

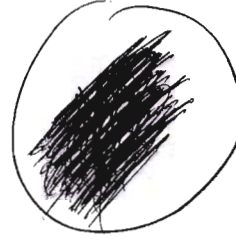
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P/BA



General Banking Operation Of "Trust Bank Limited"

We aim to provide financial services to meet customer expectations so that customers feel we are always there when they need us, and can refer us to their friends with confidence. We want to be a preferred bank of choice with a distinctive identity.





Course name: Internship

Course code: BUS 499

Submitted to:

Mr.M Sayeed Alam
Assistant Professor
Business Administration

Submission: September 10, 2008

Prepared by:

Md. Salahuddin Saif
ID.2004-3-10-147



EAST WEST UNIVERSITY



Letter of Transmittal

September 10, 2008

Mr.M Sayeed Alam
Assistant Professor
Business Administration
East West University
43 Mohakhali C/A, Dhaka - 1212
Bangladesh

Subject: General Banking Operation of “Trust Bank Ltd.”

Sir,

I am pleased to submit the Internship Report as a partial fulfillment of BBA program. I tried my best to present this internship report on **“General Banking Operation of Trust Bank Ltd.”** according to your guideline. I tried my best to work sincerely to cover all aspects regarding the matter. Practical exposure is very essential for orientation with the real world-working arena. I have learned a sound knowledge and understand on the basic operation of the Bank. Though I faced some limitations to prepare the report due to scarcity of organized data, time limitation and little knowledge about banking sector, I have thoroughly enjoyed in preparing this internship report which has contributed significantly to my understanding on the essentials and importance practical knowledge.

However, if you need any clarifications, suggestions, directions or recommendations for further improvement of the report, I will be obligate to provide with further explanation. I sincerely hope that you will appreciate my effort.

Sincerely yours

Md. Salahuddin Saif
ID.2004-3-10-147



Executive Summary

Generally by the word “Bank” we can easily understand that the financial institution deals with money. But there are different types of banks such as; Central Banks, Commercial Banks, Savings Banks, Investment Banks, Industrial Banks, Co-operative Banks etc. But when we use the term “Bank” without any prefix, or qualification, it refers to the ‘Commercial banks’. Commercial banks are the primary contributors to the economy of a country. So we can say Commercial banks are a profit-making institution that holds the deposits of individuals & business in checking & savings accounts and then uses these funds to make loans. Both general public and the government are dependent on the services of banks as the financial intermediary. As, banks are profit-earning concern; they collect deposit at the lowest possible cost and provide loans and advances at higher cost. The differences between two are the profit for the bank.

A company can increase efficiency through a number of steps. These include exploiting economies of scale and learning effects, adopting flexible manufacturing technologies, reducing customer defection rates, getting R&D function to design products that are easy to manufacture, upgrading the skills of employees through training, introducing self-managing teams, linking pay to performance building a companywide commitment to efficiency through strong leadership, and designing structures that facilitate cooperation among different functions in pursuit of efficiency goals.

Efficacy of customer service is related with progression of operation. We can identify the efficacy of customer service by studying the progress of “Trust Bank Ltd.” from starting to at present. The progress of “Trust Bank Ltd.” is very rapid with the concern of its profit making and growth of its operation within the country towards the country’s economy.

Trust Bank Limited pursues decentralized management policies and gives adequate work freedom to the employees. This results in less pressure for the workers and acts as a motivational tool for them, which gives them, increased encouragement and inspiration to move up the ladder of success. Overall, I have experienced a very friendly and supporting environment at Trust Bank Limited, which gave me the pleasure and satisfaction to be a part of them for a while. While working in different departments of this branch I have found each and every employee too friendly to us to cooperate. They have discussed in details about their respective tasks. I have also participated with their works

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Chapter: 1

Introduction

1.1 Introduction of Topic

This internship is a part of the Bachelor of Business Administration (BBA) program that provides an on-the-job experience to students. I was placed at Trust Bank Limited, Dhanmondi Branch as an internee officer for three months. This internship program was my very first on-the-job exposure and provided me with learning experience and knowledge in several areas. During the first few weeks of my internship period, I was able to get accustomed to the working environment of Trust Bank Limited. As the internship continued, I not only learned about the activities and operations of correspondent Bank, but I also gathered some knowledge about the basic business activities of banking in first one-month of my internship period.

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1.2 Rationale of the Study

The internship program is very helpful to bridge the gap between the theoretical knowledge and real life experience as part of Bachelor of Business Administration (BBA) program. This internship report has been designed to have a practical experience through the theoretical understanding.

Internship program is essential for every student, especially for the students of Business Administration, which helps them to know the real life situation. For this reason a student takes the internship program at the last stage of the degree, to launch a career with some practical experience. As a Complete fulfillment of Internship Program introduce the students with the real life business situation

This report is a part of my academic program. The internship program has been set for three (3) months period at “Trust Bank Ltd” as a part of my BBA program. In our BBA Program all courses based on theoretical and we have to learn practically. The program has helped me a lot to understand the organizational atmosphere and behavior and I have gather some practical Knowledge about “**General Banking Operation of Trust Bank Ltd.**”

1.3 Objective of the Report

a. Broad Objective

The objective of the internship program is to familiarize students with the real market situation, to compare them with the business theories & at the last stage make a report on assigned task. The main objective of this report is to have an assessment about overall activities of “Trust Bank Ltd.”. How the Bank is providing facilities to its clients & to suggest remedial measure for the development of overall banking activities of “Trust Bank Ltd.”. In addition, the study seeks to achieve the following objectives:

b. Specific Objective

- To present an overview of “Trust Bank Ltd. ”
- To get an overall idea of banking from banker’s point of view.
- To apply theoretical knowledge in the practical field.
- To make a bridge between the theories and practical procedures of day to day Banking operation.
- To assess the decision undertaken by the top-level management to keep the rein with the competitiveness of the market.
- To understand the recent complexity of banking in the wake of rising terrorism and fundamentalism.
- To relate the theories of banking with the practical banking activities.
- To review the techniques used by the bank to make it lucrative
- Determining the drawbacks of the existing system.
- To study existing banker-customer relationship, particularly the efficacy of customer services of the bank.
- Recommending some guidelines to improve the effectiveness

1.4 Scope of the Report

This internship report covers all the trade related products handled by the “Trust Bank Ltd.” such as Foreign Exchange, Cash Dept., Dispatch, Account Opening, Remittance, Accounts, Administration and Loans & Advances etc.

This report has been prepared through extensive discussion with bank employees and with the customers. While preparing this report, I had a great opportunity to have an in depth knowledge of all the banking activities practiced by the “Trust Bank Ltd.” It also helped me to acquire a firsthand perspective of a leading private Bank in Bangladesh.

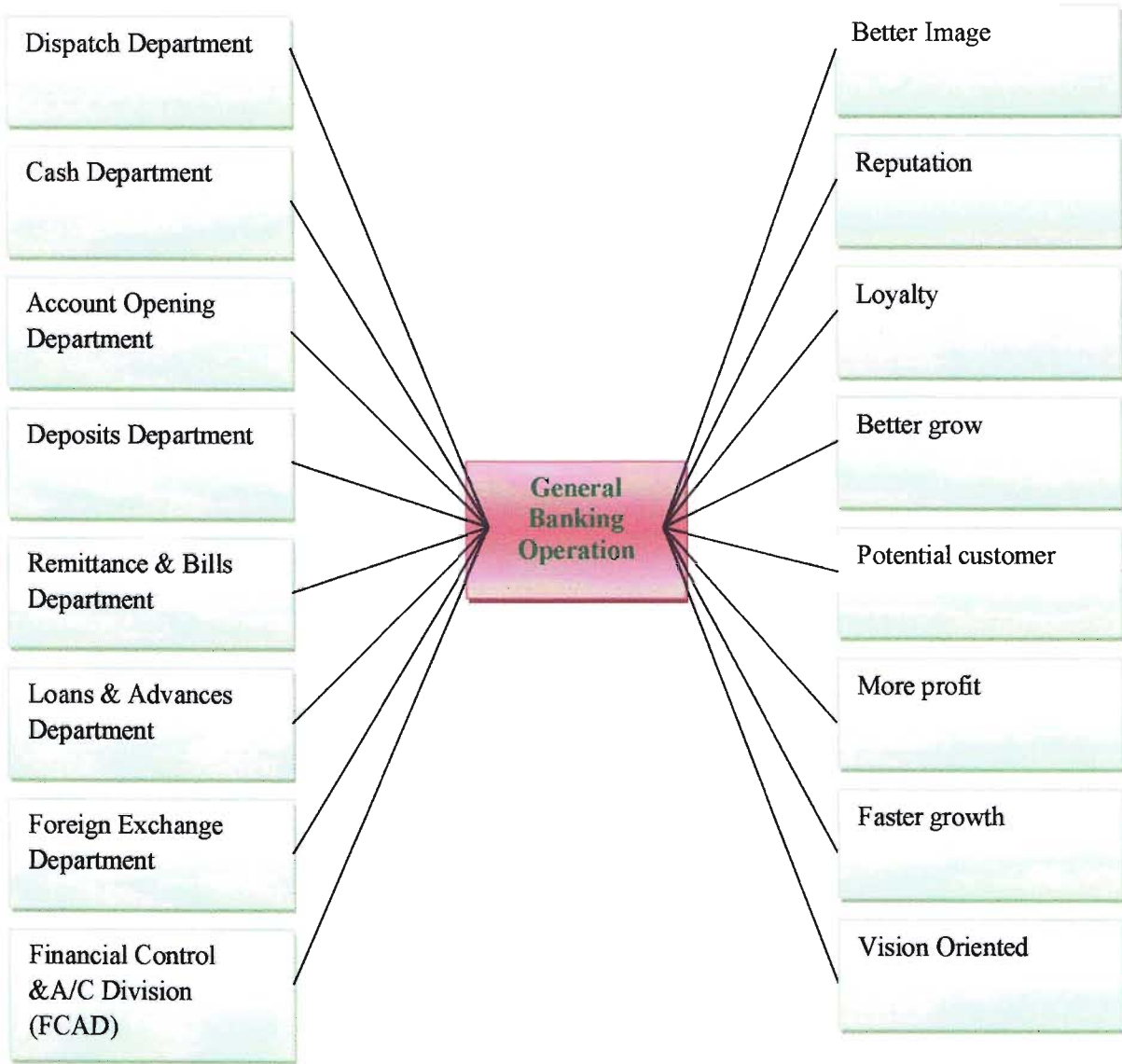
1.5 Methodology

Interview was the basic technique complied to collect primary data from any people within the organization. Information about the varieties of activities within the Correspondent Banking Department was collected through interviews. Data regarding the types of product offered to the clients and the descriptions for each of those products were gathered through interviews. Besides, on-the-job experience has also helped me learn quite a few things about the Correspondent Banking Department and the organization as well.

On the other hand, secondary sources were used to collect data regarding the company’s performance over the past five years, Publications, Database, Annual report of Trust Bank Ltd (2001, 2002, 2003, 2004, 2005 and 2006), Different papers of Trust Bank Ltd, Different text books, Term papers of TBL Training manuals,

Transaction in foreign Exchange, Principles & Practice (By M.R. Sinha), Guidelines for Foreign Exchange Transactions, General Banking Operation manual and Lecture sheet within the organization helped me to gather data about the organization. Data have also been collected by going through different circulars issued by the head office and Bangladesh bank during the tenor of the internship.

1.6 Conceptual Framework of the Report



1.7 MODEL USED

The performance evaluation of the TBBL has been conducted based on the trend analysis and ratio analysis.

Trend Analysis: In the report trend analysis has been used in order to indicate the changes in the level of progress and growth over the last three years starting from 2003. It would show whether the present growth trend of the TBBL is excellent, good, satisfactory or bad.

Ratio Analysis: In the report, significant analysis has been made through the following ratios –

- Capital Adequacy Ratio
- Capital Fund to Deposit Liabilities Ratio
- Liquid Asset to Deposit Liabilities Ratio
- Loan to Deposit Liabilities Ratio
- Earning Asset to Deposit Liabilities Ratio
- After Tax Return on Average Asset Ratio
- Net profit to Gross Income
- After Tax Return on Equity

1.8 Limitations

The present study was not out of limitations. But it was a great opportunity for me to know the banking activities of Bangladesh specially “Trust Bank Ltd.” Some constraints are appended bellow--

- The main constraint of the study is inadequate access to information, which has hampered the scope of analysis required for the study. As it is a new bank it could not start all its operation, it was unable to provide some formatted documents data for the study.
- Due to time limitations, many of the aspects could not be discussed in the present report.
- Every organization has their own secrecy that is not revealed to others. While collecting data i.e. interviewing the employees, they did not disclose much information for the sake of the confidentiality of the organization.
- Another problem is that creates a lot of confusions regarding verification of data. In some cases more than one person were interviewed to clarify each concept as many of the bankers failed to provide clear-cut idea about the job they perform.
- The clients were too busy to provide me much time for interview.
- I have had no opportunity to compare the general banking system of the TBBL with that of other contemporary and common size banks. It was mainly because of the shortage of time and internship nature.



CHAPTER TWO

Company overview

2.1 Background of “Trust Bank Ltd.”

Trust Bank Ltd. is a private, commercial, scheduled Bank, which obtained license from Bangladesh Bank on July 15, 1999. Presently Army Welfare Trust is the major shareholder. The authorized capital of the Bank is Taka two thousand million and paid-up capital of Taka five hundred million. Public shares are expected to be floated in the near future. The Bank was formally inaugurated and listed as a scheduled Bank on November 1999.

The idea of setting up a Bank by Bangladesh Army was first conceived in 1987 and on November 29, 1999 the first branch of Trust Bank Ltd came into operation. Composition of the Board of TBL consists of Ex-officio Directors of in-service senior Army personnel, with the Chief of Army Staff as its Chairman and the Adjutant General as its Vice-Chairman.

Trust Bank Limited is one of the leading private commercial bank having a spread network of 35 branches across Bangladesh and plans to open few more branches to cover the important commercial areas in Dhaka, Chittagong, Sylhet and other areas in 2008. The bank, sponsored by the Army Welfare Trust (AWT), is first of its kind in the country. With a wide range of modern corporate and consumer financial products Trust Bank has been operating in Bangladesh since 1999 and has achieved public confidence as a sound and stable bank.

In order to provide up-to-date information on the bank at fingertips to the trade and business communities of the world, their own IT team has developed a E-mail address and a web page for the bank. It can be accessed to under the domain: tbl@global-bd.net and <http://www.trustbank.com.bd>

In addition to ensuring quality, Customer services related to general banking the bank also deals in Foreign Exchange transactions. In the mean time, the bank has extended credit facilities to almost all the sector of the country's economy. The bank has plans to invest extensively in the country's industrial and agricultural sectors in the coming days.

It has also plans to promote the agro-based industries of the country. The bank has already participated in syndicated loan agreement with other banks to promote textile sectors of the country. Such participation would continue in the future for greater interest of the overall economy. Keeping in mind the client's financial and banking needs the bank is engaged in constantly improving its services to the clients and launching new and innovative products to provide better services towards fulfillment of growing demands of its customers.

In 2001, the bank introduced automated branch banking system to increase efficiency and improve customer service. In the year 2005, the bank moved one step further and introduced ATM services for its customers.

Since bank's business volume increased over the years and the demands of the customers enlarged in manifold, our technology has been upgraded to manage the growth of the bank and meet the demands of our customers.

Trust bank limited recently at the end of the year 2006 changed their name from **"The Trust Bank Limited"** to **"Trust Bank Limited"** and also changed their logo to bring the bank more closer to the general public.



"Previous Logo"



"New Logo"

In January 2007, Trust Bank successfully launched Online Banking Services which facilitate Any Branch Banking, ATM Banking, Phone Banking, SMS Banking, & Internet Banking to all customers. Customers can now deposit or withdraw money from any Branch of Trust Bank nationwide without needing to open multiple accounts in multiple Branches.

Via Online Services and Visa Electron (Debit Card), ATMs now allow customers to retrieve 24x7 hours Account information such as account balance checkup through mini-statements and cash withdrawals.

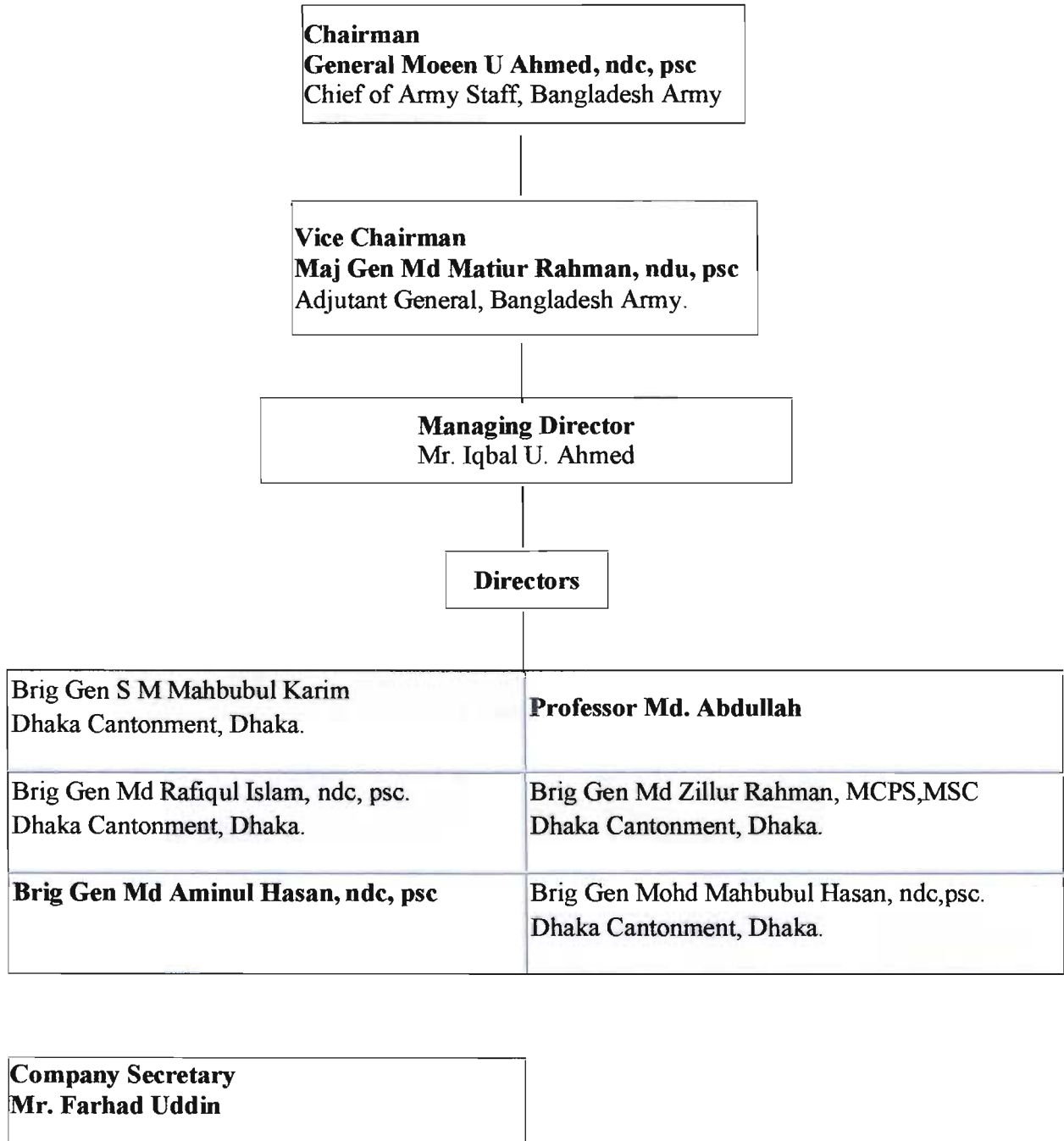
Trust Bank is about to introduce Visa Credit Cards to serve its existing and potential valued customers. Credits cards can now be used at shops & restaurants all around Bangladesh and even internationally.

Trust Bank is a customer oriented financial institution. It remains dedicated to meet up with the ever growing expectations of the customer because at Trust Bank, customer is always at the center.

