

**Internship report on**

**Foreign Exchange  
Performance and Bank's  
Profitability: an Evaluation  
of TBL**

**PREPARED BY**

**Reazul Islam (Mobin)**



BRAC Business School

**Internship report on**  
**Foreign Exchange Performance and**  
**Bank's Profitability: an Evaluation of TBL**

**Submitted By**

Reazul Islam (Mobin)  
ID: 07204011

**Submitted To**

Mr. Abdul Alim Baser  
Lecturer  
BRAC Business School  
BRAC University

SUBMISSION DATE: SEPTEMBER 19, 2011

September 19, 2011

Mr. Abdul Alim Baser  
Lecturer  
BRAC Business School  
BRAC University

**Subject: Submission of Internship Report**

Dear Sir,

It gives me enormous pleasure to submit the internship report on “**Foreign Exchange Performance and Bank’s Profitability: An Evaluation of TBL**” as per instruction. I expect this report to be informative as well as comprehensive.

While conducting the report, I have gathered lots of knowledge about banking system and many unknown facts, problems and prospects of foreign exchange activities of different banks like Trust Bank, Prime Bank, Eastern Bank, Dhaka Bank etc. This internship program and preparation of report has given me the opportunity to acquaint myself with a reputed bank. I believe that the experience I acquired from this study will facilitate me a lot in my future career life.

It has also to be mentioned that without your expert advice and cooperation it would not have been possible to complete this report. I shall be pleased to answer any sort of query you may have regarding this report.

Sincerely yours,

-----  
**Reazul Islam (Mobin)**  
**ID: 07204011**

## ACKNOWLEDGEMENT

At first I desire to express my deepest sense of gratitude of almighty Allah.

I have completed my internship at Trust Bank Ltd (Gulshan Corporate Branch) from May 02, 2011 to August 02, 2011. My internship report won't be possible without contribution of few people.

With profound regard I gratefully acknowledge my respected course teacher Mr. Abdul Alim Baser, Lecturer BRAC Business School of BRAC University for his constant assistance and knowledgeable guidelines to carrying out the internship and preparation of the report. Without his enthusiastic guidance and critical comments during the entire phase of the writing, it would not be possible for me to prepare this.

I would like to tender my heartiest gratitude to Md Nurul Hasnat (Senior Vice President & Chief Manager), Md. Abu Taher (Senior Assistance Vice President & Manager (Operation), Md. Abu Zafar Shamsuddin (Senior Assistance Vice President & Manager (Credit & F. EX.), and Mr Md. Salah Uddin Bhuiyan (In charge of Financial Control and Accounting Department), Mr Mosleh Uddin (MTO) and Md. Abdul Razzak (Officer). They helped me with the very best opportunity as much as possible. Without their sincere cooperation the completion of internship would be nightmare.

Next I want to express special thanks to all the employees of Trust Bank Ltd, Gulshan Corporate Branch.

I am very grateful and doubtful to few people, who helped me in many ways. They are: Mr. Md. Jashim Uddin (Senior Officer-FX), Mr. Abidur Rahman (MTO), Mr. Mahmud (MTO), Mr. Anik Ahmed, Mr. Sadat Hossain Khan and many more.

I am also grateful to the Human Resource Department of Trust Bank Limited for giving me the opportunity to make my internship program in this organization. Their consideration favored me to perform the internship and prepare this report. Otherwise, it would not possible for me to complete the internship.

## TABLE OF CONTENT

<b>Item No</b>	<b>Particulars</b>	<b>Page No</b>
	Executive Summery	v
	<b>Chapter 01 (Introduction)</b>	
1.1	Introduction	01
1.2	History	01
1.3	Product and Services	02
1.4	Vision	05
	<b>Chapter 02 (Project Description)</b>	
2.1	Origin of the Report	06
2.2	Objective of the study	06
2.3	Methodology	07
2.4	Limitation of the study	07
	<b>Chapter 03 (Job Description on TBL)</b>	
3.1	Working Experience at Trust Bank	09
3.2	Job As an Intern	09
3.3	Different Aspects of job Performance	11
3.4	Critical observation and Recommendation	11
	<b>Chapter 04 (Foreign Exchange Operation)</b>	
4.1	Foreign Exchange	13
4.2	Foreign Trade Department	13
4.3	Import	13
4.4	Dealing with foreign currency	15
4.5	Foreign Exchange activities of TBL	16
4.6	Export	20
4.7	Mode of payment of export bill under LC	21
4.8	Foreign remittance section	22
4.9	Outward remittance	22
4.9.1	Private Remittance	22
4.9.2	Official & Business Travel	24
4.9.3	Commercial Remittance	25
4.10	Inward Remittance	28
	<b>Chapter 05 (Performance Evaluation)</b>	
5.1	Foreign Exchange Performance	33
5.2	Finding of the study	38
	Recommendation	39
	Conclusion	40
	Reference	41

## EXECUTIVE SUMMERY

Importance of banking system in a country is increasing day by day. It is quite impossible for any country to develop in industrial and commercial sector without sound banking system in modern economic era.

Foreign exchange operation is one of the significant functions of the bank. It plays a vital role in overall economy of the country. Bank collects information from numerous sources relating to cost and revenue from foreign exchange operation. Through export, import, and foreign remittances Foreign Exchange department of the banks earns their profit. Banks is the intermediary of all export, import, and remittance activities.

Globalization of national economies has given a boost to international trade. The seller and the buyer in an international trading transaction must agree for a product or its quality, price etc. enter into a sales contract, spelling out precisely shipping and delivery details, terms of payment, required documentation and other related issues including dispute settlement procedure and legal framework available.

The impact on trade transactions currency policies of the importing and exporting countries and risks associated with them, fraud possibilities in the transaction or in documents are also necessary. A country cannot long continue to have a deficit on foreign current account but a favorable balance of payments on current account may conceal a heavy adverse balance of payments with one individual country or group of countries.

Foreign Exchange Market allows currencies to be exchanged to facilitate international trade and financial transactions. After passing a lot of phases, present foreign exchange market has established and performing to benefit all the parties incorporated here. There are basically three players in the foreign exchange market of Bangladesh. Those are the Bangladesh Bank, authorized dealers, and customers. This paper discussed regarding the related issues of foreign exchange activities of Trust Bank Ltd.

---

---

**Chapter-1**

**Organization**

**Overview**

---

---

## 1.1 INTRODUCTION

Financial institutions are investment intermediaries linking the savers and users of fund. These intermediaries are interposed between the ultimate borrowers and lenders permitting them efficient transfer of funds. Individuals having surplus funds can lend them for reasonable return to entrepreneurs who need funds to take the advantage of economically and financially viable investment opportunities. The existence of financial institutions facilitates such exchange of resources. As a result, both the borrowers and lenders are better off than they would have been without financial institutions and market intermediaries. Thus, these financial institutions, such as banks, have a positive role in financing and investment which is a multidimensional process involving the complexity of many interrelated and interdependent factors of diversified nature. It is difficult to assess the contribution of each factor independently.

The key to successful banking lays in the ability of balance many activities simultaneously. The bank must maintain a healthy growth rate, while at the same time it must take action to minimize the risks it faces. The bank must also maintain enough cash on hand to meet obligations. All of these are related to sound performance of a bank. The financial performance evaluation demonstrates the strengths and weaknesses of bank performance over time. The Trust Bank Ltd. has a responsibility to ensure efficient and effective banking operation in a sound manner. The study will look at the amount of liquidity that TBL has available to meet any reasonable demands that might have to meet, how it manages asset/liability, Foreign exchange Operation, what is the position in terms of profitability and how the bank manages its capital so that it has sufficient funds to remain solvent. This study is an attempt to the in-depth analysis of the Foreign Exchange performance of The Trust Bank Ltd.

