An Internship Report

ON

Loan & Advance Management of IFIC Bank LTD.

Submitted To:

Department of Business Administration

Sonargaon University (SU)

Green Road, Dhaka-1215

Submitted By:

MD. Rishad Hassan

ID: BBA1901016038

Program: BBA

Major: Accounting

Department of Business Administration

Sonargaon University (SU)

Green Road, Dhaka-1215

Submitted for the partial fulfillment of the degree of Bachelor of Business Administration

Date of Submission: 12-01-2023

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On

Loan & Advance Management of IFIC Bank LTD.

Supervised by

MD. Masud Rana

Head, Department of Business Administration

Assistant Professor of Accounting

Sonargaon University

Submitted by

MD. Rishad Hassan

ID: BBA1901016038

Program: BBA (Major in Accounting)

Bachelor of Business Administration

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LETTER OF TRANSMITTAL

Date: 12-01-2023

To
Md. Masud Rana

Head, Department of Business Administration

Sonargaon University.

Subject: Submission of Internship Report.

Dear Sir,

With the passage of time, I am the student of Sonargaon University standing on the other entity of my course completion, hence are finalized with my internship report naming as "Loan and Advance Management of IFIC Bank LTD.". Vividly enough, my research comprise adequate endeavors. But no doubt my contribution will be best evaluate on your sharp scale of acceptance & analytical remarks.

Consequently, I am submitting my report on your very concern. Hopefully, you will discover my well-researched, informative approach as a hallmark of hard work. Rather, in case of any further clarification or elaboration as to my report, I would welcome the opportunity to consult with you to explore how my findings could best meet your needs.

Thanking you with best regards.

Sincerely Yours,

……

Rishad Hassan

ID: 1901016038

BBA, Major Accounting

Sonargaon University, Dhaka.

Preface

Today we are very much involved in the business era. Only book-based knowledge is not enough to cope with real business environment. Effective combination of theoretical knowledge with practical experience is the key to success. Considering this, internship program is included in the degree Bachelor of Business Administration (BBA) from the Department of Business Administration Sonargaon University.

I have selected the IFIC Bank LTD. to conduct my internship program which runs for three months only. I tried my best to collect relevant and significant data as much as possible and prepare the report with my best effort. I regret for any undue mistakes in this report. If the report do little support to any student, teacher, researcher or analyst, I may consider my effort does not go in vain.

DECLARATION

I do hereby declare that this report entitled "**Loan And Advance Management of IFIC Bank Ltd,** submitted by me to Sonargaon University, for the degree of Bachelor of Business Administration is an original work.

I also declare that the report has not been submitted earlier either partly or wholly to any other University or Institution for any Degree, Diploma, Associate-ship, Studentship, Fellowship and other similar title or prizes

……..

MD. Rishasd Hassam

ID: BBA1901016038

Department of Business Administration

Sonargaon University

Letter of Acceptance

This is to certify that **MD. Rishad Hassan**, **ID No: BBA1901016038**, Department of Business Administration, has completed his internship report titled on **"Loan & Advance Management of IFIC Bank LTD. Isapura Bazar Bracnh"** under my supervision as a part of partial requirement for obtaining Bacholer of Business Administration (BBA) degree in Accounting Major. This report can be accepted for evaluation.

I have gone through the report and found it's a well written report. He has completed the report by himself. I wish him every success in life.

…….

Md. Masud Rana

Assistant Professor

Department of Business Administration

Sonargaon University

Acknowledgement

At the beginning I am very much grateful to almighty for giving me strength and opportunity and sound mind to complete the internship report. First of all I would like to thank to my Internship Supervisor, Md. Masud Rana, Head Department of Business Administration, Assistant Professor of Accounting, Sonargaon University, for guiding me and encouraging me to work on this exciting topic for my internship report. I strongly believe that, these will assist me a lot to make me more professional and building my future professional career. He had been very helpful through the internship program and suggests all sources for necessary information to make this report. This internship report might never have been completed without the necessary particle knowledge, assistance of many books, articles, websites and primary data. It enhanced my practical knowledge in corporate culture. Finally, my heartiest thanks go to others who were involved and helped directly and indirectly to prepare this report.

Without them all these would not have been made possible

……
Md. Rishad Hassan
ID: BBA1901016038
Sonargaon University

Executive summery

The International Finance Investment and Commerce (IFIC) Bank Limited is a private commercial bank in Bangladesh. The majority of the shares are owned by the Government of Bangladesh. IFIC Bank Limited is one of the best commercial bank in Bangladesh. It has a good fame and face value in the financial market. Customers are very satisfied in the various products and services given by IFIC Bank Limited.

This Report is a Partial requirement for the Bachelor of Business Administration (BBA) as part of the internship program, I was kept in the Isapura Bazar branch of IFIC Bank Limited. During making this report I learned a lot about commercial banking operations. I mainly focused on the loan and advance management of IFIC Bank Limited in this report. In this report I try to show there are a various kind of loan which will be provided by IFIC Bank for their customers and they always try to introduce many new banking activities for their customers.

Firstly, I ready a brief of the loan department of IFIC Bank Limited. Here I tried to focus on bank history, its mission, ownership, structure, management structure, corporate objectives, risk management joint ventures, technology, then the next part of this report describes the loan and advance management of IFIC Bank LTD.

In this report I tried to show how IFIC bank activities are implemented their action. They have the strength, weakness, opportunity, threat which will be a problem identification of the especially in loan and advance section, and in my recommendation section some recommendations related to faces and overcome from that problem.

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Chapter-One

Introduction

1. Introduction:

Loans and Advance management section of a bank is very important because the success of this department helps to increase its business. If this section does not properly work, the bank itself may become bankrupt. Bank makes loans and advances mostly to traders, businessmen, and industrialists. Although the nature of credit may differ in terms of security requirement, disbursement provision terms and conditions etc. To ensure secured banking IFIC Bank limited works closely with its clients, the regulatory authorities, the shareholders, other banks and financial institutions. This bank recently achieved lots of milestones rather than other banks. The credit administration of this bank works very efficiently where loan documentation is performed by the experienced bankers. Presently the management is focusing on reducing Non-performing loans (NPLs) which is a big step of loan recovery. Apart from these, IFIC Bank limited provides other services and some kinds of value added services for the welfare of the people. However, Loan and Advances is the most important asset as well as the primary sources of earning of a bank which help to improve financial health of a bank.

1.2: Objective of the study:

1.2.1: Broad Objective:

The main objective of the study is to analyze loans and advance management of IFIC Bank limited and also to fulfill the partial requirement of BBA program.

1.2.2: Specific Objective:

The following aspects can be listed as the specific objectives for this practical orientation in IFIC Bank Limited:

- To know the loan sanctioning, disbursement and recovery procedures of IFIC Bank Ltd.
- To evaluate the performance of loan and advances department of IFIC Bank ltd.
- To suggests the probable solutions of loans department from the identified problems and limitations.

1.3: Significance of the Study:

This internship report is an important partial requirement of four years BBA graduation program. This is because knowledge and learning become perfect when it is associated with theory and practice. By this internship program student can establish contacts and networking. Contacts may help to get a job in practical life. That is, student can train and prepare themselves for the job market. A poor country like Bangladesh has an overwhelming number of unemployed educated graduates. As they have no internship experience they have not been able to gain normal professional experience of establish networking system, which is important in getting a job. Therefore, it is obvious that the significance of internship is clearly justified as the crucial requirement of four years BBA graduation.

1.4: Methodology:

Methodology refers to the essential part of the study and the process of collecting information and arranging it in terms of the relevant issues of the study. It is designed in a way so that it correspondent to achieve the objectives of the study. As I am going to find out the loan and advance management of the bank, so I have to describe the whole operational procedure of the bank.

1.4.1: Data Collection:

To prepare the report and find out problem all required data have been collected from two sources are as below but mostly secondary data have been used for the analysis purpose of the report.

1. Primary sources.

2. Secondary sources.

1.4. 1.a: Primary sources:

- Practical desk work.
- Face to face conversation with officer.
- Direct observation.
- Face to face conversation with client.

- Hearing the conversation between officer and client.

1.4. 1.b: Secondary sources:

I have taken the help of different types of secondary data in my report. The sources of those data have been categorized as follows:

- Annual Report of IFIC Bank LTD.
- Relevant file study as provide by the concerned.
- Different department wise operational manual of the bank, books and periodicals related to banking sector, textbook and other materials
- Related links available in the Internet.
- Website of IFIC Bank Ltd.

1.4.2: Data Analysis:

IFIC Bank has different types of loans. These branches give different types of loans to its borrower. Therefore, I have tried to analyze all financial data related on "Loans and Advance Management" by using different types of statistical and financial tools like; growth or trend analysis, descriptive analysis, financial ratio analysis and other necessary tools. To complete the data analysis and data presentation different software; Microsoft word and Microsoft excel have been used.

1.5: Scope & Limitations of the Study:

Scope: The scope of the study includes the organizational structure, background and objective, functional, departmental and business performance of IFIC Bank Limited. As a whole and the main part covers loans and advance management of IFIC Bank Limited. With a view to completing the whole report, it will be required to concentrate on the overall banking process. In order to complete the report, both branch and bank data will be used.

Limitations: This study is not free from limitations. It is important to note that in spite of these limitations this report will be contributed in developing a dazzling and outstanding report. These limitations are given below:

- **Limitation of time:** Major limitation of this report is time constrained.
- **Lack of Secondary data:** The annual report and websites was the main secondary information source that was not enough to complete the report.
- **Limitation of Scope:** While collecting data, they did not disclose more information due to the confidentially of the organization.
- **Lack of experience:** There is a chance of having some mistake in the report though best effort has been applied to avoid any kind of mistake.

Chapter-Two

Organizational Overview

2.1: IFIC Profile

International Finance Investment and Commerce Bank Limited (IFIC Bank) is a banking company incorporated in the People's Republic of Bangladesh with limited liability. It was set up at the instance of the Government in 1976 as a joint venture between the Government of Bangladesh and Sponsors in the private sector with the objective of working as a finance company within the country and setting up joint venture banks/financial institutions aboard. IFIC have, Oman exchange LLC and Oman IFIC Money Transfer (UK) ltd. In 1983 when the Government allowed banks in the private sector, IFIC bank of Bangladesh holds 32.75% of the share capital of the Bank. Sponsors/Directors having vast experience in the field of trade and commerce own 4.11% of the share capital and the rest is held by Institutions both local & foreign and General Shareholders. The Government is being represented by three nominated Directors on the Board of the Bank and such as, the present combined shareholding of the Sponsors/Directors are 36.86% of the total outstanding share capital of the Bank.

2.1.1: Mission:

Our Mission is to provide service to our clients with the help of a skilled and dedicated workforce whose creative talents, innovative actions and competitive edge make our position unique in giving quality service to all institutions and individuals that we care for.

We are committed to the welfare and economic prosperity of the people and the community, for we derive from them our inspiration and drive for onward progress to prosperity.

In an intensely competitive and complex financial and business environment, we particularly focus on growth and profitability of all concerned.

2.1.2: Vision:

At IFIC, we want to be the preferred financial service provider through innovative, sustainable and inclusive growth and deliver the best in class value to all stakeholders.

2.1.3: Corporate Information:

Authorized Capital: BDT 40000.00 Million

Paid up Capital: BDT 17008.67 Million

Registered Name of the Company

International Finance Investment and Commerce Bank Limited (IFIC)

2.1.4: Legal Form

IFIC Bank Limited was incorporated in Bangladesh and registered with the registrar of Joint Stock Companies & Firms as a Public Company Limited by shares.

2.1.5: Registered Head Office

IFIC Tower, 61 Purana Paltan

GPO Box: 2229, Dhaka-1000

IP Phone No.: 09666716250 (Hunting)

Fax: 880-2-9554102, Swift: IFIC BD DH

E-mail: info@ificbankbd.com

Website: www.ificbank.com.bd

2.1.6: Management Structure:

The eight members of the Board of Directors are responsible for the strategic planning and overall policy guidelines of the Bank. Further, there is an Executive Committee of the Board to dispose of urgent business proposals.

Besides, there is an Audit and Risk Management committee in the Board to oversee compliance of major regulatory and operational issues.

The Managing Director and CEO, Deputy Managing Directors and Head of Divisions are responsible for achieving business goals and overseeing the day to day operation.

The Managing Director and CEO is assisted by a Senior Managing Group consisting of Deputy Managing Directors and Head of Divisions who supervise operation of various divisions centrally and co-ordinates operation of branches.

Key issues are managed by a Management Committee headed by the Managing Director and CEO. This facilitates rapid decisions.

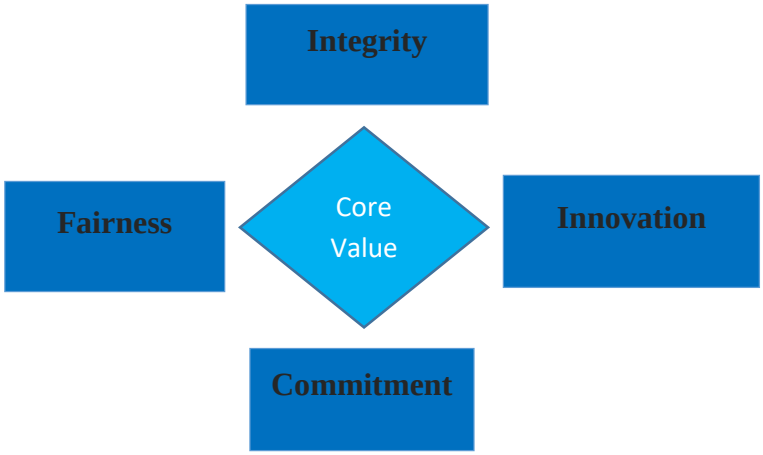
There is an Asset Liability and Risk Management Committee comprising member of the Senior Executive headed by the Managing Director and CEO to look into all operational functions and Risk Management of the Bank.