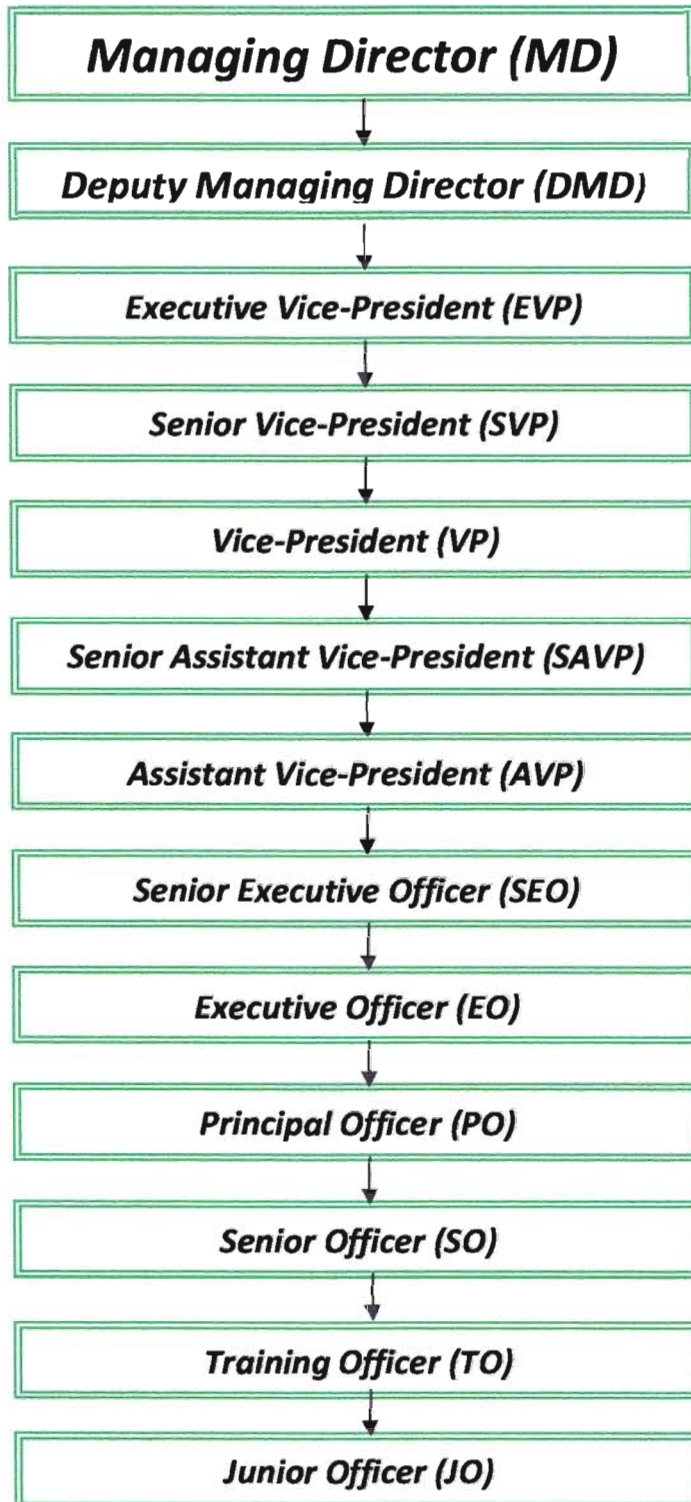
CORPORATE INFORMATION AT A GLANCE

✍ Banking License received on	: 15 th July. 1999
✍ Certificate of incorporation received on	: 17 th June 1999
✍ Certificate of Commencement of business received on	: 17 th June 1999
✍ First branch licenses on	: 9 th August 1999
✍ Formal inauguration on	: 29 th November 1999
✍ Sponsor Shareholders	: Army Welfare Trust
✍ Number of Branch	: 35

2.2 Board of Directors



2.3 Organizational Structure of Trust Bank Ltd.



2.4 Vision Statement of “Trust Bank Limited”

- To build a sustainable and respectable financial institution.
- To be a leading Commercial Bank, with a social focus, assisting in the economic development of the country.
- The Profit of the bank used for the Socio-economic development of the members of the Bangladesh Army and thereby the nation as a whole.

2.5 Mission Statement of “Trust Bank Limited”

- Achieving sound and profitable growth in Assets & Liabilities, with focus to maintain non-performing assets at acceptable levels.
- To build long-lasting, credible and mutually dependable relationships with customers.
- Efficiently managing interest and operating costs.
- To excel in rendering superior customer service.
- To be the preferred employer among Banks in Bangladesh.

2.6 BRANCH LOCATION

Branch ID	Branch Name	Branch Address	Branch Phone Number
0001	Head Office	Peoples Insurance bhaban 36,Dilkusha C/A (2nd, 16th, & 17th Floor Dhaka-1000)	9570261,9570263, 9572012-3 Fax - 880-2-9572315
0002	Principal Branch (PB)	98 Shaheed Sarani, Dhaka Cantonment, Dhaka-1206	9871074,9871095,9888068 8750298,8712751-3 Fax - 8750011 Ext - 7506 (Army)
0003	Sena Kalyan Bhaban (SKB)	Sena Kalyan Bhaban, 195, Motijheel C/A, Dhaka-1000	Chief Manager : 7121263 Manager : 9561721 PABX - 7126157, 956051 FAX - 880-2-7163977
0004	Bogra Cantonment Branch	Bogra Cantonment, Bogra	01730-056422, 051-69473 Fax : 051-78416
0005	Comilla Cantonment Branch	Comilla Cantonment, Comilla	01713-102834, 081-76381-7, Ext-3178 Fax - 77023
0006	CTG Cantonment Branch	Bangladesh Tea Board Bhaban Ground Floor 171-172 Baijid Bostami Road Nasirabad, Chittagong	031-2581170(T&T-PABX) 031-2581171(T&T-PABX) 031-2581172(Fax) 031- 683680(Direct) 031- 681551-9,Ext-3178(Army) 01914403178(Mobile) 01713400503(Mobile)
0007	Rangpur Cantonment Branch	Rangpur Cantonment, Rangpur	01713-201661,0521-66653 Fax - 0521-67371
0008	Jessore Cantonment Branch	Jessore Cantonment	01713-400503,0421 61043 0421 73075 Ext - 3178 Fax - 0421 61043
0009	Mymensingh Cantonment Branch	Mymensingh Cantonment Branch Mymensingh.	01713-039178,091 55601- 3 520001-2 Ext - 3178, 09162371, Fax - 091 62371

0010	Saver Cantonment Branch	Saver Cantonment, Saver, Dhaka	01713-034198, 01715407266, Fax - 7708404
0011	Jalalabad Cantonment Branch	Jalalabad Cantonment Branch Jalalabad , Sylhet	01713-046337,0821- 2872135, 710001-6 Ext - 2365, 3178 Fax - 0821 762135
0012	Agrabad Branch	109 Shilpa Bank Bhaban , Chittagong	01713-104241, 031- 720188, 031 814462-3 Fax - 031-715791
0013	Shaheed Salauddin Cantonment Branch	Shaheed Salauddin Cantonment, Ghatial, Tangail	01713-007399, 09225 5600-13 Ext - 3178 Fax - 09225 56141
0014	Dhanmondhi Branch	BDR Gate No - 4, PeelKhana , BDR Head Quarters, Dhaka	0171-3014641 8623401, 9677553 Fax - 9677571
0015	Khatungonj Branch	205, Main Road, Plot No- 218, Kahtunganj, Chittagong	01713-103481,031 627860, 841718 Fax - 88 031 841719
0016	Gulshan Corporate Branch	110 Gulshan Avenue, Dhaka	0171-30360174, 8828088, 8815594 Fax - Ext - 132, Foreign Exchange - 115
0017	Dilkusha Corporate Branch	Peoples Insurance Bhaban 36, Dilkusha C/A (1st Floor) Dhaka -1000	0171-3062127, 9560944 Fax - 9560793
0018	Raddisson Branch	Airport Road, Joar Sahara, Dhaka	07173-090078, 8752066, Fax - 8752065
0019	Khaja Yunnis Ali Medical College & Hospital Branch	Enayetpur, Sirajgonj	01713-047399, 01710660415 Fax - 88075163853
0020	CDA Avenue Branch	Holding No - 1827(New), Elite House (1st & 2nd floor), CDA Avenue, Chittagong	01713- 043157, 031 2550936 -7 Ext -133 Fax - 88 031 2550936
0021	Sylhet Corporate Branch	BMA Bhaban, Chowatta, Kotoewali, Sylhet	0171- 3300298, 0821 719063 Fax - 0821 719139
0022	Millenium Branch	Beer Shrestho ShaheedJahangir Gate 546, Dhaka Cantonment Dhaka-1206	01713-034197, 02 87120756, Fax - 88 02 8712075
0023	Uttara Branch	Holding 111/A (Ground & 1st floor) Road 7, Sector 4,	07173-062127, 8911052 8921312, 8922650

		Uttara, Dhaka - 1230	
0024	Halishahar Branch	Monirat Plaza, 230/A, Block - G Road - 4 , Port Connecting Road Barapool , Halishahar	01819-313708, 01713-335791 031 2512592-3 Fax - 031 2512591
0025	Biani Bazar Branch	Al Amin Super Market College Road , Beanibazar sylhet	01716-929400 Fax - 08223 56009
0026	Moulovibazar Branch	Holding-10, Court Road, Chowmohona, Thana - Kotwali Moulovibazar	01713-129265, 0861 62883 Fax - 0861 62884
0027	Goala Bazar Branch	Hazi Nasirullah Market (1st floor) Main Road, Union - Goalabazr Thana -Osmaninagar, Sylhet	0171068371, 01715- 747091
0028	Mirpur Branch	Road - 3 Block - A, Section - 11 Mirpur, Dhaka	9008310, 9008218, 9008310 Fax - 9008359
0029	Naval Base	BNC, Isha Khan, naval Base Anchor Building Potenga	0171-3452830, 031 747833, 741834 Fax - 031 741831
0030	Kawran Bazar	Zenith Tower, 40, Kawran Bazar Dhaka	0171- 3041420
0031	Feni	Kazi Center , Holding - 106 SSk Road, Feni	0171- 1123463, 033163535
0032	Joypara Branch	Ashan Ali Moshan Ali Shooping Complex , union - Raypura Thana - Dohar District - Dhaka	01716 - 274920, 03894680402, 0173 - 0031827
0033	Joydebpur Branch	Vaowal Point Vill - Vogra, Up - Bason Po - National University Thana - Joydebpur, Dis Gazipur	01713007399 9262852 9262853 Fax - 9262859
0034	Narsingdi Branch	Salam Mension, Holding 13/9 Thana - Narsingdi Dis - Narsingdi	01713- 0057305 0624-51684 0628-51685 0628-51686
0035	Narayangonj Branch	1 No.B.B. Road, Alam Khan Road (ist & 2nd Florr) Narayangonj	7648283 7648282 7648208

CHAPTER THREE



Topic Analysis and Description

3.1 Dispatch Department

Dispatch is one of the primary departments of banking activities. Dispatch can be categorized into two parts:

Inward Register

- Outward Register -**
- (a) Courier
 - (b) By Post

Inward Register

In inward register all the incoming documents are received and registered according to date. Then, Documents are transferred to different departments according to their destiny.

Outward Register

The documents, which are needed to mail to different branches of TBL in Bangladesh or outside Bangladesh, are registered in outward register and mailed by courier or by post, which one is suitable.

3.2 Cash Department

- Opening of Cash: Beginning balance is used to start daily transaction.
- Maintenance of Receipt and Payment Registers while receiving & paying Different amount of cash.

- Previously issued cheque will be paid if issued 6 months before.
- Advance issued cheque cannot be made payment even one day before.
- Evening Banking: Can only receive cash. No payment can be made except some special cases.
- TBL Dhanmondi Branch provides “Sheba Service” in this branch
- Issue Note: Notes issued by the bank & accepted by the people, fresh notes.
- Non-issue Note: Notes cannot be issued for public like torn, mutilated notes Soiled Notes etc.

3.3 Deposits Department

Payment through Cash

Clients give their cheques with their signatures. These signatures are justified with specimen signature cards. If these signatures are correct, then A/C numbers are posted into the computer and required balances are given to them after checking that they have sufficient balance in their accounts.

Payment through Transfer

This transfer is made through account to account, not in cash.

Payment through Clearing House

Payment is made through clearing house. In this case the parties are account holders different banks. The clearing-house in Bangladesh bank makes the clearing tasks in working day where the representatives of every scheduled bank are present there to collect their own banks' cheque.

Objections to unpaid cheque

1. When cheque are returned from clearinghouse, they mention the cause of returning. TBL Return memo includes the following causes:
 - (A) Insufficient Fund
 - (B) Not arrange for.
 - (C) Effects not cleared, may be presented.
 - (D) Exceed arrangements.
 - (E) Full Cover Not Received.
 - (F) Payment stopped by drawer.
 - (G) Payee's endorsement irregular\ illegible\ required.
 - (H) Payee's endorsement irregular, required bank's confirmation.
 - (I) Drawers, signature differs/ required.
 - (J) Alterations in date/ figures/ words require drawer's full signature.
 - (K) Cheque is post dated/ out of date/ mutilated
 - (L) Amount in words and figure differs
 - (M) Crossed cheque must be presented through a bank
 - (N) Clearing stamp required/ requires cancellation.
 - (O) Addition to bank discharge should be authenticated
 - (P) Cheque crossed "Account, Payee Only".
 - (Q) Collecting Bank's discharge irregular/ required.

2. After returning of cheque the cause is notified to the client to take necessary action.

3. Also the vouchers are made reversal after returning of cheque i.e. Bills lodged debited and Bills for collection credited.

Secrecy

1. The account information of a client is a secret matter.
2. Bank will not disclose it to unauthorized persons.
3. Only the account holder has the opportunity to get information of his personal account or, who have got the authority from the account holder to get such information,

Summation

Summation is nothing but the sum of the debit and credit sides. Now using computer automatically does it.

Supplementary

Formation of different head of accounts separate in supplementary forms. Supplementary is made every end of the working day. As now transactions are computerized, computer gives an output of such supplementary at the end of the day and matched with the manual supplementary. There are two types of supplementary:

- (a) Debit Supplementary
- (b) Credit Supplementary

Different heads of supplementary form are

- Account Number, name of accounts
- Cash Balance
- Clearing Balance
- Transfer Balance
- Total Balance

Dormant Account

After opening an account if no transaction is made within 6 (six) months, then it is known as dormant account.

Inoperative Account

It is also like the above account. The account is not operating by the client for a long time/3 years.

Standing Instruction

The client himself gives this type of instruction. Account holder instructs his bank not to make payment from his account before further instructions.

Stop Payment

Due to unavoidable circumstances like burned or lost cheque, the client will make an application to the branch manager to stop all payments from his account and the will immediately freeze the particular account.

Statement of Account

Bank will give statements if the account holder wants it. This statement will be about the amount consists in account / the latest balance amount in the particular account.

Transfer of Accounts

The transfer of accounts can be of two types:

- 1) Fund transfer from one account to another
- 2) Account Transfer from one branch to another

Closing of Account & Disposal of Unutilized Cheque:

- Application to the manager for closing the account
- Bank takes Tk.50 as closing charge
- The application form and specimen sign card is marked as closed
- The customer has to submit any unutilized portion of cheque and bank will destroy these.

3.4 Remittance & Bills Department

Local remittance is one of the main components of general banking. The components of local remittance are ---

- Telegraphic Transfer,
- Demand Draft issue,
- Saving Certificate Issue (Sanchaypatra issue),
- Pay order.

Remittance & bills section plays a very vital role in case of Banks Customer Service Section. Roles & Responsibilities of remittance section knows no bound. The activities of

Remittance & Bill sections are:

- Issue and payment of Pay Order, Pay Slip, Demand Draft, SDR etc.
- Execution of Inward and Outward Telegraphic Transfer
- Non client services like T.T. and Pay Order
- Follow up with clients
- Internal and local collection of cheque and bills.

i. Telegraphic Transfer (TT):

It is an order from the issuing branch to the drawee bank / branch for payment of a certain sum of money to the beneficiary. The payment instruction is sent by telephone and funds are paid to the beneficiary through his account maintained with the drawee branch or through a pay order if no account is maintained with the drawee branch. No charge is required for TT.

ii. Demand Draft (DD) Issue:

Sometimes customers use demand draft for the transfer of money from one place to another. It is must need for sending money outside Dhaka city. For getting a demand draft, customer has to fill up an application form. The form contains date, name and address of the applicant,

signature of the applicant, cheque number (if cheque is given for issuing the DD), draft number, name of the payee, name of the branch on which the DD will be drawn and the amount of the DD. The form will be duly signed by the applicant and by the authorized officer. TBL charges 15% commission on the face value of DD as service charge.

iii. Shanchaya Patra:

Shanchaya patra is received from Bangladesh bank (BB). People purchasing these bonds by depositing money in this branch and payment are made on maturity to customers from this branch only. Every transaction is reported to Bangladesh bank. In case of issuance, report to be reached to BB within 48 hours, otherwise penalty is imposed. Money is realized from BB after making payment to customer.

Various types of Shanchaya Patras are sold here. They are as follows:

➤ 5 years Bangladesh Shanchaya patra (5 BSP) :

Duration of this Shanchaya patra is 5 years. Any person who purchase this Shanchaya patra can withdraw his/her interest only after 5 years at the time of maturity along with capital.

Any single individual can buy Bangladesh Shanchaya patra for up to TK. 50 lac. And jointly can buy for up to TK.1 Crore. Interest Rate: 12.00% After 5 years.

➤ 3 Month Profit Based Sanchaya patra(3MPBS):

Duration of this Shanchaya patra is 3 years. Any person who purchases this Shanchaya patra can withdraw his/her interest in every 3 month but capital can be withdrawn after the maturity period.

Any single individual can buy 03 MPB Shanchaya patra up to TK. 50 lac. And jointly can buy for up to TK.1 Crore.

Interest Rate: 11.50% after 3 year

After every three (03) month 2,875/= Tk. will be given against 1 Lac. Taka.

➤ **Pensioner's Sanchaypatra:**

Duration of this Shanchaya patra is 5 years. Any person who purchases this Shanchaya patra can withdraw his/her interest in every 3 month but capital can be withdrawn after the maturity period. Any single individual can buy Pensioner's Sanchaypatra up to TK. 30 lac.

Interest Rate: 12.50% after 5 year

After every three (03) month 3,125/= Tk. will be given against 1 Lac. Taka.

iv. Pay Order

For issuing a pay order, the client is to submit an application in the prescribed form. This form should be properly filled up and signed. The procedure of the issuing pay order is similar to that of the Telegraphic transfer. For issuing pay order TBL charges commission on the following rate—

Pay Order [Local] issuance	No charge for account holder's Tk. 20/- for non-customers/clients
Pay Order[Local] cancellation	Tk. 20/- per instrument
Issuance of Duplicate Instrument	Tk. 100/- per instrument plus stamp charges for indemnity at actual.

Note: No charge for army personnel

SOURCE: From interview with the In-charge of remittance department of Trust Bank Ltd, Dhanmondi Branch.

Payment of Pay Order: The pay order is presented to the bank either through clearance or for credit to the client's account. While payment, relative entry is given in the pay order register with the date of payment.

❖ **In case of collecting DD, PO, PS following things are to be carefully checked:**

- Instrument of TBL
- Crossing Seal
- Clearing Seal
- Branch Name
- Amount same in word & figure
- Signature verification
- Avoid the stop order PO, DD
- Test key verification. Every TT must have test key. DD over Tk.50000/
- must have test key
- Maintenance of PO/TT/DD issue & payable books
- Balancing at the end of the month.

