the applicant's identity should be confirmed by way of scrutiny of identification and other documentation. RM should be in place to verify applicant's residence, office and contact phone numbers etc.

There always remains the possibility of application fraud by way of producing forged documents. Considering the current market practices and operational constraints, it may not always be feasible to validate the authenticity of all documentation. However, Branches should be aware of this threat and may consider validating the Branch statement (the most important and commonly provided income document) through RM.

LIQUIDITY AND FUNDING RISK

This risk would be managed and the position monitored by the Asset Liability Committee headed by the Managing Director.

POLITICAL AND ECONOMIC RISK

Political and economical environment of a country play a big role behind the success of business. Branches should always keep a close watch in these areas so that it is able to position itself in the backdrop of any changes in country's political and economical scenario.

OPERATIONAL RISK

For SE loans, the activities of front line sales and behind-the-scene maintenance and support are clearly segregated.

BM/RM will manage the following aspects of the product: a) inputs, approvals, customer file maintenance, monitoring & collections; b) the Operation jobs like disbursal in the system including raising debit standing orders and the lodgment and maintenance of securities.

It will ensure uncompromising checks, quick service delivery, uncompromising management of credit risks and effective collections & recovery activities.

5.8 MAINTENANCE OF DOCUMENTS & SECURITIES

The applications and other documents related to SE loans will be held in safe custody by RM or Operations Unit. All this documents will go under single credit file per customer developed before launch of the product.

The physical securities and the security documents will be held elsewhere inside fire-proof cabinets under RM's or Operation's custody. The dual-key system for security placement and retrieval will have to be implemented.

INTERNAL AUDIT

All big/A.D. Branches should have a segregated internal audit department who will be responsible with performing audits of all departments. Audits should be carried out on regularly or periodically as agreed by the Management to assess various risks and possible weaknesses and to ensure compliance with regulatory guidelines, internal procedures, Lending Guidelines by ZO/HO.

5.9 COLLECTION & REMEDIAL MANAGEMENT

MONITORING

Supervision, follow-up and monitoring of loans are very vital and important to ensure proper use and recovery of loans. The bank can not thrive if its loans and advances are not timely repaid and recovered for further rolling to generate economic activities and earn income. Recovery of loan is also an important source of the bank for its very existence and survival. The bank cannot be sure of repayment of loans unless it has an effective system of supervision, follow-up and monitoring. The sanction of a loan for project investment activity is only a flitting moment between the preparatory work and its implementation, keeping in mind the objectives of the financing unit/activity/purpose. The purpose of any input/injection of money to a business is to increase output, increase employment, increase value of Products, increase the standard of living of the borrower/ lender and others involved in the activities for which loan is sanctioned. It is also for the purpose to enable sustaining the investment process upon a long period of time.

RECOVERY

The Loan Recovery Unit established in the branch and at zonal office will ascertain the states of the Loans and Advances as Sub-Standard, Doubtful and Bad & Loss as the case may be as per guidelines of Bangladesh Bank when the outstanding in the account is not being operated as per norms, the RM is to take steps to regularize the same and when it is observed that the limit expired but not renewed it becomes overdue. The authority should take steps and at this stage normal steps like physical contact with the borrower and through letters be requested to take steps for adjustment and renewal . If the borrower fails to do so within a specified period final notice/legal notice may be served. Even then if no tangible result emanates from the process legal action is to be initiated in consultation with the panel lawyer in accordance with the existing laws of the

country after obtaining permission from competent authority. Recovery process also refers to amicable settlement even after taking legal action out side the court. Branch will act as per guidelines of revised Artharin Adalat 2003. In sending proposal for legal action amicable settlement the

relevant particulars of the account along-with security aspects and status of classification should be submitted. In case of amicable settlement acceptable repayment arrangement along with sources thereof should be clearly furnished.

COLLECTION OBJECTIVES

The collector's responsibility will commence from the time an account becomes delinquent until it is regularized by means of payment or closed with full payment amount collected.

The goal of the collection process is to obtain payments promptly while minimizing collection expense and write-off costs as well as maintaining the customer's goodwill by a high standard of service. For this reason it is important that the collector should endeavor to resolve the account at the first time worked.

Collection also protects the assets of the bank. This can be achieved by identifying early signals of delinquency and thus minimizing losses.

The customers who do not respond to collection efforts - represent a financial risk to the institution. The Collector's role is to collect so that the institution can keep the loan on its books and does not have to write-off / charge off.

IDENTIFICATION AND ALLOCATION OF ACCOUNTS

When a customer fails to pay the minimum amount due or installment by the payment due date, the account is considered in arrears or delinquent. When accounts are delinquent, collection procedures are instituted to regularize the accounts without losing the customer's goodwill whilst ensuring that the Branch's interests are protected.

COLLECTION / MONITORING STEPS

To identify and manage arrears, the following aging classification is adopted:

Days Past Due (DPD)	Collection Action
1-14	Letter, Follow up & Persuasion over phone (Appendix-XI)
15-29	1 st Reminder letter & Sl. No. 1 follows
30-44	2 nd reminder letter +Single visit
45-59	<ul style="list-style-type: none"> ➤ 3rd reminder letter (Appendix- XII) ➤ Group visit by team member ➤ Follows up over phone ➤ Warning on legal action by next 15 days
60-89	With the permission of Head Office:- <ul style="list-style-type: none"> ➤ Call up loan (Appendix - XIII) ➤ Final Reminder & Serve legal notice ➤ Legal proceedings begin ➤ Repossession starts
90 and above	<ul style="list-style-type: none"> ➤ Telephone calls/Legal proceedings continue ➤ Collection effort continues by officer & agent ➤ Letter to different Branches /Association

As and when an account becomes delinquent, the collection system works together to achieve business objectives. At the beginning of the month the collection unit has taken the total asset portfolio from the system. Then all X to 149 DPD accounts have to identify and allocate those accounts to the individual collectors to collect the over dues on a set target basis. The respective collector has got one month time to recover the overdue on a target based matrix. During the month, officer collection will generate the fresh arrival to X DPD accounts once in a week and hand over those to the collectors of front end to minimize the delinquency as well as the flow rate.

Delinquent Accounts Identification & Classification

The delinquent accounts can be classified as three categories as follows:

- 1. Front-End**
- 2. Mid-Range**
- 3. Hard-Core**

Front-End X Dpd (1-29 Dpd)

Front-end is the first collection bucket in which delinquent accounts are identified and at this stage, the customers are normally contacted by phone and letter, which serves as a reminder of his/her obligation to pay the overdue amount to the Branch.

Any account, which is past due by one day from his payment date, will be assigned to respective collectors at the beginning of the month and given one month time to recover the dues. Telephone calls should be conducted in a soft and tactful manner in consistency with the customer service level. Collector must always do an inquiry through the system to

confirm if payment has been received before commencing with telephone calling to avoid causing misunderstanding with the customer.

Initial telephone contact should be directed at the office. If the customer cannot be contacted, telephone calls should then be made to the residence telephone number. Upon successful contact with a customer, the collector will tactfully inquire about the reason for not paying the minimum payment due. The collector will then proceed to obtain a promise to pay for the overdue installment along with the penal interest.

If a collection letter or statement is returned from the customer due to change of address, it is the responsibility of the respective collectors to collect the new address and telephone number and to some extent they could use the external agency to update the same. The collectors should ask the customer to provide written instruction of address change to the customer services department and at the same time record the new address and telephone number into the Branches system.

Selective letters can be issued to customers who are difficult to contact through telephone.

Mid-Range 30 & 60 Dpd (30-89 Dpd)

Mid-range is the bucket in which the account is considered to be seriously delinquent thus collection efforts must be more intensive, as the account has threatened our asset. When the front-end delinquent collection effort fails to obtain installment, the account will automatically age into the 30 DPD and subsequently 60 DPD delinquent category.

These are accounts, which flow down from the Front-end. Collectors must exercise a more aggressive approach at this stage as the customer has failed to submit a payment even after Front-end efforts. Collection letters also sent to the customers reminding the customers to pay the overdue within the due date.