2.1.7: Strategies of the IFIC Bank Limited

International Finance Investment Commerce Bank limited believes on customer's satisfaction. We are continuously working for improving our services and our goal is to reach the top on customer services.

- To strive for sound business growth by ensuring customer satisfaction through quality and timely services.
- To manage and operate the Bank in the most efficient manner to ensure achievement of goals.
- To maintain adequate capital flow to support further growth.
- To ensure effective and efficient risk management for sustainable business growth
- To diversify loan portfolio through structured finance and expansion of Corporate, SME, Agriculture and Retail businesses.
- To mount state-of-the-art technologies and adopt innovative ideas for financial inclusion
- To groom human resources for serving customers efficiently.
- To increase brand visibility by creating positive image of the Bank to be a trend-setter in serving the society and remain responsive to the environment to ensure sound corporate governance practices.
- To facilitate mobility in banking by up-gradation of Internet and Mobile Banking to add value for all stakeholders.

2.1.8: Core values



Integrity: Upholding integrity in all that we do, always everywhere.

Fairness: Striving to offer the best to our customers equitably with transparency.

Innovation: Encouraging and nurturing creativity.

Commitment: Committed to excellence in customer service and maximization of stakeholders' value through teamwork.

2.1.9: Nature of Business:

IFIC Bank Ltd offers full range of banking services that include: -

- Deposit banking
- Loans & advances facilities
- Export and Import facilities
- International remittance facilities
- Foreign Exchange transactions
- Locker Service
- NRB Accounts
- Students Files
- SMS Banking
- Alternative Delivery Channel-ATM, POS, Contact center, IFIC AMAR Bank APP.

2.2: Profile of IFIC Bank Limited, Isapura Bazar Branch:

IFIC Isapura Bazar Branch started their journey in Isapura Bazar from 2015 December. They provide many services to their clients. This branch have five uposakha, **Khilkhet Uposakha, Dumni Uposakha, Kanchan Uposakha, Rupganj sub-register office uposakha, Ulukhola Uposakha**. All this uposakha are control, maintain and oversees day to day operation by this Isapura Bazar Branch. Branch Manager who control and maintain the overall operations and process. After Branch Manager there also an Operation Manager who oversees all day to day operations and process. Without them there are Relationship Officer, Loan Performance Management Officer, and Transaction Service Officer, Retail Business Officers, and in each uposkha there are one Incharge Officer, One Transaction Service Officer and a Sales Associate. Isapura Bazar Branch have 3466 accountholder.

2.2.1: Location of Isapura Bazar Branch:

Isapura bazar, Mouza- Yousufgonj, Union - 1 No, Rupganj Union Parishad,

P.O- Pashi Bazar,P.S.- Rupganj, Dist.- Narayanganj.

Phone: 01709646951, 01709646961. Routing No: 120670673.

2.2.2: Product of IFIC Bank, Isapura Bazar Branch:

In this branch they provide many services. It can Divided into two parts.

i. Deposit Product
ii. Loan product

Deposit Product:

A.IFIC Aamar Account

B. Savings

- Savings Bank Deposit
- 10 Taka Savings Account

C. IFIC Shohoj Account
D. Special Notice Deposit (SND)
E. Term Deposit
- Fixed Deposit/Fixed Deposit Receipt (FDR)-(1month,3month,1,2,3years)
- Monthly Income Scheme (MIS) – Protimash(1,2,3years)
- Monthly Income Scheme (MIS) – Arjon(1,2,3years)

F. Deposit Scheme
- IFIC Aamar Bhobishawt
- Pension Savings Scheme (PSS)
- Pension Savings Scheme (PSS)- Joma

G. FC Deposit
- Foreign Currency Deposit (FCD)
- Resident Foreign Currency Deposit (RFCD)
- Non Resident Foreign Currency Deposit (NFCD)

Loan Product:

A. IFIC Amar Bari
- Home Loan
- Semi-Pacca

B. IFIC Amar Rin (Secured)
- Flexi Loan (Mortgage backed)
- Auto Loan (Mortgage backed)
- Amar Account OD (Mortgage backed)
- Easy Loan (backed by financial security)

C. IFIC Amar Rin (Unsecured)
- Amar Account OD
- Salary Loan

D. Small & Medium Entrepreneurs (SME)
- IFIC Shohoj Rin
- IFIC Krishi Shilpo
- IFIC Shilpo Sohay
- IFIC Prantonari (Women Entrepreneurs Loan)
- IFIC Protyasha (Women Entrepreneurs Loan)

E. IFIC Banijjik Bastu RIN
- Commercial House Building Loan
- Easy Commercial Loan

F. Agriculture Credit
- Shech Soronjam Rin
- Krishi Soronjam Rin
- IFIC Amar Suborno Gram

Chapter-Three

Internship Position and Duties

3.1 Internship position and duties learning point:

My internship period was three months so I divided my work in time basis. I tried my best for acquiring data within the internship period. I visited the following departments within the period.

Department	Time Duration
General Banking	30 days
Loan and advances	60 days

3.2 Duties performed in the general Banking:

General banking is one of the most important department every department transection. During my internship period I learn most from this section I did work in the following section in general banking Division:

- Assistant on Loan sanctioning process
- Account opening
- Account Closing
- Cheque Book Issue
- Local Remittance Transaction
- Clearing section

Now I am giving the explanation how I performed the bank duties:

General Banking:

General banking is one of the most important departments of every bank transaction. During the period I learned most from the department. I did my work in the following sections,

a) **Account Opening:** For opening a new account I have to collect some documents from the client because it was bank required formalities. Like two copies of passport size photos with attached signature, NID cards photo copy, one copy of nominee's passport size photo

etc. After the collecting of all required formalities I put all the information to the banks EKYC software through computer to open and active the account. After that client can deposit money into his/her account.

b) **Account Maintaining:** Account maintenance is the process of maintaining the accounts of clients. If there are any correction like change mobile number, check account TP (Transaction Profile), Change Nominee, Change address or client having any kind of account related problem, find out the problem and help the client.

c) **Account closing:** When any client want to close his/her account, He/she send an application to bank manager, if bank authority accept the application then bank close the account by checking the account that everything is clear, when bank saw there are no link added with the account or have no due issue then bank close the account with taking check book & debit card from the customer.

d) **Issuance of Check Book & Debit Card:** If any client need check book or Debit card then I put his/her account name and account number to the bank computer software and send a requisition for the check book to the bank server. I also provide him/her the check book collection date.

e) **Check Book Dispatch:** When check book received by the branch/uposakha through courier, then client get message to their given phone number to the bank. Whenever a client come to bank for collecting their check books, I go to the bank exceptional software to dispatch their check books or Debit card. Before handover the check books to the client we take a signature (in acknowledgement form) from the account holder.