3.5 Product & Schemes

-1

3.5.1 Personal Banking

1 Deposit Products:

- Current Deposit Account
- Savings Deposit Account (interest calculated on monthly minimum balance of Tk.2000 and above)
- Short term deposit
- Fixed Deposit (3 months to 3 years term)
- Savings Certificate
- Trust Smart Savers Scheme(TSS)
- Trust Money Double Scheme (TMDS)
- Monthly Benefit Deposit Scheme (MBDS)
- Trust Money Making Scheme(TMMS)
- Trust Educare Scheme(TES)
- Lakhopati Savings Scheme (LSS)
- Interest First Fixed Deposit Scheme (IFFDS)

2 Retail Products:

- Car Loan
- Consumer Durable Loan scheme (CDS)
- Doctor's Loan
- Advance Against Salary
- Education Loan
- Travel Loan
- Hospitalization Loan
- Any Purpose Loan
- Apon Nibash Loan
- CNG Conversion Loan
- Marriage Loan

3 Creadit Card

- Visa Gold Local
- Visa Classic Local
- Visa Classic International
- Visa Gold International
- Visa Dual Card

4 Trust Locker Service

- Bangladeshi Locker
- Godrej Indian Locker

3.5.2 Automated Banking

- Debit Card
- Phone Banking
- SMS Banking
- Internet Banking



3.5.3 Business Banking

- Corporate Financing
- SME Financing
- Syndicated Loans
- Infrastructure Development

3.6 Account Opening Department

A bank has to maintain different types of accounts for different purposes. Trust Bank limited (TBBL) offers the general deposit products in the form of various accounts.

3.6.1 Savings Account

Savings bank deposit is popular account maintained in Banks. The different matters relating SB account are described in the following discussion. The summary of the rules and regulations to open a savings account is as follows:-

- Any person or persons of more than 18 years having sound mind can open and operate this account singly or jointly.
- In case of a minor (a person below 18 years), a guardian can open and operate this account on his or her behalf.
- Clubs, Societies, Sole Proprietorship firms, Partnership firms, Limited Companies either public or private and other similar organization are eligible to open such account.
- More than one account cannot be opened in the same name.
- A minimum initial deposit of Tk. 500.00 is required to open such account.
- Money will be withdrawn through cheque. Withdrawal cannot be more than twice a week and generally the amount will not be more than 25% of the balance available, subject to maximum Tk. 20,000.00.
- In case of closure of any account, the bank deducts Tk. 100.00 as closing charge.

3.6.2 Current Account AND Short Term Deposit (STD) Account:

Most businessmen maintain Current Deposit accounts in order to make their daily business activities. This account's funds change most frequently than any other accounts because customers use to withdraw and deposit funds in regular basis. The summary of the rules and regulations to open a current account & short term deposit (STD) account as follows:-

- A minimum deposit of Tk. 1000.00 is needed to open a current account.
- The bank charges an incidental charge of Tk 50.00 for every six (6) months for the maintenance of the account.

- In case of the closure, the bank charges Tk. 100.00 as closing charge of the account.
- Withdrawal of money is allowed only through the leaves of the cheque book issued by the bank.

3.6.4 Fixed Deposit Account

The bank allows people to keep their idle money secured and profitable as Fixed Deposit. The interest rate that the bank offers to the fixed depositors is as follows:

Amount/slab wise Deposit	Tenure			
	01 Month	03 Months	06 Months	12 Months & above
Any amount less than TK 25 Crore	9.50%	9.75%	10.00%	10.50%
TK 25 Crore and above but less than TK 50 Crore	9.50%	10.00%	10.25%	10.75%
TK 50 Crore and above but less than TK 100 Crore	9.75%	10.25%	10.50%	11.00%
TK 100 Crore and above but less than TK 200 Crore	10.00%	10.50%	11.00%	11.50%
TK 200 Crore and above	11.00%	11.25%	11.50%	12.00%

* Subject to 10% government tax on interest earnings.

The Bank deducts the Excise duty, the compulsory levy of the government, on the interest earnings in the following structure:

Minimum Deposit	Maximum Deposit	Excise Duty
10,001	1,00,000	120.00
1,00,001	10,00,000	250.00
10,00,001	1,00,00,000	550.00
1,00,00,001	5,00,00,000	2500.00
5,00,00,001	99,99,99,99,999	5000.00

▪ Afferent Provisions:

For FDR minimum period is 01 month and maximum period has no limit. FDR may be joint or individual.

▪ Payment on Maturity:

After maturity period the customer gets the interest plus principal back.

▪ Payment on death:

It is a critical process when FDR holder dies. The rest of the family members must have to submit the following documents:

- **Succession Certificate:** Court mentioning, who will get & what portion.
- **Death Certificate:** The payee must make an application including the above documents. The branch will forward it to the head Office. It is very important to note that in these cases, the bank have to be very careful. Some FDR mentions either or survivor, in this case survivor will get the amount.

▪ Either or Survivor:

In case of Joint FDR, if one partner dies, then the survivor i.e. who is alive will get the money at maturity or the person's name in favoring.

▪ Renewal of FDR:

The FDR account will be renewed automatically on the maturity date. The renewed period shall be the prevailing rate for Fixed Deposits.

▪ Duplication:

If the customer lost the FDR receipt, then he has to make application to the bank by filling up an Indemnity bond. For duplicate FDR TBL charges TK.25

▪ Indemnity Bond:

Here the reason of loosing FDR receipt shall be stated in detail. Stamp of Tk.1501/- is needed in this case.

▪ Custody Indemnity Bond:

The bank will have to maintain these indemnity bonds with care in a safe custody or vault.

- **FDR Block**

A receipt, given to the applicant after opening the FDR account, will show it after maturity to take his money back.

- **Specimen Card:**

The signature of the FDR account holder is maintained in the specimen card.

- **Closure:**

After payment at maturity period the FDR account is closed. The FDR account holder must surrender his FDR receipt during the payment. It is to notify that in case FDR, the bank entries the full amount at maturity date in advance when a customer opens a FDR account. After the maturity FDR receipt and FDR form are attached together and on the front page of the FDR form bank authority writes “Close of FDR account” and gives entry in the ledger.

PRE REQUISITE OF OPENING AN ACCOUNT:

To open a savings, current, STD account, the following documents are mandatory:

a) **FOR INDIVIDUAL ACCOUNT:**

- Two copies of Passport size Photograph of the Clients (Attested by introducer or Verified with Passports)
- Passports/ Nationality Certificate/ Employer’s Certificate of the Proprietor.
- Customer Profile.
- Transaction Profile.
- Photograph of the Nominee(s) attested by the account holder.
- TIN Certificate.

b) **FOR JOINT ACCOUNT:**

- Passports/ Nationality Certificate/ Employer’s Certificate of the Proprietor.

- Customer Profile.
- Transaction Profile.
- Photograph of the Nominee(s) attested by the account holder.
- TIN Certificate.
- Relationship between the account holders.
- Purpose of opening of the Joint account.

c) FOR PROPRIETORSHIP ACCOUNT:

- Two copies of Passport size Photograph of the proprietor
(Attested by introducer or Verified with Passports)
- Passports/ Nationality Certificate/ Employer's Certificate of the Proprietor.
- Customer Profile.
- Transaction Profile.
- Photograph of the Nominee(s) attested by the account holder.
- TIN Certificate.
- Trade License.
- VAT Registration (if available)

d) FOR PARTNERSHIP CONCERN:

- Two copies of Passport size Photograph of each partner(Attested by introducer or Verified with Passports)
- Passports/ Nationality Certificate.
- Company Profile.
- Transaction Profile of the concern.
- Personal Profile of the partners.
- Photograph of the Nominee(s) attested by the account holder.
- TIN Certificate.
- Trade License of the concern.

- VAT Registration (if available)
- Relationship between the partners.
- Attested Photocopy of the Partnership Deed (Deed on Tk 1000.00 stamp)
- Resolution regarding opening and operation of the account.

e) FOR COMPANY ACCOUNT:

- Attested or Certified copy of the Memorandum and Articles of Association.
- Certificate of Incorporation.
- Certificate of Commencement of Business.
- Two copies of Passport size Photograph of all Directors (Attested by introducer or Verified with Passports)
- Passports/ Nationality Certificate of all Directors of the company.
- Company Profile.
- Transaction Profile of the company.
- Personal Profile of all Directors as per enclosed sheet in the Company's letterhead pad.
- TIN Certificate.
- Trade License.
- VAT Registration (if available).
- Board resolution of the company regarding opening and operation of the account.

f) FOR PRIVATE SCHOOL/COLLEGE/MADRASA:

- Attested or Certified copy of the Constitution.
- Registration Certificate.
- List of all Executive Members (as per enclosed format).
- Two copies of Passport size Photograph of the account operators (Attested by introducer or Verified with Passports)
- Passports/ Nationality Certificate of the account operators.
- Personal Profile of all members of the governing body and Managing Committee.

- Board resolution regarding opening and operation of the account.

g) FOR NGO/ CLUB-SOCIETY/CO-OPERATIVE ACCOUNT:

- Registration Certificate from the Joint Stock Company/ Ministry of Social Welfare.
- List of all Executive Members (as per enclosed format).
- Board resolution as per Memorandum regarding opening and operation of the account.
- Attested or Certified copy of the Constitution/Bylaws.

- Two copies of Passport size Photograph of all Members (Attested by introducer or Verified with Passports)
- Passports/ Nationality Certificate of all Members.
- Profile of the Firm.

h) MINOR'S ACCOUNT:

- Putting the word “MINOR” after the title of the account (with red color).
- Recording of the special instruction of operation of the account.

The AOF is to be filled in and signed by either the parents or the legal guardian appointed by the court of law and not by the minor.

“No Objection Certificate” from the Ministry of Social Welfare.

3.7 NEW DEPOSIT PRODUCTS:

3.7.1 Trust Smart Savers Scheme (TSSS)

The name of the scheme is 'Trust Smart Savers Scheme (TSS)' and an Account holder subscribing to this scheme will be called TSS Account holder.

Monthly Deposit	Amount payable at maturity (3 years)	Amount payable at maturity (5 years)	Amount payable at maturity (7 years)	Amount payable at maturity (10 years)
500	20,897	38,514	59,801	1,00,000
1,000	41,794	77,027	1,19,601	2,00,000
2,000	83,588	1,54,055	2,39,202	4,00,000
3,000	1,25,380	2,31,100	3,58,800	6,00,000
4,000	1,67,170	3,08,100	4,78,400	8,00,000
5,000	2,08,970	3,85,100	5,98,000	10,00,000

Terms & Conditions

1. An applicant can open TSS accounts in his own name, in his/her spouse's name or in the name of his/her children operated by the guardian. The maximum number of TSS accounts from a single family cannot exceed five. Applicant's having a Savings Account with any of the branches of "TRUST BANK" will be given preference to a TSS Account. However, a customer can directly deposit the amount in the TSS accounts also
2. The tenure of the TSS scheme would be 3/5/7/10 years at the discretion of the applicant
3. The initial tenure as chosen by the applicant at the time of opening the account is not amenable to change
4. The first installment may be deposited on any date of the month but subsequent installments shall have to be deposited by the 10th day of every month. Advance payment of any number of installments is acceptable

5. A Passport Size Photograph is required to open the account
6. Any benefit from TSS scheme may come under preview of Income Tax or Any other Levy imposed by the Government
7. Monthly installments will be automatically realized from the applicant's Savings Account linked with the TSS account or direct deposit in the account
8. In the event of failure to pay any monthly installment, it will be sole responsibility of the TSS account holder to settle the arrear installments before or along with the next due through a written instruction to the bank. In such case there will be a penalty of Tk.50.00 for per installment amount to be paid with subsequent installment
9. No interest will be payable if encashment would be occurred within one year. If the premature encashment would be occurred after one year in that case he/she will be entitled to get prevailing saving rate
10. In case of premature closure of the account Tk.100.00/-(Taka One Hundred only) will be charged as closing charge
11. No cheque book will be issued to the client under this scheme
12. If there is any Overdue/Classified loan in the name of the Account holder with "Trust Bank", then "Trust bank" shall have the right to adjust the loan amount from the deposit which has been deposited by the account holder
13. Loan may be allowed up to 80% of the deposited amount but not below Tk.1,00,000/- against lien/pledge of the same amount
14. Any account can be transferred from one branch to another, in that case Tk.25/- will be charged as Account Transfer Fee
15. In case of death of the applicant the relevant account will be closed, Nominee/ Nominees will receive the proceeds of the account(s). If the nominee is a minor, the proceeds of the account will go to the legal guardian of the minor.

3.7.2 Trust Money Double Scheme (TMDS)

The objective of this scheme is to double the deposited amount in the following way:

Deposit Value	Maturity Value	Years
10,000/- or multiple thereof	20,000/- or multiple thereof	6 years

Terms & Conditions

1. The name of the scheme is "TRUST MONEY DOUBLE SCHEME(TMDS)" and an Account holder subscribing to this scheme will be called TDLS Account holder.
2. An applicant can open TDLS account in his own name, in his/her spouse's name or in the name of his/her children operated by the guardian. The maximum no. of TDLS accounts from a single family cannot exceed five.
3. An order instrument mentioning the amount payable after maturity shall be issued favouring the depositor(s).
4. In case of discontinuation of the scheme, account will be settled as below:

Different duration Treatment

Less than 1 year

More than 01 years but less than 03 years

More than 03 years but less than 05 years

More than 05 years but less than 07 years

Applied Rate of Interest

No interest

Prevailing interest rates on Savings Account

Interest of first three years

Interest of first five years

5. The depositors may select nominees.
6. In case of death of the depositor, the amount at discounted rate will be payable to the nominees or in the absence of nomination, to the legal heirs of the depositor.
7. Loan facility may be allowed up to 80% of deposit against lien/pledge on such instrument at Bank's prescribed rates and rules but not below taka 50,000/-.

8. In case of lost instrument, duplicate instrument shall be issued as per rules of lost instrument in FDR.
9. Any Account can be transferred from one branch to another, in that case, TK. 25/- will be charged as Account Transfer Fee.
10. The depositor should fill up to Prescribed form designated for this purpose.
11. Interest on this scheme is subject to Income Tax/Levi/Vat etc. as and when imposed by the government.
12. The Bank reserves the right to make change / alternation / amendment / additions / modification etc. to the account and to its related charges fees etc. at any time / stage without assigning any reasons whatsoever

3.7.3 Trust Money Making Scheme (TMMS)

Under the Scheme, the client has to pay a down payment of Tk 7,500.00 or multiple thereof and the bank contributes Tk 42,500.00 or multiple thereof to form a fixed deposit of Tk 50,000.00 or multiple thereof with the bank. The client is allowed an interest rate of 10.00% on that deposit. The client has to pay the amount due to the bank through monthly equal installment of Tk 855.00 or multiple thereof in 6 years. The client is entitled to get the interest on FDR.

Deposit Value	Amount
Client's Own deposit	Tk.7,500/- or multiple thereof
Bank's Contribution	Tk.42,500/- or multiple thereof
FDR Value	Tk.50,000/- or multiple thereof
Tenor	6 years
Installment Size	Tk.855/- or multiple thereof
Interest On FDR	10.00%

Terms & Conditions

1. The name of the scheme is "TRUST MONEY MAKING SCHEME (TMMS)" and an Account holder subscribing to this scheme will be called TMMS Account holder.

2. An applicant can open TMMS account in his own name, in his/her spouse's name or in the name of his/her children operated by the guardian.
3. An FDR for the value combining client's own deposit and bank's contribution will be issued for three years at 10.00% which will be automatically renewed for further one term (Three Year).
4. After deposit made by the client, FDR for the respective amount with 3 years maturity at 10.00% interest will be issued and the original instrument after being duly discharged by the beneficiary will be retained by the bank under lien.
5. No interest will be payable if encashment would be occurred within 6 month. If the premature encashment would be occurred after six months but less than 3 years in that case he/she will be entitled to get prevailing saving rate. If it would be encased after 3 years but less than 6 years in that case he/she will be entitled his/her own deposit + interest on FDR for 3 years and interest at savings rate for rest period which shall be more than six months.
6. Installment will be started from the following month and deadline of each installment is 10th of every month.
7. In the event of discontinuation of the scheme, FDR will be encashed and the proceeds of which if any, after adjusting the outstanding loan with up to date interest will be paid to the client

3.7.4 Trust Educare Scheme (TES)

The TES has been introduced to assist the poor students financially and chronologically. Under the scheme, a student may deposit Tk 10,000.00 for a period of three or five years. After the maturity period he or she may get a lump-sum amount of Tk 13,400.00 (for three years maturity) or Tk 16,000.00 c or he/she may get monthly education allowance of Tk 430.00 (for three years maturity) or Tk 520.00 (for three years maturity) for a period of three years after maturity.

Terms & Conditions

- I. The name of the scheme is "TRUST EDUCARE SCHEME (TES)" and an Account holder subscribing to this scheme will be called TES Account holder.
- II. An applicant can open TES account in his own name, in his/her spouse's name or in the name of his/her children operated by the guardian. The maximum number of TES accounts from a Single family cannot exceed five.
- III. A non negotiable & non transferable receipt shall be issued for the deposit under this scheme.

- IV. The deposit with interest is payable is maturity either in lump-sum or as monthly allowances for 3/5 years starting from the completion of the term.

Terms	Deposit Tk.	Monthly Educare allowance after maturity with 3 years continuity	Lump-sum amount payable at maturity
3 years	Tk.10,000	Tk.430	Tk.13,400
5 years	Tk.10,000	Tk.520	Tk.16,000

- V. To avail of the education allowance, the depositor is required to deposit the receipt with the Bank duly discharged by him / her with the written instruction to pay the amount to the student nominated by him / her on monthly installments basis as stipulated the scheme.
- VI. Advance against lien on such Receipt can be allowed up to 80% of the deposit.
- VII. Incase of death of the depositor(s), the amount will be payable to the nominee(s) or in the absence of nomination, to the legal heirs of the depositor(s) on production of succession certificate.
- VIII. But if the nominee after the demise of the depositor(s) intends to continue the scheme to get the monthly educational allowance as admissible under the receipt should be surrounded to the Bank duly discharged by the nominee and duly authenticated by the legal guardian (incase of minor nominee) on maturity.

3.7.5 MONTHLY BENEFIT DEPOSIT SCHEME (MBDS)

The benefit of the scheme will be paid on monthly basis. As such this is called Monthly Benefit Deposit Scheme (MBDS).

Target Group

- I. The benefit of the persons who intend to meet the monthly budget of the families from the income out of their deposit. It may be retired service holders, housewife of businessman & other professionals
- II. Trust and Foundations or other associations, which award monthly scholarship/stipends to students etc

Terms & Conditions:

- I. Deposit of Tk. 100,000 (Taka one lac) and multiples thereof, but maximum Tk. 25, 00,000 (Taka twenty-five lac) shall be acceptable under the Scheme

- II. The deposit shall be for a period of 05 (Five) years. The principal amount is refundable on maturity
- III. Profit shall be paid on monthly basis @Tk. 1,000 & net off taxes @Tk. 900 per Tk. 1,00,000
- IV. Payment of monthly profit shall start from the subsequent month after a clear minimum gap of 30 days from date of deposit.
- V. The Account holder should have a Savings Account/Current Deposit Account/Short Term Deposit Account of this Bank to open this deposit scheme
- VI. Normally, the deposit will not be encashable before 05 (Five) years. But if any depositor intends to withdraw his deposit before maturity due to certain unavoidable reasons, he would be allowed to do so in the following manner :
1. No benefit including interest shall be allowed for pre-mature encashment within one year
 2. If the accounts/deposits are closed/ encashed after one year of its opening, benefit shall be allowed on the deposit at the prevailing Savings Deposit rate
 3. If the amount of monthly profit already paid exceeds the amount payable at normal Savings rate, the difference shall be realized from the principal deposit amount, if and when necessary
- VII. In case of death of a depositor, the A/C shall cease to be operative and the amount deposited so far shall be paid to the nominee, as mentioned in the account opening form, and in absence of nominee, to the legal heirs of deceased as per rules in force
- VIII. Separate Application Form specially designed for the purpose shall be obtained duly filled in and signed by the depositor. In addition to this, the depositor must have a separate Savings Bank Account with the branch wherein the benefit on the amount so deposited shall be credited every month
- IX. A specially designed Receipt shall be issued for the deposit under the Scheme in the same manner as issued in case of FDR until such receipt is developed and supplied to the branches, they will use the FDR receipt lying with them

- X. The Receipt will not be transferable
- XI. Advance against lien on such Receipt can be allowed up to 80% of the deposit bearing normal rate of interest prevalent at the time on Overdraft/Loan
- XII. In case the instrument is lost the procedure for issuance of a duplicate will be the same as applicable in case of loss of FDR
- XIII. During the period of such Overdraft/Loan, the monthly benefit shall be credited to the concerned Overdraft/Loan Account
- XIV. Income Tax, @Tk. 10% will be deducted on the income received from the deposit.

