

**An Internship Report
On
Performance Evaluation of the Import
Division of EXIM Bank Limited**



Inspiring Excellence

Submitted To:

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Import Division of EXIM
Bank Limited**

Letter of transmittal

Date: 13th April, 2016

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Subject: Submission of the Internship Report.

Dear Sir,

It is my pleasure to submit the internship report on the topic “Performance Evaluation of the Import Division of EXIM Bank Limited” as requirement of the completion of my BBA course.

I have tried my best to analyze all necessary information related to my topic and present as affectionately as possible. It is not impossible that there will be minor mistakes in this report. But still I hope that this report will provide the appropriate analysis on the topic of “Performance Evaluation of the Import Division of EXIM Bank Limited”.

In conclusion, I want to express my thanks to you, as without your co-operation it would barely impossible for me to prepare this report related to my topic. If you need any help to interpret anything of this report, please let me know anytime.

Sincerely,

Fatema Tuj Johura

12104175

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Executive Summary

Maximum of us are connected with banks by any way. In our country private banks are playing a big role in the economy. EXIM Bank Ltd is one of the most recognized private banks in our country. It undertakes all type of banking transactions to support the development of trade and commerce in the country. I joined EXIM Bank as an intern from 5th January at Ring Road branch.

This report represents the working experience on private sector commercial bank operated in Bangladesh named “ EXIM Bank Bangladesh Limited” (EXIM Bank) as internship report for BBA program. EXIM Bank Limited intends to set standards as the market leader in Bangladesh. It will demonstrate that a locally owned institution can provide efficient, friendly and modern full service banking on a profitable basis. The main objective of the study is to get knowledge about the import division of EXIM Bank Limited and also gaining the practical experience of corporate life and view the application of theoretical knowledge in the real life. Besides the objectives of the study is to have knowledge about dealing with customers and foreign trade. To find the problems which the organization are facing to begin relationship with the foreign trade. To make some recommendations and conclusion to further the development of import division of EXIM Bank Limited. In these report different types of assessment tools is discussed that bank use for the assessment of their staff. Sampling methodology, data collection methodology and data analysis procedure had been followed in this report. Its import division is an excellence banking division of it. The operation process of bank is smooth and excellent.

Acknowledgement

This intern report has been prepared with duration of three months. As the study deals with “Performance Evaluation of the import Division of EXIM Bank”, while the Foreign Exchange department is the huge department, I have prepared the report only on the import Division of the Foreign Exchange department. I surveyed my study Foreign Exchange Department of Ring Road, Branch of EXIM Bank Limited located in. There I found many people expanded their friendly hand to complete my report. Without them it would be impossible to finish this report.

First of all, I owe much to our honorable faculty and intern supervisor Assistant Professor Hasan Maksud Chowdhury, who helped me to make the final report. He gave me the guidelines to make the complete and qualified report. So this report could be a dream without his support. He also secure me to help in any kind of difficulties.

I like to thank Miganour Rahman, Ziauddin Ahmed, Ferdous Afsana, Rezaur Rahman of Foreign Exchange department and other employee of EXIM Bank Limited Ring Road, who gave me the opportunity to make a report on “Performance Evaluation of Import Division of EXIM Bank Limited”. I also like to thank the people who helped me in conducting my study about the report.

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Chapter – 1

Introduction

1.1 Introduction &Background:

The report is prepared on the basis of ninety days practical experience at EXIM Bank Limited that helps a lot to learn about the practical situation of a financial institution and implement theoretical knowledge into practical and realistic work environment.

This report has been presented based on observation from import division of the Foreign Exchange Department. Foreign exchange department plays various roles through providing different services for the customers. So this report focuses on the import division of foreign exchange services of EXIM Bank Limited, Ring Road Branch.

This report is originated as the course requirement of BBA Program, BRAC Business School, BRAC University. Only a lot of theoretical knowledge will be little important unless it is applicable in the practical life. As practical orientation is important part of BBA program requirement, I was sent to the EXIM Bank Limited, Ring Road Branch for ninety days to complete the internship program and to take the real life experience of the activities of banking from January, 2016.

1.2 Rationale of the Study:

Banks are one of the most important financial institutions in the economy of any country. They are the principle source of credit for millions of individuals and families and for many units of government. Foreign exchange department is a crucial part of any bank because a major portion of revenue comes through this unit. It facilitates the foreign trade and foreign transaction which is arises for international business specially for the Import Export and Remittance Business. Banks provides various kinds of services for the importer and exporter to make their business easier. It is totally impossible to do these kinds of business without the help of bank. Here Bank is the middle man between the two parties; Exporter and Importer. Banks open LC on behalf of importer against the exporter. A letter of credit is the amount of credit that a lender is willing to extend to a borrower over a period of time, based on the financial stability of the borrower. In some cases, a letter of credit involves the establishment of a loan that is extended by a Bank for a specific purpose, with some sort of payments expected along the way. At other times, the structure of the letter of credit is not tied to specific purpose, with the credit being open to use as the borrower sees fit.

Bank took the risk in return of commission from the importers and also enjoys the investment opportunity.

So through the foreign exchange department Bank maintain the inter-banking communication worldwide and also ensure the flow of money circulation among the different countries safely as well as smoothly.

As the foreign exchange department is one of the important divisions of the Bank, I choose to do my report on the import division of the foreign exchange department to learn about the different activities of import division of the foreign exchange department.

1.3 Objective of the Report:

General Objective

- To get practical experience to organizational environment
- To present the system and methodology adopted in conducting day to day banking by EXIM Bank Limited
- To observe the foreign exchange operation of EXIM Bank Limited and their services.

Specific Objective

- To review the processes used by the bank for the import.
- An analysis and discussion of foreign exchange services of the bank.
- To evaluate the present performance of the bank regarding foreign exchange.
- To identify the problems while doing import in EXIM Bank of Bangladesh Limited.
- Recommending some guidelines to improve the effectiveness of foreign exchange services.

1.4 Limitations

The present study was not out of limitations. But as an internee it was a great opportunity for me to know the banking activities in Bangladesh especially of EXIM Bank Limited. Some constraints are appended bellow:

- **Lack of Information or Data:** Adequate and in-depth well-organized information is not available for access. Though the officials tried to assist, sometimes their working pressure couldn't give me proper assistance what I needed. There is some information which need special permission from top level is not always achievable.

- **Time Constraint:** It is something like impossible to cover the entire foreign exchange banking services exploiting Ninety days time period while an employee or an officer is awarded with one or two year probationary period to do his or her particular job.
- **Secrecy of Information:** Some of the information needed to explore the current market scenario of the company was not disclosed.
- **Comparison Status:** I have had no opportunity to compare the foreign exchange banking system of the EXIM Bank Limited with that of other contemporary and common size banks. I had compared the banks that information is available. It was mainly because of the shortage of time and internship nature.
- **Lack of Experience:** Though I have prepared many reports before, I had no experience of internship. So inexperience is one of the main constraints of the study.

Chapter -2

Methodology

2.1 Sources of Data: Both primary and secondary data are used in this report. There are many tables and figures in this report which are based on both primary and secondary data. Primary data are emphasized than the secondary data in this report.

2.2 Methods of collecting Data: The techniques of collecting primary data are not same as the techniques of collecting secondary data. The different methods and tools of collecting primary data and secondary data used in this report are described as follows:

Collection of Primary Data: Various types of the data and information were collected from my practical experience and queries from the executives while doing my internship at the EXIM Bank Limited. Information and data regarding overview of the EXIM Bank Limited, various stages of import activities , performance measurement of import activities, significance and importance of various small segments of import process etc. were collected from these sources.

Collection of Secondary Data: Data regarding the clearing process and performance evaluation of The EXIM Bank Limited were collected from secondary sources like: Annual Reports, Brochures, Manuals and Publication of The EXIM Bank Limited., Bangladesh Bank Library, News paper etc. were the major sources of secondary data.

2.3 Instruments Used in Analysis:

There are some tools which are used in analysis. There are various figures, tables, charts, SWOT (Strength, Weakness, Opportunity and Threat) Analysis which are easier to understand. These instruments are used in the analysis with their sources. In some areas, I compare the performance of import activities with other banks. But most of the cases I used tables and charts to present the condition in an easier way.

Chapter-3

Bangladesh Economy and Banking Sector in brief

3.1 A Brief Overview of Bangladesh Economy:

The fiscal year 2013 had a growth mainly by strong growth in service and notable expansion in manufacturing activities. Despite shocks from high and volatile prices of oil and other commodities in international market, Bangladesh achieved a strong growth of 6.5 percent in fiscal year 2013 slightly slower than 6.6 percent of fiscal year 2012. This performance was facilitated by strong remittances of expatriates from abroad and reasonable export growth. Growth rate of agricultural sector was 3.2 percent in fiscal year 2013 mainly due to lower growth in crops and horticulture sub-sector. The industry sector grew modestly at 9.5 percent during the fiscal year 2013. The growth was supported by a continued improved performance in manufacturing sub-sector, facilitated by strong and sustained growth in export oriented manufacturing activity and expansion in domestic demand. Service sector grew by 6.7 percent during fiscal year 2013, which was slightly higher than 6.4 percent of fiscal year 2012. The growth was fairly well spread in different sub-sector.

The contraction practice of monetary policy resulted in increase in deposit and lending rates. The declining trend in interest rate that persisted over couple of years was reversed in 2012 and continued in 2013. The weighted average interest on bank credit increased to 12.8 percent compared to 12.1 percent of previous year. The weighted cost of deposits for the same period increased to 6.9 percent from 6.7 percent of previous period. The aggregate asset of the banking sector grew by 17.8 percent over 2009.

The share of Nationalized Commercial Banks (NCBs) in the total assets of the industry is declining. It came down to 32.7 percent in 2012 from 37.4 percent in 2011. The Private

Commercial Banks share rose to 47.7 percent in 2012 from 45.6 percent in 2011. Aggregate bank credit rose by 14.7 percent during fiscal year 2013 compared to 20.2 percent in fiscal year 2012. As against the above Bank deposits increased by 16.5 percent in fiscal year 2013 compared to 18.5 percent in fiscal year 2012. The share in deposits of the NCBs decreased from 40.0 percent in 2009 to 35.2 percent in 2008. The share of Private Commercial Banks rose to 51.3 percent in 2009 from 47.0 percent in 2008.

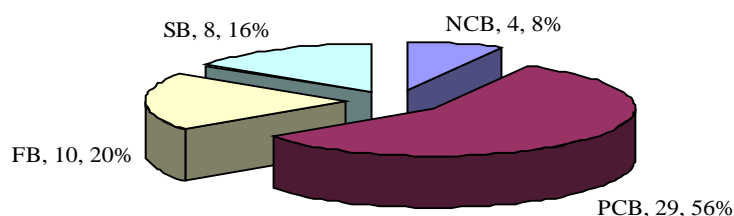
Import stood at Tk. 15.5 billion indicating an increase by 16.6 percent. The growth of import was mainly due to higher import payment for petroleum and other imported items due to rise in international prices and increased food grains due to lower growth of crop production. Import of rice, wheat, sugar, pulses and suitable for eating oils showed increasing trend. Significant increase also occurred in the imports of POL, textile and articles thereof, yarn and raw cotton reflecting pick up in industrial output and dynamism in activities. Inward remittances from expatriate Bangladesh nationals increased by 24.5 percent and stood at USD 5.98 billion at the end of the fiscal year 2013. As a result overall balance of payment showed a significant surplus of USD 1.49 billion. The gross foreign exchange reserve held by Bangladesh Bank increased by 1.59 billion and stood at USD 5.07 billion, about 3.9 months import cover, at the end of fiscal year 2013.