3.3: Duties performed in the Loan and Advances

- Welcoming the clients who came for loan and advances.
- Provide them necessary documents for loan processing.
- Assisting loan officer in calculating interest and quantitative figures
- Helping the officer in setting installment of loan with interest and principal
- Verification of the primary document and loan proposal with the direction of officer
- Follow up the recovery of loan and advances.
- Calling over phone to different clients who were default to pay loan for their updates.

Chapter-Four

Analysis & Findings

4.1: Loans & Advances:

IFIC Bank limited, being one the largest Commercial Bank, had some prejudice to finance directly on priority basis to Agriculture, Industry and commerce sector for strengthening the economic base of the country. The total economic activity transacted along with IFIC bank limited itself, so, it is clear that, IFIC Bank Limited plays the key role to oil the economic wheel of the Country. Besides this, IFIC Bank Limited has been maintaining all Government policies to keep its pioneer position in extending loans to Government Bodies, Sector Corporation and private enterprises. The bank gave predominance to the Govt. policy of financing and provided finance and a logical rate of interest as was during the last few years.

IFIC bank Limited continued to extend its lending operation in the productive and priority sectors both public and private covering agriculture, industry, trade and commerce. Its earnings are mainly derived from interest charged on loans and discounts. A wise and prudent in regard to Advance is, therefore, considered an important sector inspiring confidence in the depositors and customers of a Bank. Following are the basic principles or sound lending which each banker follows when considering an advance proposal.

4.2: Principles of General Advances:

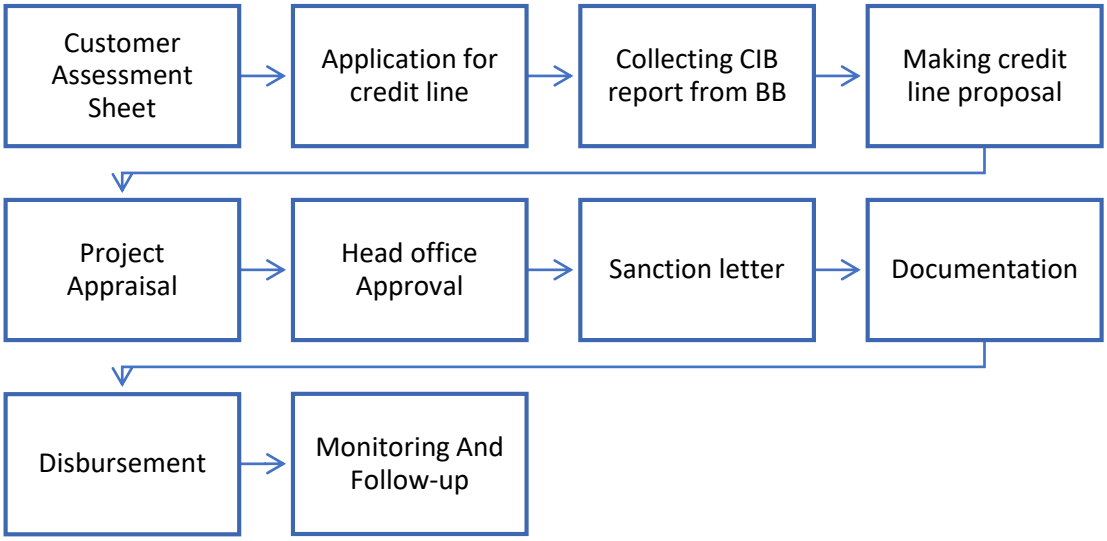
The principles of general advances management policy of any Banking institution is needed to be very systematic. It needs to have certain accepted standards and flexibility so that the policy can change in different realities and situations. Beside this, L.C. mathur says that “An ideal advance is one which is granted to a reliable customer for an approved purpose in which that customers has adequate experience, safe in the knowledge that the money will be used to advantages and repayment will be made within a reasonable period from trading receipts or known maturities due or on about given date”. The accepted standards relate to safety, Liquidity and profitability of the advance whereas the dynamic factors relate so aspects such as the nature and extend or risk head Office issues. General principles about the conduct of advance. In all types of business dealings, officers and employees must be guided by the principles or honesty, integrity and safeguard. The interest of the depositors and shareholders of the bank. They should strictly adhere to the banking laws Rules and regulation of the Govt. of Bangladesh, the instruction issued by Bangladesh bank head office from time to time that affects business practice of the bank. However, the key to safe,

liquid, health and profitable credit operation depends in the quality of judgment used by the officers making lending decisions.

4.3: Classification of General Advances:

Bank is service as well as profit oriented organization. So, making of loans and advances have always been prominent and profitable function of a bank. Sanctioning Credit to customers and others out of the funds at its disposal is one of the principle services of a modern Bank. Advance made in IFIC bank limited in different natures, such as Small & Medium Entrepreneurs (SME) loan, Agriculture Credit etc. IFIC bank Limited deals with the money from the depositors repayable on demand. So, it can't afford their funds for long periods.

4.4: Loan sectioning Procedure: The following procedure is applicable for giving loans to the customer:



4.4.1: Selection of the Borrower:

A Banking would select Borrower/ Entrepreneur who would take loan from bank for their Business purpose or industry purpose. A prudent Banker should always notice background, Character, capital, Capacity and purpose of the Borrowers/ Entrepreneurs. Entrepreneur who does not live at

the commanding area and what is social status. The banker should Consider this decide to pay loan to the Entrepreneurs.

4.4.2: Verification of the primary securities:

Whenever a money lender lends money he consider carefully the changes of his being repaid by the borrower is the therefore not normally content to rely on the obligation of the borrower above but wants some tangible security from which he can obtain repayment, in case the borrower is unable to meet his obligations. Then Banker also, making advances and loans, naturally wants to secure himself by some reliable security is considered as insurance to fail back upon in case or emergency. Bankers may realize it and reimburse themselves if the well calculated and most certain source or repayment unexpectedly fails. An advance is granted near a good banker on own Merit's to say with due regard to its safety, Liquidity purpose etc. and looking after into the character of the borrower and not because the security is good.

