



Internship Report On
“Foreign Exchange Operation of Mutual Trust Bank
Limited”



মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড
Mutual Trust Bank Ltd.

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“Foreign Exchange Operation of Mutual Trust Bank Limited”

Submitted to

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LETTER OF TRANSMITTAL

23th December, 2013

Ms. Mahtab Faruqi

Course Instructor, BBS

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Dear Madam,

Here I present my Internship report titled “Foreign Exchange Operations of Mutual Trust Bank Limited” with due gratitude and appreciation. As per partial fulfillment of the requirements for the MBA Degree, I have completed the internship from Mutual Trust Bank Limited, Bashundhara City Branch, Dhaka.

The internship program has given me the opportunity to learn about different aspects of this well reputed organization. Before facing the corporate world, I have gathered general idea about the organization culture and activities.

However, I have gathered all the facts that I could within this short period and have tried my level best to exert all the things as much presentable as possible.

Yours faithfully,

.....
Md. Nurul Islam

ID: 11164015

ACKNOWLEDGEMENTS

At the beginning, I would like to express my sincere gratitude to Almighty, the most merciful and beneficial for empowering me to prepare the report within the scheduled time.

I also want to thank especially to my internship supervisor Ms. Mahtab Farouqi, Lecturer, BBS, BRAC University for her inspiring guidelines, valuable suggestion, constructive criticism and constant help throughout the work and in preparation of this report

I also express my warm gratitude and cordial thanks to the management and officials of Mutual Trust Bank Limited, Bashundhara City Branch who have given me the opportunity to work with them and helped a lot by providing the information and enabling me to prepare this report. I have received their generous help and support.

I would like to take the opportunity to express my wholehearted gratitude to my fellow friends, near and dear ones who offered encouragement, information, inspiration and assistance during the course of constructing this report.



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Executive Summary:

This report is all about “Foreign Exchange operations of Mutual Trust Bank Limited”. One of the largest businesses carried out by the Mutual Trust bank is foreign trading. Main transactions with overseas countries are respects of import; export and foreign remittance come under the preview of foreign exchange department of Mutual Trust Bank. International trade demands, a flow of goods from seller to buyer and of payment from buyer to seller. In this case Mutual Trust bank plays a vital role to bridge between the buyer and seller.

The first part of the report contains origin, objective, methodology, scope, limitations of preparing the report.

Secondly, it includes a general description about Mutual Trust Bank Limited to get a clear view about the bank. It contains overview, vision, mission, structure, organogram, services, etc of Mutual Trust Bank Limited.

Thirdly, it describes the job responsibilities that I had performed.

Fourthly, this part explains three main functions of Foreign Exchange department in a detailed way. It contains import, import procedure, mechanism, source of finance, opening of import L/C, LTR, LIM, import payment, export, export procedure, export policy, mode of payment of export payments, export L/C, foreign remittance, inward remittance, outward remittance etc.

Lastly, there are performance analysis, SWOT analysis, findings and recommendations were given to evaluate the position of the bank and how it can perform better in the competition.





CHAPTER-1

Introduction



1.1 Origin of the Report

In today's world only academic education does not make a student perfect to become competitive with the outside world. Internship is highly needed to gain idea, knowledge and experience. From this internship program students get the opportunity to learn facing the real business world. This report is an internship report prepared as a requirement for the completion of MBA Program (Major in Finance) of BRAC University. The primary goal of internship is to provide the job exposure to the student and an opportunity to implement theoretical knowledge in real life situation. The program covers a period of 12 weeks of organizational attachment.

Mutual Trust Bank Limited is a place where I could learn the business dealings. This organization has created a positive image to the customer's mind by providing better service. This bank has introduced some modern banking scheme that has got high market demand. As it maintain the pace with the competitive business world, its activities, culture, philosophy and style leads an intern student to be the best at any field of working life. As an intern, I have got the opportunity to work with this organization from September 15, 2013 to December 15, 2013 and acquire idea about foreign exchange division.

1.2 Background of study

All over the world the dimension of Banking has been changing rapidly due to Deregulation, Technological innovation and Globalization. Banking in Bangladesh has to keep pace with the global change. Now Banks must compete in the market place both with local institution as well as foreign ones. To survive thrive in such a competitive banking world, two important requirements are –

- i) Development of appropriate financial infrastructure by the Central bank and
- ii) Development of “Professionalism” in the sense of developing an appropriate manpower structure and its expertise and experience.



To introduce skilled Banker, only theoretical knowledge in the field of banking studies is not sufficient. An academic course of the study has a great value when it has practical application in real life situation. So, I needed proper application to get some benefit from my theoretical knowledge to make it more tactful, when I engaged myself in my practical life situation. Such all application is made possible through Internship.

1.3 Objective of the study

To complete the Internship as per requirement of MBA program of BRAC University

- ☛ To present an overview of foreign exchange division of MTBL
- ☛ To appraise performance of foreign exchange division of MTBL
- ☛ To appraise foreign exchange activities of MTBL
- ☛ To know about what kinds of risk the bank is facing in the foreign exchange transaction
- ☛ To develop practical knowledge about foreign exchange
- ☛ To have an overall concept about foreign exchange activities relating to import, export, outward and inward remittances, buying and selling of foreign commission etc. come under the purview of foreign exchange business
- ☛ To identify problems of foreign exchange division of MTBL
- ☛ To learn about the import and export dealing of business organization

1.4 Scope

MTBL is one of the leading banks in Bangladesh. The report covers the background, functions and mostly the foreign exchange system of the bank. The scope of the study is just to acquaint with the foreign exchange scenario of MTBL.



1.5 Methodology of the Study

The study requires a systematic procedure from selection of the topic to final report preparation. To perform the study the data sources are to be identified and collected, they are to be classified, analyzed, interpreted and presented in a systematic manner and key points are to be found out. The overall process of methodology is given below:

A. Selection of the topic:

The topic of the study was suggested by our supervisor. Before assigning the topic it was discussed with me so that a well organized internship report can be prepared.

B. Identifying data sources:

Essential data sources both primary and secondary are identified which will be needed to complete and work out the study. To meet up the need of data primary data are used and study also requires interviewing the official and staffs were necessary. The report also required secondary data.

This report is mainly prepared by the secondary sources of information and some few primary sources of information like –

Primary data

- Discussion with officials of The Mutual Trust Bank Limited
- Face to face conversation with the clients
- Expert's opinions and comments
- Direct involvement in the foreign exchange activities in MTBL
- Direct Observation
- Questioning the concerned persons



Secondary data

- Relevant books Newspaper, Journals etc.
- Annual report of MTBL
- Credit rating report of MTBL by CRISL (Credit Rating Information and Services Limited)
- Periodicals published by Bangladesh Bank
- Monthly reports and published documents
- Office circular and other published papers, documents and reports
- Various brochures
- Daily summary sheet
- Various type of statement
- Various register books
- Various printed form

C. Collection of data:

Primary data has been collected by observing and discussing with the Bank official.

D. Classification, Analysis, Interpretations and Presentation of data:

Some graphical tools are used in this report for analyzing the collected data and to classify those to interpret them clearly.

E. Findings of the study:

The collected data were scrutinized very well and pointed out and shown as findings. Recommendations are also made for the improvement of the current situation.

F. Final report preparation:

On the basis of the suggestions of my honorable supervisor, some corrections were made to present the report in this form.



1.6 Limitations of the Study

The report is written mainly on the basis of face to face conversation with the officials and little practical experience in the bank. So, no perfect study is conducted to measure the viability of the report. The following are some other limitations –

- ❖ Limitation of time was one of the most important factors that shortened the present study. Due to time constraints, many aspects could not be discussed in the present study.
- ❖ Lack of comprehension of the respondents was the major problem that created many confusions regarding verification of conceptual questions.
- ❖ Confidentiality of data was another important barrier that was faced during the conduct of this study. Every organization has their own secrecy that cannot be revealed in public.
- ❖ Rush hours and business was another reason that acts as an obstacle while gathering data.
- ❖ As, I had more dependence on the primary sources, so there might be some level of inaccuracy with those collected information.
- ❖ Insufficient books, publications, Facts and figures narrowed the scope of accurate analysis.
- ❖ MTBL does not have rich and wealthy collection of various types of Banking related Books and Journals.

- ❖ Confidential information regarding past profit or product cost, financial information was not accurately obtained. Alike all other banking institutions, MTBL is also very conservative and strict in providing those information. In those cases, I have relied upon some assumptions, which in result have created certain level of inaccuracy. Still, I had tried my best in obtaining that sensitive information, as much as possible.



CHAPTER-2

AN OVERVIEW OF MUTUAL TRUST BANK LIMITED



2.1 Overview of the Bank

Mutual Trust Bank Limited (MTBL) is a Public Limited Company by shares in Bangladesh, with commendable operating performance, Directed by the mission to provide with prompt and efficient services to clients. MTBL provides a wide range of commercial banking services also. The bank has achieved success among its peer group within a short span of time with its professional and dedicated team of management having long experience, commendable knowledge and expertise in convention with modern banking. With all the resources, management of the bank firmly believes that the bank would be able to encounter problems that may arise both at micro and macroeconomic levels.

The Company was incorporated on September 29, 1999 under the Companies Act 1994 as a public company limited by shares for carrying out all kinds of banking activities with Authorized Capital of Tk. 38,00,000,000 divided into 38,000,000 ordinary shares of Tk.100 each.

The Company was also issued Certificate for Commencement of Business on the same day and was granted license on October 05, 1999 by Bangladesh Bank under the Banking Companies Act 1991 and started its banking operation on October 24, 1999. As envisaged in the Memorandum of Association and as licensed by Bangladesh Bank under the provisions of the Banking Companies Act 1991, the Company started its banking operation and entitled to carry out the following types of banking business:

- (i) All types of commercial banking activities including Money Market operations.
- (ii) Investment in Merchant Banking activities.
- (iii) Investment in Company activities.
- (iv) Financiers, Promoters, Capitalists etc.
- (v) Financial Intermediary Services.
- (vii) Any related Financial Services.

The Company (Bank) operates through its Head Office at Dhaka and 49 branches and 5 SME Service Centers. The Company/Bank carries out international business through a Global Network of Foreign Correspondent Banks.