3.2 Banking Sector as a Whole:

The commercial banking system dominates Bangladesh's financial sector. Bangladesh Bank is the Central Bank of Bangladesh and the chief regulatory authority in the sector. The banking system consists of four nationalized commercial Banks, around forty private commercial banks, nine foreign multinational banks and some specialized banks. The Nobel-prize winning Grameen Bank is a specialized micro-finance institution, which revolutionized the concept of micro-credit and contributed greatly towards poverty reduction and the empowerment of women in Bangladesh.

Types of Bank in Bangladesh	Number of Bank	Percentage
Nationalized commercial Bank	4	8%
Private Commercial Bank	29	56%
Foreign Bank	10	20%
Specialized Bank	8	16%

Types of Bank in Bangladesh



Central Bank (Bangladesh Bank): Bangladesh Bank (BB), as the central bank, has legal authority to supervise and regulate all banks and non-bank financial institutions. It performs the traditional central banking roles of note issuance and of being the banker to the government and banks. Given some broad policy goals and objectives, it formulates and implements monetary policy manages foreign exchange reserves and lays down prudential regulations and conduct monitoring thereof as they apply to the entire banking system. Its prudential regulations include, among others: minimum capital requirements, limits on loan concentration and insider borrowing and guidelines for asset classification and income recognition. The Bangladesh Bank has the power to impose penalties for non-compliance and also to intervene in the management of a bank if serious problem arise. It also has the delegated authority of issuing policy directives regarding the foreign exchange regime.

Nationalized Commercial Banks (NCBs): The banking system of Bangladesh is dominated by the 4 Nationalized Commercial Banks, which together controlled more than 54% of deposits and operated 3388 branches (54% of the total) as of December 31, 2004. The nationalized commercial banks are:

- 1) Sonali Bank
- 2) Janata Bank
- 3) Agrani Bank
- 4) Rupali Bank

Private Commercial Banks (PCBs): Private Banks is the highest growth sector due to the miserable performances of government banks (above). They tend to offer better service and products. Private commercial banks (PCBs) are increasingly penetrating into rural Bangladesh to tap business potential, according to sources in the banking sector. Generally, the commercial banks and finance companies provide a numerous of banking products/ facilities and services to provide to the needs of their customers. These include 24 hour banking, internet banking, home banking (Tele-banking via use of modems and phones) and general banking and service products. The customer's convenience, such products are available throughout the bank branches in Bangladesh (the list of the private commercial Banks are given in the appendix)

Foreign Banks: There are some foreign banks which are successfully operated within our country. Like the commercial banks and finance companies Foreign Banks provide a numerous of banking products/ facilities and services to provide to the needs of their customers. (The list of the private Foreign Banks are given in the appendix)

Specialized Banks: Out of the specialized banks, two (Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank) were created to meet the credit needs of the agricultural sector while the other two (Bangladesh Shilpa Bank (BSB) & Bangladesh Shilpa Rin Sangtha (BSRS) are for extending term loans to the industrial sector.

3.3 Overview OF EXIM Bank Limited

EXIM Bank Limited was established in 1999 under the leadership of Late Mr. Shahjahan Kabir, founder chairman who had a long dream of floating a commercial bank that would contribute to the socio-economic development of our country. A group of highly qualified and successful entrepreneurs joined their hands with the founder chairman to materialize his dream. This bank starts functioning from 3rd August 1999 with Mr. Alamgir Kabir, FCA as the Advisor and Mr. Mohammad Lakiotullah as the Managing Director. Both of them have long experience in the financial sector of our country. By their pragmatic decision and management directives in the operational activities, this bank has earned a secured and distinctive position in the banking industry in terms of performance, growth, and excellent management. The bank has migrated all of its conventional banking operation into Shariah based Islami banking since July 2004.

3.3.1 Mission and Vision of EXIM Bank

The efforts of EXIM Bank Limited are focused on delivery of quality service in all areas of banking activities with the aim to add to increased value to shareholders investment and offer highest possible benefits to the customers.

Mission:

- ❑ To be the most caring and customer friendly and service oriented banks.
- ❑ To create a technology based most efficient banking environment for its customers.
- ❑ To ensure ethics and transparency in all levels.
- ❑ To ensure sustainable growth and establish full value of the honorable shareholders and
- ❑ Above all, to add effective contribution to the national economy

Vision:

The idea of the bank's vision is 'Together Toward Tomorrow'. Export Import Bank of Bangladesh believes in togetherness with its customers, in its march on the road to growth and progress with services.



3.3.2 Corporate Information's at a Glance:

EXIM BANK AT A GLANCE	
Name of the Bank:	EXIM Bank Of Bangladesh Limited
Status:	Public Limited Company
Date of Incorporation:	2 nd June 1999.
Date of Commencement:	August 03, 1999
Listing with Dhaka Stock Exchange:	September 2004.
Listing with Chittagong Stock Exchange:	September 2004.
Head Office:	Printers Buildings (5 th , 6 th & 10 th floor)
Telex:	642527 EXM HO BJ
Phone:	9553872, 9553925
E-mail:	eximho@bdonline.com
Website:	www.eximbankbd.com
Chairman:	Mr. Md. Nazrul Islam Mazumder
Vice Chairman:	Mr. Md. Abdul Mannan
Authorized Capital:	Tk. 20,000.00 million
Paid-up-Capital:	Tk. 14,122.51million
Shareholder's Equity:	Tk. 3111.68 million
Operating Profit:	Tk. 3550.02 million
Total Asset:	Tk. 81,503.02 million
Number of Employees:	1104 Persons
Number of Shareholders:	15395 no
Number of Branches:	51

3.3.3 Corporate culture of EXIM Bank:

EXIM Bank Limited is one of the most disciplined banks with a distinctive corporate culture. The bank believes in shared meaning, shared understanding and shared sense making. People can see and understand events, activities, objects and situation in a distinctive way. They understand their manners and custom, character individually to suit the purpose of the bank and the needs of the customers who are of principal importance to us. The people in the bank see themselves as a tight knit team/family that believes in working together for growth. The corporate culture the bank belongs has not been imposed; it has rather been achieved through its corporate conduct.

3.3.4 Corporate Social Responsibilities (CSR) of EXIM Bank:

The purpose of its banking business is, obviously, to earn profit, but the promoters and the equity holders are aware of their commitment to the society to which they belong. A portion of the profit is kept aside and/or spent for socio-economic development through trustee and in patronization of art, culture and sports of the country. In past recent years the bank has supported the poor and meritorious students for smoothen their education. In 2013 about 80 students of different institutions like (DU, BUET, DMC, VNC, and NDC) have taken scholarship. The bank sponsored the “Beautification Project” of Dhaka mega city conducted by Dhaka City Corporation.

3.3.5 Achievement:

It is a great pleasure that by the grace of Almighty Allah, the bank has migrated at a time all the branches from its conventional banking operation into Shariah based Islami banking operation without any trouble. The officers and executives of bank motivated the valued customers by counseling and persuasion in light with the spirit of Islam especially for the non-Muslim customers. It division has done the excellent job of converting and fitting the conventional business processes into the processes based on Shariah. It has been made possible by following a systematic procedure of migration under the leadership of honorable Managing Director.

3.3.6 Operational Area:

As a commercial bank, EXIM Bank provides all traditional banking services including a wide range of savings and investment scheme products, foreign exchange and subsidiary services with the support of modern technology and professional management. But the main stress is, as the name implies, put on export and import trade handling & financing and the bank has become the pioneer in promoting readymade garment industries and one of the largest financiers in this sector. Since inspection, the bank foresighted the bright prospects of this sector and extended finance to the deserving and promising entrepreneurs. It provides this sector with financial support including market information and advice and today the garment sector constitute the lion portion of the total export of the company.

3.3.7 Divisions of EXIM Bank

EXIM Bank conducts its various activities by its some functional division. The following chart shows the functional division of EXIM Bank.





Figure: 2.1 Functional Structure of EXIM Bank

3.3.8 Products and Services of EXIM Bank

The following chart shows products and services of different branches of EXIM Bank

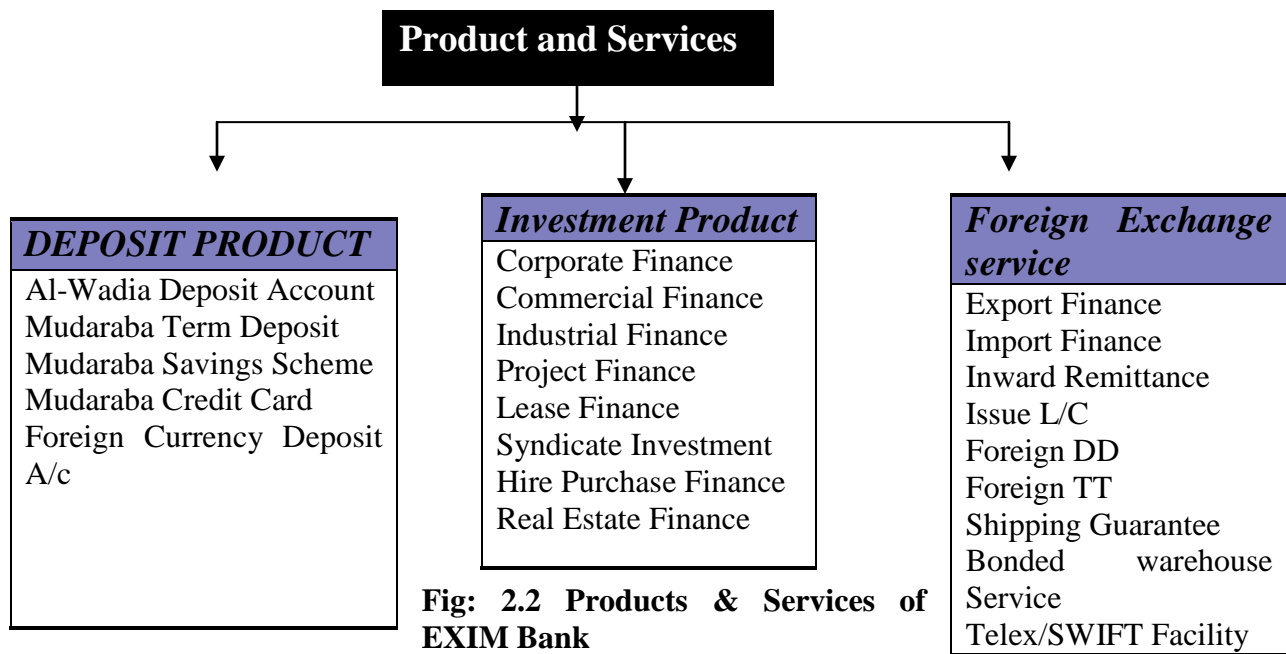
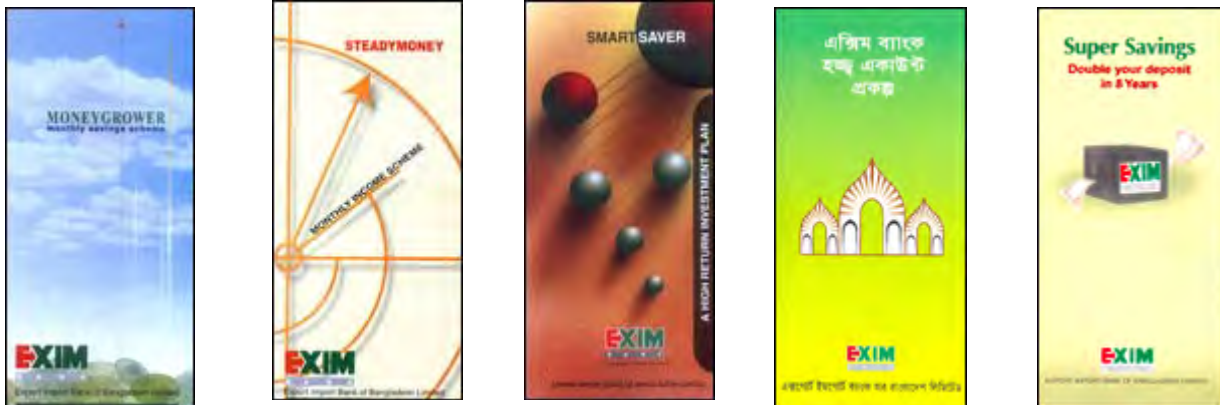


