

Internship Report
On
**“An Overview of Foreign Exchange Operation
(Export Procedure) Of Prime Bank &
Comparative Analysis with Other Banks”**

(This report has been submitted as a requirement for the Internship Program)

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Letter of Transmittal

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Dear Madam:

I have completed theoretical part of my Bachelor of Business Administration (BBA) in last Spring, 2012 semester. For the concluding requirement of my degree I have to do an internship in an organization or a project paper. I am submitting here my internship report. I have conducted a study on Foreign Exchange Department (Export procedure) in Prime Bank and how they are operated. And base on report I have made my project paper titled **“An Overview of Foreign Exchange Operation (Export Procedure) Of Prime Bank & Comparative Analysis with Other Banks”**.

The outcome of the research was fascinating and I have found some interesting facts and figures. The challenging research and report writing experience will help me a lot in future.

I hope you will find the report satisfactory and interesting too.

Thanking you with best regards,

Sincerely yours,

Tawhid Rifat Ami

Acknowledgement

As partial requirement of BBA program I get attached to Prime Bank Ltd. to complete my internship program and it's really a great opportunity for me to acquire practical knowledge and experiences from such a renowned Bank. From its first inception to its final completion, I have received the contribution of many people who have inspired, influenced and guided my work and supported me cordially and constructively. This magnitude of the report bears the imprint of some of those respectable persons.

At the beginning I wish to express a deep sense of appreciation and profound gratitude to the Managing Director of Prime Bank Ltd. Mr. Md. Ehsan Khasru for granting me as an internee in his well reputed Bank.

I like to express my gratitude to honorable Sir Md. Ezaz Hossain, the Executive Vice President and Tanfiz Hossain Chowdhury, the Vice President of Prime Bank Ltd. Elephant Road Branch for all of their guidance & cooperation throughout my internship program.

I am deeply indebted to my respected Sir Abdul Mannan Khan, Assistant Vice President, Prime Bank Ltd. and like to mention that without his sympathetic & supportive attitude, cooperation, and valuable counsel, it would not possible for me to prepare this report.

I am thankful to Mizanur Rahman, Senior Executive Officer; Masum Alamgir Chowdhury, Executive Officer; Monisha Chokkroborty, Senior Officer; of Prime Bank Ltd. for all of their continuous cooperation in every step from beginning to end of preparing this report.

I also want to thank my supervisor of this internship program, Syeda Shaharbanu Shahbazi, Senior Lecturer BRAC Business School Dhaka, for her helpful guidance during preparation of this report.

I would also like to take this 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 internship report.

Executive Summary

The business of foreign exchange is getting increasingly complex and intensely competitive. However, in the backdrop of phenomenal growth of Bangladesh's external sector, foreign exchange business provides a challenge as well as an excellent opportunity to accelerate the growth of bank's own business. A high degree of specialization is needed to carve for the bank a reasonable niche in this competitive environment.

Commercial banks play very important role in international trade of a country by providing credit to the priority sectors and facilitating payment against trade with other countries. In this regard the Commercial Banks of Bangladesh are not the exceptions and the name of Prime Bank can be mentioned here as one of the top ranked bank. Prime Bank is a Bank with difference; this difference has been maintained throughout the passing years by ensuring highest customer care and maintaining competitive market price.

For the Bank being different means- being the better bank in terms of operational excellence, unique customer focus, risk management, organizational advancement in terms of state-of-art IT implementation, expansion of branch network, new business development, implementation of standard operating procedures, training and retraining a pool of efficient and dedicated human resources and ensuring highest level of compliance and transparency in all spheres of operations and performance presentations.

Prime Bank Limited is well positioned to meet the challenges of 2015 and will continue to strive to innovate and capture opportunity for growth and value creation. The Bank will focus on its large customer base to generate more business from existing customers. This strategy is supported by wide spectrum of product and services and level of customer service delivery.

Here in this report I have tried to explore Prime Bank's area of foreign exchange and their excellence in services along with the performance highlights during the past few years. An overall comparison also has been made with the total Export situation of Bangladesh and other competing Banks.

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Chapter One

INTRODUCTION

1.1 Background of the Study

In the Business School of BRAC University, BBA program is comprises of 12 semesters and as a requirement for the fulfillment of our BBA program the students have to perform three months internship. During the schedule of BBA program a student can gather theoretical knowledge and at the end of the program the student needs to have a practical experience. The main objective of this practical experience is to compile the theoretical knowledge with practical experience. Base on this experience the students will submit a report to their University. PBL (PBL) supports this program and they offer three months internship opportunities for the student. This report is built on the working experience in Foreign Exchange Department of PBL, Elephant Road Branch which was started from 3rd of March 2012 and end 31st May 2012.

1.2 Objectives of the Study

1.2.1 Broad Objectives

Broad objective of this report is to meet the partial requirements for the fulfillment of BBA program.

1.2.2 Specific Objectives

In specific objective of the report is to prepare a sound report that must be reliable and dependable for the Bank's officials. The specific objectives to help in explaining the broad objectives are as follows

1. To present an overview of Prime Bank Ltd.
2. To identify problems of foreign exchange transactions comprising LC advice, Negotiation of export documentary bills, Repatriation of bills proceeds etc.
3. To provide suggestions for the development of foreign exchange transaction of Prime Bank Ltd.

4. Comparative analysis of export volume of prime bank with other bank.
5. Comparative analysis of import volume and other function of Prime bank with other bank as well.

1.3 Scope of the Study

This report has been prepared through extensive discussion with bank employees and with the clients. The preparation of this report provide a great opportunity to have an in depth knowledge of all the banking activities practiced by the PBL. It was also an opportunity to acquire a fast hand perspective of a leading private bank in Bangladesh.

1.4 Source of Information

To prepare the report the information has been collected through the following sources.

1.4.1 Primary Sources

- Personal Interview – Face-to-face conversation, and in depth interview with the respective officers of the branch.
- Personal observation – Observing the procedure of banking activities followed by each department.
- Practical work exposures on the foreign exchange of the branch.
- Informal conversation with the clients or customers.
- Relevant documents related to the study as provided by the officers.

1.4.2 Secondary Sources

- Annual report (2012) of PBL.
- Internet was also used as a theoretical source of information.
- Websites and Newsletters are also used as major

1.5 Limitations of the Study

During the preparation of the report some problems and limitation have encountered which are as follows:

- The main constraint of the study was insufficiency of current information, relevant to the study.
- Consolidated data related to the study were not available in the mid of the year.
- All required information was not available in any specific branch of the Bank and there was also limited opportunity to visit more than one branch.

Chapter Two

AN OVERVIEW OF PRIME BANK LIMITED

2.1 INTRODUCTION OF PRIME BANK LIMITED

In the backdrop of economic liberalization, and financial sector reforms, a group of highly successful local entrepreneurs conceived an idea of floating a commercial bank with different outlook. For them, it was competence, excellence, and consistent delivery of reliable service with superior value products. Accordingly, Prime Bank Limited (PBL) was created, and commencement of business started on *17th April 1995*. The sponsors are reputed personalities in the field of trade and commerce, and their stake ranges from shipping to textile and finance to energy etc. PBL has already made significant progress within a very short period of its existence. The bank has been graded as a top class bank in the country through internationally accepted CAMEL rating. The bank has already occupied an enviable position among its competitors after achieving success in all areas of business operation. The Bank has made significant progress within a very short time due to its very competent Board of Directors, dynamic management and introduction of various customer friendly deposit and loan products.

2.2 COMPANY VISION

To be the best Private Commercial Bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability having strong liquidity.

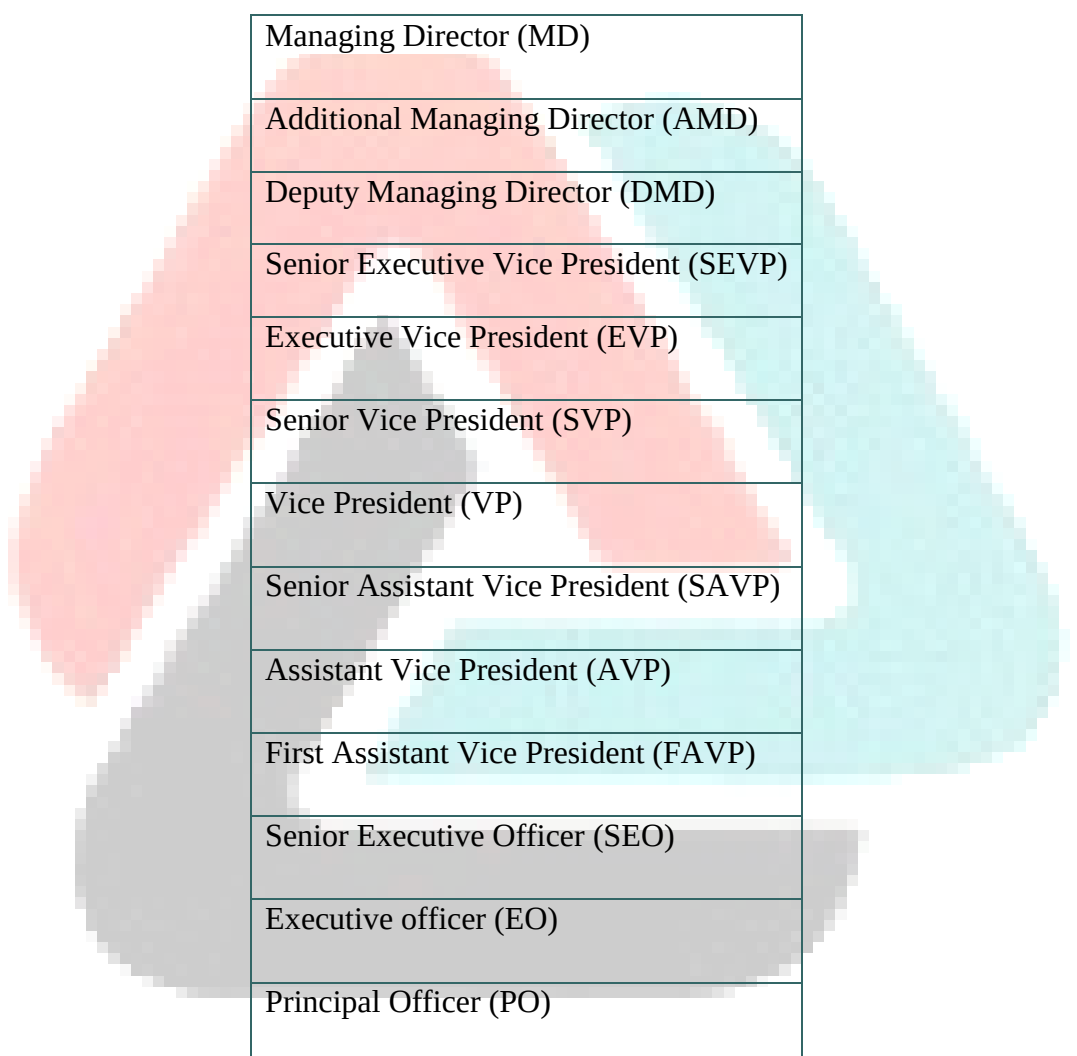
2.3 COMPANY MISSION

- To build PBL Limited into an efficient, market driven and customer focused institution with good corporate governance structure.
- Continuous improvement in our business policies and procedures through integration of technology all the levels.

2.4 STRATEGIC PRIORITY

To have sustained growth, broaden and improve range of products, and services in all areas of banking activities with the aim to add increased value to shareholders investment, and offer highest possible benefits to our customers

2.5 ORGANOGRAM OF PBL



Managing Director (MD)
Additional Managing Director (AMD)
Deputy Managing Director (DMD)
Senior Executive Vice President (SEVP)
Executive Vice President (EVP)
Senior Vice President (SVP)
Vice President (VP)
Senior Assistant Vice President (SAVP)
Assistant Vice President (AVP)
First Assistant Vice President (FAVP)
Senior Executive Officer (SEO)
Executive officer (EO)
Principal Officer (PO)
Senior officer (SO)
Junior officer (JO)
Trainee Assistant (TA)
Assistant officer (AO)

2.6 SERVICES PORTFOLIO

2.6.1 Deposits (Local Currency Deposit Accounts)

2.6.1.1 Conventional Banking

-  Current Deposit
-  Savings Deposit
-  Short Term Deposit
-  ☐ Non Resident Taka Account
-  ☐ NR Investors Taka Account
-  ☐ Security Deposit Receipt
-  ☐ Deposit Under Scheme :

- Double Benefit Deposit Scheme
- Monthly Benefit Deposit Scheme
- House Building Deposit Scheme
- Education Savings Scheme
- Lakhopati Deposit Scheme
- Prime Millionaire Scheme
- Contributory Savings Scheme

2.6.1.2 Islamic Banking

-  ☐ Al-Wadiah Current Account
-  Mudaraba Savings Deposit
-  ☐ Mudaraba Short Term Deposit
-  ☐ Convertible Taka Account
-  ☐ Mudaraba Term Deposit
-  Mudaraba Special Saving Scheme Deposit

- Mudaraba Double Benefit Deposit Scheme (MDBDS)
- Mudaraba Contributory Savings Scheme (MCSS)
- Mudaraba Education Savings Scheme (MESS)
- Mudaraba Hajj Savings Scheme (MHSS)
- Mudaraba Monthly Benefit Deposit Scheme

(MMBDS)

- Mudaraba Lakhopati Deposit Scheme (MLDS)
- Mudaraba Millionaire Deposit Scheme (MMDS)
- Mudaraba House Building Deposit Scheme

(MHBDS)

2.6.1.3 SME Banking

- Mouchak Savings Account

2.6.2 Foreign Currency Deposit Accounts

- Foreign Currency Account
- FCY Account under ERQ
- Resident FCY Deposit
- Non Resident Foreign Currency Deposit

2.6.3 Treasury (Primary Dealer Unit)

- Treasury Bills
- Treasury Bonds
- REPO's
- Reverse REPO's

2.6.4 Forex & Fund Management

- SWAPS
- Import/Export Financing
- Money Market Lending & Borrowing

2.6.5 Fund Transfer

- Inter-Branch Money Transfer
- SWIFT
- Telegraphic Transfer
- Issuing and Encashing Foreign Drafts
- Electronic Fund Transfer (BFTN)

2.6.6 ATM & Debit Card

-  Prime Bank Master Debit Card
-  ATM Card

2.6.7 Value Added Services

-  Locker Service
-  Insurance Coverage Deposit Scheme
-  Senior Citizen Scheme

2.6.8 Advances

2.6.8.1 Conventional Banking

-  Cash Credit
-  Loan General
-  ☐ Lease Finance
-  ☐ Hire Purchase
-  ☐ House Building Loan-Commercial/Residential
-  ☐ OD (General)
-  ☐ Letters of Credit
- Letter of Credit-Sight
- Letter of Credit-Deferred
- Back to Back L/C
-  ☐ PAD/PC/ECC
-  ☐ LTR/FDBP
-  Inland Documentary Bills Purchased IDBP
-  EDF Loan
-  Loan Against Imported Merchandize (LIM)
-  Letter of Trust Receipt (LTR)
-  Payment Against Documents (PAD)
-  Secured Overdraft (SOD)
-  Letters of Guarantee

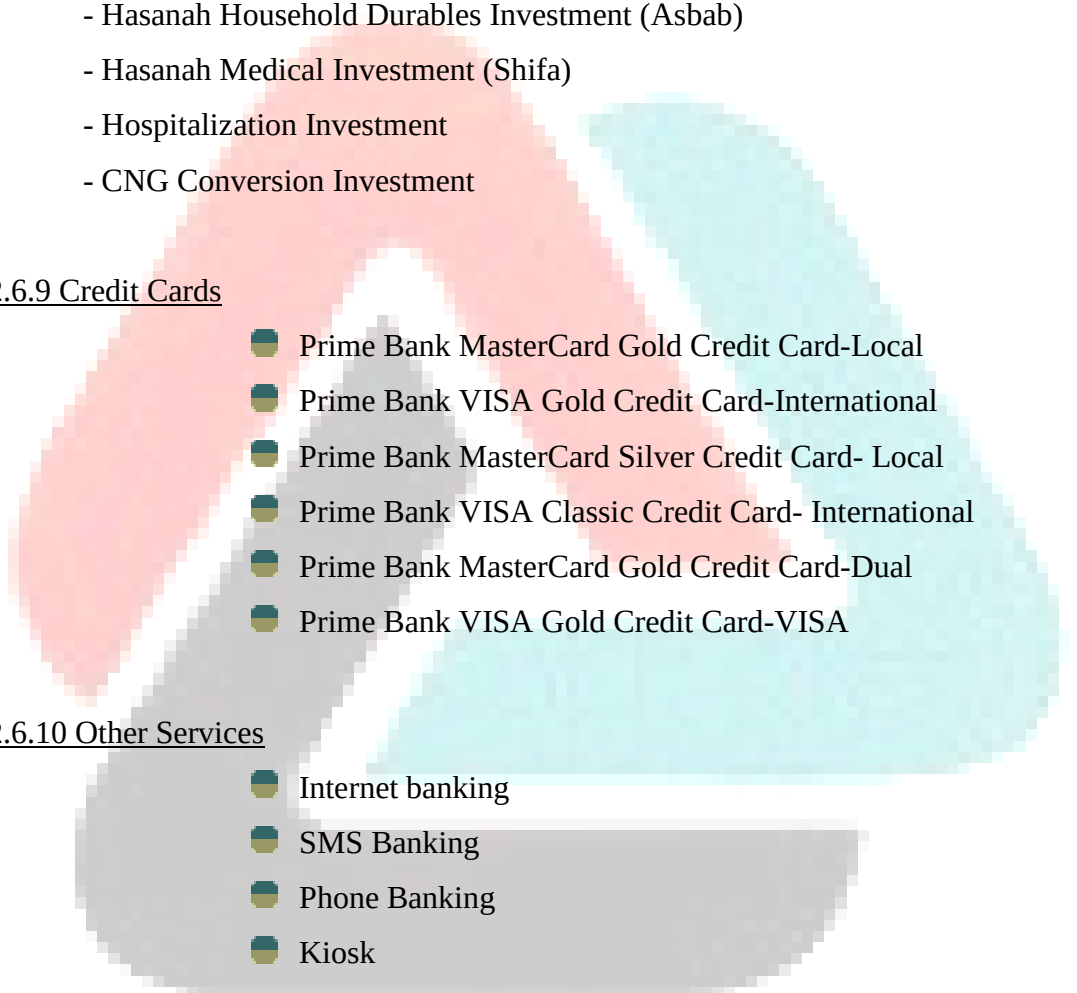
- Advance Payment Guarantee
- Bid Bond
- Performance Bond
- Payment Bond
- Custom Guarantee
- Retention Money Guarantee
- Shipping Guarantee
- Guarantee – Others

2.6.8.2 Retail Loans

- Swapnaneer Home Loan
- Swapnashaj Home Loan
- Swapnapuron Home Loan
- Abash Home Loan
- Car Loan
- Any Purpose Loan
- CNG Conversion Loan
- Doctor's Loan
- Marriage Loan
- Travel Loan
- Household Durables Loan
- Education Loan
- Hospitalization Loan
- Loan against Salary

2.6.8.3 Islamic Banking

-  Bai-Murabaha
-  Bai-Salam
-  Quard
-  Bills (Islamic)
-  Bai-Muajjal

- 
- Izarah
 - HP under Sirkatul Milk
 - Musharaka
 - Term Investment-Retail

- Hasanah Home Investment (Manjeel)
- Hasanah Auto Investment (Burak)
- Hasanah Household Durables Investment (Asbab)
- Hasanah Medical Investment (Shifa)
- Hospitalization Investment
- CNG Conversion Investment

2.6.9 Credit Cards

- Prime Bank MasterCard Gold Credit Card-Local
- Prime Bank VISA Gold Credit Card-International
- Prime Bank MasterCard Silver Credit Card- Local
- Prime Bank VISA Classic Credit Card- International
- Prime Bank MasterCard Gold Credit Card-Dual
- Prime Bank VISA Gold Credit Card-VISA

2.6.10 Other Services

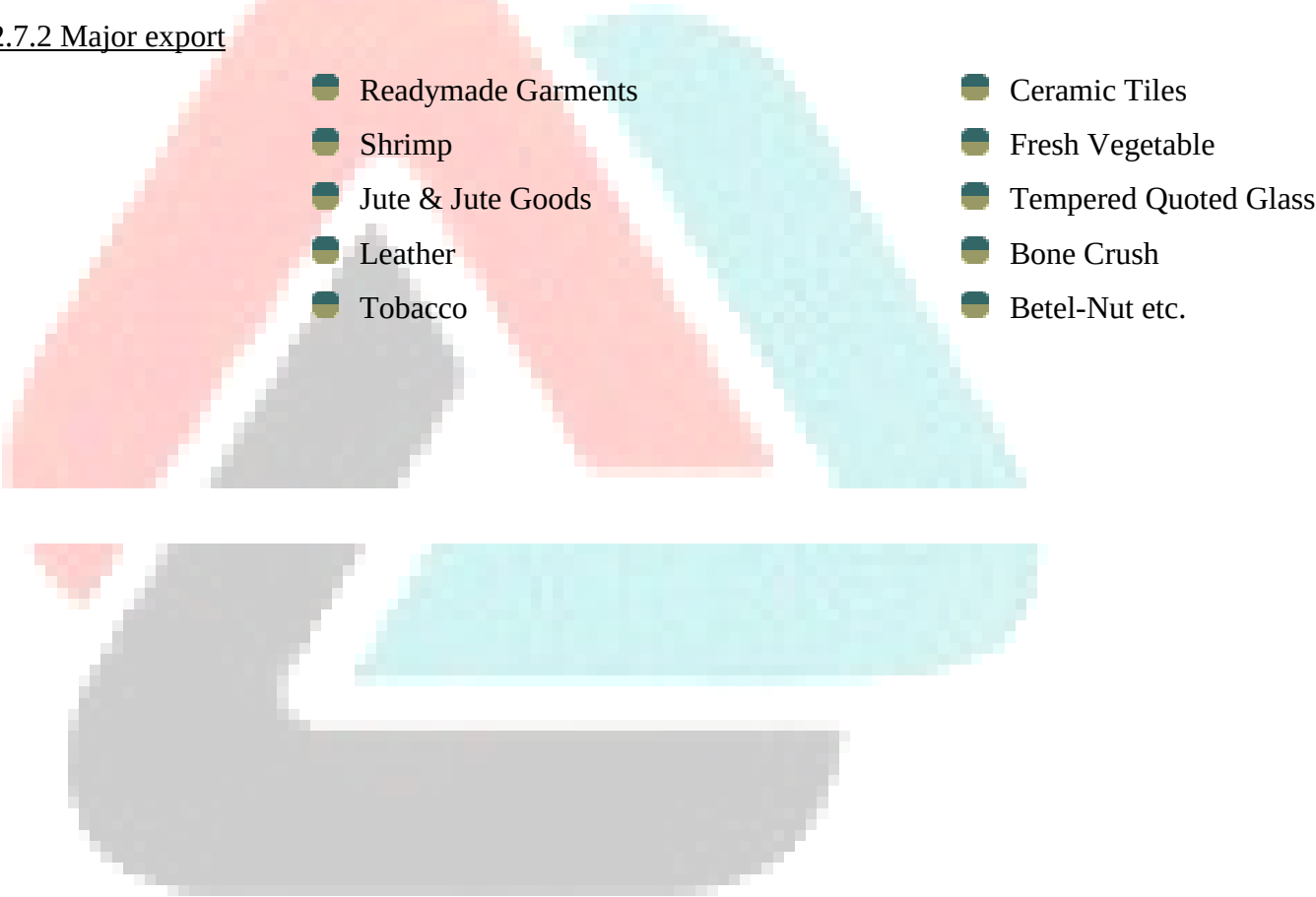
- Internet banking
- SMS Banking
- Phone Banking
- Kiosk

2.7 MAJOR EXPORT AND IMPORT OF PBL

2.7.1 Major Import Item

- Industrial Machineries
- Raw materials
- Commodities
- Other Consumer Products

2.7.2 Major export



2.8 SWAT ANALYSIS

2.8.1 Strengths:

- a) Capable management.
- b) Adequate capitalization.
- c) Good profitability.
- d) Above-average asset quality.
- e) Extremely rapid growth.
- f) Online Branch Banking.
- g) Small classified loans amount.
- h) NPL is very low less than 2%
- i) Market reputation is excellent
- j) Reserve requirement is sufficient
- k) Homogenous Board of Directors.
- l) Computerized customer services.
- m) Customer's faith as a stable and dependable Bank.

2.8.2 Weaknesses:

- a) Past missteps into equity investment raise concern.
- b) Lack of experienced employees in junior level management.
- c) Insufficient workforce.
- d) Lack of own ATM booth
- e) The bank is concentrating less in the rural sector than the urban sector for that it cannot reach to the entire rural people like any other nationalized public bank such as Sonali Bank, Rupali Bank, etc.

2.8.3 Opportunities:

- a) Potential to expand franchise based on consumer.
- b) Private sector orientation.
- c) By increasing the number of branches in the rural area PBL can provide more service to the rural people.
- d) Customer responsiveness

2.8.4 Threats:

- a) Increased competition in the sector from spate of new licensed private banks will pressure spreads and undercut the bank's comparative advantage.
- b) Economy is weak
- c) Government intervention
- d) Incumbent competitors



Chapter Three

AN OVERVIEW OF PRIME BANK LIMITED

ELEPHANT ROAD BRANCH

Prime bank Elephant road branch is one of the major branches of this bank. This branch mainly divided into three divisions.

Md. Ezaz Hoassin the Executive Vice President of Prime Bank Ltd is the Head of this branch. Tanfiz Hossain Chowdhury, the Vice President, Prime Bank Ltd the Manager (Operation) of this branch .Abdul Mannan Khan, Assistant Vice President of Prime Bank Ltd is the in charge of the foreign exchange division of this branch.

3.1 NUMBER OF EMPLOYEES

Head Of the Branch	01
Manager (Operation)	01
General Banking & Cash	13
Foreign Exchange	17
Credit	8
Total number of Employee	40

3.2 NAME OF MAIN PARTIES

The main parties of this branch are-

1. Ananta Garments ltd
2. Ananta Apparels ltd
3. Ananta Denim technology ltd
4. Ananta Sports ware ltd
5. Ananta Casual Ware ltd.
6. Ananta Jeans Ware Ltd.
7. Rain Knit ware
8. M K Sweaters ltd
9. S Jute industry ltd
10. Norban Comtex ltd.

Chapter Four

AN OVERVIEW OF FOREIGN EXCHANGE OPERATION (EXPORT PROCEDURE) OF PRIME BANK

International Trade (IT) can be defined as either the buying (importing) or selling (exporting) of goods or services on a global basis. International trade is the exchange of goods and services across international boundaries or territories. Goods can be defined as finished products, as intermediate goods used in producing other goods or an agricultural products, and food stuffs. In most countries, it represents a significant share of GDP. While international trade has been present throughout much of history its economic, social, and political importance has been on the rise in recent centuries.

FOREIGN EXCHANGE

4.1 DEFINITION OF FOREIGN EXCHANGE

Foreign Exchange is a process which is converted one national currency into another and transferred money from one country to another country.

According to Mr. H. E. Evitt. Foreign Exchange is that section of economic science which deals with the means and method by which right to wealth in one country's currency are converted into rights to wealth in terms of another country's currency. It involved the investigation of the method by which the currency of one country is exchanged for that of another, the causes which rendered such exchange necessary the forms which exchange may take and the ratio or equivalent values at which such exchanges are effected.

Foreign exchange is the rate of exchange in the both country's currency.

4.2 FOREIGN EXCHANGE MARKET PARTICIPANTS

There are four types of market participants—banks, brokers, customers, and central banks.

Banks: Banks and other financial institutions earn profits by buying, and selling currencies from and to each other.

Brokers: Brokers act as intermediaries between banks. Dealers call them to find out where they can get the best price for currencies.

Customer: Customers, mainly large companies, require foreign currency in the course of doing business or making investments. Some even have their own trading desks if their requirements are large.

Central banks: Central banks, which act on behalf of their governments, sometimes participate in the FX market to influence the value of their currencies.

4.3 FUNCTION OF FOREIGN EXCHANGE

The Bank acts as a media for the system of foreign exchange policy. For this reason, the employee who is related of the bank to foreign exchange, specially foreign business should have knowledge of these following functions :-

- i) Rate of exchange.
- ii) How the rate of exchange works.
- iii) Forward and spot rate.
- iv) Methods of quoting exchange rate.
- v) Premium and discount.
- vi) Risk of exchange rate.
- vii) Causes of exchange rate.
- viii) Exchange control.
- ix) Convertibility.
- x) Exchange position.
- xi) Intervention money.
- xii) Foreign exchange transaction.

- xiii) Foreign exchange trading.
- xiv) Export and import letter of credit.
- xv) Non-commercial letter of trade.
- xvi) Financing of foreign trade.
- xvii) Nature and function of foreign exchange market.
- xviii) Rules and Regulation used in foreign trade.
- xix) Exchange Arithmetic.

Exporting is crucial to one nation's economic health. Increased exports means business growth, and business growth means bigger profits for the companies — all of which ultimately result in more employment and a socio economic revolution. Yet only a small percentage of potential exporters take advantage of these opportunities. After globalization and free trade policy, now a day our manufactures as well as the exporter both are facing acute constrain to meet up the challenge. Our business cannot ignore these international realities. If we intend to maintain our market share and keep pace with our competitors we have to take careful decision and careful assessment of the advantages and disadvantages of expanding into new markets.

In the international marketplace, knowledge not only means power, it means survival. If our companies are going to succeed internationally, we must know as much or more than our customers and our competitors. A single misstep may not only cost our company business, it can lead to big delays and stiff fines. Unfortunately, most information about international trade is targeted at big companies with large logistics and legal staffs that know how to navigate the maze of import-export rules and regulations. Small and midsize companies lack the resources - and often the training - of larger corporations.

4.3.1 Export

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 PBL are readymade garments exporters. They open export L/Cs here to export their goods, which they open against the import L/Cs opened by their foreign importers.

Export L/C operation is just reverse of the import L/C operation. For exporting goods by the local exporter, bank may act as advising banks and collecting bank (negotiable bank) for the exporter.

4.3.2 Export Basket

Product	Amount in (%)
Garments	58%
Vegetable	10%
Leather	10%
Medicine	8%
Others	14%
Total =	100 %

Table 4.1.2: Export Basket

4.4 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.

4.4.1 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; A Duty draw back;
- ✓ Bonded warehouse facilities to 100% export oriented firms; A 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 export procedures.

4.5 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.

4.5.1 Registration of Exporters:

For obtaining ERC, intending Bangladeshi exporters are required to apply to the controller/ Joint Controller/ Deputy Controller/ Assistant Controller of Imports and Exports, Dhaka/ Chittagong/ Rajshahi/ Mymensingh/ Sylhet/ Comilla/ Barishal/ Bogra/ Rangpur/ Dinajpur in the prescribed form along with the following documents:

- ✓ Nationality and Assets Certificate;
- ✓ Memorandum and Article of Association and Certificate of Incorporation in case of Limited Company;
- ✓ Bank Certificate;
- ✓ Income Tax Certificate;
- ✓ Trade License etc.

4.5.2 Securing the Order:

After getting ERC Certificate the exporter may proceed to secure the export order. He can do this by contacting the buyers directly or through agent. In this purpose the exporter may get help from:

- License Officer;
- Buyer's Local Agent;
- Export Promoting Organization;
- Bangladesh Mission Abroad;
- Chamber of Commerce (local & foreign)
- Trade Fair etc.

4.5.3 Signing the Contract:

After communicating buyer, exporter has to get contracted (writing or oral) for exporting exportable items from Bangladesh detailing commodity, quantity, price, shipment, insurance and marks, inspection and arbitration etc.

4.5.4 Receiving Letter of Credit:

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

The following are the main points to be looked into for receiving/ collecting export proceeds by means of Documentary Credit:

- (1) The terms of the L/C are in conformity with those of the contract;
- (2) The L/C is an irrevocable one, preferably confirmed by the advising bank;
- (3) The L/C allows sufficient time for shipment and negotiation.

(Here the regulatory framework is UCPDC-500, ICC publication)

Terms and conditions should be stated in the contract clearly in case of other mode of payment:

- Cash in advance;
- Open account;
- Collection basis

(Documentary/ Clean) (Here the regulatory framework is URC-525, ICC publication)

4.5.5 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.

4.5.6 Shipment of goods:

Then the exporter should take the preparation for export arrangement for delivery of goods as per L/C and incomers, prepare and submit shipping documents for Payment/ Acceptance/ Negotiation in due time.

Documents for shipment:

- EXP form,
- ERC (valid),
- L/C copy,
- Customer Duty Certificate,
- Shipping Instruction,
- Transport Documents,
- Insurance Documents,
- Invoice,
- Other Documents,
- Bills of Exchange (if required)
- Certificate of Origin,
- Inspection Certificate,
- Quality Control Certificate,
- G.S.P. Certificate,
- Phyto-sanitary Certificate.

4.5.7 Final Step:

Submission of the documents to the Bank for negotiation.

4.6 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.

- Pre-shipment credit
- Post-shipment credit

4.6.1 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 folio wings:

- Export cash credit (Hypothecation)
- Export cash credit (Pledge)
- Export cash credit against trust receipt.
- Packing credit.
- Back to back letter of credit.
- Credit against Red-clause letter of credit.

(a) 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.

(b) 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.

(c) 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.

(d) 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 ship 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. Suited to the trend 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.

(e) 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 our 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, PBL 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.

(f) 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 PBL. But if there is discrepancy, the PBL sends it for collection.

In case of BTB L/C, PBL 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.

4.6.2 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:

- a. Negotiation of documents under L/C;
- b. Foreign Documentary Bill Purchase (FDBP):
- c. Advances against Export Bills surrendered for collection.

(a) 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 rise 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.

(b) Foreign Documentary Bill Purchased (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. PBL 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, PBL 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

(c)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. Bills drawn under L/C, without any discrepancy in the documents, are generally negotiated by the bank 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.

4.7 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 etc.

2. Particular verification:

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

3. Cross verification:

- a) Verified one documents to another.

4.7.1 Major Discrepancies

After proper examination or checking of a described Export document we may find following discrepancies:

4.7.2 General

- Late shipment
- Late presentation
- L/C expired
- L/C over-drawn
- Partial shipment or transshipment beyond L/C terms.

4.7.3 Bill Of Exchange(B/E)

- Amount of B/E differs with Invoice.
- Not drawn on L/C issuing Bank.
- Not signed
- Tenor of B/E not identical with L/C.
- Full set not submitted.

4.7.4 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 correspond to the Credit.
5. Not marked one fold as Original.
6. Shipping Mark differs with B/L & Packing List.

4.7.5 Packing List

1. Gross Wt., Net Wt. & Measurement, Number of Cartoons/Packages differ with B/L.
2. Not marked one fold as Original.

3. Not signed by the Beneficiary.
4. Shipping marks differ with B/L.

4.7.6 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 Prime Bank Ltd.
3. "Shipped on Board", "Freight Prepaid" or "Freight Collect" etc.
4. Short Form B/L
5. Charter party B/L
6. Description of goods in B/L not agree with that of Invoice, B/E & P/L
7. Alterations in B/L not authenticated.
8. Loaded on Deck.

4.7.7 Others

- N.N. Documents not forwarded to buyers or forwarded beyond L/C terms.
- Inadequate number of Invoice, Packing List, B/L & Others submitted.
- Short shipment Certificate not submitted.

4.7.8 While checking the export documents following things must be taken in consideration

L/C terms:

Each and every clause in the L/C must be complied with meticulously and ensure the following:

- That the documents are not state;
- That the documents are negotiated within the L/C validity, If a credit expire on a recognized bank holiday its life is automatically become valid up to the next works day.
- That the documents value does not exceeds the L/C value.

4.7.9 How the LC Work

The stages in the use of a letter of credit are as follows:

1. Buyer and seller agree terms (price, specification, method of transportation, who pays for freight, insurance etc.)
2. Buyer applies to issuing bank for a letter of credit. From the bank's point of view the issue of a letter of credit is similar to supplying short-term finance. It will apply similar criteria to the application, and may demand collateral, reduction in other lending limits or even a cash advance before agreeing to issue the letter of credit.
3. Issuing bank sends the letter of credit to a bank in the seller's country, the advising bank. This may be done by mail, telex or SWIFT. The advising bank's main obligation is to authenticate the letter of credit, i.e. use authentication codes or books of signatures to assure the beneficiary that the letter of credit is genuine.
4. Advising bank informs the beneficiary of the letter of credit. At this stage the beneficiary should check that its terms and conditions match the commercial agreement and can be complied with, e.g. the goods can be shipped by the required date, the required documents can be obtained. If anything in the credit will cause the beneficiary a problem, the applicant must be contacted immediately and an amendment requested.
5. Beneficiary (seller) ships the goods, and then assembles the required documentation, which will usually include a transport document such as a bill of lading.
6. Beneficiary checks that all these documents conform to all the terms and conditions laid down in the letter of credit. NB even minor discrepancies will often lead to the documents being rejected by a bank and payment being declined
7. Beneficiary presents the documents (usually) to a local bank. What happens next depends on the arrangements specified in the letter of credit. The commonest arrangement is for this bank to check the documents and, if they are in order, pay the beneficiary immediately; but there are variations on this.

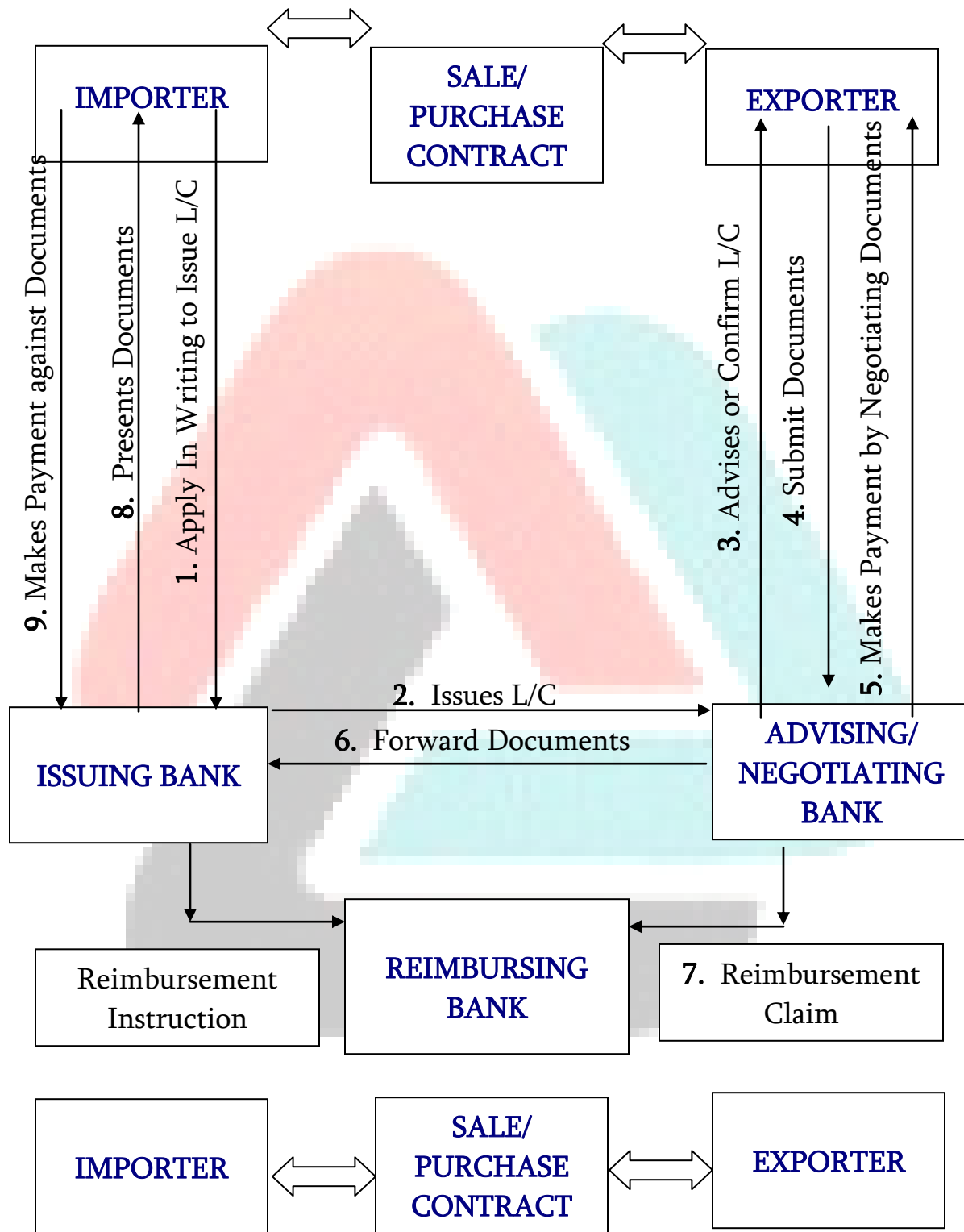


Figure 4.5.9: Model of how LC works

4.7.10 Draft/Bill of Exchange

Draft is too examined as under:

1. Draft must be dated
2. It must be made out in the name of the beneficiary's bank
3. The signature of the drawer must be verified by the negotiating bank.
4. Amount must be tallied with the Invoice amount.
5. It must be marked as drawn under L/C No. dated issued by Bank.

4.7.11 Invoice

It is to be scrutinized to ensure the following:

1. The Invoice is addressed to the Importer
2. The full description of merchandise must be given in the invoice as per L/C
3. The price, quality, quantity, etc. must be as per L/C.
4. The Invoice must be language in the language of L/C.
5. No other charges are permissible in the Invoice beyond the stipulation on the L/C.
6. The amount of draft and Invoice must be same and within the L/C value.
7. If L/C calls for consular invoice, then the beneficiary's invoice is not sufficient.
8. Number of Invoice will be submitted as per L/C.
9. The shipping mark and number of packing list shown in the B/L must be identical with those given in the Invoice and other documents.
10. The Invoice value must not be less than the value declared in EXP Forms.
11. Invoice amount must be correct on the basis of price, quantity as per L/C.
12. Invoice amount, indicate sale terms/ Inco terms VIZ FOB, CFR, GIF etc.
13. Consular Invoice must be stamped by the local consulate/embassy of the country to which the goods are imported.

4.7.12 Other Documents

Beneficiary statement, VISA/Export License issued by EPB, Certificate of Origin, Weight Certificate, Packing List, Inspection Certificate.

Certificate of analysis, quality certificate, MCD duly signed and any other documents required by L/C each of these certificates/documents conform to the goods invoice and are relevant to L/C.

Negotiating Bank will check the above documents whether it is as per L/C or not. If Negotiating Bank find everything in order or as per export L/C, bank will negotiate the document and will disburse the generated fund as per Banks norms.

If the Negotiating Bank will find any discrepancies in the documents. They will send the documents on collection or they can negotiate under reserve by the request of the exporter or they can seek permission/Negotiation authority from issuing Bank to allow Negotiating Bank to negotiate the documents despite the discrepancies. L/C issuing Bank will inform the matter to buyer, if the buyer accepts the discrepancies mentioned by Negotiating Bank, issuing bank will authorize the Negotiating bank to negotiate the discrepant documents.

4.8 ADVANTAGES & DISADVANTAGES OF EXPORT

4.8.1 Advantages

Exporting can help our business:

- Enhance domestic competitiveness
- Increase sales and profits
- Gain global market share
- Reduce dependence on existing markets
- Exploit corporate technology and know-how
- Extend the sales potential of existing products
- Stabilize seasonal market fluctuations
- Enhance potential for corporate expansion
- Sell excess production capacity
- Gain information about foreign competition

4.8.2 Disadvantages

In comparison, there are certain disadvantages to exporting. Our business may be required to:

- Subordinate short-term profits to long-term gains
- Hire staff to launch the export expansion
- Modify our product or packaging
- Develop new promotional material
- Incur added administrative costs
- Dedicate personnel for traveling
- Wait longer for payments
- Apply for additional financing
- Obtain special export licenses

These disadvantages may justify a decision to forego direct exporting at the present time, although your company may be able to pursue exporting through an intermediary. If our company's financial situation is weak, attempting to sell into foreign markets may be ill-timed. Thus the decision to export needs to be based on careful analysis and sound planning.

Chapter Five

ANALYSIS AND INTERPRETATION OF DATA

5.1 BALANCE OF TRADE SITUATION FOR PBL (2007 - 2011)



5.1.1 Import business

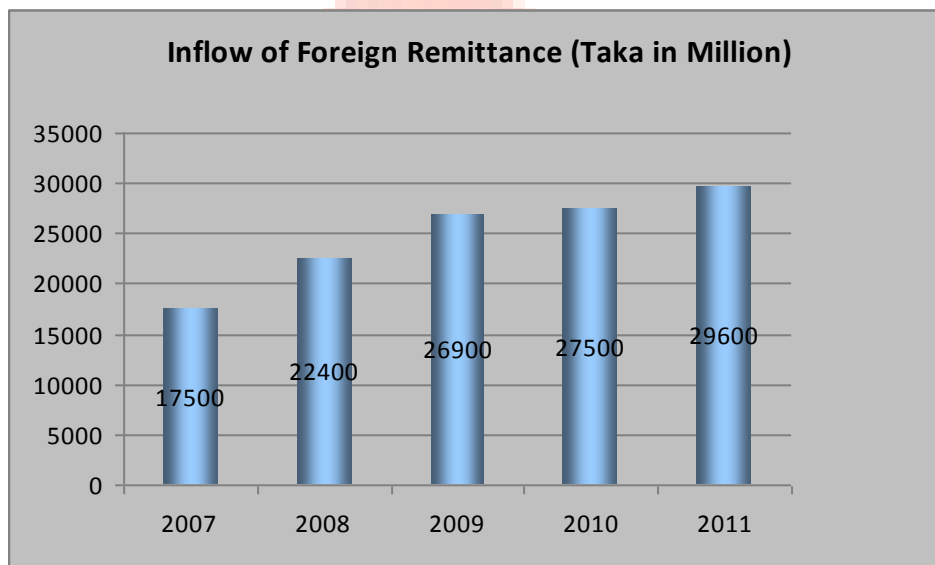
Prime Bank has seen another year of sustained growth in its Import Business in the year 2011. From the graph we see that in year 2011 the total Import of the Bank was Tk.174384 million. This was 53.18% over the Import of 2010. Major import items for 2011 were Wheat, Sugar, Capital Machinery, Fabrics and Accessories, Scrap Vessel, Vegetable Oil, Raw Cotton and Flat Rolled Steel. But the import of the bank before 2008 was not up to mark and growth of import percent was not very fast because of international economic recession. But overall total foreign exchange business handled by the Bank also showed a marked increase from that of the corresponding period.

5.1.2 Export business

Since 2007, the Bank has seen a substantial and consistent growth in its export sector which continued in 2011. The major export items of this Bank are Readymade Garments, Jute and Jute goods, Shrimp, Leather, Tobacco, Ceramic tiles, Fresh vegetable, Tempered

Quoted Glass, Bone crust, Betel-Nut etc., Frozen Fish and Agricultural products. Despite decline in overall export of our country due to the financial crisis in the developed economies, Prime bank registered a huge increase in exports in 2011 from last year. The total export of the Bank was Tk.133396 million which is 40.54% higher than 2010.

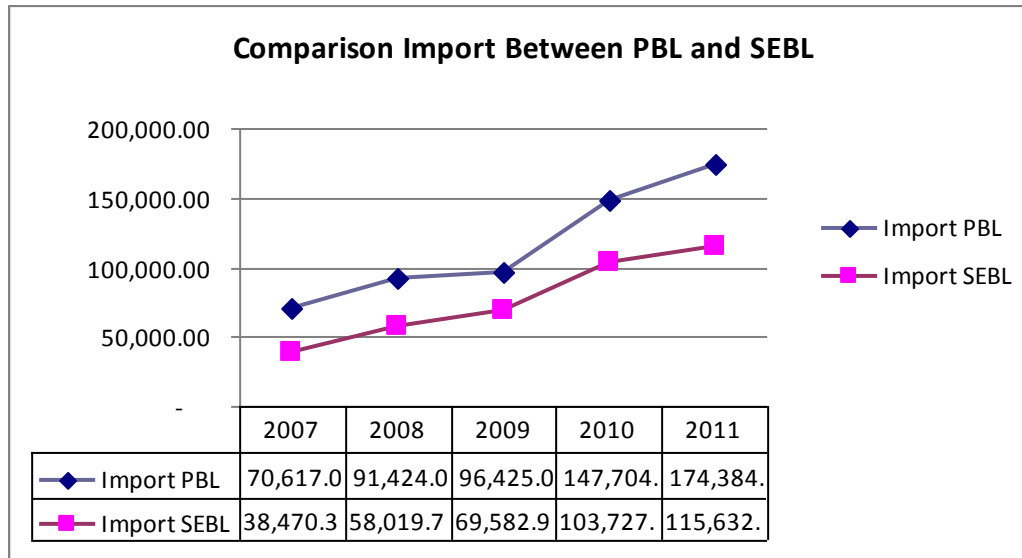
5.2 FOREIGN REMITTANCE POSITION



Prime Bank has set highest priority to mobilize inward foreign remittance of Non-Resident Bangladeshi (NRB) living and working in different parts of the world. During the year 2011, the Bank handled total Inward Foreign Remittance of Tk. 29600 million compared to Tk. 27500 million in 2010 signifying a growth of 7.51%. Due to secured, efficient and personalized service, NRBs have sent their hard earned money to their near and dear ones in Bangladesh through Bank's own exchange company in Singapore, other leading exchange companies and banks in Saudi Arabia, UAE, USA, Canada, UK, Italy, Malaysia, Oman, Qatar etc. Prime Bank, with the approval of Bangladesh Bank has established drawing arrangements with 29 exchange companies including the global money transfer giant Western Union. The pool of Bank's own officials deputed in remittance companies are also playing important role in promoting the remittance service of the Bank.

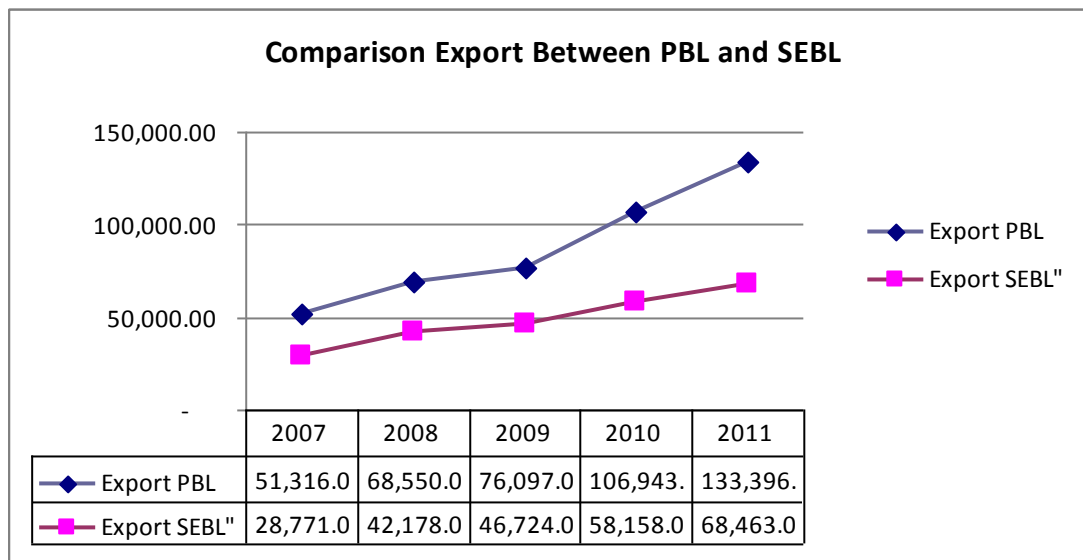
5.3 COMPARISON WITH SOUTHEAST BANK LIMITED

5.3.1 Comparison Of Import Between PBL & Southeast Bank



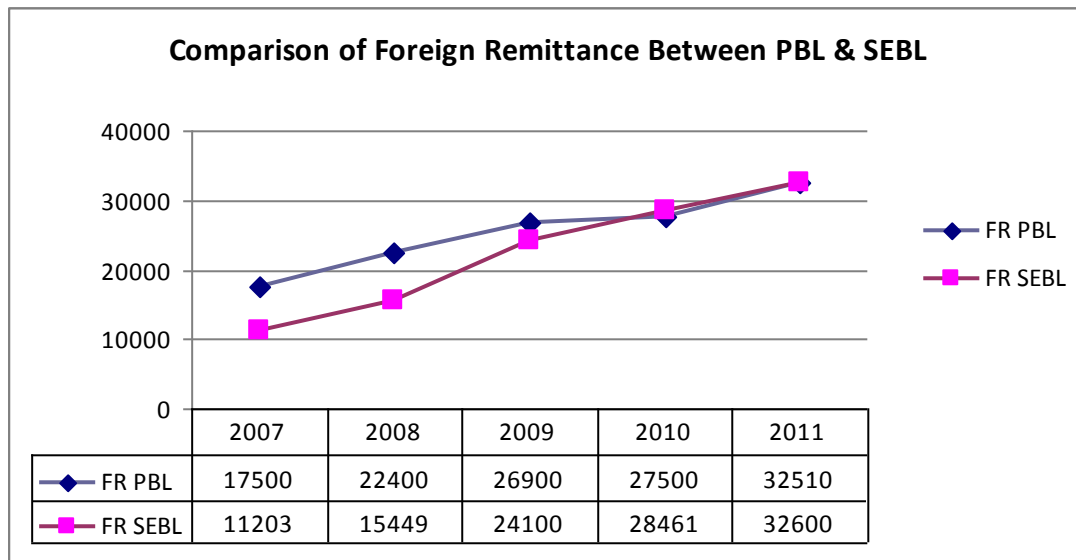
From the chart we can see that import of PBL and SEBL is increasing in an equivalent rate though import of PBL is higher than SEBL. In 2009 PBL faced a little reduction in growth rate of import but in 2010 they recovered with higher import.

5.3.2 Comparison Of Export Between PBL & Southeast Bank



From the above graph we can see that prime banks export is constantly increasing and it increase in so fast after 2010 on the other hand south east banks export position in not that much satisfactory. Though their export in 2010 to 2011 is quite well but the growth rate is very slow.

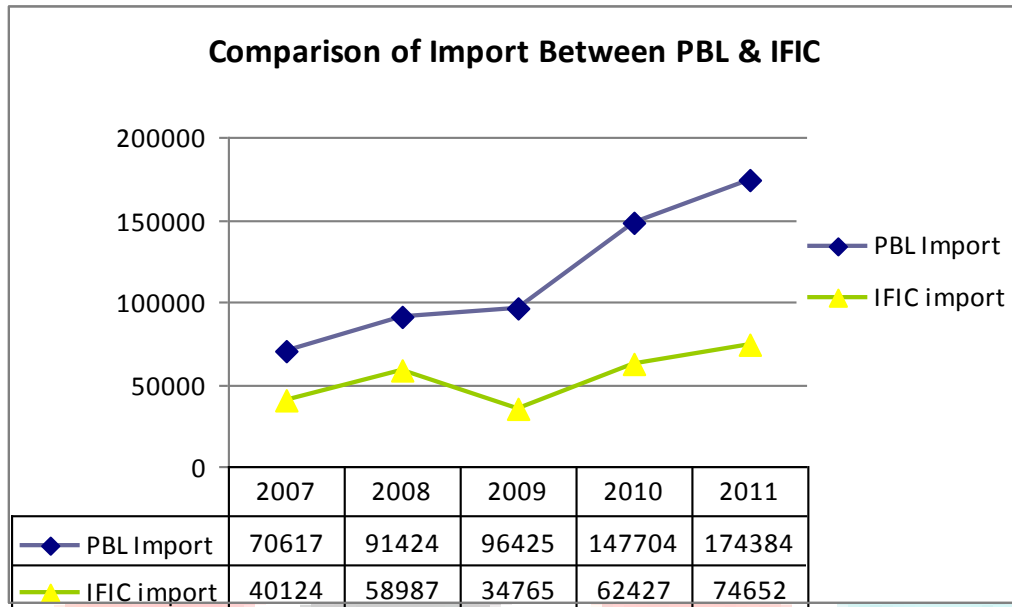
5.3.3 Comparison Of Foreign Remittance Position Between PBL & SEBL



From the chart we can see that PBL's inflow of foreign remittance was in a better position from the very beginning of 2007. On the other hand SEBL's inflow was less than PBL in previous years. But from 2009 both bank's inflow was in same position with same growth rate. This inflow mainly depends on the economic condition of the world business. So both banks are moving on a same pattern. Although prime bank is doing better than southeast bank because of their well management and modern IT facility as well as their advertisement which draw the attention of people.

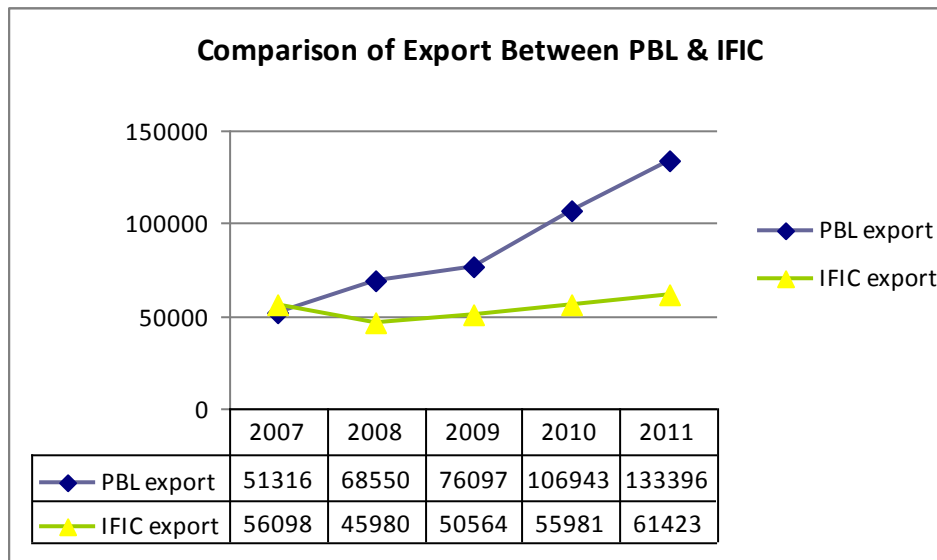
5.4 COMPARISON WITH IFIC BANK LIMITED

5.4.1 Comparison Of Import Between PBL & IFIC Bank



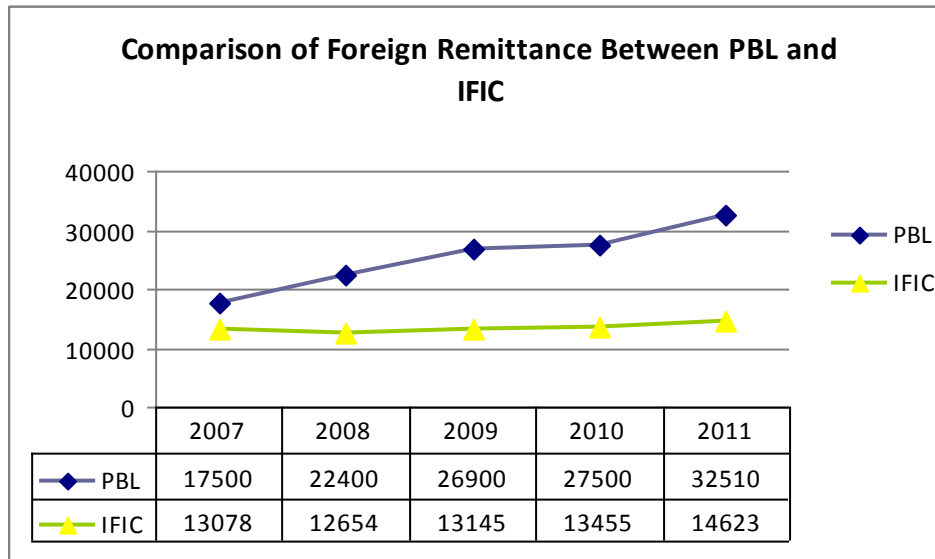
PBL & IFIC Bank both were in a similar growth rate from 2007 and 2008 in case of import. In 2009, PBL's import increased with a very low rate but IFIC bank's import decreased. In 2010 and 2011 both bank increased their import but PBL's growth in import was remarkable.

5.4.2 Comparison Of Export Between PBL & IFIC Bank



PBL was behind IFIC Bank in the beginning but after that they have constantly been able to improve their export position and their growth rate has increased tremendously year by year from 2008 to 2011, where IFIC Bank's export position is not much satisfactory.

5.4.3 Comparison of Foreign Remittance Position between PBL & IFIC Bank Ltd



From 2007 to 2011 IFIC bank's inflow of foreign remittance was in quite same position. But PBL's inflow was increasing year by year from 2007 to 2011. For PBL's well management, policy & reputation they have made such progression in the upcoming year they are trying to capture more foreign remittance.

Chapter Six

FINDINGS OF THE STUDY

On the basis of previous analysis and practical experience of 3 months internship program, the following findings are observed during the research period:

- Prime Bank Ltd. is following a conservative procedure for opening a LC. So conservatism is there to open L/C.
- Lack of available branches in remote areas of business and services.
- Lack of manpower in Foreign Exchange Department. In export division of Elephant Road branch there is lacking of manpower. The manpower of that section is not sufficient for prompt service.
- Lack of promotional initiatives to expand the Foreign Exchange business.
- As Prime Bank Ltd. is not a foreign bank so they can not attract as much as clients for foreign trade as Clients prefer foreign bank for foreign transaction.
- Day by day new upcoming banks are coming with many new services which are a threat for the bank. So increased number of new bank creates sever competition in Foreign Exchange banking.
- Government new regulations like as L/C margin reduce the Foreign Exchange transaction.
- Bangladesh is a developing country and its economic growth is not much high, so slow growth of the economy is a very vital problem for a bank.

- From the previous years it has been observing that frequently the currency of Taka is devaluating and dollar currency is going very high. And devaluation of Taka is hampering import business and other sectors too.
- Strict controlling of Central Bank in foreign currency endorsement.
- Prime Bank Ltd. is not using advance and develop software. Some time they face so many problem with the net work and in that time all customer face problem with their dealings.
- Prime Bank Ltd. is doing their Office work, vouching, accountings manually. But other banks are using many developed techniques and software.
- Most of the customers of the bank ask for more quality service especially quick, accurate service and good behavior from bankers as they think a private bank should provide such quality sufficiently. It has been found that inappropriate and slow work process often compels the customers to compare the bank with government bank, which is not a good indication for the reputation of the bank.

Chapter Seven

MY OBSERVATIONS & SUGGESTIONS

I had the practical exposure in Prime Bank Ltd. for just twelve weeks, with my little experience in the bank in comparison with vast and complex banking system; it is not so easy to recommend some suggestion to enhance the performance level of the organization. I have observed some shortcomings regarding operational and other aspects of their banking. On the basis of my observation I would like to present the following recommendations-

Margin and commission on L/Cs varies from customer to customer. A customer is allowed to open a L/C even with nil margins. I think that the bank should review the customers' transaction behavior for a period of time and should develop a certain policy in this regard.

- In case of Export L/Cs, the Government encourages the exporters by giving different facilities like tax-cuts. I think the bank should also think about such type of facilities to be given to the Exporters because Bangladeshi Exporters like Readymade garments Exporters are going to face a tuff situation in coming years from the exporters of other countries.
- In case of Export L/Cs, sometimes customers insist to give their payments though their documents are found discrepant. In some cases, Bank has to give payment to these customers for different reasons. But it lessens the credibility of the Bank. I think the Bank should be as stricter as possible about giving payments against discrepant documents without hurting the customers.
- On the analysis part, when I am doing comparison Prime Bank with Southeast Bank, I see that other bank are also doing well in this business. So it is going to be a huge comparative market. And for making profit from this position Prime bank have to change

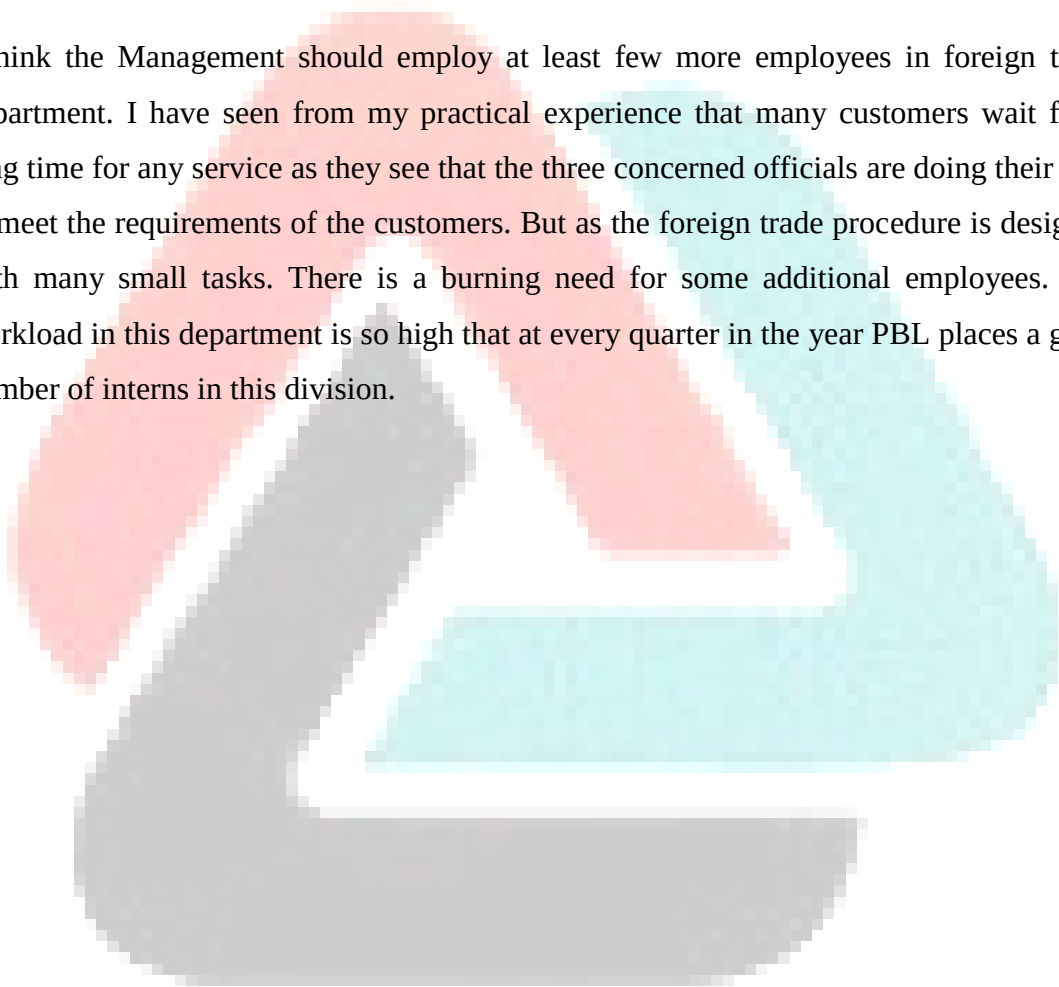
their business policy time to time. And they have to maintain a good relation with their customer. Also good advertisement may help to attract new customer as well.

- In many cases, the foreign banks want confirmations from other foreign banks with which this bank has correspondence. This proves the poor financial condition of our country. Banks should try to improve this situation.
- The bank should try to arrange more training programs for their officials. Quality training will help the officials to enrich them with more recent knowledge of International Trade Financing.
- To communicate with the Negotiating Bank, Advising Bank. Reimbursing Bank the branch uses SWIFT as well as these media. The Bank could use the E-mail, which is cheaper and faster than those media.
- Over burden of work and ill defined assignment unable the employee to discharge their duties in cool manner. It also creates a hazardous situation in the work process. So all the employee should be assigned with proper and specific assignment.
- Bank can introduce more advanced MIS system to mobilize its day to day activities. It will help the employee to do their works more quickly and at the same time maintaining their quality of work.
- They should expand their business in a balanced way which means they should not focus on a particular industry like readymade garments industries.
- Prime Bank Ltd. foreign exchange department now using web reporting system for export which is much backdated. But they also use a software named 'TEMONUS T24' for other purpose. It is very dedicated software. It has real time online banking, ATM facilities and E-banking and lot of more. So I think it will be a great progress for the

bank. But they have to update this software time to time. And for the other purpose I think they need to install some modern software like ERP (enterprise resource planning).

- Management needs to observe all the activities of the employees because in my observation I see that some time employees are not utilizing their time properly for doing their work.

I think the Management should employ at least few more employees in foreign trade department. I have seen from my practical experience that many customers wait for a long time for any service as they see that the three concerned officials are doing their best to meet the requirements of the customers. But as the foreign trade procedure is designed with many small tasks. There is a burning need for some additional employees. The workload in this department is so high that at every quarter in the year PBL places a good number of interns in this division.



Chapter Eight

CONCLUSION

PBL is well positioned to meet the challenge of 2012 and will seize the opportunity of benefit from economic growth. The bank will focus on its large customer base to generate more business from existing customers. This strategy is supported by wide spectrum of products and services. The bank will continue to harness the potential of retail, credit card and SME markets, in its pursuit for growth the PBL will always adhere to good corporate governance policies and strict credit evaluation procedure. After globalization and free trade policy, now-a-days our manufactures as well as the exporter both are facing acute constrain to meet up the challenge. Our business cannot ignore these international realities. If we intend to maintain our market share and keep pace with our competitors we have to take careful decision and careful assessment of the advantages and disadvantages of expanding into new markets.

In the international marketplace, knowledge not only means power, it means survival. If our companies are going to succeed internationally, we must know as much or more than our customers and our competitors. A single misstep may not only cost our company business, it can lead to big delays and stiff fines. Unfortunately, most information about international trade is targeted at big companies with large logistics and legal staffs that know how to navigate the maze of import-export rules and regulations. Small and midsize companies lack the resources - and often the training - of larger corporations.

The bank has the vision to be the best Private Commercial Bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management etc. it is now one of the top most profitable private sector commercial bank. The bank's is now "A" rated bank in CAMEL rating.

The bank is maintaining a well-structured communication from top to bottom level. Each official should be valued and treated as a part of the bank and they must have the privilege to devote themselves for the betterment of service of the bank. Prime Bank places utmost importance on managing credit risk. The whole process includes Management of Credit Risk, Foreign Exchange Risk, Prevention of money Laundering, Asset liability Management, Internal control and Compliance.

The 10 years success story though helped the bank to attain a leading role but to remain unrivalled among new generation banks, the bank must face new challenges.

Overall, the bank must make a positive attempt to be more outward looking in their goals and aware of what is happening. They must also emphasize on the domestic scenario more closely and analyze any certain trends and strategies of their competitors. The bank must accept any failures and think of them as an objective to pursue future goals instead of blaming such failures on other factors.



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Appendix A-- Abbreviations

L/C	Letter of Credit.
A/C	Account.
IBCA	Inter Branch Credit Advice
IBDA	Inter Branch Debit Advice
FDBP	Foreign Documentary Bill for Purchase
FDBC	Foreign Documentary Bill for Collection
PAD	Payment against Document
LTR	Loan against Trust Receipt
B/L	Bill of Lading
B/E	Bill of Exchange
UCPDC	Uniform Customs and Practice for Documentary Credit

Appendix B-- Charges In Foreign Exchange

Foreign Exchange Transaction and Services

Foreign Exchange Transactions and Services

Schedule of Charges on Foreign Exchange Related Transactions

Sl. No.	Item	Charge
Import		
01	Sight L/Cs Opening Commission	Min. 0.10% - Max. 0.40% per quarter
02	DP L/Cs Opening Commission	Min. 0.10% - Max. 0.50% per quarter
03	Back to Back L/Cs (including EDF L/Cs) Opening Commission	Min. 0.10% - Max. 0.40% per quarter
04	L/C Opening Commission against 100% Cash Margin	Min. 0.10% - Max. 0.25% per quarter
05	In land L/C Opening Commission	As prescribed under Sl. No. 01, 02, 03 & 04 above
06	L/C Acceptance Commission	Min. 0.10% - Max. 0.40% per quarter
07	Mailing/Courier/SWIFT Charge against L/C Transmittion, L/C Amendment, Confirmation, Cancellation, Foreign Correspondence etc.	At actual
08	Pre-advice of L/Cs	At actual
09	L/C Amendment Charge	Tk.750/-
10	LC (Local) Amendment Charge	Tk.750/-
11	If L/C amendment includes increase of value or extension of time then L/C opening commission for additional time & value should be recovered as prescribed in the opening stage.	As prescribed under Sl. No. 01, 02, 03 & 04 above

For Our Arranging Confirmation from Third Bank

12	Confirmation charges to be realized from L/C applicant regardless of the party to be charged by the confirming bank	Min. 0.10% - Max. 0.20% of L/C value
13	Foreign correspondent's charges for all types of L/Cs to be paid by the openers.	NIL
14	Handling charge for all sorts of L/Cs (excepting local L/Cs)	NIL
15	Local L/C handling charge (including BTB)	NIL
16	Interest on PAD (Payment against Documents)	As per lending rate fixed by Bank from time to time.
17	Collection of Credit Report of the beneficiary of the L/C	*At actual. Min. Tk. 3000/-*
18	All other charges not mentioned above in connection with opening and advising of L/Cs.	At actual plus TK.500/-
19	L/C Cancellation	NIL
20	Indemnity for shipping guarantee in absence of original documents provided full value of documents is deposited by the client / copy document endorsement charges	NIL
21	IRC (Import) Renewal Fee	Govt. fee at actual plus service charge Tk. 300/-
22	IRC (Indentor) Renewal Fee	Govt. fee at actual plus service charge Tk. 500/-
23	SWIFT Charge against Acceptance (Foreign)	Tk. 500/-
24	Postage Charge against Acceptance (Local)	Tk. 100/-
25	SWIFT & Other Charge against PI (Cash L/C)	US\$ 30/-

VAT is applicable @ 15% on fees and charges

Sl. No.	Item	Charge
26	SWIFT & Other Charge against PI (BTB L/C)	US\$ 50/-
27	Payment against Collection Documents (Import without L/C)	*Collection fee US\$ 30/- to be realized
28	Discrepancy Charge - Import Documents (Local)	US\$ 20/-
29	Discrepancy Charge - Import Documents (Foreign)	US\$ 60/-

Note: * Regarding VAT, Branches shall follow NBR's instructions.

** Branches shall realize commissions/charges at maximum rate mentioned above and must seek approval from Head Office to realize charges/commission at minimum and/or reduced rate.

Export		
01	Export Bill Negotiation/Collection Commission in Foreign Currency	Min. 0.10% - