VOLUME 2

Specific Risk Management Policies

Section I

CREDIT RISK

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INTRODUCTION

Bangladesh Bank has formulated set of policy guidelines entitled "Credit Risk Management" to cover the entire cycle of lending (i.e., processing, sanction, disbursement, implementation, monitoring and recovery). These have formed the basis of Agrani Bank's credit policies and procedures in order to assure that its long-term objectives are met through sound lending activities and practices, i.e., that the portfolio of credit risk exposure are diversified, secure and profitable.

1. Mission Statement & Objectives

Mission Statement

The investment and lending operations of the Agrani Bank are a fundamental expression of its role in nation building, as expressed by its Charter. Specifically, the Bank shall provide finance, investments and related advisory services to viable enterprises and creditworthy individuals. It shall undertake its operations with a trained corps of officers and staff, who shall conduct themselves with the highest degree of prudence and professionalism.

Operational & Performance Objectives

- *Timely and Adequate Delivery of Assistance*

  The Bank will respond to the needs of worthy customers through the provision of timely and adequate financial assistance and advice. This is to ensure that financial packages facilitate the implementation and operation of customers' business plans and/or projects with neither too much nor too little capital at each stage of the project or business cycle. This implies the need to have a thorough knowledge of broad industry requirements, in general, and of individual customers' operations and financial needs, in particular.

- *Minimum Cost and Efficient Delivery of Services*

  The profitability of the Bank's lending and related service operations is of paramount importance, requiring the delivery of products and services with maximum cost-efficiency. Appraisal and decision-making, internal processes that assure the minimization of project and credit risks, should be undertaken prudently and with the least possible handling and delay.

- *Price Competitiveness and Service Quality*

  The competitive business environment requires the Bank to deliver its services at competitive rates and with the highest quality standards. Pricing of services and financial products shall therefore be regularly assessed, in order to assure that the Bank's costs are covered and a reasonable return on its deployed capital is achieved. In pricing its products and services, the Bank shall ensure that inefficiencies that inflate capital and operating costs are to be expunged from the system before profit margins are sacrificed; the Bank shall also provide for pricing premiums in accordance with perceived credit and investment risks. Officers and staff of the Bank are to conduct themselves at all times with the objective of satisfying customer needs - keeping in mind, however, the Bank's prudential guidelines and fiduciary obligations.

- *Monitoring and Control*

  To ensure the prudent conduct of the Bank's lending and investment affairs, adequate control measures are to be maintained in critical areas of its lending and investment operations. For this purpose, the segregation of potentially conflicting functions and independent assessments of operations and the

Bank’s portfolio will be institutionalized. Accounts will be monitored with a view to detecting early deterioration and appropriate intervention.

- *Health of Risk Assets Portfolio*

  In the final analysis, the Bank's future profitability and welfare is dependent on a base of healthy, earning assets. To this end, the Bank shall manage its credit and investment risks in a manner as to assure the Bank’s stability and the attainment of profitability and growth objectives.

  In the context of current socio-economic conditions, lending and investment activities will invariably encounter the following identified risks:

  a) Business risk

  b) Economic & financial risk

  c) Management risk

  d) Security risk, and

  e) Account performance (recovery) risk

  To mitigate these identified risks, the Bank’s credit and investment risk management policies, procedures and best practices are hereby established in order to:

  - Cultivate a proper risk culture under which its activities are undertaken, in order to assure that every loan and investment is created and managed prudently
  - Institutionalize a diligent process to know the background and business needs of the customer (KYC)
  - Ensure that an effective risk management system is established to cover all phases of lending and investment activities, including the institution of controls in order to minimize unnecessary risk exposures particularly those of an avoidable, operational nature
  - Ensure dependability (i.e., timeliness and accuracy) of information related to credit and investment risk management, and
  - Comply with internal policies and laws and regulations that are promulgated from time to time

2. PRINCIPAL GUIDELINES

2.1 Eligibility Criteria

The Bank's criteria for loan and investment eligibility, which are to be strictly adhered to, are the following:

2.1.1 If the borrower is an individual, a proprietary entity or otherwise a natural person, he/she/it must be:

- a citizen of Bangladesh
- of legal age, and
- of sound mind

2.1.2 If the borrower is a corporation, a limited liability company, or similar entity, it must be:

- organized, formed or incorporated under the laws of Bangladesh
- at least 51%-owned by Bangladesh nationals (if so prescribed by the source/s of funds to be used)
- authorized to do so by a resolution from its shareholders and the Board of Directors

2.1.3 If the borrower is a cooperative, association, or partnership, it must be organized, formed or incorporated under the laws of Bangladesh

2.1.4 The individual or corporate entity must be engaged (or prospectively propose to engage) in a productive enterprise in the manufacturing, agro-based, extractive, export or service sectors

2.1.4 The Bank may NOT grant loans for re-financing purposes, nor shall facilities be approved for the following types of entities or purposes:

- bankrupt companies
- companies listed on CIB black list or known chronic defaulters
- military equipment/weapons finance
- highly-leveraged transactions
- speculative investments
- logging, mineral extraction/mining or other activity that is ethically or environmentally sensitive
- share lending
- equity stake in borrowers (except in the case of problem loan workouts, and only by converting the non-principal portion of outstanding exposures)
- holding companies, and
- bridging loans relying on equity/debt issuance as a source of repayment

In addition, exposures of a funded or unfunded nature to foreign entities that are known to be politically unstable or economically problematic (e.g., Nigeria) are hereby proscribed, in order to prevent cross-border risks. For this purpose, the Bank shall maintain a blacklist of foreign countries/entities for reference on a current basis.

2.1.5 To avoid situations where conflicts of interest could arise, only fully-secured loans shall be considered for the following parties (or to entities owned them):

- a director of the bank;
- an officer of the Bank (other than loan packages considered as part of remuneration or Bank benefits)
- a stockholder of the Bank; and
- other related interests (wives, children, parents and relatives within the fourth degree of co-sanguinity or affinity),

and these shall also be granted under such other terms and conditions that comply with Bangladesh Bank regulations.

2.2 Guidelines for Lending and Investments

The Bank may not be exposed to any single borrower or a group of related borrowers beyond the following prudential limitations, as follows:

2.2.1 Lending and investment limits

In accordance with Bangladesh Bank BPRD Circular No. 05 dated 9 April 2005,

a) The Bank shall not by any method provide term- or working capital-financing to any single person, enterprise or group exceeding more than thirty-five percent (35%) of its capital as defined under Sec. 13 of the Bank Company Act, 1991, where the funded portion shall not exceed ten percent (10%) of said capital.

