

**Internship Report**  
**On**  
**“Comparative Study of Various Deposit & Loan Schemes at premier bank”**

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**BRAC University**

Date of Submission: 15th December, 2019

**“Comparative Study of Various Deposit & Loan Schemes at premier bank”**

*Letter of Transmittal*

15th December, 2019

**Dr. Salehuddin Ahmed**

Former Governor

Bangladesh Bank

Professor, School of Business

BRAC University

66 Mohakhali, Dhaka-1212

**Subject: Submission of the Internship Report.**

Dear Sir,

I am Farjana Yesmin (ID-16364064) a student of BRAC University would like to apprise you that I have completed my three months internship program during my attachment with The Premier Bank Ltd. Here is my internship report on “**Comparative Study of Various Deposit & Loan Schemes at premier bank**” that I was assigned. It was a great opportunity for me to acquire practical knowledge of the process of deposit and credit operation from a renowned bank like the Premier Bank limited.

I therefore entreat and hope that you would be kind enough to receive my internship report and give me an option to defend my work before the board and oblige me thereby.

**Sincerely Yours,**

---

**Farjana Yesmin**

ID: 16364064

MBA Program

BRAC Business School

BRAC University

### *Letter of Endorsement*

The internship report on “**Comparative Study of Various Deposit & Loan Schemes at premier bank**” has been submitted with the institute, in partial fulfillment of the degree of MBA by *Farjana Yesmin* ID-16364064. As a supervisor I have gone through the report and have tried to come out with the best within the capacity of the student. The report has been accepted and may be presented before the defense committee for evaluation and assessment. Any opinions, suggestion made in this report are entirely that of the author of the report. The institute does neither condone nor reject any of this opinion or suggestion.

.....  
**Dr. Salehuddin Ahmed**

Former Governor  
Bangladesh Bank  
Professor, School of Business  
BRAC University

*Non-Disclosure Agreement*

It is my pleasure to certify that, the following student have completed Internship program at Premier Bank Ltd. (PBL) in Credit Risk Management Department, Dhanmondi Satmasjid Road Branch Dhaka successfully with excellent performance under my supervision from 18<sup>th</sup> July to 17<sup>th</sup> October, 2019.

**Farjana Yesmin**

ID: 16364064

MBA Program

BRAC Business School

BRAC University

I wish her every success in her life.

.....

**A .K .M. Zahidul Islam**

AVP & Operation Manager

Dhanmondi Satmosjid Road Branch

Premier Bank Limited

## *Acknowledgement*

First, I would like to express my gratitude to Almighty Allah to give me the strength to complete the report within the stipulated time.

I would like to give special thanks to my revered supervisor **Dr. Salehuddin Ahmed** who provided me precious time from his busy schedule and guided me to prepare this report on “**Comparative Study of Various Deposit & Loan Schemes at premier bank**” throughout the internship period.

I also want to express my gratitude to my friends, bank officers and so on who helped me a lot of preparing this report by providing various advice, information from which I have gained a lot of experience & theoretical knowledge that will assist me much more in future life

## *Executive Summary*

This report is on Comparative Study of Various Deposit & Loan Schemes in the Premier Bank Limited.

The Premier Bank Limited started its operation from October, 1999 under the Banking Companies Act 1991. The Bank is a full-fledge Commercial Bank and with strong capital base, with no insider lending and low non- performing loans. The objective of the bank is to become a highly professional and profitable bank to contribute to the economic development of the country. The Bank aims to continue expanding Branch network to reach wide spectrum of customers across the country and serve by offering products and services backed by latest technologies. Premier bank offers different types of credit in the form of loan. Premier Bank follows the following principles in its lending operation: judicious selection of customers, purpose, safety, security, liquidity, adequate return (profitability), supervision, national/social interest, Credit Control Policy of Bangladesh Bank. The lending procedure at Premier Bank starts with building up of relationship with customer through account opening. A loan procedure formally starts when the branch receives application from client for a loan facility. After receiving the loan application from the client, the bank follows the lending procedure of Bangladesh Bank guideline & their own credit policy. The Premier Bank Limited uses a multiple of methods or techniques to assess the prospective borrower as well as the project in question. These techniques include analysis of CIB Report, appraisal of Project Feasibility, Credit Risk Grading (CRG). While selecting borrowers/entrepreneurs in general, Premier Bank places particular emphasis on the character and capacity of the entrepreneurs/sponsors. Branches play key roles in credit operation. The approval of a credit depends on how well the credit proposal is prepared and supported by relevant information and analysis. The Credit Risk Grading (CRG) provides a systematic procedure for analyzing and quantifying the potential risk.

Therefore Premier Bank should set up a separate loan monitoring cell which will be responsible for monitoring its total loan portfolio with special care to the classified loan.

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### *List of Acronyms*

(NPL)	Non-Performing Loans
(ROA)	Return On Assets
(ROE)	Return On Equity
(SME)	Small and Medium Enterprises
(CDs)	Certificates of Deposit
(OD)	Over Draft
(STL)	Short Term Loan
(SOD)	Secured Overdraft
(FDBP)	Documentary Bill Purchase
(FDBC)	Foreign Documentary Bill for Collection
(LTR)	Letter of Trust Receipt
(AWCD)	Al-Wadiah Current Deposit
(MSD)	Mudaraba Savings Deposit
(MPGA)	Mudaraba Premier Genius Account
(MPFA)	Mudaraba Premier 50+ Account
(MPESA)	Mudaraba Premier Excel Savers Account
(MPESA)	Mudaraba Premier Esteem Savers Account
(NFCD)	Non-Resident Foreign Currency Deposit Account
(RFCD)	Resident Foreign Currency Deposit Account

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# CHAPTER 1

## INTRODUCTION

### 1.1 INTRODUCTION

To apply theoretical knowledge in practical field, internship plays a vital role for the student of business education. With this program the students get experience and know that how much theoretical knowledge is deviated from the real facts. To give the test, each business students have to carry out an internship program. That's why I had been placed for internship program in The Premier Bank Limited. I have worked in credit department and I have tried to collect information from credit division to prepare this report. I have tried my level best to show the **“Comparative Study of Various Deposit & Loan Schemes at premier bank”** and find-out the problem from the showed position over the collected information.

### 1.2 BACKGROUND

The report on “**Comparative Study of Various Deposit & Loan Schemes at premier bank**” The Premier Bank Limited will be prepared as I have partly qualified MBA under the BRAC University. It is time to get some real life experience for the fulfillment of internship program. As I came to know that The Premier Bank Limited is a service oriented organization and invest for short and long term finance and plays a vital role in field of economy that’s why I decided to do my internship in The Premier Bank Limited and make a report over it.

### 1.3 OBJECTIVES

This report intends to meet the following objectives in the broad sense:

- ❖ To give a detailed description of the host organization (The Premier Bank Limited), its business, performance and organizational aspects.

This report intends to meet the following objectives in the specific sense:

- ❖ To describe the policies regarding deposit and loan schemes and practices of Premier Bank.
- ❖ To evaluate various deposit and loan schemes practices of Premier Bank,
- ❖ To suggest ways to improve various deposit and loan schemes practices of Premier Bank.

### 1.4 METHODOLOGY

#### 1.4.1 DATA COLLECTION AND ANALYSIS

A. **Data Sources:** The report plan calls for both secondary data and primary data.

##### **Primary Sources:**

- ❖ Primary sources of information were thorough discussion with the concerned officers and executives of General Banking Division and Credit Division of the Bank.
- ❖ Discussions with the customer were also used as a platform to understand the merits of the project.

## Secondary Sources:

- ❖ Credit Manual
- ❖ Website
- ❖ Different documents, forms etc.
- ❖ Other books and publications regarding credit policy

For analyzing the information collected, both qualitative and quantitative techniques were used, in the macro environment analysis, the research is more qualitative than quantitative, while the analysis of the project itself is a quantitative one. Different tools as per the policies and procedures of the Bank as well as the instructions and requirements of the Central Bank were utilized to analyze the investment proposal.

- B. **Research Approach:** Primary data was collected in the Survey Research approach.
- C. **Research Instruments:** A questionnaire was used to collect primary data for the study. The questionnaire contained open-end questions.
- D. **Sampling plan:** The sampling plan calls for the following decisions
  - **Sampling Unit:** The intern chose some officers and some credit customers of The Premier Bank Limited.
  - **Sample Size:** The intern chose three officers from the General Banking Division, two officers from the Credit Division and fifteen customers of the bank.
  - **Sampling Procedure:** The intern obtained non-probability samples from the population. And in non-probability sampling he chose convenience samples.
- E. **Contact Methods:** The intern personally interviewed the interviewees. And here, convenience intercept interview was the method.

### 1.4.2 COLLECTION OF INFORMATION

In this step the intern approached to the interviewees. He interviewed the concerned officers who are engaged in different duties like marketing of deposit and loan, credit appraisal, credit analysis, loan disbursement etc. Also customers who have taken credit from the bank and



deposited fund in the bank were interviewed. Primarily some of them could not understand the purpose and importance of the study. But when they were convinced that the information were to be gathered only for academic purpose, they began to give information.

The intern also collected information from various secondary sources such as credit manual, website, different documents, forms etc.

### **1.4.3 ANALYZING THE INFORMATION**

In the next-to-last step in this report preparation, the intern tried to extract potential findings from the collected data and information.

### **1.4.4 PRESENT THE FINDINGS**

At the last step in this internship report, the intern presents her findings to the faculty instructor. This report examines whether The Premier Bank Limited should invest in the proposed project or not the making of the actual decision is a task of the Senior Management and the Board of Directors of the Bank, and hence, is out of the scope of this undertaking.

## **1.6 LIMITATIONS**

The report deals with the project appraisal done by the general banking division and credit division. The entire process of lending facility to the Project and also the Project itself is a confidential documentation of The Premier Bank Limited. Hence, for the sake of confidentiality, anonymity is maintained and for this, the name of the company, its management and accounting figures have been altered.

Premier Bank has not yet on line credit policy. This procedure of the bank is under way. Right now the bank follows standard credit operation principles practiced by all other banks to perform its credit manage' practices. So, this report is based on standard credit management principles.

## **1.7 CONCLUSION**

From the aforementioned information we see that the report will play a vital role to expose the various functions of general banking and credit department of The Premier Bank Limited. For the economic growth of the country the credit department is continuing its functions round the year across the country through releasing their investment into various sectors &

recovering it. The banking sector can be called the wheel of economy and especially the credit department from it is performing the major role for the advancement of the overall condition.

## **CHAPTER 2**

# **THE PREMIER BANK LTD. AT A GLANCE**

### **2. THE PREMIER BANK LIMITED AT A GLANCE**

The Premier Bank Limited started its operation from October, 1999 under the Banking Companies Act 1991. Since then, the Bank has emerged as a quality Financial Institution and making significant contribution to the national economy.

The Premier Bank Ltd., full-service commercial bank, set forth a dream to create a financial institution that would stand out in the crowd as a house of banking excellence and to meet the demand of 21<sup>st</sup> century. 'Service First' is our motto that holds a prime and central focus in our operation - discharge of quick and quality service is the hallmark of our Banking Standard.

## **2.1 VISION OF THE BANK**

The Bank has a clear vision towards its ultimate destiny- to be the best amongst the top financial institutions.

## **2.2 MISSION OF THE BANK**

The Bank has a clear vision towards its ultimate destiny- to be the best amongst the top financial institutions. The mission of the Bank is -

- ❖ To be the most caring and customer friendly provider of financial services, creating opportunities for more people in more places.
- ❖ To ensure stability and sound growth whilst enhancing the value of shareholders investments.
- ❖ To aggressively adopt technology at all levels of operations and to improve efficiency and reduce cost per transaction.
- ❖ To ensure a high level of transparency and ethical standards in all businesses transacted by the Bank.
- ❖ To provide congenial atmosphere which will attract competent work force who will be proud and eager to work for the Bank.
- ❖ To be socially responsible and strive to uplift the quality of life by making effective contribution to national development.

## **2.3 COMMITMENT OF THE BANK**

The Premier Bank Limited is committed to the following aspects:

❖ **Service First**

For us 'Service First' is not just an abstraction; we do mean it. It holds a prime and central focus in our operation. We believe, discharge of quick & quality service is the hallmark for banking standard.

❖ **Easier Banking**

We have make day-to-day banking easier than ever through state of the art facilities. We tend to create a congenial atmosphere for our customers to feel free and go easy with banking. We divide our clientage into least possible individuals to impart the best attention, and we tailor made our services to meet special needs

❖ **Better Relationship**

As we form bondage with our valued clients, so we develop it into a sustainable end. A good understanding with them, while carrying out business transactions, helps us perceive their goals and thus, enable us to respond pro-actively to their financial needs

❖ **Assured Confidentiality**

Since we deal in business in the form of financial loss or gain, our solemn promise remains intact with interest of our clients so much so that all banking transactions are done in a confidential & professional manner.

❖ **Good Corporate Governance**

The board of bank ensures that high ethical standards are established across the Bank and regularly reviews the Bank's compliance with Central Bank. The board recognizes good corporate governance practice a vital ingredient in the creation of substantial shareholders value and protecting the interests of all stakeholders.

❖ **Corporate Citizenship**

We are compliant Bank and we pay due taxes. We are going green to protect our planet from environmental hazards. We are eager to inspire eco-friendly investment. We are an abiding citizen in terms of all laws, rules, norms, sentiments and values of the land.

## **2.4 Strategies of the Bank**

### **□ Be Pro-active**

We make conscious endeavor to elevate our life and activities. There is no place for fun in 'Reactive Management'. We learn to anticipate and act.

### **□ Begin With the End in Mind**

Our every action corresponds to our goal. We set our goal from what lies behind and beyond us. We begin in earnest to finish in time to pursue that goal.

### **□ Put First Things First**

We make a choice for things that make an upbeat difference. Things that matter most are not put at the mercy of things that matter least.

### **□ Think Win-win**

Win-win is a frame of mind and heart that constantly seeks mutual benefit in all human interactions. In our philosophy, we want to see all parties an optimistic winner. A forward looking planning helps us engage in a win-win relationship.

### **□ Seek first to understand and then be understood**

We prize our ability to communicate over all other values. Most of the time, we patiently hear people more than we are heard. We seek first to understand how we are expected- then we position ourselves as befittingly as we can.

### **□ Synergy**

The effect of a combined whole is always greater than the sum of individual parts. The relationship which the parts have to each other is a part in itself. We believe, every part is important and each can contribute. We work together with others to build a team work that result in a better success.

### **□ Care and Share Alike for the Society**

We care for the feelings, needs and experience of the society and share our interests equally. We try hard to provide for the less privileged and have-nots to ensure a better society and a

more prosperous Bangladesh. It is an honor, our duty and privilege, to be able to serve the nation in more ways than just providing banking services.

## 2.5 Priorities of the Bank

- We want to be the best bank in Bangladesh.
- We want to deliver services of high standard so that we become “A Bank by Choice”.
- We want our asset quality to be the best in industry with Non-Performing Loans (NPL) below 1%. We want a high degree of credit quality so that selling or recalling a loan is left to our discretion.
- We want our financials and ratios to be strong and better than industry standard with Return On Assets (ROA) not less than 2% and Return On Equity (ROE) not less than 50% on net income basis.
- We want our staff to understand customers’ need and offer the best solution in the market. We want them fully conversant with the rules and regulations relevant to banking reading books and browsing internet.
- We want to a fully compliant bank in line with guidelines of Bangladesh Bank and other regulatory bodies. We want Basel-II fully implemented.
- We want to be rated as one or strong under CAMELS rating.
- We want to be the bank that is respected and adored by our regulators and peers in the banking sector.
- We want to be a bank where people are happy and satisfied to work and can build a career of their liking.
- We want to create more values for our shareholders with a good return on their investment.