3.7.6 Lakhopati Savings Scheme

At the maturity the depositor will get TK. 1.00 Lac by the depositing monthly installment as per following arrangement:

Terms & Conditions:

Monthly installment size, tenor and terminal benefit of the scheme will be as follows:

Monthly payable amount (Installment in BDT)	Duration/Period of the Scheme	Amount payable at maturity (BDT)	Rate of interest
490.00	10 Years	1,00,000.00	9.50%
1,280.00	5 Years	1,00,000.00	10.47%
2,390.00	3 Years	1,00,000.00	10.10%

- I. Interest @ 10% P.A. will be paid at monthly rest to make the amount of TK. 1,00,000.00 (One lac) for any of the above size of deposit. Any excess or shortfall shall be adjusted at the time of final payment.
- II. No income tax will be deducted from the interested earned.

- III. Account in the name of minors can be opened too under the scheme.
- IV. A person can open more than one account for any size of installment in any branch of the Bank.
- V. The specified amount on maturity at any slab shall be paid after one month from the date of deposit of the final installment.
- VI. No installment shall be payable if encashment would be occurred within one year. If the premature encashment would be occurred after one year in that case he/she will be entitled to get prevailing saving rate.
- VII. When a depositor fails to deposit any installment, he/she will have to pay a fine @ 5% of the overdue amount payable at the time of depositing the next installments or maximum Tk. 20.00.
- VIII. If a depositor fails to pay 3 (Three) consecutive installments he will have to pay 5% fine of the overdue installments to regularize the account. If they fails to pay more than 3 (Three) installments he will case to remain under the purview of the scheme and the deposit will be treated as Savings Bank deposit and interest will be paid on the deposited amount at prevailing SB A/C rate subject to completion of 1 (One) year of its opening.
- IX. In case of death of a depositor, the A/C will case to be operative and the amount deposited so far shall be paid to the nominee, and in absence of nominee, to the legal heirs of deceased as per rules in force.
- X. The depositor will have the option to choose any installment size and period at the time of opening of the A/C and will not be allowed to change the size of installment afterwards.
- XI. The installment shall be payable by the 10th day (in case of holiday the next working day) of every month. Advance payment of any number of installments is acceptable.
- XII. Normally no withdrawal shall be allowed before maturity, if any depositor intends to withdraw his/her savings due to certain unavoidable reasons before 5 years, 10 years, he/she will not be allowed any benefit if the premature encashment takes place before completion of 1 year. But the depositor shall be allowed interest on the prevailing Savings Deposit rate after completion of 1 year from the date of opening of the account.
- XIII. Loan may be allowed up to 80% of the deposited amount against lien on the same where the deposited amount shall be at least Tk. 50,000.00 and the interest rate of the loan shall be as per prevailing commercial lending rate of the Bank.

XIV. The Bank at its discretion may allow inter branch transfer of the A/C under the Scheme

3.7.7 Interest First Fixed Deposit Scheme (IFFDS)

Interest First Fixed Deposit works like normal Fixed Deposit. In this deposit the customer receives interest in advance. The customer does not have to wait for maturity of the fixed deposit; instead he/she can use the interest immediately and keep the investment intact till the maturity. This is a smart scheme in the sense; depositor gets the interest first and can reinvest it.

Customer type: Individual / Joint.

Terms & Conditions:

- i. A person can open more than one account for any amount in any branch of the Bank
- ii. Interest is payable in advance i.e. at the time of placing the deposit
- iii. Minimum deposited amount is Tk. 1000,000 (Taka one lac) under the Scheme. Maximum limit is no upper ceiling
- iv. Terms of this scheme are 3/6/12 months
- v. Interest rate is Tk. 10.00%
- vi. Loan may be allowed up to 80% of the deposited amount against lien on the same
- vii. Interest can be re-invested in other deposit schemes
- viii. Principal amount can be reduced for adjusting paid interest & income tax in advance, in case of pre-mature encashment
- ix. To strengthening the base of long term deposit and with a view to extend banking support to lower and middle income group, we offered above type of deposit scheme
- x. Early Encashment :

1. In case of premature encashment the Bank shall adjust the interest and income tax (paid in advance at the time of the deposit & after adjustment of excise duty as & when recovered on deposit) from the principal amount. So that principal amount can be reduced for adjusting paid interest & income tax in advance

2. An account holder may encash Interest First Fixed Deposit in advance at any time (prior to maturity) by a written application. That account holder will get back the principal amount as per the following manner :
 - a. If the account is closed within 3 (three) months the account holder will get back the self-deposited principal amount after adjusting the paid Interest, tax & exercise duty. The customers receive interest at the prevailing rate of Savings account only for the fraction period

 - b. If the account is closed after 3 (three) months but before 6 (six) months, the account holder will be entitled to get back the deposited principal amount (after adjusting the paid Interest, tax & exercise duty if applicable) along with the IFFD interest for the previous completed term (i. e. 3 months) and the savings interest rate for the rest fraction period

 - c. If the account is closed after 6 (six) months but before 12 (twelve) months, the account holder will be entitled to get back the deposited principal amount (after adjusting the paid Interest, tax & exercise duty if applicable) along with the IFFD interest for the previous completed term (i.e. 6 months) and the savings interest rate for the rest fraction period

 - d. After completing the full term or at the maturity account holder will be entitled to get back the principal amount only



3.8 TRUST LOCKER SERVICE

There are some more than 500 lockers at the Dhanmondi Branch of TBBL. The lockers are now rented on Security Deposit Basis instead of yearly or monthly rental Basis. The lockers are allotted on most flexible term and meager Security Deposit refundable at the time of closing the locker.

Bangladeshi Locker

Lockers	Size	Rent (yearly)
Big	21.5"x14.5"x9.75"	Tk. 2000.00
Medium	21.5"x14.5"x5"	Tk. 1500.00
Small	21.5"x7"x5"	Tk. 1000.00

Godrej Indian Locker

Lockers	Size	Rent (yearly)
Big	20"x14"x11"	Tk. 30,000.00
Medium	20"x14"x5"	Tk. 20,000.00
Small	20"x7"x5"	Tk. 15,000.00

The following branches offer Locker Services

- i. Principal Branch, Dhaka Cantonment, Dhaka (Bangladeshi Locker only)
- ii. Dhanmondi Branch, BDR Gate 4, Peelkhana, Dhanmondi, Dhaka 1209 (Godrej Indian Locker only)
- iii. Gulshan Corporate Branch, 110 Gulshan Avenue, Gulshan-2, Dhaka 1212 (Godrej Indian Locker only)
- iv. Chittagong Cantonment Branch, Chittagong Cantonment, Chittagong

Terms and Conditions

Only a Trust Bank account holder receives locker service. When a locker service is opened, account holder should pay a onetime key deposit (same as RENT), which is refundable. For locker maintenance, a yearly charge is to be paid by account holder (same as RENT).

3.9 Credit Cards

TYPES OF VISA CREDIT CARD

Visa Gold Local

Visa Classic Local

Visa Classic International

Visa Gold International

Visa Dual Card

3.10 Loans & Advances Department

The bank lends the deposited money on different sectors and at different rates. A summary of sector wise lending and lending rate is as follows:

❖ **There are two types of Loan:**

- 1) Short-Term Loans: Time period is less than 1 year
- 2) Long -Term Loans: Time period is 1 year & above

Loans and advances Department is the most important department of a bank. Banks borrows money from the public by accepting Deposits from them and then lending it to a borrower for a specific period of time to be repaid with a certain amount of interest. This Dept. is one of the main sources of TBL's profits.

When bank wants to give loans of advances to a borrower, first of all he has to do LRA (Lending Risk Analysis) and when loan amount is 20, 00,000 & above this analysis is compulsory. Because the amount, which is given to, a borrower, actually comes from the public and it is repayable on demand. So, bank has to be careful when giving loans and advances. When banks cannot collect the loan amount with interest, they have to bear losses.

If TBL agrees to give loans and advances to a borrower after analyzing all sorts of risk, then the borrower writes an application addressing the manager and the amount, business types, securities etc. also are mentioned in the application. After getting the application the manager scrutinizes it for justifying all information whether genuine or not. and after doing this he sanctions the loan. He can also collect the borrower's credit report from CIB(Credit Information Bureau) Department of Bangladesh Bank (If the borrower takes loans above Tk. 1,00,000 from any bank, that bank will send this credit reports to the Bangladesh Bank.

The manager can sanction specific amount of loans and advances (In this branch it is Tk. 15, 00,000). If the loan amount crosses this limit, then he will recommend it to regional office. Regional manager also has limit for sanctioning loans and advances. If the amount of loans and advances above his limit, he will recommend it to the head office. Then head office will sanction that loans and advances.

TBL sanctions loans and advances under certain terms of conditions. When the borrower's loan is sanctioned, he is known through intimation/ a copy of sanction letter. If he accepts all terms of conditions, then he has to come within 3, 7, or 15 days whatever mentioned in the sanction letter.

▪ **Selection of Borrower:**

In extension of bank credit, nothing is more significant than selection of borrower. While choosing a borrower, bank must study three things: Character, Capacity and in Capital or in other words Reliability, Responsibility, Resourcefulness of a party.

Retail Products

- ⊖ **Car Loan**
- ⊖ **House Hold Durable Loan scheme (HHDL)**
- ⊖ **Doctor's Loan**
- ⊖ **Advance Against Salary**
- ⊖ **Education Loan**
- ⊖ **Travel Loan**
- ⊖ **Hospitalization Loan**
- ⊖ **Any Purpose Loan**
- ⊖ **Apon Nibash Loan**
- ⊖ **CNG Conversion Loan**
- ⊖ **Marriage Loan**

3.11 INTERNATIONAL BANKING:

Trust Bank Limited, with its wide correspondent relationship with major banks in the world is totally capable to meet your needs of foreign currency transactions and foreign trade services. You can open and maintain Accounts in foreign currencies like US Dollar, Pound Sterling, and Japanese Yen and even in Euro with us. With its own Dealing Room, TBL is able to offer competitive Exchange Rate for all major currencies of the world.

- **FA Account (Foreign Nationals)**
- **FC Account (Bangladeshi Nationals)**
- **NFCD A/C**
- **RFCD A/C**

❖ **PREREQUISITE OF OPENING AN FC ACCOUNT (Foreign Nationals):**

- Completed Account opening Form signed by the account holder/s and introduced by an existing customer who has a relationship with us at least for 6 months.
- Copy of 1st six pages of passport and relevant page with more than 6 months visa of staying in Bangladesh. (Photocopy of document must be certified as “Original seen/sighted”) Photograph/s of the signatory/signatories/account holders duly attested by the introducer. Form QA- 22 (in duplicate) Copy of work permit from Ministry of Industries (where applicable) Documented proof of address verification to be retained with the mandate. This is also applicable for;
- To open an account when the person not being present personally i.e. in a non-face to face scenario is to obtain at least one additional form of evidence (e.g. copy of utility bills/bank statements/tax clearance certificate/ employer letter/home visit) over and above what would have been obtained in the corresponding face to face situation.
- Local Legal & Compliance should be consulted, in case of doubt on the acceptable identification evidence for a particular customer type.
- Welcome & follow-up letter' as part of additional address verification.
- Completed KYC template.



3.12 Foreign Exchange Department

Foreign exchange means the exchange of currency in terms of goods from one country to another. This is the most well-known and well-organized business uniform in world business. Foreign exchange mainly has two parties:

3.12.1 Import Operations

There are different other parties who are also related to this foreign exchange process. But Bank is the most important of all the other parties. Bank works as

Intermediary in case of foreign exchange. So, we can say that the foreign exchange is nothing but the combination of export and import in international platform.

If an importer wants to buy goods from foreign countries he has to communicate with the exporter or he may also communicate through indenting firms.

When an importer & exporter are agreed to come into a contract for buying & selling goods, then the importer issues a L/C for the exporter, for issuing a L/C at TBL the importer has to submit some necessary papers\ documents. These are the following:--

- **IRC (Import registration certificate):**

To become an importer a person has to get IRC which is issued by CCI& E (Chief Controller of Import & Export).

- **Proforma Invoice/ Indent Letter:**

After the agreement between importer & exporter for buying & selling goods, the exporter will send a proforma invoice for the importer. If the importer is unknown about the foreign sellers, he may contact with indenting firms \ agent's \ dealers. In this case the exporter will send an indent letter for the importer through the indent firm. Proforma invoice indent letter includes quality; price etc of ordered the goods/ products.

- **Current VAT& TAX Certificate:**

An importer is definitely a businessman. As a businessman he must have to pay VAT & TAX to the govt. For opening L/C has to submit VAT & TAX certificate.

- **L/C Authorization Application form:**

TBL provides this form for opening a L/C. Importer fill up this form.

- **IMP (Import) form:**

Importer also has to fill up this form which is provided by TBL.

- **Letter of Application:**

After getting the proforma invoice/indent letter from the exporter, the importer writes an application favoring the manager of the branch where the subject is “Request to open a L/C”.

- **Application & Agreement for confirmed irrevocable without**

Resource to drawer’s letter of credit:

This form includes either the goods \ products will come directly by ship \ air or by transshipment & other necessary condition.

3.12.2 Export Operations

- **For becoming an Exporter a person needs:-**

1. Current A/C in TBL
2. ERC (Export Registration Certificate) issued by CCI & E (Chief Controller of Import & Export).
3. Permission from sponsoring Authority such as Board of Investment for industries, Department of Textile for garments etc.
4. Traders Association’s certificate
5. VAT (Value Added Tax) & TIN (Tax Identification Number) certificates.

▪ **Common documents involved in the transportation of goods:**

The main documents required are Airway Bill / Bill of Lading, Commercial Invoice, Consular Invoice, Packing List, Certificate of Inspection, Certificate and Certificate of origin.

▪ **Airway bill:**

This document is a receipt issued by an its for the carriage of goods. Goods are delivered to the consignees when they have identified themselves as the party named in the airway bill. It has two variants: (1) Master Airways Bill (MAWB) and (2) House Airway Bill (HAWB). The Forwarder of the cargo incorporation the L/C terms uses it.

▪ **Bill of Lading (B/L).**

The bill of lading is not the actual contract between the owner of the goods and the carrier, although it does provide evidence of the contract. It is a receipt for goods shipped on board a vessel (for marine B/Ls), and is a document of title to the goods, which are the subject of the contract between the buyer and the seller. This is why a marine B/L can be negotiated.

▪ **Commercial invoice:**

As in a domestic transaction, the commercial invoice is a bill for the goods from the buyer to the seller. A commercial invoice should include a description of the goods, address of shipper and seller, and the delivery and payment terms. The buyer needs the invoice to prove ownership and arrange payment. Some government agencies use the invoice to access customs duties.

▪ **Certificate of Origin:**

Certain countries, especially USA, Canada, EU, Japan, Australia etc. require a signed statement to verify the origin of the export item in order to monitor import tariffs and quotas. Such certificates are usually obtained through a semi-official organization such as a local chamber of commerce, and must be certified by the chamber of commerce. A certificate may be required even though the invoice contains all the necessary information. Documentation that requires a notary stamp or chamber of commerce stamp can be completed by freight forwarder.

▪ **Export packing list:**

The export-packing list is considerably more detailed and informative than a standard domestic packing list. An export packing list itemizes the material in each individual package, and shows the individual net, legal, tare and gross weights. Package markings should be shown along with the shipper and buyer's references. The packing list is attached to the outside of the package in a clearly marked waterproof envelope. The list can be used to determine the total shipment weight and whether the correct cargo is shipped. Customs officials may use it to check the cargo at inspection points.

▪ Inspection certificate:

Some purchasers and countries may require a certificate of inspection, which authenticates the specifications of the goods shipped, this is usually performed by a third party and obtained from independent testing companies.

▪ Insurance certificate:

If the seller provides insurance, the insurance certificate states the type and amount of coverage.

▪ Consular invoice:

Consular invoice are generally required by Middle East countries issued by the embassy of the importer's country. A consular invoice allows the importer's country to collect information on the value, volume, quality, and source of the goods. The invoice is purchased or obtained from the consulate of the country to which the goods are being shipped and must be prepared in the language of that country.

3.13 Credit Department

Credit is an arrangement whereby bank acting at the request and on the instructions of a customer or on its own behalf to make a payment to or to the order of a third party or is to accept and pay bills of exchange drawn by the beneficiary. In an economy banks play the role of an intermediary that channels resources from the surplus group to the deficit group. So, one of the core functions of Commercial banks is to sanction credit facility to its customers as per requirement. Trust Bank Limited Mission is to actively participate in the growth and expansion of our national economy by providing credit to variable borrowers in most efficient way of delivery and at a competitive price.

Bank can lend up to 15% of its capital fund without having any approval from Bangladesh bank. The maximum limit can go up to 100% of the bank's capital fund. Trust Bank Limited complies with the ceiling set by Bangladesh Bank.

⇒ **PRINCIPAL OF CREDIT**

Basic principle governs the extension of credit. These principles are strictly maintained to shape and define the acceptable risk profile of Trust Bank and guides to respond business opportunities as they arise. Basic lending principles are;

- Know your customer
- Liquidity of the customer
- Safety
- Security
- Profitability (from both bank's and customer's purpose of the loan's perspective)
- Diversification
- National interest

⇒ **Types Of Loans And Advances Offered By Trust Bank**

Basically Trust Bank offers both funded and non-funded credit facilities.

⇒ **Funded Loan Facility:**

Any type of credit facility which involves direct outflow of Bank's fund on account of borrower is termed as funded credit facility, the funded facilities of loans and advances are:

❖ **Cash Credit:**

Cash credit is a continuous credit facility usually provided for working capital fund requirements purpose of the customer. Cash credit is generally given to traders, Industrialist for meeting up their working capital requirements. Cash Credit can be given on Hypothecation of goods or pledge. Trust Bank only practices Cash Credit on Hypothecation.

⇒ **Features of Cash Credit:**

- A certain limit of credit amount is set at the time of initiation of Cash Credit facility.
- An expiration date is set, which is not more then one year.
- The drawings are subject to drawing power.
- A service charge, which in effect an interest charge is normally made as a percentage of the value of purchases.

- The primary security of Cash credit facility is stock of goods, which maybe hypothecated to Trust Bank as collateral.

❖ **Over Draft:**

Over draft facility is also a continues loan arrangement on a customer's current account permitting him to overdraw up to a certain approved limit for an agreed period. Here the withdrawal of deposits can be made any number of times at the convenience of the borrower, provided that the total overdrawn does not exceed the agreed limit.

Customer can return any amount at any time within the pre-fixed time of the facility. Turn over of an OD facility is the most important phenomenon on which renewal of the facility depends. Over draft facility is given to the businessman for financing working capital requirement and high net worth individual to overcome temporary liquidity crisis.

❖ **Secured over draft:**

This is a type of over draft facility given by keeping sufficient collateral from the customer. This facility provides specific right to a client to over draw within a pre fixed limit for a certain period of time. SOD is normally granted against the security of tangible asset such Lien of FDR, Bonds, Sanchay Patra etc. Interest charge on SOD is calculated on the basis of the security liened.

- Incase of FDR with Trust Bank 13%, with other bank is 14%
- Incase of Sanchay Patra purchased from Trust Bank 13%, from other bank is 14%
- The common thing is 2.5% spread is kept in charging interest. Interest is calculated on outstanding amount at daily basis.

❖ **Term loan:**

Term loans are given to finance the acquisition of capital asset. Loan agreements often contain restrictive covenant and loan is repayable in accordance to amortization schedule. Collateral is must for term loan.