2.2 Vision of MTBL

Mutual Trust Bank's vision is based on a philosophy known as MTB3V. We envision MTB to be:

- One of the Best Performing Banks in Bangladesh
- The Bank of Choice
- A Truly World-class Bank

2.3 Mission of MTBL

It aspires to be one of the most admired banks in the nation and be recognized as an innovative and client-focused company, enabled by cutting-edge technology, a dynamic workforce and a wide array of financial products and services.

2.4 Objectives of MTBL

Strategic objectives

- To achieve positive Economic Value Added (EVA) each year.
- To be market leader in product innovation.
- To be one of the top three Financial Institutions in Bangladesh in terms of cost efficiency.
- To be one of the top five Financial Institutions in Bangladesh in terms of market share in all significant market segments we serve.

Financial objectives

- To achieve 20% return on shareholders' equity or more, on average.



2.5 The Structure of MTBL

The organization structure and corporate culture of Mutual Trust Bank Limited (MTBL) strongly reflect its determination to establish, uphold and gain a stronger footing as an organization which is customer-oriented and transparent in its management.

Board of Directors

The Board of Directors consists of 13 member elected from the sponsors of the Bank. The Board of Directors is the apex body of the bank.

Board Committees

The Board of Directors who also decides on the composition of each committee determines the responsibilities of each committee.

Executive Committee:

All routine matter beyond delegated powers of management are decided upon by or routed through the Executive Committee, subject to ratification by the Board of Directors

Audit Committee:

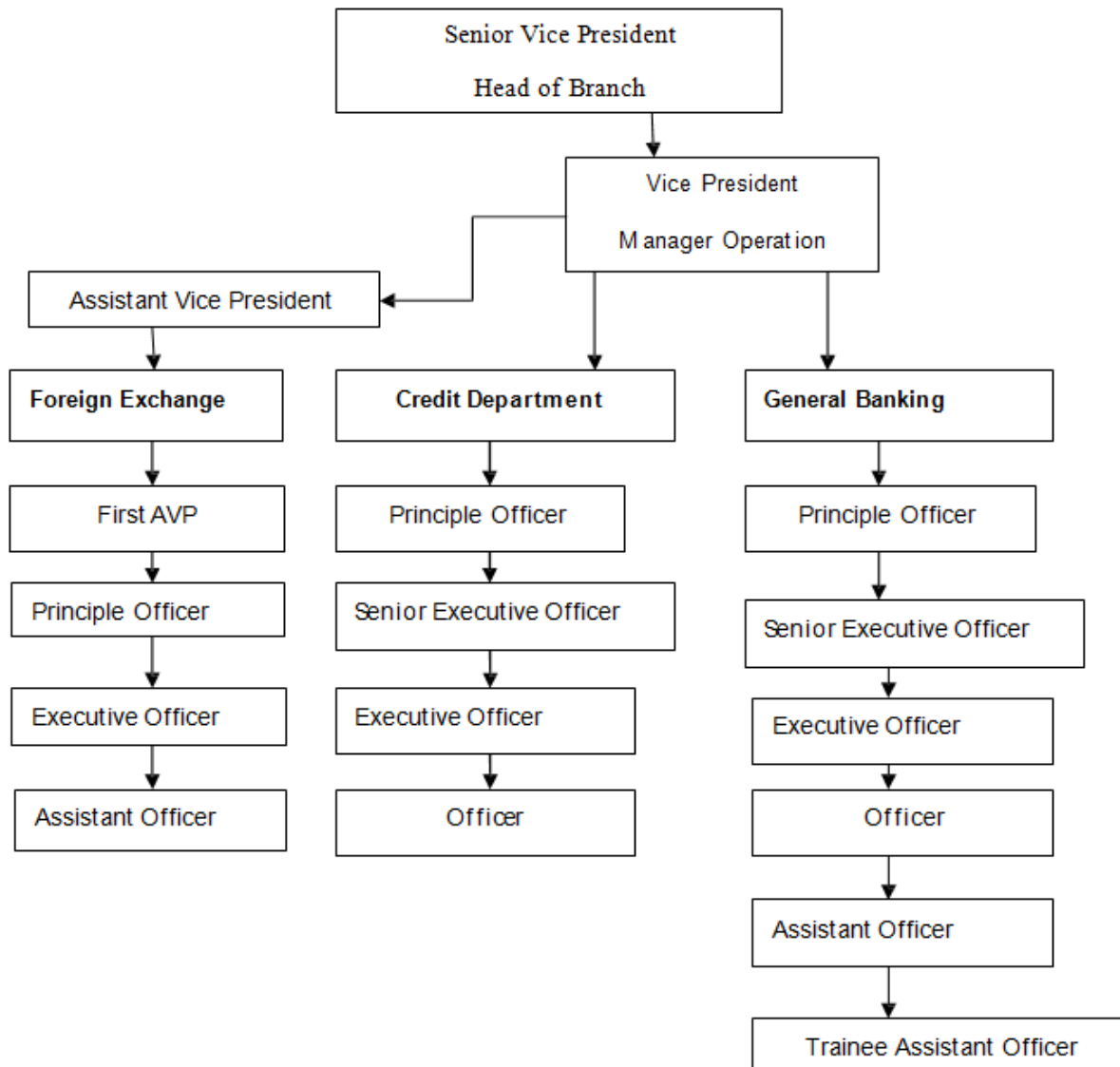
All mater relating to the principles, policies, rules, and regulation, ethics etc. for operation and management of the bank are recommended by the Committee to the Board of Directors.

Management

The management of the bank is vastly on a Board of Directors, for overall supervision and directions on policy matters by the board. The power of general supervision and control of the affairs of the bank is exercise by the president and managing director of the bank who is the chief executive officer. Above all, the bank will be manned and managed by a galaxy of talented professionals proficient in their individual fields and dedicated to the cause of the bank.



2.6 Operational Network Organogram





2.7 Management Hierarchy

Board of Directors



Management Team





2.8 Product and Services

MTBL has launched a number of financial products and services since its inception. Among these, Monthly Savings Scheme, Family Maintenance Scheme, Double Benefit Deposit Scheme, Quarterly Benefit Deposit Scheme, 1.5 Times Benefit Deposit Scheme, Advance Benefit Deposit Scheme, Consumer Credit Scheme, Small Loan Scheme, Lease Finance Scheme, Overseas Employment Loan Scheme, Car Loan Scheme, Home Loan Scheme and SME Loan have received wide acceptance among the people.

1. Retail Banking

a) Deposits	b) Loan	c) Cards
<ul style="list-style-type: none">• Current Deposit Account• Saving Deposit Account• Fixed Deposit Account• Double Benefit Deposit Scheme• Mashik Sanchay Prakalpa• Family maintenance Deposit• Quarterly Benefit Deposit Scheme• 1.5 times Benefit Deposit Scheme• Advance Benefit Deposit Scheme• Special Savings Scheme• School Banking• Educational Planning Deposit Scheme• Super Benefit Deposit Scheme	<ul style="list-style-type: none">• Consumer credit scheme• Doctor credit scheme• Rural planning scheme• Lease Financing• Any purpose loan• Educational loan• Car loan• Home loan• House furnishing loan• Cottage loan• Polli loan	<ul style="list-style-type: none">• Dual card• Debit Card• Prepaid Card• Supplementary Card• Visa Card



2. Corporate Banking

- Short term finance
- Long term finance
- Real estate finance
- Import finance
- Work order finance
- Export finance
- Structured finance
- Loan syndication

3. SME Banking

- Chaka
- Annaynna
- Chalti Muldhan
- Single payment Loan

4. Foreign Trade Business

- Foreign correspondents
- Nostro Accounts

5. E-banking

- Online banking
- Mobile banking
- SMS banking
- SWIFT
- Locker Facility



2.9 Features of Mutual Trust Bank Ltd

There are so many reasons behind the better performance of MTBL than any other newly established banks:

- 2.9.1 Highly qualified and efficient professionals manage the bank
 - 2.9.2 MTBL has established a core Research & Planning Division with efficient persons
 - 2.9.3 The bank has established correspondent relationship with 240 of foreign banks
 - 2.9.4 The computerized operation systems in all branches of MTBL have provided the frequent and prompt customer service
 - 2.9.5 The strict leadership along with the supervision of efficient management directs all the branches
 - 2.9.6 The inner environment and teamwork, of all branches in MTBL motivated all experienced employees to achieve the ultimate object of MTBL
 - 2.9.7 MTBL has become a member of the SWIFT system expedite foreign trade transaction
 - 2.9.8 MTBL has become introduced some scheme for the purpose of saving of low income people which are not available in other banks like “Family Maintenance Deposit (FMD)”, “Personal Loan Scheme”, “Car Loan Scheme” etc.
 - 2.9.9 The bank offers attractive saving rate than other financial institutes
 - 2.9.10 MTBL provides loan to the customers at lower interest with easy and flexible condition than the others do
 - 2.9.11 Along with the profit generation Mutual Trust Bank Limited also maintain social responsibilities
 - 2.9.12 Mutual Trust Bank Limited charges lower commission from their customer in comparison with other banks
- ❖ The Bank is always guided their potential customers by giving valuable advises



2.10 Policy & Performance

Policy

Companies operating in international markets should establish management policies on foreign exchange. Fluctuations in foreign exchange rates affect the cost competitiveness, profitability, and valuation of a company's international operations. The primary objective is to establish a policy that will minimize the effects of adverse exchange rate fluctuations on the financial position of the company.