## 2.6 Timeline & Milestones of the Bank

Table 1:

Date	Details
15 June 1999	First Meeting of the Board of Directors
17 June 1999	License issued by Bangladesh Bank for commercial banking
26 Oct. 1999	Formal Launching of banking business
21 June 2003	Establishment of own Training Institute
03 Aug. 2003	Introduction of Real Time Online Banking
16 Oct. 2003	Commencement of Islamic Banking Business from IBB, Mohakhali

22 Jan. 2004	Pioneering VISA Credit Card among the local banks
30 Jan. 2006	Launching of SMS Banking Service
05 Aug. 2006	Launching of CMS Banking Service
01 Feb. 2007	Publication of Prospectus
18 Mar. 2007	Subscription Opened
22Mar. 2007	Subscription Closed
23 Apr. 2007	Lottery for Allotment of Shares
16 May 2007	Listing with Chittagong Stock Exchange Limited
23 May. 2007	Listing with Dhaka Stock Exchange Limited
27 May. 2007	Trading of Shares on DSE & CSE
28 Oct. 2007	Launching of Premier ATM Services
28 Oct. 2007	Introduction to Premier Visa Debit Card
12 Apr. 2008	Introduction of Bank's Own Remittance Software (DRUTI)
19 Oct. 2008	Purchase of DSE Membership
20 Apr. 2009	Dividend Approved by 9th AGM (First after the IPO)
26 Oct. 2009	Completion of 10th Glorious Years of Banking Services.
17 Nov. 2009	Purchase of CSE Membership
01 Dec. 2009	Commencement of Brokerage Operation
17 May 2010	Remittance Deal with Grameen Phone
23 June 2010	Incorporation of Premier Bank Securities Limited – Subsidiary of Bank
18 Sep. 2010	Migration to Centralized Core-Banking Software
07 Oct. 2010	Live Operation of Bangladesh Automated Cheque Processing System
25 Nov. 2010	Launching of Platinum Dual Currency MasterCard
21 Aug. 2011	Establishment of Bank's own DR (Disaster Recovery) Site
26 Sep. 2011	Launching of Premier Mobile Remittance Service with Grameen Phone
20 Feb. 2012	Launching of Premier Money Transfer Company Ltd. (PMTCL, a 100% subsidiary of Bank) in London, UK
29 Aug. 2013	Incorporation of Premier Bank Foundation
19 Nov. 2015	Launching of Premier Direct (i-Banking, SMS Banking & e-statement Service)
15 Oct. 2016	Up gradation of CMS (Prime 4.0) System & Launching EMV Chip Card
12Oct. 2017	Launching of Premier Agent Banking Services
01 Feb. 2018	Launching of Premier Fast Track - a digital banking service center
12 May 2018	Launching of Premier Customer Care Centre



## **2.7 Confidence of the Bank**

- The short and long-term prospect of our bank is endless.
- We have the right and workable strategies in place.
- The bank is supported by a solid capital foundation.
- Strong diversification by business line, geography and products add up to our strategic advantage.
- A good risk management and compliance culture.
- A strong focus on quality control.
- A dynamic Board of Directors.
- A competent Management Team.
- A great human resources.

## **2.8 Function of the Bank**

The Premier Bank Limited offer:

- ❖ Term loans and working capital loans to industries.
- ❖ Full-fledged commercial banking service including collection of deposit, short term trade finance, working capital finance in processing and manufacturing units and financing and facilitating trade.
- ❖ Loans to Small and Medium Enterprises (SME).
- ❖ Micro credit to the urban poor through linkage with Non-Government Organization (NGOs) with a view to facilitating their access to the formal financial market for mobilization of funds.

## **2.9 Products and services**

Premier Bank is always conscious of the changing needs of the customers and strives to develop new and improved services for its valued customers. The bank offers the following deposits and lending & services to meet all kinds of financial needs of our customers:

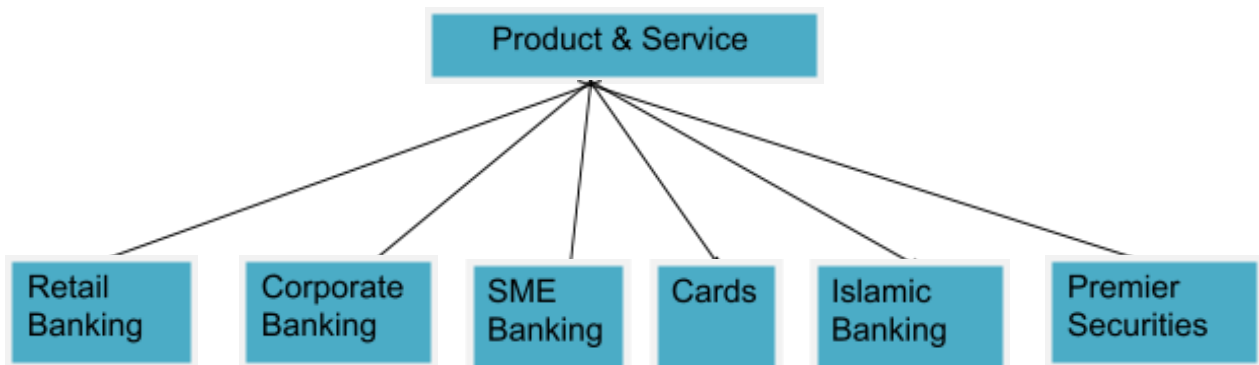
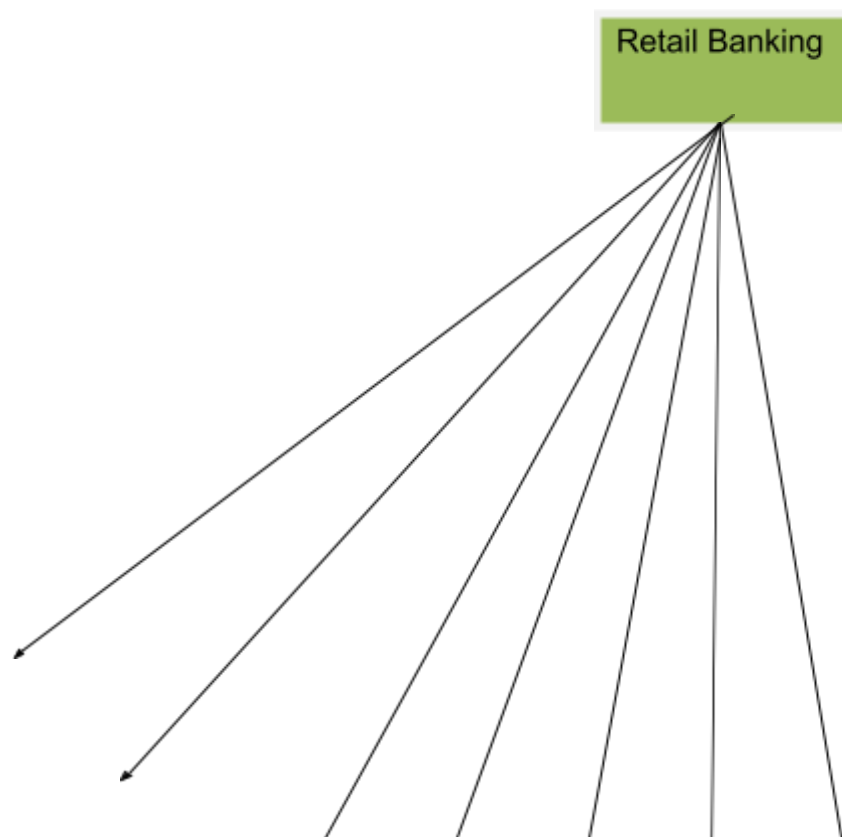


Figure 2.1: Types of products and Services

### 2.9.1: Retail Banking:

Retail banking, also known as consumer banking, is the typical mass-market banking in which individual customers use local branches of larger commercial banks. Services offered include savings and checking accounts, mortgages, personal loans, debit/credit cards and certificates of deposit (CDs). In retail banking, the focus is on the individual consumer.

In the premier bank, some parts have in retail banking. There are following below:



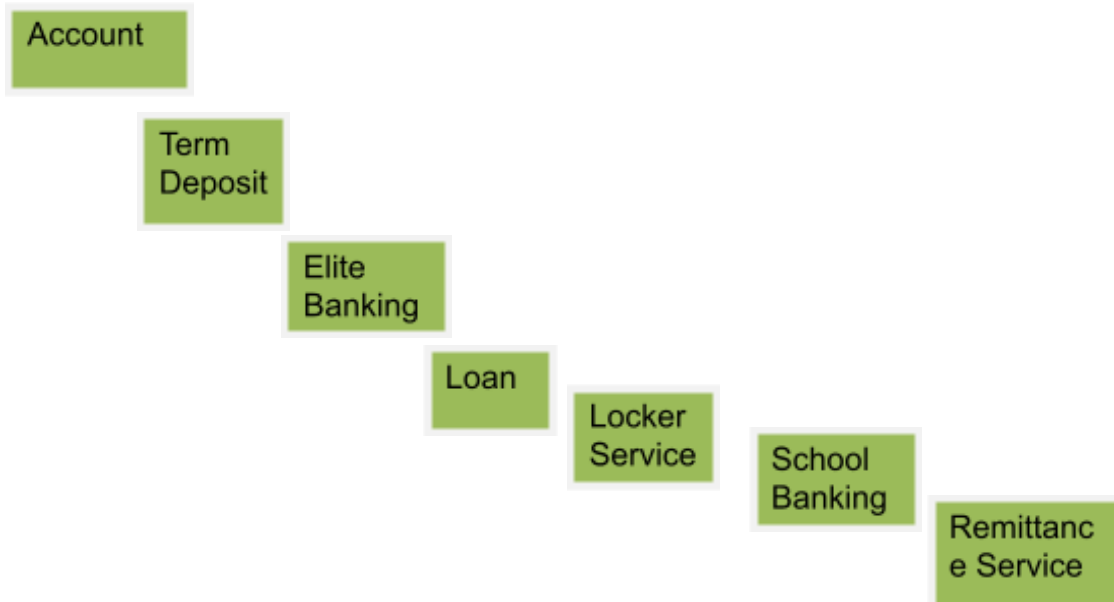


Figure 2.2: Parts of Retail Banking

### 2.9.2 Corporate Banking:

Corporate banking is the tailor-made financial services that financial institutions offer to corporations in the context of corporate financing and raise capital. Typically, corporate banking is a specialized division of a commercial bank that offers various banking solutions, such as credit management, asset management, cash management, and underwriting to large corporations as well as to small and medium-sized enterprises (SMEs). Commercial banks focus on business banking as it is one of their major sources of profit and assign specialized finance professionals, able to assist corporations to meet their business objectives. Unlike what many people think, business banking is completely different than investment banking; however, the terms are often used interchangeably. Three parts have in corporate banking of the premier bank:-

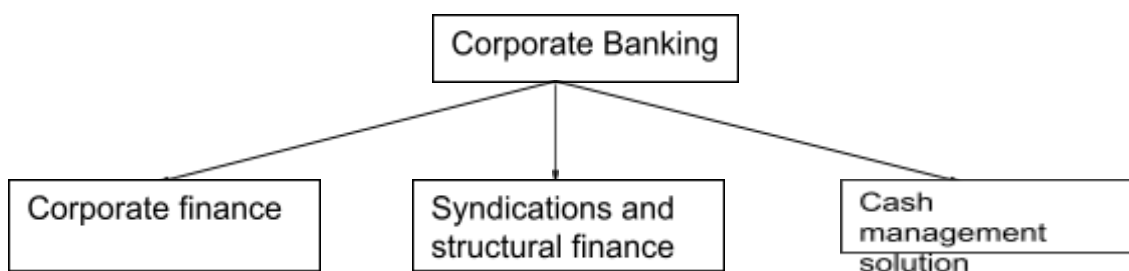


Figure 2.3: Parts of Corporate Banking

### 2.9.3: SME banking:

The small and medium enterprise (SME) loan means financing provided by financial institutions in small and medium industries. Financial institutions provide loans to small and medium industries for arrangement of working capital, business expansion and capital machinery procurement. Premier Bank offers a simplified scheme of providing financing according to annual report.

- Loan
- Service

#### **2.9.4: Cards:**

Premier has launched VISA Credit Card Services which is one kind of service by local banking system in Bangladesh. It is a product line for bring additional satisfaction with the clients which helps to achieve the goal of customer service.

- Credit card
- Debit card
- Prepaid card

This bank gives surety of high security for the clients .that's why bank put the photograph of cardholder's on the card. Also the card delivers 15 to 45 days from the date of account opening. Customer received their monthly statement if they needed.

#### **2.9.5 Islamic Banking:**

Islamic banking, also known as non-interest banking, is a banking system that is based on the principles of Islamic or Sharia law and guided by Islamic economics. Two fundamental principles of Islamic banking are the sharing of profit and loss, and the prohibition of the collection and payment of interest by lenders and investors. Islamic law prohibits collecting interest or "riba."

Some of exclusive Islamic products of premier bank are;

- Al-Wadiah Current Deposit(AWCD)
- Mudaraba Savings Deposit (MSD)
- Mudaraba Premier Genius Account (MPGA)
- Mudaraba Premier 50+ Account (MPFA)
- Mudaraba Premier Excel Savers Account (MPESA)

- Mudaraba Premier Esteem Savers Account (MPESA)
- Mahar Savings Scheme

Premier's Islamic Banking Branches meticulously follow the operational modes and methodologies as permissible under Shari'ah principle. The Bank invests the fund received from the depositors on the principle of Mudaraba under different mode of investments. such as-

- Bai' Al-Murabaha
- Bai' Al-Muajjal
- Bai'-Salam
- Hire-purchase under Shirkatul Mielk

## **2.9.6 Premier Securities:**

### **Capabilities**

- Highly Standard Brokerage Operations;
- Member of both Dhaka Stock Exchange & Chittagong Stock Exchange transactions;
- Full Service DP of CDBL;
- Highly Skilled and Professional Management;
- Experienced and devoted panel of executives;
- Advanced IT infrastructure for efficient order processing;
- Exclusive arrangement for safe keeping of instruments under DP;
- Regular reporting of portfolio and transaction status through e-mail, fax;
- Exclusive office decorum and arrangements for the customers.

### **Specialties**

- Competitive fees & charges.
- Conduct business in professional and courteous manner.
- Work with clients understanding their needs.
- Handle clients' order promptly and accurately.

- Provide support, as required by the customers to assure their satisfaction.
- Hassle free deposit and withdrawal.
- Dedicated IT professionals with backbone.

## 2.10 SWOT Analysis of Premier Bank:

<b>Strengths</b>	<b>Weakness</b>
<ul style="list-style-type: none"> <li>□ It has well reputation in the market</li> <li>□ Not engaged in unfair business practice.</li> <li>□ Concentrated market.</li> <li>□ Officers are highly skilled.</li> <li>□ Executives are highly qualified and Experienced.</li> <li>□ Bank has many attractive deposit schemes.</li> <li>□ Efficient management practices in the Bank.</li> <li>□ Well diversified credit portfolio.</li> <li>□ Deposit mix is very sound.</li> </ul>	<ul style="list-style-type: none"> <li>□ Short time experiences in banking industry.</li> <li>□ Training programs are not frequent for the employees.</li> <li>□ Complex credit policy.</li> <li>□ Small market shares on individual Investors.</li> <li>□ Few number of ATM booths.</li> </ul>
<b>Opportunities</b>	<b>Threats</b>

<ul style="list-style-type: none"> <li>□ Per capita annual income is increasing.</li> <li>□ Private Banks are becoming more reliable to local public.</li> <li>□ New ideas are coming in this industry.</li> <li>□ Foreign trade is increasing day by day.</li> </ul>	<ul style="list-style-type: none"> <li>□ There are many competitors in the market.</li> <li>□ Competitors have more deposit.</li> <li>□ Govt. imposes Tax on profile.</li> <li>□ Govt. pressures to reduce interest rate on loans.</li> <li>□ New banks are coming in the market.</li> <li>□ Govt. rules and regulations are becoming strict day by day.</li> </ul>
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**Table: 2 Capital as on 31st December 2018**

Authorized Capital	BDT 10,00,00,00,000.00 (Face value per share: BDT 10)
Paid-up Capital	BDT 8,00,08,10,980.00 (Face value per share: BDT 10)

**Table: 3 Ownership Structure as on 31st December 2018**

Composition	Status	
	Number of Shares	% of total shares
Sponsors & Directors	28,18,20,313	35.2240
General Public	36,94,98,744	46.1827
Financial Institutions	14,87,62,041	18.5934
<b>Total</b>	<b>80,00,81,098</b>	<b>100.00</b>

**Table: 4 Credit Rating Report**

**Rating by ARGUS Credit Rating Services Limited**

<b>Credit Rating</b>	<b>2017</b>	<b>2016</b>
<b>Long Term</b>	AA+ (Double A Plus)	AA+ (Double A Plus)
<b>Short Term</b>	ST-1	ST-1
<b>Date of declaration of Rating</b>	12.06.2018	20.06.2017
<b>Outlook</b>	<b>Stable</b>	



**Chapter 3**  
**Deposit Schemes**  
**Of Premier Bank**

**3. DEPOSIT**

Deposit builds up the strong foundation of operating liabilities of the Bank. It is recognized as the blood of financial institution and gives strength to run the business activities.