The Collector must review and analyze the reason(s) for delay in payment. Upon successful contact with the customer, the collector must secure a payment date. Constant telephone calls should be made to those customers who have given numerous broken promises.

Seeking an assistance letter to the guarantor or on some extent to the employer may be an effective instrument at this stage.

Hard-Core - 90 & 120 Dpd (90-149 Dpd)

90+DPD accounts are considered hard-core delinquency and collection efforts are to be more intensified than 30 DPD and DPD accounts. Interest to be suspended at this stage of delinquency (90 DPD).

Extra telephone calls and letters are mandatory. Final reminder letter & Guarantee call up letter must be sent to the customers and guarantors informing the consequences and demanding the payments. Intensive visits are also conducted on accounts for immediate settlements. Requests for waiver are entertained in case of settlement at one go payment. Rescheduling can also be offered in some cases as an exception.

When recovery opportunities are considered good through legal notice, collectors should make recommendations for legal notices if necessary but not as mandatory.

The account in 150+DPD is provided, monitored and tracked separately other than the above delinquent accounts. A recovery management team is dedicated for dealing those accounts till settlement. Facility call up letter must be served to the customer and demanding the total outstanding is the first initiative for this stage. Then legal notice and other legal consequence will be the next course of action for the recovery. External agencies and legal agency are involved at this stage. Tremendous pressure will be given to the customer as well as to the guarantor for the settlement through using internal collectors as well as external recovery agencies.

PRODUCTIVITY TRACKING:

For productivity tracking, analysis from the collectors call sheet is required. the variables for productivity tracking are: number of calls made per day, valid contact, promise to pay, kept promise, broken promise etc needs to be analyzed.

A process should be established to share the lessons learned from the experience of credit losses in order to update the lending guidelines.

AGENCY MANAGEMENT:

All provided accounts must be placed into a dedicated recovery management team. The recovery portfolio has sub subdivided into various collectible and non-collectible pools of accounts. Depending upon the size of the account balance, internal recovery efforts may continue while the rest of the portfolio would be assigned to external agencies including legal agencies to ensure expected recovery.

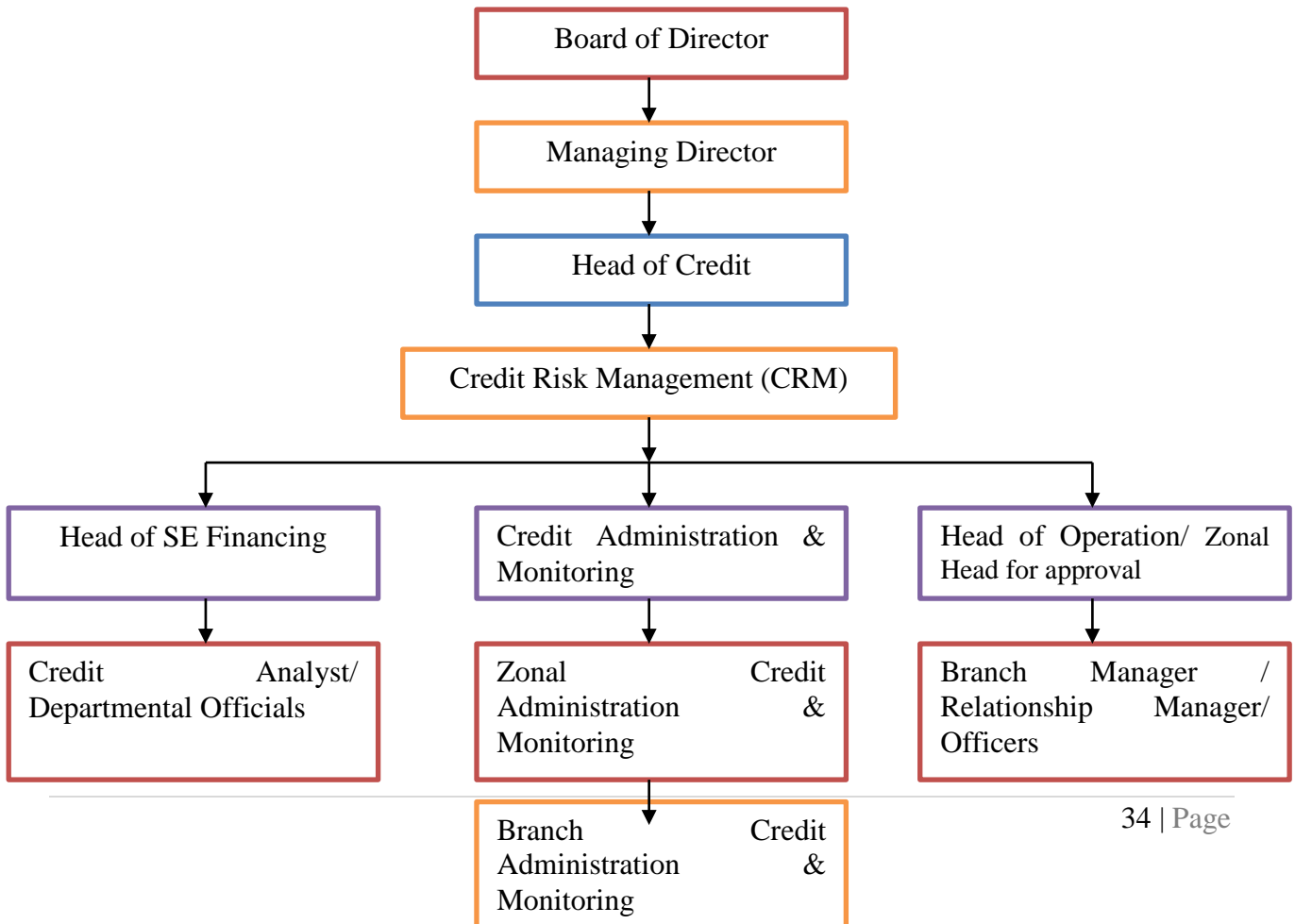
Officer collections (recovery) would be empowered to offer interest waivers for one-time settlement, and installment plans (not rewrites) and amnesty offers to maximize recovery collections. The collections unit/branch would be able to produce information of accounts to facilitate the above type of collection efforts. Incentive plans should exist for internal as well as external collections.

Every month the responsible officer/ collection unit will ensure the allocation of the provided accounts to the individual collectors as well as to the external agencies depending on the prospect of recovery to maximize the recovery.

6.10 PREFERRED ORGANIZATIONAL STRUCTURE & RESPONSIBILITIES

PREFERRED ORGANIZATIONAL STRUCTURE

The following chart represents the preferred management structure:



CHAPTER - 05

Findings, Conclusion & Recommendations

Findings & Recommendations

Uttara Bank Ltd Limited has been performing very well. The UBL is running with steady growth in almost every sphere. They are reducing non-performing loan. They are one of the leading Bank in Bangladesh with in current years. No doubt, this is the sign of good management. Though the appraisal and proposal system of the Uttara Bank Ltd is said to the best one in this kind certain factors are overlooked. Although there are shortage information, we found some strength, weakness, opportunity and threats to Uttara Bank Ltd.

- In appraisal system, the competitive position analysis is not focused while doing the appraisal system.
- The product appraisal is done on the customer base, not any comparison is done with other products.
- The suppliers' influence is overlooked.
- Due to the data unavailability the credit demand assessment is not properly done.

Strength:

- Stable source of fund.
- Strong Liquidity position.
- Wide network of branches.
- Experienced top management.
- Diversified product line.
- Satisfactory IT infrastructure

Weakness:

- Shortfall in capital adequacy.
- Problem in asset quality management.
- Asset infection rate is still high.
- Relatively high overhead expense.
- A segment of work force is less skilled.
- Each branch is burdened with some non-performer.

Opportunities:

- Regulatory environment favoring.
- Private sector development.
- Credit card business.
- SME and Agro based industry loan

Threats:

- Deposits as well as quality assets.
- Market pressure for lowering the interest rate.
- Shrinkage in export, import and guarantee.