In the case of advances against hypothecation or stock, stock statement is to be or twice a month as per terms of sanction. The certificate at the foot of the should be signed by an Authorized person to operate the account. These statements are to be carefully verified to see the turnover of stock, the price of the goods, Quality of goods etc. the price must be made market price or invoice price whichever is lower. A copy of the statement is kept at the branch and the other one is sent to head Office/regional office.

4.4.3: Verification of the Collateral Security:

Collateral security is a security, which is immovable from one place to another. A branch manager always should notice the verification of the collateral securities that Bank sanctioned to the borrower.

A Manager should verify:

- Location
- Possession
- Situation
- Income Declaration by customer.

- Present market Value
- Force sale value of the security as if the bank can the security when the borrower fail to repay.

4.4.4: Requirements of Loan Proposal:

Following items are required to prepare a Loan proposal:

- Loan Application.
- Photograph of all Applicants.
- Required papers as per ownership of the firm. (In case of business entity)
- Scheduled of Mortgage properties and relevant papers.
- NID & Trade license.
- No objection letter from his superior(if he is n Govt. employees)
- Declaration of Tangible/intangible assets/liability.
- Actual deed of land/building as collateral Security.
- No objection letter from Environmental Department.
- Permission letter from local Authority in Establishment of the project.
- Rent paid receipt/Holding tax paid receipt.
- Bia deed (last 25 years).
- Lease hold property, actual allotment and possession letter is needed from Lessor.
- Documental evidence on behalf income and testimony of Tax Payment.
- No objection letter form the Govt. or any other Authority about the Land
- Mortgaged to the bank as Security of credit which is sanctioned by the authority.
- In the case Company Attested copied s of Memorandum of Articles, Articles of
- Association, Certificate of incorporation, Commencement of business.
- Audited profit & loss Account of last three years of his any running business.
- Declaration about the source of equity of his own.
- Sight plan of the project and root plan of the proposed loan.

- Feasibility study/Viability study of the project from different aspect such as technical
- Management, socio-economical, Economical aspect.
- Tender sheet (including Catalogue, Detail specification) need to be submitted though local intender.
- Permission letter from PDB/REB/GAS/Electricity authority (if needed).

4.4.5: Disbursement of Loan:

Loan disbursement has to be made after completion documentation and observance of the sanctioning terms against rising of equity by sponsors as lay down. Disbursement against import is to be made through an opening or irrevocable L.C favoring the foreign supplier on execution or contract. Disbursement against local machinery and building construction is to be made to the supplier of Equipment's though Inland L/C. Each phase of loan Disbursement to be supervised by bank official so that borrower is given scope of diversion funds to anywhere tends to purpose other than the project and the of phase of implementation of the project to be effectively and borrowers persuaded for completion or project in time. There've are mainly three most important factors in the loan disbursement, such as:

- Completion of Documentation
- Verification of stocks
- All import Documentation

4.4.6: Supervision:

Supervision is very important in the aspect of Loan sanctioning and disbursing process. Because, if the bank fail to identify the real borrower on that there exists 100% risk classifying this loan. As a result, bank will incur the total loss in this context, branch manager will exercise his commonsense and proper case in handing advances by them or any other appropriate authority. this has to realize by the manager that he is the corner stone of the bank and the overall success of bank depends to extent upon him, His total work represent himself to the local publican the management as a successful of successful branch manager, only he can control Advances judiciously to save the Bank for-falling

Losses the entire necessary document has been duly failed in stamped and correctly executed by the borrower. He has permeated about the following things:

- A proper authority operation and conferring power to overdraw is held in respect of accounts of permeated upon by persons other than the Borrowers themselves.
- It should be seen by him that the Advance does not contravene and law directed by Bangladesh bank or the landing policy of the Bank.
- Security is correctly valued and easily salable.
- Proper storage and custody are made.
- Stipulated margin is maintained.
- Adequate insurance, where necessary has taken.
- There is quick turnover of stocks.
- Operations of customers account.
- The balance of the account remains very near or goes beyond drawing limit or there is no good turnover.
- The balance is stagnant.
- Cherubs drawn by the party is returned for storage of fund.
- Post-dare Cheque are issued by the party.
- Cheque drawn by the party are frequently countermanded financial position.

4.4.7: Restrictions:

General Advances are restricted in the following sectors:

- Frog leg
- Leather of deer
- Leather of snake
- Hemp
- Drug related business
- Opium
- Elfish etc.

4.4.8: Sanction of Loan:

Where a branch manager writes a letter to accepting all terms and conditions of loan, it is called loan sanction. The conditions which are included in the loan sanction these are given bellow:

- Limit.
- Primary Securities.
- Collateral securities.
- The rate of Interest.
- Expiry date.
- Repayment.
- Documentation.
- Others Condition.

4.5: Bank's Data and Analysis of Loans and Advances Isapura Bazar Branch:

The most given loan in Isapura Bazar Branch:

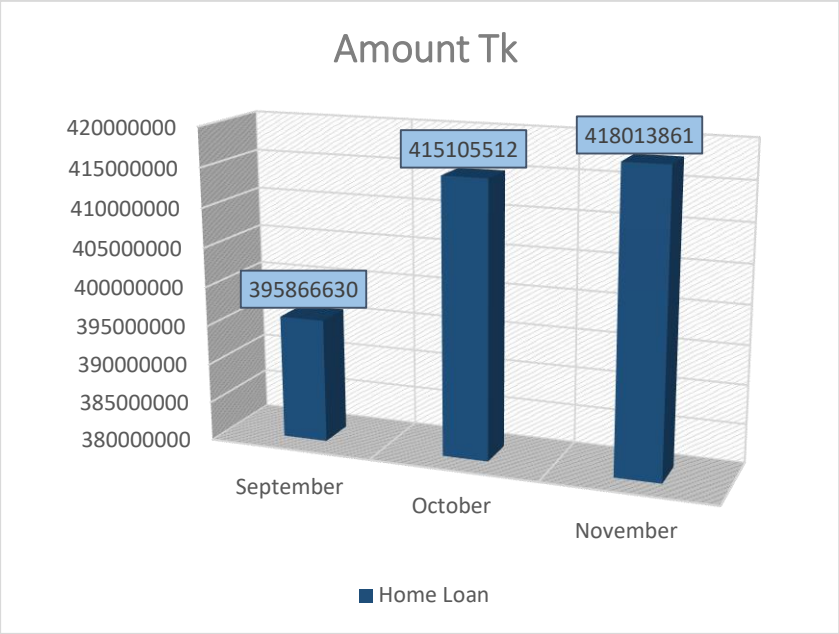
4.5.1: IFIC AMAR BARI: If you dream of having your own house then IFIC AMAR BARI is the perfect financial solution for you. This is an attractive loan facility for all credit worthy individuals of Bangladesh who wish to buy property/apartment/flat, mortgage their existing house/apartment/flat.