Some of policies of Mutual Trust Bank Limited on the following way-

- The Company uses derivative instruments, primarily forward contracts, to hedge foreign currency exposures
- The Company will hedge its known exposures if it is determined that changes in foreign exchange rates are to have a material impact on earnings or fair values of assets and liabilities
- The Company does not use derivative contracts for speculative purposes
- The Company estimates the fair value of derivatives based on quoted market prices and records all derivatives on the balance sheet at fair value

Performance

Mutual Trust Bank provides best services to clients by maintaining better performance on the following way:

- In Mutual Trust Bank have enough highly qualified managers and professionals
- Mutual Trust Bank Limited is maintaining Research & Planning Division with efficient persons
- The bank has established correspondent relationship with 240 of foreign banks
- The computerized operation systems in all branches of Mutual Trust Bank Limited have provided the frequent and prompt customer service
- The strict leadership along with the supervision of efficient management directs all the branches



- The inner environment and teamwork, of all branches in Mutual Trust Bank Limited motivated all experienced employees to achieve the ultimate object of Mutual Trust Bank Limited

2.11 SWOT analysis of MTBL

The comparison of strengths, weaknesses, opportunities and threats is normally referred to as a SWOT analysis. The central purpose of the SWOT analysis is to identify strategies that align, fit, or match a company’s resources and capabilities to the demands of the environment in which the company operates. To put it in other way, the purpose of the strategic alternatives generated by a SWOT analysis should be to build on company strengths in order to exploit opportunities and counter threats and to correct company weakens. During my internship period in MTBL I have found some aspects relating to the Bank’s strength, opportunity, weakness and threats, which are more or less. I think affecting the Bank’s performance in total, which are explained below:

STRENGTHS	WEAKNESS
<ul style="list-style-type: none"> ➤ Top management ➤ Satisfactory asset quality. ➤ Good internal capital generation. ➤ Satisfactory operating efficiency ➤ Diversified product lines ➤ Low human resource turnover ➤ Experienced Management Team ➤ Favorable reputation in the banking industry ➤ Skilled Board of Directors ➤ High growth rate ➤ Interactive corporate culture ➤ provider of good quality services 	<ul style="list-style-type: none"> ➤ No long-term strategies ➤ Failed to provide a strong quality-recruitment policy in the lower and some mid level position ➤ Service quality of this bank is good but hot high as the customers’ expectation ➤ Having a group of unsatisfied employees. ➤ Low promotional sector



OPPORTUNITIES	THREATS
<ul style="list-style-type: none">➤ Merchant banking or diversify into leasing and insurance sector.➤ Investment in the Secondary market➤ Opportunity in retail banking➤ Expansion of its product line to enhance sustainable competitive advantage➤ Introduction of special corporate scheme for the corporate customers	<ul style="list-style-type: none">➤ Increasing cost of fund➤ Increased Market competition➤ Product Risk➤ The default risks of all terms of loan➤ The low compensation package of the employees from mid level to lower level position

2.12 Departments of Mutual Trust Bank Limited

1. General Banking
2. Credit Department
3. Foreign Exchange Department

General Banking

- Account opening and KYC procedures
- Issuance of DD/TT/PO/FDR
- Interbank Transaction, OBC/IBC
- Account section
- Clearing Section
- IT Section

Credit Department

- Credit Proposals Processing Procedures
- Documentation and Loan Disbursement Procedures
- Overview on all returns

Foreign Exchange Department

I. Cash L/C

- Opening of L/C



- Lodgment of Import Bill
- Payment against Import Bill
- B/E Matching
- IMP Reporting

II. BTB L/C

- Export L/C Checking
- Opening of BTB L/C (Local/ Foreign/ EDF/ EPZ)
- Lodgment and confirmation of maturity date
- Allowing of PC
- Payment against realization of Export Proceeds/ Forced Loan
- B/E Matching
- Reporting

III. Export

- Scrutinizing/ Negotiation/ Send on Collection
- Follow-up
- Realization
- Reporting

IV. Foreign Remittance

- **Inward**
 - FDD
 - FTT
 - Others
- **Outward**
 - Endorsement of Traveling
 - Education/ Treatment/ Others



- Cash Rebate
- FC issuing
- FDD/ FTT etc.

2.13 Credit Rating of MTBL

Year	Long Term Rating	Short Term Rating
2012	AA-	ST-2
2011	AA-	ST-2

Credit Rating Information and Services Limited (CRISL) has upgraded the rating of MTBL with “AA-” (pronounced as double A minus) in Long Term and reaffirms “ST-2” rating in Short Term based on financials up to December 31, 2011 and other qualitative and quantitative information.

MTBL’s Long Term Rating has been upgraded to “AA-” which testifies its good fundamentals such as good profitability, increase in NIM, increase in non-funded business, diversified investment portfolio, increase in loans and advances, augmentation of Asset base etc. This level of rating indicates a banking entity with high quality, offer higher safety and have high credit quality.

The Short Term rating “ST-2” indicates high certainty of timely repayment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

MTBL thanks to its all valued stakeholders for making it happen.



CHAPTER 3: JOB DESCRIPTION



3. Job Description

3.1 Description of the job

As an internee I have performed numerous activities. My main task was to assist officers and executives in every aspects of their daily work. It includes every activity that the officials performed like dealing with customers, computer posting, document analysis etc.

3.2 Specific responsibilities of the job

- ✓ Dealing with customers
- ✓ Assisting employees in their day to day operations
- ✓ Maintaining different registers
- ✓ Computer posting of transactions
- ✓ Sorting of Cheque, vouchers
- ✓ Entry of cheque and deposits slips number and amount in the registers and give the serial number to those slips
- ✓ Sorting of cheque according to serial number
- ✓ Editing of L/C issue statement
- ✓ Filling up EXP and IMP forms
- ✓ Filing different L/C related documents
- ✓ Matching month wise L/C and Bills transaction value between server and register
- ✓ Endorsement of different papers

3.3 Different aspects of job performance

- ✓ It helped me to learn banking activities
- ✓ It has enhanced my knowledge
- ✓ I was able to complete almost every task successfully

3.4 Critical observation

- ✓ Working environment was excellent
- ✓ Employees were very much helpful
- ✓ I learned a lot of things in a short time



CHAPTER 4

FOREIGN EXCHANGE OPERATION

OF

MTBL

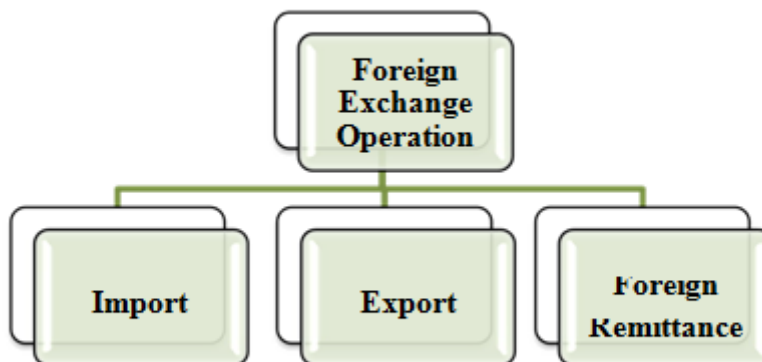


Foreign Exchange

Every country has certain natural advantages and disadvantages in producing certain commodities while they have some natural disadvantages as well in other areas. As a result we find that some countries need to import certain commodities while others need to export their surpluses. These transactions are the basis upon which international trade is made. As more than one currency is involved in foreign trade, it gives rise to exchange of currencies which is known as Foreign Exchange.

As per Foreign Exchange Act., foreign exchange means and includes all deposits, credits and balances payable in foreign currency as well as foreign currency instruments such as drafts, TCs, Bill of Exchange, Promissory Notes and Letters of Credit payable in any foreign currency. This definition implies that all business activities relating to Import, Export, Outward & Inward Remittances, buying & selling of foreign commissions, etc. come under the purview of foreign exchange business.

Foreign exchange can simply be defined as a process of conversion of one national currency into another and of transferring money from one country into another.





Foreign Exchange Division

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 the MTBL Bashundhara City Branch there are six officials are working continuously with great effort and teamwork there are quite efficient skill and talented the above jobs are performed in this department. The Bangladesh Bank and the respected AVP of this section control them. There are more than 95 clients and 29 countries they are dealing with. They believe in teamwork and extreme hard work.

Foreign Exchange Department is an 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. If the branch is authorized dealer 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.

Some national and international laws regulate functions of this department. Among these, Foreign Exchange Act, 1947 is for dealing in foreign exchange business, and Import and Export Control Act, 1950 is for Documentary Credits. Governments' Import and Export policy is another important factor for import and export operation of banks.



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 occurrence and normally benefits both the exporter and importer. In many countries, international trade accounts for more than 25% of their national incomes.

Foreign trade can usually be justified on the principle of comparative advantage. According to this economic principle, it is economically profitable for the country to specialize in the production of that commodity in which the producer country has the greater comparative advantage and to allow the other country to produce that commodity in which it has the lesser comparative advantage. It includes the spectrum of goods, services, investment, technology transfer etc. This trade among various countries calls for close linkage between the parties dealing in trade it has been dealing with more than 40 Countries. The banks, which provide such transactions, are referred to as rendering international banking operations. 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. MTBL follows the rules of Bangladesh government and Bangladesh bank strictly.

4.0 Functions of Foreign Exchange Department

4.1 Imports:

- ❖ Opening of letter of credit (L/C)
- ❖ Advance bills
- ❖ Bills for collection
- ❖ Import loan and guarantees

4.2 Export:

- ❖ Pre – Shipment advances
- ❖ Purchase of foreign bills
- ❖ Negotiating of foreign bills
- ❖ Export guarantees



- ❖ Advising/ confirming letters – letter of credit
- ❖ Advance for deferred payment exports
- ❖ Advance against bills for collection

4.3 Remittances:

- ❖ Issue of DD, MT, TT, etc.
- ❖ Payment of DD, MT, TT etc.
- ❖ Issue and enhancement of traveler's cheque
- ❖ Sale and enhancement foreign currency note
- ❖ Nonresident accounts

4.4 Dealings:

- ❖ Rate computation
- ❖ Maintenance of foreign currency account
- ❖ Forward contracts
- ❖ Exchange position and cover operations

Most Commonly Used Documents in Foreign Exchange

- ❖ Documentary letter of credit
- ❖ Bill of exchange
- ❖ Bill of Landing
- ❖ Commercial Invoice
- ❖ Certificate of origin of goods
- ❖ Inspection certificate
- ❖ Packing List
- ❖ Insurance certificate
- ❖ Pro-forma invoice/ indent
- ❖ Master receipt
- ❖ GSP certificate



4.1 Import

Imports of goods into Bangladesh is regulated by the ministry of commerce and industry in terms of the Import and Export (Control) Act, 1950, with import policy orders issued by annually, and Import Registration Certificate (IRC) 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. MTBL also plays an important role of importing goods.