Difficulties, problems that are faced by Uttara Bank Ltd.

In the present situation, there are several competitions in Bangladesh especially in the Banking sector among four National Commercial banks (NCB), twelve foreign and multinational Banks and thirty private Commercial Banks. Moreover, there are twenty-five non-banking financial institutions named SABINCO, IDLC, and DBH etc. that are acting and serving as commercial Banks.

So with in a small market main problems arises are following:

- Uneven Market competition.
- Ill and malpractice of other banks to attract clients.
- Weak market communication problem.
- Less effort to educate and upgrade the bankers.
- Poor customer service.
- Sales people are ignored in Bangladesh.
- Sometimes the interest rate is higher.
- Uttara Bank Ltd strictly follows the rules of the Central Bank.
- Savings/Deposit interest rates are not competitive.

RECOMMENDATIONS

Based on the evaluation of different aspects of the lending process of Uttara Bank Ltd the following recommendations have been made:

- In the face of competitive and borrower dominated credit scenario The Uttara Bank Ltd must come up with innovative loan products to meet up the demand of time. In this connection Uttara Bank Ltd can focus on some more loan products like:
 - ❖ Leasing.
 - ❖ Syndicate Banking.
 - ❖ Merchant Banking/ Investment Banking.
 - ❖ Apartment loan.
 - ❖ House building/ Apartment project.
 - ❖ Marriage loan.
 - ❖ Education loan.
 - ❖ On Line Banking.
 - ❖ Car Loan.
 - ❖ Credit card.
- To combat the problem of mobilizing deposit in the form of credit, Uttara Bank Ltd should focus on intensive marketing effort.
- The deposit position of Uttara Bank Ltd is quite satisfactory but keeping in mind the future need The Bank should go for extensive deposit hunting along with advance. The deposit rate should be fixed in a position that keep pace with the demand of the competitive market.
- Entrepreneurship lending should be given due emphasis.
- The Bank should go for syndicate banking to avoid big loan, lending risk.
- The Bank should recalculate its lending rate on a periodic basis to cope up with changing lending scenarios.
- As borrower selection is the key to successful lending, Uttara Bank Ltd should focus on the selection of true borrowers. But at the same time it must be taken into account that right borrower selection does not mean that Uttara Bank Ltd has to adopt conservative lending policy but rather it means compliance with the KYC or Know Your Customer to ascertain the true purpose of the loan.

- Care should also be taken so that good borrowers are not discarded due to strict adherence to the lending policy.
- At the branch level, the credit department must be adequately capable of collecting the correct and relevant information and analyzing the financial statements quickly and precisely.
- Credit officers must be skilled enough to understand the manipulated and distorted financial statements.
- Credit committees at all levels must work in coordination with each other for quick approval of loans and to reduce the loan processing cost.
- To expedite the lending process, board credit committee meetings should be held twice or more a month.
- To speed up the lending process, Uttara Bank Ltd should facilitate online loan application submission and personal credit processing.
- In case of a mortgage, care must be taken to accept collateral on second charge.
- In case of assignment, the bank must ensure that the assignment debtor has given undertaking.
- Monitoring of a loan should be conducted at regular intervals.
- Reporting of all loans should be periodically made to Bangladesh Bank
- Loan monitoring is a continuous task and requires expert labor. Therefore, it is suggested that Uttara Bank Ltd should set up a separate loan-monitoring cell, which will be responsible for monitoring its total loan portfolio with special care to the problem loan. Each branch should have at least one loan-monitoring officer who is only meant for loan monitoring of the Branch and directly liable to the monitoring cell under control of the manager.
- Our sales people should be trained properly so that customers get interested in talking with them.
- Savings/Deposit interest rate should be competitive.
- Account opening amount should be as minimum as possible for general customers.
- Maintain relationships with customers and motivate them.

Table 1 Project Risk and Mitigation

Risk	Result	Features to be checked
Construction Risk	Incomplete project	➤ Date certain completion contract, cost, performance of the contractor
	Construction delay	
	Cost overrun	
Operation and Market Risks	<ul style="list-style-type: none"> ➤ Late Supply of the input. ➤ Management ability ➤ Lower Equipment performance ➤ Force Measure (Acts of good) 	<ul style="list-style-type: none"> ➤ Suppliers reliability and influence ➤ Equipment warranty and guarantee. ➤ Insurance for the force measure.
Credit Risk	<ul style="list-style-type: none"> ➤ Failure to pay the debt in time ➤ Insufficient Cash flow 	<ul style="list-style-type: none"> ➤ Prospect of the goods or services to be produced. ➤ Buyer's payments habit & creditworthiness.
Legal risks	<ul style="list-style-type: none"> ➤ Insufficient collateral value to pay the debt. ➤ Banks' take-over problem in case of default. 	<ul style="list-style-type: none"> ➤ Proper valuation of the collateral and lending amount must be lower than the forced sale value. ➤ Bank's power to participate in the management meeting, analyzing, and suggestion.

- In case of cost of credit management the job description must be more clearly written so that the employees do know what they do, how they do, and why they do. More structured way and assigned system will be helpful to reduce the cost.
- The assignment system to supervise and monitor the loan account can reduce the default tendency. If each credit officer is assigned, a certain amount of client for close contract and supervision-there will be good relation with the clients and the recovery will be in time.

Accounting Entries

TERM LOAN (Midterm and Long term)

1. Transport/HBL/Midterm/Long-term Industrial Credit:

i	Loan Application Fee	Cash/Party A/C.....Dr I/A Miscellaneous.....Cr
ii	Processing Charge (As per Schedule)	Cash/Party A/C.....Dr I/A Miscellaneous.....Cr
iii.	Declining Charge	Cash/Party's operative A/C.....Dr I/A Miscellaneous.....Cr
iv.	Documentation Charge	a) For charge document: Cash / Party's operative a/c-----Dr Stamp in hand a/c -----Cr b) Other than charge doc (Layer, registration charge etc) Party's a/c -----Dr PO/PS/ Lawyer a/c -----Cr (Registration cost will be from party's a/c)
v.	Disbursement	Party's Loan/Advance A/C.....Dr PO/PS/Party A/c.....Cr
vi	Installment Collection (Periodical)	Cash/Party A/C.....Dr Party's Loan/Advance A/C.....Cr
vii.	Interest Booking and Application	Month Ended: Adjusting A/C Debit.....Dr Income A/C.....Cr Quarter Ended: Party A/C (for whole quarter).....Dr Adjusting A/C Debit.....Cr Income A/C.....Cr

2. LIM (Loan against imported merchandise):

i. Disbursement

LIM-----Dr
PAD a/c (including the interest amount) ---Cr

ii. Service Charge

LIM A/C.....Dr
I/A Miscellaneous.....Cr

iii. Collection

Cash/Party A/C.....Dr
LIM A/C.....Cr

iv. Delivery Order Charge

LIM A/C.....Dr
I/A miscellaneous.....Cr

v. Interest Booking and

Month Ended:
Adjusting A/C Debit.....Dr
Income A/C.....Cr
Quarter Ended:
Party A/C (for whole quarter).....Dr
Adjusting A/C Debit.....Cr
Intt Income A/C.....Cr

Application:

3. Godown Managing entries in case of LIM and Pledge a/c

Yearly (if godown rented by bank)

- i. If Godown rent paid in advance to Godown owner

Advance against Rent -----	Dr
PO/PS/G.owner's a/c -----	Cr

- ii. Godown Insurance

Exp a/c Insurance: Godown -----	Dr
PO/PS/Insurance company's a/c-----	Cr

Monthly

- i. Godown rent, Ins. and maintenance

LIM/Pledge a/c-----	Dr
Sundry dep sundry creditor's a/c -----	Cr

- ii. Sub staff sal/different expenses

Sundry dep sundry creditor's a/c -----	Dr
Sub staff salary a/c -----	Cr
Suspense a/c -----	Cr
(Earlier debited for different exp)	
I/A rent godown-----	Cr