## 1.2 HISTORY

The Trust Bank limited (TBL), a private commercial bank sponsored by the Bangladesh Army Welfare Trust, started its operations in November 29, 1999. They gained success from the very beginning of their operation and were capable enough to hold the success year after year. They gained success very early because they have a very strong backup to provide them financial



support and they are the Army Welfare Trust. This bank is very much popular within the army community because all the financial activities of the army done by this bank. In a recent days the Trust Bank Ltd also gaining popularity in the general people and also for the business people.

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

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

The authorized capital of the bank is Tk. 5000 million. The Army Welfare Trust (AWT) is the major shareholder bearing 51% share. Total shareholders’ equity at the end of March 2011 stood at Tk. 5,342,107,706, where Paid-up capital is Tk. 2,217,606,200, statutory reserve is Tk 6 7,160,847 and Retained Earnings is Tk. 2 11,645,023. The Paid- up capital is indicative of the face value of 5, 00,000 ordinary shares of Tk. 1,000/-each fully subscribed by the shareholders.

### 1.3 PRODUCT AND SERVICES

The bank serves its huge clientele with a variety of services apart from the traditional ones. Its continual improvement and introduction of new products and services has given it an edge over the competitors.

<b>Deposit Products</b>	<b>Investment Products</b>
1) Fixed Deposit Receipt (FDR)	1) Corporate Financing
2) Trust Smart Savers Scheme (TSS)	2) Trust Consumer Durable Scheme
3) Trust Money Double Scheme (TMDS)	3) Trust Marriage Loan Scheme (TMLS)

4) Trust Money Making Scheme (TMMS)	4) Trust Car Loan Scheme (TCLS)
5) Monthly Benefit Deposit Scheme (MBDS)	5) Trust House Building Loan Scheme (THLS)
6) Lakhopati Savings Scheme (LSS)	6) Trust Micro Credit for Renovation & Reconstruction of Dwelling Houses
7) Interest First Fixed Deposit Scheme (IFFDS)	
<b>International Trade</b>	<b>Others</b>
1) International Banking	1) Trust Locker Service (TLS)
2) Private Foreign Currency Accounts	2) Trust Tele Banking
3) Non Resident Foreign Currency Deposit A/C	3) SWIFT services
4) Resident Foreign Currency Deposit A/C	4) L/C Delivery Services
5) Travelers' Endorsement (Cash and Travelers Cheque)	5) Merchant Banking Services
	6) ATM services
6) Remittance of Foreign Currency	7) Priority banking service at Gulshan corporate branch
7) Import and Export Transaction	
8) Foreign Exchange Dealing	
9) Purchase of Foreign Currency Drafts, Cheque, Travelers Cheque	
10) Wage Earner's Development Bond	

### 1.3.1 ISLAMIC BANKING PRODUCTS

<b>Deposit Products</b>	<b>Loan &amp; Investment</b>
1) Al-Wadiah Current Account	1) Qard Scheme
2) Al-Wadiah Term Loan	2) Home Loan
3) Mudaraba Savings Loan	3) Car loan
4) Mudaraba Term Loan	

### 1.3.2 DIFFERENT DEPARTMENTS

Trust Bank divided its branch into 3 departments. Those are:



#### General Banking Section:

General Banking is the starting point of all the banking operations. This department assists in taking deposits and simultaneously provides some ancillaries services. Every day it receives deposits from the customers, meets their demand for cash by honoring cheques, opens bank account etc. Under general Banking section in TBL Gulshan Corporate Branch, there are several divisions.

- ✚ Account opening (Current & Savings account) and Lockers services
- ✚ Cash Department
- ✚ Remittance Department
  - Account Opening (FDR & other schemes)
  - Pay Order
  - Demand Draft (DD)
  - Telegraph Transfer (TT)
- ✚ Financial Control & Accounts Department (FCAD)
- ✚ Clearing Section

#### Foreign Exchange Department:

Foreign Exchange Department deals with import, export, and foreign remittance and post import financing. This department is playing an important role in enhancing export earnings, which aids economic growth and, in turn, will be helpful for economic development. On the other hand, it

also helps to meet those goods and services, which are more demandable and not adequate in our country. In TBL Gulshan Corporate Branch, foreign exchange department is doing following activities on a regular basis:

- ✚ Export & Import
- ✚ Foreign currency endorsement
- ✚ Wage Earner Development Bonds (WEDB)
- ✚ Foreign Currency Account
  - Private Foreign Currency Account
  - Non-residential Foreign Currency Deposit Account
  - Residential Foreign Currency Deposit Account

### **Credit Department:**

One of the core functions of commercial banks is to create and disburse of loan-able funds for commercial & industrial activities. Bank distributes its funds among various sectors to derive sufficient income. The credit department of TBL Gulshan Corporate Branch provides 3 category loans.

- ✚ Corporate loan
- ✚ Retail banking unit
- ✚ Small Medium Enterprise (SME)

## **1.4 VISION**

Build a long-term sustainable financial institution through financial inclusion and deliver optimum value to all stakeholders with the highest level of compliance.

---

---

	<p><b><u>Chapter-2</u></b></p>	
--	--------------------------------	--

	<p><b>Project Description</b></p>	
--	---------------------------------------	--

## 2.1 ORIGIN OF THE REPORT

Now a day, education is not just limited to books and classrooms. In today's world, education is the tool to understand the real world and apply knowledge for the betterment of the society as well as business. From education the theoretical knowledge is obtained from courses of study, which is only the half way of the subject matter. Practical knowledge has no alternative. The perfect coordination between theory and practice is of paramount importance in the context of the modern business world in order to resolve the dichotomy between these two areas. Therefore, an opportunity is offered by BRAC University, for its potential business graduates to get three months practical experience, which is known is as "Internship Program". For the competition of this internship program, the author of the study was placed in a bank namely, "The Trust Bank Limited". Internship Program brings a student closer to the real life situation and thereby helps to launch a career with some prior experience.

This paper is titled "Foreign Exchange Performance and Bank's Profitability: An Evaluation of TBL" originated from the fulfillment of the BBA program. For the internship program, each student is attached with an organization. My internship was at The Trust Bank Ltd., Gulshan Corporate Branch, Dhaka. During my internship, I had to prepare a report under the supervision of Mr. Abdul Alim Baser.

## 2.2 OBJECTIVES OF THE STUDY

- To present an over view of The Trust Bank Ltd.
- To analysis the Foreign Exchange Transaction procedures maintained by the TBL
- To know overall activities of the Foreign Exchange division
- To learn about import, export and foreign remittance procedure of the bank
- To evaluate Foreign Exchange performance of The Trust Bank Ltd.
- To evaluate the success of Foreign Exchange operations

- To identify problems in Foreign Exchange operations of The Trust Bank Ltd.
- To recommend suggestions for the successful Foreign Exchange Operations of the Trust Bank Ltd.

## 2.3 METHODOLOGY

For preparing this paper, I used both Secondary and Primary data.

### **+ Collection of Primary Data:**

Many of the data and information were collected from my practical experience and queries from the executives while doing my internship at The Trust Bank Ltd. Information and data regarding Overview of the TBL, interest rates & charges, Foreign Exchange operations, performance measurement in Import & export, Foreign Exchange policies etc. were collected from this sources.

### **+ Collection of Secondary Data:**

Data regarding the Foreign Exchange operations and Performance Evaluation of The Trust Bank Ltd. were collected from secondary sources like: Annual Reports, Brochures, Manuals and Publication of The Trust Bank Ltd., Bangladesh Bank Library, DSE Library, News paper etc. were the major sources of secondary data.

## 2.4 LIMITATION OF THE STUDY

The main problem faced in preparing the paper was the inadequacy and lack of availability of required data. This report is an overall view of Foreign Exchange Operations of The Trust Bank Ltd. But there is some limitation for preparing this report. These barriers, which hinder my work, are as follows:

- ❖ Difficulty in accessing latest data of internal operations.
- ❖ Non-availability of some preceding and latest data.
- ❖ Some information was withheld to retain the confidentiality of the bank.
- ❖ I was placed to this department for only 3 months of time and working like a regular employee hindered the opportunity to put the better effort for the study.