Under term loan there are three categories:

- **Short term loan** - less than 1 year falls with this category
- **Midterm** – this loan facility is extended for more than 1 year but less than 3 years. Trust Bank encourages midterm loan.
- **Long term** – tenure of long term loan is more than 5 years

- ❖ **Inland Bill Purchased (IBP)**
- ❖ **House Building Loan**
- ❖ **Marriage Loan**
- ❖ **Car loan (Staff & Others)**
- ❖ **Consumer Durable Scheme (CDS)**
- ❖ **Loan Against Trust Receipt (LTR)**
- ❖ **Any Purpose Loan**

⇒ **Non-funded facilities:**

Non-funded facilities also known as “*contingent facilities*” are those where bank fund is not required directly. A non-funded facility can be turned to a funded facility as per situation creates. Bank receives commission rather than interest income by providing non-funded facilities. Following non-funded facilities are provided by Trust Bank –

❖ **Letter of Credit (L/C):**

A letter of credit is a credit line given by a bank to an importer to facilitate both foreign and inland transactions. This is a contingent liability which can be converted to a funded facility in case bank makes the payment on behalf of the importer. A letter of credit can be revocable or irrevocable, restricted or negotiable so on.

❖ **Guarantee:**

Trust Bank offers guarantee for its reliable and valuable customer as per requirements. This is also a credit facility in contingent liabilities from extended for participation in development work like supply of goods and services.

⇒ **Features of Bank Guarantee:**

- It is a written document on non-judicial stamp
- Expiry date is mentioned specifically with other terms and conditions
- Trust Bank receives commission quarterly @ 0.50% of the guaranteed amount.

Trust Bank offers two types of Guarantee, which are as follows:

❖ **Tender or Bid Bond Guarantee:**

In time of tender bidding either cash or bank guarantee is required in case payment of earnest money. The tender guarantee assures that the tenders shall uphold the conditions of his tender during the period of the officer as binding and that he /she will also sign the contract in the event of the order being granted.

Process of Bid bond Guarantee:

- Request letter from customer along with board resolution in case of Limited company
- Trade license in case of Proprietorship Company
- Copy of tender form
- Margin:
 - In case of reliable client 10% to 20%
 - For a new client 100% margin is required
- Bank guarantee is issued in 150 Tk Stamp pad
- Note is initiated
- Approval of Bank guarantee is given.

❖ **Performance Guarantee:**

Trust Bank also gives guarantee on behalf of the customer on completion of the delivery or performance after getting the tender. Beneficiary finds that as a guarantee, the contract will be fulfilled in every respect and can retain the guarantee as per provision for long time. Including a clause stating that the supplier can claim under the guarantee, by presenting an acceptance certificate signed by the buyer, can counteract this. Document required for performance guarantee;

- Tender schedule.
- Guarantee letter.

A guarantee can be converted into funded facility if it is encashed. If the client is unable to meet up banks demand a loan account is created like Over Draft as Bank is liable to pay to the beneficiary of the guarantee. If Bank guarantee is not used then the beneficiary or party to whom the guarantee was given on behalf of the client will sign on the back of the Bank Guarantee stamp and write the word 'Released'. Then the facility will be expired as well as banks liability.

⇒ **Special Loan facility given by Trust Bank:**

❖ **Syndicate Loan:**

Bank can lend up to 15% of its paid up capital with out any approval by Bangladesh Bank. If the loan amount is more then 50% of its paid up capital Bank goes for Syndicate loan. Lead bank makes the arrangement. Head office makes facility agreement by bank's lawyer. All terms and conditions such as security sharing, mode of repayment, covenants of the loan are written on this facility agreement.

⇒ **Loan Portfolio Management & Credit Admin. Strategies of Trust Bank:**

▪ **Lending Authority:**

Trust Bank's organizational structure has two levels - Branch and Head office. The credit proposal moves through different management approval levels according to the amount of risk. There are three approval Levels in Trust Bank:

1. Branch manger
2. Credit committee of corporate office
3. Board of directors of the bank



▪ **Lending Policies:**

A loan policy gives loan officers and the bank's management specific guidelines in making individual loan decisions and in shaping the bank's overall loan portfolio. One of the most important ways a bank can make sure its loans meet regulatory standards and are profitable is to establish a written loan policy.

Trust Bank Limited also has a good loan policy and the most important elements of that policy are as follows:

- A goal statement for the bank's loan portfolio (in terms of types, maturities, sizes, and quality of loans).
- Specification of the lending authority given to each loan officer and loan committee (measuring the maximum amount and types of loan that each person and committee can approve)
- Lines of responsibility in making assignments and reporting information within the loan department.
- Operating procedures for soliciting, reviewing, evaluating, and making decisions on customer loan applications.
- The required documentation that is to accompany each loan application and what must be kept in the bank's credit files (required financial statements, security agreements, etc.)
- Lines of authority within the bank, dealing who is responsible for maintaining and reviewing the bank's credit files.
- Guidelines for taking, evaluating, and perfecting loan collateral.
- A presentation of policies, and procedures for setting loan interest rates and fees and the terms for repayment of loans.
- A statement of quality standards applicable to all loans.
- A statement of the preferred upper limit for total loans outstanding (i.e. the maximum ratio to total loans to total assets allowed).
- A description of the bank's principal trade area, from which most loans should come.
- A discussion of the preferred procedures for detecting, analyzing, and working out problem loan situations.

A written loan policy statement carries a number of advantages for the bank adopting it. It communicates to employees working in the loan department what procedures they must follow and what their responsibilities are. It helps the bank moves toward a loan portfolio that can successfully blend multiple objectives, such as promoting the bank profitability, controlling its risk exposure, and satisfying regulatory requirements.

⇒ **Borrower's credit worthiness analysis by Trust Bank following 6 "C"s:**

The question that must be dealt with before any other is whether or not the customer can service the loan - that is pay out the credit when due with a comfortable margin for error. This usually involves a detailed study of six aspects of the loan application:

character, capacity, cash, collateral, conditions, and control. All must be satisfactory for the loan to be a good one the lender's (Trust Bank's) point of view.

❖ **Character:**

The loan officer must be convinced that the customer has a well-defined purpose for requesting bank credit and a serious intention to repay. Responsibility, truthfulness, serious purpose, and serious intention to repay all the monies owed make up what a loan officer calls character.

❖ **Capacity:**

The customer requesting credit must have the authority to request a loan and the legal standing to sign a binding loan agreement.

❖ **Cash:**

The borrower should have the ability to generate enough cash, in the form of cash flow, to repay the loan. This cash flow of borrower can be generated from sales or income, from the sale of liquidation of assets or funds raised by using debt or equity securities.

❖ **Collateral:**

The borrower must possess adequate net worth or enough quality assets to provide adequate support for the loan.

❖ **Conditions:**

The recent trend of borrower's line of work or industry must be aware of by the lender.

❖ **Control:**

The lender should be careful about whether changes in law and regulation could adversely affect the borrower and whether the loan request meets the bank's and the regulatory authorities' standards for loan quality.

⇒ **Lending procedure of Trust Bank:**

The lending procedure starts with building up relationship with customer through account opening. Control of credit operations is done at branch and Corporate Office level.

• **Step-one:**

A loan procedure starts with a loan application from a client who must have an account with the Bank. At first it starts from the branch. 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 personal information and business information. Branch Manager or regarding Officer in-charge of credit department conducts the initial interview with the customer.

• **Step-two:**

After receiving the loan application form, the bank sends a letter to Bangladesh Bank for obtaining a credit inquiry report of the customer from there. This report is called CIB (Credit information Bureau) report. This report is usually collected if the loan amount exceeds Tk. 50 thousand. The purpose of this report is to be informed that whether the borrower has taken loan from any other bank or not, if 'yes' then whether these loans are classified or not.

• **Step-three:**

If Bangladesh Bank sends positive CIB report on that particular borrower and if the Bank thinks that the prospective borrower will be a good one, the bank will inspect the documents. Required documents are:

– In case of Corporate Client, Financial documents of the company of last three to five years. If the company is new then projected financial data are required.

– Personal net worth of the borrower/Borrowers.

– In this stage, the Bank will look whether the documents are properly filled up and signed. Credit in charge of the relevant branch is responsible to know about the ins and outs of the client's business through discussing with him.

- **Step-four:**

Bank officially inspects the project for which the loan is applied. Project's existence, distance from bank office, viability, monitoring cost and possibilities are examined.

- **Step-five:**

Any loan proposal needs to be evaluated on the basis of financial information provided by the applicant. Lending Risk Analysis (LRA) is a technique by which the risk of the loan is calculated. Banker must analyze LRA when loan application is above 1 crore. Experienced people of Credit department in Trust Bank do this analysis. It is a ranking whose total score are 140. Among this score, 120 is for Total Business Risk and 20 for Total Security Risk.

In LRA, following aspects are analyzed:

1. Suppliers risk
2. Sales risk
3. Performance risk
4. Resilience risk
5. Management ability.
6. Level of Managerial teamwork
7. Management competent risk
8. Management integrity risk
9. Security control risk
10. Securities cover risk.

- **Step-six:**

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

- **Step-seven:**

Then come, the processing stage of loan. In this stage, the Bank will prepare a Proposal. The proposal contains following relevant information.

- a) Name of the Borrower/borrowers
- b) Nature of Limit
- c) Purpose of Limit
- d) Extent of Limit
- e) Collateral
- f) Margin
- g) Rate of Interest
- h) Repayment
- i) Validity

- **Step-eight:**

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

If the value of the credit line is above the branch managers' limit then it is send to head office or zonal office for final sanction with detailed information regarding clients, business or purpose of the loan, security papers.

- **Step-nine:**

Head office processes the credit proposal and afterwards puts up a memorandum to credit committee. The credit committee reviews the credit proposal and accepts or rejects the proposal.

- **Step-ten:**

After approval by the Credit Committee head office or zonal office gives an approval letter to the branch and branch gives a sanction letter. The client should accept sanction advice with seal, which will prove his agreement with the terms and condition offered by the bank.

- **Step-eleven:**

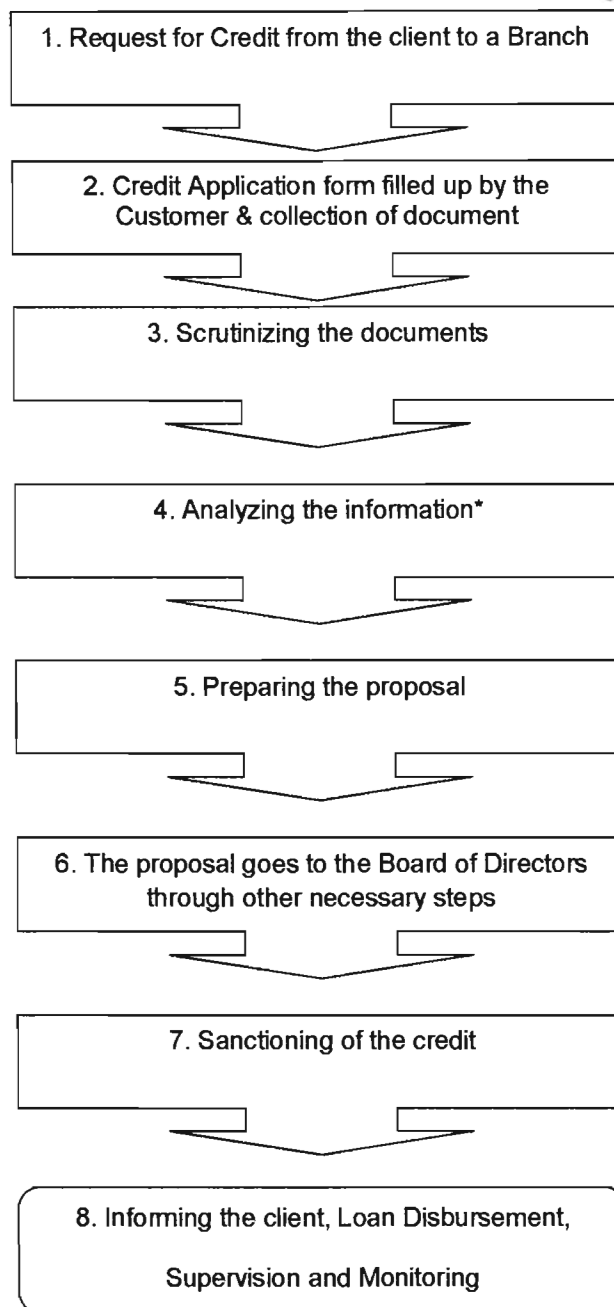
After the sanction advice, Bank will collect necessary charge document. Charge documents vary on the basis of types of facility, types of collateral.

- **Step-twelve:**

Finally loan is disbursed and monitoring of loan starts as well.



Steps in Loan Processing and Appraisal:



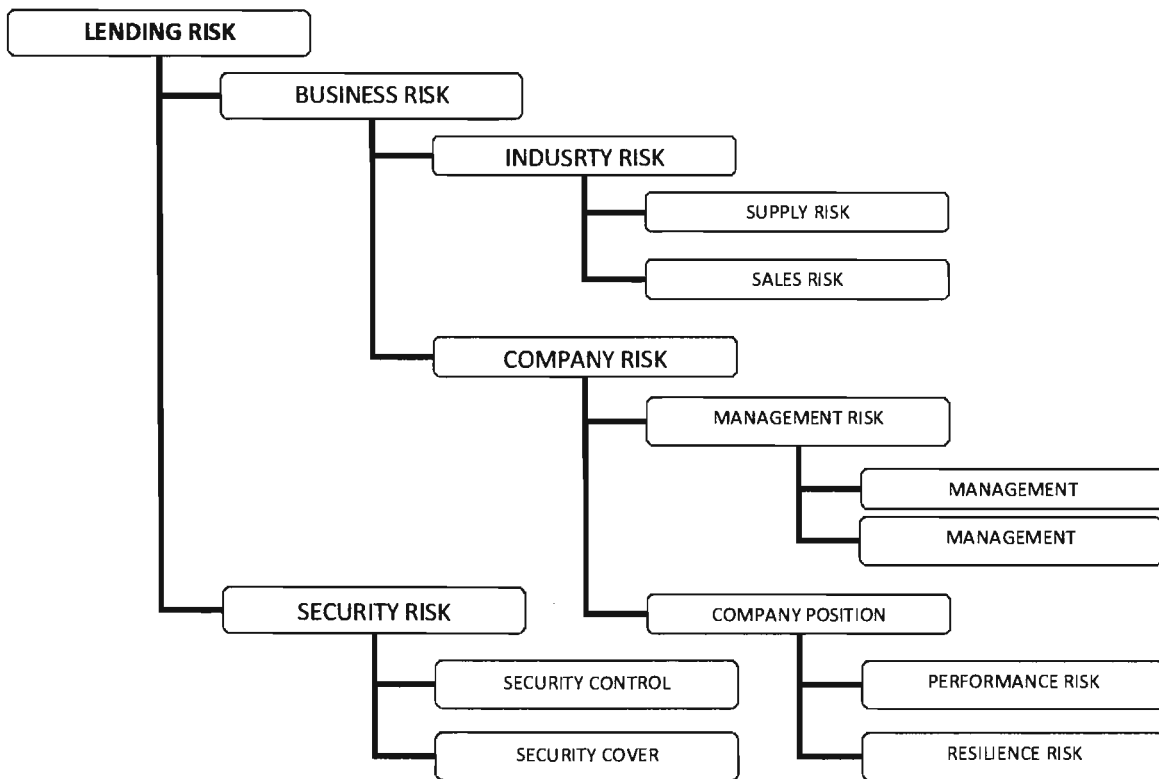
Source: Primary

⇒ **Credit Planning at different level of Trust Bank**

Credit Planning implies estimating first the total lend able resources that are likely to be available within the given period and then allocating the same amongst various alternative uses in conformity with national plan and priorities.

Necessity of credit planning in context:

- Demand for Credit is much more than its supply.
- Providing credit at right person at right time at right quantity.
- Getting maximum output as a result of credit allocation.
- Ensuring the best of alternative investment opportunities
- Achieving declared objective such as providing credit to priority sectors.



Lending Risk Analysis (LRA): A Risk Mgt. Technique by Trust Bank:

Lending Risk Analysis (LRA) are based on two important pillars –

- Business risk pillar
- Security risk pillar

These are for addressing two frequently asked questions of the bankers. The questions are –

- Is the business good enough to ensure regular repayment of my loan?
- Do the securities cover adequate exposure, if the business fails to produce returns?

In answering these two basic questions, business risk and security risk have been examined with their different parameters of risk, as business risk is nothing but the

Combination of the risk of different parameters of business and industry and so is for security risk, under LRA forms with a view to reaching the ultimate Security risk pillar

and Business risk pillar. In this regard, the FSRP authorities have prescribed a total 11 forms, for the bankers for facilitation their decision-making.

⇒ Modes of Charging Securities by Trust Bank:

Securities are the cover against loans and advances. On the other hand it ensures recovery of loans and advances from the borrowers who offer properties to the lending banker as security. Properties are converted into securities. But for conversion some conditions are to be full filled as required by the Trust Bank and these are as follows:

- a) The properties are to be acceptable to the lending bankers for securities.
 - b) Creation of the charge on the concerned properties.
- The Acceptability of properties as securities are mainly depends on:
 1. Value of property must cover the loan amount with margin.
 2. Consideration of different qualities of properties

3. Free from credit restrictions of Bangladesh Bank (if any).
4. Within the credit policy of the bank.

- There are two types of securities i.e. primary and collateral.
- Modes of Creation of charges are of different types. These are dependable on the basis of nature of loans and advances and nature of properties for securities.
- Charges may be of different types like legal Charge, Equitable charges, fixed charges, floating charges etc.
- Following are the different modes of creation of charges by the bank:
 1. Pledge
 2. Hypothecation
 3. Mortgage
 4. Lien

❖ **Pledge:**

When goods and produces are handed over to the lending banker by the trader or manufacturer who borrow against those goods and produces for short term i.e. for working capital. But if any goods and produces are kept with the bank for security purposes will not be treated as pledge. In otherwise it is the Bailment of goods as per Bailment of goods act.

In case of Pledge, control and possession of goods and produces will remain with bank but ownership will remain with borrower. There will be a storehouse either of banks or rented for safe keeping of goods. Insurance of pledged goods are compulsory. And all related expenses would be born by borrower.

❖ **Hypothecation:**

Hypothecation is just opposite of pledge. When a borrower ownership, control and possession of trading goods but legal right and indirect control is created by lending banker for security against short term advances i.e. Equitable charge is created is known as Hypothecation. Just control and possession of trading goods are kept under borrower. In these types of securities lending banker generally asks for collateral securities. This type of mode of securities is allowed only for the case of first class borrowers.

❖ Mortgage:

-3

When bank create charge on immovable property in the form of mortgage against any lending to the borrower. Therefore a mortgage is a transfer of interest of a specific immovable property. The immovable property means land and the property attached to land but not grass, trees and crops. Mortgage is to be created for securing loan or performing any contract. And there will be a Mortgagor, Mortgagee, Mortgaged Property and Mortgage deed.

❖ Lien :

A lien is defined as the right to retain property belonging to a debtor until he has discharged a debt due to the retainer of the property. Lien may be of two types, *General Lien* and *Particular Lien*.

A *particular Lien* confers a right to retain a property in respect of a particular debt involved in connection with a particular transaction.

But a *General Lien* confers a right to retain goods not only in respect of a debt incurred in connection with a particular transaction but also in respect of any general balance arising out of the general dealing between two parties.

Banker's Lien is defined as an implied pledge. An ordinary lien does not imply a power of sale, but a pledge implies a power of sale. A banker's right of sale is generally regarded as extending only to fully negotiable instrument, with regard to other securities.



❑ LOAN PRICING TECHNIQUES BY TRUST BANK

Loan Pricing

- The price of a loan is the “**interest rate**” that the borrowers must pay to the bank; in addition to the amount borrows (principal).
- The price or the “Interest rate” of a loan is determined by the true cost of the loan to the bank (base rate) plus profit/risk premium for the bank’s services land acceptance of the risk.
- The components of the **true cost** of a loan are:
 1. Interest expense
 2. Administrative cost
 3. Cost of capital

These three components add-up to the bank’s “**base rate**”.

- **Interest Expense** = Deposit Interest + Central Bank Borrowing cost
- **Administrative cost** = Deposit as well as Loan administrative cost.
- **Cost of capital** = Return on capital or the Rate of Return investors would expect to receive from their investment in a bank.
- **Risk** is the measurable possibility of loosing or not gaining value.
- The **Primary risk** of making loan is **Repayment Risk**, which is the measurable possibility that a borrower will not repay their obligation as agreed.
- The Price a borrower must pay to the bank for assessing and accepting the risk is called the **risk premium**.