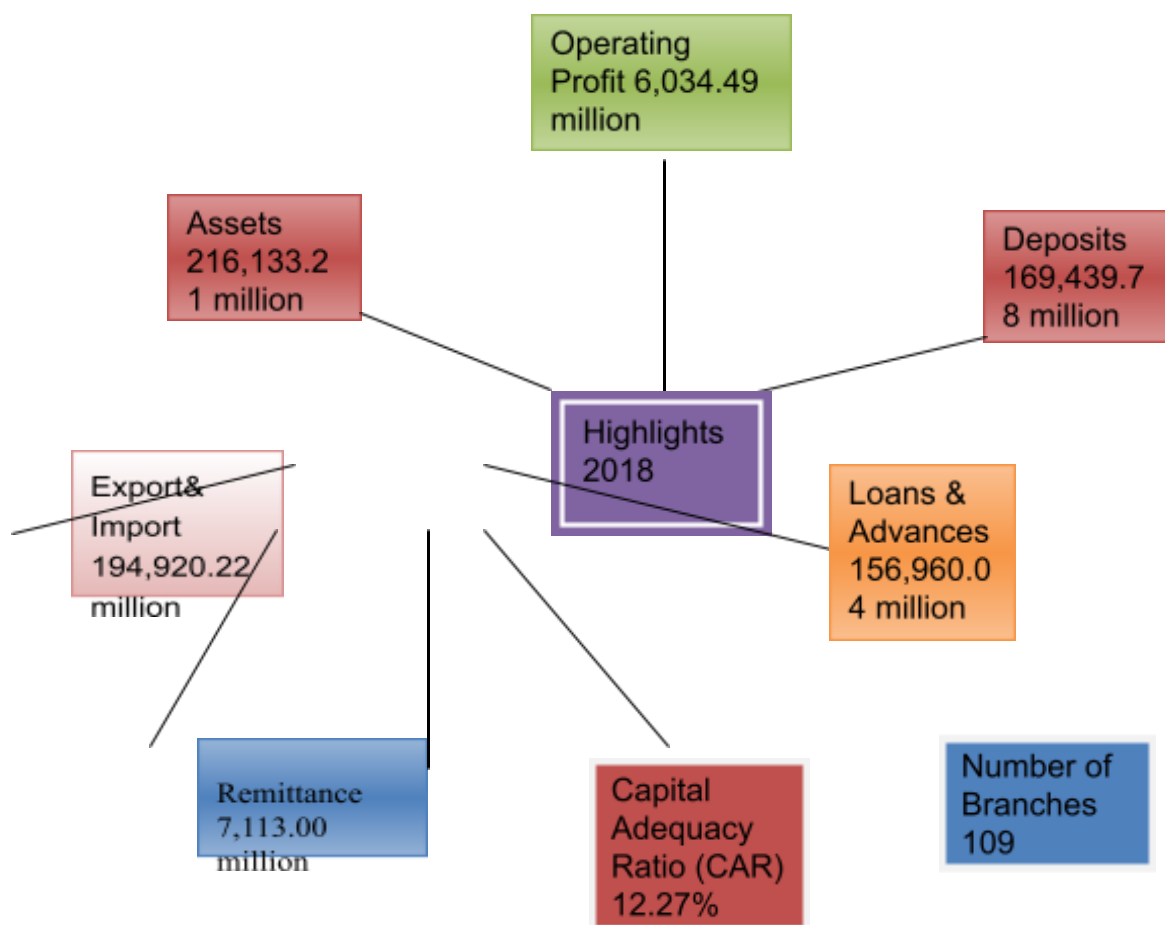


Figure 3.1 Highlights of year 2018

In pursuit of deposit mobilization the Bank continued to succeed during the year 2018 with deposit balance of Taka 169,439.78 million from Taka 140,690.47million in 2017 registering a growth of 20.43 percent. Our collective efforts in ensuring superior customer services through numerous delivery channels across the country could make it possible. Countrywide Branch Network and SME Service Centers with a focus on rural customers have given the lower income segment an access to Online Banking System and opportunity for prompt receipt of remittances. We have wide range of our liability products which include fixed deposit, multiple savings schemes, current and savings deposit, special notice deposit etc.

**Table: 5 Comparative Deposit Blend of the Bank**

(Figure in million Taka)

Type	2018	2017
Fixed Deposits	104,140.93	86,233.07
Savings Bank Deposits	10,055.47	9,082.72
Current Deposits	8,322.64	8,492.17
Other deposits	12,982.52	12,761.25
Bills payable	3,378.18	2,093.22
Deposit Schemes	18,905.73	10,686.82
Special Notice Deposits	11,654.30	11,341.23
<b>Total</b>	<b>169,439.78</b>	<b>140,690.47</b>

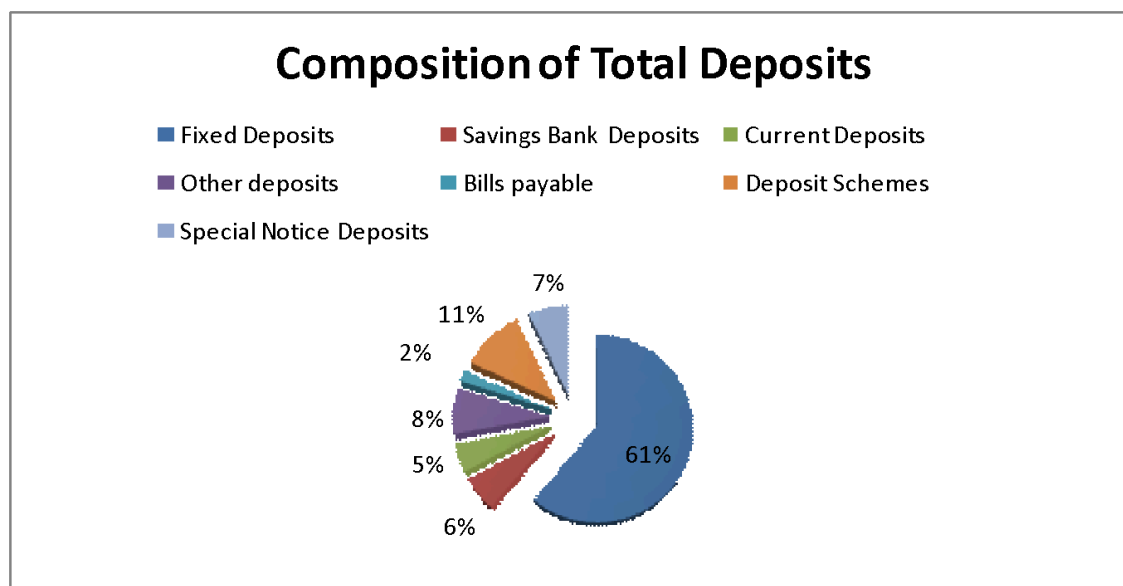


Figure: 3.2

### 3.1 Term Deposit

A term deposit is a fixed-term investment that includes the deposit of money into an account at a financial institution. Term deposit investments usually carry short-term maturities ranging from one month to a few years and will have varying levels of required minimum deposits. The investor must understand when buying a term deposit that they can withdraw their funds only after the term ends. In some cases, the account holder may allow the investor early termination—or withdrawal—if they give several days notification. Also, there will be a penalty assessed for early termination.

### **3.1.1 Fixed Deposit**

Our Fixed Deposit (FDR) is meant for those investors who want to deposit a lump sum of money for a fixed time period; say for a minimum period of 1,3,6,12,24 and 36 months period, thereby earning a higher rate of interest in return. The prevailing rates of interest are shown below:

#### **Key Features**

- Can be opened for 3M, 6M, 12M, 24M, 36M
- Early encashment possible
- Up to 90% loan facility on deposited amount

#### **Eligibility**

- Minimum Age: 18 years
- Citizen of Bangladesh

#### **Document Required**

- Photograph of A/c holder – 2 copies
- Photocopy of Valid NID/Passport/Driving License
- Photograph of Nominee – 1 copy
- CASA link Account for all FD.

### **3.1.2 Monthly Savings Scheme**

- A regular saving pays off when you really need it. Save small amount in your account each month and let your savings grow with time through our Monthly Savings Scheme.

#### **Key Features**

- No initial deposit required.

- Monthly installment deposit starts from Tk. 500 & above.
- Flexible tenor of 3, 5, 10 and 12 years.
- Auto installment transfer facility.
- One customer can open more than one Scheme.

### **Eligibility**

- Minimum Age: 18 years
- Citizen of Bangladesh

### **Document Required**

- Mandatory CASA link Account for all MSS.
- Photograph of A/c holder – 2 copies
- Photocopy of Valid NID/Passport/Driving License
- Photograph of Nominee – 1 copy

### **3.1.3 Monthly Income Scheme**

Your savings are precious! Let your investment generate a regular monthly income for you. Deposit a certain amount at the opening and earn monthly profit till the tenure completes. You will get back principal amount on maturity.

### **Key Features**

- ❖ Monthly return on investment.
- ❖ Flexible tenor of 1, 3 and 5 years
- ❖ Minimum deposit is BDT 100,000/-
- ❖ Up to 90% loan facility on deposited amount
- ❖ One customer can open more than one Scheme

### **Eligibility**

- ❖ Minimum Age: 18 years

- ❖ Citizen of Bangladesh

### **Documents Required**

- ❖ Mandatory CASA link Account for all MIS.
- ❖ Photograph of A/c holder – 2 copies
- ❖ Photocopy of Valid NID/Passport/Driving License
- ❖ Photograph of Nominee – 1 copy

### **3.1.4 Double Benefit Scheme**

Under this scheme, any deposit becomes double approximately 6 years & 6 months. It accepts deposit in multiples of Tk. 10,000. A specially designed instrument shall be issued for the deposit under this scheme in the same manner as issued in case of Fixed Deposit. The instrument is not transferable and renewable.

#### **Key Features**

- ❖ Double your initial deposit in approximately 6 years & 6 months
- ❖ Minimum deposit of Tk. 10,000.00

#### **Eligibility**

- ❖ Minimum Age: 18 years
- ❖ Citizen of Bangladesh

**Table: 6 Double Benefit Scheme Table**

<b>Years</b>	<b>Deposit Amount</b>	<b>Maturity Amount</b>
6 years & 6 months	10000.00 or Multiples	20000.00 or Multiples

#### **Document Required**

- ❖ Mandatory CASA link Account for all DBS.
- ❖ Photograph of A/c holder – 2 copies

- ❖ Photocopy of Valid NID/Passport/Driving License
- ❖ Photograph of Nominee – 1 copy
- ❖

### 3.1.5 Interest Rate

Product Name	Parameter	Rate
1 Month FDR	Any amount	3.50% p.a.
2 Month FDR	Any amount	3.75% p.a.
3 Month FDR	Any amount	6.00% p.a.
4 Month FDR	Any amount	7.50% p.a.
6 Month FDR	Any amount	7.50% p.a.
12 Month FDR	Any amount	8.00% p.a.
13 Month FDR	Any amount	8.25% p.a.
25 Month FDR	Any amount	8.50% p.a.
36 Months FDR	Any amount	5.50% p.a.
SB Deposit        SND	Less than Tk. 10 Lac	3.00% p.a.
	Tk. 10.00 Lac & above but less than Tk. 50.00 Lac	3.00% p.a.
	Tk. 50.00 Lac & above but less than Tk. 1.00 Crore	3.25% p.a.
	Tk. 1.00 Crore & above	3.50% p.a.
	Less than Tk. 1.00 Crore	2.50% p.a.
	Tk. 1.00 Crore & above but less than Tk. 25.00 Crore	3.00% p.a.
	Tk. 25.00 Crore & above but less than Tk. 50.00 Crore	3.50% p.a.
	Tk. 50 Crore & above but less than Tk. 100 Crore	3.50% p.a.
Premier Super Account	Tk. 5.00 Crore to below Tk. 15.00 Crore	4.00% p.a.
	Tk. 15.00 Crore to below Tk. 25.00 Crore	4.50% p.a.

	Tk. 25.00 Crore to below Tk. 100.00 Crore	5.50% p.a.
	Tk. 100.00 Crore & Above	6.00% p.a.
Premier 50 Plus A/C	Min balance BDT 5000.00	5.00% p.a.
Premier Genius A/C	Min balance BDT 500.00	5.00% p.a.
Premier Esteem Savers	Daily Balance below Tk. 50,000.00	NILL
	Tk. 50,000.00 – Below Tk. 200,000.00	4.50% p.a.
	Tk. 200,000.00 – Below Tk. 500,00.00	5.00 % p.a.
	Tk. 500,00 & Above	5.50% p.a.
Premier Excel Savers	Daily Balance below Tk. 10,000.00	NIL
	Tk. 10,000.00 – Below Tk. 100,000.00	3.50% p.a.
	Tk. 100,000.00 – Below Tk. 200,00.00	4.00% p.a.
	Tk. 200,00.00 & Above	5.00% p.a.
Premier Shadhinota	Any Amount	5.00% p.a.
Less than 1 lacs	NIL	
Premier High Performance Account	Tk. 2.00 Crore to below Tk. 5.00 Crore	5.00% p.a.
	Tk. 5.00 Crore & Above	6.50% p.a.
Premier Remittance Saver	Min Balance BDT 1000.00	0.50% higher of Savings Rate

Double Benefit Scheme		Parameters
Opening Amount		10,000/- or its multiple



<b>Tenor</b>	6 years & 6 months
<b>Interest Rate(APR)</b>	10.86% p.a.

<b>Monthly Income Scheme for 1 years</b>	<b>Parameters</b>
<b>Opening Amount</b>	Tk. 100, 000/- or its multiple
<b>Monthly Benefit (Gross)</b>	Tk. 750/- or its multiple
<b>Interest Rate</b>	9.00% p.a.

<b>Monthly Income Scheme for 3 years</b>	<b>Parameters</b>
<b>Opening Amount</b>	Tk. 100, 000/- or its multiple
<b>Monthly Benefit (Gross)</b>	Tk. 833/- or its multiple
<b>Interest Rate</b>	10.00% p.a.

<b>Monthly Income Scheme for 5 years</b>	<b>Parameters</b>
<b>Opening Amount</b>	Tk. 100, 000/- or its multiple
<b>Monthly Benefit (Gross)</b>	Tk. 900/- or its multiple
<b>Interest Rate</b>	10.80% p.a.

### **3.1.6 Shwapno (One Year Monthly Deposit Scheme)**

“Shwapno” a personal savings plan to help individuals to fulfill any desired dream. It is a short-term deposit scheme and customer will get Tk. 1.00 lac just after 1 year. Our slogan is, “Design your dream with Premier Bank through monthly installments”.