With all of this limitation I tried my best to make this report as best as possible. So readers are requested to consider these limitations while reading and justifying any part of my study.



---

---

	<p><b><u>Chapter-3</u></b></p>	
--	--------------------------------	--

	<p><b>Job Description</b></p>	
--	-----------------------------------	--

### 3.1 WORKING EXPERIENCE AT TRUST BANK

Trust Bank Limited is a scheduled commercial Bank established under the Bank Companies Act, 1991, which obtained license from Bangladesh Bank on July 15, 1999 and incorporated as a Public Limited Company under the Companies Act, 1994 in Bangladesh on June 17, 1999. Trust Bank Limited is one of the leading private commercial bank having a spread network of 56 branches across Bangladesh and plans to open few more branches to cover the important commercial areas in Dhaka by the end of 2011. Being able to work in this organization I find myself lucky. I got the opportunity to work with different departments in Gulshan Corporate Branch of Trust Bank Ltd.

During the three months of my internship I was placed in the Gulshan Corporate Branch under Mr. Nurul Hasnat, Chief Manger, GCB, Trust Bank Ltd. I heavily enjoyed the working environment of this office. The work experience gave me a good idea of the overall banking system of Bangladesh and taught me the professionalism at work place.

### 3.2 JOB AS AN INTERN

During the internship period at Trust Bank Ltd, I was placed in different departments on rotation basis. At first I was in General banking section for six weeks, then in Retail Banking Unit for four weeks and finally in Foreign Exchange section for two weeks. So it was a great experience for me to work in different departments.

#### General Banking:

In General banking department I was place in remittance section. There I did different jobs as per the official's requirement. Though I was not assigned for specific responsibilities, but I did basically customer management related jobs. My job descriptions are mentioned below:

- ✚ Helping clients to fill up account opening form and pay order form.
- ✚ Writing pay order instrument.
- ✚ Provide customer's product related information.
- ✚ Provide assistance support according to the needs of the customer
- ✚ Helping officers for preparing Bangladesh bank report

### Retail Banking Unit:

During my internship period I got an opportunity to work with the Retail Banking Unit of Trust Bank Ltd. There I acquired knowledge about their marketing strategy and loan disbursement process. According to their time to time requirements I was assigned for different jobs.

- ✚ Completing folder's with all necessary documents for clients.
- ✚ Fill up CIB (Credit Information Bureau) form for clients and sent to Bangladesh Bank to check whether the client has any other loan with any other bank or not.
- ✚ Preparing Head Office forwarding for loan approval.
- ✚ Making Customer Sanction Advice for disbursing loan amount, after getting Head Office approval.
- ✚ Preparing purchase order for Car Loan, Doctor's Loan and Household Durables Loan on the basis of client's quotation.

### Foreign Exchange:

One of the most important parts in TBL Gulshan Corporate Branch is Foreign Exchange Department that deals with import, export, foreign remittance and post import financing. During my internship period I was placed in import and foreign currency accounts section. My responsibilities are mentioned below:

- ✚ **Opening Back to back L/C:** Back-to-Back L/C is a secondary L/C opened by the seller's Bank based on the original/master L/C to purchase the raw materials and accessories for manufacturing of the export products required by the seller.
- ✚ **Payment Instruction:** This is a universal system allowing importer's bank to pass on a payment order drawn on to the receiving bank of different country for execution. For giving import payments from foreign banks, Payment Instruction is mandatory.
- ✚ **IMP Report:** At the end of each month every commercial bank sent a report to Bangladesh Bank on the basis of their import payment during the whole month.
- ✚ Maintain foreign currency accounts and applying in IPO for them.

### 3.3 DIFFERENT ASPECTS OF JOB PERFORMANCE

During my three month internship period, I was assigned for different types of task and activities; and by doing those tasks I achieved performance appraisal from my line task manager.

- ✚ To apply for IPO on behalf of the account holders, I was assigned to fill up more than 200 forms and prepared all necessary documents required for application. I completed that job within a very short time and my accuracy was making pleased my line manager Mr. Abu Zafar Shamsuddin, and I achieved his trustworthiness.
  
- ✚ I was assigned to prepare Bangladesh Bank reporting for import payment which is called E2P2 for the month of March and April. For completing each month's E2P2 I only got one week. I had to fill up more than 50 IMP Form for each month and prepare different excel sheet for different currencies. I was successfully achieved my given target for those two months.

### 3.4 CRITICAL OBSERVATION AND RECOMMENDATION

As a finance student, I always prefer to do a job in a financial organization. So, obviously banks get the first priority to me. An internship in a bank, like TBL is a great way to demonstrate interest in the sector and for me to learn more about the actual job I would be doing on a routine basis.

During internship period, employees of TBL were very supportive & always helped me to learn. But it was not possible for me to know about all the departments within 3 months.

In the follows I found out some problem over in the TBL as critical Observation, and some recommendation regarding the observation:

✚ During my internship I observed that work load in foreign exchange and Credit department at Gulshan Corporate Branch was more than compared to the number of working employees. As their work pressure was being doubled, so motivational levels of those employees were getting down. So, the authority is required to be a little careful about their employees. May be their current policy is not to recruit any new employee, but they can solve this situation by transferring employees from other departments. Otherwise the motivation level of the employee will be low.

In TBL Gulshan Corporate Branch, the management is not so strict about punctuality. As a result, the tendency of being not on time is growing among employees. To change this practice management may need to be a little harsh about their rules and regulation.

---

---

**Chapter-4**

**Foreign Exchange  
Operation**

## 4.1 FOREIGN EXCHANGE

Foreign exchange covers all business activities relating to import, export, inward and outward remittance and buying and selling of currency. One of the largest businesses carried out by the commercial bank is foreign trading. The trade among various countries falls for close link between the parties dealing in trade. The situation calls for expertise in the field of foreign operations. The bank, which provides such operation, is referred to as rendering international banking operation. Mainly transactions with overseas countries are respects of import; export and foreign remittance come under the preview of foreign exchange transactions. International trade demands a flow of goods from seller to buyer and of payment from buyer to seller. In this case the bank plays a vital role to bridge between the buyer and seller.

In Trust Bank Ltd. (Gulshan Branch) foreign exchange division has one part which is foreign trade.

## 4.2 FOREIGN TRADE DEPARTMENT

Mainly foreign trade deals with import and export business that is two parties in foreign trade department in Trust Bank Ltd. (TBL)

1. Import department
2. Export department

## 4.3 IMPORT

Import and export means flow of goods/services purchased by a party of one location from a party of another location. Normally import/export is done through letter of credit (L/C).

Wide-ranging changes and expansion in the world trade owing to the process of evolution in globalization and free market economy have facilitated free flow of goods, which resulted in worldwide trade competition.

### 4.3.1 LETTER OF CREDIT (L/C)

A letter of credit is a financing instrument opened by a foreign buyer with a bank in her/his locality. The letter of credit stipulates the purchase price agreed upon by the buyer and seller, the quantity of merchandise to be shipped and the type of insurance coverage to protect the merchandise during shipment. The letter of credit names the seller as beneficiary (that is, you are the party who gets paid) and identifies the definite time period, the terms remain in force. The letter of credit authorized the buyers to pay when all the stipulated conditions have been met.

A letter of credit gives some assurance to the seller that the buyer is solvent.

### 4.3.2 TYPES OF LETTER OF CREDIT (L/C):

Letter of credit may be-

- ✚ Revolving letter of credit (L/C).
- ✚ Assigned (L/C).
- ✚ Banker's acceptances

#### Revolving letter of credit (L/C):

This is useful when shipping a variety of goods to an established customer. It normally runs for a period less than one year and it provides for prompt reinstatement when drawn against.