- Since past performance of a sector, industry or company is a strong indicator of the future performance, *risk premium is generally based* on the historical, quantifiable amount of losses in that category.
- **Interest Rate Charge**= Base Rate + Risk Premium.

❖ **Interest Rate Charged at Different Credit Scheme:**

SL#	Particulars	Rate of Interest
1.	Agriculture loan including raw jute	11.00% P.A.
2.	Term loan (project loan)	15.00% P.A.
3.	Working capital loan (except jute)	16.00% P.A.
4.	Export loan (packing credit, export cash credit)	7.00% P.A.
5.	Commercial loans (cash credit, hire- purchase, LTR, IBP etc.)	15.00% P.A.
7.	Small & cottage industry loan (Without subsidy of Bangladesh Bank)	15.00% P.A.
8.	Loans under various credit schemes such as consumer's credit, small loan, Doctor's credit, rural development credit etc.	15.00% P.A.
10.	Secured overdraft (SOD)	
	SOD against financial obligation (PSP, BSP, ICB unit certificate etc)	14.00% P.A.
	SOD against FDR of MBL	3.00% above of the FDR rate
	SOD against deposit of various savings instruments of MBL	15.00% P.A.
	SOD against shares / work order / export bills / quota etc	15.00% P.A.
	SOD (General)	15.00% P.A.

⇒ Loan Classifications and Provisioning By Trust Bank

❖ Loan Classifications:

Loan classification is required to have a real picture of the loan and advances provided by the Bank. It helps to monitor and take appropriate decision regarding each loan account like other banks, all types of loans of BA fall into following four scales:

- ❑ **Unclassified:** Repayment is regular
- ❑ **Substandard:** Repayment is stopped or irregular but has reasonable prospect of improvement.
- ❑ **Doubtful debt:** Unlikely to be repaid but special collection efforts may result in partial recover.
- ❑ **Bad/Loss:** Very little chance of recovery.

Table – CL Statement

Loan Type	Unclassified (Month)	Substandard (Month)	Doubtful (Month)	Bad (Month)
Continuous Loan Demand Loan	Expiry up to 5 month	6 to 8 month	9 to 11 month	12 month+
Term loan up to 5 year	0 to 5 month	6 to 11 month	12 to 17 month	18 month+
Term Loan more then 5 years	0 to 11 month	12 to 17 month	18 to 23 month	24 month+
Micro Credit	0 to 11 month	12 to 13 month	36 to 59 month	60 month+

Source: Publication of Trust Bank

❖ Loan Provisioning:

-1

A Certain amount of money is kept for the purpose of provisioning. This percentage is set following Bangladesh Bank rules.

Type of Classification	Rate of Provision
Unclassified	1%
Substandard	20%
Doubtful	50%
Bad debt	100%

Source: Publication of Trust Bank

❖ Statement Send By Credit Department To Bangladesh Bank

Statements are sent to Bangladesh bank on monthly, quarterly, half yearly and yearly basis. These statements are based on advance and inland Bill purchase/Discounted, Statement over due advances, CIB Statement, Statement of Credit, and Monthly Statement of deposit, Monthly Statement of Bank Loan & advances and other as per central bank time-to-time requirement.

3.14 Foreign Remittance Department

For reimbursement in foreign exchange businesses different banks that are intermediary between importers and exporters maintain internationally three types of account. These accounts are:

(a) NOSTRO A/C:

Our accounts with them. This means TBL maintains its accounts in different banks outside Bangladesh for reimbursement in foreign exchange businesses.

(b) VOSTRO A/C:

Their accounts with us. This means different banks outside Bangladesh maintain their accounts in TBL for reimbursement in foreign exchange businesses.

(c) LORO A/C:

“Your accounts with me”. When two banks from one country maintain their A/C’s in one bank outside their country.

Ex. Suppose TBL and IFIC have A/C’s in American Express Bank (AMEX) in New York. Then, TBL’s A/C maintaining in AMEX is LORO to IFIC Bank. IFIC’s A/C maintaining in AMEX is LORO to TBL

Chapter: 4

4.1 Financial Analysis



⇒ Performance of the Bank

□ **Profit and Operating Results:** The bank earned as operating profit Tk. 296,261,558 during 2005 after all provisions including the 1% general provision on unclassified Loan & Advances. Provision for income tax for the year amounted to Tk. 105,000,000 resulting into a net profit after tax of Tk. 121,286,368 million.

□ **Deposit:** A strong deposit base is necessary for the success of a Bank. During the year 2002 the Bank mobilized a substantial amount of deposit from mid-level

income group people under Deposit Savings Scheme. After critical handling the Bank mobilized total Deposit Tk. 12,704,902,083 as at December 31, 2005, thus

recording an increase of 36.39% in comparison with Tk. 9,314,952,180 as at December 31, 2004. The significant growth in deposit enabled the Bank to expand its business, performing assets and also had an impact on the profit position of the Bank.

□ **Advance:** The Bank Loans & Advance portfolio also indicates an impressive growth. Total Loan and Advances amount to Tk. 9,738,323,349 in 2005 against Tk. 6,804,448,553 in 2004 and the growth being 43.11% TBL's Advance portfolio is well diversified and covers a wide range of businesses and industries. The sectors financed include Manufacturing, Trading, Construction, Transport, Agriculture, Fishing & Forestry, Information Technology, and Consumer Credit amongst others.

Advances constitute the most significant indicator of the health of a Bank. The Bank has formulated its policy to give priority to SMES (Small and Medium Enterprise) and at the same time the Bank is financing large-scale enterprises through consortium of Banks. The Trust Bank Limited is committed to maintain a very high quality of assets. Close monitoring and efficient asset management has resulted in minimal creation of classified loans to total Loans and Advances.

□ **Foreign Exchange Business:** International Trade constitutes the main stream of business activities of the Trust Bank. Trust Bank Limited offer a full range of trade and services namely, issue, advice and confirmation of Documentary Credit; arranging forward exchange coverage; pre-shipment and post-shipment finance; negotiation and purchase of export bills; discounting bill of exchange; collection of bills, inward and outward remittance etc.

□ **Import Business:** The Bank established Letter of Credit amounting to Tk. 35,726,574 during 2005; showing a growth of 16.83% over the volume of Tk. 30,578,688 in the year 2004.

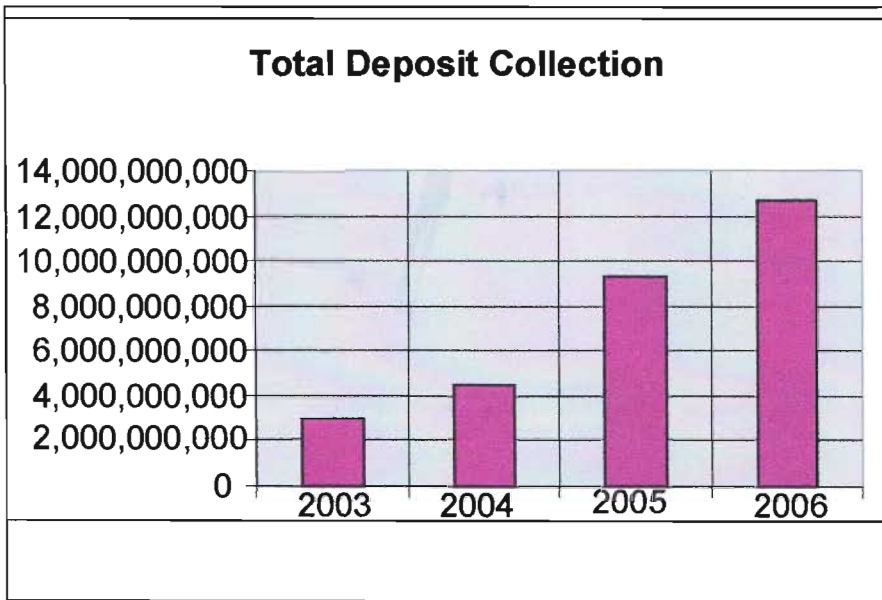
□ **Foreign Correspondents:** The number of foreign correspondents and agents of Trust Bank Limited is increasing day by day. The Bank has maintained excellent relationship with leading international Banks and has successfully established credit lines with major Banks to support global Foreign Trade Business.

4.2 Financial Highlights

SI No	Particulars	Base	31.12.2007	31.12.2006
1	Paid up Capital	Taka	1,166,670,000	500,000,000
2	Total Capital	Taka	2,421,322,741	1,310,210,320
3	Capital surplus/(deficit)	Taka	464,001,641	44,108,286
4	Total Assets	Taka	30,382,222,281	21,197,592,200
5	Total Deposits	Taka	27,101,585,101	18,985,951,094
6	Total Loans and Advances	Taka	18,682,164,654	13,188,092,885
7	Total Contingent Liabilities and Commitments	Taka	8,764,455,749	7,885,364,349
8	Credit Deposit Ratio	%	68.93	69.46
9	Percentage of classified loans against total loans and advances	%	2.71	1.32
10	Profit after tax and provision	Taka	239,028,693	262,595,349
11	Amount of classified loans during current year	Taka	332,279,970	45,402,353
12	Provisions kept against classified loan	Taka	225,837,248	63,676,000
13	Provision surplus/(deficit)	Taka	-	-
14	Cost of fund	%	8.43	8.28
15	Interest earning Assets	Taka	27,636,293,247	18,608,058,132
16	Non-interest earning Assets	Taka	2,745,929,034	2,589,534,068
17	Return on Investment (ROI)	%	9.87	20.05
18	Return on Asset (ROA)	%	0.79	1.24
19	Income from Investment	Taka	299,490,240	170,817,002
20	Earning per Share	Taka	28.28	52.54
21	Net income per Share	Taka	28.28	52.54
22	Price Earning Ratio	%	3.04	N/A

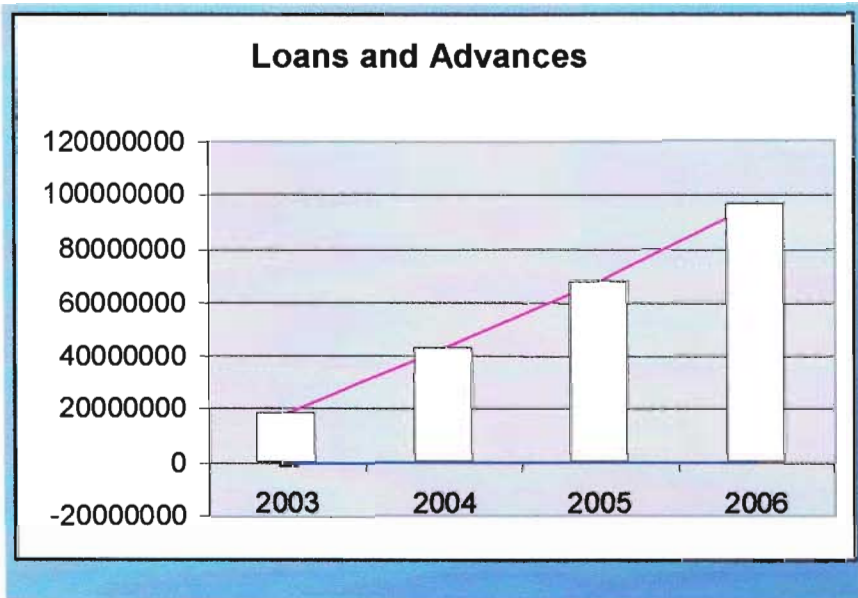
⇒ Total Deposit Collection:

2004	2005	2006	2007
9,314,952,180	12,704,902,083	18,985,951,094	27,101,585,101



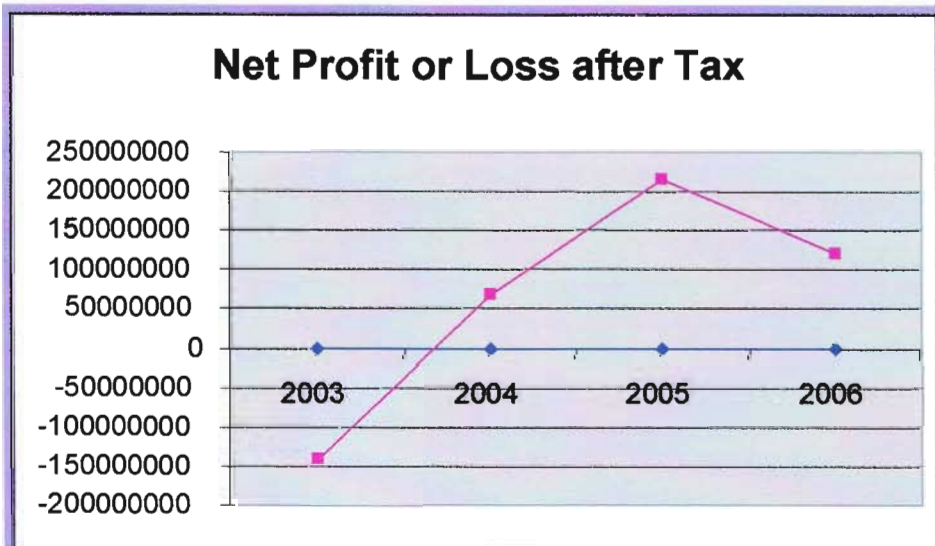
⇒ Loans and Advances:

2003	2004	2005	2006
1,897,629,064	4,358,314,092	6,804,448,553	9,738,323,349



⇒ Net Profit or Loss after Tax:

2003	2004	2005	2006
-140,162,397	68,144,268	216,384,186	121,286,368



⇒ PROFIT AND LOSS ACCOUNT :
TRUST BANK LIMITED
**Profit and Loss Account
For the year ended 31 December 2007**

	Notes	2007 Taka	2006 Taka
Interest income	20	2,614,806,274	1,771,382,525
Less: Interest paid on deposits and borrowings	21	1,947,001,397	1,371,361,160
Net interest income		667,804,877	400,001,365
Income from investments	22	299,490,240	170,817,002
Commission, exchange and brokerage	23	307,901,831	247,921,395
Other operating income	24	52,834,817	25,448,275
		660,226,888	444,186,672
Total operating income		1,328,031,765	844,188,037
Salaries and allowances	25	222,548,718	142,239,334
Rent, taxes, insurance, electricity, etc.	26	81,014,133	49,730,953
Legal expenses		118,407	264,654
Postage, stamps, telecommunications, etc.	27	23,639,567	8,390,006
Stationery, printing, advertisement etc.	28	18,145,148	8,738,028
Managing Director's salary and benefits		7,446,666	5,036,666
Directors' fees	29	632,000	664,500
Auditors' fee		125,400	100,000
Charges on loan losses		-	-
Depreciation and repair of bank's assets	30	40,878,223	33,333,945
Other expenses	31	99,769,997	48,740,455
Total operating expenses		474,318,259	297,288,541
Profit before provision		853,713,506	546,899,496
Provision for loans and advances	32	229,445,936	38,555,000
Provision for Diminution in value of Investment	33	-	649,147
Other provision	34	44,497,104	-
Total Profit before Taxes		579,770,466	507,695,349
Provision for Taxation			
Current tax		340,500,000	245,000,000
Deferred tax		241,773	(455,135)
		340,741,773	244,544,865
Net Profit after Taxation		239,028,693	263,150,484
Appropriations:			
Statutory Reserve (@ 20% on profit before taxes)		115,954,093	101,539,070
General reserve		-	-
		115,954,093	101,539,070
Retained surplus	17	123,074,600	161,611,414
Earning per share (EPS)	36	28.28	52.63

The annexed notes form an integral part of the Profit & Loss Account.

⇒ Capital Structure:

-7

Authorized Capital	2005
20,000,000 Ordinary shares of Tk. 100 each	2,000,000,000
Issued, Subscribed and paid up Capital	
5,000,000 Ordinary shares of Tk. 100 each	500,000,000

❖ **Profitability Ratios:**□ **Return On Equity(ROE)**

(Net Income/ total equity Capital) X 100

ROE 2006 = [262695349 / 1154999391] x 100 = 22.74%

ROE 2005 = [121,286,368 / 991,972,309] x 100 = 12.23%

The Return on Equity of The Trust Bank has decreased as because its capital is increase over this period 2004 to 2005. It will increase the bank's access to new capital. The main reason of this increase is their net income.

□ **Return on Assets (ROA)**

(Net Income/Total Assets) X100

ROA 2007 = [239028693 /30382222281] x 100 = 0.787%

ROA 2006 = [262695349 /21197592200] x 100 = 1.239%

We can see a decrease in the Return on Asset of The Trust Bank over the period 2006 to 2007. It measures that the management should utilize the real and financial resources of the bank to generate return.

□ Other Profit Measures:

Net Increase Margin (%) = (Total Interest Income- Total Expense)/

Average Earning Assets

Net Interest Margin 2005= $\{[1,100,213,582 - 933,141,426] / 14,807,905,231\} \times 100$

= 1.13%

Net Interest Margin 2004 = $\{[749,027,299 - 618,932,361] / 12,059,710,225\} \times 100$

= 1.08%

Here, the Net Interest Margin shows a increment over the period. So, total interest income increased largely in comparison with total interest expense.

□ Risk Ratios:

Provision for Loss ratio (%) =

(Provision for loan losses/total Loans & Leases) X 100

Provision for Loan Loses 2005 = $[69,975,190 / 9,738,323,349] \times 100 = 0.72\%$

Provision for Loan Loses 2004 = $[47,889,810 / 6,804,448,553] \times 100 = 1.03\%$

So, The Trust Bank has decreased their provision for loan loses over the period 2004 to 2005, means that their loan/ credit (asset) quantity become lower over the period, and thereby their risk has increased over time.

□ Loan Ratio

= Net loans/ total Assets

= Net Losses/ total Assets

= $[(\text{Loans \& Advances} - \text{Provision for Loans \& Advances}) / \text{Total Assets}] \times 100$

$$\begin{aligned}\text{Loan Ratio 2005} &= \frac{[9,738,323,349 - 69,975,190]}{14,807,905,231} \times 100 \\ &= 65.30\%\end{aligned}$$

$$\begin{aligned}\text{Loan Ratio 2004} &= \frac{[6,804,448,553 - 47,889,810]}{12,059,710,225} \times 100 \\ &= 56.02\%\end{aligned}$$

These loan ratios indicate the extent to which assets are devoted to loans as opposed to other assets. The loan ratio of The Trust Bank has increased over years, means most of their assets are in the form of loan and the ratio is increasing continuously. Of course, The Trust Bank has become more risky over the period.

After analyzing all these financial ratios, I can conclude here by saying that the performance of The Trust Bank LTD. has become somewhat satisfactory over the period of 2004 to 2005. Their liquidity position is good. They should provide more loans. Their asset mix is not satisfactory enough. They should improve their performance. They should provide more loans & advances to less risky sector in-order to improve their net income and build strong equity based.