However, credit exposures to export-oriented entities will be allowed up to fifty percent (50%) of capital, where the funded portion shall not also exceed ten percent (10%) of said capital.

b) Notwithstanding the foregoing, the maximum amount of financial assistance to a single entity shall also be further governed by the quality of the Bank's loan portfolio, where:

Level of Classified Loans (expressed as a %-age of Total Loans and Advances)	Maximum Exposure (expressed as a %-age of Total Loans and Advances) [1/]
Up to 5%	56%
More than 5% up to 10%	52%
More than 10% up to 15%	48%
More than 15% up to 20%	44%
More than 20%	40%

[1/] For purposes of determining the maximum exposure above, non-funded facilities (LCs, guarantees, etc.) in the financial package shall be considered as 50% credit equivalent.

c) Exceptions

- Public limited companies, where 50% or more of the shareholdings are public, shall not be considered as an single enterprise/group
- Credit facilities provided against government guarantees, to the extent of the amount guaranteed
- For credit facilities against cash and encashable securities (e.g., FDR), where the actual level of exposure shall be determined by deducting the amount of such securities from the outstanding balance

2.2.2 Basis for Approval of Loans and Investments

a) Viability

Financial assistance shall be granted only to those entities whose operations have been evaluated as technically, commercially and financially viable. For this purpose, the Bank requires the use of screening processes with strict pass-fail criteria, as well as a scoring system to determine relative risks for the purpose of pricing and subsequent guidance in the management of loan accounts.

Credit proposals should not be unduly influenced by an over-reliance on the sponsor's reputation, reported independent means or their perceived willingness to inject funds into various business enterprises in case of need. Credit proposals should be based on sound fundamentals, supported by a thorough financial and risk analysis.

(Refer to Section XX of the Credit Guidelines governing the approved methodology for credit assessment and scoring.)

b) Creditworthiness

In addition, applications for financial assistance may be granted only when the entities and their principal proponents / management teams are deemed credit-worthy (demonstrated by past repayment performance with the Bank or other financial institutions, capability to absorb debt repayments from sources external to the main business being applied for, and general credit consciousness and responsibility).

CIB reports are required for large loans, and should reflect and incorporate credit limit, outstanding balances and name of lender.

c) Sufficiency

No funded or unfunded credit exposure may be granted unless it is sufficient, together with the owners' equity, to fully finance the proposed project or business requirements. Where the Bank's proposed assistance is insufficient, it may be possible to fulfill the financing requirements through either of the following means:

- additional loans from other banks/financial institutions, preferably in a syndicated arrangement, or

- an additional loan from the Bank, which is fully-secured by an unconditional guarantee from an acceptable local or foreign bank or financial institution,

provided, however, that the over-all leverage of the complete financial package does not exceed prudential limits or result in a diminution of debt-service capacity (i.e. a debt service cover of less than 1.0x at any time during the tenor of the debt).

2.2.3 Leverage

The debt-to-equity ratio for organized business entities assisted by the Bank should NOT exceed 60-40 (or 1.5:1) computed after the assistance. Exceptions to this guideline are exposures to the retail segment (e.g., rural customers, employed individuals).

2.2.4 Security and Protective Requirements

a) In general, all forms of financial assistance shall be extended on a fully-secured basis, where coverage of the Bank's exposure by acceptable tangible assets shall not at any time be less than 1.5 times the principal exposure. Exceptions to this policy may be granted only: i) in cases where loan products are designed to be unsecured; or ii) by the Board of Directors upon the recommendation of the Crecom.

b) As a matter of principle, the Bank should not participate in credit transactions where it shall have an inferior security position compared to any other pre-existing or proposed new lenders

c) In the case of private limited liability companies, all the directors must execute a joint and several Deed of Guarantee towards the performance of the terms and conditions of loan and other credit facilities.

c) The Bank shall require that its security is fully protected against risk, whenever applicable, by a duly-accredited insurance firm. Furthermore, such risk coverage shall always be in force until all the obligations shall have been fully discharged.

d) Regular inspections (i.e., quarterly, half-yearly, and yearly) are to be conducted as to the general state of the securities.

e) Types of Acceptable Security

- Real Estate (Industrial, Commercial and Residential) located in regional and district capitals, subject to the consent requirements applicable to the type of property as detailed below, and provided further that such property shall have been (or proposes to be) developed. If the real estate property is leased, the remaining life of the tenancy assigned to the Bank shall be equal to or more than the life of the facility.

  Verification

  All landed property offered as security shall have an official search conducted by, and a clean report obtained from, the Lands Registry. The purpose of this verification process is to ascertain the existence or otherwise of encumbrances and/or breaks in the chain of title.

Consent Requirements

The following consents will be required depending on the nature of the property:

Freeholds -	consent of the owner if the Borrower is not the owner

Leaseholds of:

- Government land -	consent of the Lands Commission, and the lessee (if the Borrower is not the lessee)
- Family Land -	consent of the lessor/s (i.e., the family and/or the Lands Commission), and the lessee (if the Borrower is not the lessee)
- Freehold Land -	consent of the lessor/s (i.e., the owner), and the lessee (if the Borrower is not the lessee)

- Buildings (Industrial, Commercial, and developed Residential)
- Machinery and Equipment, provided that the economic life thereof shall be equal to or more than the life of the Bank's facility
- Vehicles (Industrial, Commercial, and Private), provided that the economic life thereof shall be equal to or more than the life of the facility
- Other acceptable forms of security:
  - Raw Material or Merchandise Inventories (preferably of non-perishable nature);
  - Shares of Stock of Companies listed in the Stock Exchanges of Bangladesh;
  - Bank guarantee, provided that the issuing bank (whether local or foreign) is certified to be acceptable (i.e., having the reputation and capacity to absorb the amount of facility upon the Bank's proper demand) by the Crecom or the Board;
  - Government guarantee;
  - Security instruments such as treasury bills, Bangladesh Bank bills, and certificates of deposit, duly endorsed or assigned to the Bank. The loan value of these instruments shall be derived by discounting the redeemable value of the securities at the appropriate rate prescribed by the Treasury Unit of the Bank.
  - Fixed deposits, provided these are covered by hypothecation, lien or assignment

f) Valuation of Security

- All types of real or tangible assets offered for security shall be valued by the Bank at their forced sale value (FSV) for loan purposes. For loans above BDT1 crore and above, the services of a reputable expert appraiser or consultant shall be obtained by the Bank at the expense of the borrower.

- Shares of exchange-listed stock shall be valued at fifty percent (50%) of their current market value for loan purposes.

2.2.5 Pricing of Financial Assistance

Funding for project loans may be sourced from either internally-generated funds or from external institutions (both local and foreign). As a general rule, the Bank's lending charges should be adequate to cover the cost of funds from these sources, as well as to provide a marginal spread which shall take care of the Bank's administrative / overhead expenses and its profit (net of credit risk premium).

When the Bank uses its own funds, the base cost of capital shall be determined through either one of two methods:

- the cost of capital as determined by the Treasury Unit of the Bank, or
- the opportunity rate foregone in alternative risk-free investment outlets (such as but not limited to Treasury Bills)

(Refer to Section XX governing risk grading and loan pricing, for details of pricing methodology.)

2.2.6 Maturity

The usual tenor for working capital loans shall not be more than one (1) year, except in the case of permanent working capital where a maximum of three (3) years shall be allowed. Repayments for medium- and long-term loans shall (depending on the cash flow capability of the project) be made over a period of between three (3) to ten (10) years inclusive of the grace period, provided that the final maturity date shall not exceed the maximum period provided for under the terms of external lines of credit when these are used.