To obtain Import Registration Certificate (IRC) the following certificates are required:

- ❖ Trade License
- ❖ Income tax clearance certificate
- ❖ National certificate
- ❖ Banks solvency certificate
- ❖ Asset certificate
- ❖ Registration partnership deed (if any)
- ❖ Memorandum and article of association
- ❖ Certificate of incorporation (if any)
- ❖ Rent of the business premises

4.1.1 Requirements for Import:

To import through Mutual Trust Bank Limited a customer / client requires-

- ❖ Bank account
- ❖ Import Registration Certificate (IRC)
- ❖ Taxpaying Identification Number (TIN)
- ❖ Pro-forma invoice/ indent (PI)
- ❖ Membership certificate
- ❖ L/C application form duly attested
- ❖ Insurance cover note with money receipt
- ❖ Others



4.1.2 Import Mechanism

To import, a person should be competent to be and importer'. According to Import and Export (Control) Act, 1950, the officer of Chief Controller of Import and Export provides the registration (IRC) to the importer. After obtaining this, the person has to secure a letter of credit authorization (LCA) from Bangladesh Bank. And then a person becomes a qualified importer. He requests or instructs the opening bank to open an L/C.

4.1.3 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.

4.1.4 Import Procedures:

An importer is required to have the following to import through MTBL---

- i. Applicant has to apply for opening L/C by a prescribed form.
- ii. Applicant has to submit the Letter of Indent or Letter of Pro-forma Invoice.

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.

Letter of Pro-forma Invoice: If the contract is made directly between the buyers and the sellers then Letter of Pro-forma Invoice is needed.

- iii. Applicant has to submit IRC (Indenters 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.

- iv. Applicant has to submit LCAF (Letter of Credit Authorization Form).
- v. Applicant has to submit insurance document.
- vi. Applicant has to prepare FORM-IMP.
- vii. Recently, there has been made a provision to give a certificate named TIN (Tax Payers Identification Number). Taxation department issues this certificate.
- viii. Then after proper scrutiny bank will open an L/C.

While opening L/C, importer must keep certain percentage of the document value in the bank as margin.

4.1.5 Procedures of Opening L/C to Import:

To open an L/C, the requirements of an importer are:

- a. He must have an account in MTBL.
- b. He must have Importers Registration Certificate (IRC).
- c. Report on past performance with other bank. MTBL collects this report from Bangladesh Bank.
- d. CIB (Credit Information Bureau) report from Bangladesh Bank.
- e. A proposal approved by the meeting of executive committee of the bank. It is necessary only when the L/C amount is small or there is no limit.
- f. If the L/C amount is large or there is a limit, then an approval from Bangladesh Bank is needed. Usually this approval is needed for amount more than one crore



4.1.6 Loan Against Trust Receipts (LTR):

MTBL also perform the later mechanize it is a instrument of foreign exchange which is done through

- 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.

4.1.7 Loan against Imported Merchandise (LIM):

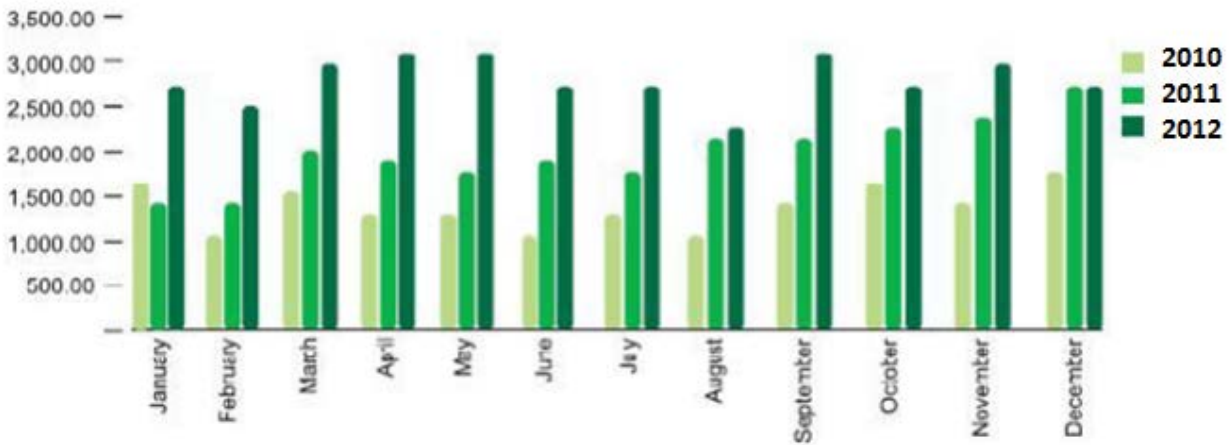
MTBL create Advance (Loan) against the security of merchandise imported through the Bank may be allowed either on pledge or hypothecation of goods, retaining margin prescribed on their Landed Cost, depending on their categories and Credit Restriction imposed by the Bangladesh Bank. Bank shall also obtain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

4.1.8 Import Payments

Import payments during FY2011-11 showed 41.79% significant jump from just 5.37% growth in the preceding FY2010-10. However, in the calendar year 2012 import cost lost its pace and stood at \$36.23 billion compared to \$27.82 billion in the year 2011 indicating 30.26% growth in year 2012 over 2011.



Month wise Import cost trend (million US\$) over 2010 - 2012



4.2 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.A and European Community (EC) countries. Bangladesh exports about 40% of its readymade garments products to U.S.A. Most of the exporters who export through MTBL 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.



4.2.1 Export Policy

Export policies formulated by the Ministry of Commerce, GOB provide the overall guideline and incentives for promotion of exports in Bangladesh. Export policies also set out commodity-wise annual target. It has been decided to formulate these policies to cover a five-year period to make them contemporaneous with the five-year plans and to provide the policy regime.

The export-oriented private sector, through their representative bodies and chambers are consulted in the formulation of export policies and are also represented in the various export promotion bodies set up by the government.

4.2.2 Export Incentives

A. Financial Incentives:

- Restructuring of Export Credit Guarantee Scheme;
- Convertibility of Taka in current account;
- Exporters can deposit 40% of FOB value of their export earnings in own accounts in dollar and pound sterling;
- Export Development Fund;
- Expansion of export credit period from 180 days to 270 days;
- 50% tax rebate on export earnings Duty draw back;
- Bonded warehouse facilities to 100% export oriented firms;
- Duty free import of capital equipment for 100% export oriented firms;

B. General Incentives:

- National Export Trophy to successful exporters
- Training course on external trade
- Arrangement of international trade fairs, commodity-based exhibitions in the country and participation in foreign trade fairs



C. Other Incentives:

- Assistance in improvement of quality and packaging of exportable items
- Simplification of exports procedures

4.2.3 Export Procedures

The import and export trade in our country are regulated by the Import and Export (Control) Act, 1950.

Under the export policy of Bangladesh the exporter has to get valid Export registration Certificate (ERC) from Chief Controller of Import & Export (CCI&E). The ERC is required to renew every year. The ERC number is to incorporate on EXP forms and other papers connected with exports.

4.2.4 Export L/C

There are a number of formalities, which an exporter has to fulfill before and after shipment of goods. These formalities or procedures are enumerated as follows –

1. Obtaining Export Registration Certificate (ERC):

No exporter is allowed to export any commodity permissible for export from Bangladesh unless he is registered with Chief Controller of Imports and Exports (CCI & E) and holds valid Export Registration Certificate (ERC). After applying to the CCI&E in the prescribed form along with the necessary papers, concerned offices of the Chief Controller of Imports and Exports issues ERC. Once registered, exporters are to make renewal of ERC every year.

2. Securing the order:

After getting ERC, the exporter may proceed to secure the export order. He can do this by contracting the buyers directly through correspondence.

3. Obtaining EXP:

After having the registration, the exporter applies to MTBL with the trade license, ERC and the Certificate from the concerned Government Organization gets EXP. If the bank is satisfied, an EXP is issued to the exporter.



4. **Signing of the contract:**

After communicating with buyer the exporter has to get contracted for exporting exportable items from Bangladesh detailing commodity, quantity, price, shipment, insurance and mark, inspection, arbitration etc.

5. **Receiving the Letter of Credit:**

After getting contract for sale, exporter should ask the buyer for Letter of Credit clearly stating terms and conditions of export and payment.

After receiving L/C, the following points are to be looked for:

- a. The terms of the L/C are in conformity with those of the contract.
- b. The L/C is an irrevocable one, preferably confirmed by the advising bank.
- c. The L/C allows sufficient time for shipment and a reasonable time for registration.
- d. If the exporter wants the L/C to be transferable, divisible and advisable, he should ensure those stipulations are specially mentioned in the L/C.

1. **Procuring the materials:**

After making the deal and on having the L/C opened in his favor, the next step for the exporter is to set about the task of procuring or manufacturing the contracted merchandise.

2. **Endorsement on EXP**

Before the exporters with the customs/postal authorities lodge the export forms, they should get all the copies endorsed by MTBL. Before shipment, exporter submits exp. form with commercial invoice. Then MTBL officer checks it properly, if satisfied, certifies the exp. without it, exporter he cannot make shipment. The customer must declare all exports goods on the EXP issued by the authorized dealers



3. **Disposal of Export Forms:**

- a.Original:** customs authority reports first copy of EXP to Bangladesh Bank after shipment of the goods.
- b.Duplicate:** Negotiating bank reports the Duplicate to Bangladesh Bank in or after negotiation date but not later than 14 days from the date of shipment.
- c.Triplicate:** on realization of export proceeds the same bank to the same authority reports Triplicate.
- d.Quadruplicate:** Finally, the negotiating bank as their office copy retains Quadruplicate

4. **Shipment of goods:**

Exporter makes shipment according to the terms and condition of L/C.

5. **Presentation of export documents for negotiation:**

After shipment, exporter submits the following documents to MTBL for negotiation:

- a) Bill of Exchange or Draft;
- b) Bill of Lading
- c) Invoice
- d) Insurance Policy/Certificate
- e) Certificate of origin
- f) Inspection Certificate
- g) Consular Invoice
- h) Packing List
- i) Quality Control Certificate
- j) G.S.P. certificate
- k) Photo – Sanitary Certificate.



11. Cash against Document (CAD) Contract:

In lieu of export LC export can also be made against execution of contract of sale and purchase between the buyer and seller. Usually a CAD contract is made in case of exporting Jute goods.

There are some Bangladesh Jute Mills Corporation (BJMC) enlisted intermediary firms. They make CAD contract with the importer. Some intermediary firms the client of MTBL. After making contract, the intermediary firm (original exporter) purchases jute from a jute mill. Then, the jute mill's bank usually an NCB sends forwarding with the following documents to MTBL.

- a) Commercial invoice made by the jute mill
- b) Bill of exchange drawn on exporter payable to jute mills bank (authorized that bank as “pay to the order of MTBL”)
- c) Mills specification
- d) EXP form – triplicate and quadruplicate on which seal and signature of authorized officer of the jute mill's bank is given.