#### **Product Feature:**

- Tenor : 1 Year

- Monthly Installment : Tk. 7,915.00
- Interest Rate : 9.48% p.a. (Appx)
- Maturity Value : Tk. 100,000.00 (Excluding TAX)
- Loan Facility : Available up to 85% of deposit amount
- Customer Eligibility : Account can be opened by individual/joint/NRB and minor can also open account with their parents.
- Age : No bar

**Terms & Conditions:**

- It is mandatory to have an account with this Monthly Deposit Scheme
- If depositor fails to pay 2 consecutive installments at any point of time, the scheme will be cancelled and no interest will be paid. Principal amount will be transferred to link account automatically.
- In case of premature encashment, no partial interest will be allowed on the deposited amount.
- Tax or levy as imposed by the government from time to time shall be deducted at source at the time of encashment of the scheme
- A person can open more than one account for different amount of deposits under any branch of the bank.

**3.1.7 Registered Retirement Deposit Plan**

Registered Retirement Deposit Plan, a personal savings plan for individuals to secure future registered with The Premier Bank Limited, which will magically turn your monthly deposit of small amount in to Tk. 1.00 Crore.

**Table: 7 Tenor/Monthly Installment**

<b>Tenor</b>	<b>Monthly Deposit</b>	<b>Tenor</b>	<b>Monthly Deposit</b>
10 Years	Tk. 54,500.00	20 Years	Tk. 16,500.00
12 Years	Tk. 41,500.00	25 Years	Tk. 10,000.00

15 Years	Tk. 28,500.00		
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**Product Features:**

- Maturity Value Tk. 1.00 Crore.
- Loan Facility Available up to 85 % of deposit amount after 6 Months of opening scheme but not less than Tk. 100K.

**Insurance Features:**

- If customer planning to save from his hard-earned income and wants the return to be guaranteed – The Premier Bank Limited offering the monthly savings scheme with life insurance protection that guarantees the maturity value even if you decease after depositing only a single installment. Registered Retirement Deposit Plan is the right product for you.
- Life insurance protection guarantees the maturity value even customer dies due to any cause (excluding: pre-existing illness, AIDS, Suicide, Murder or Assault, war or warlike operation etc) even after depositing only a single installment.
- The monthly installments have built in life insurance coverage, which assures the maturity value of the deposit in case of depositor’s death.
- Insurance policy is available up to 15 years package.
- The depositors shall be bound by the terms and conditions stated in the insurance policy.

**Terms and conditions:**

- The first installment may be deposited at any date of the month but subsequent installments shall have to deposit by the 10th day of every month.
- Tax or levy as imposed by the government from time to time shall be deducted at source at the time of encashment of the scheme.

- When a depositor fails to pay four consecutive installments at any point of time, he/she will case to remain within the purview of the account and will be treated as ordinary savings account holder.
- When a depositor fails to deposit any installments in time, he/she will have to pay a fine @2% at the time depositing next installment.

### 3.1.8 Mahar Savings Scheme

Premier Tijarah ‘Mahar Savings Scheme’ is opened under the Mudaraba principal of Islamic Shari’ah. Under the above principal the client is the owner of the fund (Shaheb-Al Mal) and the Bank is just Manager of the Fund (Mudarib). This Scheme is designed for married/unmarried persons to accumulate an amount of money by way of depositing small amounts each month as per his ability with an intention to pay-off the amount **DUE [as FARD/Obligatory]** on him as MOHORANA towards his wife. Alternatively we want to safe-guard the Right of the Women of our society through this product.

#### Product Features

- Fully Shari’ah compliant
- Can be opened for 3 years, 5 years and 8 years
- Installment size is BDT 1,000/- to BDT 10,000/- (Multiple of BDT 1,000/-)
- Account should be opened & encashed jointly with his spouse where Husband should be 1<sup>st</sup>
- Children (if any) may be assigned as Nominee.

#### Basic Requirements

- Complete Account Opening Form.
- Personal Information of both the Account Holders (Husband & Wife).
- 2 copies of passport size photograph of each Account Holder duly attested by Introducer.
- 1 copy passport size photograph of Nominee duly attested by Account Holder(s).
- Identification proof like National ID Card/Passport/Driving License of Account Holders.
- Signature of Introducer (if required).
- Updated TIN Certificate of Account Holder(s).

**Table: 8 Chart of Maturity Value (Provisional)**

Installment Amount/Tenor	Net Payable	Net Payable	Net Payable
--------------------------	-------------	-------------	-------------

	(03 yrs@10.50%)	(05 yrs@11.00%)	(08 yrs@11.50%)
1,000/-	42,150/-	79,150/-	1,53,750/-
2,000/-	84,350/-	1,58,200/-	3,07,100/-
3,000/-	1,26,500/-	2,37,200/-	4,60,800/-
4,000/-	1,68,550/-	3,16,150/-	6,14,450/-
5,000/-	2,10,700/-	3,95,350/-	7,68,000/-
6,000/-	2,52,900/-	4,74,550/-	9,21,550/-
7,000/-	2,95,100/-	5,53,700/-	10,75,000/-
8,000/-	3,37,100/-	6,32,700/-	12,28,650/-
9,000/-	3,79,250/-	7,11,500/-	13,79,850/-
10,000/-	4,21,450/-	7,90,650/-	15,33,800/-

### 3.1.9 Education Savings Scheme

Do not compromise with the future of your children. Why not start saving from now to meet the educational expense of your children in future? This scheme has been designed to secure future educational expenses of your children.

#### Key Features

- No initial deposit required.
- Monthly installment deposit starts from Tk. 1000.
- Flexible tenor of 5, 8, 10 and 12 years.
- Auto installment transfer facility.
- One customer can open more than one Scheme

#### Eligibility

- Minimum 6 years of Age to Maximum 25 years.
- Citizen of Bangladesh.

**Table: 8 Education Scheme Maturity Amount**

Monthly Installment Size	5 years Amount on Maturity (BDT) & Interest Rate	8 years Amount on Maturity (BDT) & Interest Rate	10 years Amount on Maturity (BDT) Interest Rate	12 years Amount on Maturity (BDT) Interest Rate

1000.00	75850.00	139000.00	190000.00	253500.00
2000.00	150500.00	278000.00	380000.00	490000.00
3000.00	226500.00	416500.00	573500.00	760500.00
4000.00	302000.00	560000.00	765000.00	1005000.00
5000.00	377000.00	694500.00	960000.00	1267000.00

### **Document Required**

- Mandatory CASA link Account for all ESS.
- Photograph of A/c holder – 2 copies
- Photocopy of Valid NID/Passport/Driving License
- Photograph of Nominee – 1 copy
- Birth certificate.

## **3.2 Account**

In banking, an account refers to an arrangement by which an organization, typically a financial institution such as a bank or credit union, accepts a customer's financial assets and holds them on behalf of the customer at his or her discretion. Types of accounts include savings accounts, which are designed to help customers accumulate liquid assets; checking accounts, which make it easier for customers to use liquid assets to pay debts and buy goods and services; and retirement accounts, which allow customers to earn higher interest rates on money saved for old age."Account" can also refer to a statement summarizing the record of transactions in the form of credits, debits, accruals and adjustments that have occurred and have an effect on an asset, equity, liability, or past, present or future revenue.

### **3.2.1 Current Account**

Premier Bank Current Account helps you manage your daily finances in the way that suits your transactional needs. The combination of convenience, flexibility benefits ensures that you always have access to your account that caters to the needs.of your business. Premier Bank Current Account is probably the most useful Bank Account you will ever have for business transactions.

#### **Key Features**

- A Non- Interest bearing checking account.
- Initial Balance Tk: 5000
- Visa Debit card and 24 hour free access to ATMs.
- Ideally suited to business transactions of Individuals or corporate bodies.

**Benefits**

- Quick & easy processing.
- Unlimited transactions allowed.
- Online banking facility.
- E-statement of account as per requirement.

**Eligibility**

- Minimum Age: 18 years.
- Citizen of Bangladesh.

**Document Required**

- Photograph of A/c holder – 03 (Three) copies.
- Photocopy of Valid NID/Passport/Driving License.
- Photograph of Nominee – 1 copy.
- Copy of Utility Bill.

**3.2.2 Savings Account**

The Premier Bank Savings Account gives you the freedom to conduct your banking transactions at a very simple way. We offer competitive interest rate on the outstanding balance. In addition, all account holders get VISA/MasterCard Debit Card and ATM facility for 24 hour banking convenience.

- An Interest bearing checking account.
- Initial Balance Tk: 1000
- Visa/MasterCard Debit card and 24 hour free access to ATMs.
- Interest payable on half yearly basis.

**Benefits**

- Quick & easy processing.
- Unlimited transactions allowed.
- Online banking facility.
- E-statement of account at regular frequency.

**Eligibility**

- Minimum Age: 18 years.
- Citizen of Bangladesh.

**Document Required**

- Photograph of A/c holder – 2 copies
- Photocopy of Valid NID/Passport/Driving License

- Photograph of Nominee – 1 copy
- Copy of Utility Bill

### **3.2.3 Premier Esteem Savers Account**

Premier Esteem Savers” is a savings account that will offer the most attractive benefits, flexibilities and other values to the top income level customers than any other savings account offered by the Premier Bank yet.

#### **Key Features**

- Higher interest Rate\*
  - BDT 5.00 Lacs & above : 5.00% p.a
  - BDT Less than 05 Lacs : NIL
- Interest will be credited half yearly.
- Account opening balance is BDT 5 Lac.
- Free Master Card/VISA Debit Card.
- No Cash foreign currency endorsement Fee on the passport.
- 25% off on Locker Service.

#### **Benefits**

- Quick & easy processing.
- Unlimited transactions allowed.
- Online banking facility.
- E-statement of account at regular frequency.
- Comes with VISA/MasterCard Debit Card & Cheque Book Facility.

#### **Eligibility**

- Minimum Age: 18 years
- Citizen of Bangladesh

#### **Document Required**

- Photograph of A/c holder – 2 copies
- Photocopy of Valid NID/Passport/Driving License
- Photograph of Nominee – 1 copy
- Copy of Utility Bill



### **3.2.4 Premier Excel Savers Account**

Premier Excel Savers” is a savings account that will offer the second most attractive benefits, flexibilities and other values to the upper mid to top income level customers than any other savings account except “Premier Esteem Savers” offered by the Premier Bank.

#### **Key Features**

- Higher interest Rate\*
  - BDT 1 Lac & above : 5.00% p.a.
  - BDT less than 1 Lac : NIL
- Interest will be credited half yearly.
- Account opening balance is BDT 2 Lac.
- Free Master Card/VISA Debit Card.
- No Annual fee at all and Extended ATM limit on Debit card to BDT 50,000/- per day.
- No Cash foreign currency endorsement Fee on the passport.
- 10% off on Locker Service.

#### **Benefits**

- Quick & easy processing
- Unlimited transaction allowed
- Online banking facility
- E-statement of account at regular frequency
- Comes with VISA/MasterCard Debit Card & Cheque Book Facility

#### **Eligibility**

- Minimum Age: 18 years
- Citizen of Bangladesh

#### **Document Required**

- Photograph of A/c holder – 2 copies
- Photocopy of Valid NID/Passport/Driving License
- Photograph of Nominee – 1 copy
- Copy of Utility Bill

### **3.2.5 Premier Remittance Savers**

“Premier Remittance Savers” is a savings account that offers the attractive benefits, flexibilities and other values to the remittance customers. The Account can be opened under both conventional / Islamic banking.

**Eligibility:** Applicant must receive at least one cash remittance in a year.

#### **Key Facilities**

- Attractive interest Rate (Premier Remittance Savers Account will enjoy 0.50% higher than rate than the regular savings account)
- Interest will be credited half yearly.
- Special waiver on Account Maintenance Fees (Account maintenance fee will be free subject to receipt of at least one cash remittance in a year and credit partial /full amount of said remittance in the account.)
- Account opening balance is :BDT 1000
- Free Master Card/VISA Debit Card.
- Free Duplicate Statement
- 50% discount on foreign currency endorsement Fee on the passport.

#### **Others Benefits**

- Free Monthly E-statement facility
- Free Premier ATM banking Facility
- SMS Alert Facility
- Online banking facility

#### **Eligibility**

- Minimum Age: 18 years
- Citizen of Bangladesh

## **Document Required**

- Photograph of A/c holder – 2 copies
- Photocopy of Valid NID/Passport/Driving License
- Photograph of Nominee – 1 copy

### **3.2.6 Foreign Currency (FC) Account**

Private Foreign Currency (FC) Account may be opened in Authorized Dealer (AD) Branches by Bangladesh nationals working / residing abroad, foreign nationals residing abroad or in Bangladesh, Foreign missions and their expatriate employees, foreign firms registered abroad and operating in Bangladesh or abroad, Bangladesh nationals working in foreign / international organizations in Bangladesh with entitlement to receive salary in foreign currency.

### **3.2.7 Non-Resident Foreign Currency Deposit Account (NFCD)**

NFCD account may be opened in Authorized Dealer branches by all non-resident Bangladeshis working/residing abroad, Bangladeshis having dual nationality residing abroad, Bangladesh nationals serving at missions of Bangladesh in foreign countries, officers/staff of the government/semi-government organizations /nationalized banks and employees of body corporate posted abroad or deputed at international and regional agencies in foreign countries against foreign currency remitted through banking channel or brought in cash and 100% foreign owned (A-Type) industrial units in the Export Processing Zones in Bangladesh.

### **3.2.8 Resident Foreign Currency Deposit Account (RFCD)**

RFCD is an account in Foreign Currency. Persons ordinarily resident in Bangladesh may open RFCD account with foreign exchange brought in at the time of their return from travel abroad.

### **3.2.9 Premier Payroll Account**

Premier Payroll Account” is a benefit-rich savings account in Taka for a salaried employee. This is a salary account in which the employer will credit/remit the salary of their employees on pay day at regular basis during the service period with the employer.

## **Key Features**

- ❖ Conventional Account Service
- ❖ Debit Card Facility
- ❖ Cheque Books Facility
- ❖ No Initial Balance required.
- ❖ Visa Debit card and 24 hour free access to ATMs.
- ❖ Interest payable on Half Yearly basis.

### **Benefits**

- ❖ Quick & easy processing
- ❖ Unlimited transaction allowed
- ❖ Free Debit Card
- ❖ Free Salary Transfer
- ❖ No maintenance Fee
- ❖ Free Online banking facility
- ❖ Free e-statement of account

### **Eligibility**

- Minimum Age: 18 years
- Citizen of Bangladesh

### **Document Required**

- ❖ Photograph of A/c holder – 03 (Three) copies
- ❖ Photocopy of Valid NID/Passport/Driving License
- ❖ Photograph of Nominee – 1 copy
- ❖ Copy of Utility Bill
- ❖ Photocopy of institutional ID

### **3.2.10 Premier Genius Account**

Intellect and perseverance will lead you to success and saving will guide you to an enriched future. Premier Bank Genius Account offers easy and modern banking facilities to the students. Wherever your possibility may lie, be it in the country or abroad, Premier Bank will always be beside you as you build your future.

#### **Key Features**

- ❖ Best interest Rate
- ❖ Interest will be credited half yearly.
- ❖ Account opening balance is Tk. 1,000
- ❖ Free Master Card/VISA Debit Card.
- ❖ Free Pay order issue
- ❖ Discount on Student File opening.