2.3 Authorization

No officer or staff, or operating or non-operating unit of the Bank, shall approve or otherwise commit the Bank to any credit, guarantee, or investment without prior written clearances as specified in Sections XX of the Credit Guidelines. Furthermore, no officer or staff may make or enter into any unauthorized arrangement/s that would result in the rescheduling, restructuring of existing loan schedules or the postponement of the recovery of the Bank's loans or investments. Any breach of this policy shall be treated as a fraudulent and criminal act, and shall be dealt with accordingly.

2.4 Documentation

All forms of credit, investments or variations thereof, and the security to cover these, require proper documentation in accordance with approved legal forms and formats. Communications with customers concerning their approved facilities should incorporate all standard as well as special conditions that may be imposed from time to time and, in line with best practice, the customers should signify their written conformity thereto. No modifications or deletions of approved terms and conditions will be allowed without specific authorization from the Board of Directors or the appropriate committees (i.e., Crecom or Alcom).

For monitoring and verification purposes, loan files for each borrower should incorporate a duly-accomplished checklist of documents (Refer to Section XX and Appendix XX for the specimen form.) This checklist should always be available for inspection by management and auditors.

Custodial responsibilities for all original copies of documents evidencing transactions are specified in Section XX below.

2.5 Disbursements

It is the strict policy of the Bank to ensure that all documentation and formalities, and in particular those related to large loans and loans to Directors/Officers/Shareholders/Related Interests referred to in Section 2.1.5 above, should be executed in compliance with Bangladesh Bank guidelines and the Bank Company Act PRIOR to disbursements and any other acts of exposing the Bank to financial and other related obligations.

Moreover, all financial transactions should without exception be properly recorded for accounting and monitoring purposes.

2.6 Account Monitoring & Recovery

Front offices bear the primary responsibility for monitoring and recovering the Bank's credit exposures, in accordance with the Operating Rules and Procedures in Section 4.X. The Credit Administration Unit at Head Office, on the other hand, will monitor the portfolio and recovery risks by analyzing the data base which it shall establish and maintain on a current basis. Individual exposures in the Bank's portfolio will likewise be risk-graded using internally-developed processes in line with good practice.

3. ORGANIZATION STRUCTURE

3.1 Principles

3.1.1 The Board is primarily responsible for guiding the Bank's credit strategy, approving policy, and for setting limits for risk exposures related to operations and the attainment of business objectives.

3.1.2 The Credit Committee (Crecom), chaired by the MD-CEO, is responsible for the day-to-day review and oversight of the Bank's policies and procedures, and may have the additional responsibility to approve loans and investments in accordance with delegated authority from the Board.

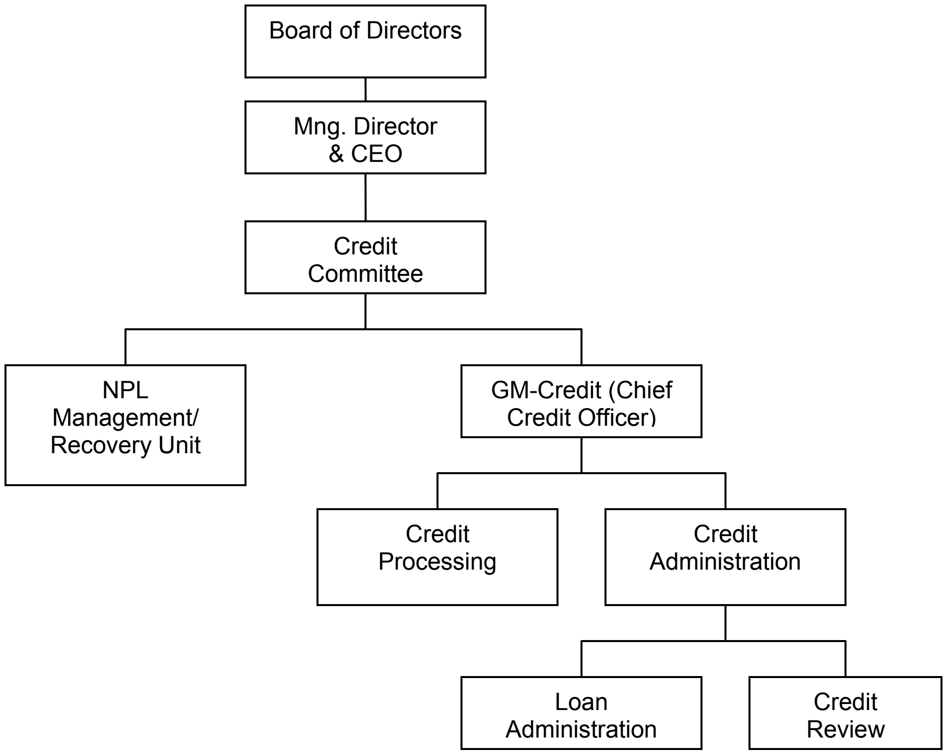
3.1.3 The Bank's functions and responsibilities are organized on the basis of appropriate segregation in order to assure objectivity in managing credit. Accordingly, the marketing/account management aspects of credit will be front office responsibilities, while the processing/ approval/documentation aspects belong to the back office; the other back office function is related to: monitoring of the portfolio and recovery, and the independent credit review and classification of accounts (i.e., risk grading according to internal standards, and classification according to Bangladesh Bank regulations).

3.1.4 The Bank will maintain the independent credit review and classification function referred to above as a quality control measure.

3.1.5 The Bank will emphasize the recovery of non-performing accounts by establishing a Non-Performing Loan unit that will report directly to the Credit Committee (Crecom).

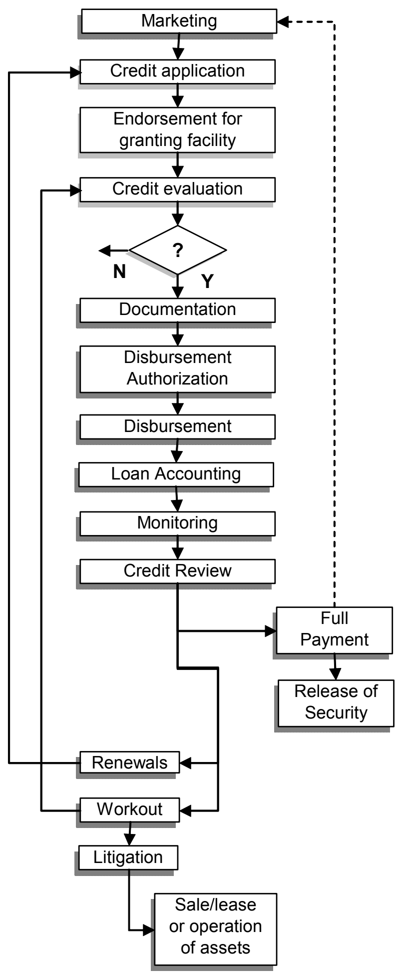
3.2 Functional Chart

The credit structure of the Bank is shown below, in accordance with Board Memorandum No. XX dated XXOctober, 2005:


Board of Directors
Mng. Director & CEO
Credit Committee
NPL Management/ Recovery Unit
GM-Credit (Chief Credit Officer)
Credit Processing
Credit Administration
Loan Administration
Credit Review

3.3 Credit Process Flow

The diagram below shows the entire credit and investment cycle in relation to the credit structure:



Front Office Branch	Mid Office Processing	Back Office Admin	NPL Recovery	Risk Mgt	Crecom	Board
1						
2						
3						
	4	4		4		
	5.1				5.2	5.3
6		6				
		7				
8						
		9				
10				10		
11				11		
12		12				
13		13				
	14.1	14.2			14.2	14.3
			15.1		15.2	15.3
			16.1		16.2	
			17.1		17.2	17.3

4. OPERATING RULES & PROCEDURES

1.1 Portfolio Directives

The thrust of the Bank is to diversify its portfolio of loans and investments to avoid undue concentration. Annual plans should be geared to select those healthy borrowing segments of the economy that are projected to contribute to the Bank's business growth objectives. The Bank will maintain an array of lending and investment products to meet the needs of these borrowing segments.

1.2 Product Manuals

The Bank shall maintain up-to-date manuals on all credit products and services. At the time this Manual was established, the following credit products were being offered by the Bank:

- Commercial Loans
- Industrial Loans
- Rural and Agro-based Loans
- SME Loans and Micro-credit
- Salary Loans

The Operating Manuals of these products are to be appended to and made an integral part of this Credit Policy, except for those portions relating to product pricing which are, henceforth, going to be risk-based.

1.3 Credit Process

4.3.1 Due Diligence Procedures

a) Large Loan/Investment Analysis

Applications for facilities in the amount of BDT1 crore and above (or representing 10% of the Bank's capital, whichever is lower), will be processed in a limited number of branches in addition to the Head Office, as follows:

Head Office	- 1
Circles	- 7
Corporate Branches (including Principal Branch)	- 10
AD Branches	- 30
Zonal/District Branches	- 52
Total	-100

b) Large Exposure Assessment Framework

These applications will require assessments in line with the revised Lending Risk Analysis framework. This is a comprehensive analytical process that examines the following areas for potential risks:

- Borrower – ownership, ownership structure, past financial performance, management capability and depth, credit history & deposit account performance

- Industry – vitality and prospects (sales volume trends in relation to demand levels), level of competition, buyer-supplier leverages and threats, cost and pricing structure, entry barriers and threats of new entry/substitution
- Financial Projections – profitability, leverages, cash flow/liquidity and debt-service coverage
- Financial Package – type and purpose of assistance required, tenor
- Security – quality and quantity

Clear statements should be made in the evaluation format as to whether or not proposed applications comply with the Bank's guidelines and banking regulations. Furthermore, potential risk exposures and any mitigating factors must be disclosed in the analysis.

c) Credit Scoring

Credit scoring of each large loan application will be multi-dimensional, i.e., groups of information will be assigned risk ratings in accordance with the following:

- Group 1: Borrower & Business Risk (Primary Risk)

  Combined industry & borrower information, using the revised LRA Format (refer to Section XX), will be scored in a manner as to provide the primary rating along a sliding scale (e.g., AAA, AA, A, etc.) from least to most risky.

  The Bank may optionally provide for a separate scoring mechanism for industry information as the first screening test of whether or not to provide financing certain sectors of the economy. This should serve to narrow the marketing scope of business units, thereby enabling more efficient use of resources for targeting purposes.

- Group 1: Lending Risk (Secondary Risk)

  - Financial package: Exposure Risk Format (refer to Section XX)
  - Security: Security Risk Format (refer to Section XX)

  The scores for lending risk will be combined for a final secondary risk rating according to a sliding scale of 1 through 7, representing the least-to-most risky lending position.

Consideration of the Bank's exposure will be strictly based on the primary risk pass-fail rating, i.e., primary score falls below a pre-determined hurdle or acceptance rating, applications should be declined. **If the applicant passes this first test, the secondary risk rating will provide the basis for determining the over-all risk rating and, hence, the risk premium and final pricing for the financial package.**

For pricing purposes, the formula shall be:

	COST OF FUNDS	(as determined by Treasury)
+	TARGET YIELD	(as determined by Alcom)
=	BASE LENDING RATE	
+	RISK PREMIUM	(see sample table below)
=	RATE TO CUSTOMER	

Table 1. Risk Rating & Pricing Premium

Primary Risk Rating	**Secondary Risk Rating**						
	1	**2**	**3**	**4**	**5**	**6**	**7**
AAA	0.50	0.50	0.75	0.75	1.00	1.00	1.25
AA	1.25	1.50	1.50	1.75	1.75	2.00	2.0*
A	2.25	2.25	2.50	2.50	2.75	2.75*	3.0*

4.3.2 Analysis of Small, Medium & Other Retail Loans

Exposures that do not fall into the "large" category may have simpler evaluation routines but should nonetheless provide sufficient information for sound decision-making. These loans will usually fall into two broad categories:

- Formally organized businesses (e.g., corporations, limited liability companies, cooperative and partnerships) – this group should undergo the normal business background checks, and evaluation should focus primarily on: management capability, market prospects, and cash flow.
- Informal businesses (proprietorships) and individuals – this group will undergo the simplest evaluation routine, with the use of specially designed scorecards (see Appendix XX). The key analysis is the net disposable income (NDI) computation, which is similar to cash flow debt-service coverage. Scorecard variations shall be developed over time, to conform to product-market segmentation.

Absolute pass-fail criteria are built into these simpler evaluation formats. Examples: if the evaluation indicates either negative credit backgrounds, or if debt-service cover or NDI in both types of evaluation fall below acceptable levels, applications should be declined outright.

1.4 Approval Procedures

All facilities strictly require the approval of designated authorities at least one level higher than the originating branch stations, zones, circles and corporate branches, depending on the amount of the facility as shown in Appendix XX.

1.5 Documentation Procedures

The Bank shall maintain a standard set of approved documentation forms and formats for all its facilities. While the branches will continue to initiate documentation, these should be checked one level higher than the originating branch stations, zones, circles and corporate branches, as in the approval procedures above.

Custodial responsibility for original transaction documents shall be in accordance with the following schedule:

Up to BDT 5.00 Crore	:	At the risk of Branch 0fficer
Above 5.00Crore to 20.00 Crore	:	At the risk of Manager and Credit 0fficer Jointly.
Above 20.00 Crore to 50.00 Crore	:	At the risk of Credit 0fficer in Charge and 0fficer of Credit Administration Unit jointly.
Above 50.00 Crore	:	AGM (Credit) and 0fficer of Credit Administration Unit jointly.