Along with these jute mill documents exporter presents documents, which were required by the CAD contract.

Exporter presents the documents for negotiation to MTBL and request to remit the amount at which he purchased jute from jute mill to the jute mill's bank and credit the rest to his account in MTBL.

12. Examination of Document:

Banks deal with documents only, not with commodity. As the negotiating bank is giving the value before repatriation of the export proceeds it is advisable to scrutinize and examine each and every document with great care whether any discrepancy(s) is observed in the documents. The bankers are to ascertain that the documents are strictly



as per the terms of L/C Before negotiation of the export bill. Bank officers assigned for examining the export documents may use a checklist for their convenience.

13. Negotiation of export documents:

Negotiation stands for payment of value to the exporter against the documents stipulated in the L\C. If documents are in order, MTBL purchases (negotiates) the same on the basis of banker- customer relationship. This is known as Foreign Documentary Bill Purchase (FDBP).

If the bank is not satisfied with the documents submitted to MTBL gives the exporter reasonable time to remove the discrepancies or sends the documents to L/C opening bank for collection. This is known as Foreign Documentary Bill for Collection (FDBC)

14. Settlement of Local Bills:

The settlement of local bills is done in the following ways, -

- a. The customer submits the L/C to MTBL along with the documents to negotiate
- b. MTBL official scrutinizes the documents to ensure the conformity with the terms and conditions.
- c. The documents are then forwarded to the L/C opening bank.
- d. The L/C issuing bank gives the acceptance and forwards an acceptance letter
- e. Payment is given to the customer on either by collection basis or by purchasing the document.



4.2.5 Mode of payment of export bill under L/C

As per UCP 600, 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 MTBL, 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 him and drawn at the agreed tenor (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.



4.2.6 Advising L/C

When export L/C is transmitted to the bank for advising, the bank sends an Advising Letter to the beneficiary depicting that L/C has been issued.

Test key arrangement:

Test key arrangement is a secret code maintained by the banks for the authentication for their telex messages. It is a systematic procedure by which a test number is given and the person to whom this number is given can easily authenticate the same test number by maintaining that same procedure. MTBL has test key arrangements with so many banks for the authentication of L/C messages and for making payment. Usage period will be up to 180 days

Securitization of master L/C

- a. Defective Points or Clauses appears in the Master L/C:
- b. Issuing bank is not reputed
- c. Advising credit by the advising bank without authentication.
- d. Port of destination absent.
- e. Inspection clause.
- f. Nomination of specific shipping/Air line or nomination of specified vessel by subsequent amendment.
- g. B/L to blank endorses, to endorse to 3rd bank, to be endorsed to buyer or 3rd party.
- h. No specific reimbursing clause.
- i. UCP clause not mentioned.
- j. Shipment /presentation period is not sufficient
- k. Original documents to be sent to buyer or nominated agent
- l. FCR or HAWB consigned to applicant or buyer



- m. “Shippers’ load and count is not acceptable “ clause
- n. L/C shall expire in the country of the issuing bank
- o. Negotiation is restricted

4.2.7 Export Financing

Financing exports constitutes an important part of a bank’s activities. Exporters require financial services at four different stages of their export operation. During each of these phases, exporters need different types of financial assistance depending on the nature of the export contract. MTBL plays a vital role in performing such jobs and help the businessmen’s to carry on their business operation the activities are -

- a) **Pre-shipment credit**
- b) **Post-shipment credit**

(a) Pre-shipment credit

Pre-shipment credit, as the name suggests, is given to finance the activities of an exporter prior to the actual shipment of the goods for export. The purpose of such credit is to meet working capital needs starting from the point of purchasing of raw materials to final shipment of goods for export to foreign country. Before allowing such credit to the exporters the bank takes into consideration about the credit worthiness, export performance of the exporters, together with all other necessary information required for sanctioning the credit in accordance with the existing rules and regulations. Pre-shipment credit is given for the following purposes:

- ❖ Cash for local procurement and meeting related expenses.
- ❖ Procuring and processing of goods for export.
- ❖ Packing and transporting of goods for export.
- ❖ Payment of insurance premium.
- ❖ Inspection fees.
- ❖ Freight charges etc.



An exporter can obtain credit facilities against lien on the irrevocable, confirmed and unrestricted export letter of credit in form of the followings:

- i. Export cash credit (Hypothecation)
- ii. Export cash credit (Pledge)
- iii. Export cash credit against trust receipt.
- iv. Packing credit.
- v. Back to back letter of credit.
- vi. Credit against Red-clause letter of credit.

Export cash credit (Hypothecation):

Under this arrangement, a credit is sanctioned against hypothecation of the raw materials or finished goods intended for export. Such facility is allowed to the first class exporters. As the bank has got no security in this case, except charge documents and lien on exports L/C or contract, bank normally insists on the exporter in furnishing collateral security. The letter of hypothecation creates a charge against merchandise in favor of the bank. But neither the ownership nor the possession is passed to it.

Export cash Credit (Pledge):

Such Credit facility is allowed against pledge of exportable goods or raw materials. In this case cash credit facilities are extended against pledge of goods to be stored in the godown under bank's control by signing letter of pledge and other pledge documents. The exporter surrenders the physical possession of the goods under bank's effective control as security for payment of bank dues. In the event of failure of the exporter to honor his commitment, the bank can sell the pledged merchandise for recovery of the advance.

Export Cash Credit against Trust Receipt:

In this case, credit limit is sanctioned against trust receipt (TR). Here also unlike pledge, the exportable goods remain in the custody of the exporter. He is required to execute a stamped export trust receipt in favor of the bank, wherein a declaration is made that goods purchased with financial assistance of bank are in trust for the bank. This type of credit is granted when the exporter wants to utilize the credit for processing, packing and



rendering the goods in exportable condition and when it seems that exportable goods cannot be taken into bank's custody. This facility is allowed only to the first class party and collateral security is generally obtained in this case.

Packing Credit:

Packing Credit is essentially a short-term advance granted by a Bank to an exporter for assisting him to buy, process, manufacture, pack and ships the goods. Generally for movement of goods from the hinterland areas to the ports of shipment the Banks provide interim facilities by way of Packing Credit. This type of credit is sanctioned for the transitional period starting from dispatch of goods till the negotiation of the export documents. Practically except for single transaction, most of the pre-shipment credits are allowed in the form of limits duly sanctioned by Bank in favor of regular exporters for a particular period. The drawings are required to be adjusted fully once within a period of 3 to 6 months. Suiting to the breed and nature of export, sometimes an exporter may also be allowed to avail a combined Cash Credit and Packing Credit limit with fixed ceiling on revolving basis. But in no case the borrower would be allowed to exceed individual credit limit fixed for the purpose. The drawings under Export Cash Credit limits are generally adjusted by the drawing in packing credit limit, which is, in turn liquidated by the negotiation of export documents.

Banker should obtain the following charge documents duly stamped prior to disbursement:

- I) Demand Promissory Note
- ii) Letter of Arrangement
- iii) Letter of Lien of Packing Credit (On special adhesive stamp)
- iv) Letter of Disbursement
- v) Packing Credit Letter



Additional Documents for P.C.:

- a) Letter of Partnership along with Registered Partnership Deed in case of Partnership Accounts.
- b) Resolution of the Board of Directors along with Memorandum & Articles of association in case of Accounts of Limited Companies. In case of Corporation, Resolution of the Board Meeting along with Charter.
- c) Personal Guarantee of all the Partners in case of Partnership Accounts and of all the Directors in case of Limited Companies.
- d) An undertaking from the Directors of the Public Limited Company to obtain prior clearance from the Bank before declaring any interim/final dividend.

Back-to-Back Letter of Credit (BTB):

Bangladesh is a developing country. After receiving order from the importer, very frequently exporters face problems of scarcity of raw material because some raw materials are not available in the country. These have to be collected from abroad. In that case, exporter gives lien of export L/C to bank as security and opens an L/C against it for importing raw materials. This L/C is called Back To Back L/C. In back to back L/C, MTBL keeps no margin.

Sometimes there is provision in the export L/C that the importer can use the certain portion of the export L/C amount for importing accessories that are necessary for the making of the product. Only in that case, BTB is opened.



Payment of Back-to-Back L/C:

Client gives the payment of the BTB L/C after receiving the payment from the importers. But in some cases, client sells the bills to the MTBL. But if there is discrepancy, the MTBL sends it for collection.

In case of BTB L/C, MTBL gives the payment to the beneficiary after receiving the payment from the L/C of the finished product (i.e. exporter). Bank gives the payment from DFC Account (Deposit Foreign Currency Account) where Dollar is deposited in national rate.

For BTB L/C, opener has to pay interest at LIBOR rate (London Inter Bank Offering Rate). Generally LIBOR rate fluctuates from 5% to 7%.

A schedule named Payment Order; Forwarding Schedule is prepared while making the payment. This schedule is prepared when the payment of L/C is made. This schedule contains the followings:

- i. Reference number of the beneficiary's bank and date.
- ii. Beneficiary's name.
- iii. Bill value.
- iv. Payment order number and date.
- v. Equivalent amount in Taka.

Advance against Red-clause L/C:

Under Red clause letter of credit, the opening bank authorizes the Advising Bank/Negotiating Bank to make advance to the beneficiary prior to shipment to enable him to procure and store the exportable goods in anticipation of his effecting the shipment and submitting a bill under the L/C. as the clause containing such authority is printed in red ink, the L/C is called Red clause and Green clause respectively. Though it is not prohibited, but it is very rare in Bangladesh.



(b) Post Shipment Credit:

This type of credit refers to the credit facilities extended to the exporters by the banks after shipment of the goods against export documents. Necessity for such credit arises, as the exporter cannot afford to wait for a long time for without paying manufacturers/suppliers. Before extending such credit, it is necessary on the part of banks to look into carefully the financial soundness of exporters and buyers as well as other relevant documents connected with the export in accordance with the rules and regulations in force. Banks in our country extend post shipment credit to the exporters through:

1. Negotiation of documents under L/C;
2. Foreign Documentary Bill Purchase (FDBP):
3. Advances against Export Bills surrendered for collection

Negotiation of documents under L/C:

The exporter presents the relative documents to the negotiating bank after the shipment of the goods. A slight deviation of the documents from those specified in the L/C may raise an excuse to the issuing bank to refuse the reimbursement of the payment already made by the negotiating bank. So the negotiating bank must be careful, prompt, systematic and indifferent while scrutinizing the documents relating to the export.