Features:

- Loan amount up to 2Core
- Tenor: 5 years to 20 years.
- Interest rate 9%.
- No hidden charge.

The portfolio of IFIC Amar Bari Loan given from 2022 March to 2022 September.

Month(2022)	Amount TK.	Growth
September	395866630	00%
October	415105512	4.63%
November	418013861	0.70%



Source: From monthly transaction sheet of the branch.

Comment: This graphs deals with the IFIC Amar Bari Loan Amount are given in September, October, and November. We can see the increasing of loan amount from September to November. In October the loan amount 395866630/= is increase by 4.63% from September and the amount is reached in 415105512/=. Again in November the loan amount 415105512/= is increase by 0.70% from October and the loan amount is reached in 418013861/=. We can see in this three months the amount of loan are increasing.

4.5.2: Flexi Loan (Mortgage backed):

To meet any personal financial requirement of your or educational purpose of children/spouses/dependent/self, IFIC Bank is here with Flexi Loan. At all your necessity, Flexi Loan is the Solution.

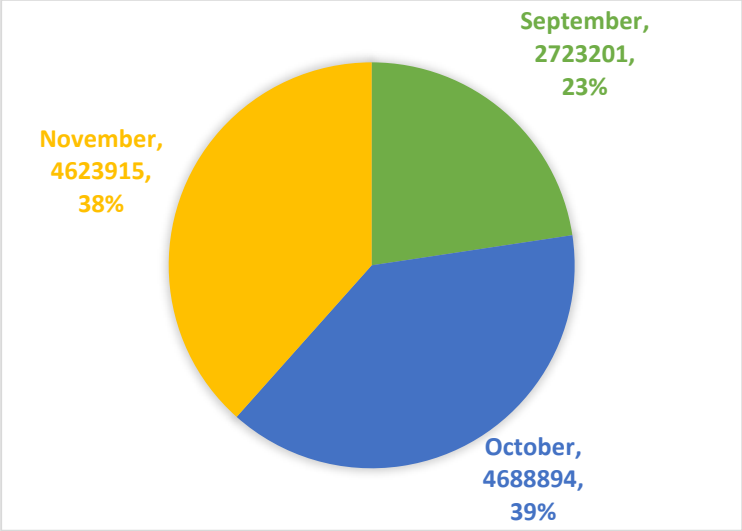
Features:

- Loan amount up to BDT 2000000/=

- Tenor: Minimum 12 months, Maximum 60 months.
- Interest rate 9%.
- No hidden charge.

The portfolio of Flexi Loan (mortgage backed) given from 2022 September to November:

Month(2022)	Amount TK.	Growth%
September	2723201	00%
October	4688894	41.92%
November	4623915	(1.41%)



Source: From monthly transaction sheet of the branch.

Comment: This graphs deals with the Flexi loans (mortgage backed) amount are given of September, October, and November. We can see the increasing and decreasing of loan amount from September to November. In October the loan amount 2723201/= is increase by 41.92% from September and the amount is reached in 4688894/=. Again in November the loan amount 2723201/= is decrease by (1.41%) from September and the loan amount is reached in 4623915/=. We can see in November the loan amount is decrease by 1.41% from October.

4.5.3: IFIC Shohoj Rin:

There is a group of people who does not have the privilege of having formal financial services for personal need and to reinforce their income generating activities. To address this issue, IFIC bank is introducing a new umbrella loan product named "IFIC Shohoj Rin".

This IFIC Shohoj Rin is a bundle of:

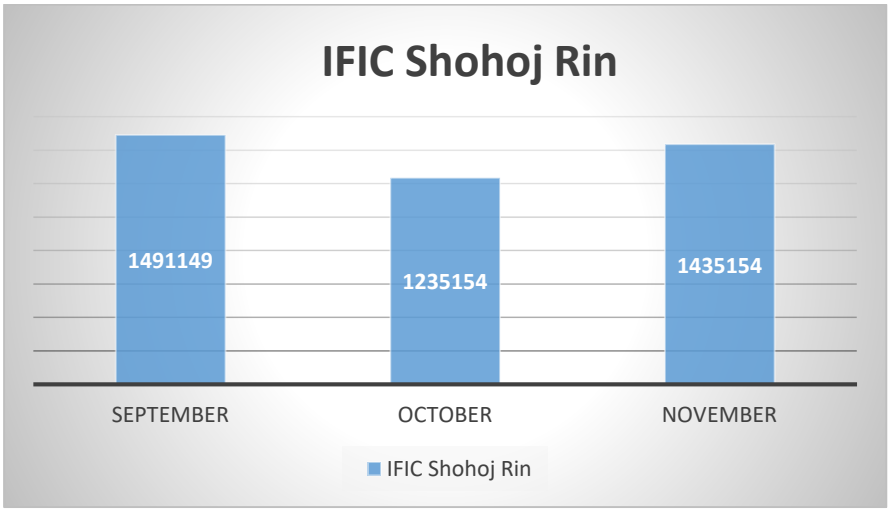
- Shohoj Rin for Cottage & Micro Enterprises
- Shohoj Rin for Marginal farmers (livestock & fisheries)
- Shohoj Rin for Marginal & landless farmers (Crops)
- Shohoj Rin for Low income individuals.

Features:

- Loan amount: In case of livestock & fisheries maximum BDT 100000/= and for all other loan maximum BDT 50000/=
- Loan tenor: Maximum 12 months
- Security: Third party personal guarantee as acceptable of the bank
- Fees & Charge: Only documentation/stamp charge at actual

The portfolio of IFIC Shohoj Rin given from 2022 September to November:

Months (2022)	Amount TK	Growth%
September	1491149	00%
October	1235154	(20.73%)
November	1435154	13.94%



Source: From monthly transaction sheet of the branch.

Comment: This graphs deals with the IFIC Shohoj Rin, Loans are given in September, October, and November. We can see the increasing and decreasing of loan amount from September to

November. The loan amount 1491149/= is decrease by (20.73%) from September to October and in October the amount come to 1235154/=. In November the loan amount increased 13.94% and the amount also increased from 1235154/= to 1435154/=.