1.6 Commitment and Disbursement Procedures

Releases of funds, and the issuance of instruments (e.g., LCs, Letters of Guarantee) that bind the Bank to potential financial and legal obligations, are the final and most critical control stage of the credit and investment process. Accordingly, these may not be undertaken unless and until the following are accomplished:

- Documentation clearances have been issued;
- Treasury has been advised of impending disbursements ahead of time (24-hour notice in the case of BDT 1 up to less than BDT10 crore, and 5 working days in the case of amounts of BDT 10 crore and above); and
- Transaction sheets are accomplished, showing sufficient detail (date, amount, promissory note number when used, applicable interest rate or fee, and payment period/dates for interest and principal/fee)

Booking of the transactions contemplated in this section should be made at the originating front offices, and advised to the Credit Administration Division at Head Office within 24 hours using a duplicate copy of the transaction sheet. The Credit Administration Division will maintain a centralized record of all funded and unfunded exposures of the Bank for monitoring purposes.

1.7 Account Management Procedures

This stage in the credit process has the longest duration, and key components of the Bank's credit risk infrastructure have responsibilities to ensure that risk assets are properly monitored and handled.

1.7.1 Front offices (i.e., the branch stations and corporate branches) shall have over-all responsibility for account relationships and customer interface. They have the obligation to monitor the accounts' business and performance of credit obligations through client calls (evidenced by call reports) and obtaining periodic financial reports. They have the primary task to recover the Bank's exposures, and to have a proper accounting of all credit-related transactions aside from the normal banking routines related to their deposit business.

a) Pro-active monitoring of accounts is underscored with the introduction of an **early alert process** under which identification and prompt reporting of deteriorating credit must be reported to the immediately higher level of supervising authorities. The format for these reports is shown in Appendix XX and covers the following:

For project loan implementation:

- Slippage in over-all implementation schedules
- Timely and correct installation of imported components
- Changes in the scope and cost of project plans
- Repayment schedule

For all other aspects of credit:

- Deterioration in general business environment
- Decline in sales and/or operating margins
- Delays in payment of interest during grace period
- Delays in principal repayment
- Non-compliance with terms and conditions, e.g., non-submission of required operating reports and financial statements

d) Loan recovery efforts should be undertaken using a tickler system (until a computerized information system is in place) that will alert the front office stations in advance of amounts falling due. Follow-up of missed payments should be in writing, with increasing frequency and seriousness of tone with the passing of time until payment is received.

e) Periodic submission of internal and external reports should be made on time and with accuracy of information. For this purpose, all reports must be signed off by the Heads of branch stations, zones, circles or corporate branches as needed.

1.7.2 The Credit Division will oversee the credit and investment activity of the Bank with a broader portfolio-based outlook (regional dispersal, industry and customer-type segmentation, product performance, portfolio classification, etc.).

a) The loan administration unit of the division will establish and maintain a comprehensive data base on all credit exposures, and monitor movements as these are reported through copies of transaction sheets and summaries. It will conduct portfolio analyses for the purpose of detecting portfolio performance and any deterioration in the risk exposures. Summary reports and recommendations will be submitted to the Credit Committee for appropriate action or policy decisions.

b) The credit review unit of the division is responsible for reviewing the credit process to ensure that approved policies and procedures are being effectively being implemented throughout the Bank.

In addition, the unit will independently classify accounts on a monthly basis through the use the Bank's internal risk rating system described below. The unit will rely on recovery information from the loan administration unit, as well as copies of the early alert reports from the front offices. These independent, internal ratings are intended to alert management concerning material changes in the credit and investment risk profiles of the Bank, thereby providing the basis for reviewing account pricing policy and determining the potential impact of risk deterioration on the balance sheet ratios, particularly capital adequacy. Finally, the recommendations of the unit will be used to determine whether accounts should be transferred to the Non-Performing Loans (NPL) Recovery Unit.

4.8 Risk Grading

The Bank will rate its individual risk exposures continuously until these have been discharged through full payment or otherwise written off. The process is similar to that undertaken during the screening stage, i.e., credit scoring as described in Section 4.3.1c above. However, actual account performance will be an additional consideration in classifying the exposures into one of the following eight categories:

- **Superior - Low Risk (AAA):**

  Industry/Business & Financials: Strong industry and business performance is indicated on the basis of volume trends and operating margins; the account may be a dominant player in the industry.

  Account Performance: Account is cooperative, pays on time, and provides non-loan business.

  Security: Facilities are fully secured by cash deposits, government bonds or an unconditional guarantee from a top-tier international bank or financial institution.

- **Good-Satisfactory Risk (AA):**

  Industry/Business & Financials: The account's performance is strong, having consistently strong earnings within a vibrant industry, good liquidity and low leverage.

  Account Performance: Account is cooperative, pays on time and provides non-loan business.

  Security: Security is sub-prime but solid real estate.

  Aggregate score would be 95 or above.

- **Acceptable - Fair risk (A):**

  Industry/Business & Financials: Financial condition is currently strong but may be unable to sustain any major or continued setbacks. This classification indicates strengths below that of the previous category, but shows consistent earnings and positive cash flow.

  Account Performance: Account is paying, but may be delayed by less than one month from time to time.

  Security: Security position is satisfactory.

  Aggregate score would be 75-94.

- **Marginal -Watch list (BBB) :**

Industry/Business & Financials: These borrower have an above-average risk due to strained liquidity, higher than normal leverage, thin cash flow and/or inconsistent earnings.

Account Performance: Account is paying, but may be delayed by less than one month from time to time.

Security: Security position could be less than satisfactory if default occurs longer than 3 months.

An aggregate score would be 65-74.

- **Special mention (BB):**

  Industry/Business & Financials: These borrowers deserve management's close attention because of consecutive losses over two years with the potential to have negative net worth, excessive leverage.

  Account Performance: Account is paying, but may be delayed by less than three months from time to time.

  Security: Security position could be less than satisfactory if default occurs longer than 3 months.

  An aggregate score would be 55-64.

- **Substandard (B):**

  Financial condition is weak, and capacity or inclination to repay is in doubt. These weaknesses jeopardize the full settlement of loans.

  An aggregate score would be 45-54.

- **Doubtful and Bad (Non-performing):**

  Full repayment of principal and interest is unlikely, and the possibility of loss is extremely high. The adequacy of provisions must be reviewed at least quarterly and the Bank should pursue a loan workout arrangement (e.g., restructuring), failing which legal options should be explored to enforce security to obtain repayment.

  An aggregate score would be 36-44.

- **Loss (Non - Performing):**

  The prospect of recovery is poor after exploring all options. Legal procedures have been initiated. In accordance with Bangladesh Bank guidelines, these accounts should be written off.

  An aggregate score would be 35 or less.

4.8 Recovery of Non-Performing Loans & Investments

The NPL Recovery Unit will be responsible for all accounts assigned to it by the Credit Committee. The unit will be staffed by seasoned senior officers who will undertake the following activities:

4.8.1 Review the accounts thoroughly and use a decision matrix to: a) diagnose business prospects; and b) determine the best way to recover the Bank’s exposure with the least possible losses.

4.8.2 Restructure those accounts which are deemed to be cooperative and in temporary distress, and monitor their performance closely until they have substantially complied with the revised terms including payment of at least six months' installments; rehabilitated accounts may be returned to the originating front offices for regular monitoring and supervision after this prescriptive period.