4.3 PERFORMANCE OF THE BANK: AS A WHOLE

The comparative performance of the bank among different years appears as follows:

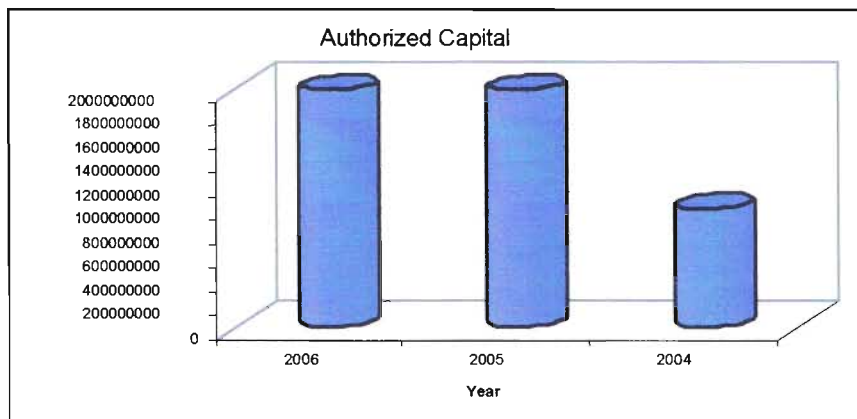
4.3.1 TREND ANALYSIS:

❖ ANALYSIS FROM THE BALANCE SHEET:

For the purpose of analysis the financial data of 2003, 2004 and 2005 have been taken based on the availability of the data. The key points of the financial statements take the following figure:

Particulars	2005	2004	2003
Authorized Capital	2000000000	2000000000	1000000000
Paid-up Capital	500000000	500000000	350000000
Statutory Reserve	113138916	67881642	24604805
Shareholders' Equity	991972309	870685941	454301755
Fixed Assets	110616082	86179587	61369226
Total Assets	14807905231	12059710225	7858833009
Total Deposits	12704902083	9314952180	4483256901
Long-term Debt	660000000	1430000000	2340000000
Loans and Advances	9738323349	6804448553	4358314092
Investment	2447953778	3220777070	1896920200

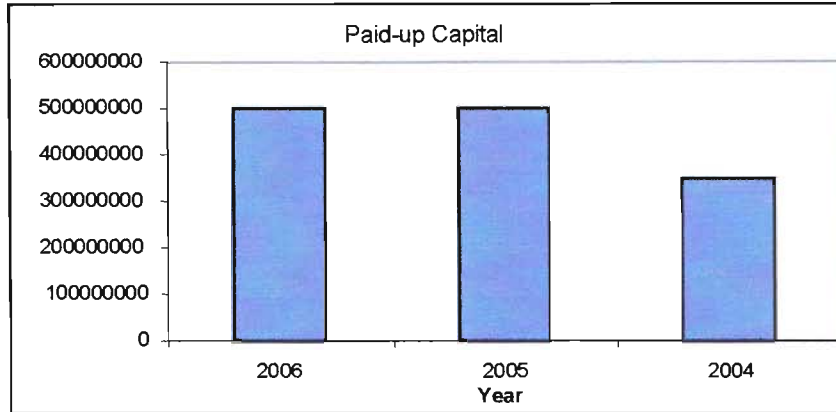
▪ AUTHORIZED CAPITAL:



The authorized capital of the bank was Tk 100.00 crore in 2003 which was increased in subsequent year 2004 by twofold. In 2005 and also in 2006 the authorized capital stands for the

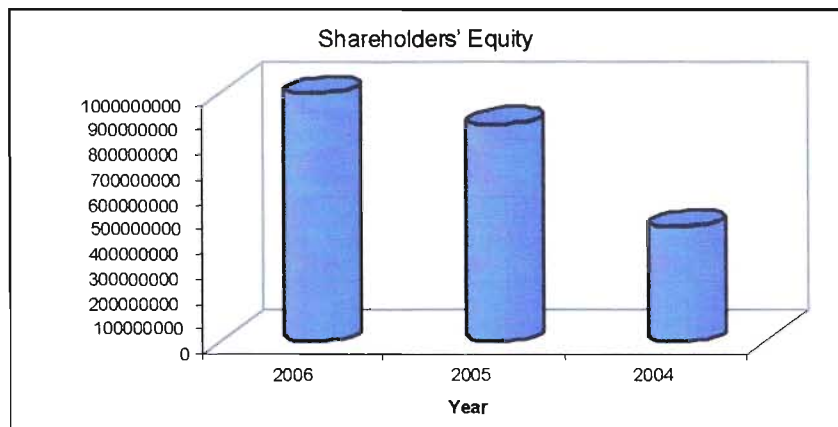
same worth of Tk. 200.00 crore. It is due to the bank's future expansion philosophy and to keep rein with the market competitiveness.

▪ **PAID-UP CAPITAL:**



The paid-up capital was also increased by Tk 15.00 crore in 2004 materializing the total value of Tk 50.00 crore. The increment was done because of the bank's future expansion philosophy and to keep rein with the market competitiveness.

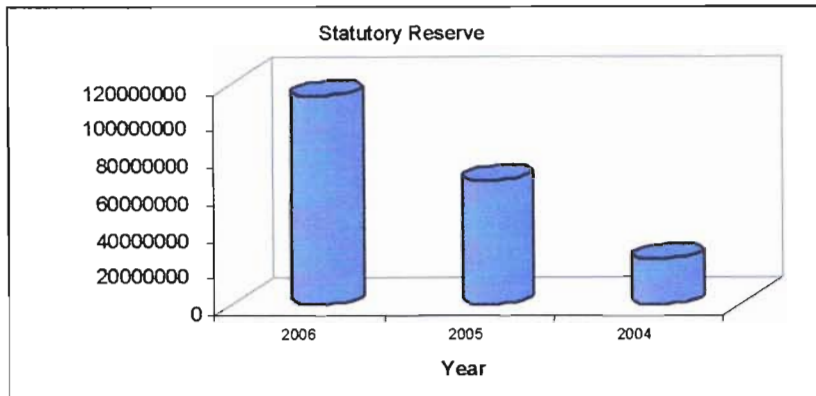
▪ **SHAREHOLDERS' EQUITY:**



The equity of the Shareholders in 2003 was Tk. 454,301,755. In 2004 it has increased by 91.65% as the total of Tk. 870,685,941. In 2005, it was amounted Tk. 991,972,309, being the

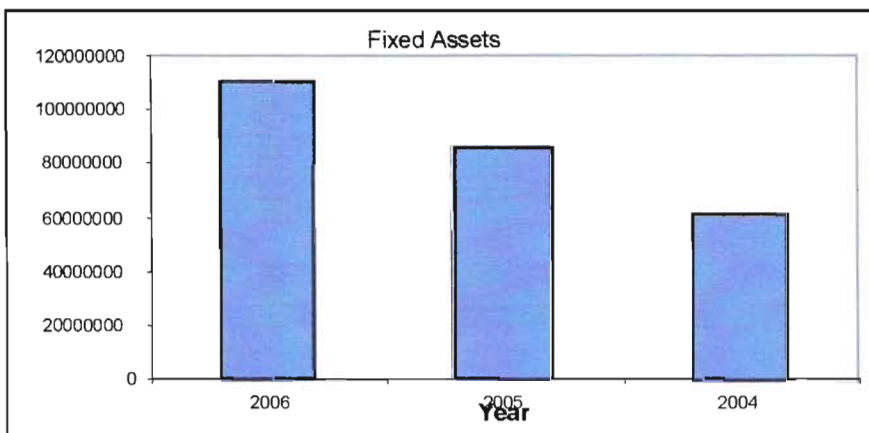
increase of 118.38% on that of 2003. It is due to the expansion of the bank and the financial more strength of the army Welfare Trust.

▪ **STATUTORY RESERVE:**



In 2003, the Statutory Reserve of the bank was Tk. 24,604,405 which stands at Tk. 67,881,642. It was an increase by a gross amount of Tk 43,276,837 or by 175.88% on that of 2003. In 2003, the statutory reserve stands at Tk 113,138,916, an increase by 359.83%. It is due to the rise of the bank's overall capital and the regulation under the Banking Act 1991 to keep a certain percentage of share capital or profit as statutory re serve.

▪ **FIXED ASSETS:**

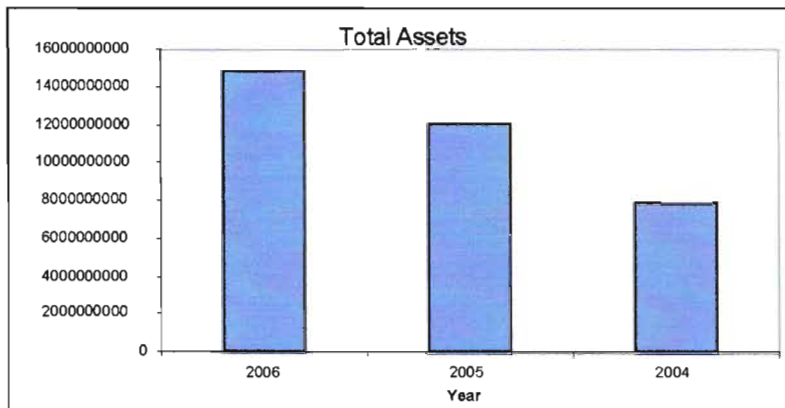


Fixed assets include Furniture and Fixture, Office equipment, Motor vehicles, office renovation and leasehold land. The depreciation on the fixed assets is charged on straight line basis at the following rates:

Furniture and Fixture	10% p.a
Office equipment	20% p.a
Motor vehicles	20% p.a
Other decoration	12% p.a

Fixed assets after deducting accumulated depreciation were in 2003 Tk. 61,369,226, in 2004 Tk. 83,971,729 and in 2005 Tk. 110,616,082. It is because of the expansion of branches during that period.

▪ **TOTAL ASSETS:**



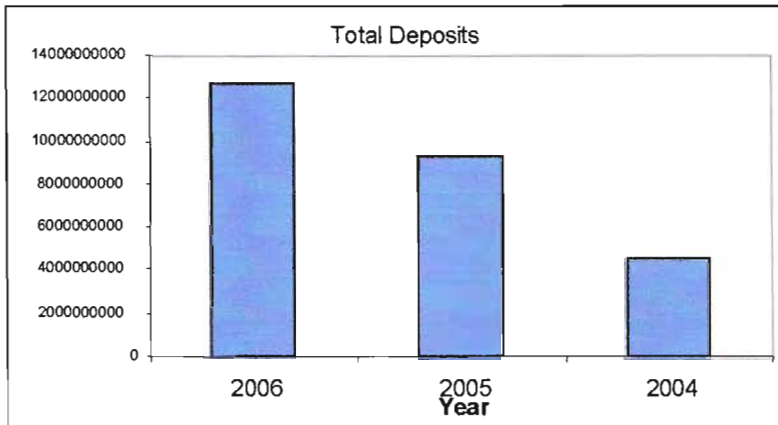
Total assets of the bank consists of –

- Cash in hand and with Bangladesh Bank and Sonali Bank.
- Balance with other banks and financial institution.
- Money at call and short notice.
- Loan and Advances.

- Fixed assets (Furniture and Fixture, Office equipment, Motor vehicles, Office Renovation and Leasehold Land)
- Other Assets

Total Assets of the bank was Tk. 7,858,833,009 in 2003 and Tk.12, 085,815,830 in 2004- a 53.786% increment. The value of total assets stood at Tk. 14,807,905,231 in 2003-a 88.42% increase. It shows the advancement of the bank responding the market.

▪ **TOTAL DEPOSITS:**

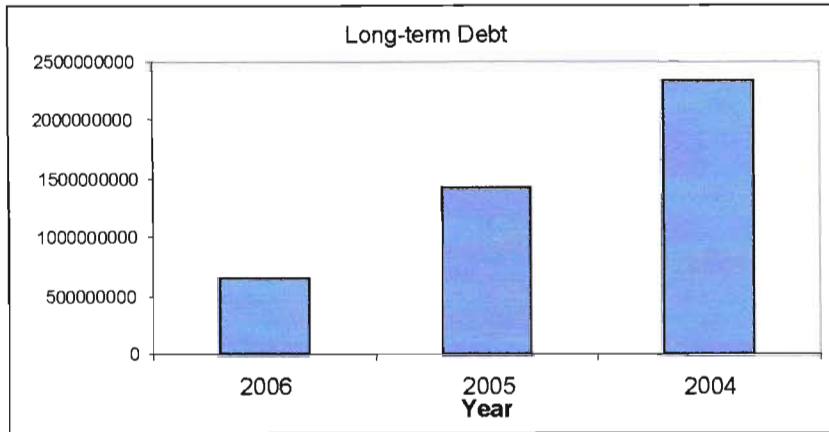


The Total Deposit of the bank was-

2006	2005	2004
Tk. 12,704,902,083	Tk. 9,042,183,740	Tk. 4,483,256,901

The pictorial graph and the subsequent numerical figure show that the deposit collection was more than double than that of 2003. In 2005, total deposit was increased by 40.5% than the deposit of accumulated in 2004. So it is vivid from the viewpoint of deposit collection the performance of the bank in 2004 was far better than 2005.

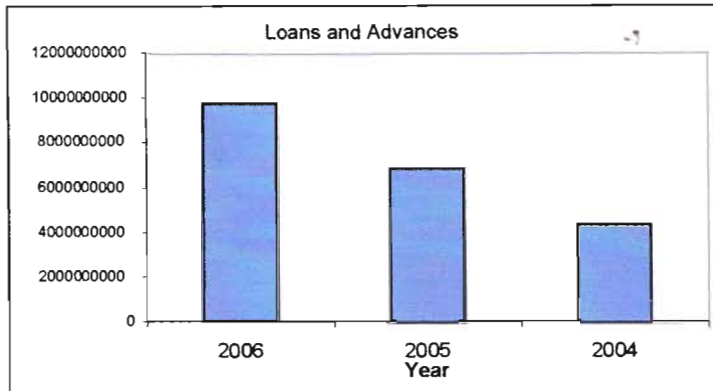
▪ **LONG-TERM DEBT:**



Here, the long term debt represents the borrowing from other banks, financial institutions and agents. The illustration depicts that the long term debt of the bank significantly decreased in 2005. The year wise actual long term debt was as follows:

2006	2005	2004
Tk. 660,000,000	Tk. 1,430,000,000	Tk. 2,340,000,000

▪ **LOANS AND ADVANCES:**



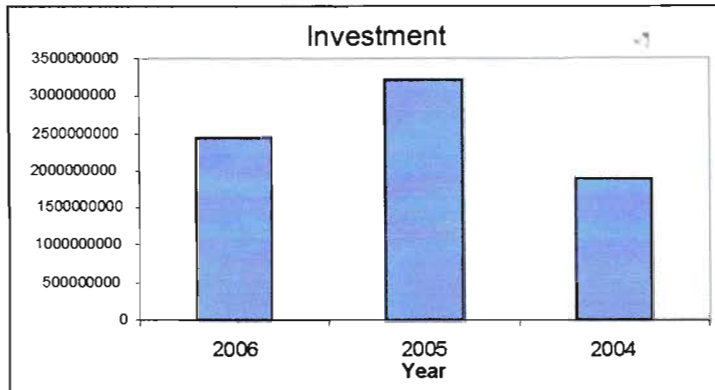
Loans and advances of the bank constitute different purpose loans (repair and maintenance of dwelling house, customer durable loan scheme, car loan, term loan, loans against Trust Receipt etc), cash credit (cash credit, cash collateral) and overdraft (normal overdraft, secured overdraft). The total loans, cash credits and overdrafts for the three years was as follows-

2006	2005	2004
Tk. 9,383,459,513	Tk. 6,690,408,551	Tk. 4,327,826,794

The graphical and numerical presentation depicts that loans and advances increased by 54.6% in 2004 and 116.82% in 2005 (taking 2003 as the base year). The growth level of loan and advances is about the same rate both in 2004 and 2005.

- **INVESTMENT:**





Investment includes investment in government securities and investment in shares. The numerical figure of investment appears as follows:

2006	2005	2004
Tk. 2,447,953,778	Tk. 3,220,777,070	Tk. 1,896,920,200

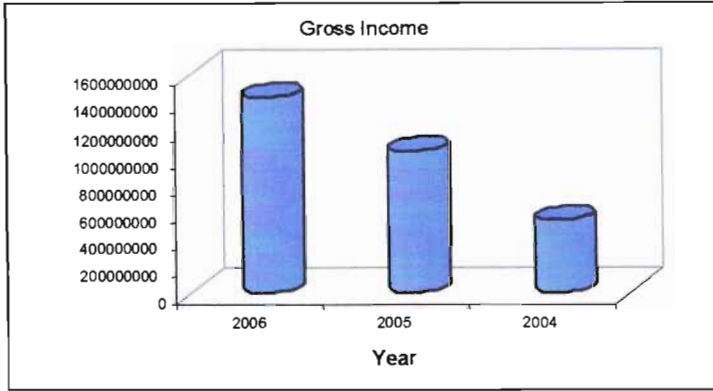
Overall investment increased by 69.79% in 2004 being a total of Tk 3,220,777,070. But in 2005 the value of investment decreased by Tk 772,823,292 or 24% in comparison with that of 2004.

❖ ANALYSIS OF THE PROFIT AND LOSS ACCOUNT:

The profitability of any business concern can be understood by analyzing the Profit And Loss Account of that concern. Profit And Loss Account shows the revenue generated, corresponding expenditure and the resulting profit or loss. Analysis of the Profit And Loss Account of the Trust Bank Ltd. exhibits the following summarized information:

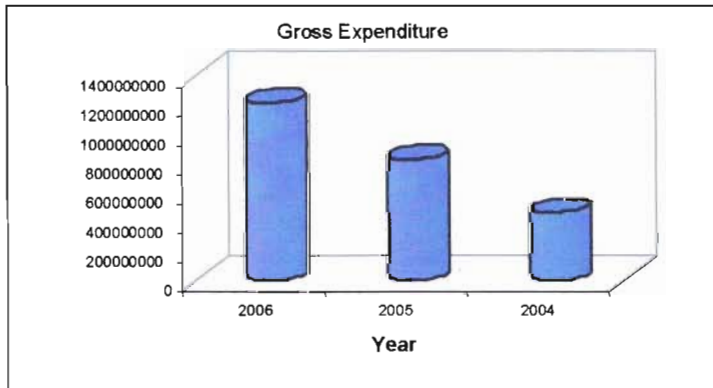
Particulars	2006	2005	2004
Gross Income	1444597936	1046361480	535499256
Gross Expenditure	1218311568	829977294	467354988
Profit before Tax	226286368	216384186	68144268
Profit after Tax	121286368	216384186	68144268
Tax paid	105000000	---	---

- **OPERATING INCOME:**



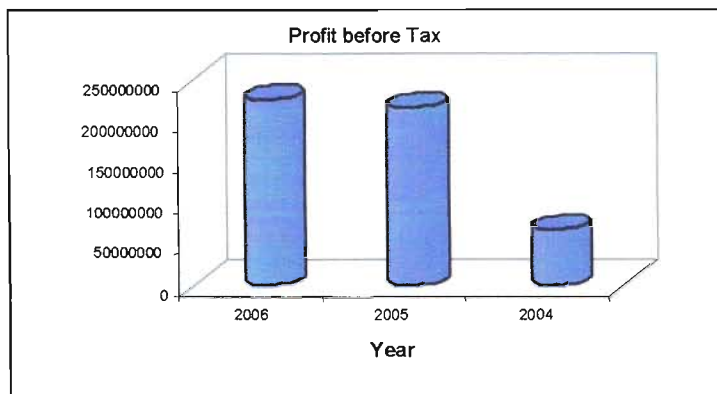
In this competitive market this bank earned Tk. 1,444,597,936 in 2005 which is 38.06% greater than the gross income of 2004. It clearly indicates that this is a growing organization and will continue its success in the coming years.

- **OPERATING EXPENDITURE**



Here the ratio of expenditure in 2005 has decreased than that of previous year. But the percentage of expenditure has increased @ 46.79% in 2005 which is more than the percentage increase in the Gross revenue.

• **PROFIT BEFORE TAX:**

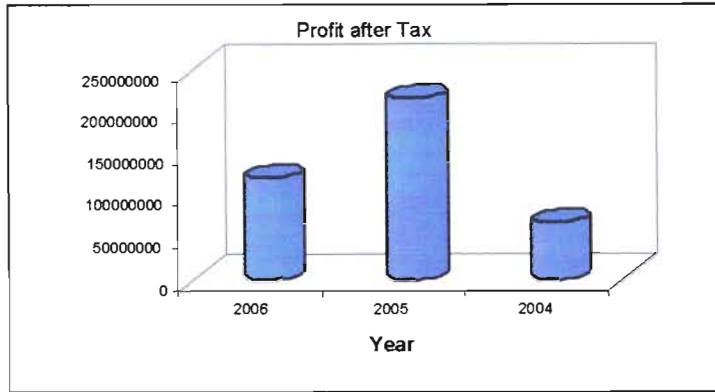


The Actual Profit before Tax of the bank was as under:

2006	2005	2004
Tk. 296,261,558	Tk. 216,384,186	Tk. 68,114,268

From the information mentioned above a comment can be made that Year-2004 was its "Golden Age". But in 2005 it also increased its "profit before tax" and gained a honorable position in the banking sector.