#### Assigned letter of credit (L/C):

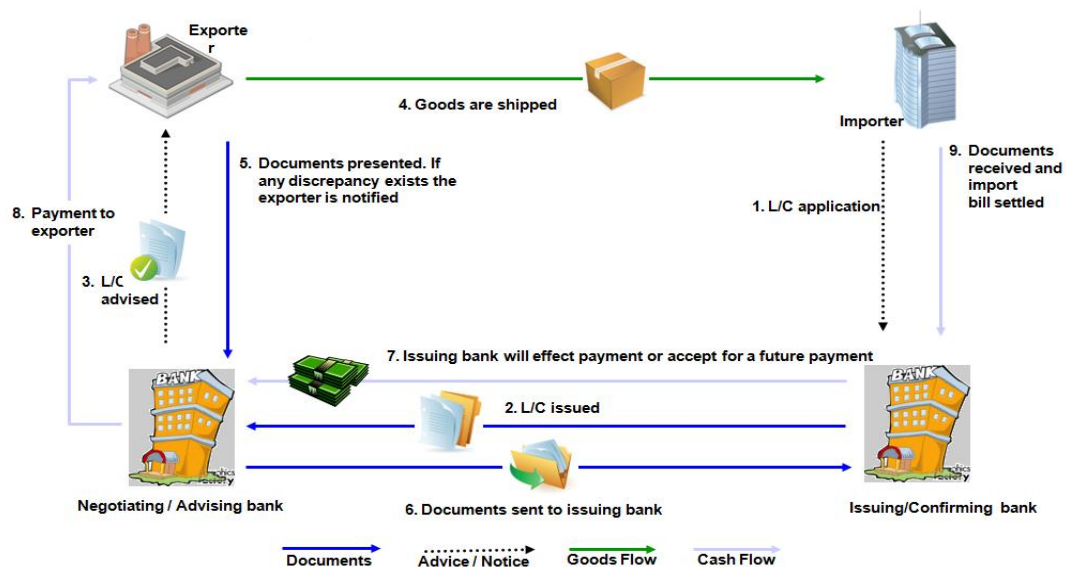
This type is the same as the normal letter of credit (L/C) except that it includes the phrase and/or assignees following the names of the beneficiary. This allows the exporter to make his or her domestic purchase by using the overseas buyer's credit. That is you are agreeing that payment for the letter of credit (L/C) may be made to your supplier. This is a way for an exporter to conduct business with limited capital.



### Bankers acceptances:

As your business grows you will want to extend credit to your importer. One of the most efficient methods of doing this is through a banker's acceptance, after agreeing to the terms (e.g. 90 days at sight) the importer opens a draft (check) under a L/C in favor of the exporter (beneficiary). The exporter presents the draft and the requested shipping documents to the paying bank. The bank review the documentation for correctness, the "accept" the draft to become payable (mature) in 90 days, or if the exporter requires "accepts" the draft and discounts the amount because of the need for immediate funds.

### Letter of Credit (L/C)



### 4.4 DEALING WITH FOREIGN CURRENCY

Banks buy and sell convertible currency "at" spot (immediate) or for future delivery. You, as an importer, may contract with a bank to buy the currency for future delivery at fixed rate of exchange because you know that, at some specific future time, you must make payment in that foreign currency.

Conversely, as an exporter you may protect yourself by contracting to sell to a bank, at a fixed rate of exchange. The foreign currency proceeds you expect on a given date. These contracts provide a "hedge" against currency fluctuation. That is, importers and exporters avoid the risk of

fluctuating exchange rates and can better determine their true costs and profits when they enter into such a contract. The bank does not charge interest on these contracts because no payments are due in advance of the due date of the contract.

## 4.5 FOREIGN EXCHANGE ACTIVITIES OF TBL

- ✚ Foreign letter of credit (L/C)
- ✚ Local (Back to Back) letter of credit (L/C)

### 4.5.1 FOREIGN LETTER OF CREDIT (L/C):

In case of foreign letter of credit (L/C) Gulshan Branch provides the following services:

- ✚ Transmission of L/C to beneficiary through advising bank.
- ✚ Additional confirmation to L/C.
- ✚ Amendment of L/C.
- ✚ Accounting treatment.
- ✚ Report to Bangladesh Bank (BB).

#### **1. Transmission of L/C to beneficiary through advising bank:**

The transmission of L/C is done through tested telex, fax or SWIFT to advise the L/C to the advising bank. The advising bank verifies the authenticity of the L/C. TBL has corresponding relationship or arrangement throughout the world by which the L/C is advised. Actually the advising bank does not take any liability if otherwise not requested.

#### **2. Additional Confirmation to Import L/C:**

If the amount of L/C exceeds US \$10000/=, Trust Bank Ltd. takes the credit report of the beneficiary to ensure the worthiness of the supplying goods.

At times, beneficiary of letter of credit does not accept letter of credit (issued by issuing bank), as he is not aware of the credit worthiness of issuing bank. The beneficiary, therefore, insists that a bank in seller's country further confirm such letter of credit. The

advising bank can do this if there is prior arrangement between advising and issuing bank. When the correspondent bank (advising bank) in seller's country adds its confirmation to the credit and advises the letter of credit to the beneficiary (seller), the correspondent bank becomes both confirming as well as advising banker and steps into the shoes of issuing banker by undertaking obligations, which are identical to those of issuing banker. The obligations are to effect payment to the beneficiary if documents conform the letter of credit terms.

### 3. Amendment of L/C:

Parties involved in L/C, particularly the seller and the buyer cannot always satisfy the terms and conditions in full as expected due to some obvious and genuine reasons. In such a situation, the credit should be amended. These amendments involve changes in Unit price, Extension of validity of the L/C, Documentary requirements etc.

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

### ACCOUNTING TREATMENT:

In the foreign exchange, Bank maintain accounting journal entries at the following stages-

- ✚ At the time of L/C opening.
- ✚ At the time of lodgment.
- ✚ At the time of document retirement.

- ❖ **At the time of L/C opening:** At the time of L/C opening following entries are given to realize the L/C margin, Commission, VAT, SWIFT charge, postage, stamp and miscellaneous expenses.

Client's Account	Debit

Sundry Deposit Margin on L/C	Credit
Income A/C (commission)	Credit
Income A/C (Postage charge)	Credit
Income A/C (SWIFT charge)	Credit
Income A/C (stamp charge)	Credit
Income A/C (miscellaneous expense)	Credit
Vat on L/C (15% of commission)	Credit

After that, L/C number and the above entries are given in the L/C Register. The contra entries stating the liability of the bank and the client are as follow.

Client's Liability	Debit
Banker's Liability	Credit

❖ **At the time of lodgment:**

PAD A/C (Converted the bill amount at BC rate)	Debit
H.O A/C (Converted bill amount at T, T clear rate)	Credit
Income A/C profit on exchange (Difference between B, C & T, T clear rate)	Credit

➤ **REVERSAL ENTRIES:**

Banker's Liability	Debit
Client's Liability	Credit

(When lodgment is given)	
--------------------------	--

❖ **At the time of document retirement:**

Sundry Deposit L/C Margin A/C	Debit
PAD A/C (Margin amount transferred to PAD A/C)	Credit

Client's Account	Debit
PAD A/C	Credit
Income A/C- interest on PAD	Credit
(Customer's account debited for the remaining amount)	

**5. Report to Bangladesh Bank:**

Trust Bank Ltd. sends monthly reports to Bangladesh Bank regarding their foreign exchange activities. TBL also ask Permission to purchase foreign currencies for payment of imports under section 4/5 of the foreign Exchange Act, 1947.

**4.5.2 LOCAL (BACK TO BACK) LETTER OF CREDIT (L/C):**

A term used to denote a L/C issued for the account of a buyer of merchandise already holding a L/C in his favor. The Back to Back L/C is issued in favor of the supplier of the merchandise to cover the same shipment stipulated in the credit already held by the buyer. The term of both L/C, with the exception of the amount and expiration date are also similar that the documents presented under the back to back L/C are subsequently applied against the credit in favor of the

buyer. However, the buyer or beneficiary of the first credit substitutes his draft and invoice for those presented by the supplier.