Fig: 2.2 Products & Services of EXIM Bank

Mudaraba Savings Schemes are as follows:



Super Savings Scheme

Monthly Savings Scheme

Monthly Income Scheme

Smart Saver

Hajj Deposit

3.3.9 Islamic bank extend investment (loan) under the principles of the followings:

- **Mudaraba:** Mudaraba means the hiring of capital. It is a contract in a profit sharing where one party provides capital/funds and the other labor/work. Under this system, banks provide the capital and clients provide expertise and profit is shared according to agreed ratio.
- **Musharaka:** This mode of finance is represented by two or more financiers in contributions of equal or unequal ratios of capital to establish a new project or to participate in an established one and all partners are entitled to share the total profits of the venture according to ratio as mutually agreed upon allowing for managerial skills to be paid.
- **Murabaha:** About 70 to 80 percent of financial operations of most of the Islamic banks belong to this segment. It enables the investor to obtain finished goods, raw materials, machinery or equipment from the local market or through import by opening letter of credit (L/C). Under this technique, bank buys the goods upon the request of the client and then the customer from the bank purchases these goods with a fixed period of time or by installment with a cost, which includes cost of goods plus mark-up profit.

- **Ijarah:** Ijarah financing under Islamic Shariah is same as the western concept of leasing. In Ijarah financing, the bank finances capital goods to industrial project against payment of a rent by installment.
- **Bai-Muajjal:** Bai Muajjal means sale for which payment is made at a future fixed date or within a fixed period. Bai-Muajjal is treated as a contract between the bank and the client under which the bank sells to the client certain specified goods at an agreed price payable within a fixed future date in lump sum or by installments. By this credit sell bank ownership of the goods also.

Quard: It is interest free loan to the holder of investment accounts of the bank on compassionate ground.

3.3.10 Management Profile

The bank started functioning with Mr. Alamgir Kabir, FCA as the Advisor and Mr. Mohammad Lakiotullah as the Managing Director. Both of them have long experience in the financial sector. By their pragmatic decision and management directives in the operational activities, this bank has earned a secured and distinctive position in the banking industry in terms of performance, growth, and excellent management.

3.3.11 Board of Directors:

Board of directors of EXIM bank include Late Shahjahan Kabir, Founder Chairman; Md. Nazrul Islam, Chirman; Alamgir Kabir, Former Advisor; Kazi Masihur Rahman, Managing Director and the following persons in the chart.

<i>Name of Directors</i>	<i>Name of Sponsors</i>
Mr. Md. Nazrul Islam Mazumder	Mr. Md. Nazrul Islam Swapan
Mr. Md. Faiz Ullah	Mr. Mohammad Abdullah
Mrs. Nasima Akhter	Mr. Md. Altaf Hossain
Mr. A.K.M. Nurul Fazal	Mrs. Nasreen Islam
Mr. Zubayer Kabir	Mr. Md. Mazakat Harun
Mr. Md. Habibullah	Mr. Abdullah Al-Mamun
Mr. Md. Abdul Mannan	Mr. Md. Fahim Zaman Pathan
Al-haj Md. Nurul Amin	Mrs. Asma Begum
Mr. Abdullah Al-Zahir Sawpan	Engr. Aminur Rahman Khan
Mr. Mohammed Shahidullah	Mrs. Rizwana K. Riza
Bay-Leasing & Investment Ltd. Represented by Mr. Mahbubur Rashid	Mr. Md. Nur Hussain

Table: 2.1 List of directors and sponsors of EXIM Bank Ltd.

3.3.12 Hierarchy of Corporate Management

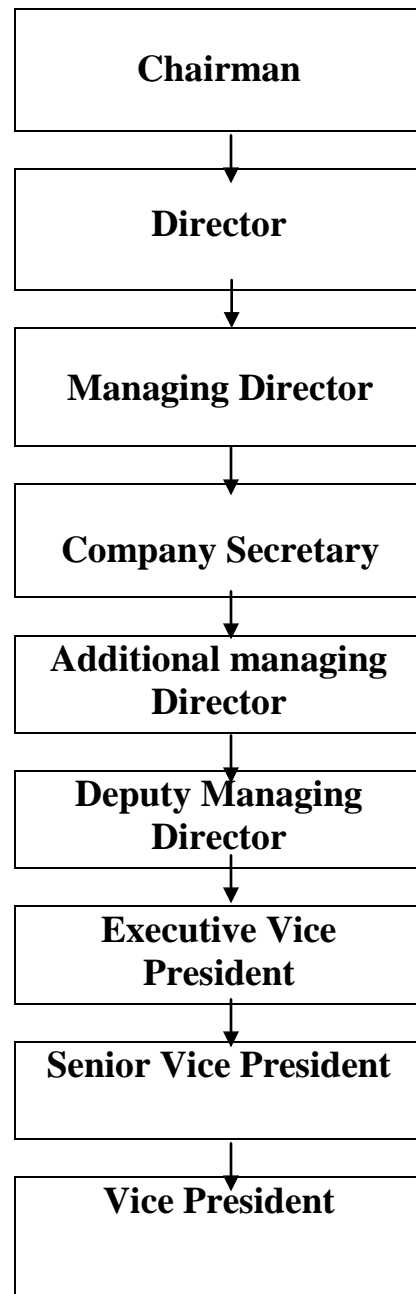
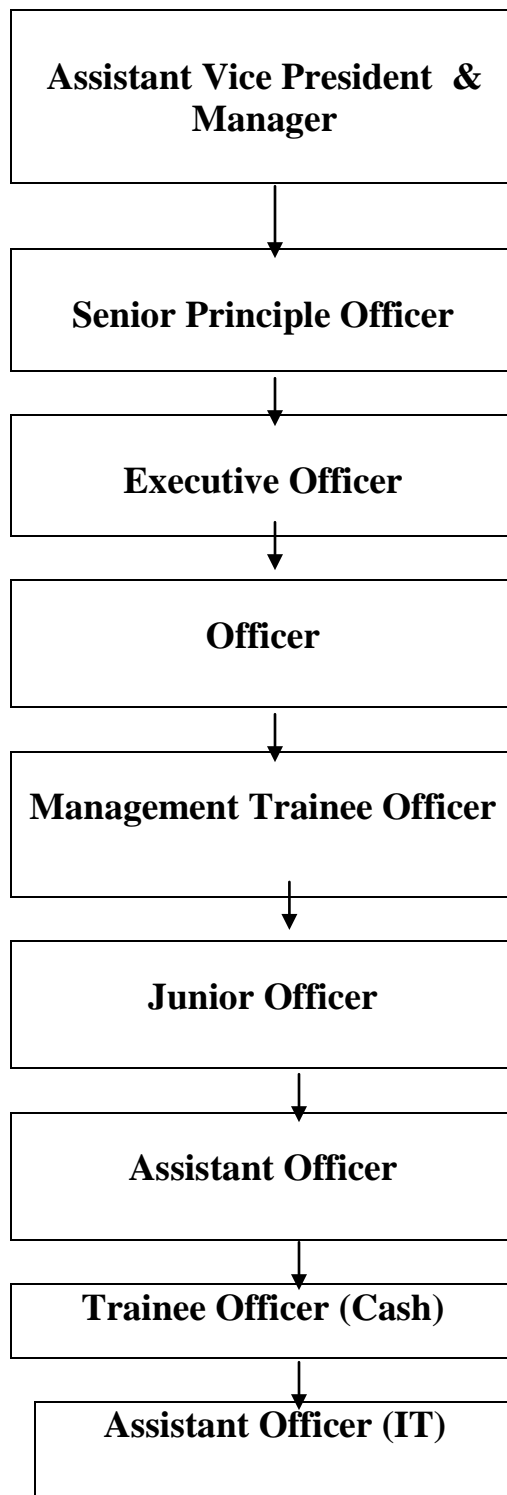


Figure: 3.3.12 Hierarchy of Corporate Management of EXIM Bank Ltd.

Hierarchy of Branch Management



Hierarchy of Branch Management of EXIM Bank Ltd.

3.3.13 Functional Organization Chart of EXIM Bank (Head Office)

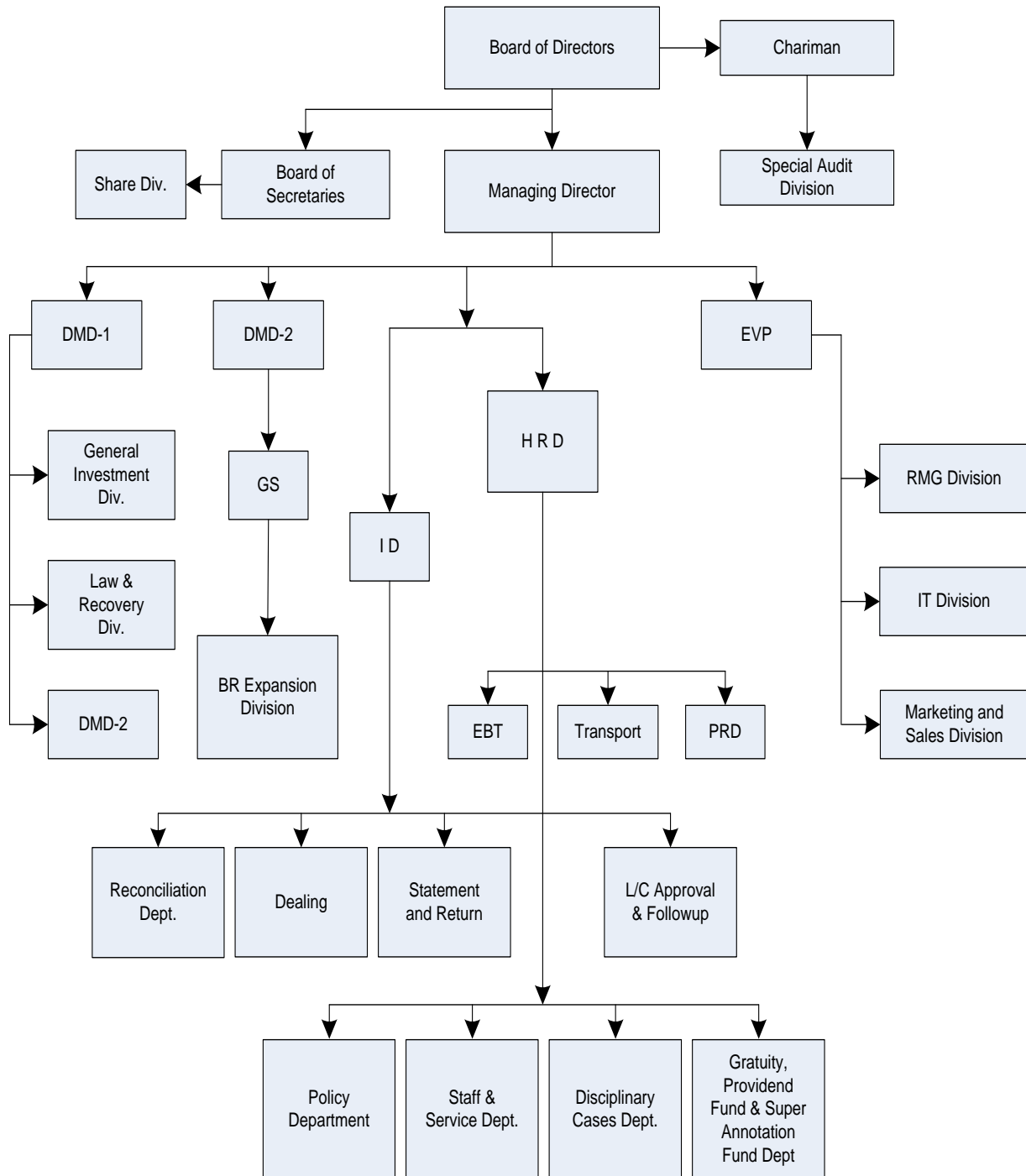


Figure : 2.5 Functional Chart of EXIM Bank Ltd.