- iii. Rent on godown

Expenditure a/c rent on godown -----	Dr
Advance against rent (if paid earlier)-----	Cr
I/A tax deductible at source-----	Cr
G. Owner's a/c-----	Cr

4. LTR (Loan against trust receipt):

i. Documentation Charge

Party a/c /Cash -----Dr
Stamp in Hand-----Cr

ii. Disbursement

LTR A/C.....Dr
PAD a/c (including the interest amount)---Cr

iii. Collection

Cash/Party A/C.....Dr
Party's Loan/Advance A/C.....Cr

iv. Interest Booking and application

Application:

Month Ended:	
Adjusting A/C Debit.....Dr	
Income A/C.....Cr	
Quarter Ended:	
Party A/C (for whole quarter).....Dr	
Adjusting A/C Debit.....Cr	
Income A/C.....Cr	

5. Export Development Fund (EDF) :

PAD liability adjustment

PAD A/C.....Dr
I/A Interest on PAD -----Cr
Adj A/C Dr. Accrued intt on PAD-----Cr
Customer EDF Loan A/cDr
PAD a/c-----Cr

Adjustment of EDF Loan A/c

City General (B.B.USD) a/cDr
EDF LoanCr
City general A/cCr
(Bangladesh bank FC clg a/c with IBD, HO)
Income A/c Interest on Loan.....Cr

6. Packing Cash Credit (PCC) /Export Cash Credit (ECC)

Disbursement

PCC/ECC	Dr
Party's operative A/c.....	Cr

Interest Booking and Application

Month Ended:	
Adjusting A/C Debit.....	Dr
Income A/C.....	Cr
Quarter Ended:	
Party A/C (for whole quarter).....	Dr
Adjusting A/C Debit.....	Cr
Income A/C.....	Cr

Adjustment

PCC/ECC A/C	Dr
I/A Interest on PCC.....	Cr
Adjusting A/C dr. accrued intt on PCC.....	Cr
Party operative A/C.....	Dr
PCC A/c.....	Cr
I/C other charges	Cr

7. Cash Incentive & Adv. against Cash Incentive

Auditor's Fee	Suspense A/c Sundry Creditors.....Dr PO/PS IssuedCr
Adjustment of Auditor's Fee	City General A/cDr Suspense A/c Sundry Creditors.....Cr
Disbursement	Advance Against Cash Incentive A/cDr Party's operative A/c.....Cr
Interest booking & Application	<p>Month Ended: Adjusting A/C Debit.....Dr Income A/C.....Cr</p> <p>Quarter Ended: Party A/C (for whole quarter).....Dr Adjusting A/C Debit.....Cr Income A/C.....Cr</p>
Adjustment	Advance agst Cash Incentive A/CDr I/A Int on Adv. agst Cash Incentive.....Cr Adjusting A/C dr. accrued inttCr City General A/C.....Dr Advance agst Cash Incentive A/C Cr

CONTINUOUS (Overdraft)

8. SOD against FDR, Bond, etc.:

i. Application Fee

Cash/Party A/C.....Dr
I/A Miscellaneous.....Cr

ii. Processing Charge

Cash/Party A/C.....Dr
I/A Miscellaneous.....Cr

iii. Documentation Charge

Cash / Party's operative a/c-----Dr
Stamp in hand a/c -----Cr

iv. Disbursement

Party's Advance A/C.....Dr
Cash/Party.....Cr

v. Collection

Cash/Party A/C.....Dr
Party's Advance A/C.....Cr

vi. Interest Booking and

Month Ended:
Adjusting A/C Debit.....Dr
Income A/C.....Cr
Quarter Ended:
Party A/C (for whole quarter).....Dr
Adjusting A/C Debit.....Cr
Income A/C.....Cr

9. SOD against Work Orders:

Along with the above transactions the following entry will be transacted at the time of collection.

Collection

City General a/cDr
(If the proceeds received through PO/DD/cheque of other banks)
Party's Loan/Advance A/C.....Cr
(Applicable within clearing Zone)

CASH CREDIT

10. Cash Credit (Hypothecation):

i. Application Fee	<table border="1"> <tr> <td>Cash/Party A/C.....</td> <td>Dr</td> <td></td> </tr> <tr> <td>I/A Miscellaneous.....</td> <td></td> <td>Cr</td> </tr> </table>	Cash/Party A/C.....	Dr		I/A Miscellaneous.....		Cr															
Cash/Party A/C.....	Dr																					
I/A Miscellaneous.....		Cr																				
ii. Processing Charge	<table border="1"> <tr> <td>Cash/Party A/C.....</td> <td>Dr</td> <td></td> </tr> <tr> <td>I/A Miscellaneous.....</td> <td></td> <td>Cr</td> </tr> </table>	Cash/Party A/C.....	Dr		I/A Miscellaneous.....		Cr															
Cash/Party A/C.....	Dr																					
I/A Miscellaneous.....		Cr																				
iii. Declining Charge	<table border="1"> <tr> <td>Cash/Party A/C.....</td> <td>Dr</td> <td></td> </tr> <tr> <td>I/A Miscellaneous.....</td> <td></td> <td>Cr</td> </tr> </table>	Cash/Party A/C.....	Dr		I/A Miscellaneous.....		Cr															
Cash/Party A/C.....	Dr																					
I/A Miscellaneous.....		Cr																				
iv. Documentation Charge	<table border="1"> <tr> <td colspan="3">a) For charge document:</td> </tr> <tr> <td>Cash / Party's operative a/c-----...</td> <td>Dr</td> <td></td> </tr> <tr> <td>Stamp in hand a/c -----</td> <td></td> <td>Cr</td> </tr> <tr> <td colspan="3">b) Other than charge doc (Layer, registration charge etc)</td> </tr> <tr> <td>Party's a/c -----</td> <td>Dr</td> <td></td> </tr> </table>	a) For charge document:			Cash / Party's operative a/c-----...	Dr		Stamp in hand a/c -----		Cr	b) Other than charge doc (Layer, registration charge etc)			Party's a/c -----	Dr							
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b) Other than charge doc (Layer, registration charge etc)																						
Party's a/c -----	Dr																					
v. Disbursement	<table border="1"> <tr> <td>Party's Advance A/C.....</td> <td>Dr</td> <td></td> </tr> <tr> <td>Cash/Party A/c.....</td> <td></td> <td>Cr</td> </tr> </table>	Party's Advance A/C.....	Dr		Cash/Party A/c.....		Cr															
Party's Advance A/C.....	Dr																					
Cash/Party A/c.....		Cr																				
vi. Collection	<table border="1"> <tr> <td>Cash/Party A/C.....</td> <td></td> <td>.Dr</td> </tr> <tr> <td>Party's CC A/C.....</td> <td>Cr</td> <td></td> </tr> </table>	Cash/Party A/C.....		.Dr	Party's CC A/C.....	Cr																
Cash/Party A/C.....		.Dr																				
Party's CC A/C.....	Cr																					
vii. Interest Booking and Application	<table border="1"> <tr> <td colspan="3">Month Ended:</td> </tr> <tr> <td>Adjusting A/C Debit.....</td> <td>Dr</td> <td></td> </tr> <tr> <td>Income A/C.....</td> <td></td> <td>Cr</td> </tr> <tr> <td colspan="3">Quarter Ended:</td> </tr> <tr> <td>Party A/C (for whole quarter).....</td> <td>Dr</td> <td></td> </tr> <tr> <td>Adjusting A/C Debit.....</td> <td>Cr</td> <td></td> </tr> <tr> <td>Income A/C.....</td> <td></td> <td>Cr</td> </tr> </table>	Month Ended:			Adjusting A/C Debit.....	Dr		Income A/C.....		Cr	Quarter Ended:			Party A/C (for whole quarter).....	Dr		Adjusting A/C Debit.....	Cr		Income A/C.....		Cr
Month Ended:																						
Adjusting A/C Debit.....	Dr																					
Income A/C.....		Cr																				
Quarter Ended:																						
Party A/C (for whole quarter).....	Dr																					
Adjusting A/C Debit.....	Cr																					
Income A/C.....		Cr																				