In case of local (back to back) L/C TBL, Gulshan Corporate Branch maintains the following procedure:

- ✚ Purchase
- ✚ Forwarding
- ✚ Permission from Head office (H. O)
- ✚ Adjustment
- ✚ Remainder letter
- ✚ Report to Bangladesh Bank (BB)

#### 4.6 EXPORT:

In order to Creation of wealth in any country depends on the expansion of production and increasing participation in international trade. By increasing production in the export sector we can improve the employment level of such a highly populated country like Bangladesh.

Bangladesh exports a large quantity of goods and services to foreign households. Readymade textile garments (both knitted and woven), jute, Jute-made products, frozen shrimps, tea are the main goods that Bangladeshi exporters export to foreign countries. Garments sector is the largest sector that exports the lion share of the country's export. Bangladesh exports most of its readymade garments products to U. S and European Community (EC) countries. Bangladesh exports about 40% of its readymade garments products to U.S. Most of the exporters who export through TBL are readymade garments exporters. They open export L/Cs here to export their goods, which they open against the import L/Cs opened by their foreign importers.

Export L/C operation is just reverse of the import L/C operation. For exporting goods by the local exporter, bank may act as advising banks and collecting bank (negotiable bank) for the exporter. TBL also has the capacity to support the exporters of businessman's in Bangladesh.

#### 4.7 MODE OF PAYMENT OF EXPORT BILL UNDER L/C

As per UCP 500, 1993 revision there are four types of credit. These are as follows:

- a. Sight Payment
- b. Deferred payment
- c. By acceptance
- d. Negotiation

##### **a. Sight Payment Credit:**

In a Sight Payment Credit, the bank pays the stipulated sum immediately against the exporter's presentation of the documents.

##### **b. Deferred payment Credit:**

In deferred payment, the bank agrees to pay on a specified future date or event, after presentation of the export documents. No bill of exchange is involved. In TBL, payment is given to the party at the rate of D.A 60-90-120-180 as the case may be. But the Head office is paid at T. T clean rate. The difference between the two rates is the exchange trading for the branch.

##### **c. Acceptance credit:**

In acceptance credit, the exporter presents a bill of exchange payable to himself and drawn at the agreed tenure (that is, on a specified future date or event) on the bank that is to accept it. The bank signs its acceptance on the bill and returns it to the exporter. The exporter can then represent it for payment on maturity. Alternatively he can discount it in order to obtain immediate payment.

##### **d. Negotiation Credit:**

In Negotiation credit, the exporter has to present a bill of exchange payable to him in addition to other documents that the bank negotiates.

## 4.8 FOREIGN REMITTANCE SECTION

Foreign remittance means remittance of foreign currencies from one place /persons to another place/person. In broad sense, foreign remittance includes all sale and purchase of foreign currencies on account of Import, Export, Travel and other purposes. However, specifically foreign remittance means sale & purchase of foreign currencies for the purposes other than export and import. As such, this chapter will not cover purchase & sale of foreign currencies on account of Import and Export of goods.

All foreign remittance transactions are grouped into two broad categories- Outward Remittance and Inward Remittance.

## 4.9 OUTWARD REMITTANCE

The term “Outward remittances” include not only remittance i.e. sale of foreign currency by TT, MT, Drafts, Traveler’s Cheque but also includes payment against imports into Bangladesh and Local currency credited to Non-resident Taka Accounts of Foreign Banks or Convertible Taka Account.

Two forms are used for Outward Remittance of foreign Currency such as:

IMP Form: All outward remittance on account of Imports is done by form IMP.

T.M Form: For all other outward remittances form T.M is used.

### 4.9.1 PRIVATE REMITTANCE:

#### **1. Family remittance facility:**

- a. Foreign Nationals working in Bangladesh with approval of the Government may remit through an Authorized Dealer 50% of Salary and 100% of leave salary as



also actual savings and admissible person benefits. No prior approval of Bank is necessary for such remittance.

- b. Remittance of moderate amounts of foreign exchange for maintenance abroad of family members (spouse, children, parents) of Bangladesh Nationals are allowed by Bangladesh Bank on written request supported by certificate from the Bangladesh Mission in the concerned country.

## **2. Remittance of Membership fees/ registration fees etc.**

Authorized Dealer may remit without prior approval of Bangladesh Bank, membership fees of foreign professional and scientific institutions and fees for application registration, admission, examination (TOFEL, SAT etc.) in connection with admission into foreign educational institutions on the basis of written application supported by demand notice/letter of the concerned institution.

## **3. Education:**

Prior permission of Bangladesh Bank is not required for releasing foreign exchange in favor/on behalf of Bangladesh students studying abroad or willing to proceeds abroad for studies. Authorized Dealers shall allow exchange facilities for this purpose.

## **4. Travel:**

Private travel quota entitlement of Bangladesh Nationals is set at US\$3000/- per year for visit to countries other than SAARC member countries and Myanmar, Quota for SAARC member countries and Myanmar is US\$1000/- for travel by air and US\$500/- for travel by overland route. Authorized Dealers may release this travel quota in the form of foreign currency notes up to US\$500/- or equivalent and balance exchange in the form of TCs or total quota in the form of TCs the annual quotas mentioned above are for audit passengers. For minors (Below 12 year in age) the applicable quota will be half the amount allowable to adults.

### **5. Health & Medical:**

Authorized Dealers without prior approval of Bangladesh Bank may release foreign exchange up to US\$10,000/- for medical treatment abroad on the basis of the recommendation of the medical Board set up the Head Directorate and the cost estimate of the foreign medical institution.

Applications for release of exchange exceeding US\$10,000/- should be forwarded along with supporting documents to Bangladesh Bank for prior approval.

### **6. Foreign Nationals:**

- i. The authorized Dealers may issue foreign currency TCs to foreign national without any limit and foreign currency notes up to US\$300/- or equivalent per person against surrender of equivalent amounts in foreign currencies. The TCs and foreign currency notes should however, be delivered only on production of ticket for a destination outside Bangladesh and the amount issued be endorsed on the relative passports.
- ii. Authorized Dealers may allow recon version of unspent Taka funds of foreign tourist into foreign exchange on production of the encasement certificate of foreign currency. Recon version shall be allowed by the same AD with which the foreign currency was encashed earlier.

### **7. Remittance for Hajji:**

Authorized Dealers may release foreign exchange to the intending pilgrims for performing Hajj as per instructions/ circulars to be issued by the Bangladesh Bank each year.

## **4.9.2 OFFICIAL & BUSINESS TRAVEL:**

### **1. Official Visit:**

For official of semi officials visits abroad by the officials of govt., Autonomous/Semiautonomous institutions etc., Authorized Dealers may release foreign exchange as per entitlements fixed by the Ministry of Finance from time to time, In such cases,

the applicant for foreign exchange shall be required to submit the sanction letter and the competent authority's Order/Notification/Circular authorizing the travel.

## **2. Business Travel Quota for New Exporters:**

Up to US\$6,000/- or equivalent may be issued by an AD without prior approval of Bangladesh Bank to a new exporter for business travel abroad, against recommendation letter from Export Promotion Bureau, Bonafides requirement beyond US\$6000/- is accommodated by Bangladesh Bank upon written request through an AD with supporting documents.

### **4.9.3 COMMERCIAL REMITTANCES:**

#### **1. Opening of branches or subsidiary companies abroad:**

Remittance of up to US\$30,000/- or equivalent per annum may be released by the Authorized Dealers without prior approval of Bangladesh Bank to meet current expenses of offices/branches opened abroad by resident in Bangladesh or Commercial/Industrial concern incorporated in Bangladesh.

#### **2. Remittance by shipping companies airlines & courier service:**

Foreign Shipping Companies, airlines and courier service companies may send, through an AD, funds collected in Bangladesh towards freight and passage after adjustment of local cost & Taxes.

#### **3. Remittance of Royalty and technical fees:**

No prior permission of the Bangladesh Bank is required by the enterprises for entering into agreement involving remittance of royalty, technical know-how or technical assistance fees, operational services fees, marketing commission etc., if the total fees and other expenses connected with technology transfer do not exceed.

