



**PRUDENTIAL REGULATIONS
FOR
SMALL ENTERPRISES FINANCING**

First Edition-2004

BANG LADESH BANK

FOCUS GROUP TEAM

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PART-A
DEFINITIONS

For the purpose of these regulations:

1. **Bank** means a banking company as defined in Banking Companies Act 1991.
2. **Borrower** means an SE on which a bank has taken any exposure during the course of business.
3. **Contingent Liability** means:
 - (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the enterprise; or
 - (b) a present obligation that arises from past events but is not recognized because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability;and includes line of credit, letters of guarantee, bid bonds I performance bonds, advance payment guarantees and underwriting commitments
4. **Documents** include vouchers, cheques, bills, pay-orders, promissory notes, securities for leases/ advances and claims by or against the bank or other papers supporting entries in the books of a Bank.
5. **Equity of the Borrower** includes paid-up capital, general reserves, balance in share premium account, reserve for issue of bonus shares and retained earnings/ accumulated losses, revaluation reserves on account of fixed assets and subordinated loans.

Revaluation reserves will remain part of the equity for first three years only, from the date of asset revaluation, during which time the borrower will strengthen its equity base to enable it to avail facilities without the benefit of revaluation reserves.
6. **Exposure** means financing facilities whether fund based and/ or non- fund based and includes:
 - (i) Any form of financing facility extended or bills purchased/ discounted except ones drawn against the L/Cs of banks and duly accepted by such LC issuing banks/NBFIs.
 - (ii) Any financing facility extended or bills purchased/discounted on the guarantee of the person.
 - (iii) Subscription to or investment in shares, Participation Term Certificates, Term Finance Certificates or any other Commercial Paper by whatever name called (at book value) issued or guaranteed by the persons.
 - (iv) Any financing obligation undertaken on behalf of the person under a letter of credit including a stand-by letter of credit, or similar instrument.

- (v) Loan repayment financial guarantees issued on behalf of the person.
 - (vi) Any obligations undertaken on behalf of the person under any other guarantees including underwriting commitments.
 - (vii) Acceptance / endorsements made on account.
 - (ix) Any other liability assumed on behalf of the client to advance funds pursuant to a contractual commitment.
7. **Forced Sale Value (FSV)** means the value which fully reflects the possibility of price fluctuations and can currently be obtained by selling the mortgaged / pledged assets in a forced/ distressed sale conditions.
8. **Government Securities** shall include such types of Bangladesh Taka obligations of the Government of Bangladesh or of a Corporation wholly owned or controlled, directly or indirectly, by the Government and guaranteed by the Government as the Government may, by notification in the Official Gazette, declare, to the extent determined from time to time, to be Government Securities.
9. **Group** mean persons, whether natural or juridical, if one of them or his dependent family members or its subsidiary, have control or hold

Substantial ownership interest or have power to exercise significant influence over the other or are financially interdependent on each other. For the purpose of this:

- (a) **Subsidiary** is defined as a company or a body corporate shall deemed to be a subsidiary of another company if that other company or body corporate directly or indirectly controls, beneficially owns, or holds more than 50% of its voting secreting or otherwise has power to elect and appoint more than 50% of its directors.
 - (b) **Control** refers to an ownership directly or indirectly through subsidiaries, of more than one half of voting power of an enterprise.
 - (c) **Substantial ownership / affiliation** means beneficial share holding of 10% (5% for banking companies / NBFIs) by a person and / or by his dependent family members.
 - (d) **Significant Influence** refers to the management control of the company, to participate in financial and operating policies, cither exercised by representation in the Board Directors, partnership or by statute / agreement in the policy making process or affiliation or material inter-company transactions.
 - (e) **Financially Interdependent** mean persons having financial liability with the others in excess of 10% the equity of the either, or either has guaranteed repayment of loan towards financial institutions.
10. **Liquid Securities** mean securities readily convertible into cash without recourse of law. Liquid Securities for the purpose of these regulations shall mean realizable value of bank deposits, certificate of investments, Government securities (except for Savings Certificates), shares of

listed companies on the active list of stock exchange, ICB Units and certificates of mutual funds. These securities should be in possession of the banks with perfected lien.

11. **Medium and Long Term Facilities** mean facilities with maturities of more than one year and Short Term Facilities mean with maturities up to one year.
12. **Other Form of Security** means hypothecation of stock (inventory), assignment of receivable, lease rentals, contract receivables, etc.
13. **Readily Realizable Assets** mean and include liquid assets and stocks pledged to the banks in possession, with 'perfected lien' duly supported with complete documentation.
14. **Secured** means exposure backed by tangible security and any other form of security with appropriate margins (in cases where margin has been prescribed by Bangladesh Bank, appropriate margin shall at least be equal to the prescribed margin). Exposure without any security or collateral is defined as clean.
15. **Subordinated Loan** means an unsecured loan extended to the borrower by its sponsors, subordinate to the claim of the bank taking exposure on the borrower and documented by a formal sub-ordination agreement between provider of the loan and the bank. The loan shall be disclosed in the annual audited financial statements of the borrower as subordinated loan.
16. **Small Enterprise** means an entity, ideally not a public limited company, does not employ more than 60 persons (if it is manufacturing concern) and 20 persons (if it is a trading concern) and 30 persons (if it is a service concern) and also fulfills the following criteria :
 - a) A service concern with total assets at cost excluding land and building from Tk.50,000 to Tk. 30 lac.
 - b) A trading concern with total assets at cost excluding land and building from Tk.50,000 to Tk. 50 lac.
 - c) A manufacturing concern with total assets at cost excluding land and building from Tk.50,000 to Tk. 1 crore.
17. **Equity** means Capital & Reserves as defined in section 13 of Banking Companies Act 1991.
18. **Tangible Security** means readily realizable assets (as defined in these Prudential Regulations), mortgage of land, plant, building, machinery and any other fixed assets.

MINIMUM REQUIREMENTS FOR SMALL ENTERPRISE FINANCING

Apart from the specific regulations given under each mode of financing separately, general requirements laid down here should also be followed by the banks while undertaking Small Enterprise financing. It may be noted that these are the minimum requirements and should not in any way be construed to restrict the role of the management processes through establishing comprehensive credit risk management systems appropriate to their type, scope, sophistication and scale of operations. The Board of Directors of the banks are required to establish policies, procedures and practices to define risks, stipulate responsibilities, specify security requirements, design internal controls and then ensure strict compliance with them.

Pre-Operation:

Before embarking upon or undertaking Small Enterprise financing, the banks shall implement/follow the guidelines given below. The banks already involved in Small Enterprise financing will ensure compliance with these guidelines within six months of the date of issuance of Small Enterprise Financing Prudential Regulations.

1. Banks shall establish separate Risk Management capacity for the purpose of Small Enterprise financing, which will be suitably staffed by personnel having sufficient expertise and experience in the field of consumer finance/business.
2. The banks shall prepare comprehensive Small Enterprise credit policy duly approved by the Board of Directors, which shall inter alia cover loan administration, including documentation, disbursement and appropriate monitoring mechanism. The policy shall explicitly specify the functions, responsibilities and various staff positions, powers/authority relating to approval/sanction of consumer finance facility.
3. For every type of Small Enterprise finance activity, the bank shall develop a specific Product Program Guide (PPG). The program shall include the objective/quantitative parameters for the eligibility of the borrower and determining the maximum permissible limit per borrower. The PPG will also indicate the maximum permissible exposure banks will take against each product.
4. Bank shall put in place an efficient computer based MIS for the purpose of Small Enterprise finance, which should be able to effectively cater to the needs of Small Enterprise financing portfolio and should be flexible enough to generate necessary information reports used by the management for effective monitoring of the bank's exposure in the area. The MIS is expected to generate the following periodical reports:
 - Delinquency reports (for 30, 60, 90, 180 & 360 days and above) on monthly basis.
 - Reports interrelating delinquencies with various types of customers of various attributes of the customers to enable the management to take important policy decisions and make appropriate modifications in the lending program.
 - Quarterly product wise profit and loss account duly adjusted with the provision on account of classified accounts. These profit and loss statements should be placed before the Board of Directors in the immediate next Board Meeting. The branches of foreign banks in order to comply with these conditions shall place the reports before a committee comprising of Chief Executive Officer, Chief Finance Officer and Head of Small Enterprise.

5. The banks shall develop comprehensive recovery procedures for the delinquent loans. The recovery procedures may vary from product to product. However, distinct and objective triggers should be prescribed for taking pre-planned enforcement/recovery measures.
6. The institutions starting consumer financing are encouraged to impart sufficient training on an ongoing basis to their capability regarding the various aspects of Small Enterprise financing.
7. The banks shall prepare standardized set of borrowing and recourse documents (duly cleared by their legal counsels) for each type of Small Enterprise financing.

Operations:

1. Small Enterprise financing, like other credit facilities, must be subject to the Bank's risk management process setup for this particular business. The process may include, identifying source of repayment and assessing customer's ability to repay his/her past dealings with the bank, the net worth and information obtained from a Credit Information Bureau approved by Bangladesh Bank.
2. At the time of granting facility under various modes of Small Enterprise financing, banks shall obtain a written declaration from the borrower divulging details of various facilities already obtained from other institutions. The banks should carefully study the details given in the statement and allow fresh finance/limit only after ensuring that the total exposure in relation to the repayment capacity of the customer does not exceed the reasonable limits as laid down in the approved policies of the banks. The declaration will also help banks to avoid exposure against an enterprise having multiple facilities from different institutions.
3. Internal audit and control function of the bank, apart from other things, should be designed and strengthened so that it can efficiently undertake an objective review of the Small Enterprise finance portfolio from time to time to assess various risks and possible weaknesses. The internal audit should also assess the adequacy of the internal control and ensure that the required policies and standards are developed and practiced. Internal audit should also comment on the steps taken by the management to rectify the weaknesses pointed out by them in their previous reports for reducing the level of risk.
4. The banks shall ensure that their accounting and computer systems are well equipped to avoid charging of mark-up. For this purpose it should be ensured that the mark-up charged on the outstanding amount is kept separate from the principal.
5. The banks shall ensure that any repayment made by the borrower is accounted for before applying mark-up on the outstanding amount.

Disclosure/Ethics:

The banks must clearly disclose all the important terms & conditions. Fees, charges and penalties, which are internal including interest rate, pre-payment penalties and the conditions under which that apply. For ease of reference and guidance of their customers, banks are encouraged to publish brochures regarding frequently asked questions.

PART-B

PRUDENTIAL REGULATIONS

REGULATION -1 **SOURCE AND CAPACITY OF REPAYMENT** **AND CASH FLOW BACKED LENDING**

Banks shall specifically identify the sources of repayment and assess the repayment capacity of the borrower on the basis of assets conversion cycle and expected future cash flows. In order to add value, the banks must assess conditions in the particular sector / industry they are lending to and its future prospects. The banks must be able to identify the key drivers of their borrowers businesses, the key risks to their businesses and their risk mitigants.

2. The rationale and parameters used to project the future cash flows shall be documented and annexed with the cash flow analysis undertaken by the bank. It is recognized a large number of SEs will not be able to prepare future cash flows due to lack of sophistication and financial expertise. It is expected that in such cases banks shall assist the borrowers in obtaining the required information and no SE shall be declined access to credit merely on this ground (for details, refer Regulation – 10).

REGULATION -2 **PERSONAL GUARANTEES**

All facilities to SEs shall be backed by the personal guarantees of the owners of the SEs. In case of limited companies, guarantees of all directors other than nominee directors shall be obtained.

REGULATION -3 **PER PARTY EXPOSURE LIMIT**

The minimum and maximum exposure of a bank on a single SE shall remain within the range of Tk. 2 lac and Tk.50 lac respectively subject to the following:

- a) In case of working capital finance - Maximum up to 100% of the net required working capital or 75% of the sum total of inventory and receivables whichever is lower. Please refer to Appendix XIV for calculation of net required working capital.
- b) In case of fixed assets purchase - Maximum up to 90% of the purchase price .

REGULATION -4
AGGREGATE EXPOSURE OF A BANK ON SMALL ENTERPRISE SECTOR

The aggregate exposure of a bank on SE sector shall not exceed the limits as specified below :

| % OF CLASSIFIED SE ADVANCES TO TOTAL PORTFOLIO OF SE ADVANCES | MAXIMUM LIMIT |
|--|-----------------------|
| a. Below 5% | 10 times of equity |
| b. Below 10% | 6 times of the equity |
| c. Below 15% | 4 times of the equity |
| d. Up to and above 15% | Up to the equity |

REGULATION -5
LIMIT ON CLEAN FACILITIES

In order to facilitate growth of smaller loans, banks are free to determine security requirements for loans up to Tk.5 lac. Guidelines for security requirements for loans of amounts more than Tk.5lac are given in Regulation-6.

REGULATION - 6
SECURITIES

Consequent to the regulation stated in Regulation -5, facilities provided to SEs shall be secured by banks as follows:

For loan amounting Tk. 2 lac to Tk. 5 lac.

As a minimum banks must take charge over assets being financed.

For loan amounting Tk. 5 lac to Tk. 50 lac

- a) Hypothecation on the inventory, receivables, advance payments, plant & machineries.
- b) Equitable mortgage over immovable properties with registered Power of Attorney.
- c) Personal Guarantees of Spouse/Parents/other family members.
- d) One third party personal guarantee,
- e) Post dated cheques for each installment and one undated cheque for full loan value including full interest.

REGULATION - 7
LOAN DOCUMENTATION

For all facilities, banks must obtain (as applicable) and not limiting to following documents before disbursement of loan can be made:

- 01) Loan Application Form duly signed by the customer.

02) Acceptance of the terms and conditions of Sanction Advice.

03) Trade License.

04) In case of Partnership Firm:

- a) Copy of Registered Partnership Deed duly certified as true copy or a partnership Deed on non-judicial stamp of Tk. 150 denomination duly notarised.

05) In case of limited company:

- a) Copy of Memorandum & Articles of Association of the company including Certificate of incorporation duly certified by Registrar Joint Stock Companies (RJSC) and attested by the Managing Director accompanied by an up-to-date list of Directors,
- b) Copy of Board Resolution of the company for availing credit facilities and authorizing Managing Director/ Chairman/Director for execution of documents and operation of the accounts,
- c) An Undertaking not to change the management of the company and the memorandum and articles of the company without prior permission of the bank.
- d) Copy of last audited financial statement up to last 3 years (as applicable and subject to Regulation-10)
- e) Personal Guarantee of all the Directors including the Chairman and Managing Director,
- f) Certificate of registration of charges over the fixed and floating assets of the company duly issued by RJSC,
- g) Certificate of registration of amendment of charges over the fixed and floating assets of the company duly issued by RJSC in case of repeat loan or change in terms and condition of Sanction Advice regarding loan amount, securities etc.,

06) Demand Promissory Note

07) Letter of hypothecation of stocks and goods

08) Letter of hypothecation of book debts & receivables

09) Letter of hypothecation of plant & machinery

10) Charge on fixed assets.

11) Personal Letter of Guarantee

12) Wherever practical, insurance policy for 110% of the stock value covering all risks with bank's mortgage clause in joint name of the bank and client.

REGULATION -8
MARGIN REQUIREMENTS

Banks shall adhere to the minimum margin requirement as prescribed by Bangladesh Bank (if any).

REGULATION -9
CREDIT INFORMATION BUREAU (CIB) CLEARANCE

While considering proposals for any exposure, banks should give due weightage to the credit report relating to the borrower and his group obtained from a Credit Information Bureau (CIB) of Bangladesh Bank. The condition of obtaining CIB report will be governed by rules & regulations as prescribed by Bangladesh Bank from time to time.

REGULATION -10
MINIMUM CONDITIONS FOR TAKING EXPOSURE

1. Banks shall, as a matter of rule, obtain a copy of financial statements duly audited by a practicing Chartered Accountant, relating to the business of every borrower who is a limited company or where exposure of a banks exceeds Tk. 40 lac, for analysis and record. However, financial statements signed by the borrower will suffice where the exposure is fully secured by liquid assets.

2. It is recognized that a large number of enterprises other than limited companies (i.e., sole proprietorship/partnership firms etc.) may not have proper books of accounts including balance sheet, profit & loss account and they may not be able to prepare current and future cash flows due to lack of sophistication and expertise. It is expected that in such cases, banks shall assist the borrowers in obtaining/developing such books of accounts as per forms/formats prescribed by each bank. Reference with regard to how the formats should be prepared has been made in the development guidelines.

2. Each Bank shall develop their own Loan Application Form and 'Borrowers Basic Fact Sheet' (refer Appendix XIII). Banks shall not approve and/or provide any exposure (including renewal, enhancement and rescheduling) until and unless the prescribed Loan Application Form is accompanied by a 'Borrower's Basic Fact Sheet under the seal and signature of the borrower.

REGULATION -11
PROPER UTILIZATION OF LOAN

The Bank should ensure that the loans have been properly utilized by the SEs and for the same purposes for which they were acquired / obtained. Banks should develop and implement an appropriate system for monitoring the utilization of loans.

REGULATION -12
RESTRICTION ON FACILITIES TO RELATED PARTIES

Banks shall not take any exposure on a SE in which any of its director, shareholder, employee or their immediate family members are holding 5% or more of the share capital of the SE.

REGULATION -13
CLASSIFICATION AND PROVISIONING FOR ASSETS

LOANS / ADVANCES

Banks shall observe the prudential guidelines given at Appendix X in the matter of classification of their SME asset portfolio and provisioning there-against.

2. In addition to the time-based criteria prescribed in Appendix X, subjective evaluation of performing and non-performing credit portfolio shall be made for risk assessment and, where considered necessary, any account including the performing account will be classified, and the category of classification determined on the basis of time based criteria shall be further downgraded. Such evaluation shall be carried out on the basis of credit worthiness of the borrower, its cash flow, operation of the account, adequacy of the security, inclusive of its realizable value and documentation covering the advances.

3. Apart from specific provisioning requirement as prescribed above, banks will create adequate general provision over the entire credit portfolio of Small Enterprise business. Therefore, all banks shall maintain at all times a general provision of 5% of SE assets outstanding in its books.

SUBMISSION OF RETURNS:

4. Banks shall submit the borrower-wise annual statements regarding classified loans/ advances to the Banking Inspection Department.

TIMING OF CREATING PROVISIONS:

5. Banks shall review, at least on a quarterly basis, the collectibility of their loans / advances portfolio and shall properly document the evaluations so made. Shortfall in provisioning, if any, determined, as a result of quarterly assessment shall be provided for immediately in their books of accounts by the banks on quarterly basis.

REVERSAL OF PROVISION:

6. The provision held against classified assets will only be released when cash realization starts exceeding.

- (i) In case of loss category the net book value of the assets :
- (ii) In case of doubtful category 50% of the net book value of the assets; and
- (iii) In case of sub-standard category 25% of the net book value of the assets.

Further, the provision made on the advice of Bangladesh Bank will not be reversed without prior approval of Bangladesh Bank.

VERIFICATION BY THE AUDITORS:

7. The external auditors as a part of their audits of banks shall verify that all requirements of Regulation- 12 for classification and provisioning for assets have been complied with. Bangladesh Bank shall also check adequacy of provisioning during their on-site inspections.

PART-C
DEVELOPMENT GUIDELINES

As mentioned earlier, the purpose of the Development Guidelines is to provide directional guidelines to the banks who are considering introduction of Small Enterprises financing to entrepreneurs all across Bangladesh. These Guidelines will assist banks to develop and implement pragmatic and value added products, efficient Credit Approval & Risk Management processes, sound organization structure, strong credit administration and a robust collection procedures.

It may be noted here that these are the minimum requirements and should not in any way be construed to restrict the role of the management processes through establishing comprehensive credit risk management systems.

The Process Guidelines have been organized into the following sections:

1. POLICY GUIDELINES

- 1.1 Product Program Guidelines
- 1.2 Segregation of Duties
- 1.3 Credit Approval

2. PROCEDURAL GUIDELINES

- 2.1 Approval Process Credit Administration
- 2.2 Risk Management
- 2.3 Collection & Remedial Management

3. PREFERRED ORGANISATIONAL STRUCTURE & RESPONSIBILITIES

These guidelines were prepared by senior executives of retail banking from different foreign, private sector and nationalized commercial banks. It is the expectation of Bangladesh Bank that these guidelines will assist banks towards creating a long term sustainable and a profitable Small Enterprises business in Bangladesh.

1. POLICY GUIDELINES

Before embarking upon Small Enterprises financing, banks shall develop a fully documented product program guidelines. These guidelines shall include objective/quantitative parameters for the eligibility of the borrowers and determining the maximum permissible limit per borrower.

These fundamental guidelines will be the key elements that would support each banks credit culture and they will dictate bank's behavior when dealing with customers and managing lending portfolio of such loans. Any deviations from these guidelines must in all cases, will require approval from competent authority.

Fundamentally, credit policies and procedures can never sufficiently capture all the complexities of the product. Therefore, the following credit principles are the ultimate reference points for all concerned bank staff making consumer financing decisions:

- Assess the entrepreneur's character for integrity and willingness to repay
- Only lend when the entrepreneur has capacity and ability to repay
- Only extend credit if bank can sufficiently understand and manage the risk
- Use common sense and past experience in conjunction with thorough evaluation and credit analysis.
- Do not base decisions solely on customer's reputation, accepted practice, other lender's risk assessment or the recommendations of other officers
- Be proactive in identifying, managing and communicating credit risk
- Be diligent in ensuring that credit exposures and activities comply with the requirement set out in Product Program

A generic Product Program Guideline (PPG) has been developed for Small Enterprises Financing. Banks should take this as a reference and have the right to alter/amend these guidelines in terms of their own policy with out compromising the fundamentals of credit principles.

1.1 Product Program Guideline

Banks have the right to alter / amend these guidelines in terms of their policy with out compromising the fundamentals of credit principles. While developing Product Program Guidelines (PPG) for any product - the following guidelines must be included in the PPG documents. The guidelines are suggestive but not limited to this list, based on the requirements further guidelines to be incorporated in the PPG to ensure that the PPG is covering all the aspects of risk and return for the particular product.

- PPG Guideline No. 1: Customer Segment

- PPG Guideline No. 2: Purpose
- PPG Guideline No. 3: Nationality
- PPG Guideline No. 4: Age Limit - Minimum age (years) / Maximum age (years)
- PPG Guideline No. 5: Minimum Income
- PPG Guideline No. 6: Loan Size
- PPG Guideline No. 7: Loan to Price Ratio
- PPG Guideline No. 8: Security/ Collateral
- PPG Guideline No. 9: Legal Documents
- PPG Guideline No. 10: Interest Rate
- PPG Guideline No. 11: Maximum Term of Loan
- PPG Guideline No. 12: Repayment Method
- PPG Guideline No. 13: Disbursement Mode
- PPG Guideline No. 14: Disbursement pre-condition
- PPG Guideline No. 15: Debt Burden Ratio (DBR %)
- PPG Guideline No. 16: Verification of Personal Details and Quotation
- PPG Guideline No. 17: Substantiation of Income

1.2. SEGREGATION OF DUTIES

Adequate segregation of duties is a prerequisite of an effective system of internal control. To be adequate, segregation must ensure that the following functions are performed by persons independent of each other, although, within limits, *certain may be combined so long there is adequate supervision*:

Credit approval, monitoring and recovery – by Credit unit
Credit documentation and administrations – Loans processing and disbursement unit
Sales and marketing – Sales and Branch
Credit recovery – by Credit unit

The credit approval team will be independent from the sales and branch team who will evaluate and approve the loan. The Credit Administration under Operations department will check and ensure the documentation and disburse the loans. This will ensure the better control of the bank asset and mitigate the risk of compromise of the duties.

1.3. CREDIT APPROVAL

Applications are received at Credit Approval unit from sales team / branches. As mentioned in Regulation- 10 part 2, banks should develop their own set of comprehensive Loan Presentation Forms (LPF) which should at minimum include the following documents:

- a) Credit Memorandum
- b) Work sheet for Working Capital Requirement
- c) Income Statement
- d) Balance Sheet
- e) Cash Flow Statement
- f) Financial Ratios
- g) Checklists etc.

Applications will be evaluated / assessed by Credit Analysts / Managers on the basis of a fully documented Loan Presentation Forms (LPF). For guidance, please refer to Appendix XIV which illustrates format of LPF and its different enclosures as mentioned above. The evaluation process is carried out based on the agreed and standard guidelines for different loans product and the documents checklist as per the PPG. The detailed credit and risk assessment should be conducted prior to the approving of any loans.

The sales team / branch staff responsible for loan sales and should be the owner of the customer relationship, and must be held responsible to ensure the accuracy of the loan application submitted for approval. They must be familiar with the bank's Lending Guidelines and should conduct due diligence on new borrowers, purpose of the loans and guarantors.

All banks should have established Know Your Customer (KYC) and Money Laundering guidelines, which should be adhered to at all times.

Credit Applications should include, as a minimum, the following details:

- Amount and type of loan(s) proposed.
- Purpose of loans.

- Loan Structure (Tenor, Covenants, Repayment Schedule, Interest)
- Security (if any)

To illustrate the process of marketing a loan at the front end till disbursement at the Credit Administration Department, please refer to sample process workflow chart (Appendix I).

1.3.1. CREDIT APPROVAL AUTHORITY:

Lending Authority is delegated to individual credit analysts and credit manager or senior credit executives by the Head of Consumer banking responsible for the Consumer business. Records of such authority is retained with country credit manager. Copies of all Delegation of Lending Authorities are also retained by Loan Administrations Department.

2. PROCEDURAL GUIDELINES

This section outlines the main procedures that are required to ensure compliance with the policies contained in Section 1.0 of these guidelines.

2.1. APPROVAL PROCESS

Credit approval authority must be delegated in writing from the Head of Small Enterprise responsible for the Small Enterprise business, acknowledged by recipients and records of all delegation retained.

The credit approval function should be separate from the marketing / sales function. Approvals must be evidenced in writing, or by electronic signature. Approval records must be kept on file with the Credit Applications.

Credit approval should be centralised within the Credit function. Regional credit centres may be established, however, all large loans (as defined in the PPG) must be approved by the Head of Credit or delegated Head Office credit executive. Any credit proposal that does not comply with Lending Guidelines, regardless of amount, should be referred to Head Office for Approval

Any breaches of lending authority should be reported to MD/CEO, Head of Internal Control, and Head of Credit.

It is essential that executives charged with approving loans have relevant training and experience to carry out their responsibilities effectively. As a minimum, approving executives should have:

- At least 5 years experience working in Branch / Sales team as a relationship manager or account executive.
- Training and experience in financial statement, cash flow and risk analysis.
- A good working knowledge of Accounting.
- A good understanding of the local market.

A monthly summary of all new facilities approved, renewed, enhanced, and a list of proposals declined stating reasons thereof should be reported by Credit Team to the Business Head.

2.1.1. DE DUPLICATION CHECK:

All approved applications must be checked against bank's database to identify whether the applicant is enjoying any other loan in other account apart from the declared loans.

2.1.2. MAINTENANCE OF NEGATIVE FILES

Two negative files – one listing the individuals and the other listing the employers - are to be maintained to ensure that individual with bad history and dubious integrity and employers with high delinquency rate do not get loan from banks.

2.2. CREDIT ADMINISTRATION

After approval, Credit Team will send / forward the approved application along with the security and other documents to the Credit Administration Department under Operations Unit for processing. The Credit Administration function is critical in ensuring that proper documentation and approvals are in place prior to the disbursement of loan facilities. Under Credit Administration there may be two-sub unit, Documentation & QC and Loan Administration Dept who will process the document and disburse the loan.

2.2.1. CREDIT DOCUMENTATION

Credit Documentation dept is responsible:

- To ensure that all security documentation complies with the terms of approval.
- To control loan disbursements only after all terms and conditions of approval have been met, and all security documentation as per the checklist of approved PPG is in place.
- To maintain control over all security documentation.
- To monitor borrower's compliance with agreed terms and conditions, and general monitoring of account conduct/performance.
- Upon performing the above, Documentation dept will forward the Limit Insertion Instruction (refer Appendix XIII) to the Loan Administration unit for limit and other information to input into the bank's main system.

2.2.2. DISBURSEMENT

Loan Administration dept will disburse the loan amounts under loan facilities only when all security documentation is in place. CIB report is obtained, as appropriate, and clean.

2.2.3. CUSTODIAL DUTIES:

Loan disbursements and the preparation and storage of security documents should be centralised in the regional credit centres. Security documentation is held under strict dual control, in locked fire proof storage.

2.2.4. COMPLIANCE REQUIREMENTS

- All required Bangladesh Bank returns are submitted in the correct format in a timely manner.
- Bangladesh Bank circulars/regulations are maintained centrally, and advised to all relevant departments to ensure compliance.

- All third party service providers (valuers, lawyers, insurers, CPAs etc.) are approved and performance reviewed on an annual basis.

2.3. RISK MANAGEMENT

2.3.1. CREDIT RISK

The credit risk is managed by the Credit & Collections unit (CCU), which is completely segregated from business/sales. The following elements contribute to the management of credit risks:

The credit risk associated with the products is managed by the following:

1. Loans will be given only after proper verification of customer's static data and after proper assessment & confirmation of income related documents, which will objectively ascertain customer's repayment capacity.
2. Proposals will be assessed by independent Credit division (CCU) completely separated from business/sales.
3. Every loan will be secured by hypothecation over the asset financed, and customer's authority taken for re-possession of the asset in case of loan loss.
4. The loan approval system is encouraged to be parameter driven as much as possible which will substantially eliminate the subjective part of the assessment procedure.
5. There will be dedicated 'collection' force who will ensure timely monitoring of loan repayment and its follow up.
6. The Credit & Collection activities will be managed centrally and loan approval authorities will be controlled centrally where the branch managers or sales people will have no involvement

2.3.1.1. CONTACT POINT VERIFICATION

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

2.3.2. THIRD PARTY RISK

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

2.3.3. FRAUD RISK

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

2.3.3.2. APPLICATION FRAUD

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

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

2.3.4. LIQUIDITY AND FUNDING RISK

This risk should be managed and the position monitored by the Asset Liability Committee headed by the Managing Director / CEOs of the banks.

2.3.5. POLITICAL AND ECONOMIC RISK

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

2.3.6. OPERATIONAL RISK

For consumer loans, the activities of front line sales and behind-the-scene maintenance and support are clearly segregated. Credit & Collections Unit (CCU) will be formed.

CCU will manage the following aspects of the product: a) inputs, approvals, customer file maintenance, monitoring & collections; b) the Operation jobs like disbursal in the system including raising debit standing orders and the lodgment and maintenance of securities. Type 'a' jobs and type 'b' jobs will be handled by separate teams within CCU; therefore the risk of compromise with loan / security documentation will be minimal.

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

2.3.7. MAINTENANCE OF DOCUMENTS & SECURITIES

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

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

2.3.8. INTERNAL AUDIT

All Banks should have a segregated internal audit department who will be responsible with performing audits of all departments. Audits should be carried out on a regular or periodically as agreed by the Management to assess various risks and possible weaknesses and to ensure compliance with regulatory guidelines, internal procedures, Lending Guidelines and Bangladesh Bank requirements.

2.4. COLLECTION & REMEDIAL MANAGEMENT

2.4.1. MONITORING

A banks loan portfolio should be subject to a continuous process of monitoring. This will be achieved by regular generation of over limit and overdue reports, showing where facilities are being exceeded and where payments of interest and repayment of principle are late. There should be formal procedures and a system in place to identify potential credit losses and remedial actions has to be taken to prevent the losses. Besides that the systems should be in place to report the following exceptions to relevant executives in Credit / sales and branch marketing staff:

- Past due principal or interest payments;
- Timely corrective action is taken to address findings of any internal, external or regulator inspection/audit.
- All loan facilities are reviewed annually.
- Computer systems should be able to produce the reports for central / head office as well as branch review.

2.4.2. RECOVERY

The collection process for SE loans will start when the borrower has failed to meet one or more contractual payment (Installment). It therefore, becomes the duty of the Collection Department to minimize the outstanding delinquent receivable and credit losses.

This procedure has been designed to enable the collection staff to systematically recover the dues and identify / prevent potential losses, while maintaining a high standard of service and retaining good relations with the customers. It is therefore essential and critical, that collection people are familiar with the computerized system (where applicable), procedures and maintain effective liaison with other departments within the bank.

2.4.3. COLLECTION OBJECTIVES

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

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

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

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

2.4.4. IDENTIFICATION AND ALLOCATION OF ACCOUNTS

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

2.4.5. COLLECTION/MONITORING STEPS

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

| Days Past Due (DPD) | Collection Action |
|---------------------|---|
| 1-14 | Letter, Follow up & Persuasion over phone (Annexure III) |
| 15-29 | 1 st Reminder letter & Sl. No. 1 follows |
| 30-44 | 2 nd reminder letter + Single visit |
| 45-59 | <ul style="list-style-type: none"> • 3rd reminder letter (Annexure IV) • Group visit by team member • Follow up over phone • Letters to Guarantor, Employer, Reference all above effort follows • Warning on legal action by next 15 days |
| 60-89 | <ul style="list-style-type: none"> • Call up loan (Annexure V) • Final Reminder & Serve legal notice • Legal proceedings begin • Repossession starts |
| 90 and above | <ul style="list-style-type: none"> • Telephone calls/Legal proceedings continue • Collection effort continues by officer & agent • Letter to different banks/Association |

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

Delinquent Accounts Identification & Classification

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

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

Front-End X Dpd (1-29 Dpd)

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

Any account, which is past due by one day from his payment date, will be assigned to respective collectors at the beginning of the month and given one month time to recover the dues. Telephone call should be conducted in a soft and tactful manner in consistency with the customer service level. Collector must always do an inquiry through the system to confirm if payment has been received before commencing with telephone calling to avoid causing misunderstanding with the customer.

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

If collection letter or statement returned from the customer due to change of address, it is the responsibility of the respective collectors to collect the new address and telephone number and on some extent they could use the external agency for update the same. The collectors should ask the customer to provide written instruction of address change to the customer services department and at the same time record the new address and telephone no into the banks system

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

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

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

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

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

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

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

90+ DPD accounts are considered hard-core delinquency and collection efforts are to be more intensified than 30 DPD and 60 DPD accounts. Interest to be suspended at this stage of delinquency (90 DPD).

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

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

Recovery management 150+ DPD :

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

2.4.6. PRODUCTIVITY TRACKING:

For productivity tracking, analysis from the collectors call sheet is required. The variables for productivity tracking are, no of calls made per day, valid contact, promise to pay, kept promise, broken promise etc needs to be analyzed.

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

2.4.7. AGENCY MANAGEMENT:

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

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

On every month the responsible officer collections ensure the allocation of the provided accounts to the individual collectors as well as to the external agencies depending on the prospect of recovery to maximize the recovery.

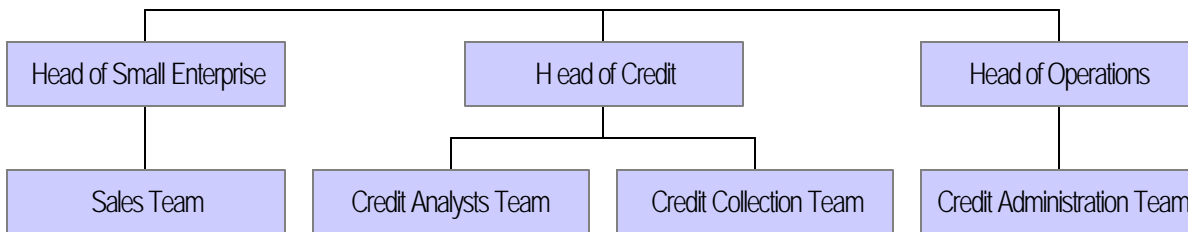
3. PREFERRED ORGANIZATIONAL STRUCTURE & RESPONSIBILITIES

3.1. PREFERRED ORGANIZATIONAL STRUCTURE

An appropriate structure for Credit must be in place to ensure that the segregation of the marketing / sales function from Approval / Risk Management where administration functions will be under Operations umbrella.

Credit approval should be centralized within the Credit Unit or regional credit centers where reporting should be Central / Head office Credit Unit. All applications must be approved by the Head of Credit or delegated Head Office credit executive.

The following chart represents the preferred management structure:



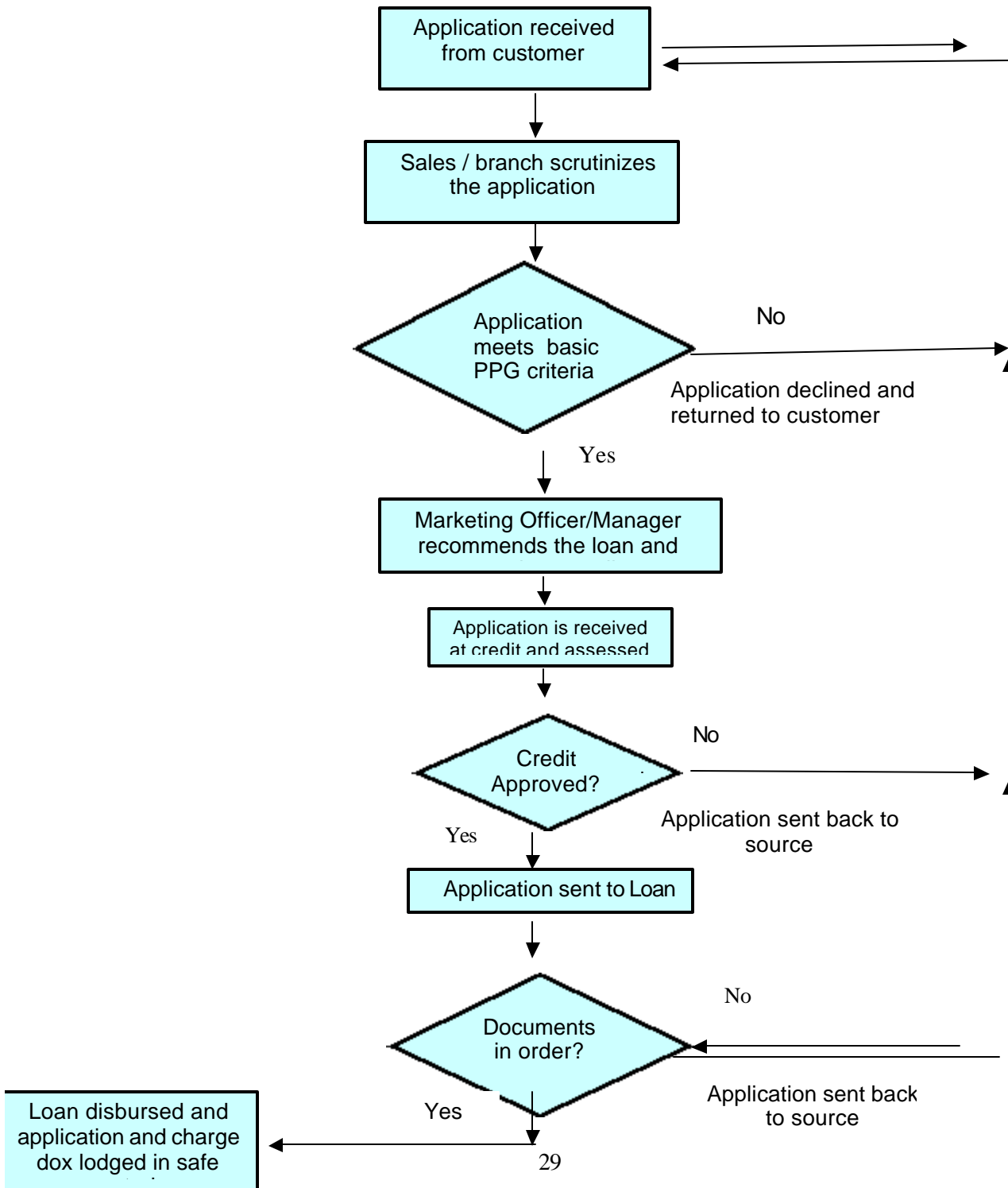
A separate team of Credit Administration under Operations will process and disburse all loans.

3.2. KEY RESPONSIBILITIES

Sample job description for key positions have been provided with the Annexures.

APPENDIX – I

Process Flow Chart of Consumer Loan Processing (sample)



APPENDIX – II

| CONTACT POINT VERIFICATION REPORT | | | | | | | | | | |
|---|--|---------|-------|-------|--------------------------|-------------------|---------|------|-------|------|
| Applicant's name: | | | | | CPV agent's name: | | | | | |
| Application ID: | | | | | SLN: | | | | | |
| Telephone Verification | | | | | | | | | | |
| Residence | | | | | Office | | | | | |
| Telephone No: | | | | | Telephone No: | | | | | |
| Mobile No: | | | | | Mobile No: | | | | | |
| Req Tel (TNT) No: | | | | | Req Tel (TNT) No: | | | | | |
| Person contacted: | | | | | Person contacted: | | | | | |
| Rel. with applicant: | | | | | Rel. with applicant: | | | | | |
| Date & time: | | | | | Date & time: | | | | | |
| Physical Verification | | | | | | | | | | |
| Residence | | | | | Office | | | | | |
| Residence address: | | | | | Company name & address: | | | | | |
| Person contacted: | | | | | Person contacted: | | | | | |
| Rel. with applicant: | | | | | Designation: | | | | | |
| Years at current address: | | | | | Nature of business: | | | | | |
| Residence status: | | own | Rent | other | Applicant's designation: | | | | | |
| Residence size: | | small | Mediu | large | Years at current org.: | | | | | |
| Residence type: | | flat | House | other | Company existence since: | | | | | |
| Residence profile: | | Excelle | good | Fair | poor | No. of employees: | | | | |
| Date & time: | | | | | Office size: | | Small | medm | large | very |
| | | | | | Company profile: | | Excelle | good | fair | poor |
| | | | | | Date & time: | | | | | |
| Name of CPV field agent: | | | | | | | | | | |
| I do hereby declare that the information provided in this report is true and correct. | | | | | | | | | | |
| Seal & signature on behalf of the CPV Agent: | | | | | | | | | | |

APPENDIX – III

Date

Ref:

Name 1
Address 1
Address 2
Address 3

Sub: **Non payment of monthly installment.**

Dear Customer,

Thank you for maintaining your valuable banking relationship with

Please be informed that your Loan Account with us is overdrawn (as at date) for **Tk. -----** due to non-payment of monthly installment.

We would appreciate if you arrange to deposit sufficient amount in your deposit account to adjust the excess and to avoid penal interest over the overdrawn amount.

For any clarification, please feel free to contact our collections department at Tel : XXXXXXXX- XXX, XXXXXXXX.

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

| |
|---|
| This is a computer-generated letter. It does not require any signature. |
|---|

APPENDIX – IV

FINAL REMINDER

Date

Name 1
Address 1
Address 2
Address 3
Dhaka

Dear Sir,

Your Loan Account No. XX XXXXXXXX XX
Ref. Our previous letters

The overdue balance in your above loan account as at date is **BDT. XX,XXX.XX.**

Despite our several reminders through our letters & phone calls, we regretfully note that you are not responding towards the regularization of the dues of your above loan account. This letter will be treated as final reminder for the payment.

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

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

Hope you will perceive the urgency of the issue and come forward to settle this immediately. For any clarification please contact our collection department at telephone numbers XXXXXXXX - XXX Ext XXX.

Yours sincerely,

Signature

XXX XXXXXXXXXXX XXXXXX
XXXXXXXX XXXXXXXX

Copy : XXXXXXX XXXXXXX, as Guarantor

APPENDIX – V

FACILITY CALL UP

Date

Ref: -----/ PL

Name 1
Address 1
Address 2
Address 3

Dear Mr.XXXXXXX,

Your Loan Account No : XX-XXXXXXX-XX
Present Outstanding : Tk. XX,XXX.XX

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

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

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

Should you require any clarification, please contact the undersigned at telephone Nos. XXXXXXXX-XX Ext. XXX or XXXXXXXX (direct).

Yours sincerely,

XXXXXX XXXXXXXX XXXXX
XXXXXX XXXXXX XXX

APPENDIX – VI

PROVISION REPORT

Date :
Currency : BDT

| | | |
|--|---------------------------|-----------------------|
| Branch : | | |
| Customer : | | |
| A/C No. : | | |
| Date A/C Opened : | Date of Approval : | Marketed by : |
| Recommended by : | Approved by : | |
| Facility Details : | | |
| Credit Decision : | | |
| Brief History : | | |
| Collection efforts : | | |
| Recovery Prospect : | | |
| Provision Requirement : | | |
| Total outstanding as at date Less Security Proceeds | | |
| Provision Required | | |
| Recommended by : | Supported by : | Approved by : |
| Officer Collections | Manager Collection | Head of Credit |

APPENDIX – VII

| JOB DESCRIPTION | |
|-----------------------------|---|
| JOB TITLE | Head of Small Enterprises |
| REPORTS TO | The Managing Director / CEO |
| JOB PURPOSE | <p>Consistent with bank’s policies, develop and then lead and manage the implementation of Small Enterprises Financing strategy in the Country to deliver agreed business plans and financial objectives.</p> <p>Monitor and manage risk in the business with agreed parameters.</p> <p>Ensure the highest standards of service are provided to client relationships. Responsible for training and succession planning and recruitment of key personnel for the Division</p> |
| KEY RESPONSIBILITIES | <p>Develop Small Enterprises strategic plan for the country, consistent with overall bank’s policy.</p> <ul style="list-style-type: none"> • Restructure the Small Enterprises Unit in line with bank’s focus and re deploy resources to achieve the maximum benefit from the structure. • Ensure delivery of annual business and financial goals and targets. • Ensure all risk within the Small Enterprises Financing is minimised, and those systems are in place to monitor and, as appropriate, eliminate risk in all areas of the business. • Ensure highest standards of corporate governance and of regulatory compliance in line with specific country requirements. • Set, monitor and ensure progress is made towards quality targets across the business unit in line with business strategies and competitor initiatives. • Monitor economic and commercial developments in Bangladesh for opportunities to introduce new/migrate existing products and services. • As part of the country management team, participate in the formulation of country business strategy and plans particularly on issues such as liquidity management, balance sheet management and ALCO. • Ensure the availability of high quality trained and motivated staff throughout the business in the region to meet business goals. • Define functionality required by SE business segment from the technology platform, and work closely with business technology staff to ensure this is delivered. |

APPENDIX – VIII

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

APPENDIX – IX

| JOB DESCRIPTION | |
|-----------------------------|--|
| JOB TITLE | Manager Credit Administration |
| REPORTS TO | Head of Operations |
| JOB PURPOSE | <ul style="list-style-type: none"> • To manage / control risks in connection to new loan disbursements, adjustments, closings, OD renewal, Limit increase, Limit decrease, Limit cancellation. Managing BAU. • To build and run an efficient centralized Loan Administration and enabling the business to focus as sales outlets. • To control & manage operational risks on transaction processing. • To ensure compliance with internal and external requirements. • To provide quality in service delivery. Maintaining / Improving Service Quality by visiting business people. Build a support "Sales" culture in operations by installing the concept of both internal/external customer, maximise on service efficiency, and drive this process by establishing service level agreements with sales and service functions and ensure delivery standards as per SLAs. |
| KEY RESPONSIBILITIES | <ul style="list-style-type: none"> • Ensure proper disbursement, closing, renewal, adjustment of all SE loans • Reviewing Product Program Guideline and raise with business of any deviation thereto. • Risk Management: To ensure that all risks related to Loan Admin are identified and also documented. To ensure that system disorders are detected by extensive Data Mining Tools. Ensure that department gets satisfactory Audit rating. • To ensure that there is proactive follow-up on open issues on risks identified. Effectively manage operations risk and risk management processes. Daily monitor excesses. • Regulatory: Ensure compliance with the Laws of the land, implement and exercise local banking regulations. |

APPENDIX X

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

(I) CONTINEOUS /DEMAND LOAN FACILITIES:

| CLASSIFICATION | DETERMINANT | TREATMENT OF INCOME | PROVISIONS TO MADE |
|-----------------------------------|--|--|---|
| (1) | (2) | (3) | (4) |
| 1. Special Mention Accounts (SMA) | Where mark-up/interest or principal is overdue (past due) by 90 days or more from the due date. | Not Applicable | No provision is required |
| 2. Unsatisfactory | Where mark-up/interest or principal is overdue (past due) by 120 days or more from the due date. | Unrealized mark-up/interest to be put in suspense Account and not to be credited to income Account except when realized in cash. | Provision of 10% of the difference resulting form the outstanding balance of principal less the amount of liquid securities with the bank. |
| 3. Substandard | Where mark-up/interest or principal is overdue (past due) by 180 days or more from the due date. | Unrealized mark-up/interest to be put in suspense Account and not to be credited to income Account except when realized in cash. | Provision of 20% of the difference resulting form the outstanding balance of principal less the amount of liquid securities with the bank. |
| 4. Doubtful | Where mark-up/interest or principal is overdue (past due) by 270days from the due date. | Unrealized mark-up/interest to be put in suspense Account and not to be credited to income Account except when realized in cash. | Provision of 50% of the difference resulting form the outstanding balance of principal less the amount of liquid securities with the bank. |
| 5. Loss | Where mark-up/interest or principal is overdue by 12 months or more from the due date. | As above. | Provision of 100% of the difference resulting form the outstanding balance of principal less the amount of liquid securities with the bank. |

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

| CLASSIFICATION | DETERMINANT | TREATMENT OF INCOME | PROVISIONS TO MADE |
|-----------------------------------|--|--|---|
| (1) | (2) | (3) | (4) |
| 1. Special Mention Accounts (SMA) | Where mark-up/interest or principal is overdue (past due) by 90 days or more from the due date. | Not Applicable | No provision is required |
| 2. Unsatisfactory | Where mark-up/interest or principal is overdue (past due) by 120 days or more from the due date. | Unrealized mark-up/interest to be put in suspense Account and not to be credited to income Account except when realized in cash. | Provision of 10% of the difference resulting from the outstanding balance of principal less the amount of liquid securities with the bank. |
| 3. Substandard | Where mark-up/interest or principal is overdue (past due) by 180 days or more from the due date. | Unrealized mark-up/interest to be put in suspense Account and not to be credited to income Account except when realized in cash. | Provision of 20% of the difference resulting from the outstanding balance of principal less the amount of liquid securities with the bank. |
| 4. Doubtful | Where mark-up/interest or principal is overdue (past due) by 12 months from the due date. | Unrealized mark-up/interest to be put in suspense Account and not to be credited to income Account except when realized in cash. | Provision of 50% of the difference resulting from the outstanding balance of principal less the amount of liquid securities with the bank. |
| 5. Loss | Where mark-up/interest or principal is overdue by 18 months or more from the due date. | As above. | Provision of 100% of the difference resulting from the outstanding balance of principal less the amount of liquid securities with the bank. |

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

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

| | | | |
|----------------|---|--|---|
| 3. Substandard | Where mark-up/interest or principal is overdue (past due) by 12 months or more from the due date. | Unrealized mark-up/interest to be put in suspense Account and not to be credited to income Account except when realized in cash. | Provision of 20% of the difference resulting from the outstanding balance of principal less the amount of liquid securities with the bank. |
| 4. Doubtful | Where mark-up/interest or principal is overdue (past due) by 18 months from the due date. | Unrealized mark-up/interest to be put in suspense Account and not to be credited to income Account except when realized in cash. | Provision of 50% of the difference resulting from the outstanding balance of principal less the amount of liquid securities with the bank. |
| 5. Loss | Where mark-up/interest or principal is overdue by 24 months or more from the due date. | As above. | Provision of 100% of the difference resulting from the outstanding balance of principal less the amount of liquid securities with the bank. |

APPENDIX -XI

BORROWER'S BASIC FACT SHEET

Date of Request :

1. BORROWER'S PROFILE :

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

2. REFERENCES (AT LEAST TWO) :

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

3. NATURE OF BUSINESS / PROFESSION :

| | | | | |
|------------|------------|--------------|----------|-----------|
| Industrial | Commercial | Agricultural | Services | Any other |
| | | | | |

4. EXISTING LIMITS AND STATUS :

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

5. REQUESTED LIMITS :

| | | |
|------------------|--------|-------|
| | Amount | Tenor |
| Fund Based | | |
| Non – Fund Based | | |

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

I certify and undertake that the Information furnished above is true to the best of my knowledge

APPLICANT'S SIGNATURE & STAMP

5. Facilities Recommended :

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

Security Offered:

| a) Hypothecation Of: | | | | | | | | | |
|---|--------------|--------------------|-------------------|---------------|---------------|-------------------|-----------|---------------|--|
| | | | | | | | | | |
| b) Equitable/Registered mortgage of Landed Property as scheduled bellow: | | | | | | | | | |
| Description | Measurement | District | Village/ Thana | Mouza | Tauzi | Dag # | Khatian # | Present Value | Disputed/ Unencumbered /Encumbered |
| | | | | | | | | | |
| | | | | | | | | | |
| c) Lien of Cash, FDRs etc: | | | | | | | | | |
| Description | Instrument # | Date of Investment | Face Value | Maturity Date | Interest Rate | Value at Maturity | Remarks | | |
| | | | | | | | | | |
| | | | | | | | | | |

Comments on the Enterprise and Entrepreneur:

1. Details of the Business:

2. Number of Competitors and Position of the Enterprise:

3. Details of the Sister Concerns:

4. Entrepreneur's Career History and Experience:

5. Successor(s) and Succession Plan:

6. Reason for additional fund requirement:

7. Location of business and its importance, areas presently covered and planned to cover:

8. Risks that the enterprise is likely to face:

9. Transaction in bank account/loan account:

10. Marketing/Distribution Network:

11. Details of ownership of the shop/factory/godown/premises:

12. Receivables Explained:

13. Payables Explained:

14. Other:

15. Findings of CIB Report, if any, Credit Report from other Banks/Financial Institutions/Sources:

16. In case of Manufacturing Business---

- a. Condition of Machinery, Equipment and Factory:

- b. Production Flow Chart:

- c. Production Capacity at Present:

- d. Actual Production at Present:

- e. Production Capacity after Installation of new machinery/equipment/fixed assets:

- f. Per unit cost price:

- g. Per unit sales price:

17. In case of Fixed Assets Financing---

- a. Reasons for purchase of New Machinery/Fixed Assets:

- b. Details of the Machinery/Fixed Assets to be purchased:

- c. Source of Entrepreneur's Own Fund:

Borrower Credit Rating

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

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

Recommender's Name & Signature: _____

Date: _____

6. Credit Analyst's Observation and Recommendation:

Credit Analyst's Name and Designation: _____

Signature: _____ **Date:** _____

7. Approved Facilities:

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

Approver's Name & Designation: _____

Signature: _____ **Date:** _____

Working Capital Requirement (With Tied up Period):

| Items | Present Year Per Cycle (Tk) Date..... | Projected Year Per Cycle (Tk) Date..... |
|---|---|---|
| (1) Average Inventory : | XXXXXXXX | XXXXXXXX |
| a. Raw Materials/Goods at cost (____ days): | | |
| b. Work-in-Process at cost (____ days): | | |
| c. Finished Goods (____ days): | | |
| (2) Packaging Materials (____ days): | | |
| (3) Goods in Transit (____ days): | | |
| (4) Receivables (____ days): | | |
| (5) Advance Paid to the suppliers (____ days): | | |
| (6) Rent, if any (____ days): | | |
| (7) Salary, Wages & Emoluments (____ days): | | |
| (8) Transportation Expenses (____ days): | | |
| (9) Cost of Utilities (____ days): | | |
| (10) Repair & Maintenance (____ days): | | |
| (11) Other Production Cost (____ days): | | |
| (12) Other Administrative Expenses (____ days): | | |
| (13) Marketing/Advertising Expenses (____ days): | | |
| (14) Other Expenses (____ days): | | |
| | | |
| | | |
| Total Working Capital : | | |
| (Less) Payables (____ days): | | |
| (Less) Advance Receipts (____ days): | | |
| Required Working Capital : | | |
| (Less) Current Year Cash+Working Capital in hand : | XXXXXXXX | |
| Net Required Working Capital : | XXXXXXXX | |

Income Statement

| Item No. | 0 Items | Current Year Date: | Projected Year Date: |
|----------|--|-----------------------|-------------------------|
| | Sales | | |
| | (Less) Sales Returns | | |
| | (Less) VAT | | |
| A | Net Sales | | |
| B | Cost of Goods Sold | | |
| C | Gross Profit (A - B) | | |
| D | General & Administrative Expenses | | |
| 1 | Depreciation | | |
| 2 | Other Administrative Expenses | | |
| 3 | Provisions and Amortizations | | |
| 4 | Write offs | | |
| 4 | Write offs | | |
| 5 | Marketing/Advertising Expenses | | |
| 6 | Financial Expenses (Interest+ Commissions) | | |
| 7 | Interest on BRAC Bank Loan | | |
| 8 | Insurance Expenses | | |
| 9 | Loan Processing Fee + Other Legal Cost | | |
| | | | |
| | Total Administrative Expense (F 1 to 9) | | |
| | Net Operating Profit | | |
| | Add: Financial Income | | |
| G | Net Operating Profit | | |
| | (Less) Taxes | | |
| H | Net Operating Profit After Taxes | | |
| 1 | Add: Other Incomes | | |
| 2 | (Less) Exceptional Expenses | | |
| I | Net Profit (Loss) | | |
| | Withdrawals/Dividends | | |
| J | Retained Earnings (to B/S) | | |

Balance Sheet

| Sl Nos. | Assets: (in BDT) | Current Year Date: | Projected Year Date: |
|-------------|---|-----------------------|-------------------------|
| 1 | Total Fixed Assets | | |
| i) | Preliminary Expenditure | | |
| ii) | Fixed Assets | | |
| iii) | (Less) Accumulated Depreciation | | |
| iv) | Net Fixed Assets (ii - iii) | | |
| v) | Long Term Investments | | |
| | Sub-Total (I, iv & v) | | |
| 2 | Current Assets | | |
| i) | Inventories: | | |
| a. | Stock of Raw & Packing Materials | | |
| b. | Work - In - Process | | |
| c. | Stock of Finished Goods | | |
| d. | Goods in Transit | | |
| | Sub-Total (a to c) | | |
| ii) | Accounts Receivables | | |
| iii) | Advance Payment To Suppliers | | |
| iv) | Cash On Hand | | |
| v) | Bank Balance | | |
| vi) | Other Current Assets | | |
| | Sub-Total (i to vi) | | |
| | Total Assets (1 + 2) | | |
| | | | |
| Item | Liabilities + Owner's Equity: (in BDT) | | |
| 1 | Long - Term Liability | | |
| i) | Loan From Other Sources | | |
| ii) | Other Long Term Loans | | |
| | Sub-Total (i to ii) | | |
| | | | |
| 2 | Current Liabilities | | |
| i) | BRAC Bank Loan | | |
| ii) | Loans From Other Source | | |
| iii) | Advance From Buyers | | |
| iv) | Payable to Suppliers | | |
| v) | Accrued Liabilities (Salary, Wages) | | |
| vi) | Bills Payable (Utilities, Supplies) | | |
| vii) | Other Current Liabilities | | |
| | Sub-Total (i to vii) | | |
| | Total Liabilities (1 + 2) | | |
| 3 | Owner's Equity & Net worth | | |
| i) | Entrepreneurs Capital + Equity | | |
| ii) | Cumulative Profit Retained/(Loss) | | |

| | | | |
|------|--|--|--|
| iii) | Current Year Profit/(Loss) | | |
| | Sub-Total Net worth (i to iii) | | |
| | Total Liabilities + Net worth (1+2+3) | | |

Cash Flow Statement

| | Description (in BDT) | Projected Year |
|----------|---|----------------|
| | | Date: |
| 1 | Inflow of Funds | |
| | Previous Year's Cash + Bank Balance | |
| | Current Year Retained Earnings | |
| | Depreciation | |
| | Amortizations/Provisions | |
| | Bank Loan & Others | |
| | Difference In Purchase on Credit + All Other Payables + Liabilities | |
| | Sale of Fixed Assets | |
| | | |
| 1.1 | Total Cash Inflow | |
| | | |
| 2 | Outflow of Funds | |
| | Loan Installment (Principal) | |
| | Difference In Sales on Credit (Receivables) | |
| | Purchase of Fixed Assets | |
| | Difference In Current Assets (Inventory + Others) | |
| | Any Other Outflow of Cash | |
| | | |
| 2.1 | Total Cash Outflow | |
| 3 | Net Cash Flow (1.1 - 2.1) | |

Financial Ratios

| | Item | <i>Definition</i> | Current Year | Projected Year |
|------------------------------|----------------------------------|--|---------------------|-----------------------|
| Growth Rate | Growth Rate of Sales (%) | Projected Year Sales / Current Year Sales | | |
| | Growth Rate Of Net Profit (%) | Projected Year Net Profit / Current Year Net Profit | | |
| Profit Margin | Gross Profit Margin to Sales (%) | Gross Profit / Sales | | |
| | Net Profit Margin to Sales (%) | Net Profit / Sales | | |
| Financial Condition | Current Ratio (%) | Current Assets / Current Liabilities | | |
| | Quick Ratio (%) | Current Assets – Inventory / Current Liabilities | | |
| | Debt Service Coverage Ratio (%) | (Earnings After Taxes +Interest +Depreciation+Other Non-cash Expenses)/Loan Installments | | |
| | Leverage (%) | Long Term Debt / Net worth | | |
| Investment Ratios | Return on Equity (%) | Net Operating Profit / Net worth - Current Year Retained Earnings | | |
| | Return on Assets (%) | Net Operating Profit / Total Assets | | |
| Management Efficiency | Average Collection Period (Days) | Total Trade Receivables / Sales * 365 | | |
| | Inventory Turnover (Times) | Sales / Total Inventory | | |

Enclosure Check List

| SL No. | Documents, Reports, Papers | Obtained | Not Obtained | Remarks |
|--------|--|----------|--------------|---------|
| 01 | Trade License | | | |
| 02 | Rent Agreement, or Lease Agreement/Deed, or Possession Deed, or Title Deed/Ownership Deed, or Power of Attorney (In case of father's/other's land/shop/factory) | | | |
| 03 | Department of Environment (DOE) Certificate | | | |
| 04 | Drug License | | | |
| 05 | Homeopathic License | | | |
| 06 | Appointment Letter of Distributorship | | | |
| 07 | Import License | | | |
| 08 | Up-to-date Rent Receipt | | | |
| 09 | Up-to-date Electricity Bill | | | |
| 10 | Up-to-date Telephone Bill | | | |
| 11 | Up-to-date Gas Bill (In case of factory) | | | |
| 12 | Income Tax Clearance Certificate | | | |
| 13 | Fixed Assets list | | | |
| 14 | Receivables List | | | |
| 15 | Inventory List | | | |
| 16 | Payables List | | | |
| 17 | Sales List | | | |
| 18 | Suppliers List | | | |
| 19 | Buyers List | | | |
| 20 | Bank Statement/Loan Account Statement | | | |
| 21 | Quotation from three suppliers (In case of fixed assets purchase) | | | |
| 22 | Partnership Deed (In case of partnership firm) | | | |
| 23 | In case of Joint Stock Company-- Certificate of Incorporation Memorandum & Articles of Association Letter of Commencement (In case of Public Limited Company) Board Resolution List of the directors attested by the MD | | | |
| 24 | In case of Equitable or Registered Mortgage-- CS, SA, RS, BS Khatians Mutation Khatuan/Parcha along with DCR Up-to-date rent receipt Non-encumbrance certificate Mouza Map Photocopy of Original Title Deed Pgotocopy of Bia-deed | | | |

| | | | | |
|----|--|--|--|--|
| 25 | Certificate of Training Received by the Entrepreneur/Key Employee(s), if any | | | |
| 26 | Experience Certificate, if any | | | |
| 27 | Receipt of Advance Payments | | | |
| 28 | Others, if any | | | |

Security Documents Checklist

| Sl No. | Document Title | Required | Date of Receipt |
|--------|---|----------|-----------------|
| 1 | Sanction Letter Duly Accepted | | |
| 2 | Demand Promissory Note | | |
| 3 | Letter of Arrangement | | |
| 4 | Letter of Continuity | | |
| 5 | Letter of Undertaking | | |
| 6 | General Loan Agreement | | |
| 7 | Extract of the Board Resolution to Borrow | | |
| 8 | Agreement by Partners to Borrow | | |
| 9 | Current Municipal Trade License | | |
| 10 | Letter of Hypothecation Of Plant And Machinery | | |
| 11 | Letter of Hypothecation Of Stocks And Goods | | |
| 12 | Letter of Hypothecation Of Book Debts And Receivables | | |
| 13 | Charge On Fixed Assets | | |
| 14 | Pledge of Goods To Secure Demand Loan | | |
| 15 | Trust Receipt | | |
| 16 | Form 14 to Register Charge on Hypothecated Assets | | |
| 17 | Form 18 to Register Modified Hypothecated Assets | | |
| 18 | Form 18 to Register Modified Charge on Fixed Assets | | |
| 19 | Blanket Counter Guarantee for Guarantees Issued By Us | | |
| 20 | Specific Counter Guarantee For Issuance of Guarantees By Us | | |
| 21 | Corporate Letter of Guarantee | | |
| 22 | Personal Letter of Guarantee | | |
| 23 | Letter of Lien and Authority for Shares, Stocks And Securities Accepted As Collateral | | |
| 24 | Liened Shares, Stocks And Security | | |
| 25 | Letter of Lien on Letters of Credit/Firm Order | | |

| | | | |
|----|--|--|--|
| 26 | Liened Letters of Credit/Firm Order | | |
| 27 | Letter of Lien and Authority for Advances To Third Parties Against Fixed Deposits/Short Term Deposits/Margin Deposits and Other Deposits | | |
| 28 | Liened Fixed Deposit/Short Term Deposit/Margin Deposit/Other Deposit Receipts | | |
| 29 | Letter of Lien and Authority for Advances Against Fixed Deposits/Short Term Deposits/Margin Deposits and Other Deposits | | |
| 30 | Liened Fixed Deposit/Short Term Deposit/Margin Deposit/Other Deposit Receipts | | |
| 31 | Letter of Set Off | | |
| 32 | Original Title Deeds | | |
| 33 | Deed Of Conveyance (Baya Deed) | | |
| 34 | Mutation Certificate & DCR | | |
| 35 | Rent (Khajna) Receipts & Municipal Rent Receipts | | |
| 36 | All Relevant Land Documents (such as Parchas & Others) | | |
| 37 | Non-Encumbrance Certificate | | |
| 38 | Search Report of The Status of the Land | | |
| 39 | Memorandum Of Deposit of Title Deeds (Mortgage Deed) | | |
| 40 | Irrevocable Power Of Attorney | | |
| 41 | Affidavit Before The Sub-Registrar of Land | | |
| 42 | Mortgage/Power of Attorney Registration Receipt | | |
| 43 | Lenders' PariPassu Security Sharing Agreement | | |
| 44 | Insurance Policy | | |
| 45 | BSTI Certificate | | |
| 46 | VAT Clearance | | |
| 47 | Bank Statement of the Customer | | |
| 48 | Bank Clearance Certificate | | |
| 49 | Inventory / Stock List | | |
| 50 | Utilities Bill Clearance | | |

APPENDIX – XIII

Limit Insertion Instruction

Date

Customer's Name :

Facility No.

Priority :

Br No. :

Please arrange to set the limit of BDT :

in words BDT :

in the A/C

with an Interest Rate of

%

with the Expiry Date

realizing the Commission of BDT

+

15.00% VAT and the Stamp Charge of

Remarks :

**Authorized
Signature**

Loan Admin Only :

**Authorized
Signature**

Approved By :

Input By :