4.8.3 Prepare accounts with security, whose operations are active but the owners are uncooperative, for legal action; coordinate with the Bank's legal counsel and/or external lawyers in the filing and prosecution stage; execute final judgment as may be determined by the courts. For these types of accounts, the NPL Unit may recommend further accounting treatments (such as additional loan loss provisions) depending on the perceptions concerning the Bank's security position. Blacklist the borrowers to ensure they are never entertained in the future.

(Note: The Bank may also consider taking over the properties with potential commercial value, for purposes of entering into joint ventures with potential development partners or investors who may wish to operate the business/assets. This activity will however require additional asset administration activity and officers with entrepreneurial perspective to develop and market these project ideas. The Bank would be able to amortize its booked exposure through a new loan or re-book it as an equity investment in the venture.)

4.8.4 Prepare accounts without any security, whose operations are either active or inactive and the owners are uncooperative, for attachment of personal assets through legal means; as above, coordinate with the legal agents of the Bank until the cases are resolved. Recommend write-off for accounts with no hope of recovery, and blacklist the borrowers to ensure they are never entertained in the future. The Board shall have the sole authority to approve write-offs.

4.9. Internal Audit & Compliance

All front office lending outlets must be audited regularly (at least bi-annually) as an independent check on their activities. However, more frequent inspections and audits may be conducted as situations may demand. Particular attention should be paid to the Authorized Dealer (AD) and Corporate branches which are expected to have the bulk of the credit and investment portfolios.

- **Borrower Analysis :**

  Any issues regarding lack of management depth, complicated ownership structure or inter-group transactions should be addressed and risk should be mitigated.

- **Industry Analysis :**

  The Key risk factors of the borrower's industry should be assessed, Any issues regarding the borrower's position in the industry, overall industry concerns or competitive forces should be addressed and strengths and weaknesses of the borrower relative to its competition should be identified.

- **Supplier/Buyer Analysis:**

  Any customer or supplier concentration should be addressed, as these could have a significant impact on the future viability of the borrower.

- **Historical Financial Analysis:**

  An analysis of a minimum of 3 years historical financial statement of the borrower should be presented. Cash flow, Leverage and Profitability and Borrower's Balance sheet should be analyzed.

- **Projected Financial Performances:**

  A projection of the borrower's future financial performance should be provided indicating and analysis of the sufficiency of Cash flow to service debt repayments . Loans should not be granted if projected cash flow is insufficient to repay debts.

- **Account Conduct**

  For existing borrowers, the historic performance in meeting repayment obligations (trade payments, cheques, interest and principal payments, et.)should be assessed.

- **Adherence to Lending Guidelines :**

  Credit Applications should clearly state whether or not the proposed application is in compliance with the Bank's Lending Guidelines.

- **Mitigating Factors :**

  Mitigating factors for risks (margin, sustainability, high debt load : leverage /gearing, over stocking, rapid growth, acquisition or expansion, management changes or succession issues, customers or supplier concentration and lack of transparency or industry issues) should be identified in the credit assessment.

- **Loan Structure :**

The amount and tenors of financing proposed should be justified based on the projected repayment ability and loan purpose. Excessive tenor or amount relative to business needs increases the risk of fund diversion and may adversely impact the borrower's repayment ability.

- **Security :**

  A current valuation of collateral should be obtained and the quality and priority of security being proposed should be assessed. Loans should not be granted based solely on security . Adequacy and the extent of the insurance coverage should be assessed.

- **Name lending :**

  Credit proposals should not be unduly influenced by an over-reliance on the sponsor's reputation, reported independent means or their perceived willingness to inject funds into various business enterprises in case of need. Credit proposals should be based on sound fundamentals, supported by a thorough financial and risk analysis.

Lending Risk Analysis (LRA) will continue for assessment of risk -grading in case of appraisal of Credit . However, as per Bangladesh Bank guidelines Risk grading system (shown in appendix -1) should be followed side by side with the LRA system. Simultaneously, Loan Classification system should be adhered to.

Loan Approving Executives must have to possess adequate knowledge and experience in following areas:

- Financial statement, Cash flow and Risk analysis;
- A thorough working knowledge on Accounting ;
- Adequate knowledge on local industry and market dynamics.
- Accrual accounting .
- Industry and Business Risk Analysis ;
- Causes for borrowing;
- Loan structure and documentation.

Note:

At least 5(five) years experiences working as an officer should ensure posting as a Manager.

Compliance Requirements:

All required Bangladesh Bank returns should be submitted in the correct format in a timely manner.

Bangladesh Bank Circulars/regulations must be maintained properly and must be complied with.

Service Providers (e.g. Valuers, lawyers, insurers, CPAs etc.) performances should be reviewed on an annual basis.

With the approval of Bangladesh Bank, appointment of External audit Firms must be done.

- Determine action plan / recovery strategy.
- Pursue all options to maximise recovery, including placement of customers into receivership or liquidation as appropriate.

- Ensure adequate Loan loss provisions are made based on actual and expected losses.
- Regular review of worse accounts.

CHAPTER - 6

MISCELLANEOUS

N P L account Management:

Recovery cell must be responsible for non performing loans (NPLs) as per action Plan.

N P L (Non-Performing Loan) Monitoring :

0n a quarterly basis a classified Loan Review (CLR) should be prepared by Recovery Division /Recovery Cell to update the status of the action/recovery plan, review and assess the adequacy of provisions and modifies the Bank's strategy as appropriate.

*A specimen of CLR forms shown in **appendix-3.***

NPL Provisioning and Write-off :

The guidelines of Bangladesh Bank for CIB reporting, provisioning and write -off of bad and doubtful debts and suspension of interest should be followed in all cases. Regardless of the length of time, provision should be estimated against the actual and expected losses. 0n recommendation of Loan Recovery Division Provisioning, Interest -Suspense and Write-0ff cases should be approved by MD/CEO/ Board.

Incentive Program:

Incentive Programmed should be introduced with a view to encouraging all 0fficers and staff members to bring down the Non Performing Loans (NPLs).

It may be mentioned that incentive program in vogue must be streamlined for ensuring recovery targets. With a view to maximizing incentive for recovery the following program may be recommend by the Recovery Division for approval of Bangladesh Bank.

Recovery as a % of Principal Plus Interest	Recommended Incentives as % of net Recovery amount	
	If CG 7-8	If Written off
76% to 100%	1.00 %	2.00 %
51% to 75%	0.50 %	1.00 %
20% to 50%	0.25 %	0.50 %

ANNEXURE -1

RISK GRADE SCORE CARD

RISK GRADE SCORE CARD

Borrower/ Group :	Score	Risk Grade	Aggregate Score : ....
Industry :	95+	2	
	75-94	3	
Date of Grading :	65-74	4	Risk Grade : ....
	55-64	5	
Date of Financials :	45-54	6	

Completed by :	35-44	7	
	<35	8	

Criteria	Weight	Parameter	Points	Actual	Points	Weighted Score (Points * Weight)
Gearing The ratio of borrower's Total Debt to Tangible Net Worth All calculation should be based on annual financial statement of the borrower (audited preferred)	**20%**	<0.25 0.26-0.35 0.36-0.50 0.51-0.75 0.76-1.25 1.26-2.00 2.01-2.25 2.26-2.50 2.51-2.75 2.76-3.00 >3.00	100 95 90 85 80 75 70 65 60 55 0			
Liquidity The ratio of borrower's Current Assets to Current Liabilities	**20%**	>3.50 3.00-3.49 2.75-2.99 2.50-2.74 2.00-2.49 1.50-1.99 1.10-1.49 0.90-1.09 0.80-0.89 0.70-0.79 <0.70	100 95 90 85 80 75 70 65 60 55 0			

Annexure - 1 Contd........