- ✚ 6% of the cost of imported machinery in case of new projects.
- ✚ 6% of the previous year's sales as declared in the income tax returns of the ongoing concerns.

The Authorized Dealers may remit such royalty and other fees without prior approval of Bangladesh Bank.

#### 4. Remittance of profits of foreign firms/branches:

Post tax profits of branches of foreign firms and companies including foreign banks & other financial institutions subject to submission of relevant documents/information along with the application.

#### 6. Remittance of Dividend

Prior permission of Bangladesh Bank is not required for:

- ✚ Remittance of dividend income to non-resident shareholders on receipt of application in the prescribe form from the companies concerned.
- ✚ ii) Remittance of dividend declared out of previous years' accumulated reserves.

#### 7. Bank charges:

The Authorized Dealers may affect remittances towards settlement of dues to foreign banks of bank charges, cost of cables and other incidental charges arising in their normal course of the business without prior approval of Bangladesh Bank.

### ACCOUNTING MECHANISM:

#### 1. Issuance of Draft, T. T. etc.

a) Against BD. Taka:

Cash from customer or customers CD/SB account for F.C Amount @ T.T. & OD Selling plus amount of charges as per schedule.	Debit
TBL General A/C H.O (ID) for FC amt @ B.Bank ready selling	Credit
Income A/C Exchange Gain on F.C (Difference amount between T.T. & O.D Selling & B. Bank ready selling amount)	Credit

Income A/C: Commission on T.T./D.D foreign as per schedule of charges	Credit
---	--------

b) For F. C A/C of the customer:

Customers F. C A/C for FC amount Prevailing-holding rate of F.C. Balance	Debit
TBL General A/C H.O (ID) for FC amount @Prevailing holding rate	Credit

Customers Taka A/C or cash from Customer for charges as per schedule	Debit
Income A/C Commission on T.T/D.D foreign for charges schedule	Credit

## 2. Issuance of Travelers' cheque:

a. Against BD. Taka:

Cash from Customer or Customers CD/SB account for F.C amount @ T.C Selling plus commission & charges as per schedule.	Debit
T.C. issued @ B. Bank selling rate	Credit
Income A/C: Exchange Gain on F.C (Difference amount between T.C selling & B.Bank ready selling amount)	Credit
Income A/C: commission on T.C as per schedule of charges	Credit

b. For F.C Account of the Customer:

Customers F.C account for F.C amount @ Prevailing holding rate of F.C balance	Debit
T.C issued @ prevailing holding rate of F.C balance.	Credit

Cash from Customer or CD/SB A/C for charges as per schedule.	Debit
Income A/C: Commission on T.C. as per schedule of charges	Credit

### 3. Issuance of F.C Notes:

Cash from Customer or CD/SB account for F.C amount @ Cash selling rate plus commission & charges as per schedule.	Debit
F.C. In had Account for F.C amount @ Cash selling rate	Credit
Income A/C: commission on F.C as per schedule of charges	Credit

## 4.10 INWARD REMITTANCE

The term “Inward Remittance” includes not only purchase of Foreign Currency by TT, MT, Drafts etc. but also purchases of bills, purchases of Traveler’s cheques.

Two forms as prescribed by Bangladesh Bank are used for purchase of Foreign Currencies such as.

- ✚ EXP Form: Remittances received against exports of goods from Bangladesh are done by “form EXP”.
- ✚ From C: Inward remittances equivalent to US\$2000/- and above are done by “Form C”.

However, declaration in Form C is not required in case of remittances by Bangladesh Nationals working abroad.

### 1. Purchase of Currency Notes, Travelers cheques, Drafts etc.

Following General observations are required in addition to common judgment/intelligent/vigilance of the dealing officers:

- i. Currency notes to be checked very carefully so as to avoid risk of purchasing counterfeit Notes
- ii. While purchasing Travelers cheque, signature of the holder to be obtained on the TC/s in front of the Bank officials and should be verified with the signature of the holder already given at the time of issuance of T.Cs,

### 2. Dealing in Foreign Currency Notes & Coins:

Only Authorized Dealers and Authorized Money Changer are permitted to deal in foreign currency notes & coins. Authorized Dealers and Money Changers may freely buy foreign currency from incoming passengers regardless of nationality and regardless of whether or not a declaration on form FMJ is produced at the time of encashment. If this form is produced, the amount encashed should be endorsed on it.

#### ACCOUNTING MECHANISM:

##### 1. Encashment of Travelers' Cheque:

a) For Payment in Taka Counter value:

FBP Clean A/C for F.C. Amount @ Tk. C. Buying	Debit
Cash A/C for payment to Customer for F.C. Amount @ T.C. Buying less charges.	Credit

Income A/C: commission on F.C as per schedule of charges	Credit
--	--------

On realization of proceeds in Nostro A/C:

TBL General A/C: HO (ID) for F.C amount @ B. Bank ready buying	Debit
FBP clean for outstanding amount	Credit

## 2. Purchased of Foreign Currency Notes:

a) For payment in Taka Counter value:

F.C in hand account for F.C. amount @ Cash F.C. Buying	Debit
Cash A/C for payment to customer for F.C. Amount at same rate	Credit

b) For credit to F.C Account:

FC in hand Account for F.C. amount @ Cash F.C buying	Debit
Customers F.C. Account @ T.T clean buying	Credit
Income A/C: Exchange gain on F.C. (the difference amount between above two).	Credit

## 3. Encashment of T.T.

a) For payment in Taka Counter value:

TBL General A/C: HO (ID) for F.C amount @ B. Bank ready buying	Debit



Customers' CD/SB/A/c or payment order for F.C Amount @ T.T. Clean buying less commission and charger as per schedule.	Credit
Income A/C. Exchange Gain on F.C. (The difference amount between B. Bank ready buying and T.T. Clean buying amount).	Credit
Income A/C: Commission T.T. Foreign	Credit

b) For Credit to F.C account:

TBL General A/C: HO (ID for F.C amount @ T.T. clean buying)	Debit
Customers F.C Account at the same rate.	Credit

Customers CD/SB Account for charges as per schedule	Debit
Income A/C: Commission T.T. Foreign.	Credit

#### 4. Purchase & Collection of Foreign Draft:

a) Purchase for payment in Taka Counter value:

FBP Clean A/C: for F.C. amount @ O.D. Transfer Buying	Debit
Cash A/C: for payment to customer @ O.D. Transfer less commission And charges as per schedule.	Credit
Income A/C: commission on F. Bills as per schedule	Credit
Income A/C: Posted as per schedule	Credit

On realization of proceeds in Nostro A/C:

TBL General A/C: HO (ID) for F.C. Amt@ B.Bank ready buying	Debit
FBP Clean A/C for outstanding amount	Credit
Income A/C: Exchange gain on F.C. (the difference amount between above two).	Credit

b) For collection without purchase:

Customer's Liability: Foreign bill lodge A/C for F. C. amount @ O.D transfer buying	Debit
Banker's liability; Foreign bills for collection A/C for F.C amount at the same rate.	Credit

On realization of proceeds in Nostro A/C.:

Reversal vouchers of above contra liability:

TBL General A/C: for F.C Amount@ B.Bank ready buying	Debit
Customers A/C for F.C amount @ O.D transfer buying less commission & Charges as per schedule	Credit
Income A/C: Exchange Gain on F.C (The difference between B. Bank Ready Buying & O.D. transfer amount)	Credit
Income A/C: commission as per schedule	Credit
Income A/C: Postage as per schedule	Credit