11. Cash Credit (Pledge):

Along with the above transactions the following entry will be transacted for this account

Delivery order charge

Pledge A/C.....Dr
I/A miscellaneous.....Cr

12. Common Transaction for all loan and advance a/cs

Yearly (as per circular)

Party a/c -----Dr
Excise duty on Loan-----Cr

Half Yearly (as per circular)

Incidental charge

Party a/c -----Dr
I/A Incidental Charge-----Cr

13. Transaction at the time of Classification:

For special mention (SM) a/c
(Past due for 3 months or more)

Month end Booking:
Adjusting a/c-----Dr
Interest suspense a/c-----Cr

At Sub-standard (SS)stage

Month end Booking:
Adjusting a/c-----Dr
Interest suspense a/c-----Cr

At Doubtful (DF)stage

Month end Booking:
Adjusting a/c-----Dr
Interest suspense a/c-----Cr

At SM/SS/DF stage

Quarter end

Party a/c-----Dr
Adjusting a/c-----Cr
Interest suspense a/c-----Cr

At Bad/ Loss stage

No transactions

14. Legal action and recovery:

a) Law charges

Expenditure a/c law charges-----Dr
Cash/PO/PS/ Lawyer a/c-----Cr

b) At the time of filing suit

Party's Loan a/c -----Dr
Interest suspense a/c-----Cr
(if any amount kept in provision earlier)

c) Recovery of Loan

(i)
Interest suspense a/c-----Dr
Intt. Income account -----Cr

(ii)
Cash/Party's operative a/c-----Dr
Party's loan a/c-----Cr

(iii) *If any interest amount is waived then*
Interest suspense a/c-----Dr
Party's loan account -----Cr

d) Recovery of law charge

Cash/Party a/c -----Dr
I/A law charges recoveries a/c -----Cr

Reference

- Uttara Bank LTD managerial source
- Uttara Bank LTD website
- Uttara Bank LTD surveys
- Uttara Bank LTD client review & feedback

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APPENDIX

BORROWER'S BASIC FACT SHEET

Date of request:.....

1. BORROWER'S PROFILE:

Name					Address														
Phone#				Fax#						e-mail address									
Off:		Res:																	
National ID Card # (if any):										Tax ID No. (if any):									
Father's Name										Father's National ID Card# (if any):									

2. REFERENCES (AT LEAST TWO):

Name						Address					
Phone#				Fax#				e-mail address			
Off:			Res:								
National ID Card # (if any):									Tax ID No. (if any):		

3. NATURE OF BUSINESS/PROFESSION:

Industrial	Commercial	Agricultural	Services	Any other

4. EXISTING LIMITS AND STATUS:

	Amount	Expiry Date	Status		
			Regular	Amount Overdue (if any)	Amount Rescheduled/ Destructed (if any)
Fund Based					
Non-Fund Based					

5. REQUESTED LIMITS:

	Amount	Tenor
Fund Based		
Non-Fund Based		

1. Details of payment schedule if term loan sought.
2. Latest Income Tax/ Wealth Tax Form to be submitted by the borrower

I certify and undertake that the information furnished above are true to the best of my knowledge.

.....
 APPLICANT’S SIGNATURE WITH SEAL

APPENDIX-III

CONTACT POINT VERIFICATION REPORT	
Applicant's name:	CPV agent's /RM name
Application ID:	SLN:
Telephone	
Residence	Office
Telephone No:	Telephone No:
Mobile No:	Mobile No:
Req Tel (TNT) No:	Req Tel (TNT) No:
Person contacted:	Person contacted:
Rel. with applicant:	Rel. with applicant:
Date & time:	Date & time:
Physical Verification	
Residence	Office
Residence address:	Company name & address:

Person contacted:					Person contacted:				
Rel. with applicant:					Designation:				
Years at current address:					Nature of business:				
Residence status:		Own	Rent	Other	Applicant's designation:				
Residence size:		Small	Medium	Large	Years at current org:				
Residence type:		Flat	House	Other	Company existence since:				
Residence profile:	Excellent	Good	Fair	Poor	No. of employees:				
Date & time:					Office size:	Small	Medium	Large	very
					Company profile:	Excellent	Good	fair	poor
					Date & time				
Name of CPV field agent/RM									
I do hereby declare that the information provided in this report are true and correct.									
Seal & signature on behalf of the CPV Agent/RM:									

APPENDIX-IV

Comments on the Enterprise and Entrepreneur:

1. Details of the Business:
2. Number of Competitors and Position of the Enterprise:
3. Details of the Sister Concerns:
4. Entrepreneur's Career History and Experience:
5. Successor(s) and succession Plan:
6. Reason for additional fund requirement:
7. Location of business and its importance, areas press presently covered and planned to cover:
8. Risks that the enterprise is likely to face:
9. Transaction in bank account/loan account:
10. Marketing/Distribution Network
11. Details of ownership of the shop/factory /go down/premises:
12. Receivables Explained
13. Payables Explained

1. Other:
2. Findings of CIB Report, if any, Credit Report from other Banks/Financial Institutions/Sources:
3. In case of Manufacturing Business---
 1. Condition of Machinery, Equipment and Factory:
 2. Production Flow Chart:
 3. Production Capacity at Present:
 4. Actual Production at Present:
 5. Production Capacity after Installation of new machinery/equipment/fixed assets:
 6. Per unit cost price
 7. Per unit sales price:
4. In case of Fixed Assets Financing----
 1. Reasons for purchase of New Machinery/Fixed Assets:
 2. Details of the Machinery/Fixed Assets to be purchase

Source of Entrepreneur's Own Fund:

APPENDIX-V

Borrower Credit Rating

Lending Risk		Risk Level			Score
		Low	Average	High	
Supply Risk	Are the raw materials/goods easily available or imported?	Score 1	2	3	
Sales Risk	Do the products have a good demand and secure a fair price in the market?	Score 1	2	3	
Performance Risk	Was the recent performance/income of the borrower satisfactory?	Score 1	2	3	
Technical Aspect	What is the condition of the machinery /tools used?	Score 1	2	3	
Management Competence Risk	Do the Owner(s) possess the capabilities/experience to run the business successfully?	Score 1	2	3	
Management Integrity Risk	Upon verification of the information provided by the borrower, do you feel that unreliable information has been given?	Score 1	2	3	
Security Control Risk	Can the Branch encase the security easily?	Score 1	2	3	

Security Cover Risk	What% of risk is covered by the security (consider forced sale value)?	Score 1	2	3	
TOTAL SCORE					

Risk	Low Risk	Average Risk	High Risk
Score	8-12	13-20	21-24
Rating	A	B	C

Recommender’s Name & Signature:

Date:

APPENDIX-VI

Working Capital Requirement (With Tied up Period):

Items		Present Year Per	Projected Year Per
		Cycle (TK)	Cycle (TK)
		Date.....	Date.....
(1)	Average Inventory:	XXXXXXXX	XXXXXXXX
	a. Raw Materials/Goods at cost (_____ days):		
	b. Work-in-Process at cost (_____ days):		
	c. Finished Goods (_____ days):		
(2)	Packaging Materials (_____ days):		
(3)	Goods in Transit (_____ days):		

(4)	Receivables	(_____ days):		
(5)	Advance Paid to the suppliers	(_____ days):		
(6)	Rent, if any	(_____ days):		
(7)	Salary, Wages & Emoluments	(_____ days):		
(8)	Transportation Expenses	(_____ days):		
(9)	Cost of Utilities	(_____ days):		
(10)	Repair & Maintenance	(_____ days):		
(11)	Other Production Cost	(_____ days):		
(12)	Other Administrative Expenses	(_____ days):		

(13)	Marketing/Advertising Expenses	(_____ days):		
(14)	Other Expenses	(_____ days):		
Total Working Capital :				
(Less) Payables		(_____ days):		
(Less) Advance Receipts		(_____ days):		
Required Working Capital :				
(Less) Current Year Cash + Working Capital in hand :			XXXXXXXX	
Net Required Working Capital :			XXXXXXXX	