Foreign Documentary Bill Purchase (FDBP):

Sometimes the client submits the bill of export to bank for collection and payment of the BTB L/C. In that case, bank purchases the bill and collects the money from the exporter. MTBL subtracts the amount of bill from BTB and gives the rest amount to the client in cash or by crediting his account or by the pay order.



For this purpose, MTBL maintains a separate register named FDBP Register. This register contains the following information:

- # Date
- # Reference number (FDBP)
- # Name of the drawee
- # Name of the collecting bank
- # Conversion rate
- # Bill amount both in figure & in Taka.
- # Export form number
- # Export L/C number

Advances against Export Bills surrendered for collection:

Banks generally accept bills for collection of proceeds when they are not drawn under an L/C or when the documents, even though drawn against an L/C contain some discrepancies. The bank generally negotiates bills drawn under L/C, without any discrepancy in the documents, and the exporter gets the money from the bank immediately. However, if the bill is not eligible for negotiation, the exporter may obtain advance from the bank against the security of export bill. In addition to the export bill, banks may ask for collateral security like a guarantee by a third party and equitable/registered mortgage of property.

4.2.8 Export Documents Checking

1. **General verification: -**

- a) L/C restricted or not.
- b) Exporter submitted documents before expiry date of the credit.
- c) Shortage of documents et



2. Particular verification:

Each and every document should be verified with the L/C.

3. Cross verification:

a) Verified one documents to another.

b) After proper examination or checking of a described Export document banker may

find following discrepancies:

General:

Late shipment

Late presentation L/C
expired

L/C over-drawn

Partial shipment or transshipment beyond L/C terms.

BILL OF EXCHANGE (B/E):

1. Amount of B/E differ with Invoice.
2. Not drawn on L/C issuing Bank.
3. Not signed
4. Tenor of B/E not identical with L/C.
5. Full set not submitted.

COMMERCIAL INVOICE(C/I):

1. Not issued by the Beneficiary.
2. Not signed by the Beneficiary.
3. Not made out in the name of the Applicant
4. Description, Price, quantity, sales terms of the goods not corresponds to the Credit.
5. Not marked one fold as Original.
6. Shipping Mark differs with B/L & Packing List.



PACKING LIST:

1. Gross Wt., Net Wt. & Measurement, Number of Cartoons/Packages differs with B/L.
2. Not market one fold as Original.
3. Not signed by the Beneficiary.
4. Shipping marks differ with B/L.

BILL OF LADING/AIRWAY BILL ETC (TRANSPORT DOCUMENTS):

1. Full set of B/L not submitted.
2. B/L is not drawn or endorsed to the Order of MTBL Bank Ltd.
3. “Shipped on Board”, “Freight Prepaid” or “Freight Collect” etc. notations are not marked on the B/L.
4. B/L not indicate the name and the capacity of the party i.e. carrier or master, on whose behalf the agent is signing the B/L.
5. Shipped on Board Notation not showing name of Pre-carriage vessel/intended vessel.
6. Shipped on Board Notation not showing port of loading and vessel name (In case B/L indicates a place of receipt or taking in charge different from the port of loading).
7. Short Form B/L
8. Charter party B/L
9. Description of goods in B/L not agree with that of Invoice, B/E & P/L
10. Alterations in B/L not authenticated.
11. Loaded on Deck.
12. B/L bearing clauses or notations expressly declaring defective condition of the goods and/or the packages.

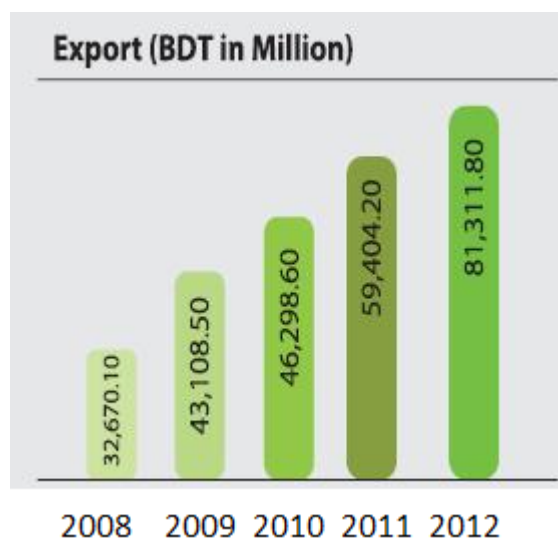


OTHERS:

- N.N. Documents not forwarded to buyers or forwarded beyond L/C terms.
- Inadequate number of Invoice, Packing List, and B/L & Others submitted.
- Short shipment Certificate not submitted.
- While checking the export documents following things must be taken in consideration

4.2. 9 Export Earnings

The bank is very much supportive in export financing since its inception. As an outcome of its positive attitude, in export performance it is holding the top position among leading banks of new generation. The main export items of the bank were readymade garments, leather, products etc.



Graph: Export amount

The sharp turnaround in world output growth in 2011, from negative growth of 2010, provided much needed stimulus to market exports. In Bangladesh Economy, surge in export growth emerged from July of FY 2011-11 and securing a record 41.47% growth in Export earnings. However in 2012 pace of export earnings growth moderated and amounted to USD 24.44 billion compared to USD 19.18 billion in 2011, indicating 27.38% growth in Export earnings in 2012 over 2011.



4.3 Foreign Remittance Section

4.3.1 Foreign Currency (FC) Accounts

Convertibility of Taka in current account transactions symbolized a turning point in the country's exchange management and exchange rate system. Now the operation of foreign currency account has been more liberalized. Funds from this A/Cs are freely remittable to any country according to the needs of A/c holders. MTBL provides the service of foreign remittance through foreign currency accounts to the clients.

Types of Account:

- a) FC Account
- b) Resident Foreign Currency Deposit Account
- c) Non-resident Foreign Currency Deposit Account.

4.3.2 Currency in which FC A/Cs can be opened

FC Accounts can be opened either in

- a) Pound Sterling
- b) US dollar
- c) Euro
- d) Japanese Yen



4.3.3 Papers/ Documents required for opening FC A/C

a) For Bangladesh wage Earners

- Photocopy of 1st seven pages of valid passport and visa page
- Photocopy of employment contract/ appointment letter/ work permit.
- Two copies of passport size photograph of each account holder and nominee duly attested.

b) For foreign National/ company/ Firm

- Two copies of photograph of account holder for individual operations of other account holder.
- Copies of relevant pages of passport for individual and operators of other account holder.
- Copies of service contract/ work permit, if any for individual.
- Copies of registration in Bangladesh with Board of investment/ Bangladesh Bank for foreign/ joint venture firm.
- Copies of the memorandum and articles of Association/ Laws/ Bye Laws, etc. on joint venture Agreement for joint venture co.

Mode of Operation:

Foreign currency A/c opened in the name of Bangladeshi nationals working abroad or self employee abroad can now be maintained as long as the current holder desires.

Such accounts may also be opened by the eligible persons within six months of their return to Bangladesh.

Deposits:

Credit to a foreign currency Account may be made against inward remittance of foreign exchange in any form of transfer from another FC account on non-resident taka accounts of bankers abroad.

Portion of repatriated export proceeds of Merchandize service export are allowed to credit to the exporters retention quota account.



Withdrawals:

Payment may be made freely abroad from these FC accounts to the extent of balance lying there in. Local disbursements may also be made freely in Take from such foreign currency accounts.

Funds lying in FC accounts can be utilizing for import of goods and commodities as per instructions issues by the CCI & E and Bangladesh Bank.

No payment for foreign exchange may be made to or on behalf of any resident in Bangladesh out of the FC account except foreign diplomats or privileged person who has specific authority from Bangladesh Bank to accept such payment.

4.3.4 Foreign remittance

There are two types of Foreign Remittance:

- * Outward Remittance
- * Inward Remittance

❖ 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 & 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 T.M. form is used.



A. Private Remittance:

1. Family remittance facility
2. Remittance of Membership fees/registration fees etc.
3. Education
4. Remittance of Consular Fees
5. Remittance of evaluation fee
6. Travel
7. Health & Medical
8. Seminars & workshops
9. Foreign Nationals
10. Remittance for Hajji
11. Other Private remittance

B. Official & Business Travel:

1. Official Visit
2. Business Travel Quota for New Exporters
3. Business Travel Quota for Importers and Non-exporting producers
4. Exporters' Retention Quota

C. Commercial Remittances:

1. Opening of branches or subsidiary companies abroad
2. Remittance by shipping companies airlines & courier service



3. Remittance of Royalty and technical fees
4. Remittance on account of training & consultancy
5. Remittance of profits of foreign firms/branches
6. Remittance of Dividend
7. Subscriptions to foreign media services
8. Costs/ for Reuter monitors
9. Advertisement of Bangladeshi Products in mass media abroad
10. Bank Charges

❖ **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.

Form 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.



Utmost care should be taken while purchasing Currency Notes, Travelers cheque, Demand Draft & similar Instrument for protecting the bank from probable loss as well as safety of the Bank officials concerned.

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,
- iii) Drafts should not be purchased under any circumstances unless the holder is a regular/valued customer of the bank. Indemnity Bond to be obtained for revering the amount paid in advance to the holder in case of dishonor of the instrument.
- iv) The private cheque should not be purchased under any circumstance without prior approval of Head Office.

4.3.5 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.



The Authorized Dealers may also purchase foreign currency notes, coins and other travel instruments freely from Authorized Money changers without production of Form FMJ.

Disposal of Foreign Currency notes/Coins & others by Incoming passengers:

Incoming passengers may bring in any amount of foreign exchange with declaration FMC at the time of arrival. No declaration is necessary for amounts up to US\$5000/- for non residents, the entire amount brought in with declaration or up to US\$5000/- brought in without declaration may be freely taken out at the time of departure or may deposit the amount in F.C Account subject to submission of form FMJ for excess of US\$5000. - Or equivalent.

An incoming person, who is ordinarily resident in Bangladesh

- (i) May retain foreign exchange up to US\$5000/- or equivalent brought in without declaration or
- (ii) Take-out the same freely at the time of departure from Bangladesh without endorsement in passport and air ticket
- (iii) Deposit the amount in RFCD account of the person concerned.