• PROFIT AFTER TAX:



The Actual Profit after Tax of the bank was as under--

2006	2005	2004
Tk. 121,286,368	Tk. 216,384,186	Tk. 68,114,268

And the amount for the provision of tax was –

2006	2005	2004
Tk. 105,000,000	Tk. _____	Tk. _____

From the above mentioned statement, it is vivid that the net profit touches the peak in 2004 by accomplishing a stunning rise of 217.68%. But the journey of increasing profit came backward in 2005. The After Tax Net Profit went down by 43.95% in 2005 comparing the profit of 2004 the Provision for Tax played a significant role in this respect.

• **TREND OF OTHER FINANCIAL STATEMENT ISSUES:**

SI No	Particulars	2006	2005
01	Total contingent liabilities & Commitments	4681077063	3123318980
02	Amount of classified loans during current year	121286368	216384186
03	Provisions kept against classified loans	58000000	41293255
04	Provision surplus/Deficit	2315796	-
05	Interest earning assets	13,401,393,133	11,380,077,637
06	Non-interest earning assets	1,406,512,098	679,632,588
07	Incomes from investment	194,479,592	177,745,964
08	Earning per share	24.26	44.16
09	Net income per share	24.26	44.16

3.13.2 RATIO ANALYSIS:

SL no	Particulars	2006	2005
01	Capital Adequacy Ratio	12.49%	15.20%
02	Credit Deposit Ratio	76.65%	75.25%
03	Percentage of classified loans against total loans and advances	1.32%	1.47%
04	Cost of fund(Deposit cost & Administrative cost)	9.23%	9.30%
05	Return on Investment(ROI)	10.88%	23.01%
06	Return on Assets(ROA)	0.82%	1.79%
07	Price Earning Ratio	N/A	N/A

Comment: Although the cost of fund went down in 2005 by 0.07%, the profitability of the bank was declining. Return on Investment went down significantly by 12.13% and the Return on Assets also went down by more than half i.e. 0.97%. Moreover,

there was a shortage of capital adequacy in 2005 as the ratio fell down from 15.20% to 12.49%, although the Credit in response to Deposit increased by a little bit, by

1.40%. So it can be said that investment was not efficiently made. Concentration should also be given to the Capital, Deposit and Credit Management.



3.14 PERFORMANCE OF THE BANK: DHANMONDI BRANCH

Trust Bank Limited started its journey at Dhanmondi, Dhaka in 2003 recognizing its location at Bangladesh Rifles (BDR) Gate no 04, Peelkhana, Satmosjid Road, Dhanmondi, Dhaka. Currently the Dhanmondi branch conducts its operation under the management of Mr.Md.Mozakkerul Islam, the AVP and Manager of the branch.

3.14.1 PROFITABILITY ANALYSIS:

To evaluate the performance of the branch, analyzing its profitability is a stepping stone. Profitability analysis consists of the analysis of Income, Expenditure and the resulting profit or loss. A summary of the provisional income, expenditure and profit/loss of the bank for the last five months (January, 2006 to May, 2006) appears as follows:

Particulars	31 st January	Up to 28 th February	Up to 31 st March	Up to 30 th April	Up to 31 st May
Provisional Income	10597103.59	20774974.75	33323897.69	45336624.17	58801147.00
Provisional Expenditure	8558480.55	16882793.48	25541389.18	34626096.65	44730172.36
Provisional Profit/Loss	2038623.04	3892181.27	7782508.51	10710527.52	14070975.23

Statement of Profitability of the year 2006

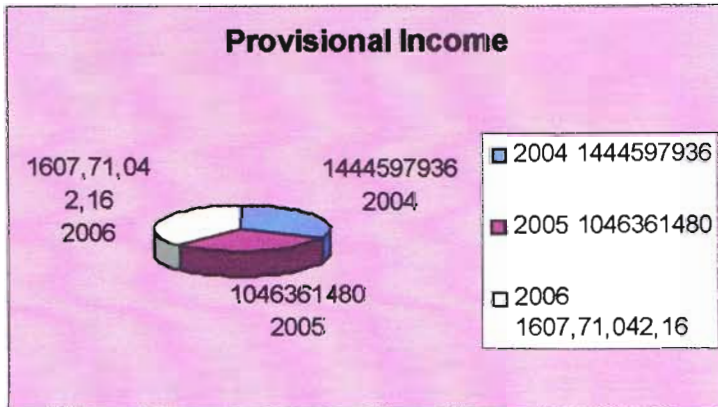
Particulars	2006
Income	1607,71,042,16
Expenditure	1192,42,832,66
Profit/Loss	415,28,209,50

Comparison of Income Statement :

Here a comparison is shown of the Income between the year 2004, 2005, and 2006:

Comparison of Statement of Income

Particulars	2004	2005	2006
Income	1046361480	1444597936	16077104216
Changes	100%	96.04%	118.42%



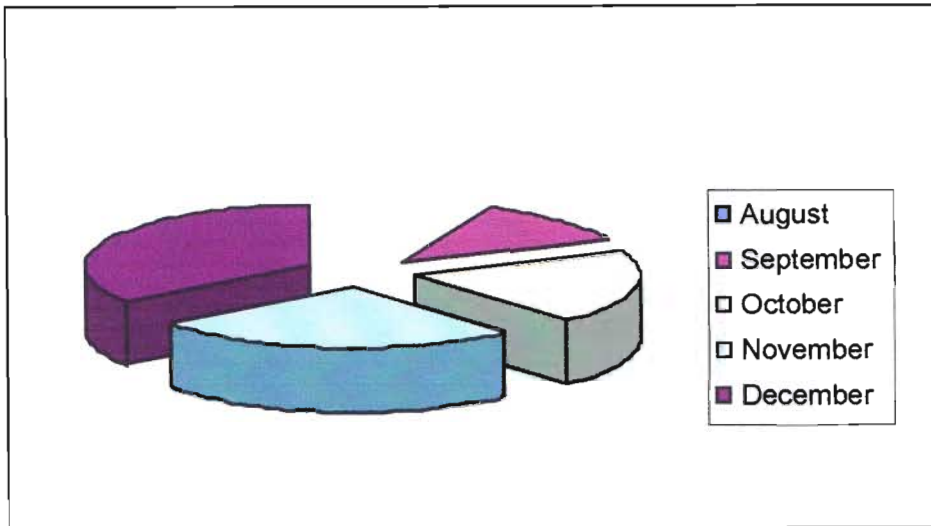
From the above table and graph, it is found that in the year 2006, the overall income of the branch is satisfactory in comparison to the year 2004 and 2005. It implies in the year 2006, the bank was done good business.

CONTENTS OF INCOME

Heads of Accounts	Year 2006
Interest Received	1,409,98,548
Interest on Branch Account	85,79,453
Commission, Exchange & Brokerage	92,58,404
Other Income	19,34,635

Source: Income Statement of Trust Bank Limited for the year 2006

▪ **PROVISIONAL INCOME:**



▪ **The absolute income of the branch for that period was as follows:**

<i>Statement of Income (Individual Month Wise)</i>					
Particulars	January	February	March	April	May
Provisional Income	10597103.59	10177871.16	12548922.94	12012726.48	13464523.42
Changes	100.00%	96.04%	118.42%	113.36%	127.06%

From the above table and graph, it is found that except in February, the overall income of the branch is satisfactory in spite some downfall in April. In February, the

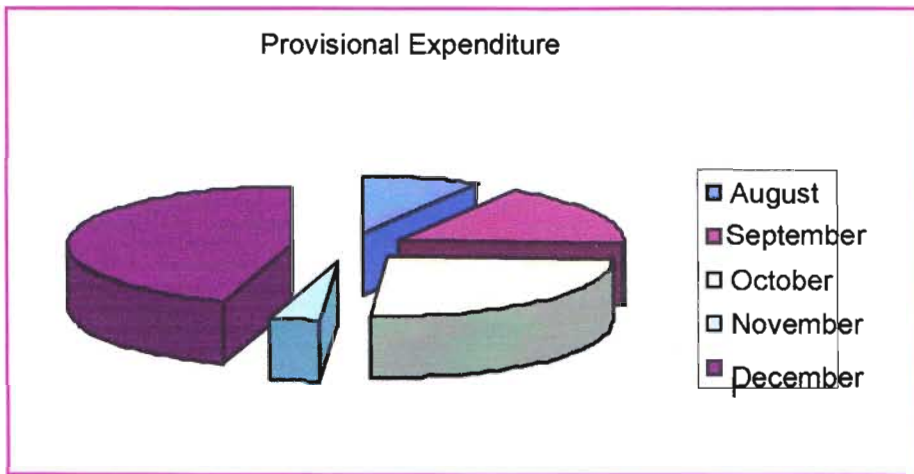
income went down by 3.96%. Proper concentration should be given to the consistency of income.

CONTENTS OF PROVISIONAL INCOME:*Statement of Provisional Income*

Heads Of Accounts	31st January	28th February	31st March	30th April	31st May
Interest Received	10185277	19636282	31503687	4,25,26,689	54832265
Interest On Branch Account	624986	1187357	1920207	24,65,838	3009681
Interest On Loans & Advances	95499589	18428672	29550757	4,00,12,893	51755940
Commission, Exchange & Brokerage	347410	821744	1352016	21,80,018	3133628
Exchange Gain	2295	4707	12474	21,495	28825
Expenditure Paid On Deposits	7469588	14648079	22161041	3,00,49,990	38970982
Salary & Allowances And Others	516376	1081226	1645756	22,66,724	2857367

▪ **PROVISIONAL EXPENDITURE:**

<i>Statement of Expenditure (Individual Month Wise)</i>					
Particulars	January	February	March	April	May
Provisional Expenditure	8558480.55	8324312.93	8658595.70	9084707.47	10104075.71
Changes	100.00%	97.26%	101.17%	106.14%	118.06%

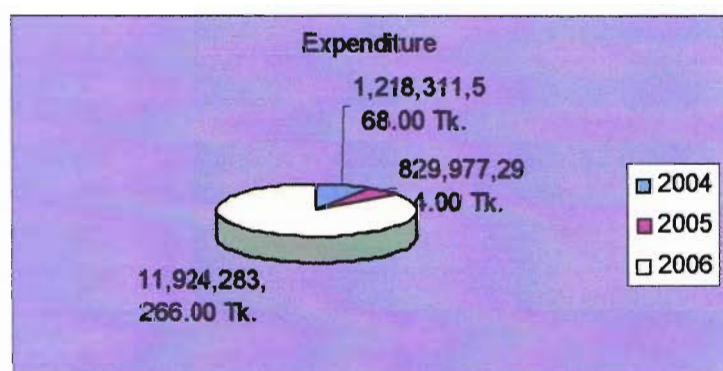


Comparison of Expenditure Statement:

Here a comparison is shown of the Expenditure between the year 2004, 2005 and 2006:

Comparison of Statement of Expenditure

Particulars	2004	2005	2006
Expenditure	1218311568	829977294	1192,42,832,66
Changes	100.00%	97.26%	101.17%

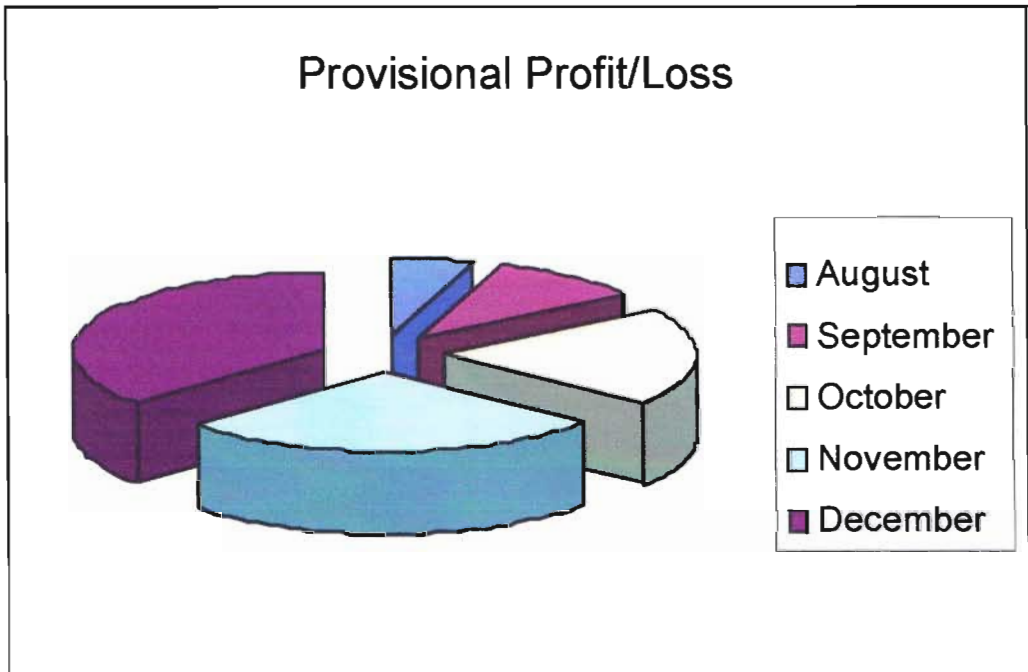


From the Table above, it is found that operating expenditure increased highly in May. The rise in expenditure is somewhat inconsistent with the previous months. Care should be imparted on the minimization of the operating expenditure.

CONTENTS ON EXPENDITURE

Heads of Accounts	Year 2006
Interest Paid on Deposit	1,040,76,702
Salary and Allowances	79,89,902
Rent, Taxes, Insurance, etc	27,45,756
Legal Expense	19,250
Postage, Stamp, Telex, etc	5,15,155
Depreciation and Amortization	21,15,313
Repair and Maintenance	1,23,385
Stationeries, Printing, Advertising, etc	4,21,187
Other Expenses	12,36,179

▪ PROVISIONAL PROFIT/LOSS:



Statement of Profit/ Loss (Individual Month Wise)					
Particulars	January	February	March	April	May
Provisional Profit/Loss	2038623.04	1853558.23	7782508.51	2928019.01	3360447.71
Change	100.00%	90.92%	381.75%	143.62%	164.83%

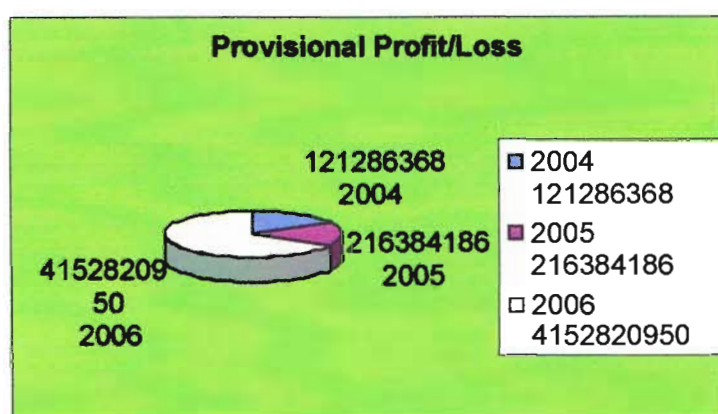
Profit is unprecedented in march– a rise of 381.75% of the first month of the same year. The overall profit or loss of the branch is more than good except the downfall of the month of February.

Comparison of Provisional Profit/Loss:

Here a comparison is shown of the Provisional Profit/Loss between the year 2004, 2005, and 2006:

Comparison of Statement of Profit/Loss:

Particulars	2004	2005	2006
Provisional Profit/Loss	121286368	216384186	4152820950
Change	100.00%	90.92%	381.75%



Profit is rise of 381.75% of the year 2006 in comparison of the year 2004-05. The overall profit or loss of the branch is good in the year 2006, which shows that the bank is done good business in this year.

Comment: From the above Table some conclusions can be drawn about the budgetary achievement of Dhanmondi Branch.

- Growth of export and import of the branch has been improved but deposits, advances and profit has been declined.
- In response to budget deposits, advances, export and import target have not been achieved.
- On the whole, the performance of the branch is satisfactory.

CHAPTER FIVE

5.0 OVERALL FINDINGS

5.1 Findings

- Trust Bank Ltd. is the pioneer of private sector banking business.
- The customer service is very much impressive than of other financial Institutions. Although, I have no idea about other branches of TBL, But in particular, TBL Dhanmondi branch is a good example of better Customer service.
- The decision undertaken by the management is sometimes self centered i.e. the market competitiveness is often ignored to give priority on their own capability and resources.
- The marketing strategy adopted by the bank is effective but not efficient. General people take time to index Trust Bank; Most of the time they disregard it with the Mutual Trust Bank.
- The management have hardly overcome the notion-"A bank of armed forces at cantonment" i.e. the banking concept is yet to be universalized.
- Top management guides to its subordinates when needed but the specialization of the personnel on a particular task is not ensured. It has been found that executives are transferred from one branch to another without ensuring other executives being acquainted with the task.
- Computerization is speeding up the performance of the organization but the software used by the TBBL-"FLORA" is not updated & so fast. It is easy to handle but contains some flaws.

- The profit earned by the bank in the previous periods is satisfactory but the deposit mobilization and accumulation is not as targeted.
- The expansion process of the bank has little match with the modern pace of globalization. Despite being stoned in 1999, the bank has only 27 hands now.
- The products offered by the TBBL are very limited in range comparing to the contemporary banks. The clients can hardly find the best alternative of particular products.
- Special schemes like consumer credit scheme, monthly saving scheme, Western Union Money Transfer etc. are very popular.
- The overall performance is good.

CHAPTER SIX



Problems and Recommendations

6.1 Problems:

- Not enough IT support from head office.
- Less interest payment by Trust Bank Limited than others in some accounts.
- Still the bank is not fully computerized. So, manual registers are used in some cases.

6.2 Recommendations:

- Giving better customer service, Full computerization of all activities, Supply of new PC's in place of old one, sufficient numbers of PC needed for proper working.
- Interior decoration should be introduced for clients comfort.
- The management should impart more emphasis on the advertisement of the bank in different electronic and printing media. The Basic goal of the advertisement should be firstly to make people know and understand that the bank is universal one and permits any one's access.
- Full computerization of the branch will less the time consumption of manual process. So, that the employees will able to perform well at the end.
- The spread out mechanism of the bank should be faster and progressive as well. Being established in 1999, the bank has established only twenty seven branches in eight(8) years. The mode of extension is much slower than other contemporary and equivalent banks.
- On line banking should be introduced to compete with multinational banks.

- The management should care for the personnel more. At the recruitment stage, it should go for the best candidate and after selection the personnel should be allowed with proper opportunity to be expert on particular task bestowed on them.

- More products of varied interests should be introduced for the diversified client group.

- To enhance the image of the bank and to assume social responsibility, the bank should engage itself to various social programs like Scholarship to poor but meritorious students, Empowerment of the children in abject poverty, Campaign against dowry and other social evil etc.

Conclusion

Trust Bank limited pursues decentralized management policies and gives adequate work freedom to the employees. This results in less pressure for the workers and acts as a motivational tool for them, which gives them, increased encouragement and inspiration to move up the ladder of success. The profit earned by the bank is used to the welfare activities of the Trust. The economic service of the bank is open to all caste and class of people. The bank is formatting and accomplishing various welfare projects and activities for the socio economic infrastructural development of the country and the active participation to the up gradation of the comparative feeble class of the society, in stead of accumulating profit. It has also been linked with many foreign banks to facilitate the foreign currency transfer by the members of armed forces working in the UN and emigrant Bangladeshi. The report is aimed at studying and understanding the various services offered by TBL to its clients. In addition, the report also studies how Trust Bank Limited has maintained growth in its general banking business by maintaining and enhancing its relationship with its clients. The success of Trust Bank limited is largely credited to its friendly, co-operative approach, understanding the special banking needs of each and every client and concern for the benefits and welfare. From the beginning, the prime objective of Trust Bank limited was to increase capitalization, to maintain disciplined growth and high corporate ethics standard and enhance the health of the share holders. Its customer service is very much impressive than of other financial institutions. Their effective strategy, time demand offerings, up to date rules and regulations to cope with international market and their friendship customer services easily impress the clients. So, now Trust Bank limited is in leading position in Financial Institutional sectors in Bangladesh. The financial performance of the bank in recent years is pretty well. Moreover, any laxity in operational ground can considerably be compensated through the cordial services provided by a staff of talented officers or employees.