Criteria	Weight	Parameter	Points	Actual	Points	Weighted Score (Points * Weight)
Profitability The ratio of borrower's Operating Profit to Sales. Operating Profit defined as Gross Profit Minus all expenses	**20%**	>0.30 0.25-0.29 0.20-0.25 0.15-0.19 0.10-0.14 0.05-0.09 0.02-0.04 0.00-0.01 <0.00	100 95 85 80 75 70 65 50 0			

Account Conduct	**10%**	Customer for more than 2 Yrs, with no past due and faultless record	100			
		Customer for more than 6 Mos., upto 2 Yrs with faultless behavior	90			
		New Account with known satisfactory dealing with other Banks.	80			
		Some late payments or bounced cheques, though always cleared in 15 days or less.	75			
		Frequent past dues, irregular items or bounced cheques	0			
Business Outlook A critical assessment of the borrower, taking into account the industry, market share and economic factors.	**10%**	Exceptional	100			
		Favorable	90			
		Stable	80			
		Slightly Uncertain	75			
		Cause for Concern	0			
Management The quality of management based on the aggregate number of years that the senior Management Team (Top 5 Executives) has been in the industry.	**5%**	>30 Yrs	100			
		25-30 Yrs	90			
		20-24 Yrs	80			
		15-19 Yrs	75			
		10-14 Yrs	65			
		<10 Yrs or any succession issues or other management weaknesses are identified.	0			

Annexure - 01 Contd........

Criteria	Weight	Parameter	Points	Actual	Points	Weighted Score (Points * Weight)
Personal Deposits The extent to which the Bank maintain a personal Banking relationship with the key business sponsors / principals.	**5%**	All Personal accounts are maintained in the Bank, with significant deposits.	100			
		Principals maintain some accounts, but have relationship with other Banks.	75			
		No relationship	0			

Age of Business 5% The number of years the borrower has engaged in the primary line of business.	> 25 Yrs 20-25 Yrs 15-20 Yrs 10-15 Yrs 5-10 Yrs 2- 5 Yrs < 2 Yrs	100 95 85 80 75 70 0			
Size of Business 5% The size of the borrower's business measured by the most recent year's total sales. Preferably based on audited financial statements.	**Sales in BDT Millions** >1,000 750-1,000 500-750 250-500 100-250 50-100 25-50 <25	100 95 90 85 80 75 70 0			

ANNEXURE - 3

EARLY ALERT REPORT

Early Alert Report

Borrower / Group : Branch : Total Limits : Total Outstanding : Existing Risk Grade -----------------	Current Date : Last Review Date : Strategy : (Hold/Reduce / Restructure / Exit) Proposed Risk Grade ---------------------

Facility Details :

Limit	Purpose	Outstanding	Security

Is security complete ? Y / N : .... Externally checked ? Y / N : ....

Details of any deficiencies :

Symptom requiring Early Alert Reporting :

- Industry concerns
- Ownership / Management concerns
- Balance Sheet Weakness
- Cash Flow Weakness
- Poor Account Conduct
- Expired limits / pending docs.

Provide detail of symptoms indicated above:

Account strategy to regularize account :

Have these been agreed with the customer ? Y / N ....

Has the customer breached any conditions since the most recent agreement ? Y / N ....

When will these deficiencies be rectified ?

Update since last Early Alert Report :

Annexure - 3 Contd.........

Grade Justification :

Branch Comments :
Zonal Head Comments:
Circle GM's Comments:

Approved by :

....
CRM Committee

ANNEXURE - 4

CLASSIFIED LOAN REVIEW FORM (CLRF)

1. **Borrower & Loan Account** a. Borrower Name & Address b. Loan Account No.	 : :	
2. Loan Amount a. Principal b. Interest c. Interest Suspense Balance d. Upto .... Outstanding Balance	 : : : :	
3. **Recovery :** Total Recovery : .... Period of Recovery :		
4. **Security & Value** a. Particulars of Security b. Value of Securities	 : :	
5. Causes of non-adjustment or non-renewal of the Loan account.	:	
6. If the mortgaged property is sold out, What will be the Forced Sale Value ?	:	
7. Whether the loan limit has become irregular because of non co-operation of Bankers?	:	
8. Detailed description of Personal follow-up : (No. of Visits & Correspondence etc.**)**	:	
9. What are the steps to be taken for de-classification of the Loan ?	:	
10. Branch Comments ?		

Appendix 5

LOAN DOCUMENTATION CHECKLIST

<u>Branch Inspection Report by ICT</u>

BORROWER	:	
REGISTERED ADDRESS	:	

STATUS : Individual / Proprietor / Partnership / Limited Company A/C No. ....

First obtain general documents. Then identify the collateral, facility and obtain specific document listed hereunder. Leave out documents not called for by the terms of the credit approval and facilities advice letter (Sanction letter).

SN	Verifying Items	Reqd. ( )	Date of Doc.	Date Received	Expiry	Original Doc. Located in	Taka Amount
A	**GENERAL DOCUMENTS**						
1	Letter of Borrower requesting for new facilities/renewal						
2	Authority of Borrow to Borrower (Letter of authority from partners in case of partnership concern and resolution in case of limited company)-with list of Partners/Directors.						
3	Form XII certified by RJSC regarding list of existing Directors for limited company						
4	Letter of acceptance						
5	Demand Promissory Note						
6	Letter of Arrangement						
7	Letter of Continuity						
8	Letter of Disbursement						
9	Deed of Partnership (for Partnership; Borrower/third party), By-Laws etc.						
10	Memorandum and Articles of association(for limited company Borrower/third part) with Certificate of Incorporation						
11	Revival Report (Form I & II)						
12	CIB Report						
B	**LIEN OF ACCOUNT**						
1	Resolution to lien account proceeds (for Third Party partnership and limited cos.)						
2	Letter of Lien and Set-0ff (Pledge Agreement)						
C	**PLEDGE OF DEPOSIT**						
1	Resolution to lien account proceeds (for Third Party partnerships and limited cos.)						
2	Fixed Deposit Receipts / Shanchaypatra/ Bonds endorsed by holder(s)						
3	Letter of Lien and Set 0ff (Pledge Agreement)						
4	Letter of Guarantee by depositor (if the deposit stands in the name of Third Party)						
5	Letter of Authority for encashment of Fixed Deposit						

Appendix 5 cont'd…..