4.5.4: Continuous/Movement Loan:

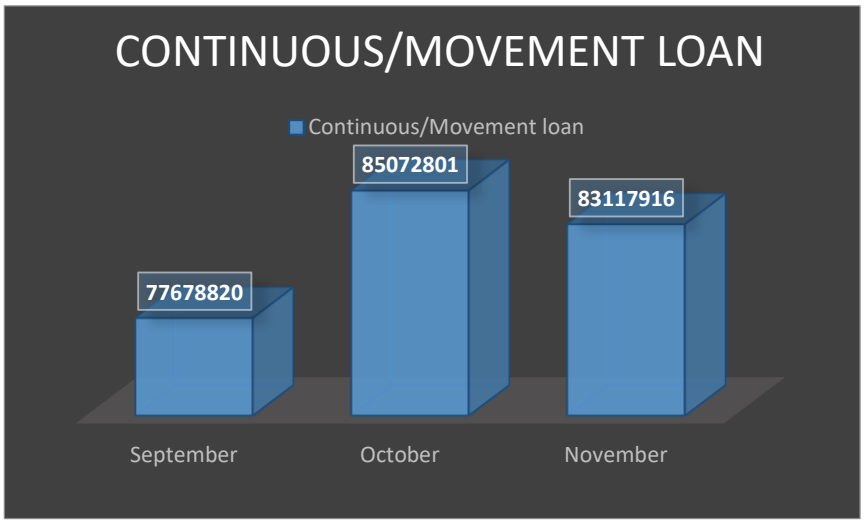
The loan account in which transaction may be made within a certain limit and have an expiry date for full adjustment will be treated as Continuous loan. Examples are: CC (cash credit), OD (over draft).

Features:

- Loan amount up to 2 core
- Tenor 12 months or 1 year
- Interest rate 9%
- No hidden Charge.

The portfolio of Continuous loan given from 2022 September to November:

Months (2022)	Amount TK	Growth%
September	77678820	00%
October	85072801	8.70%
November	83117916	(2.35%)



Source: From monthly transaction sheet of the branch.

Comment: This graphs deals with the Continuous or Movement Loans are given in September, October, and November. We can see the increasing and decreasing of loan amount from September to November. The loan amount 77678820/= is increase by 8.70% from September to October and the amount also increased by 77678820/= to 85072801/=. In November the loan amount decreased (2.35%) and the amount also decreased from 85072801/= to 83117916/=.

4.5.5: Agri-credit:

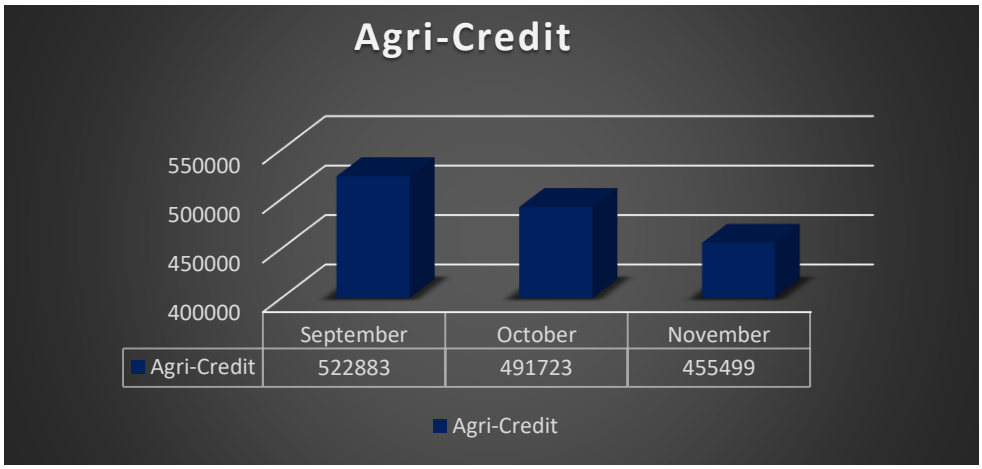
Agricultural credit refers to one of several credit vehicles used to finance agricultural transactions such as a loan, note, bill of exchange, or a banker's acceptance. Financing is specially adapted to the specific financial needs of farmers.

Feature:

- Loan amount up to 100000 TK
- Tenor of the loan is 1year
- Interest rate 9%
- No hidden charge

The portfolio of Agri-credit given from 2022 September to November:

Months (2022)	Amount TK	Growth%
September	522883	00%
October	491723	(6.34%)
November	455499	(7.95%)



Source: From monthly transaction sheet of the branch.

Comment: This graphs deals with the Agri-credit Loans are given in September, October, and November. We can see the decreasing of loan amount from September to November. The loan amount 522883/= is decrease by 6.34% from September to October and the amount also decreased to 491723/=. In also November the loan amount decreased 7.95% and the amount also decreased to 455499/=. In this three months Agri-credit is only decreased.

4.6: Performance Highlights of IFIC Bank Limited (2017-2021):

INCOME STATEMENT

BDT in Million

Particulars	2017	2018	2019	2020	2021	% change Over 2020
Operating Profit	4,416	3,895	5,120	2,902	7,168	59.51%
Operating expenses	5,348	5,106	5,999	5,523	6,669	17.19%
Interest income	14,924	18,965	24,426	21,159	22,091	4.22%
Interest expenses	9,432	14,405	18,028	18,295	15,433	(18.54%)
Net interest income	5,492	4,560	6,398	2,864	6,658	56.98%
Investment income	2,071	2,358	2,626	3,455	4,447	22.31%
Profit before tax	2,379	2,859	4,177	1,664	4,465	62.73%
Profit after tax	2,070	1,570	2,444	562	1,975	71.54%

Provision for Taxation	309	1289	1734	1102	2490	55.74%

Comment: From this above income statement table we can see the changes of cost, income, tax over year after year. In the end of 2020 the operating profit was 2,902 million, after this year in the end of 2021 operating profit increased by 59.51% which is 7,168 million. The operating expenses also increased 17.19%. From 2020 to 2021 the interest income increased by 4.22% the amount was increased from 5523 to 6669 million. Where interest income was decreased by (18.54%). In last one year the net interest income was increased by 56.98%. Investment income also increased by 22.31%. Then profit before tax and profit after tax also increased in last year by 62.73% and 71.54%. The provision for taxation also increased by 55.74%.

BALANCE SHEET

BDT in Million

Particulars	2017	2018	2019	2020	2021	% change over 2020
Total Assets	253,249	283,073	316,950	356,794	405,878	12.10%
Total Liabilities	232,710	260,957	292,353	331,596	378,757	12.45%
Total Deposits	200,206	226,364	258,368	296,369	333,142	11.09%
Total Loan & Advances	179,264	206,930	228,589	260,650	305,061	14.56%
Shareholders' Equity	20,539	22,116	24,597	25,198	27,121	7.10%
Fixed Assets	3,528	5,438	6,384	7,495	7,923	5.40%
Interest Earning Assets	216,239	245,250	275,640	317,877	358,619	11.36%
Total Borrowings	8,474	9,969	8,216	13,022	14,562	10.58%
Paid-up Capital	11,953	13,387	14,726	16,199	17,009	4.76%
Investment	27,858	31,304	45,500	52,722	55,612	5.20%

Authorized Capital	20000	20000	40000	40000	40000	00.0%

Comment: From this above balance sheet table we can see the increased and decreased of total assets, total liabilities, total deposits, total loan and advances, shareholders equity, fixed assets, interest earning assets, total borrowings, paid-up capital, investment, authorized capital. As we can see total assets of this bank was increased by 12.10% from 2020 to 2021. The total liabilities also increased by 12.45%. We can see in this table all contents are increased from 2020 to 2021.