3.3.14 Strength, Weakness, Opportunities and Threaten (SWOT)

Analysis of EXIM Bank:

Strength of the Bank:

The major strength of the bank is the Board of Directors of **EXIM** bank as they themselves a large financed based, and they invest a lot of capital to the bank and their enterprise.

- Well-capitalized bank with potential to increase capital base.
- Has grown quite rapidly in all spheres of banking services.
- Earned good reputation among customers and regulators within a very short period.
- As Islamic shariah based EXIM bank has a prominent shariah council.

Weakness of the Bank:

- The bank has less ATM (automated teller Machines) and credit card.
- The advertisement activity is not adequate.
- The banking services are not online based.
- Proper Islamic rule is absent in the bank.

Opportunities of the Bank:

The EXIM Bank is going to become more popular bank in our country. People feel better about the services of bank. If EXIM Bank can introduce online banking all over the country, the bank will be able to provide effective and very especial service to the clients ultimately it will generate profits. So in future the bank may become one of the best financial institutions in the country.

Threaten of the Bank:

- EXIM Bank may suffer in deposit crisis because this bank cannot borrow at short notice (Call money as it is an Islamic bank).
- Another threaten is the technology, the bank must be adjusted with new technologies and information. Otherwise the profitability of the bank may hamper.

3.3.15 Overall Performance of EXIM Bank

SL	Particulars	2004	2005	2006	2007
1.	Paid up capital	62.78	87.90	171.38	214.22
2	Total capital	159	218	347	457
3.	Surplus/ shortage of capital	8	(13)	55	49
4.	Total assets	2435	3372	4179	5150
5.	Total deposit	1907.82	2831.90	3503.20	4154.66
6.	Total investment	1933.20	2604.60	3264.13	4019.52
7.	Total contingent liabilities & commitments	900	1594	1899	2263
8.	Ratio on investment & deposit			96.75%	93.18%
9.	Ratio on classified investment & total investment	2.40%	1.89%	1.80%	1.58%
10.	Profit after tax & provision	38	55	65	93
11.	Cost of fund	8.40%	8.08%	9.17%	9.07%
12.	Profit earning asset	1975	2874	3516	4235
13	Non-profit bearing asset	461	497	663	914
14.	Return on investment (share & bonds)	9.87%	6.63%	6.55%	8.77%
15.	Return on assets (after tax)	1.57%	1.65%	1.73%	2.00%
16.	Income on investment (share & bonds)	15	11	12	20
17.	EPS	60.82	48.61	43.48	43.45
18.	P/E ratio	12.80	10.53	7.74	9.02

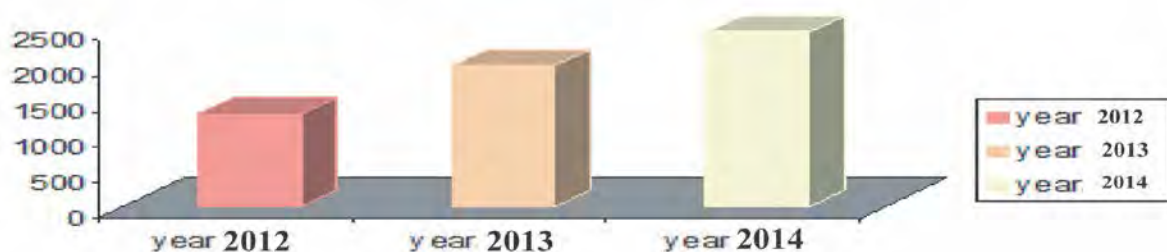
Table 2.2 Overall Performance of EXIM Bank Ltd.

3.4 Profile of Ring Road Branch of EXIM Bank:

The Exim Bank Ring Road branch started to run on 26 July 2014. It is situated in Ring Tower, Industrial Plot#06/A, Ring Road, Mohammadpur, Dhaka-1207. The branch was set up to cover the whole Mohammadpur commercial area by providing the Banking service. The area has another opportunities, that is Krishi Market area in which there are many retail and whole selling goods shops. These kinds of shops import their goods from other countries. By staying close to the customer, Ring Road Branch is trying to utilize the investment opportunities and so far they are doing well. Because its profit is augmenting year by year

Year	Profit
2014	2600
2015	3974
2016	19

Profit of Ring Road



. The increasing demand of the imported goods and friendly relation with customer by the bank are the main reasons of this growth.

3.5 Conclusions:

Lots of new commercial bank has been established in last few years and these banks have made this banking sector very competitive. So, now banks have to organize their operation and do their operations according to the need of the market. Banking sectors no more depends on a traditional method of banking. In this competitive world this sector has trenced its wings wide enough to cover any kind of financial services anywhere in this world. The major task for banks, to survive in this competitive environment is by managing its assets and liabilities in an efficient way.

As a commercial bank, EXIM Bank provides all traditional banking services including a wide range of savings and investment scheme products, foreign exchange and ancillary services with the support of modern technology and professional management. But the main stress is, as the name implies, put on export and import trade handling & financing and the bank has become the pioneer in promoting readymade garment industries and one of the largest financiers in this sector.

The EXIM Bank is going to become more popular bank in our country. People feel better about the services of bank. If EXIM Bank can introduce online banking all over the country, the bank will be able to provide effective and very especial service to the clients ultimately it will generate profits. So in future the bank may become one of the best financial institutions in the country.

Chapter 4

4. Description of Foreign Exchange Department: EXIM Bank

Introduction:

Foreign exchange department is international department of the bank. It deals with globally and facilitates international trade through its various modes of services. It bridges between importers and exporters. Bangladesh Bank issues license to scheduled banks to deal with foreign exchange. These banks are known as Authorized Dealers (AD). If the branch is AD in foreign exchange market, it can remit foreign exchange from local country to foreign country. This department mainly deals with foreign currency. This is why this department is called foreign exchange department.

Activities of Foreign Exchange Department

- A. Foreign Currency Transaction
- B. Foreign Trade

Foreign Currency Transaction

Foreign currency means buying and selling foreign currency frequently and gain profit from the price gap. Normally a bank's 80% foreign exchange transactions should be foreign currency transaction. But this is too risky. Near to 2007, AB Bank Limited had loosed Tk 85 crore dealing foreign currency transactions.

To avoid the risk EXIM Bank Limited operates only 10% transactions related to foreign currency.



Foreign Trade:

Foreign trade can be easily defined as a business activity, which crosses national boundaries. These may be between parties or government ones. Trade among nations is a common incidence and normally benefits both the exporter and importer. In many countries, international trade accounts for more than 20% of their national incomes.

International trade demands a flow of goods from seller to buyer and of payment from buyer to seller. And this flow of goods and payment are done through letter of credit. In Bangladesh 90% of foreign exchange transaction are related to foreign trade.

4.1 Departments of Foreign Exchange:

EXIM Bank- Ring Road branch foreign exchange division has three sub-sections and three officers in charge. The following chart shows these three sub-sections.

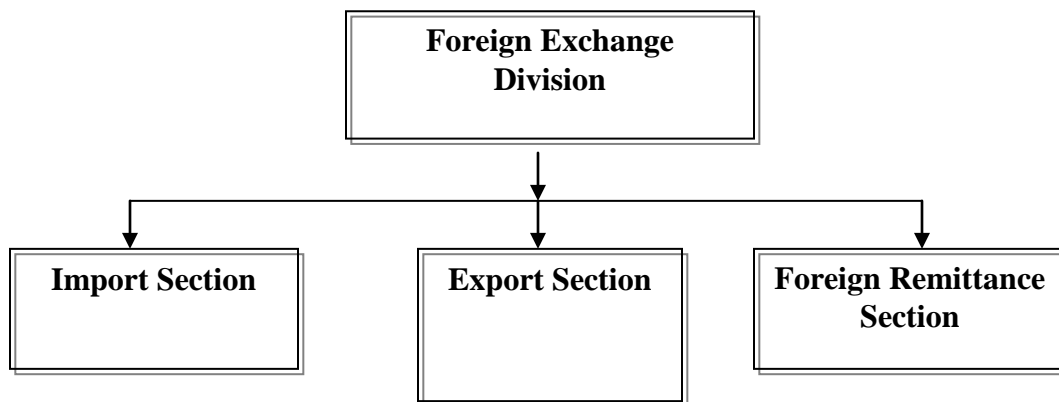


Figure: 4.1 Departments of Foreign Exchange Division

4.1.1 Commonly Used Documents in Foreign Exchange (import procedure)

In Foreign Exchange Department different types of documents are essentially needed. So a short description of important documents is given here.

1. Letter of Credit (L/C):

Letter of credit (L/C) can be defined as a “Credit Contract” whereby the buyer’s bank is committed (on behalf of the buyer) to place an agreed amount of money at the seller’s disposal under some agreed conditions. Since the agreed conditions include, amongst other things, the presentation of some specified documents, the letter of credit is called Documentary Letter of Credit.

2. Bill of Lading:

A bill of lading is a document that is usually fixed in a credit when the goods are dispatched by sea. It is evidence of a contract of carriage, is a receipt for the goods, and is a document of title to the goods. It also constituted a document that is, or may be, needed to support an insurance claim. A bill of lading specifically states that goods are loaded for ultimate destination specifically mentioned in the credit.

►The Details on the bill of Lading should include:

- ✓ A description of the goods in general terms not inconsistent with in the credit.
- ✓ Identify marks and numbers, if any.
- ✓ The name of the carrying craft.
- ✓ Evidence that the goods have been loaded on board.
- ✓ The ports of shipment and discharge.
- ✓ The names of shipper, consignee, and name and address of notifying party.
- ✓ Whether freight has been paid or is payable at destination.
- ✓ The number of original bills of lading issued and the date of issuance.

3. Commercial Invoice:

A commercial invoice is the accounting document by which the sellers change the goods to the buyer. A commercial invoice normally includes the following information:

- ✓ Date.
- ✓ Name and address of the buyer and seller.
- ✓ Order of contract number, quantity and description of the goods, unit price and the total price.
- ✓ Weight of the goods, number of the package, shipping marks and numbers.
- ✓ Terms of delivery and payment.
- ✓ Shipment details.

4 Certificate of Origin:

Certificate of origin is a document describing the producing country of the goods. One copy of the certificate of origin should be given to the client and the remaining copy should be kept in the bank. But if there is only one copy, then the photocopy should be kept in the bank and the original should be given to the client.

5. Inspection Certificate:

This is usually issued by an independent inspection company located in the exporting country certifying or describing the quality, specification or other aspects of the goods, as called for in the contract and the L/C.

6. Packing List:

Packing list is the letter describing the number of packets and their size. If there are several copies, then two copies should be given to the client and the remaining should be kept in the bank. But if there is only one copy, then the photocopy should be kept in the bank and the original copy should be given to the client.

7. Insurance Certificate:

The insurance certificate documents must –

- Be that specified in the credit.
- Cover the risks specified in the credit.
- Be consistent with the other documents in its identification of the crossing and description of the goods.
- Unless otherwise specified in the credit.
 - ✓ Be a document issued and / or signed by an insurance company or its agent, or by underwriters.
 - ✓ Be dated on or before the date of the date of shipment as evidenced by the shipping documents.
 - ✓ Be for an amount at least equal to the CIF value of the goods and in the currency of credit.

8. Import registration Certificates (IRC)

To import, a person should be competent to be an importer according to import and Export Act, 1910. Chief Controller of the Import and Export provides the registration (IRC) to importer. Applicant has to submit IRC (Inventors Registration Certificate). It is a certificate being renewed every year. This certificate is necessary if the contract is made between the buyers and the agents of the sellers. IRC is of two types – COM and IND. COM is given for commerce purpose and IND is given for industrial purpose.

9. Bill of Exchange:

According to the section 01, Negotiable Instruments (NI) Act-1881, A “bill of exchange” is an instrument in writing containing an unconditional order signed by the maker, directing a certain person to pay [on demand or at fixed or determinable future time] a certain sum of money only to or to the order of a certain person or to the bearer of the instrument. It may be either at sight or certain day sight. Making payment whenever documents will reach in the issuing bank called at sight

10. Letter of Indent:

Many sellers have their agent in seller's country. If the contract of buying is made between the buyers and the agent of the sellers then letter of indent is required.

11. Performa Invoice or Indenters Certificate:

If the contract is made directly between the buyers and the sellers then letter of Performa Invoice is needed.

12. Letter of credit authorization form (LCAF):

After obtains IRC persons have to secure a Letter of Credit Authorization (LCA) form Bangladesh Bank. And then a person become a qualified importer. He is the person who requests or instructs the opening bank to open an L/C' he is also opener or applicant of the credit.

13. Forwarding:

Forwarding is the letter given by the advising bank to the issuing bank. Several copies are sent to the issuing bank. All copies including original should be kept in the bank.

14. Tax Identification Number or TIN:

Recently, there has been made a provision to give a certificate named TIN (Tax Payers Identification Number). Taxation department issues this certificate.

15. Shipment Advice:

The copy mentioning the name of the insurance company should be given to the client and the remaining copies should be kept in the bank. But if only one copy is given, then the photocopy should be kept in the bank and the original copy should be given to the bank

4.2 IMPORT DIVISION

4.2.1 Import Policy

Imports of goods into Bangladesh is regulated by the Ministry of Commerce and industry interims of the Import and Export (Control) Act, 1910, with Import Policy Orders issued by annually, and Public Notices issued from time to time by the office of the Chief Controller of Import and Export (CCI & E). Through the process of import some vital but which are inadequate in our country products are imported to meet the local needs of the people. To import, a person should be competent to be an importer. According to Import and Export Control Act, 1910, the Office of Chief Controller of Import and Export provides the registration (IRC) to the importer.

4.2.2 Function of Import Division:

The function of this section is mainly to deal with various components such as

- Letter of Credit (L/C)
- Payment Against Document (PAD)
- Payment Against Trust Receipt (PTR)
- Loan against Imported Merchandise (LIM).

'Letter of Credit' or L/C plays a crucial role in foreign trade. So details of L/C are given below.

4.2.2.1 Letter of Credit

A letter of credit is a letter issued by a bank (known as the opening or the issuing bank) at the instance of its customer (known as the opener) addressed to a person (beneficiary) undertaking that the bills drawn by the beneficiary will be duly honored by it (opening bank) provided certain conditions mentioned in the letter have been complied with. Since the agreed conditions include, amongst other things, the presentation of some specified documents, the letter of credit is called Documentary Letter of Credit.

4.2.2.2 Types of L/C:

There are twelve types of Letter of Credit But mainly used only 3 types:

- i. Revocable or
- ii. Irrevocable
- iii. Add confirmed credit

i. **Revocable credit:**

A revocable credit is a credit that can be amended or cancelled by the issuing bank at any time without prior notice to the seller.

In case of seller (beneficiary), revocable credit involves risk, as the credit may be amended or cancelled while the goods are in transit and before the documents are presented, or although presented before payments has been made. The seller would then face the problem of obtaining payment on the other hand revocable credit gives the buyer maximum flexibility, as it can be amended or cancelled without prior notice to the seller up to the moment of payment buy the issuing bank at which the issuing bank has made the credit available. In the modern banking the use of revocable credit is not widespread.

ii. **Irrevocable Credit**

An irrevocable credit constitutes a definite undertaking of the issuing bank (since it can not be amended or cancelled without the agreement of all parties thereto), provided that the stipulated documents are presented and the seller satisfies the terms and conditions. This sort of credit is always preferred to revocable letter of credit. Sometimes, Letter of Credits is marked as either 'with recourse to drawer' or 'without recourse to drawer'. EXIM Bank mostly used Irrevocable Letter of Credit without Recourse.

iii. **Add confirmed Credit**

When a third bank provides guarantee to the beneficiary to make payment, if issuing bank fail to make payment, the L/C is called confirmed L/C. In case of a confirmed L/C a third bank adds their confirmation to the beneficiary, to make payment, in addition to that of issuing bank. Confirmed L/C gives the beneficiary a double assurance of payment.

4.2.2.3 Parties to a Letter of Credit:

The parties of Letter of Credit areas follow:

- i. **Importer** – Seller who applies for opening the L/C.
- ii. **Issuing Bank** – It is the bank which opens/issues a L/C on behalf of the importer.

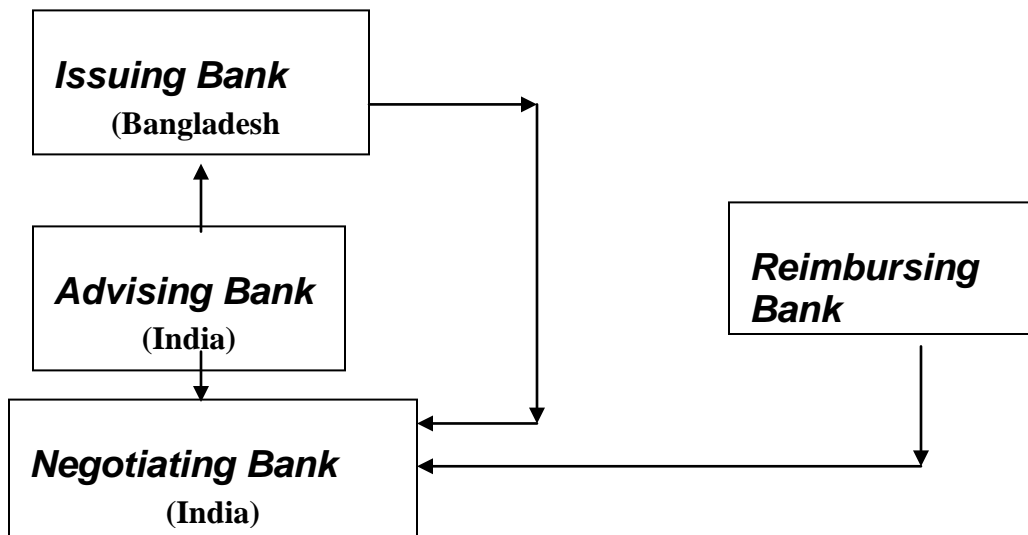


Figure: 4.2 5a Parties of Letter of Credit

- iii. **Confirming Bank** – It is the bank, which adds its confirmation to the credit and it is done at the request of issuing bank. Confirming bank may or may not be advising bank.
- iv. **Advising / Notifying Bank** – It is the bank through which the L/C is advised to the exporters. This bank is actually situated in exporter's country. It may also assume the role of confirming and / or negotiating bank depending upon the condition of the credit.
- v. **Negotiating Bank** –It is the bank, which negotiates the bill and pays the amount of the beneficiary. The advising bank and the negotiating bank may or may not be the same. Sometimes it can also be confirming bank.

- vi. **Paying / Accepting Bank** –It is the bank on which the bill will be drawn (as per condition of the credit). Usually it is the issuing bank.
- vii. **Reimbursing bank** – It is the bank, which would reimburse the negotiating bank after getting payment – instructions from issuing bank.

4.2.3 Steps of Import Procedure:

Step 1 - Registration with CCI & E

- For engaging in international trade, even trader must be first registered with the Chief Controller of Import and Export (CCI & E).
- By paying specified registration fees to the CCI & E- the trader will get IRC/ERC (Import/Export Registration Certificate), to open L/C with bank, this IRC is must.

Step 2 - Determination terms of credit

- The terms of the letter of credit are depending upon the contract between the importer and exporter. The terms of the credit specify the amount of credit, name and address of the beneficiary and opener, mood of the bill of exchange-period and mode of shipment and of destination, nature of credit, expiry date name and number of sets of shipping documents etc.

Step 3 - Proposal for Opening of L/C

To have an import L/C limit an importer submits an application to department to EXIM Bank.

The proposal contains the following particulars:

- ✓ Full particulars of the bank account
- ✓ Nature of business
- ✓ Required amount of limit
- ✓ Payment terms and conditions
- ✓ Goods to be imported
- ✓ Offered security
- ✓ Repayment schedule

Step 4 – Submission of documents by importer to the banker

- For opening L/C, the importer is required to fill up a prescribed application form provided by the banker along with the following documents:

1. L/C Application form	7. Beneficiaries credit report
2. Filled up LCA form	8. Filled up amendment request Form
3. Pay Order for insurance	9. IMP form
4. Pro-forma invoice	10. Insurance cover note and money receipt
5. Tax Identification number	11. No Objection Certificate (NOC)
6. Import registration certificate	12. VAT certificate

Step 5 - Opening of L/C by the bank for the opener:

- Taking filled up application form from the importer.
- Collects credit report of exporter from exporter's country through his foreign correspondence there.
- Opening bank then issues credit by air mail/TELEX/SWIFT followed by L/C advice as asked by the opener through his foreign correspondent or branch as the case may be, at the place of beneficiary. The advising bank advises the L/C to the beneficiary on his own form where it is addressed to him or merely hand over the original L/C to the beneficiary if it is so addressed.

Step 6 - Shipment of goods and lodgment of documents by exporter:

Then exporter

- Ships the goods to the destination of the importer country.
 - Sends the documents to the L/C opening bank through his negotiating bank.
- Generally the following documents are sent to the opening banker with L/C:

1. Bill of Exchange	6. Packing List
---------------------	-----------------

2. Bill of Lading	7. Advice Details of Shipment
3. Commercial Invoice	8. Pre-shipment Inspection Certificate
4. Certificate of Origin	9. Vessel Particular
5. A certificate stating that each packet contains the description of goods over the packet.	10. Shipment Certificate

Step 7 - Lodgment of Documents by the opening Bank from the negotiating bank:

After receiving the documents, the opening banker scrutinizes the documents. If any discrepancy found, it informs the importer. If importer accepts the fault, then opening bankers call importer retiring the document. At this time many thing can happen. These are indicated in the following:

- ❑ **Discrepancy found but the importer accepts** - no problem occurs in lodgment.
- ❑ **Discrepancy found and importer not agreed to accept** - In this case, importer protest and send back all the documents to the exporter and request his to make in the specified manner. Here banker is not bound to pay because the documents send by exporter is not in accordance with the terms of L/C.
- ❑ **Documents are OK but importer is willing to retire the documents** - In this case bank is obligated to pay the price of exported goods. Since importer did not pay for bill of exchange, this payment by bank is one kind of credit to the importer and this credit in banking is known as PAD.
- ❑ **Everything is O.K. but importer fails to clear goods from the port and request bank to clear** - In this case banks clear the goods and takes delivery of the same by paying customs duty and sales tax etc. So, this expenditure is debited to the importer's account and in banking it is called LIM.