---

---

**Chapter-5**

**Performance  
Evaluation**

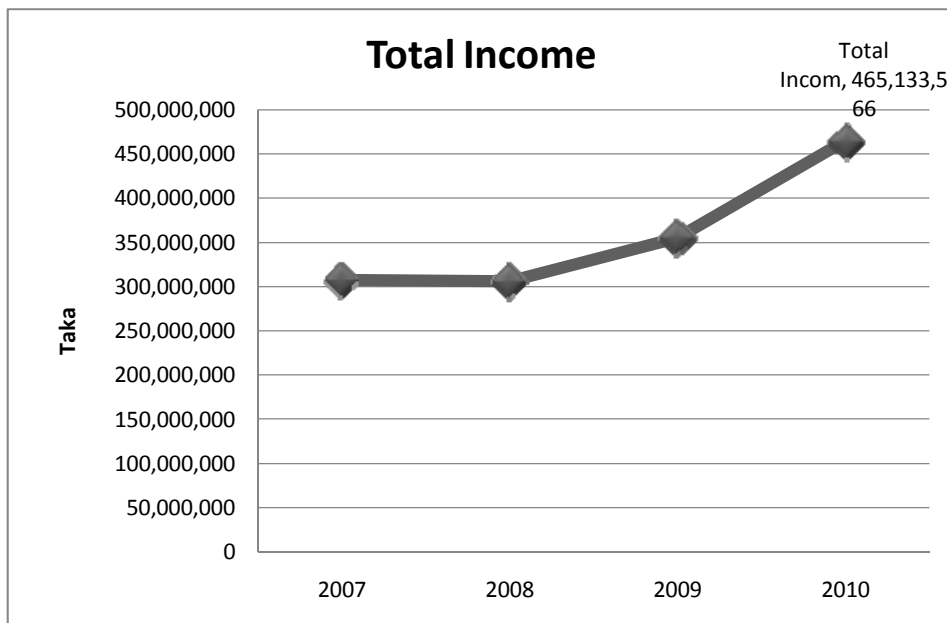
## 5.1 FOREIGN EXCHANGE PERFORMANCE

Foreign Exchange department of Trust Bank has performed well in last five years where there has been significant growth in different segments of the Bank. Some general observations of the performance of last five years (2006-2010) of the bank are as follows

### ❖ Income of Foreign Exchange:

Total income of Foreign Exchange increased from Tk. 307,901,831 in 2007 to Tk. 465,133,566 in 2010.

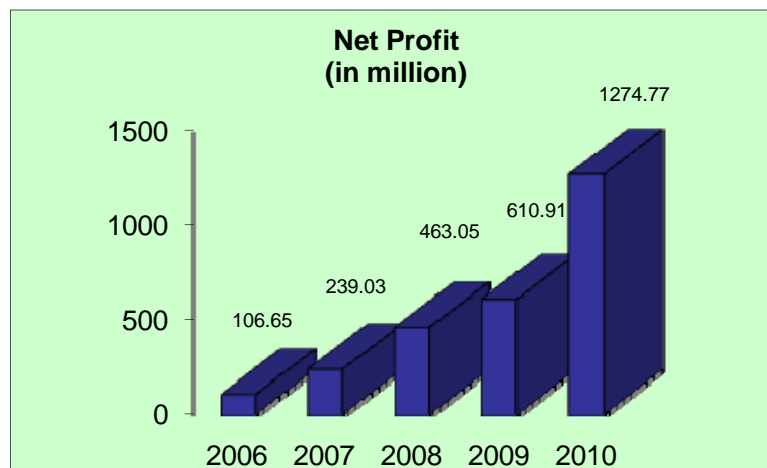
	2010	2009	2008	2007
Total Income	465,133,566	355,614,342	306,162,733	307,901,831



❖ **Growth in Net Profit:**

TBL's increased operating efficiency and increased revenue both are the reason behind the growth in net profit.

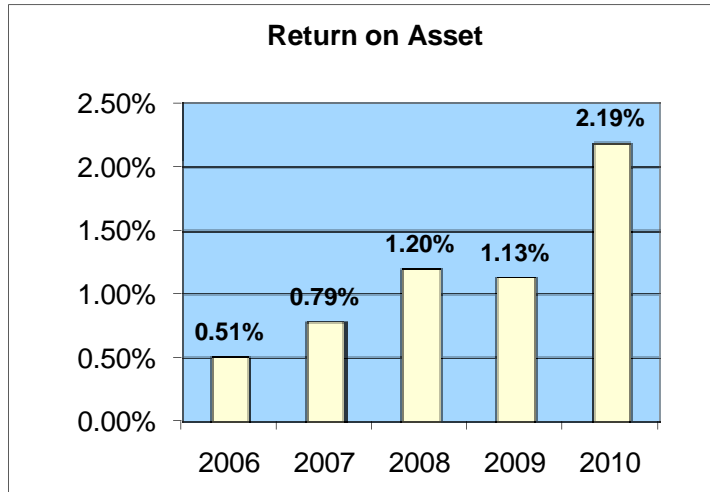
Year	2006	2007	2008	2009	2010
Net Profit (mill)	106.65	239.03	463.05	610.91	1274.77



❖ **Return on Assets (ROA):**

Return on assets (ROA) is measured by the ratio of net income and total assets. By the returning assets, if the bank's net income increases the profitable ratios of the bank increases. Also by measuring the ROA, it can be determined that what percentage of the total asset is the net income i.e. how much return are they getting over the assets. TBL is giving continued emphasis on quality assets, which resulted in providing a sound asset base for the bank.

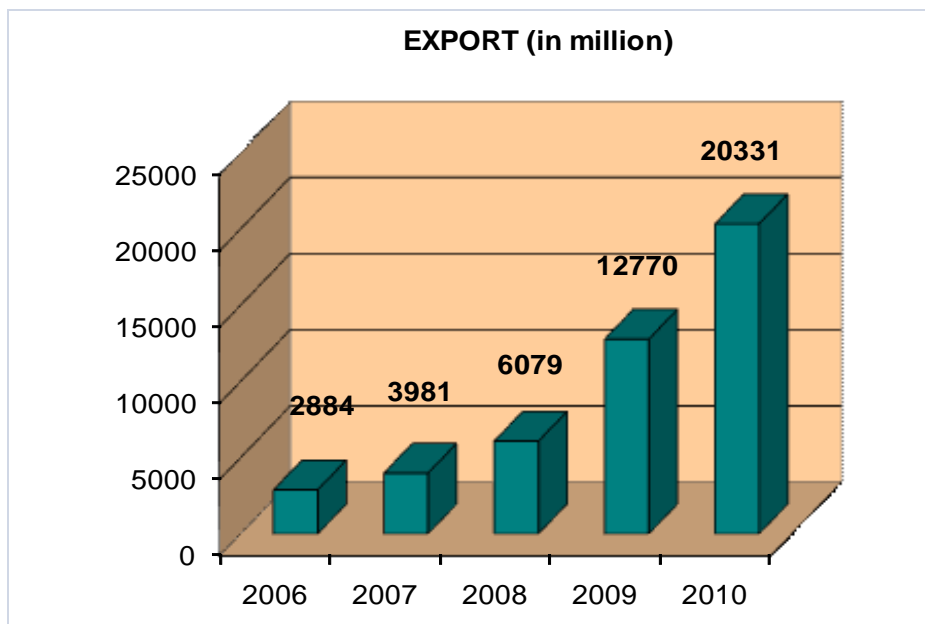
Year	2006	2007	2008	2009	2010
Net Income	106.65	239.03	463.05	610.91	1274.77
Total Asset	21060.77	30382.22	38475.64	54206.65	58276.33
<b>ROA</b>	0.51%	0.79%	1.20%	1.13%	2.19%



❖ **Export:**

Export volume of the bank reached Tk. 20,331.00 million which is 49.12% higher than that of FY 2009. Major export items involved with the bank’s foreign trade activities were readymade garments and non-traditional items.