4.3.6 Some instruments & process of foreign exchange transactions

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. The Uniform Customs & Practices for Documentary Credit (UCPDC) published by international Chamber of Commerce (1993) Revision; Publication No. 500 defines Documentary Credit.

Any arrangement however named or described whereby a bank (the “issuing bank”) acting at the request and on the instructions of a customer (the “Applicant”) or on its own behalf,



1. Is to make a payment to or to the order of a third party (the beneficiary) or is to accept and pay bills of exchange (Drafts) drawn by the beneficiary, or
2. Authorizes another bank to effect such payment or to accept and pay such bills of exchange (Drafts)
3. Authorizes another bank to negotiate against stipulated documents provide that terms and conditions are complied with.

Types of Documentary Credit:

Documentary Credits may be either:

- (i) **Revocable or,**
- (ii) **Irrevocable.**

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.

Irrevocable credit:

An irrevocable credit constitutes a definite undertaking of the issuing bank (since it cannot 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. According to UCPDC-600, bankers now open only irrevocable letter of credit.

Sometimes, Letter of Credits is marked as either 'with recourse to drawer' or 'without recourse to drawer'.

Parties to a letter of Credit:

The parties are:

- The Issuing Bank,
- The Confirming Bank, if any, and
- The Beneficiary.

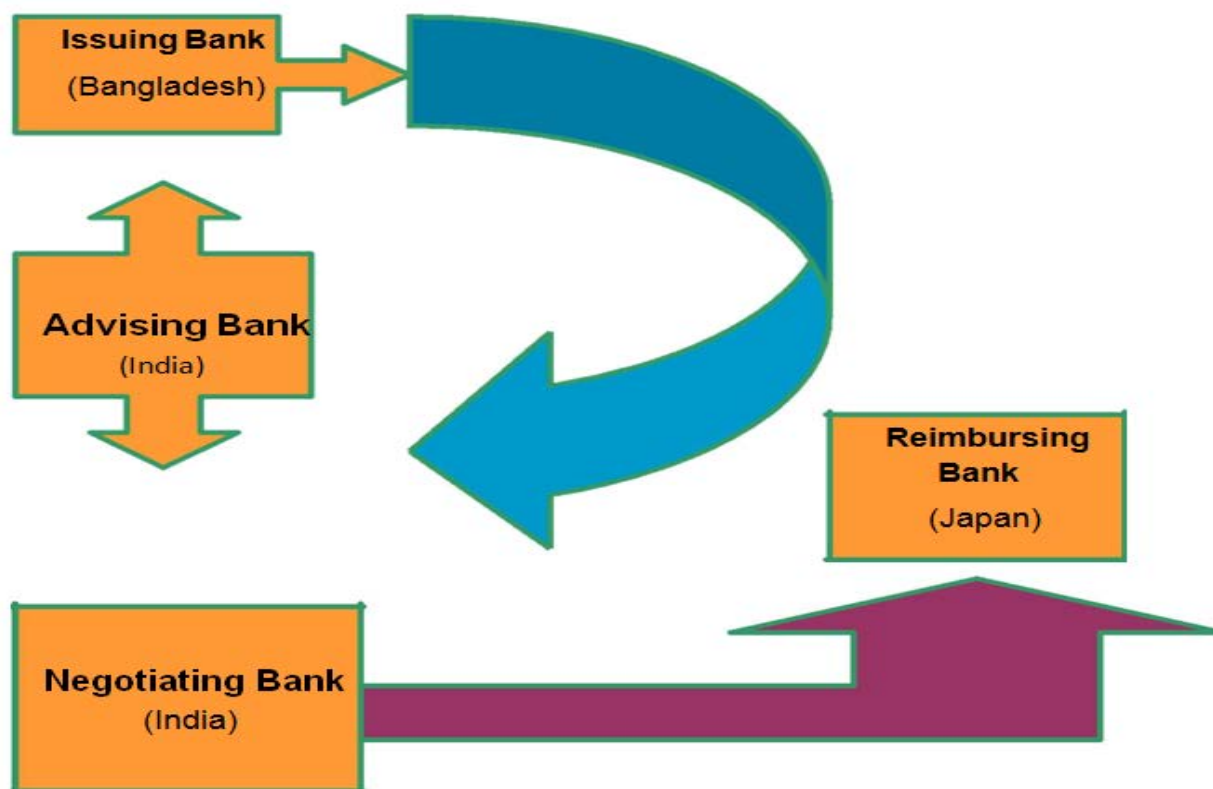


Fig: Parties to a L/C



i. **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.

ii. **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.

iii. **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.

iv. **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.

v. **Reimbursing bank:**

It is the bank, which would reimburse the negotiating bank after getting payment – instructions from issuing bank.

FORM – IMP:

This form is prepared for maintaining account of the money, which goes outside the country for the purpose of payment. This form is required by Bangladesh Bank. It is an application for permission under 4/5 of the Foreign Exchange Regulation Act, 1947 to purchase foreign currency for the payment of import.



IMP – FORM has four copies:

1. Original copy for Bangladesh Bank.
2. Duplicate copy for authorized dealers. It is issued for processing Exchange Control Copy of bill of entry or certified invoice.
3. Triplicate copy for authorized dealers' record.
4. Quadruplicate copy for submission to the bank in case of imports where documents are retired.

Following documents are sent with FORM-IMP:

- a) L/C Authorization Form,
- b) One copy of invoice,
- b) Indent copy / Pro-forma invoice.

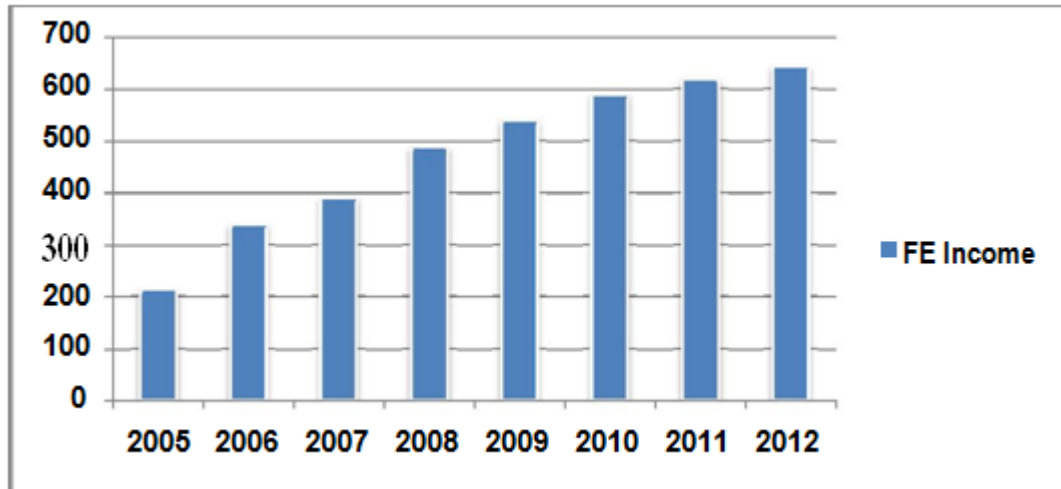
The following information is included in the FORM-IMP:

- i. Name and address of the authorized dealer,
- ii. Amount of foreign currency in words and figures,
- iii. Names and address of the beneficiary,
- iv. L/C Authorization Form number and date,
- v. Registration number of L/C Authorization Form with Bangladesh Bank, and
- vi. Description of the goods.



4.3.7 Foreign exchange income

Foreign exchange income is a great source of revenue for the bank. This revenue comes in two forms: commission and exchange gain. Here, six years data of foreign exchange income is presented on the following way-



The different sources of income for foreign exchange business are revealed and the income is showing a continuous increasing trend. The most dominant variable in foreign exchange income is exchange gain. This is achieved from both export and remittance business. The graph is showing that foreign exchange income of MTBL is increasing every year.



CHAPTER 5

FINDINGS, RECOMMENDATION AND CONCLUSION



5.1 Findings

By analyzing the various data the following finding have been found:

- ❖ Mutual Trust Bank Ltd has already established a favorable reputation in the banking industry in the country.
- ❖ Most of the clients in Mutual Trust Bank Ltd are satisfied with Foreign exchange service of giving statement.
- ❖ All the officers are so much helpful and have a friendly working environment. They help each other, when any officer falls in trouble.
- ❖ The Foreign Exchange Department is very much Strong. Because they use in dealing with the foreign Bank in term of L/C opening and amendment of L/C, are very much expedient to the foreign Bank. It is giving a competitive advantage to the Mutual Trust Bank Ltd. For this, businessmen like to deal their business with the Mutual Trust Bank Ltd.
- ❖ The top executives and officers are very helpful to the clients. Some of our businessmen do not know the exact procedures of international trade. The officers of Mutual Trust Bank Ltd help them to properly execute their business.
- ❖ Mutual Trust Bank Ltd provide little assistance in relation with foreign exchange to the small entrepreneur comparing to large business houses. Small entrepreneur has to keep higher margin, sometimes 100%, regarding opening a L/C.
- ❖ MTBL has limited promotional activities about foreign exchange services to increase motivate its present and potential investment client.
- ❖ Numbers of employees are fewer than the volume of works which creates problem in prompt service.
- ❖ The operations of international trade are conducted as per local and international laws, rules, customs and practices.
- ❖ Financing in the international trade is very crucial for the economy as well as it is risky. Sometimes the government imposes restriction to import and export some products. As a result the rate of opening L/C become reduces.



5.2 Recommendations

This complementary study recommends that the Mutual Trust Bank Ltd to expand their foreign exchange Services in a planned and well articulated strategy for the long run, in order to have Customer satisfaction and increase in banks profitability. I had the practical exposure in Mutual Trust Bank Ltd. for just two months. On the basis of my observation I would like to present the following recommendations-

- ❖ Mutual Trust Bank Ltd should offer some services to attract the foreign remittance. As Bangladesh has a high number of non residential, collecting remittances can be a good way of generating revenue for the company.
- ❖ Need to revise the Foreign Exchange relate charges.
- ❖ Evening banking allowance may be increased.
- ❖ At MTBL decision making process should be free from ambiguity and be time conscious.
- ❖ MTBL should take various advertisement programs.
- ❖ Bank should properly aware to stable this type of amount L/C of Agriculture & Food Industry was very much increased and decreased.
- ❖ Garments Industry was very much strong Industry of MTBL but this sector has lowest L/C amount in September and bank should increase that month of L/C amount.
- ❖ Over all L/C growth rate of MTBL increased and decreased bank should be tried to accept maturity level.
- ❖ Reducing existing charges can successfully attract a huge number of customers to Mutual Trust Bank Ltd If charges are made considerable, Mutual Trust Bank Ltd can capture a big portion of middle class society who can be proved to be better customer than any other class of the society. Mutual Trust Bank Ltd should lower their charges immediately so as to prevent the loss of customers.