SN	Verifying Items	Reqd. (✓)	Date of Doc.	Date Received	Expiry	Orig. Doc. Located in	Taka Amount
D	**PLEDGE OF SHARES**						
1	Resolution to deposit (for Third Party partnerships and limited company						
2	Share certificates						
3	Bank transfer forms for each share certificate (form 117)						
4	Memorandum of Deposit of Shares						
5	Letter of Guarantee by the shareholder (if share stands in the name of person other than borrower)						
6	Irrevocable letter of authority for collection of dividends, bonus etc. addressed by the shareholder to the relative company.						
7	Notice of pledge by the shareholder to the relative companies.						
E	**PLEDGE OF INVENTORY**						
1	Letter of Pledge / Pledge Agreement						
2	Letter of Disclaimer (in case of rented Godown)						
3	RJSC Search Report (for limited company partnership; borrower / third party)						
4	RJSC form 18, and receipt of filling with RJSC						
5	Certificate of registration from RJSC						
6	Modification of Letter of pledge / Pledge Agreement of Inventory						
7	RJSC form 19, and receipt of filling with RJSC						
8	Insurance Policy with Agrani Bank as jointly insured						
9	Stock Report						
10	Hire Agreement						
11	Trade License						
F	**HYPTHECTION OF INVENTORY**						
1	Resolution to hypothecate inventory (for Third Party partnerships and limited cos.)						
2	Letter of Hypothecation of Inventory / Hypothecation Agreement						
3	RJSC Search Report (for limited company partnership; borrower / third party)						
4	RJSC form 18, and receipt of filling with RJSC						
5	Modification of Letter of Hypothecation of Inventory						
6	Certificate of registration from RJSC						
7	RJSC form 19, and receipt of filling with RJSC						
8	Insurance Policy with Agrani Bank as jointly insured						
9	Letter of Disclaimer (in case of rented Godown)						
10	Insurance Policy with Agrani Bank as jointly insured						
11	Stock Report						
12	Hire Agreement						
13	Trade License						

Appendix 5 cont’d…..

SN	Verifying Items	Reqd. (🗑)	Date of Doc.	Date Received	Expiry	Orig. Doc. Located in	Taka Amount
G	**TRUST RECEIPT**						
1	Trust Receipt Agreement						

H	**HYPOTHECATION OF RECEIVABLES / BOOK DEBTS**						
1	Resolution to hypothecate receivables/book debts (for Third Party partnerships and limited cos.)						
2	Letter of Hypothecation of receivables/book debts (Hypothecation Agreement						
3	RJSC Search Report (for limited company partnership; borrower / third party)						
4	RJSC form 18, and receipt of filling with RJSC						
5	Modification of Letter of Hypothecation of receivables/book debts						
6	Certificate of registration from RJSC						
7	RJSC form 19, and receipt of filling with RJSC						

I	**HYPTHECTION OF MACHINERY AND EQUIPMENT**						
1	Resolution to hypothecate Machinery and Equipment (for Third Party partnerships and limited cos.)						
2	Letter of Hypothecation of Machinery and Equipment / Hypothecation Agreement						
3	RJSC Search Report (for limited company partnership; borrower / third party)						
4	RJSC form 18, and receipt of filling with RJSC						
5	Modification of Letter of Hypothecation of Machinery and Equipment						
6	Certificate of registration from RJSC						
7	RJSC form 19, and receipt of filling with RJSC						
8	Latest list of Machinery and Equipment						
9	Insurance Policy with Agrani Bank as jointly insured						

J	**ASSIGNMENT OF RECEIVABLES**						
1	Resolution to assign receivables (for Third Party partnership and limited cos.).						
2	Deed of Assignment of receivables						
3	Notification and acknowledgement of assignment and confirmation of receivables from the debtor						

Appendix 5 cont’d…..

SN	Verifying Items	Reqd. ( )	Date of Doc.	Date Received	Expiry	Original Doc. Located in	Taka Amount
K	**MORTGAGE**						
1	Letter of nomination of third party mortgagor form Borrower with attested specimen signature of mortgagor						
2	Resolution to mortgage and guarantee (for Third party partnership and limited company)						
3	Copy of valid ID (for Third party individual mortgagor)						
4	Personal Guarantee from Third Party mortgagor						
5	0riginal title deed of mortgagor and previous owners (Bia-deed)						
6	C.S., S.A.,R.S.,B.S. Parchas						
7	Mutation Parchas in mortgagor's name, certified by Assistant Commissioner of Land						
8	Duplicate carbon receipt for mutation case.						
9	Letter of no objection of leaser for mortgagor to mortgage (for leasehold property)						
10	Land development tax receipts of the immediately preceding Bangali year						
11	Municipal holding tax receipts for property in municipalities						
12	Building / Factory Plan with letter of approval						
13	Real Estate Appraisal / Valuation Report						
14	RJSC Search Report (for limited company partnership; borrower / third party)						
15	Memorandum of deposit of title deeds (for equitable mortgages) with legal counsel's approved draft.						
16	Mortgage deed and registration receipt endorsed by mortgagor (for legal /Registered mortgage) along with Power of Attorney						
17	RJSC Form 18, and receipt of filing with RJSC if property in the name of ltd cos.						
18	Certificate of registration from RJSC						
19	Modification of Memorandum of deposit of title deeds.						
20	RJSC Form 19, and receipt of filing with RJSC						
21	Income Tax Clearance Certificate as required for Registration						
22	Non Encumbrance Certificate from Land Registrar						
23	Lawyer's Opinion						
24	Irrevocable Power of Attorney						
25							

Appendix 5 cont'd…..

SN	Verifying Items	Reqd. ( )	Date of Doc.	Date Received	Expiry	Original Doc. Located in	Taka Amount
L	**GUARANTEE**						
1	List of Directors/Partners with specimen signatures, certified by company secretary or chairman or managing partner (for limited company and partnership)						
2	Resolution to Guarantee (for limited company and partnership)						
3	Net Worth statements (NWS) for individual / guarantors						
4	Letter of Guarantee						
5	Letter of Counter Indemnity						
M	**TERM LOAN AGREEMENT**						
1	Term Loan Agreement between Borrower and Agrani Bank						
2	Draft Term Loan Agreement approved by Head of Credit Risk Management Division and Legal Counsel						
N	**SECURITY SHARING AGREEMENT**						
1	Security Sharing Agreement						
2	Draft Security Sharing Agreement approved by Head of Credit Risk Management Division and Legal Counsel						
K	**SYNDICATION**						
1	Accepted Mandate letter						
2	Accepted Term Sheet						
3	Information Memorandum						
4	Participation letters						
5	Facilities Agreement						
6	Power of Attorney of participants						
7	Accepted Fee Letter						
8	Legal counsel's opinion						
9	Management Approval						
L	**OTHER DOCUMENTS**						

DEPARTMENT / UNIT		**NAME**	**DATE**	**SIGNATURE**
RELATIONSHIP MANAGER	:			
CREDIT ADMINISTRATION	:			