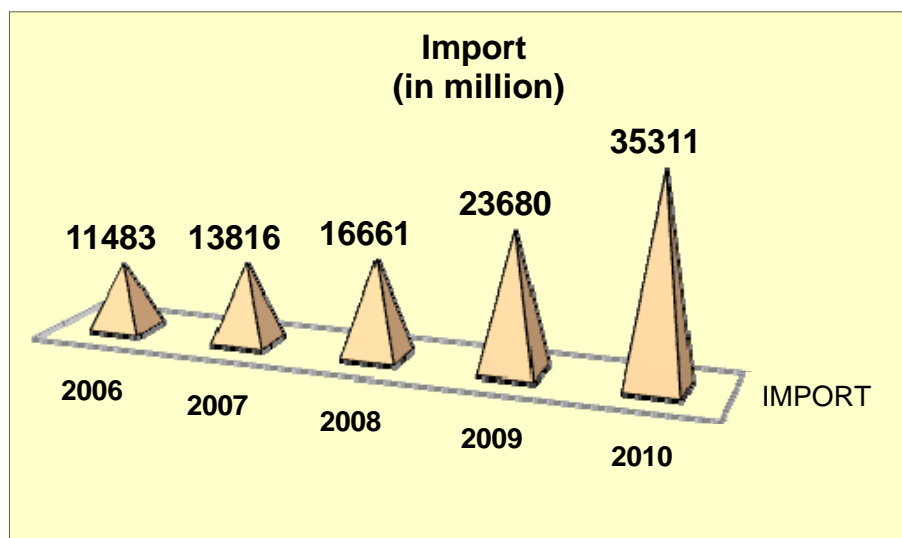
	2006	2007	2008	2009	2010
Export(million)	2,884	3,981	6,079	12,770	20,331



❖ **Import:**

In FY2010 Import business of the bank has stood Tk 35,310.60 million which is 59.21% higher than that of FY 2009. Import remained confined mainly to consumer goods, food grains, industrial raw materials, fabrics and accessories of garments industries etc.

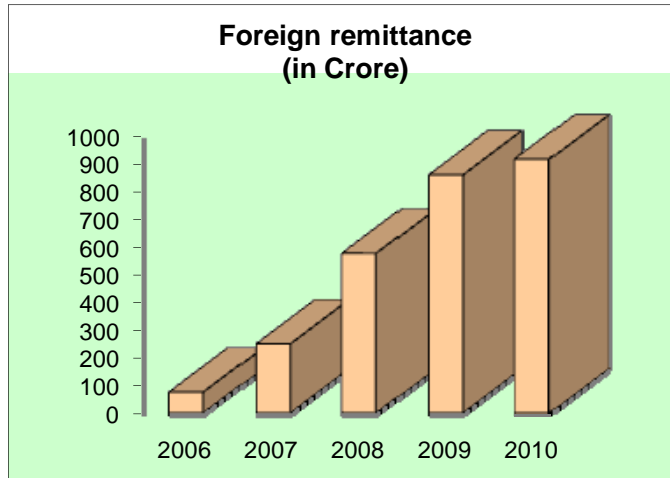
	2006	2007	2008	2009	2010
Import (million)	11,483	13,816	16,661	23,680	35,311



❖ **Foreign Remittance:**

During the year 2010, the inflow of inward foreign remittance was TK.9247 Million whereas in the previous year 2009 the amount was TK.8669 Million which is TK.578 Million higher than the previous year registering 7% growth.

Year	2006	2007	2008	2009	2010
Foreign remittance	76.5	253.3	578.9	866.9	924.7





## 5.2 FINDINGS OF THE STUDY

In the middle of twenty first century, here we are facing a heavy competition with each other, at every single point. If anyone has a weak point than the rival party will take the opportunity and make a problem for the weak intuition.

After complete my internship in The Trust Bank I realized that there are many problems and this may be a cause of huge loss or create a barrier for the future prospect. So the bank should take care of it very seriously.

### **Findings of the study**

- ✚ The main objective of Trust Bank Limited is to maximize profit by utilizing its resources at the optimum level and to ensure the best possible service towards the customers. Trust Bank Limited always tries to uphold its social commitment, so it fixes the terms and conditions for getting loan under Foreign exchange activities in a most flexible fashion and reveal the actual interest rate it charges against the credit to be offered.
- ✚ Trust Bank Limited disburses all loans through the bank staffs and all bank staffs emphasize on the bank's goals and objectives.

### **Other Findings.....**

- (i) In a developing country like Bangladesh the need for domestic resource mobilization is of special importance. Deposit held by the financial intermediaries constitutes the major part of domestic financial resources of the country. The other activities of the bank are chiefly dependent upon the deposits. The higher the amount of deposits, the better is the position banks in financing investment projects, especially large-scale projects. The size of deposit shows that TBL's growth in deposit is notable over the years indicating a growth rate of 67.47%.
- (ii) Loan and advance are vital to finance the projects. An appropriate credit distribution system and monitoring will ultimately lead to the profit maximization of banks. It is evident from that the size of TBL's loans and advances are increasing over the years. It indicates more earning for the bank. It shows a positive growth rate.

## RECOMMENDATION

In my short span of internship program, I have gained practical experiences about foreign exchange activities from starting a deal to preparation of monthly report about it. I had discovered few things from day to day operations. In light of that I make following recommendations:

- ✚ Foreign Exchange Section has to be decentralized to make their decisions with more responsibility.
- ✚ Regular performance appraisal and assurance of promotion/reward should depend on that they will resist the employee's switching tendency.
- ✚ Software up gradation is a necessity to enhance performance and to compete with other PCBs.
- ✚ Space shortage is another problem for foreign exchange department because they had to store all the papers of any transaction.
- ✚ Yearly financial report has to be published only for foreign exchange activities in details.
- ✚ Trust Bank can open new branches in places where people of that region lives abroad and send money to their families.

## CONCLUSION

Banks and financial institutions play an important role in the process of economic growth of a country. Given their considerable economic potential, these institutions have a far – reaching impact on the development and welfare process of the surrounding societies. These financial institutions depend, in accumulating their financial resources, basically on the inflow of deposits. In order to survive and achieve success, these banks endeavor to attract clients in search of loans to finance their different activities according to the banks established terms and conditions. These banks, which are called commercial banks, depend in their transactions on the interest rate, as the driving factor, which stimulates all their dealings.

In a developing country like Bangladesh, banking business is very much competitive. More than fifty banks are operating at this moment and competing to hold maximum market share. For a smoothen operation every bank must have the capability of managing asset/liability, liquidity and credit.

The financial performance evaluation demonstrates that the profitability of the bank has a positive trend. Profitability is an indicator of a bank's capacity to carry risk and / or to increase its capital. The income statement, a key source of information on a bank's profitability, as well as the analysis reveals that Trust Bank Ltd. has - attained significant amount of profitability over the years. With a limited number of branch network it has recorded positive growth in net profit because of proper management and right selection of investment criteria. The bank has strong core deposit signifying sound liquidity position and maintaining an ideal scenario in advance-deposit ratio. Overall financial picture of Trust Bank Ltd. for the last five-year period shows that it has positively set its root in the financial arena of Bangladesh. The figures do not tell the story of failure. The trend is in favor of Trust Bank Ltd. and the management should take initiative to keep the bank's way to the success.

## REFERENCE

- ✚ Fraser, and Donald R., *Commercial Banking*; 5<sup>th</sup> Edition; West Publishing Company; 2002
- ✚ Rose, and Peter. S., *Commercial Bank Management*; 4<sup>th</sup> Edition; Irwin-McGraw-Hill; 1999
- ✚ Bangladesh Bank, *BRPD Circular 09*; August 20,2009, *BRPD Circular 02*; February 02, 2008, *BRPD Circular 09*; May 14, 2007
- ✚ Trust Bank Ltd., *Annual Report 2006 – 2010*.
- ✚ Trust Bank Ltd., *Head Office Circulars*; 2009, 2010
- ✚ Trust Bank Ltd., *Brochures of Loans and Advances*; 2009
- ✚ [www.trustbank.com.bd](http://www.trustbank.com.bd)
- ✚ [www.banglapedia.com](http://www.banglapedia.com)
- ✚ [www.google.com](http://www.google.com)
- ✚ [www.wikipedia.com](http://www.wikipedia.com)