- ❖ . The Bank should move to the fully automated banking system. This will save a lot of time of personnel working here and will increase their and the Bank's performance thereby.
- ❖ In case of importing goods the Bank should aware about over invoicing so that nobody can get chance to send money abroad illegally.
- ❖ In case of exporting goods the Bank should aware about under invoicing so that nobody can get chance to avoid Tax, Vat, and Duty.

Finally, Bank managers need to remain up to date with future trends; in other words, they need marketing intelligence. If automated service quality converges and becomes an automated service quality, customer satisfaction and their relationship with financial Performance standard and non-differentiated attribute among all banks, it will be easy for Customers to compare and switch from one bank to another. If so, it will be difficult for Banks to maximize their profits out of the quality aspects of automated services.



5.3 Conclusion

From the beginning of greater change in the world economic structure, Mutual Trust Bank Limited is trying to develop banking sector through welfare and servicing to the people. Mutual Trust Bank Ltd is committed towards the excellence in the service with efficiency, accuracy and proficiency. Mutual Trust Bank, being a bank of twenty first century, is also extending such contributions as to the advancement of the socioeconomic condition of the country. Like of most of the commercial banks, foreign exchange department is one of the most important departments of Mutual Trust Bank Ltd. Perhaps, it is the most important department of the Bank. This department is driving the bank from the front.

MTBL actively takes place in foreign exchange especially in export and import. Every year bank earns a lot of money by issuing letter of credit and its growth rate increase at an increasing rate.

Through the import, export and foreign operations, this department is making a great contribution to the bank and the economy as a whole. In this study it is found that MTBL has reached the position by its commitment, people's love and dedicated human resource. Mutual Trust has been shown supremacy in all kind of banking operations in our country.

The competent management of Mutual Trust Bank Limited should come forward to pragmatic strategic decision like-easy procurement, one stop service, and time service customers' services with sufficient logistics supports for future betterment of the bank. Despite problems and weaknesses, therefore, it is better for Mutual Trust Bank Ltd to think about their existing steps and take the necessary initiatives to fix up the problems and imply the recommended steps to be successful and become the market leader in near future.

To conclude I must say that Mutual Trust Bank Limited has immense potential in Bangladesh. It can play vital role in bringing revolutionary changes in our life with both material and moral world and in individual and collective level.



CHAPTER 6

Appendix

&

References



MTBL Five Years Glance

Figure in million Taka

Items Name	2012	2011	2010	2009	2008
Authorized Capital	3800	100 0	1000	1000	100 0
Paid-up Capital	997.9	950.40	864.00	720.00	600.00
Shareholder's Equity	2044.30	1904.80	1560.94	1217.55	970.35
Total Capital (Core + Supplementary)	2370.95	2114.53	1705.97	1335.08	1030.38
Total Asset	48141688 118	33072462 813	281780947 63	20815623 157	1910356 8653
Total Deposit	41554	28439	22270	16851	14810
Total Lones and Advances	34049	23372	16539	12887	11211
Total Investments	3956.53	2821.62	2495.98	1676.21	996.06
Export	18282.00	12943.29	8810.00	5924.00	3513.92
Import	24866.00	26255.29	17660.00	17335.90	11284.4
TotalContingent Liabilities	10916.14	9671.39	7498.27	5474.58	3887.90
Operating Income	5457	3636	2659	2283	2385
Operating Expenditure	4264	2743	1912	1774	1781
Profit before provision and tax	763.85	969.47	651.85	506.94	371.07
Net profit after provision and tax	210.80	478.28	336.17	247.19	190.34
Total provision maintained	603.43	239.98	145.00	117.50	60.00
Earning assets	28470.97	23575.83	17419.05	14779.16	8300.61
Non-interest earning asset	3710.93	2642.16	1887.95	1151.87	736.92



Earning per share	21.12	47.93	35.37	34.33	43.37
Book value per share	204.86	200.42	180.66	169.10	161.73
Dividend-Cash	-----	20%	14%	-----	-----
- Bonus share	25%	5%	10%	20%	20%
Return on Equity	0.227568 572	0.2087377 97	0.2403225 56	0.222324777	0.026166893 7
Return on Assets (ROA)	0.012058 046	0.0139862 26	0.0126897 47	0.01292334	0.012265286
Classified Loan as % of total loans and advance	2.39%	1.03%	Nil	Nil	Nil
Lending – deposit ratio	91.55%	83.50%	89.28%	88.82%	82.42%
Capital Adequacy ratio	10.19%	11.83%	12.55%	11.87%	17.33%
Price – Earning ratio (times)	28.24	7.14	11.12	17.10	5.14
Net Profit	5804946 70	462558947	357572894	269007381	234310726
No. of Employees	578	470	376	298	228



Balance Sheet

As at December 31,2012

Property and Assets	Notes	2012 Taka	2011 Taka
Cash		222,96,10,768	164,68,50,653
In hand (Incl. Forg. Currny)	3.00	28,27,68,190	23,34,25,245
With Bangladesh bank and it's agent bank	4.00	194,68,42,578	141,34,25,408
Balance with other banks & Financial Institution:	5.00	183,23,56,768	95,95,29,891
In Bangladesh		143,98,20,992	78,39,60,394
Outside Bangladesh		39,25,35,776	17,55,69,497
Money at Cell and short notice	6.00	-----	97,00,00,000
Investments:	7.00	395,65,28,943	282,16,18,030
Government		389,68,52,621	275,75,94,256
Others		5,96,76,322	6,40,23,774
Loans Advance	8.00	2268,32,27,657	1859,15,20,631
Loan, cash credit, overdrafts etc		1984,27,31,679	1635,64,16,377
Bill purchased and discounted		284,04,95,978	223,51,04,254
Fixed assets including premises, furniture	9.00	30,18,71,321	27,61,86,202
Other assets	10.00	117,83,00,763	71,82,10,820
Non banking assets		-----	-----
Total property and asset		3218,18,96,220	2598,39,16,227
Liabilities and capital			
Borrowings form other banks, fin. Inst. & agent	11.00	310,00,00,000	
Deposits and other account	12.00	2477,69,24,968	22264,04,59,889
Current deposit & other account		393,33,77,877	280,41,19,941



Bills Payable		52,53,72,428	19,67,27,245
Savings deposit		214,72,96,683	143,94,02,890
Fixed deposit		1633,41,44,998	1651,91,24,214
Deposit products		183,67,32,982	130,46,71,699
Other Liabilities	13.00	226,06,74,080	181,50,66,017
Total Liabilities		3013,75,99,048	2407,91,12,006
Capital / Shareholder Equity			
Paid up Capital	14.00	99,79,20,000	95,04,00,000
Share Premium	15.00	10,00,00,000	10,00,00,000
Statutory reserve	16.00	59,02,35,286	51,11,24,778
Revaluation gain on investment in HTM Securities		11,87,70,834	
General reserve	17.00	105,67,79,443	3,98,94,467
Retained Earnings	18.00	13,16,91,609	30,33,84,976
Total Shareholder Equity		204,42,97,172	190,48,04,221
Total Liabilities and shareholder Equity		3218,18,96,220	2598,39,16,227
		=====	=====



Cash Flow Statement

For the year ended Dec 31, 2012

	Notes	2012 Taka	2011 Taka
A)Cash flow from operating activities:			
Interest received		300,56,94,775	252,26,08,556
Interest paid on deposit & borrowings etc.		(962128364)	(748210665)
Dividend Income		19,87,200	-----
Fees & commission Income		21,89,08,089	22,77,04,662
Cash paid to employees as salaries and allowance		(20,43,07,950)	(16,09,32,358)
Advance income tax paid		(40,83,87,511)	(31,93,43,714)
Cash received form other operational income	36.00	24,02,41,517	23,97,46,777
Cash paid for other operational expenses	37.00	(18,82,19,258)	(12,91,14,077)
Cash flow form activities before changes in net current asset		37,35,59,311	67,20,33,710
Changes in net current asset			
Investments in Treasury bills		29,32,69,267	(62,00,00,000)
Investments in Treasury bond		(131,35,14,398)	-----
Loan and advances		(409,17,07,026)	(421,82,82,020)
Other assets	10.00	(5,17,02,432)	(20,66,90,514)
Customers Deposits		212,28,81,479	626,55,04,566



Bank deposit		38,99,97,500	(10,00,00,000)
Borrowings from other banks, fin. Inst. & agent	11.00	310,00,00,000	-----
Other Liabilities	13.00	(10,74,42,360)	36,67,26,704
Net cash flow form operating activities		34,17,82,030	148,72,58,736
		71,53,41,341	215,92,92,446
B) Cash flow from investing activities:			
Investment in share & bond		60,03,452	6,32,02,000
Purchase of premises & Fixed assets (net)		(5,76,42,466)	(6,49,73,733)
Net Cash flow from investing activities		(5,16,39,014)	(17,71,733)
C) Cash flow from Financing activities			
Dividend paid		(19,00,80,000)	(12,09,60,000)
Net Cash flow from Financing activities		(1,90,80,000)	(12,09,60,000)
D) Net increase in cash and cash equivalents		47,36,22,327	203,65,60,713
E) Effect of changes of Exchange rates on cash and cash equivalents.		1,22,07,065	6,81,900
F) Opening cash and cash equivalents		357,72,89,944	154,00,47,331
Closing Cash and cash		406,31,19,336	357,72,89,944



equivalents(D+E+F)			
The above Closing Cash and cash equivalents :Include			
Cash in hand		28,27,68,190	23,34,25,245
Balance with Bangladesh bank and its agents bank		194,68,42,578	141,34,25,408
Balance with Bangladesh bank and its Financial Institutions		183,23,56,768	95,95,29,891
Money at Cell and Short Notice		-----	97,00,00,000
Prize bonds		11,51,800	9,09,400
		406,31,19,336	357,72,89,944



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