#### **Benefits**

- ❖ Quick & easy processing
- ❖ Online banking facility
- ❖ Comes with Visa Debit Card & Cheque Book Facility

#### **Eligibility**

- ❖ Minimum 6 years of Age to Maximum 25 years.
- ❖ Citizen of Bangladesh

#### **Documents Required**

If the student is adult:

- ❖ Photograph of A/c holder – 2 copies
- ❖ Photocopy of Valid NID/Passport/Driving License

- ❖ Photograph of Nominee – 1 copy
- ❖ Photocopy of Student ID Card

If the student is minor:

- ❖ Photograph of A/c holder – 2 copies
- ❖ Photograph of legal guardian – 2 copies
- ❖ Photocopy of Valid NID/Passport/Birth certificate
- ❖ Photograph of Nominee – 1 copy
- ❖ Photocopy of Student ID Card

### **3.3 Islamic banking Account**

Islamic banking is grounded in Sharia, or Islamic, principles and all bank undertakings follow those Islamic morals. Typically, financial transactions within Islamic banking are a culturally distinct form of ethical investing. For example, investments involving alcohol, gambling, pork, and other forbidden items is prohibited.

#### **3.3.1 Al-Wadiah Current Account**

Al-Wadiah Current Account is operated on the principles of Al-Wadiah. Bank plays the role of ‘Safe Custodianship’ in this case. Bank commits to refund customers money deposited in these accounts on the demand of customers. On the other hand the Bank takes permission from customers that the Bank may utilize their money. Customers may operate these accounts as many times as required. No profit is disbursed in these accounts and depositors do not bear any loss.

#### **Basic Requirements**

- Complete account opening form.
- Personal Information of every Director/Account Holder/Operator.

- Minimum Account Opening Deposit of Tk. 5,000/-
- 2 copies of passport size photograph of every operator duly attested by introducer.
- 1 copy passport size photograph of nominee duly attested by every Account Holder/Operator.
- Identification proof like National ID Card/Passport/Driving License for every operator.
- Updated TIN Certificate.
- Signature of Introducer.

### **Additional Requirements**

- Proprietorship Firm – Valid Trade License.
- Partnership Firm – Partnership Deed dully signed by the partners, Partnership Account Agreement.
- Limited Company – Certified copies of ‘Memorandum & Articles of Association’, Certificate of Incorporation, Resolution of the Board of Directors for opening and operation of accounts, List of Directors with their details.
- Club/Society/School/College – Certified copies of ‘Memorandum & Articles of Association’, Bye Laws & Regulations/Constitution, Resolution for opening and operation of account, Updated List of Directors/Office Bearers/Governing Body/Managing Committee.
- Trust – Certified copies of Deed of Trust, Resolution of the Board of Trustees for opening and operation of account, Updated List of Members of the Trustee Board.

### **3.3.2 Mudaraba Savings Account**

Mudaraba savings account is opened under the Mudaraba principle of Islamic Shari'ah. Under the above principle the client is the owner of the fund (Shaheb-Al Mal) and the Bank is just Manager of the Fund (Mudarib).

Mudaraba Savings accounts are mainly meant for Non-Trading customers who have some potential saving with a few number of transactions taking place. More than one person can open and operate a Mudaraba Savings Account. A guardian on behalf of a minor can open a Mudaraba Savings Account. In such case if the minor's age is 12 years he/she can open the account in his name provided that he/she can understand, read and write independently.

#### **Basic Requirements**

- Complete account opening form.
- Personal Information of Account Holder.
- 2 copies of passport size photograph of Account Holder duly attested by introducer.
- 1 copy passport size photograph of nominee duly attested by Account Holder.
- Identification proof like National ID Card/Passport/Driving License of Account Holder.
- Signature of Introducer (if required).
- Updated TIN Certificate.
- Left hand thumb impression and physical attendance (if Account Holder is illiterate).
- Club/Society/School/College – Certified copies of 'Memorandum & Articles of Association', Bye Laws & Regulations/Constitution, Resolution for opening and operation of account.
- Minimum Account opening deposit is BDT 1,000/-

### **3.3.3 Mudaraba Genius Account**

With a view to develop savings habit among the minor students, to gather knowledge about banking services and modern technology the Mudaraba Genius Account has been introduced. Special privileges have been offered in this account. Minor students are encouraged to make



savings in Banks that will be helpful for them to make a big savings to fulfill the intention to complete higher studies.

### **Product Features**

- Fully Shari'ah compliant.
- Savings Account only for students upto age of 25 years (maximum).
- Attractive Weightage on this product to ensure better rate of return.
- Priority customer services for opening Student File.
- Free Online Banking facility.
- Free Debit Card facility.
- No Annual Fees on Debit Card.
- No Account Maintenance fee.
- No charge for Standing Instruction/Pay Order/Solvency Certificate & Regular/Duplicate copy of Account Statement.

### **Basic Requirements**

- Applicant should be a student and age should be 25 years (maximum).
- Complete account opening form.
- Personal Information of Account Holder.
- 2 copies of passport size photograph of Account Holder duly attested by introducer.
- 1 copy passport size photograph of nominee duly attested by Account Holder.
- Identification proof like S.S.C or any equivalent certificate/Birth Certificate provided by any approved authority/National ID Card/Passport/Driving License of Account Holder.
- Testimonial/Letter of Introduction from concern educational institution.
- Signature of Introducer (if required).

- Minimum Account opening deposit is BDT 1,000/-
- Details of parents/guardian (Name, address, contact numbers, nationality, residential status, etc.)
- Declaration from the parents/guardian regarding operating the account if the applicant is below 18 years of age.

### **3.3.4 Mudaraba Premier 50+ Account**

Mudaraba Premier 50+ account is opened under the Mudaraba principle of Islamic Shari'ah. Under the above principle the client is the owner of the fund (Shaheb-Al Mal) and the Bank is just Manager of the Fund (Mudarib). Mudaraba Premier 50+ account is mainly meant for customers above 50 years of age who is willing to earn from his/her hard earned money through Shari'ah compliant investments.

#### **Product Features**

- Fully Shari'ah compliant.
- Savings Account only for Senior Citizens above the age of 50 years.
- Attractive Weightage on this product to ensure better rate of return.
- Profit is calculated on daily basis.
- Unlimited withdrawals.
- Discounted fees on Debit Card.
- Free Online Banking facility & SMS Banking Service.
- Service is offered on priority based to any branch.
- No Account Maintenance fee.
- No charge for Standing Instruction, Solvency Certificate & Regular/Duplicate copy of Account Statement.

#### **Basic Requirements**

- Applicant's age should be above 50 years.

- Complete account opening form.
- Personal Information of Account Holder.
- 2 copies of passport size photograph of Account Holder duly attested by introducer.
- 1 copy passport size photograph of nominee duly attested by Account Holder.
- Identification proof like S.S.C or any equivalent certificate/Birth Certificate provided by any approved authority/National ID Card/Passport/Driving License of Account Holder.
- Signature of Introducer (if required).
- Updated TIN Certificate.
- Minimum Account opening deposit of BDT 5,000/-

### **3.3.5 Mudaraba Excel Savers Account**

Mudaraba Excel Savers account is opened under the Mudaraba principle of Islamic Shari'ah. Under the above principle the client is the owner of the fund (Shaheb-Al Mal) and the Bank is just Manager of the Fund (Mudarib). Mudaraba Excel Savers Account is mainly meant for Mid to Top income level individuals who is willing to deposit substantial amount in the savings account and maintain a highly monthly average balance compared to regular Mudaraba Savings Account.

#### **Product Features**

- Fully Shari'ah compliant.
- Attractive Weightage on this product to ensure higher rate of return.
- Profit is calculated on daily closing balance and payable on monthly basis.
- Unlimited withdrawals.
- No fees on Debit Card.
- Free Online Banking facility & SMS Banking Service.
- Privileged Banking services.

- Exclusive benefits on Foreign Exchange related services.
- No Account Maintenance fee.
- No charge for Standing Instruction.
- Special discount on Locker related services.
- 50% Discount on Solvency Certificate.

### **Basic Requirements**

- Complete account opening form.
- Personal Information of Account Holder.
- 2 copies of passport size photograph of Account Holder duly attested by introducer.
- 1 copy passport size photograph of nominee duly attested by Account Holder.
- Identification proof like National ID Card/Passport/Driving License of Account Holder.
- Signature of Introducer (if required).
- Updated TIN Certificate.
- Minimum Account opening deposit of BDT 2,00,000/-

### **3.3.6 Mudaraba Esteem Savers Account**

Mudaraba Esteem Savers account is opened under the Mudaraba principle of Islamic Shari'ah. Under the above principle the client is the owner of the fund (Shaheb-Al Mal) and the Bank is just Manager of the Fund (Mudarib).

Mudaraba Esteem Savers Account is mainly meant for Top income level individuals who are willing to deposit substantial amount on the savings account and maintain a highly monthly average balance compared to regular Mudaraba Savings Account.

### **Product Features**

- Fully Shari'ah compliant.
- Attractive Weightage on this product to ensure highest rate of return.

- Profit is calculated on daily closing balance and payable on monthly basis.
- Unlimited withdrawals.
- No fees on Debit Card.
- Free Online Banking facility.
- Privileged Banking services.
- Exclusive benefits on Foreign Exchange related services.
- No Account Maintenance fee.
- No charge for Standing Instruction/Issuance of Solvency Certificate.
- 25% discount on Locker related services.

### **Basic Requirements**

- Complete account opening form.
- Personal Information of Account Holder.
- 2 copies of passport size photograph of Account Holder duly attested by introducer.
- 1 copy passport size photograph of nominee duly attested by Account Holder.
- Identification proof like National ID Card/Passport/Driving License of Account Holder.
- Signature of Introducer (if required).
- Updated TIN Certificate.
- Minimum Account opening deposit of BDT 10,00,000/-

**Chapter 4**  
**Loan Schemes of**  
**Premier Bank**

#### **4. LOAN**

Short, medium & long term loans allowed to individual/firm/industries for a specific purpose and for a definite period and generally repayable by installments fall under this head. This type of lending is mainly allowed to accommodate financing under the categories of Large & Medium Scale Industry and Small & Cottage Industry. Very often term financing for Agriculture & Others are also included here.

The Bank maintains a well-diversified loan portfolio by extending project finance, export finance, SME loans, commercial credit, continuous loans, agricultural credit, house building loan to the deserving clients and staff loan. A wide range of business, industry, service and trade sectors constitute the Bank's advance portfolio. The credit portfolio of the Bank is composed of Corporate, SME and Retail Products under both conventional and Shariah based terms. Credit activities of the Bank are administered by the Credit Committee at Head Office with delegation of responsibilities grouped into assessment of risks, lending decisions and monitoring functions. At the end of 2018, credit portfolio of the Bank increased by Taka 21,068.98 million to reach the total of Taka 156,960.04 million against Taka 135,891.06 million in 2017. The growth recorded was 15.50 percent over the preceding year. Our loan recovery efforts were successful and total non-performing loans accounted for 3.99 percent of total loans at the year-end 2018. Bank's Credit/Deposit ratio was 82.68 percent as of 31st December 2018.

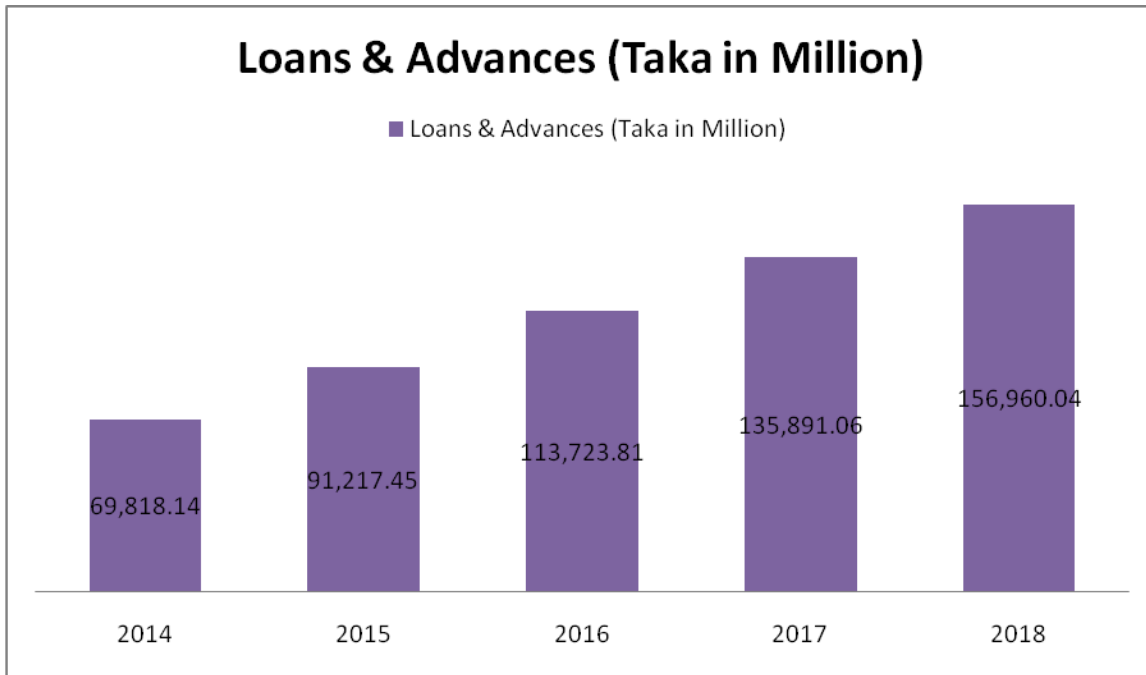


Figure 4.1: Loans and Advances

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

## 4.1 Home Loan

### 4.1.1 My First Home

- Purchasing dwelling for Residential purpose.
- Apartments under construction are also applicable for New Home facility.

### 4.1.2 Home Construction Loan

- To construct residential buildings.
- House Construction Loan will be 70% of the total estimated cost of the construction or the maximum amount of loan assessed based on customers' creditworthiness as per Premier Bank's credit policy, whichever is lower.
- Disbursement will be made into different phases.

### 4.1.3 Takeover Loan



- Consolidation of existing housings/structures.
- Home/House renovation loan.
- Any other loan from any schedule Bank's / Financial institutions to PBL.
- All loan consolidation will be under existing or new home loan.
- Consolidation of Personal loan, Auto loan, Credit Card.

#### **4.1.4 Interior & Exterior Loan**

- Extending loan facilities for different purposes
- House extension
- House Renovation
- Face uplifting
- My Next Home
- This is a solution to buy apartments from uncategorized developer under TPA
- Offering his/her existing unencumbered property as a registered mortgage

#### **4.1.5 Home Line of Credit (HLC)**

- Home Line of Credit is the overdraft facility for the existing home loan customers of Premier Bank Limited in combination with the existing home loan
- HLC can be topped up based on the performance of the loan and a percentage of the total installment paid
- New Home Loan applicant may also avail HLC up to max Tk. 10 Lac or where in the permissible Home Loan will be segregated in to Home + HLC

#### **4.1.6 Interest Only Home Loan**

- Pay only the interest on the principal balance, with the principal balance unchanged for a set term/tenor
- At the end of the interest-only term/tenor the borrower starts to pay both interest and principal as per amortization schedule
- Maximum tenor for interest only home loan is two years

#### **4.1.7 Home Clubbed Secured**

- **Retail Bundle:** Home Loan, Credit Card (pre-approved) and/or Personal Loan, and/or Auto Loan.
- **SME Bundle:** Home Loan with SME Line of Credit (revolving) with interest only option for two years.
- SME line of credit will be topped up if 80% of principle installments are paid.

Loan size	Min BDT 10 Lac Max 1.20 Crore
Interest Rate	New Home, Home Construction, & Home Credit –13.99% p.a. with quarterly rest (Variable) Balance Consolidation – 13.49% p.a. with quarterly rest (Variable)
Processing Fee	1.50% of the loan amount
Tenor	Maximum – 25 years (300 months)

## 4.2 Auto loan

Your drive to succeed has got you this far. Now indulge in your passion for driving some of the world’s finest automobiles and enjoy power, performance and luxury.

### Features

- Auto Loan for the purchase of brand new and reconditioned car for private use only.
- Loan amount ranges from BDT 200,000 to BDT 4,000,000.
- Repayment tenure of 12 months up to 72 months.
- Automatic realization of monthly installment.
- one personal guarantee required.
- Minimal Documentation.

### Eligible Customers

- Any credit worthy individuals with a minimum of three (3) years’ experience like:
  - Salaried executives.
  - Self Employed : Doctors, Architects, Engineers, Chartered Accountant and Certified Consultant & IT Professionals.
  - Businessperson
- Age
  - Minimum : 25 Years
  - Maximum : 65 years

### **4.3 Personal Loan**

Our Personal Loan is offered on a valid reason from buying household appliances to emergency medical needs. Some of these could be: Purchase of Electronic goods, House/Office Renovation, Marriages in the family, Advance Rent Payments, Travel Expenses and Payment of Taxes etc.

### **4.4 Home Loan for Freedom Fighter**

We designed dedicated Home Loan solution for certified Freedom Fighters. Certified Freedom Fighters can avail Home Loan against their monthly Honorarium Allowances from Premier Bank.

**Product Features:**

**Purpose:** Construction/Renovation/Extension of existing house.

**Loan Limit:** Minimum TK 100,000.00 – Maximum TK 350,000.00

**Loan Period:** Minimum 1 Year – Maximum 10 Years.

**Interest Rate:** 10.50% – 12.50%

**DBR:** 60% of Honorarium Allowance.

**LTV:** 70% of the property Forced Sale Value.

**Customer Eligibility:**

**Customer Segment:** Certified Freedom Fighter.

**Age:** Maximum 75 years (Up to repayment age).

**Applicant Type:** Applicant himself and/or spouse.

**Requirements:**

**Income:** Honorarium Allowance paid by the Government.

**Property Area:** Within business command area of PBL branches.

(Under City Corporation/Pourashava/Union Parishad)

**Property Ownership:** Applicant himself and/or spouse.

**Documents:** Freedom Fighter's Certificate attested by the government.

Honorarium Allowance Certificate issued by the government.

**Collateral:** Registered mortgage of the land.

### **4.5 Corporate Finance**

Corporate finance is an area of finance that deals with sources of funding, the capital structure of corporations, the actions that managers take to increase the value of the firm to the shareholders, and the tools and analysis used to allocate financial resources. The primary goal of corporate finance is to maximize or increase shareholder value.

#### **4.5.1 Short Term Finance**

We extend credit facility against inventory, account receivables or other current assets etc. to finance the working capital requirement. Forms of short-term loan are given below

- Cash Credit (Hypothecation)
- Over Draft (OD)
- Short Term Loan (STL)
- Secured Overdraft (SOD)
- Bill Discount / Purchase

#### **4.5.2 Long Term Finance**

We provide this type of credit facility to support the long-term growth of a business. This type of loan is primarily used for fixed asset financing, such as acquisition of capital machinery, equipment, vehicles, real estate and other fixed assets. Different types of long term loan are as follows

- Lease Finance
- Hire Purchase
- Loan General
- House Building (Commercial)

#### **4.5.3 Foreign Trade Finance**

In order to facilitate Foreign Exchange, Foreign Trade and other Foreign Currency Business and Transactions for our customers, The Premier Bank Limited maintains Correspondent Banking Relationship with number of banks at home and abroad. Standard settlement Instructions including drawing and transfer arrangements have been established in all major currencies.

The Bank is highly respected in the world of international finance and cross border transactions. Through our expertise and experience, we regularly structure and customize solutions suited to specific business requirements.

#### **❖ Export**

The Premier Bank Limited offers a wide range of export services. Routing all export related transactions through the Bank could eliminate many of exporting hassles.

Features and Benefits

**Export LC Advising:**

We promptly advise export letter of credit from a wide international network. Provide confirmation (if LC issuing Bank is not well known) to the exporter.

**Pre-Shipment Credit**

**Export Packing Credit:**

We provide pre-shipment finance in the form of Packing Credit (PC) to assist cash flows for manufacturing or packing goods for export from Bangladesh. Export finance requirements are carefully taken by the Bank and allow our exporters timely credit facility and to enjoy competitive interest rates.

**Export LC Advising:**

We promptly advise export letter of credit from a wide international network. Provide confirmation (if LC issuing Bank is not well known) to the exporter.

**Pre-Shipment Credit**

**Export Packing Credit:**

We provide pre-shipment finance in the form of Packing Credit (PC) to assist cash flows for manufacturing or packing goods for export from Bangladesh. Export finance requirements are carefully taken by the Bank and allow our exporters timely credit facility and to enjoy competitive interest rates.

**Back to Back L/C facility:**

Back to Back L/C facilities are provided against Export LC.  
Post- Shipment Finance.

**Export Bill Negotiation:**

We negotiate export bills drawn under LC, if the documents are found to be in order as per terms and conditions of LC. The bank facilitates its customers with Foreign Documentary Bill Purchase (FDBP) and Foreign Documentary Bill for Collection (FDBC) for export bill

negotiation. All these facilities are offered at competitive rates and world class service standards.

- Retention quota facility for the exporter.
- Provide complete documentation, lower cost, faster processing.
- Export LC transfer facility (full or partial) is available with competitive fees.
- Export Credit Guarantee facility is also available.

### **Finance against cash incentive**

Export Development Fund (EDF) Loan is also processed in a timely and efficient manner for our customers.

### **❖ Import**

The Premier Bank Limited offers a wide range of import services. Routing all import related transactions through the Bank could eliminate many of importing hassles.

### **Features and Benefits**

The bank offers comprehensive range of import services.

### **Import Letters of Credit:**

We issue Import Letters of Credit on behalf of our customers. Our experts regularly advise our import customers in the light of Import Policy, Guidelines for Foreign Exchange Transactions and UCPDC-600 to protect customers' interests.

### **Import Collection Bill Services:**

Documentary Collections are a common and flexible method of payment for goods purchased from suppliers in abroad. Importers may rely on our expertise in efficient and prompt handling of import collection documents.

### **Trust Receipt Facility:**

We provide credit against Letter of Trust Receipt (LTR) for retirement of import bills.

### **Short & Medium Term Loan Facility:**

Short & medium term loans are also provided to our import customers for installation of imported machineries & production thereof.

Shipping Guarantee & Bank Guarantee are also available.

### **Foreign Bank Guarantee Business**

A number of Foreign Companies are interested in participating in the construction/development of various projects in Bangladesh and are submitting their bids for which Bid Bond/ Performances Guarantee/Advance Payment Guarantees are required by the Government Agencies. We advise/confirm/re-issue Bid Bond, Performances Guarantee, Advance Payment Guarantees, etc. to various beneficiaries in Bangladesh against Counter Bank Guarantee from correspondents.

At request of Local Applicant, Bank issues Foreign Bank Guarantee to the beneficiary abroad through correspondents of respective countries to fulfill the obligations of contract entered for the business.

### **Off-shore Banking Operations**

The Premier Bank Limited caters the banking needs of the non-resident customers to increase foreign trade business at EPZs. Off-shore Banking Unit (OBU) may finance the customers at Export Processing Zones under category 'A' in foreign currency. OBU also discounts bills accepted by Authorized Dealer (AD) Branches in Bangladesh against UPAS (Usance Payable At Sight) L/Cs opened by the Ads. Moreover, OBU is free to accept deposit from or to borrow from persons/institutions not resident in Bangladesh including Bangladeshi nationals working abroad.

#### **4.5.4 Work Order/Construction Finance**

We allowed credit facilities to contractors & suppliers to participate in tenders under Government/ Semi-Govt. Organizations, Autonomous Bodies or other organizations accepted to the Bank to complete their contracted project works. The following types of facilities are under this category –

- Earnest Money
- Bid Bond
- Performance Guarantee (PG)
- Advance Payment Guarantee (APG)
- SOD (WO)

#### **4.5.5 Long Term Loan/Project loan**

We offer project loan to export-oriented customers for setting up new projects as well as for expansion and BMRE of an existing projects. Project Loan is provided to the customers in the form of Hire Purchase, Lease Finance, Loan General etc.

#### **4.5.6 Working Capital Loan**

In order to meet up working capital need of the customer we provide the following facilities

- Back to Back (BTB)L/C / EDF L/C
- Packing Credit/ Export Cash Credit
- Overdraft (OD)
- FDBP/IDBP
- Import L/C (Sight/DP) other than BTB L/C
- Bank Guarantees
- SOD against Cash Incentive

#### **Off shore Banking Facility**

Off shore banking facility is being provided to the foreign owned/ Join Venture unit in the EPZ's of Bangladesh to meet up their financial support.

### **4.6 SME banking Loan**

The small and medium enterprise (SME) loan means financing provided by financial institutions in small and medium industries. Financial institutions provide loans to small and medium industries for arrangement of working capital, business expansion and capital machinery procurement. In order to take forward the SME sector in Bangladesh and implement SME loan management and special initiatives in this sector, Bangladesh Bank introduced a new division named SME and Special Programme Division on 31-12-2009. The

SME and Special Programme Division has taken a number of schemes, programmes and policy initiatives for the development and expansion of small and medium enterprises.

#### **4.6.1 Medium & Long Term Loan**

At Premier Bank, we understand how much hard work goes into establishing a successful SME business and how critical it is to have timely access to appropriate financial products and services. Seizing the opportunity is the hallmark of any successful SME business. Premier Bank, SME Division specializes in putting together flexible, relevant and cost-effective finance packages – the solutions that take into account your company's present position and future goals. In any SME business, sooner or later you will be looking at ways to



raise finance in order to grow and take advantage of new business opportunities. Whatever is you need for finance, it is important to find the right package to suit your business.

- Term Loan
- Project Finance
- Lease Finance

#### **4.6.2 Trade Finance**

At Premier Bank SME Banking, we are committed to supporting your business in efficiently managing your domestic and overseas trade transactions. Whether you are an importer or exporter, our comprehensive suite of Trade Finance & Services offer end-to-end solutions for your trade transactions. Our team of dedicated trade specialists and relationship managers is always ready to answer your queries and provide you with timely updates. You can be assured that your Trade transactions are managed seamlessly and efficiently, giving you time to focus on the most important task at hand – ‘growing your businesses’.

#### **A view of product suite**

- **Trade Services**
  - Letter of Credit
  - Back-to-Back LC
  - Import Documentary Collections
  - LC Advising
  - LC Negotiation
  - Documentary Bill for Collection
  - Loan against Trust Receipt
  - Foreign Bill Purchase
  - Bill Discounting
  
- **Guarantees**
  - Payment Guarantee
  - Performance Guarantee
  - Shipping Guarantee

### **4.6.3 Working Capital Finance**

We recognize the importance of Working Capital Finance of SME customers. In line with our tradition for growth and development, we offer tailor-made solutions to finance all your **Pre-Sale** and **Post-Sale** working capital requirements. Our experienced Relationship Managers work with you to understand your needs and focus on ensuring that the solutions offered are right for you and are delivered in the most effective and efficient manner.

- Inventory Finance
- Receivable Finance
- Overdraft
- Work Order Finance
- Short Term Loans

### **4.6.4 Woman Entrepreneurship Loan**

Premier Bank offers specialized services to Women Entrepreneurs through dedicated service desks. Our dedicated proficient Relationship Managers with highly tailored made products are always by the side of women entrepreneurs to fulfill all their banking needs. Premier Bank also offers refinancing for women entrepreneurs at only 10% pa interest rate. Some of the loan products which help our women entrepreneurs are

- Short and Medium Term Loan
- Working Capital Loan
- Lease Finance

### **4.6.5 Micro & Agriculture Finance**

Bangladesh is primarily an agrarian economy. The performance of this sector has an overwhelming impact on major macroeconomic objectives like employment generation, poverty alleviation, human resources development and food security. We are one of the pioneers in Agriculture finance. Projects financed by us range from Solar Energy, Food Processing to Poultry, Fisheries, Contract Farming etc. sectors.

## **4.7 Islamic banking investment products**

Islamic banking provides investment products such as Bai Murabaha, Bai Muaijal, Bai Salam, Quard against MTDR, Hire purchase under shirkatul mielk.

### **4.7.1 Bai'Al-Murabaha**

Bai' Al-Murabaha is a contract between the Buyer and the Seller under which the Seller sells specific goods permissible under Islamic Shari'ah and Law of the land to the Buyer at a cost plus agreed profit payable in cash on or before a fixed future date in lump sum or by installments or single delivery. The profit (marked-up) may be fixed in lump-sum or in percentage of the cost price of the goods. In case of Bai' Al-Murabaha, Bank procures the goods as per indent of the customer, retain it in its custody and sell the same part by part or at a time to the client who gave indent for the goods. In case of early adjustment, rebate on profit payable may be considered to the Client.

### **Features of the Bai' Al-Murabaha**

- A commodity in the true sense of the term must be involved in buying & selling.
- It is permissible for the Client to offer an order to the Bank to purchase goods mentioning its specification and committing himself to buy the same from the Bank on Murabaha (cost plus agreed upon profit).
- The Bank should purchase the goods as per specification of the Client to acquire ownership of the same before signing the Bai Al-Murabaha agreement with the Client.
- After purchase of goods the Bank should bear the risk of goods until those are actually sold and delivered to the Client, i.e., after purchase of the goods by the Bank and before selling of those on Bai Al-Murabaha to the Client, if the goods are damaged or defective, Bank should be liable and bear the responsibility of damage unless there is an agreement with the Client to release the Bank from such responsibilities.
- It is permissible for the Bank to sell the goods at a higher price (Cost + Profit) to earn profit. The cost of goods sold and profit mark-up therewith shall separately and clearly be mentioned in the Bai' Al-Murabaha Agreement. The profit mark-up may be in lump sum or in percentage of the purchase/cost price of the goods. But the percentage of the profit shall have no relation with time or expressed in relation with time, such as per month, per annum etc.
- The Bank may authorize any third party to buy and receive the goods on behalf of the Bank. The authorization must be in a separate contract.
- The Client is bound to purchase the specific goods from the Bank; else he should indemnify the damages caused by breaking the promise without excuse.

- It is permissible to the Bank to take Cash/Collateral security as guarantee to keep the promise or to indemnify the damages.
- It is also permissible for the Bank to document the investment details by a guarantor or through mortgage or both. These formalities can be obtained before or at the time of signing the Agreement.
- Once the price is fixed as per agreement it can not be further increased.

### **Categories of Proposal under Bai' Al-Murabaha**

- Murabaha Commercial
- Murabaha Industrial
- Murabaha Agriculture
- Murabaha Import (TR)
- Murabaha Export (Pre-Shipment)
- Consumer Investment Scheme

#### **4.7.2 Bai' Al-Muajjal**

Bai Al-Muajjal is a contract between a Buyer and a Seller under which the Seller sells certain specific goods permissible under Islamic Shari'ah and Law of the land to the Buyer at an agreed fixed price payable at a certain fixed future date or within a fixed period in lump sum or by fixed instalments. The seller may also sell the goods purchased by him as per order and specification of the Buyer. In the case of Bank, Bai-Muajjal is treated as a contract between the Bank and the Client under which the Bank sells the goods(purchased as per order and specification of the Client) to the client at an agreed price payable at any fixed future date in lump sum or within a fixed period by fixed instalments.

#### **Features of the Bai' Al-Muajjal:**

- It is a Credit sale of goods by which ownership of the goods is transferred to the Client (by the Bank to the Client) but the payment of sale price by the Client is deferred for a fixed period.
- In this case, there should be a purchase agreement (Bai Al-Muajjal Agreement) between the Bank and the seller of the goods; else it will be assumed that the Bank is making payments to the seller of the goods on behalf of the client which is similar to

providing loan facility to the client and any excess on this amount shall be nothing but interest (RIBA).

- It is permissible for the Client to offer his interest to the Bank to purchase goods mentioning detail specification and should committee to buy the same from the Bank on Bai' Al-Muajjal basis (deferred payment sale at fixed price).
- The Bank should purchase the goods as per specification of the Client to acquire ownership of the same.
- After purchase of goods the Bank should bear the risk of goods until those are actually sold and delivered to the Client, i.e., after purchase of the goods by the Bank and before selling of those based on Bai' Al-Muajjal to the Client, if the goods are damaged or defective, Bank should be liable and bear the responsibility of damage unless there is an agreement with the Client to release the Bank from such responsibilities.
- It is permissible for the Bank to sell the goods at one agreed price which will include both the cost price and the profit. Unlike Bai' Al-Murabaha, the Bank may not disclose the cost price and the profit mark-up separately to the Client.
- It is permissible for the Bank to take Cash/Collateral security as guarantee to keep the promise or to indemnify the damages.
- It is also permissible for the Bank to document the investment details by a guarantor or through mortgage or both. These formalities can be obtained before or at the time of signing the Agreement.
- Once the price is fixed as per agreement it can not be further increased.

### **Categories of Proposal under Bai' Al-Muajjal**

- Bai' Al-Muajjal Commercial
- Bai' Al-Muajjal Industrial
- Bai' Al-Muajjal Agriculture
- Bai' Al-Muajjal Real Estate
- Bai' Al-Muajjal Import/Export
- Bai' Al-Muajjal Scheme

### **4.7.3 Bai' Salam**

Bai'-Salam may be defined as advance purchase of a commodity / product making advance payment by the Bank on execution of a written contract wherein it is clearly mentioned that the commodity will be delivered as per specification, size, quality, quantity at a fixed future time in a particular place. The burden of cost of transportation and storage is also specially mentioned in the contract to avoid confusion. Laterally 'Bai-Salam' means advance purchase and sale. It can also be defined as a sale where the seller undertakes to supply some specific Commodities / Products to the buyer at a future time in exchange of an advanced price paid on the spot. Here the price is paid in cash, but the delivery of the goods is deferred.

### **Features of Bai' Salam**

- There must be a written contract between the Bank and the Client which shall be the principal instrument to govern the advance buying and selling. The name and description of the commodity, specification, quantity, quality, size, date, time and place of delivery, transportation cost & go down rent if any, must be mentioned clearly in the contract.
- Purchase price, shall be paid in advance as mentioned in the contract immediately after signing the agreement. If mentioned in the contract delivery of the commodity/product can be taken in installments also.
- If the client fails to deliver the commodity in time as per specification as well as in specified quantity, the client shall be bound to repay the price received earlier in advance against the product along with compensation for delayed period. On the other hand, if the Bank receives less than the quantity contracted for the client must pay back the value of product supplied less than the quantity contracted for.
- It is not necessary to mention cost of product and profit separately in the contract. Only purchase price of the product may be mentioned.
- After taking delivery of the goods, Bank shall be the owner & shall bear all risk till delivery of the same to the purchaser.
- Bai'-Salam is mainly used for Export Financing.
- In this Mode of Investment the goods to be sold are initially not ready. These goods are needed to be produced / manufactured, they have no existence initially and the goods are not under physical possession of the seller. Initially if the commodities / products are already available for sale, Bai-Salam will not be applicable.

- Generally, Industrial and Agricultural products are purchased/ sold in advance under this mode of Investment to infuse finance so that production of goods to deliver is not delayed due to shortage of fund/cash.

#### **4.7.4 Hire Purchase under Shirkatul Mielk (HPSM)**

Hire Purchase under Shirkatul Milk (HPSM) is a special type of contract; it is the combination of three separate contracts: Shirkat; Ijarah & Sale.

- **Shirkatul Mielk:** Shirkat refers to partnership. Shirkatul Mielk means share in ownership. When two or more persons supply equity, purchase an asset, own the same jointly, share the benefit as per agreement and bear the loss in proportion to their respective equity, the contract can be defined as ‘Shirkatul Mielk’ contract.
- **Ijarah:** The term Ijarah has been derived from the Arabic Words ‘Ajr’ and ‘Ujrat’ which means consideration, return, wages or rent. This is really the exchange value or consideration, return, wages, rent of service of an Asset. ‘Ijarah’ is a contract between two parties, the Hiree and Hirer where the Hirer enjoys a specific service or benefit against a specified consideration or rent from the asset owned by the Hiree. In short, it is a hire agreement under which a certain asset is hired out by the Hiree to a Hirer against fixed rent or rentals for a specified period.
- **Sale:** ‘S’Sale’ is a contract between a buyer and a seller through which the ownership of certain goods or asset is transferred by the seller to the buyer against agreed upon price paid or to be paid by the buyer.

Thus, in Hire Purchase under Shirkatul Mielk (HPSM) mode both the Bank and the Client shares equity as per agreed proportion to purchase an asset (land, building, machineries and transports etc.) with that equity money; own the same jointly; share the benefit as per agreement and bear the loss in proportion to their respective equity. Hire Purchase under Shirkatul Mielk (HPSM) Agreement has three stages:

- Purchase under joint ownership
- Hire and
- Sale and /or transfer of ownership to the other partner (Hirer)

The portion of the asset owned by the Bank is hired out to the Client (partner/hirer) for a fixed rent and for a fixed period. The Bank sells and transfers the ownership of its share in the asset to the Client (partner/hirer) against payment of price fixed for that part either

gradually part by part or in lump sum within the hire period or after the expiry of the hire agreement.

### **Features of Hire Purchase under Shirkatul Mielk (HPSM)**

- The Islamic Shari'ah principle of investment under HPSM is “Musharaka Muta-naquasha” which means the rent shall be devisable as per equity involved, unpaid rent if any shall not be treated as equity and the asset shall be acquired on participation ownership.
- Possession of the asset shall be passed on to the client for use as per practicability.
- Bank shall retain the ownership till payment of equity portion of the Bank along with rental.
- The ownership of the asset shall gradually pass on to the client upon payment of Bank's equity involved and on the reverse upon increase of client's equity.
- Rent shall not be compounded in any case. i.e. no rent shall be charged on unpaid/outstanding rent. Incidence of rent shall be reduced proportionately with the reduction of equity of the Bank on payment of installment by the client.
- Since it is a kind of Musharaka, cash can be paid to the credit of clients account. However, the purpose, for which cash is disbursed must be ensured form the point of Banking.
- In case of need the equity portion may be increased or decreased by making lump sum payment by either side. Very often the client may require funds to run the equipment/machineries for short period as working capital which may be paid to the debit of respective HP-A/c if found feasible and covered by the value of assets.

### **Types of sale contract in Types of sale contract in Hire Purchase under Shirkatul Mielk:**

- Hire Purchase under Shirkatul Mielk through gradual transfer (sale) of legal title/ ownership of the hired asset / property Hire Purchase under Shirkatul Mielk through transfer of legal title by gifts (for no consideration).
- Hire Purchase under Shirkatul Mielk through transfer of legal title (sale) at the end of hire period for a token consideration.
- Hire Purchase under Shirkatul Mielk through transfer of legal title (sale) at the end of hire period for payment of a specified amount to the Hiree by the Hirer.



- Hire Purchase under Shirkatul Mielk through transfer of legal title (sale) prior to the end of the hire term for a price that is equivalent to the remaining Ijarah / rental installments.

#### **Categories of Proposal under HPSM**

- HPSM-Commercial
- HPSM-Industrial
- HPSM-Transport
- HPSM-Real Estate
- HPSM-House Building
- HPSM-Consumer Investment Scheme

## **Chapter 5**

### **Credit Guidelines**



# Lending procedure

## **5. CREDIT GUIDELINES**

Loans and advances are vital assets for any commercial bank. They generate earnings for it. Therefore, lending operation at any bank assumes greater importance. It is absolutely imperative for a bank to have an Integrated Credit or Lending Policy, which lays down the basic principles and broad parameters for the credit operation of the bank. Premier Bank does not have any written, well-documented Credit Policy at present. But from time to time, the Head Office issues circulars regarding credit matters which serve as the guiding framework for its credit operation. In the following sections, a description of general lending policy of this bank is given.

### **5.1 SANCTION OF LOANS AND ADVANCES**

The followings are the main guidelines for sanctioning of loans and advances:

- i. Proposals for loans and other facilities in the name of clients are generally initiated from the branches of the bank. Proposals are also initiated from the Corporate Marketing Division of Head Office.

- ii. All loan proposals must be sent to the Credit Division at Head Office in proper Credit Line Proposal (CLP), giving required information, evidenced by documents. In case of industrial loan proposals, proper feasibility report must accompany CLP. In case of Working Capital to industrial clients, full work-sheet showing working capital requirement of the industry must accompany the CLP.
- iii. All loans Proposals must be sent to Head Office except some overdraft facilities (SOD on FDR, MSS or any other time or scheme deposits).
- iv. Branches shall send proposals to Head Office All loan proposals must be discussed at Branch Credit Committee (BCC) before they are forwarded to Head Office and shall bear signatures of all members of BCC.
- v. Before sending any proposal for any facility the following additional conditions must be fully satisfied by the branches and Head Office Credit Committee (HOCC) must also see that these conditions have been fulfilled:
  - a. Report from all other banks in the area about liability situation of the proposed borrower and the report must be satisfactory.
  - b. No Objection Certificate from the concerned bank/banks should be obtained if the borrower is in debt with those bank/banks.
  - c. CIB Report from Credit Information Bureau of Bangladesh Bank that the borrowers if the proposal involves Tk. 1.00 (One) lac and above.
  - d. Copies of statements of all types of accounts, i.e., C.C.(Hypo), C.C.(Pledge) and Current Accounts maintained by the borrowers shall accompany CLP and will be critically examined to determine the behavior of the accounts and volume of business to justify the quantum of proposed loan. This will be asked for new accounts as well as old accounts for sanction and also for renewal/enhancement. Financial statements, i.e., Balance Sheet, Fund Flow Statement, Cash Flow Statement, Income Statement etc. should be obtained and sent along with necessary ratio analysis to show improvement or deterioration in the financial position of the customers in comparison with the past.
  - e. In case of proposals for Tk. 10.00 lac and above, or-site inspection report of a Senior Officer from Head Office should be examined before sanction/renewal. The report must reveal facts needed to sanction/renew/enhance the loan limit.

- f. In Case Of Loan Amount above 200.00 lac the proposal should be approved by the executive committee.
- vii. Loan supervision capacity of the branch proposing the loan and their capability to manage crisis should be also taken into account by HOCC and if the branch's capacity is in doubt, loan proposal should be declined or the client may be advised to go to nearest branch of the bank.
- viii. Usual lending risks must be analyzed by the branch before initiating the proposal and HOCC shall verify these risks and put them to tests. Only if satisfactory level of rating is found, the loan may be sanctioned/ recommended.
- ix. Head Office shall sanction or place proposals to the Board for sanction of loans strictly if it meets the criteria under credit policy.
- x. Letters issued from Head Office sanctioning/approving loans and advances must clearly state in detail all the terms and conditions so that there remain no confusion or difficulty in implementation of the project or operation of loan account.

The sanction letters shall state:

- ❖ Limit of loans/advances/facilities
- ❖ Nature of loans/advances
- ❖ Validity period of limit for utilization
- ❖ Rate of interest/commission/fees on loans/advances/facilities
- ❖ Margins to be held
- ❖ Details of Securities to be obtained against the loans/advances/facilities and instructions about creating legal charges on the securities
- ❖ Other conditions, if any.

## **5.2 RESTRICTIONS OF LOANS AND ADVANCES**

Premier Bank places certain restrictions on loan making. Some of those are legal compulsions while others are made for disciplining loan functions.

The restrictions are as under:

- ❖ Bank shall not approve loans to a single customer entity (this include all accounts under one customer) which exceeds 35% of its net capital without approval of Bangladesh Bank (BRPD Circular No.2 January 16 2014).
- ❖ Bank shall not allow any loan to its Director/Directors or his/her family members.
- ❖ Bank shall not make loans to a minor or a company where a minor is holding majority shares.
- ❖ Bank shall not make loans against assignment of undivided estate.
- ❖ Bank shall not make loans against security of its own shares.
- ❖ Bank should not make loans against second mortgage of properties whose value is equal or less than loans of 1st mortgage.
- ❖ Bank shall not give loans against mortgage of properties located outside the country.
- ❖ Bank shall not make loans to enable the borrowers to speculate in shares and debentures or commodities for hoarding purposes.
- ❖ Bank shall not make loans against accommodation bills.
- ❖ Bank shall not take liability against commercial Letters of Credit on a given date exceeding 5 (Five) times its net capital.
- ❖ Bank shall not issue guarantee on behalf of customers exceeding 4 (Four) times its net capital.
- ❖ Bank shall not generally grant term loans to a company along with equity investment in the same company.
- ❖ Bank's equity investment in a company, if made shall not exceed 15%-20% of capital of the company nor shall it exceed 15% (BRPD Circular No.2 January 16 2014) of its own capital anytime.

- ❖ Bank shall not accommodate a new client without observing their performances over a period.
- ❖ Bank shall not make loans to borrowers whose integrity is questionable.
- ❖ Bank shall not make loans against a project/business, which cannot earn enough to repay the loans.
- ❖ Bank should not commit long term loans against industrial projects in excess of 10%-15% of i total deposits (DTL) after putting away reserves against Cash Reserve Ratio (CRR) and Statutory Liquidity Reserve (SLR).
- ❖ Term Loans and/or Working Capital Loans in excess of 70% of a bank's net capital fund should be syndicated with other banks. Thus risk can be minimized.
- ❖ For maintaining quality of loans, bank must have adequate number of credit officers specially trained in credit operations. Each branch shall determine number of such officers needed on the basis of number of loans accounts to be handled by each credit officer. The total limit of lending of a bank shall have to be linked to the adequacy of credit officers with matching capability. Different types of loans may require different experience exposures. This is very essential if quality of loans is to be ensured.

### **5.3 LENDING PROCEDURE**

Lending is the main profit generating activity of Premier Bank. Every bank should possess a lending procedure that provides correct borrower selection, quick processing, assurance of repayment and effective monitoring and supervision.

The lending procedure followed by The Premier Bank Limited consists of a set of sequential activities. In these sequential activities, both bank officials and potential borrowers play significant roles. The lending procedure starts with building up of relationship with customer through account opening. The stages of credit approval are done both at the branches and at the Head Office levels. The lending procedure as observed in Premier Bank is described below in sequential order:

#### **5.3.1 APPLICATION FROM THE CREDIT APPLICANT**

A loan procedure formally starts with a loan application from a client who must have an account with the Bank. At first it starts from the branch level. Branch receives application from client for a loan facility. In the application client mentions what type of credit facility he/she wants from the bank including his/her personal information and business information. Branch Manager or the Officer-in-charge of the credit department conducts the initial interview with the customer.

### **5.3.2 OBTAINING CIB REPORT**

After receiving the loan application from the client, the bank sends a letter to Credit Information Bureau of Bangladesh Bank for obtaining a credit inquiry report of the customer. This report is called CIB (Credit information Bureau) report. This report is usually collected if the loan amount exceeds 1k. 1.00 Lac. The purpose of this report is to be informed whether or not the borrower has taken loans and advances from any other banks and if so, what the status of those loans and advances is i.e., whether those loans are classified or not.

### **5.3.3 COLLECTION OF DOCUMENTS**

If Bangladesh Bank sends positive CIB report on that particular borrower and if the Bank thinks the prospective borrower to be a good one, then the bank scrutinizes the documents.

#### **Required documents are:**

- ❖ In case of corporate client, financial documents of the company for the last three to five years. If the company is a new one, projected financial data for the same duration is required.
- ❖ Personal net worth of the borrower(s).
- ❖ In this stage, the bank will ensure that the documents are properly filled in and duly signed. Credit-in-charge of the relevant branch is responsible for enquiring about the ins and outs of the customer's business through discussing with him/them.