Step 8 - Retirement

The importer receives the intimation and gives necessary instruction to the bank for retirement of the import bills or for the disposal of the shipping document to clear the imported goods from the customs authority. The importer may instruct the bank to retire the documents by debiting his account with the bank or may ask for LTR (Loan against Trust Receipt).

The following chart shows the whole procedure of import:

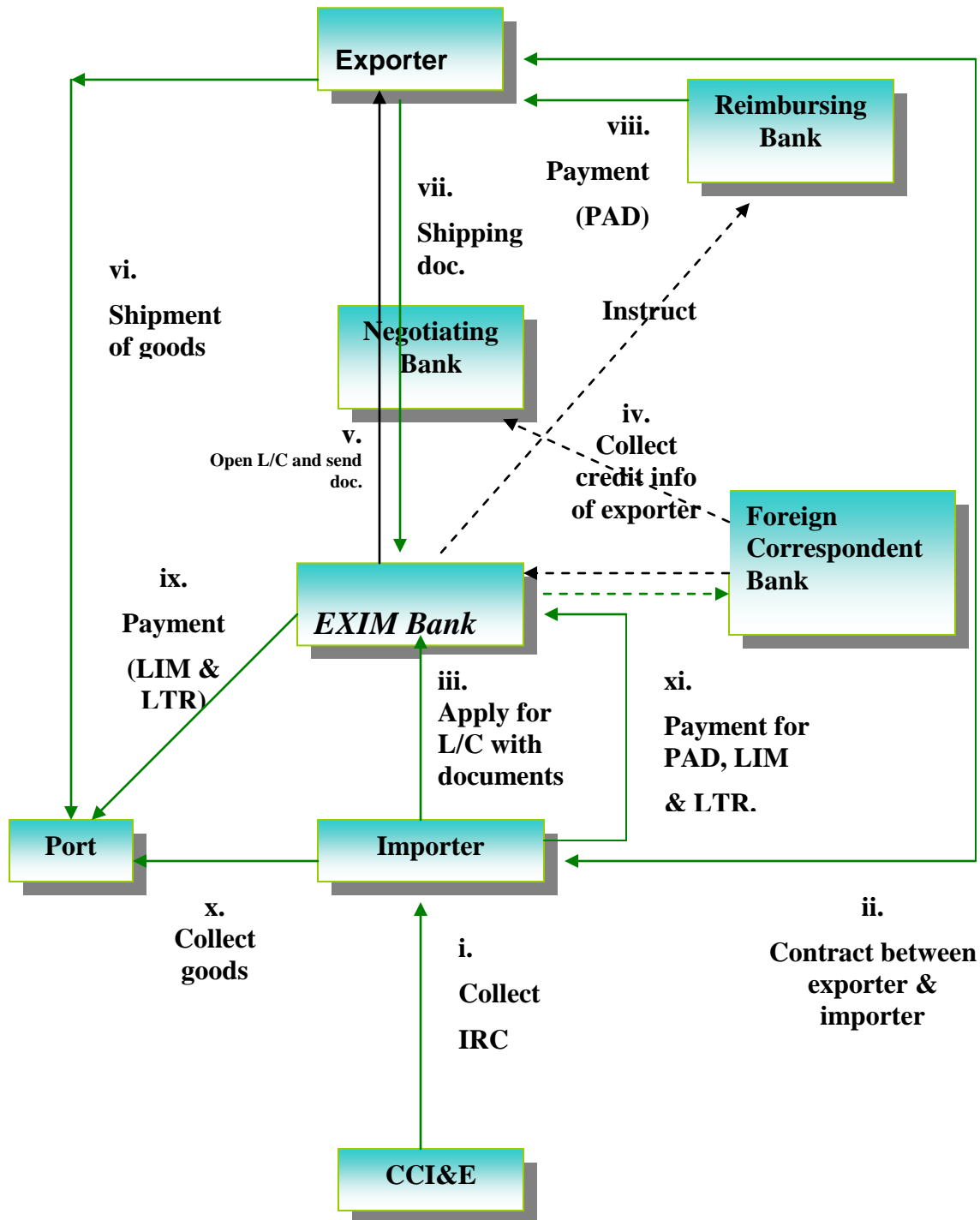


Figure: .4.2.6a Import Procedure of EXIM Bank

4.2.4 Accounting Procedure in case of L/C Opening:

When the officer thinks fit the application to open a L/C, giving the following entries-creates the following charges-

<i>Particulars</i>		<i>Dr(Tk.)</i>	<i>Cr(Tk.)</i>	<i>Charges in Tk</i>
Party A/C	Dr.	XXX		
SD Margin on L/C	Cr.		XXX	10%
I/A Commission A/C on L/C	Cr.		XXX	0.5%
SD VAT on L/C	Cr.		XXX	15% on Commission
I/A SWIFT Charge	Cr.		XXX	Tk.3000
I/A Data max	Cr.		XXX	Tk.1000
I/A Stamp	Cr.		XXX	Tk.150
I/A Postage	Cr.		XXX	Tk.300
I/A Courier charge	Cr.		XXX	Tk.1500
I/A miscellaneous	Cr.		XXX	

4.2.4.1 Amendment of L/C:

After opening of L/C some time's alteration to the original terms and conditions become necessary. These amendments involve changes in

- a. Unit price
- b. Extension of validity o the L/C
- c. Documentary requirements etc.

Such amendments can be affected only if all the concerned parties agree i.e. the beneficiary, the importer, the issuing bank and the advising bank.

For any amendment the importer must request the issuing bank in writing duly supported by revised indent/proforma invoice. The issuing bank then advises the required amendment to the advising bank. L/C amendment commission including postage is charged to the clients A/C.

4.2.5 There is three types of import financed by the EXIM Bank:

1. Loan against Trust Receipts (LTR):

Advance against a “Trust Receipt” obtained from the customers are allowed to only first class tested parties when the documents covering an import shipment or other goods pledged to the bank as security are given without payment. However, for such advances prior permission/sanction from head office must be obtained.

The customer holds the goods or their sale-proceeds in trust for the bank, till such time, the loan allowed against the Trust Receipts is fully paid off.

The trust receipt is a document that creates the banker's lien on the goods and practically amounts to hypothecation of the proceeds of sale in discharge of the lien.

2. Loan against Imported Merchandise (LIM):

Advance (Loan) against the security of merchandise imported through the bank may be allowed either on pledge or hypothecation of goods, retaining margin prescribed on their landed cost, depending on their categories and credit restriction imposed by the Bangladesh Bank. Bank shall also obtain a letter of undertaking and indemnity from the parties, before getting the goods cleared through LIM Account.

3. Payment against documents (PAD)

Payment made by the bank against lodgment of shipping documents of goods imported through L/C falls under this head. It is an interim advanced connected with import and is generally liquidated against payments usually made by the party for retirement of the documents for release of imported goods from the customer’s authority. It falls under the category of “Commercial Loan”.

4.2.6 Source of Finance:

Import may be allowed under the following sources of finance:

- (a) **Cash-**
 - i. Cash foreign exchange (balance of the foreign exchange reserve of Bangladesh Bank);
 - ii. Foreign currency accounts maintained by Bangladeshi nationals working/living abroad.
- (b) **External Economic Aid.**
- (c) **Commodity Exchange.**

4.2.7 Payment Procedure of the Import Documents:

This is the most sensitive task of the import department. The officials have to be very much careful while making payment. This task constitutes the following:

-  **Step 1- Date of Payment:** Usually payment is made within 7 days after the documents have been received. If the payment is become deferred, the negotiating bank may claim interest for making delay.
-  **Step 2- Preparing Sale Memo:** A sale memo is made at BC rate to the customer. As the TT & DD rate is paid to the ID, the difference between these two rates is exchange trading. Finally, an Inter Branch Exchange Trading Credit Advice is sent to ID.
-  **Step 3- Requisition for the foreign Currency:** For arranging necessary fund for payment, a requisition is sent to the international department.
-  **Step 4- Transmission of telex:** A telex is transmitted to the correspondent Bank ensuring that payment is being made

4.3 Conclusions:

Foreign Exchange Business is the main source of the expansion of our economy. This is why, the importance of the effective involvement of Bank in our economy in financing Import, Export & Remittance business is enormous

The total process of import consists of some sequential steps. First the importer must be registered with the Chief Controller of Import and Export (CCI & E). Secondly importer will Determine terms of credit to open L/C. thirdly, he will submit the proposal for L/C to the issuing Bank . then bank will ask for some important document like. L/C Application form, Pro-forma invoice, Tax Identification number, Import registration certificate, Beneficiaries credit report, VAT certificate etc. After submitting the document issuing bank open L/C for importer. Opening bank then issues credit by air mail/TELEX/SWIFT followed by L/C advice as asked by the opener through his foreign correspondent or branch as the case may be, at the place of beneficiary. Then the advising bank make know the exporter by the negotiating Bank(the exporter Bank) about the L/C. Being confirm about L/C, exporter make the shipment of goods and sent the documents (Bill of lading, Bill of Exchange, Commercial Invoice, Certificate of Origin, Packing List, Shipment Certificate Pre-shipment Inspection Certificate) to the issuing Bank through the negotiating Bank . After receiving the documents, the opening banker scrutinizes the documents. If any discrepancy found, it informs the importer. If importer accepts the fault, then opening bankers call importer retiring the document by cash payment, or other ways ,if the importer make delay bank charge interest(profit) at 16% of the due amount to the importer.

Chapter -5

5. Performance Analysis: Import Division of EXIM Bank:-

Export Import Bank of Bangladesh Limited has diversified activities in retail banking, corporate banking and international trade. From the very beginning it has obtained a solid foundation in respect of foreign trade. Its total import, export and remittance for the year of 2007 were Tk.49596.73, Tk.46234.59 & Tk.343.78 million respectively. The EXIM Bank Limited has established a modern dealing room for foreign trade money management. SWIFT has already been introduced and installed at 14 A.D branches out of 35 branches to speed up international transactions and parsing of L/Cs and it will be installed at all the A.D branches of the bank shortly.

5.1 Last Five Years' Progress of EXIM Bank at a Glance:

Figures in Crore

No	Particulars	2010	2011	2012	2013	2014
1	Authorized Capital	100.00	100.00	100.00	350.00	350.00
2	Paid-up Capital	31.39	62.78	87.90	171.38	214.22
3	Reserve Fund	43.44	35.73	57.00	81.09	113.46
4	Deposits	1524.30	1907.81	2831.90	3503.20	4154.66
5	Investment (General)	1228.91	1933.24	2604.60	3264.13	4019.52
6	Investment (Shares on Bonds)	237.70	154.30	163.30	223.33	245.77
7	Foreign Exchange Business	3461.96	4931.24	7271.70	9617.51	11790.01
	a) Import Business	1926.00	2678.10	4143.20	4949.67	6139.94
	b) Export Business	1512.46	2241.84	3128.50	4623.46	5579.04
	c) Remittance	23.50	11.38	22.30	34.38	71.03
8	Operating Profit	56.27	83.58	117.58	137.87	190.82
9	Loan as a % of total Deposit	80.62%	101.33%	91.97%	93.18%	96.75%
10	No. of Foreign Correspondent	185	200	212	246	246
11	Number of Employees	627	768	934	1020	1104

(source EXIM Bank annual reports & website of Exim Bank)



Interpretation:

It is clearly shown in the table the overall condition of the EXIM bank. The total deposit of the bank is increasing. It is very necessary for any Bank. And the loan as a percentage of is 96% in 2014 that's mean that, 96% deposit is invested. As a result of that operating profit of the Bank is also increasing. Bank allows two types of investment, general investment and investment on Share and bond. Foreign Exchange business consisting import Export and remittance volume also has a wonderful growth.