FOREIGN EXCHANGE BUISNESS

BDT in Million

Particulars	2017	2018	2019	2020	2021	% change over 2020
Import	97,908	101642	86203	77078	110718	30.38%
Export	88677	98257	94645	74061	87674	15.53%

Comment: In this above table of Foreign Exchange Business we can find out the increasing and decreasing of import and export business. From 2020 to 2021 the import was increased by 30.38%. The export also increased by 15.53%.

CREDIT QUALITY

BDT in Million

Particulars	2017	2018	2019	2020	2021	% change over 2020
Non-performing Loans	11,478	12,740	12,265	10,346	18,588	44.34%
Provision for Loans and Advances	5,909	5,954	6,034	7,406	10,125	26.85%
NPL to total Loans & Advances	6.40%	6.16%	5.37%	3.97%	6.09%	34.81%

Comment: From this above table of Credit Quality we can find out the claim up and fall down of NPLs, provision for loans and advances, and NPLs to total loans and advances. As we can see NPLs from 2020 to 2021 was increased by 44.34% amount also increased by 10346 million to 18588 million. Provision of loans and advances also increased by 26.85%. NPLs to total loans and advances also increased by 34.81%.

PROFITIBILITY & LIQUIDITY RATIO %

Particulars	2017	2018	2019	2020	2021	% change over 2020
Ratio on Assets (ROA)	0.9	0.6	0.8	0.2	0.5	60%
Return on Equity (ROE)	12.4	7.4	10.5	2.3	7.6	69.74%
Net interest margin on average earning assets	2.9	2.0	2.5	1.0	2.0	50%
Return on Advances	10.1	10.6	11.7	8.2	8.4	2.40%
Cost of Deposit	5.4	6.2	7.9	5.4	4.7	(14.90%)
Cost to income ratio	54.4	56.7	54.0	65.6	48.2	(36.10%)
Cash reserve ratio (CRR)	6.7	5.8	5.8	4.5	5.0	10%
Statutory liquidity ratio (SLR)	15.6	15.0	19.1	18.5	18.0	(10%)

Comment: From this above table of Profitability and Liquidity ratio year of 2017 from 2021. We can see the ROA was increased by 60% from 2020 to 2021. ROE also is increased by 69.74%. Net interest margin on average earning assets was increased by 50%. Without cost of deposit, cost of income ratio and SLR (Statutory Liquidity Ratio) all contents in the table are increased from 2020 to 2021. Cost of deposit was decreased by (14.90%) and cost of income ratio decreased by (36.10%). In other hand SLR also decreased by (10%).

4.7: Findings of the study:

Every bank has its own credit procedure. Bank under study possesses a standard credit procedure. As the objective of my study is to make a comment on the loan and advance management of IFIC Bank ltd. I try my best to collect the data and find out the reality. Based on the data generated during my study period I will sum up my findings here and I think this will help me to achieve my objectives.

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In the initial month September growth rate is nil because there was no previous month data to calculate the growth. However, in October the growth rate is increased by 4.63%. In the subsequent month November also growth rate is increased by 0.70%. Which indicate that the branch has positive IFIC Amar Bari loan distribution and growth in last months.

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In the initial month of September growth rate is nil because there was no previous month data to calculate the growth. However, in October the growth rate is increased by 41.92%. In the subsequent month November growth rate is little bit decreased by (1.41%). Which indicate that the branch has negative Flexi Loan (Mortgage backed) distribution and growth in last month.

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Chapter-Five

Conclusion & Recommendations

5.1: Conclusions:

Loans and advance management granted by IFIC Bank Limited are highly beneficial for firms, individual, companies and industrial concerns. Loan may be regarded as credit granted where the money is disbursed and its recovery is made on a later date. It is a debt for the borrower. Advances is a credit facility granted by the bank. Bank granted Advances for short term purposes. Loan and advances granted by banks help in meeting short term and long term financial needs of business enterprises. Loans and advances comprise the most important asset as well as the primary sources of earning of the bank. A prudent Bank management should always try to make an appropriate balance between return and risk involved with the loan portfolio and unregulated bank might be with unregulated risk for maximizing its potential return. In such a situation, Bank might find itself in a serious financial distress instead of improving its financial health. Consequently, not only the depositors but also the general shareholders will be deprived of getting back their money from the bank. Credit Division of IFIC Bank Limited has a very qualified and dedicated group of officers and staffs who are always trying to provide the services to the clients. They always monitor the credit in different sectors and their position. Before providing the loan they analyze whether the client is good enough to repay the loan within the given period of time. Credit department diversified their loans in different sectors classified by them. Among the sectors the Bank doesn't provide more loans in the agricultural side. The reason showed that this sector is very risky and depends on natural climate and still didn't expand their service in the rural side. The bank also does not provide more loan in the small and cottage industry. The reason is that the return from this sector is not very good and also the sector is very uncertain. The bank provides most of the credit facility in term loan mainly in long-term loans. Return from short-term loan is very good and also proves to be very safe to finance.

5.2: Recommendations:

- Any purpose loan should be promoted among different salaried people in both government and private sector employee reducing the rate of interest in compare to other bank.

- In cash credit (cc) their loan disbursement on November is relatively low compared to October. They should keep trying to push it up because it is considered as credit risk which is essential factors that needs to be managed.
- In Customer Credit their loan disbursement in middle suddenly fall a certain amount which is very much unpredictable because this is related to the stander of living of the customer. So they should increase these type of loan amount.
- In FDR loan disbursement there is little bit low but they should keep it stable because the customers have the option to re-invest their funds both principal amount and interest amount on maturity or principal amount and the interest amount being paid into their accounts.
- In IFIC AMAR ACCOUNT they give a day basis interest on their customer deposited amount , and I think this facility is a good way to keep the client satisfy and think that their invested money is make profit day to day, month to month and year to year.

References:

- IFIC Bank Limited, “Annual Report 2021” IFIC Bank Limited, Dhaka, Bangladesh
- IFIC Bank Limited , “Loan and Advance transactions files 2017, 2018, 2019, 2020, 2021”, IFIC Bank limited, Dhaka, Bangladesh
- IFIC Bank Limited “About the bank” viewed on November 2021 < https://www.ificbank.com.bd >