APPENDIX-VII

Income Statement

Item No.	Items	Current Year Date:	Projected Year Date:
	Sales		
	(Less) Sales Returns		
	(Less) VAT		
A	Net Sales		
B	Cost of Goods Sold		
C	Gross Profit (A-B)		
D	General & Administrative Expenses		
1	Depreciation		
2	Other Administrative Expenses		
3	Provisions and Amortizations		
4	Write offs		
5	Marketing/Advertising Expenses		

6	Financial Expenses (Interest + Commissions)		
7	Interest on Loan		
8	Insurance Expenses		
9	Loan Processing Fee + Other Legal Cost		
10	Total Administrative Expense (F 1-9)		
11	Net Operating Profit		
12	Add: Financial Income		
13	Net Operating Profit		
14	(Less) Taxes		
15	Net Operating Profit After Taxes		
16	Add: Other Incomes		
17	(Less) Exceptional Expenses		
18	Net Profit (Loss)		
19	Withdrawals/Dividends		
20	Retained Earnings (to B/S)		

APPENDIX-VIII

Balance Sheet

SL. No.	Assets: (in BDT)	Current Year Date:	Projected Year Date:
1	Total Fixed Assets		
i)	Preliminary Expenditure		
ii)	Fixed Assets		
iii)	(Less) Accumulated Depreciation		
iv)	Net Fixed Assets (ii-iii)		
v)	Long Term Investments		
	Sub-Total		
2	Current Assets		
i)	Inventories:		
a.	Stock of Raw & Packing Materials		
b.	Work -In –Process		
c.	Stock of Finished Goods		

d.	Goods in Transit		
	Sub- Total (a to c)		
ii)	Accounts Receivables		
iii)	Advance Payment To Suppliers		
iv)	Cash On Hand		
v)	Bank Balance		
vi)	Other Current Assets		
	Subtotal (i to vi)		
	Total Assets (1+2)		
Item	Liabilities + Owner's Equity: (in BDT)		
1	Long -Term Liability		
i)	Loan From Other Sources		
ii)	Other Long Term Loans		
	Sub-Total (i to ii)		
2	Current Liabilities		
i)	Bank Loan		

ii)	Loans From Other Source		
iii)	Advance From Buyers		
iv)	Payable to Suppliers		
v)	Accrued Liabilities (Salary, Wages)		
vi)	Bills Payable (Utilities, Supplies)		
vii)	Other Current Liabilities		
	Sub -Total (i to vii)		
	Total Liabilities (1+2)		
3	Owner's Equity & Net worth		
i)	Entrepreneurs Capital + Equity		
ii)	Cumulative Profit Retained/(Loss)		
iii)	Current Year Profit/(Loss)		
	Sub- Total Net worth (i to iii)		
	Total Liabilities + Net worth (1+2+3)		

APPENDIX-IX

Cash Flow Statement		
	Description (in BDT)	Projected Year
		Date:
1	Inflow of Funds	
	Previous Year's Cash + Bank Balance	
	Current Year Retained Earnings	
	Depreciation	
	Amortizations/Provisions	
	Bank Loan & Others	
	Difference In Purchase on Credit + All Other Payables + Liabilities	
	Sale of Fixed Assets	
1.1	Total Cash Inflow	
2	Outflow of Funds	

	Loan Installment (Principal)	
	Difference In Sales on Credit (Receivables)	
	Purchase of Fixed Assets	
	Difference In Current Assets (Inventory + Others)	
	Any Other Outflow of Cash	
2.1	Total cash Outflow	
3	Net Cash Flow (1.1-2.1)	

APPENDIX-X

Financial Ratios

Growth Rate	Item	DEFINITION		
	Growth Rate of Sales (%)	Projected Year Sales/ Current Year Sales		
	Growth Rate Of Net Profit(%)	Projected Year Net Profit / Current Year Net Profit		
Profit Margin	Gross Profit Margin to Sales (%)	Gross Profit / Sales		
	Net Profit Margin to Sales (%)	Net Profit /Sales		
Financial Condition	Current Ratio (%)	Current Assets /Current Liabilities		
	Quick Ratio (%)	Current Assets - Inventory / Current Liabilities		
	Debt Service Coverage Ratio (%)	(Earnings After Taxes + Interest + Depreciation + Other Non-cash Expenses)/Loan Installments		
	Leverage (%)	Long Term Debt / Net worth		

Investment Ratios	Return on Equity (%)	Net Operating Profit /Net worth-Current Year Retained Earnings		
	Return on Assets (%)	Net Operating Profit / Total Assets		
Management Efficiency	Average Collection Period (Days)	Total Trade Receivables / Sales * 365		
	Inventory Turnover (Times)	Sales / Total Inventory		

APPENDIX –XI

LOAN PRESENTATION FORM

Credit Memorandum

Borrower Status (Please tick)	Existing		New
	Existing A/C No.		
	Existing ID No.		
	Sanction No.		

1. Borrower Details:

Name Of the Borrower:	
Business Address:	
Phone: Email:	Fax:
Factory Address:	
Phone:	
Owners' Name(s)	Ownership Share (%)

2. Date of Commencement of Business:

3. Type Of

Business:

Lending Category:

Sector Code:

Security Code:

Economic Purpose Code:

Bank defined Code:

4. Facilities Sought:

SL No.	Type Of Facilities	Amount in BDT	Purpose	Tenor/Validity	Repayment Terms
1					
2					

4 Facilities Recommended:

Facilities	Amount In BDT	Tenor/Validity	Rate of Interest / Commission	Repayment Terms
1.				
2.				
Total				

Security Offered:								
a) Hypothecation Of:								
b) Equitable/Registered mortgage of Landed Property as scheduled bellow:								
Description	Measurement	District	Village/Thana	Mouza	Tauzi	Dag#	Present Value	Disputed / Unencumbered / Encumbered
c) Lien of Cash, FDRs etc:								

Description	Instrument#	Date of Investment	Face Value	Maturity Date	Interest Rate	Value at Maturity	Value at Maturity	Remarks

5 Credit Analyst's Observation and Recommendation:

Credit Analyst's Name and Designation:

Signature:

Date:

6 Approved Facilities:

Facilities		Amount In BDT	Tenor/Validity	Repayment Terms	Rate of Interest / Commission
1.					
2.					
Total					

Approver’s Name & Designation:

Signature:

Date:

APPENDIX - XII

Date

Ref:

Name 1

Address 1

Address 2

Address 3

Sub: Non-Payment of monthly installment.

Dear Customer,

Thank you for maintaining your valuable Banking relationship withPlease be informed that your Loan Account with us is overdrawn (as at date) for Tk.due to non-payment of monthly installment.

We would appreciate if you arrange to deposit sufficient amount in your deposit account to adjust the excess and to avoid penal interest over the overdrawn amount. For any clarification, please feel free to contact with the branch at Tel: XXXXXXXXXXXX

Please disregard this letter if you have already deposited sufficient amount.

Yours sincerely

Signature

APPENDIX – XII
FINAL REMINDER

Ref _____ : Date _____

Name 1 _____

Address 1 _____

Address 2 _____

Address 3 _____

Dhaka _____

Dear Sir,

Your Loan Account No. XXXXXXXXX

Ref. Our previous letters

The overdue balance in your above loan account as at date is BDT. xx, xxxx.xx. Despite our several reminders through our letters & phone calls, we regretfully note that you are not responding towards the regularization of the dues of your above loan account. This letter will be treated as final reminder for the payment.

Failure of placing the payment within 10 (ten) days after the issuance of this letter will compel us to take the following actions:

1. Shall send your name as “Defaulter” borrower to the Bangladesh Bank as well as circulate this to the all Banks and Financial Institutions.
2. Shall employ collection agent.
3. Shall go for legal action against you.

Hope you will perceive the urgency of the issue and come forward to settle this immediately. For any clarification, please contact with the branch at telephone numbers XXXXXX-XXX Ext XXX.

Yours sincerely

Signature:.....

