

## **EXECUTIVE SUMMARY**

The banking sector of Bangladesh is getting competitive day by day. This competitive environment gave the existing banks lots of challenges. For winning the competition, every bank offers huge range of products and services. The banking activities are operated not only inside the country but also it has crossed the boundary. Today, the foreign trade transactions get easier because of the involvement of the bank. The fraud forgery have decreased in foreign trade transaction and both the exporter as well as importer get benefits as they are using the bank as an intermediary of their payments as well as processing of the documents.

Dhaka Bank Limited a private sector commercial bank. It was incorporated as a public limited company on 6 April 1995 under the company act 1994. It started functioning as a commercial bank on 5 July, 1995. The bank opened its business with an authorized capital of Tk. 1000 million and a paid up capital of Tk. 100 million. As on 31 march, 2010 the paid up capital of the bank has gone above Tk. 2659 million. So Dhaka Bank has proven its competence in the mean time. Being centered at H/Q of the bank, the Global Trade Service of the bank maintain correspondent network with 320 banks all over the globe. Clients of Dhaka Bank reach the global trade opportunity through 15 Authorized Dealer branches and one offshore branch. The foreign trade activities of the bank is directly controlled and monitored by the Central Processing Centre, which is one of the units of the Head Office.

The bank provides services to the clients with different instruments of foreign trade finance, like-opening as well as advising LC; issuing different certificates i.e. NOC, shipping certificate/ guaranty, so on; make as well as receiving the payments and documents on behalf of the client; they also facilitate the foreign trade by providing the clients loans for pre-shipment as well as post-shipment whenever they are in shortfall of fund. The bank mainly deals with both export as well as import business.

DBL undertakes Import Finance in the form of both pre-import and post-import finance. Letter of Credit is a pre-import finance, which is made in the form of commitment on behalf of the client to pay an agreed sum of money to the beneficiary of the Letter of Credit upon fulfillment

of terms & conditions of the Credit. Dhaka Bank has significant credit line with various Corresponding Banks for confirmation of the LCs of their customers. A documentary credit is a Bank's guarantee of payment an import of goods against specific documents. DBL ensures this payment commitment in time. DBL also offers excellent solution to meet all performance bonds & guarantees required by its valued clients. Loan against Trust Receipt (LTR) is also a post import finance facility awarded to retire import bill directly or under PAD as the case may be. In this category of finance, possession of the goods remains with the borrower and the borrower executes 'Letter of Trust Receipt' in acknowledgement of debt and its repayment along with interest within agreed period of time.

Like import trade, DBL advances in export trade at both pre-shipment and post-shipment shipment stages. The pre-shipment facilities are usually required to finance the costs to execute export orders, such as: procuring & processing of raw materials, packaging and transportation, payment of various fees and charges including insurance premium etc. While post-shipment facilities are directed to finance exporter's various requirements, which are required to be settled immediately on the back drop that usually, settlement of export proceeds takes some time to complete. Dhaka Bank provides prompt advising of export letter of credit from a wide international network. Back to Back LC is a type of pre shipment finance by way of opening L/C in favor of a foreign supplier for purchase of raw materials or the finished merchandise, as the case may be, to execute export order. Export Bills for Collection are documents which are presented to the bank by the seller/exporter to collect payment from the buyer through the buyer's bank. To execute export orders under L/C or firm contract the bank awards packing credit facility to meet client's working capital requirement. Foreign Documentary Bill Purchased (FDBP) is a post shipment finance allowed to the customer through the purchase/negotiation of foreign documentary bills adjustable from the relevant export proceeds.

Dhaka Bank is proceeding forward with all its clients and stake holders in bold steps and contributing in national economy too by providing the instruments of foreign trade financing.