### **5.3.4 SCRUTINIZING DOCUMENTS**

Bank officials of the credit department inspect the project for which the loan is applied. Here project existence, its distance from the bank originating the loan, monitoring cost and possibilities etc. are examined. If the proposed amount exceeds Tk. 10.00 lac, a Senior Officer from Head Office performs a on-site inspection of the project.

### **5.3.5 ANALYSIS OF COLLECTED INFORMATION**

Any loan proposal needs to be evaluated on the basis of financial information provided by the loan applicant. Financial spread sheet analysis which consists of a series of quantitative techniques is employed to analyze the risks associated with a particular loan and to judge the financial soundness and worthiness of the borrower. Besides, Credit Risk Grading(CRG) is also undertaken by the bank to measure the borrower's ability to pay considering various risks associated with the loan. These quantitative techniques supported with qualitative judgment are the most important and integral part of the credit approval process used by Premier Bank Limited. This is the credit analysis phase.

### **5.3.6 LEGAL OPINION**

Obtain legal opinion on the collateral provided by the applicant, whether those are properly submitted and are regular and up-to-date. Else, those documents will be asked to regularize by the applicant.

### **5.3.7 CREDIT PROPOSAL**

The branch starts processing the loan at this stage. Based on the analysis (credit analysis) done by the branch, the branch prepares a loan proposal. The proposal contains following important and relevant information:

- ❖ Name of the borrower(s)
- ❖ Nature of credit
- ❖ Purpose of credit
- ❖ Extent of credit
- ❖ Collateral Margin
- ❖ Rate of interest



❖ Repayment schedule

❖ Validity, etc.

### **5.3.8 SANCTIONING OF CREDIT AT BRANCH LEVEL**

If the proposal meets Premier Bank's lending criteria and is within the manager's discretionary power, the credit line is approved. The manager and the sponsoring officer sign the credit line proposal and issue a sanction letter to the client.

If the value of the credit line is above the branch manager's limit then it is sent to Head Office for final approval with detailed information regarding the client(s), credit analysis and security papers.

### **5.3.9 HEAD OFFICE MANAGEMENT COMMITTEE**

Head office processes the credit proposal and afterwards puts forward an office note if the loan is within the discretionary power of the Head Office Management Committee or a memo to the Board/Executive Committee if the loan requires approval from the Board of Directors.

### **5.3.10 SANCTION ADVICE**

If Head Office Management Committee or the Board, as the case may be, approves the credit line, an approval letter is sent to the branch. The branch then issues a sanction letter to the borrower with a Duplicate Copy. The duplicate copy duly signed by the borrower is returned to the branch of the bank. This duplicate copy returned by the applicant proves that the borrower agrees with the terms and conditions of the credit line offered by the bank.

### **5.3.11 COLLECTION OF CHARGE DOCUMENTS**

After issuing the sanction advice, the bank collects necessary charge documents. Charge documents vary on the basis of types of facility, types of collateral etc. (A list of required charge documents is furnished in the subsequent sections of this chapter).

### **5.3.12 DISBURSEMENT OF LOAN**

Finally loan is disbursed by the branch through a loan account in the name of the borrower and monitoring of the loan starts formally.

The entire process can be shown in the following flow chart:

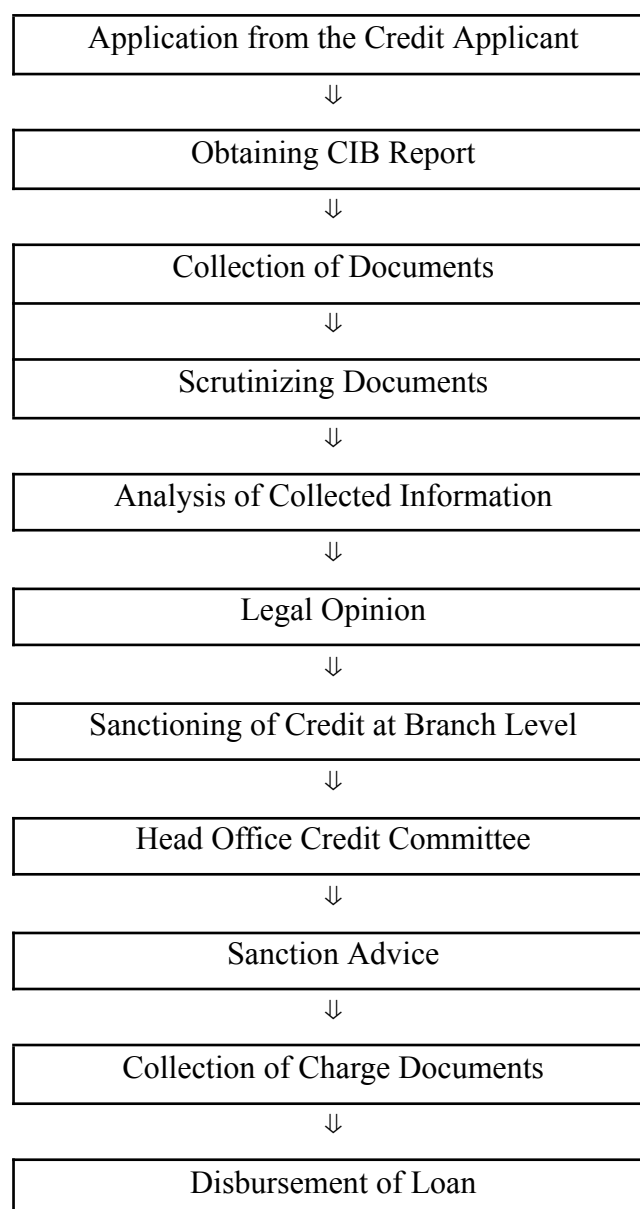


Figure 4.1: The Lending Process

## 5.4 EVALUATION OF CREDIT PRACTICES

The lending process of Premier Bank Limited starts with a customer who has an account with the bank or is intended to open an account with the bank. The lending generally starts at the branch level. The branch manager plays an important role in the initiation of the lending process. The critical evaluation of the lending process has been done taking various components and phases of the lending process into consideration.

### 5.4.1 BORROWER SELECTION

Starting and developing a business in a developing country like Bangladesh is not an easy task. Entrepreneurs face many challenges, especially with the uncertainty that exists over access to finance, advice and information, and reliable markets. By offering technical assistance, business advice, support and extension services, lending institutions can make a great difference to their chances.

While selecting borrowers/entrepreneurs in general, Premier Bank places particular emphasis on the character and capacity of the entrepreneurs/sponsors. Then comes the question whether the project is viable in all respects. Premier Bank sets some criteria to judge the viability of the project. There are ways Premier Bank scouts prospective entrepreneurs:

- ❖ The management of the Bank sets a global target for the Bank for a particular year. Accordingly, the Head Office sets specific targets in respect of deposit, advance, export and import and profit for each individual branch. In order to achieve the set target, each branch emphasizes on expanding the loans and advances. This requires the branch to scouting prospective entrepreneurs in their locality.
- ❖ The management also set targets for each branch to scout entrepreneurs from particular sectors or entrepreneurs with particular characteristics. As for example, there can be targets for branches to scout a certain number of projects having fixed cost upto Tk. 50.00 lac.
- ❖ The Managing Director, Deputy Managing Directors and other senior executives from the Head Office pay visit to branches at regular intervals and exchange views with the existing and prospective clients/entrepreneurs. Also there are times when the branch prearranges for meeting with the prospective entrepreneur(s) if required.
- ❖ The potential borrower of Premier Bank must have an account with the bank or intended to open an account with the bank before being entitled to enjoy credit facility by the bank. Borrower selection is the most important part of lending process, because the subsequent success largely depends on the right selection of the potential borrower. Generally anybody who is an employee of Premier Bank can bring credit customers to the bank or the customer can present himself for the approval of credit line for him/his company. Bank's officers and employees are especially encouraged to bring customer for the bank, because the bank is new in the banking sector and wants to grow its credit portfolio.

- ❖ While selecting borrower the loan officers are instructed to take utmost care so that adverse selection is not made.

Although Premier Bank practices good attitude in selecting borrowers, there are some problems in this process which are discussed below:

- ❖ Although Bank takes protective measures against selecting wrong customers, in reality often adverse selection is made. The major problem the credit officers face in selecting borrowers is the availability of information about a particular borrower. There are instances that customers provide fabricated information to prove him/her a worthy and financially viable customer. Sometimes borrowers manipulate their financial statements so that it provides a healthy picture to the bank. Borrowers' speculative behavior and non co-operation in providing data is also prevalent in Bangladesh.
- ❖ Bangladesh is a small country but there are 52 commercial banks operating here. Therefore the credit market is a borrower dominated market. Number of potential borrowers is insufficient as compared to the number of banks operating. Therefore an unhealthy competition has been occurred in capturing customers.
- ❖ Bank cannot keep its deposits idle because deposits are entitled for interest. That's why bank is in constant search for potential borrowers to mobilize its deposits. Therefore sometimes adverse selection is made arising out of emergency need for rotating the bank's deposit.

#### **5.4.2 BRANCH ACTIVITIES**

- ❖ Branches play key roles in credit operation. Usually branch credit department targets the potential borrowers, generates the credit relationship and completes the credit analysis and prepares a well written credit proposal. The approval of a credit depends on how well the credit proposal is prepared and supported by relevant information and analysis.
- ❖ Bank collects information through pre-designed forms filled in by the customer. These forms include request for credit limit form, present net worth statement and

personal credit information form. It is very easy to provide false and distorted information in these forms. Therefore the bank officials must not depend only on the information collected through questionnaires but also should visit the customers' work place, house, seek information from the customers' peer groups and enquire about the customer so that he or she does not get insulted.

- ❖ If the information collected by the branch do not represent the real picture of the borrower, then all the subsequent lending activities will carry risks. Particularly credit analysis based on wrong information might prove very dangerous.
- ❖ Branch's main purpose regarding a credit application is not to create obstacle for the customer but to depict the clear and real picture from an unbiased position.
- ❖ The success of a credit approval largely depends on how well and how quickly branch can prepare the credit proposal. Based on the proposal prepared on the basis of qualitative and quantitative analysis, the head office takes decision whether to sanction the loan or not.

#### **5.4.3 HEAD OFFICE ACTIVITIES**

- ❖ Head Office Credit Committee and Board of Directors play key role in the final sanction of the lending process. If the amount of credit exceeds Head Office Credit Committee's limit, Board approval is necessary.
- ❖ Head Office Credit Committee reviews all the credit proposals sent by different branches of the Premier Bank Limited. If any drawback is found in the proposal, it is either sent back to the branch or rectified by the credit committee itself.
- ❖ The time required for the approval of a particular credit proposal largely depends on the level coordination between branches and the Head Office Credit Committee. At the Head Office, every officer of the credit department is assigned to supervise few branches to facilitate better communication and smooth functioning of the lending process.

- ❖ Besides Head Office Credit Division, Monitoring and Inspection Division of Head Office overviews the whole credit process of The Premier Bank Limited and if any intervention is required at any stage, they play the required role.

#### **5.4.4 CREATION OF CHARGE**

Charge creation is very important in the ending process in that it establishes the legal right on the property of the borrower so that the bank can get the repayment by selling the property in case of default.

Premier Bank Limited does not create charge through pledge which is a strong mode of charge creation. The security obtained through pledge is much safer than hypothecation which is a weaker mode of creating charge.

Negligence in creating proper charge might seriously jeopardize the bank's interest as far as the credit is concerned.

#### **5.4.5 LOAN MONITORING TECHNIQUES**

- ❖ Premier Bank employs several techniques for loan monitoring. So far Premier Bank's loan monitoring has been done very effectively which is evident from its near zero default rate.
- ❖ Sometimes monitoring should be done through physical verification of the borrower's work place, mortgaged property or hypothecated stocks.
- ❖ Premier Bank faces occasional problem in loan monitoring due to the shortage of manpower. Loan monitoring is a continuous task requiring reasonable number of manpower. For this Premier Bank has its Monitoring and Inspection Division. But more officers need to be posted there.

**Chapter 6**  
**Recommendation**  
**&**  
**Conclusion**

## 6.1 POLICY RECOMMENDATIONS

After observing the different sector of Premier Bank, recommendation for this Bank are follows:

- ❖ Premier Bank Limited must come up with more and more innovative deposit and loan products to meet up the demand of time.
- ❖ New branches should be launched in order to get more customers.
- ❖ ATM booths of Premier Bank Limited are very few not only for Dhaka city but also for the country. Number of booth should be increased to fill up customer demand and increase the market share.
- ❖ Debit card should be given to the new account holder within a short period of time and it should be activated as early as possible.
- ❖ Premier Bank Limited should take steps to increase the locker number.
- ❖ Special emphasis has to be given to increase Current Account in the coming years.
- ❖ There are House-Building loan facilities available in Premier Bank Ltd, which is only offered to staffs of the bank. This loan facility should be opened for every people.
- ❖ Special emphasis has to be given to finance the Agricultural & Construction Sector.
- ❖ Emphasis should be given on to the existing client.
- ❖ At the branch level general banking and credit department must be adequately capable of collecting the correct and relevant information and analyzing the financial statements quickly and precisely.
- ❖ To combat the problem of mobilizing deposit in the form of credit, Premier Bank should focus on intensive marketing effort.
- ❖ The bank must have sufficient qualified staff, facilities, and procedures in place to ensure professional administration of the documentation, continuing credit evaluation,



and operational support of the credit throughout its life. They should also be trained up properly and allowed to specialize on the job.

- ❖ To faster the lending process, Premier Bank should facilitate online loan application submission and personal credit processing.
- ❖ Loan monitoring is a continuous task and requires expert manpower. Therefore Premier Bank should set up a separate loan monitoring cell which will be responsible for monitoring its total loan portfolio with special care to the classified loan.

## **6.2 Conclusion**

Every organization must have a goal to achieve. To achieve that goal organization must fix its vision and mission. According to vision and mission, an organization is able to fulfill its target. Customers are in the center of that mission and vision for financial companies like Bank. Premier Bank Limited is one of the leading private banks in the country with commendable performance directed by mission. It is providing a wide range of banking services. It has achieved success within a short period of time among its peer competitors. It has dynamic professional, dedicated team management having long experience and expertise in modern banking. Premier Bank Limited has adequate technology and efficient management to satisfy its present clients. With all of its resources management of Premier Bank Limited believes that the bank would be able to face all the challenges coming in the future. The Bank's motto "Service first" reflects Premier's concern for customer satisfaction, flexibility, responsiveness and productivity. The Bank upholds and strictly abides by good corporate governance practices and is subject to the regulatory supervision of Bangladesh Bank. Premier Bank is always conscious of the changing needs of the customers and take up arms to develop new and improved services for its valued customers. The Bank offers a wide range of Deposit and Lending Products & quality Services to meet the customers all kinds of financial needs. At last I wish a very successful future for Premier Bank Limited according to its vision and Goals.

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# Appendix

## Survey Questionnaire:

In the primary sources are the interview session with the Officers who works in the General Banking & Credit Department of Dhanmondi Satmosjid Road Branch. Frequently asked questions are written below:-

1. How do want to improve your bank environment?
2. In this Bank what's term more beneficial for customer form the others Bank?
3. Describe the most important product in this Bank.
4. Could you provide details about marketing process of Bank?
5. Describe a situation where you had to deal with an angry customer.
6. Describe about a time you had to explain a process or situation to a confused customer. How did you approach this?
7. What you felt pressured by conflicting work demands, how did you respond?
8. What do you do if you saw a co-worker do something that you didn't think was appropriate?
9. How do you check your work for accuracy?

Frequently asked questions to the customers of the branch are written below:-

1. What is your opinion to increase the revenue of the bank?
2. How could the bank improve the general banking service system?
3. How could the bank improve the credit facilities?
4. How do you feel about the service level of the bank?
5. How does you compare with other banks?
6. How would you go about solving problem related to processing of loan?
7. How would you describe the product in front of the customer?
8. What would you do differently?