5.2 IMPORT BUSINESS

The performances of the services provided by the bank in Import Divison are shown below.

□ Letter of Credit

The following table and figure show last five years volume of letter of credit of EXIM Bank:

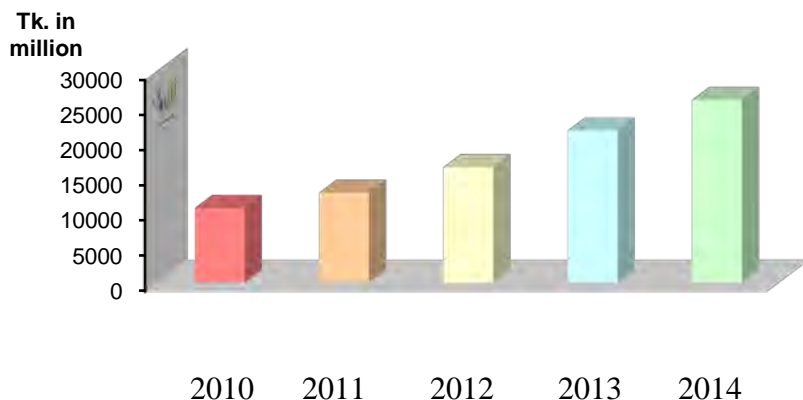
Number of letter of credit

(Tk. in million)

<i>Year</i>	<i>Number of Letter of Credit</i>
2014	25817
2013	21555
2012	16339
2011	12692
2010	10520

Table: 5.2 Letter of credit of EXIM Bank Ltd (Source EXIM Bank annual report)

Fig: 5.1 Number of Letter of Credit



Interpretation

- If we see the last 5 years number of opening L/C it increases every year.
- The highest number is Tk.25817 million in 2014.
- The lowest number is Tk 10520 million in 2010.
- The growth of number of opening L/C in 2014 is 19.77%.

□ Irrevocable Credit

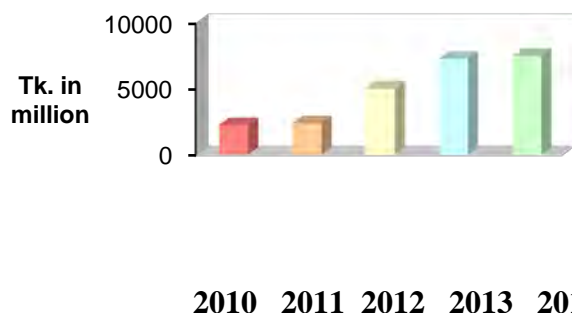
The following table and figure show last five years volume of irrevocable L/C of EXIM Bank:

Volume of irrevocable L/C

<i>Year</i>	<i>Irrevocable L/C</i>
2014	7452.71
2013	7229.97
2012	5009.35
2011	2383.04
2010	2249.81

(Source EXIM Bank annual report)

Fig: 5.2 Volume of Irrevocable L/C



(Source EXIM Bank annual report)

Interpretation

- If we see the last 5 years volume of irrevocable L/C it increases every year.
- The highest volume is Tk.7452.71 million in 2014.
- The lowest volume is Tk 2249.81 million in 2010.
- The growth rate of volume of irrevocable L/C in 2014 is 2.12%.

□ Volume of Import

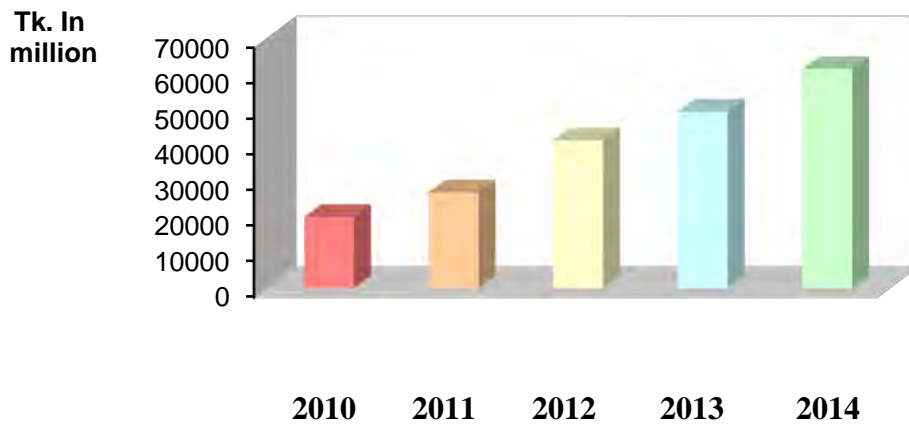
The following table and figure show last five years volume of import of EXIM Bank:

Volume of import

Taka in million	
<i>Year</i>	<i>Volume of Import</i>
2014	61399.40
2013	49596.73
2012	41432.10
2011	26781.8
2010	19260.1

Table: Volume of Import of EXIM Bank Ltd (source EXIM Bank annual report)

Fig: 5.3 Volume of Import



Interpretation

- If we see the last 5 years volume of import, it increases every year.
- The highest volume is Tk. 61399.40million in 2014.
- The lowest volume is Tk 19260.10 million in 2010.
- The growth rate of volume of import in 2014 is 23.80%.

5.3A Comparison among Import, Export & Foreign Remittance Business

A comparison among last five years export, import and foreign exchange transactions of EXIM Bank is given below:

Taka in million

<i>Year</i>	<i>Import</i>	<i>Export</i>	<i>Foreign Remittance</i>
2014	61399.40	55790.24	710.32
2013	49596.73	46234.59	343.78
2012	41430.1	31285.37	222.97
2011	26781.8	22418.4	113.79
2010	19260.1	15124.6	235

Table: Comparison among volume of Import, Export & Foreign Remittance

(Source: Annual report)

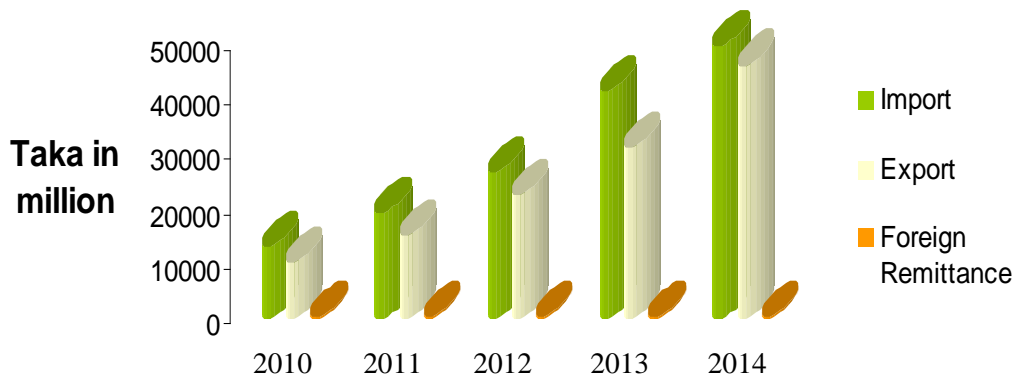


Fig: 4.14a Comparison among Volume of Export, Import & Remittance

Interpretation

- If we see the last 5 years volume of export & import, it increases every year.
- Volume of remittance is unstable but highest in 2014.
- The highest volume of export, import & remittance is in 2014.
- The lowest volume of export, import & remittance is in 2010.
- The percentage of export, import & remittance are 48%, 52% and 0.36% or 0% respectively

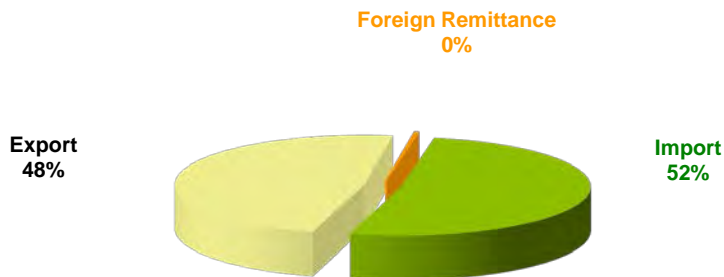


Fig : 5.3a Percentage of Export, Import & Remittance

From the above trend analysis it indicate that the EXIM Bank performance for import & export business is quite sound. Its services in irrevocable L/C, number of L/C opening, volume of import etc are improving year by year from 2010 to 2014.

So the overall performance in foreign exchange service of EXIM Bank Ltd is shown by the above Figure 5.3a, it shows that export, import and foreign remittance business are improving year by year from 2010 to 2014.

5.4 Import Division of EXIM Bank Limited and Other Commercial Banks: A Comparative Analysis

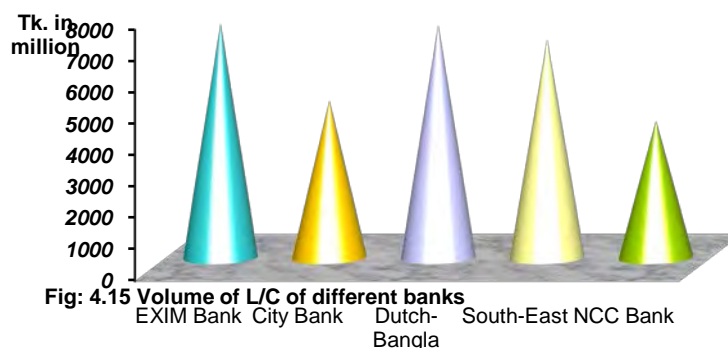
For the comparative analysis, four banks like South-East, Dutch-Bangla Bank Ltd, City Bank Ltd and NCC Bank Ltd are taken here. A comparison of foreign exchange operation of EXIM Bank with other private banks is shown below:

5.4.1 Letter of Credit

The following table and figure show different banks volume of L/C in 2014:

Name of the Bank	EXIM Bank Limited	City Bank Limited	Dutch-Bangla Bank Ltd	South East Bank Ltd	NCC Bank Limited
Letter of Credit (Tk. in million)	7452.71	5009.13	7400.67	6942.18	4356.46

Table: 5.4.1a Comparison among banks volume of L/C in 2014 (Source: Annual report)



Interpretation

- The EXIM Bank stands on the highest position in volume of L/C that is Tk.7452.71 million in 2007.
- The NCC Bank stands on the lowest position in volume of L/C that is Tk.4356.46 million in 2007.
- It indicates that EXIM Bank have better acceptance by its corporate client

5.4.2 Volume of Import

The following table and figure show different banks volume of import in 2014:

Name of the Bank	EXIM Bank Limited	City Bank Limited	Dutch-Bangla Bank Ltd	South East Bank Ltd	NCC Bank Limited
Volume of Import (Tk. in million)	49596.73	32096	79806	35125.12	17646.80

Table: Comparison among Banks volume of Import in 2014 (annual report)