Copy : XXXXXXXXXXXX, as Guarantor

APPENDIX- XIV
FACILITY CALL UP

Date

Ref:...../ PL

Name 1

Address 1

Address 2

Address 3

Dear Mr.

Your Loan Account No: xxxxxxx

Present Outstanding: xxxxxxx

Please be informed that your above loan account has been irregular since long. Despite our repeated reminders through phone calls and letters to your available address, it is apparent that you have neither taken any steps to rectify the irregularity nor put your accounts in order. Accordingly, we are constraint to cancel the above facility.

We therefore, call upon you to repay the entire outstanding liability against the above facility together with interest within 15 days from the date of issuing this letter. Please note that in case of your failure to repay the loan within the stipulated time, the Bank will initiate such action against you as deemed appropriate under the law of the land at your cost and responsibility.

Hope you will come forward to settle the loan account permanently within the stipulated time.

Should you require any clarification, please contact the undersigned at telephone No.:
XXXXXXX

Yours sincerely.

APPENDIX- XV

**GUIDELINES IN THE MATTER OF CLASSIFICATION
AND PROVISIONING FOR ASSETS (REGULATIONS R-12)**

(I) CONTINUOUS / DEMAND LOAN FACILITIES:

CLASSIFICATION	DETERMINANT	TREATMENT OF INCOME	PROVISIONS TO MADE
1	2	3	4
1. Special Mention Accounts (SMA)	Where mark-up/interest or principal is overdue (past due) by 90 days or more from the due date.	Not Applicable	No provision is required
2. Unsatisfactory	Where mark-up/interest or principal is overdue (past due) by 120 days or more from the due date.	Unrealized mark-up/ interest to be put in suspense Account and not to be credited to income Account except when realized in cash.	Provision of 10% of the difference resulting from the outstanding balance of principal less the amount of liquid securities with the Bank.
3. Substandard	Where mark-up/interest or principal is overdue (past due) by 180 days or more from the due date.	Unrealized mark-up/ interest to be put in suspense Account and not to be credited to income Account except when realized in cash.	Provision of 20% of the difference resulting from the outstanding balance of principal less the amount of liquid securities with the Bank.

4. Doubtful	Where mark-up/interest or principal is overdue (past due) by 270 days or more from the due date.	Unrealized mark-up/ interest to be put in suspense Account and not to be credited to income Account except when realized in cash.	Provision of 50% of the difference resulting from the outstanding balance of principal less the amount of liquid securities with the Bank.
5. Loss	Where mark-up/interest or principal is overdue by 12 month or more from the due date.	As above.	Provision of 100% of the difference resulting from the outstanding balance of principal less the amount of liquid securities with the Bank.

(II) SHORT / MEDIUM TERM LOAN FACILITIES (UP TO 5 YEARS):

CLASSIFICATION	DETERMINANT	TREATMENT OF INCOME	PROVISIONS TO MADE
1	2	3	4
1. Special Mention Accounts (SMA)	Where mark-up/interest or principal is overdue (past due) by 90 days or more from the due date.	Not Applicable	No provision is required

2. Unsatisfactory	Where mark-up/interest or principal is overdue (past due) by 120 days or more from the due date.	Unrealized mark-up/ interest to be put in suspense Account and not to be credited to income Account except when realized in cash.	Provision of 10% of the difference resulting form the outstanding balance of principal less the amount of liquid securities with the Bank.
3. Substandard	Where mark-up/interest or principal is overdue (past due) by 180 days or more from the due date.	Unrealized mark-up/ interest to be put in suspense Account and not to be credited to income Account except when realized in cash.	Provision of 20% of the difference resulting form the outstanding balance of principal less the amount of liquid securities with the Bank.
4. Doubtful	Where mark-up/interest or principal is overdue (past due) by 12 months or more from the due date.	Unrealized mark-up/ interest to be put in suspense Account and not to be credited to income Account except when realized in cash.	Provision of 50% of the difference resulting form the outstanding balance of principal less the amount of liquid securities with the Bank.
5. Loss	Where mark-up/interest or principal is overdue by 18 month or more from the due date.	As above.	Provision of 100% of the difference resulting form the outstanding balance of principal less the amount of liquid securities with the Bank.

(III) LONG TERM LOAN FACILITIES (OVER 5 YEARS):

CLASSIFICATION	DETERMINANT	TREATMENT OF INCOME	PROVISIONS TO MADE
1	2	3	4
1. Special Mention Accounts (SMA)	Where mark-up/interest or principal is overdue (past due) by 90 days or more from the due date.	Not Applicable	No provision is required
2. Unsatisfactory	Where mark-up/interest or principal is overdue (past due) by 180 days or more from the due date.	Unrealized mark-up/ interest to be put in suspense Account and not to be credited to income Account except when realized in cash.	Provision of 10% of the difference resulting form the outstanding balance of principal less the amount of liquid securities with the Bank.
3. Substandard	Where mark-up/interest or principal is overdue (past due) by 12 months or more from the due date.	Unrealized mark-up/ interest to be put in suspense Account and not to be credited to income Account except when realized in cash.	Provision of 20% of the difference resulting form the outstanding balance of principal less the amount of liquid securities with the Bank.

<p>4. Doubtful</p>	<p>Where mark-up/interest or principal is overdue (past due) by 18 months or more from the due date.</p>	<p>Unrealized mark-up/ interest to be put in suspense Account and not to be credited to income Account except when realized in cash.</p>	<p>Provision of 50% of the difference resulting form the outstanding balance of principal less the amount of liquid securities with the Bank.</p>
<p>5. Loss</p>	<p>Where mark-up/interest or principal is overdue by 24 month or more from the due date.</p>	<p>As above.</p>	<p>Provision of 100% of the difference resulting form the outstanding balance of principal less the amount of liquid securities with the Bank.</p>

APPENDIX-XVI

PROVISION REPORT

Date:

Currency : BDT

Branch:	
Customer:	
A/C No.:	
Date A/C Opened: Marketed by:	Date of Approval :
Recommended by:	Approved by:
Facility Details:	
Credit Decision:	
Brief History:	
Collection efforts:	

Recovery Prospect:

Provision Requirement:

Total outstanding as at date

Less Security Proceeds

Provision Required

Recommended by:
Approved by:

Supported by:

OFFICER COLLECTIONS

MANAGER COLLECTION

HEAD OF CREDIT

APPENDIX-XVII

JOB DESCRIPTION		
JOB TITLE	Head of SE Financing/Head of Credit of CRM	
REPORTS TO	The Managing Director/CEO	
JOB PURPOSE	<p>Consistent with bank’s policies, develop, then lead, and manage the implementation of Small Enterprises Financing strategy in the Country to deliver agreed business plans and financial objectives.</p> <p>Monitor and manage risk in the business with agreed parameters.</p> <p>Ensure the highest standards of service to client relationships. Responsible for training and succession planning and recruitment of key personnel for the division. The Official incharge of respective area are performing the following responsible.</p>	

<p>KEY RESPONSIBILITIES</p>	<p>Develop Small Enterprises strategic plan for the country, consistent with overall Bank’s policy.</p> <ul style="list-style-type: none"> Ø Restructure the Small Enterprises Unit in line with bank’s focus and re deploy resources to achieve the maximum benefit from the structure. Ø Ensure delivery of annual business and financial goals and targets. Ø Ensure all risk within the Small Enterprises Financing is minimized, and those systems are in place to monitor and, as appropriate, eliminate risk in all areas of the business. Ø Ensure highest standards of corporate governance and of regulatory compliance in line with specific country requirements. Ø Set, monitor and ensure progress is made towards quality targets across the business unit in line with business strategies and competitor initiatives. Ø Monitor economic and commercial developments in Bangladesh for opportunities to introduce new / migrate existing products and services. Ø As part of the country management team, participate in the formulation of country business strategy and plans particularly on issues such as liquidity management, balance sheet management. Ø Ensure the availability of high quality trained and motivated staff throughout the business in the region to meet business goals. Ø Define functionality required by SE business segment from the technology platform, and work closely with business technology staff to ensure this is delivered.
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APPENDIX-XVIII

JOB DESCRIPTION		
JOB TITLE	Credit Analyst/Department Officials/Executives of SE financing	
REPORTS TO	Head of Credit of CRM	
JOB PURPOSE	To assess lending applications as per Product Program Guidelines (PPG), and reviews relating to discretionary lending, to recommend whether the loan be granted and to conduct research and analysis related to this lending applications and reviews as required.	
KEY RESPONSIBILITIES	<ol style="list-style-type: none"> 1. Assesses lending applications to ascertain whether loan meets lending criteria and therefore whether loan should be approved. 2. Ensures all approval related procedures are completed prior to handling file to Credit Operations for processing and draw down. 3. Liaise with branch managers, and sales managers/RM regarding the status of SE application 4. Conduct periodic credit reviews on loan accounts held within Credit Center to ensure accounts are in order and as approved. 5. Develop and introduces new and innovative credit measures to improve quality of portfolio such as negative checks, simplification of credit process to ensure workflow consistency within credit approvals and high portfolio standards throughout SE financing. 	

APPENDIX-XIX

JOB DESCRIPTION	
JOB TITLE	Manager Credit Administration/Relationship Manager of the Branch
REPORTS TO	Head of Operation/Zonal Head
JOB PURPOSE	<p>Ø To manage / control risks in connection to new loan disbursements, adjustments, closings, OD renewal, Limit increase, Limit decrease, Limit cancellation.</p> <p>Ø To build and run an efficient centralized Loan Administration and enabling the business to focus as sales outlets.</p> <p>Ø To control & manage operational risks on transaction processing.</p> <p>Ø To ensure compliance with internal and external requirements.</p> <p>Ø To provide quality in service delivery. Maintaining / Improving Service Quality by visiting business people. Build a support “Sales” culture in operations by installing the concept of both internal/external customer, maximize on service efficiency, and drive this process by establishing service level agreements with sales and service functions and ensure delivery standards as per SLAs.</p>

KEY RESPONSIBILITIES	<p>Ø Ensure proper disbursement, closing, adjustment of all SE loans</p> <p>Ø Reviewing Product Program Guideline and raise with business of any deviation thereto.</p> <p>Ø Risk Management: To ensure that all risks related to Loan Admin are identified and also documented. To ensure that system disorders are detected by extensive Data Mining Tools. Ensure that department gets satisfactory Audit rating.</p> <p>Ø To ensure that there is proactive follow-up on open issues on risks identified. Effectively manage operations risk and risk management processes. Daily monitor excesses.</p> <p>Ø Regulatory: Ensure compliance with the Laws of the land, implement and exercise local banking regulations.</p>
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APPENDIX-XX

Enclosure Check List

SL No.	Documents, Reports, Papers	Obtained	Not Obtained	Remarks
01	Trade License			
02	Rent Agreement. Or			
03	Lease Agreement/Deed. Or			
04	Possession Deed, or			
05	Title Deed/Ownership Deed. Or			

06	Power of Attorney (In case of father's /other's land/shop/factory)			
07	Department of Environment (DOE) Certificate			
08	Drug License			
09	Homeopathic License			
10	Appointment License of Distributorship			
11	Import License			
12	Up-to-date Rent Receipt			
13	Up-to-date Electricity Bill			
14	Up-to-date Telephone Bill			
15	Up-to-date Gas Bill (In case of factory)			
16	Income Tax Clearance Certificate			
17	Fixed Assets List			
18	Receivables List			
19	Inventory List			
20	Payables List			

21	Sales List			
22	Suppliers List			
23	Buyers List			
24	Bank Statement/Loan Account Statement			
25	Quotation from three suppliers (In case of fixed assets Purchase)			
26	Partnership Deed (In case of partnership firm)			
27	In case of joint Stock Company--			
28	Certificate of Incorporation			
29	Memorandum & Articles of Association			
30	Letter of Commencement (In case of Public Limited Company)			
31	Board Resolution			
32	List of the directors attested by the MD			
33	In case of Equitable or Registered Mortgage--			
34	CS, SA, RS, BS Khatians			

35	Mutation Khatian/Parcha along with DCR			
36	UP-to-date rent receipt			
37	Non-encumbrance certificate			
38	Mouza Map			
39	Photocopy of Original Title Deed			
40	Photocopy of Bia-deed			
41	Certificate of Training Received by the Entrepreneur/Key Employee(s), if any			
42	Experience Certificate, if any			
43	Receipt of Advance Payments			
44	Others, if any			

Security Documents Checklist

SL No	Document Title	Required	Date of Receipt
1	Sanction Letter Duly Accepted		
2	Demand Promissory Note		
3	Letter of Arrangement		
4	Letter of Continuity		
5	Letter of Undertaking		
6	General Loan Agreement		
7	Extract of the Board Resolution to Borrow		
8	Agreement by Partners to Borrow		
9	Current Municipal Trade License		
10	Letter of Hypothecation of Plant and Machinery		
11	Letter of Hypothecation of Stocks and Goods		
12	Letter of Hypothecation of Book Debts and Receivables		

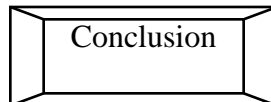
13	Charge on Fixed Assets		
14	Pledge of Goods To Secure Demand Loan		
15	Trust Receipt		
16	Form 14 to Register Charge on Hypothecated Assets		
17	Form 18 to Register Modified Hypothecated Assets		
18	Form 18 to Register Modified Charge on Fixed Assets		
19	Blanket Counter Guarantee for Guarantees Issued By Us		
20	Specific Counter Guarantee For Issuance of Guarantees By Us		
21	Corporate Letter of Guarantee		
22	Personal Letter of Guarantee		
23	Letter of Lien and Authority for Shares, Stocks and Securities Accepted As Collateral		
24	Liened Shares, Stocks And Security		
25	Letter of Lien on Letters of Credit/Firm Order		
26	Liened Letters of Credit/Firm Order		

27	Letter of Lien and Authority for Advances To Third Parties Against Fixed Deposits/Short Term Deposits/Margin Deposits and Other Deposits		
28	Liened Fixed Deposit/Short term Deposit/Margin Deposit/Other Deposit Receipts		
29	Letter of Lien And Authority for Advances Against Fixed Deposits/Short Term Deposits/Margin Deposits and Other Deposits		

SL No	Document Title	Required	Date of Receipt	
30	Liened Fixed Deposit/Short Term Deposit/Margin Deposit/Other Deposit Receipts			
31	Letter of Set Off			
32	Original Title Deeds			
33	Deed Of Conveyance (Baya Deed)			
34	Mutation Certificate & DCR			

35	Rent (Khajna) Receipts & Municipal Rent Receipts			
36	All Relevant Land Documents (Such as Parchas & Others)			
37	Non-Encumbrance Certificate			
38	Search Report of The Status of the Land			
39	Memorandum Of Deposit of Title Deeds (Mortgage Deed)			
40	Irrevocable Power of Attorney			
41	Affidavit Before of Attorney Registration Receipt			
42	Mortgage/Power of Attorney Registration Receipt			
43	Lenders' PariPassu Security Sharing Agreement			
44	Insurance Policy			
45	BSTI Certificate			
46	VAT Clearance			
47	Bank Statement of the Customer			
48	Bank Clearance Certificate			

49	Inventory / Stock List			
50	Utilities Bill Clearance			



Conclusion

This book has been prepared mainly based on Prudential Regulation/Guidelines relating to “Accounting System of Uttara Bank Ltd” Instruction and information circulars issued time to time supplied by the Uttara Bank Ltd, which is supported by Bangladesh Bank (The Central Bank.) Minor amendments where necessary have been made in order to incorporate the existing circulars and notifications of Uttara bank Ltd in force. There is, of course enough scope for improvement of the contents of the book, which may be done subsequently on the recommendation of the learned supervisor and the concerned Banks Competent authorities. Important suggestion from any organization if deem fit. Necessary co-operation on this behalf is solicited from all concern for improvement in future.