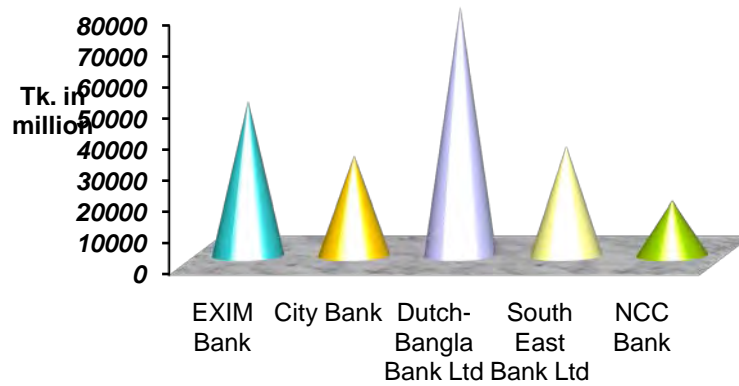


Fig: Volume of import of different banks

Interpretation

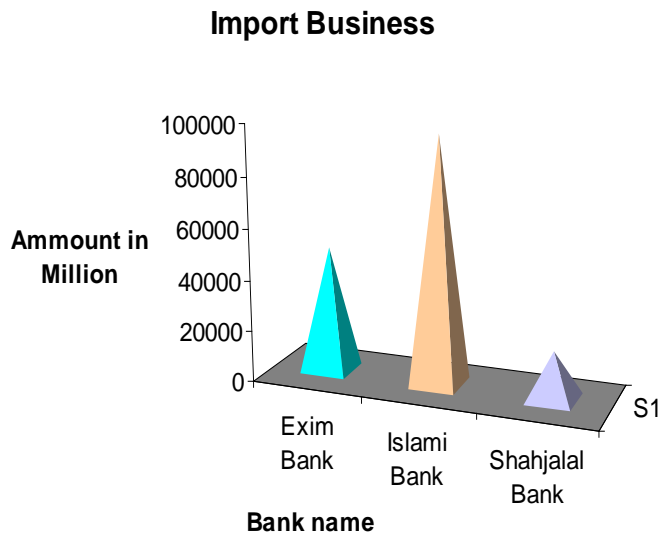
- The Dutch-Bangla Bank stands on the highest position in import business that is Tk.79806 million in 2014.
- The NCC Bank stands on the lowest position in import business that is Tk.17646.80 million in 2014.
- The EXIM Bank stands on the second highest position in import business that is Tk.49596.73 million in 2014.

5.5 Comparative analysis of EXIM bank and with Islamic bank and Shahjalal Islami Bank

Import business for EXIM bank ltd is the. 49,596 million Islami bank is tk.96870 million and Shahjalal islami Bank is tk.18684 milion in 2013

Name of the Bank	EXIM Bank Limited	Islami Bnak Limited	Shahjalal Bank Limited
Volume of Import (Tk. in million)	49596	96870	18684

Table: Comparison among Banks volume of Import in 2013



Interpretation

Growth rate of import Business is 19.70 of EXIM Bank ,29.98% for Islami Bank and 42.47 for shahajalal Bank in 2013. Exim bank is in the second position. But the growth rate of the EXIM bank is the lowest.

5.6 Findings

In recent years, the foreign exchange business of Export Import Bank of Bangladesh Limited. is increasing at a faster rate. EXIM Bank is rendering a stable support to the national foreign exchanges business. Although the foreign exchange business loading day by day there are also some obstacles around it they are as per observations:

- ❑ The EXIM Bank Limited, Ring Road branch is not an A.D (Authorized Dealer) branch, so while opening a L/C it's required to contact with the corporate branch, which is an A.D branch of EXIM Bank Limited.
- ❑ EXIM Bank Limited does not provide assistance in relation with foreign exchange to the small entrepreneur. Small entrepreneur has to keep higher margin sometimes 100% regarding opening a L/C. It mainly give facilitate foreign exchange services to the big shots. As a result their services are not diversified in to the small-scale portfolios. This may cause high financial loss in future.
- ❑ EXIM Bank Limited take 100% margin for the new importer to avoid the risk
- ❑ Lack of enthusiastic scheme for exporter & importer.
- ❑ In comparison to the other bank like Southeast bank, Duch Bangle, EXIM bank has better import condition.
- ❑ In comparison among the shoria based Bank EXIM Bank Limited secured the second place.
- ❑ EXIM Bank's performance in volume of import are improving year by year but compare to other private banks like South-East Bank Ltd, Dutch-Bangla Bank Ltd, City Bank Ltd and NCC Bank Ltd, it secure second position. But there also some other bank where the performance of EXIM bank is below of them.
- ❑ Amount of Deposit of the bank is growing year by year but the cost of deposit is increasing. It means that the bank has to pay 13% or some cases 13.5% profit(interest) to the depositor . On the contrary they take 16% profit (interest)

from investor who takes loan from Bank. It is clear that bank has only 3% in their hand in which they have to use 2% for maintaining the administrative cost and the rest 1% is their profit. So Bank always want deposit with lesser cost or no cost that's mean they want deposit on current A/C(0%interest rate) and STD A/C(5.5%interest rate) but they have a big number of deposit in Mudarabhaha term deposit (MTDR) which interest rate is 13%

- In the year 2012 the import letter of credit and import volume growth was 54.70%.in the year 2013 the growth was 19.71%. and 2014 it was 23.80%.
- Another threaten is the technology, the bank must be adjusted with new technologies and information. Otherwise the profitability of the bank may hamper.

The marketing strategy adopted by the bank is effective but not efficient. The appearance of the bank in the printing media and electronic media has become a matter of fortune.

Chapter-6

Conclusions & Recommendations

Conclusions:

The commercial banking system dominates Bangladesh's financial sector. Bangladesh Bank is the Central Bank of Bangladesh and the chief regulatory authority in the sector. The banking system consists of nationalized commercial banks, private commercial banks, foreign multinational banks and some specialized banks

There are huge number of nationalized and foreign bank operating their banking in Bangladesh, The Export Import Bank of Bangladesh Limited is promising one among these banks. The growing competition bound **EXIM Bank Limited** not only to compete with the other commercial bank but also with the public banks. For the future planning and the successful operation in achieving its prime goal in this current competitive market, this can be helpful in international trade financing that suggested mostly for the betterment of country.

Foreign Exchange Business is the main source of the expansion of our economy. This is why, the importance of the effective involvement of Bank in our economy in financing Import, Export & Remittance business is enormous.

The total process of import consists of some sequential steps. First the importer must be registered with the Chief Controller of Import and Export (CCI & E). Secondly importer will Determine terms of credit to open L/C. thirdly, he will submit the proposal for L/C to the issuing Bank . Then bank will ask for some important document like. L/C Application form, Pro-forma invoice, Tax Identification number, Import registration certificate, Beneficiaries credit report, VAT certificate etc. After submitting the document issuing bank open L/C for importer. Opening bank then issues credit by air mail/TELEX/SWIFT followed by L/C advice as asked by the opener through his foreign correspondent or branch as the case may be, at the place of beneficiary. Then the advising bank make know the exporter by the negotiating Bank(the exporter Bank) about the L/C. Being confirm about L/C, exporter make the shipment of goods and sent the documents (Bill of lading, Bill of Exchange, Commercial Invoice, Certificate of

Origin, Packing List, Shipment Certificate Pre-shipment Inspection Certificate) to the issuing Bank through the negotiating Bank . After receiving the documents, the opening banker scrutinizes the documents. If any discrepancy found, it informs the importer. If importer accepts the fault, then opening bankers call importer retiring the document by cash payment, or other ways ,if the importer make delay bank charge interest(profit) at 16% of the due amount to the importer.

In today's banking sector, Foreign Exchange activities are very common. All most all the commercial banks have this department. So the activities of the foreign exchange similar to all. Mechanism of operation of the L/C and other related activities are well developed one. The steps in opening L/C, which are followed by EXIM Bank ltd, are more are less same. Some exception arises from the amount of margin, percentage of commission and over all good relation with customer. EXIM Bank Limited tries to maintain good relation to customer by providing some incentives. Like 10% or below 10% margin for the regular customer, less percentage of commission for big amount of L/C, and Fast processing etc.

After analysis the whole import performance and Bank activities, we can see that Banks import volume and the amounts of L/C are increasing year by year. And through this, the profit volume of the bank is also increasing. The increasing demand of the imported goods and friendly relation with customer by the bank are the main reasons of this growth.

Recommendations:

- ✓ The entire department should be well informed regarding their goal and objectives. it is essential to execute company objective into individual target.
- ✓ There must be clear allocation of responsibilities , authority and accountability
- ✓ The bank should introduce more promotional activities
- ✓ The bank should take initiative to develop an effective research and development centre to get innovative ides to capture the competitive market
- ✓ For opening a L/C it's required to contact with the Corporate Branch, which is an A.D Branch of EXIM Bank Limited. To minimize this time lag proper attempts should immediately taken to convert this branch as an A.D branch.
- ✓ Diversified schemes for export and import with fewer margins for L/C should introduce

by the bank for small entrepreneur to target a different segment to increase volume of export and import.

- ✓ Efficient and attractive marketing strategy and appearance of the bank in the printing media and electronic media would also increase knowledge of people about foreign trade. This is very much useful for increase transactions in foreign exchange department of this bank.
- ✓ Tight rules and requirements for opening foreign currency account should be relaxed and make it easy and simple.

Appendix

Private Commercial Banks (PCBs): Private Banks are the highest growth sector due to the dismal performances of government banks (above). They tend to offer better service and products. Some of PCBs are:

- 1) AB Bank Limited
- 2) BRAC Bank Limited
- 3) Eastern Bank Limited
- 4) Dutch Bangla Bank Limited
- 5) Dhaka Bank Limited
- 6) Islami Bank Bangladesh Ltd
- 7) Pubali Bank Limited
- 8) Uttara Bank Limited
- 9) IFIC Bank Limited
- 10) National Bank Limited
- 11) The City Bank Limited
- 12) United Commercial Bank Limited
- 13) NCC Bank Limited
- 14) Prime Bank Limited
- 15) SouthEast Bank Limited
- 16) Al-Arafah Islami Bank Limited
- 17) Social Investment Bank Limited
- 18) Standard Bank Limited
- 19) One Bank Limited
- 20) Exim Bank Limited
- 21) Mercantile Bank Limited
- 22) Bangladesh Commerce Bank Limited
- 23) Mutual EXIM Bank Limited
- 24) First Security Bank Limited
- 25) The Premier Bank Limited
- 26) Bank Asia Limited
- 27) EXIM Bank Limited

- 28) Shahjalal Bank Limited
- 29) Jamuna Bank Limited

Foreign Banks: There are some foreign banks which are successfully operated within our country. The list of foreign banks are:

- 30) Citigroup
- 31) HSBC
- 32) Standard Chartered Bank
- 33) Commercial Bank of Ceylon
- 34) State Bank of India
- 35) Habib Bank
- 36) National Bank of Pakistan
- 37) Woori Bank
- 38) Bank Alfalah
- 39) ICB Islami Bank

Specialized Banks: Out of the specialized banks, two (Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank) were created to meet the credit needs of the agricultural sector while the other two (Bangladesh Shilpa Bank (BSB) & Bangladesh Shilpa Rin Sangtha (BSRS) are for extending term loans to the industrial sector. The Specialized banks are:

- 1) Grameen Bank
- 2) Bangladesh Krishi Bank
- 3) Bangladesh Shilpa Bank
- 4) Rajshahi Krishi Unnayan Bank
- 5) Bangladesh Shilpa Rin Sangstha

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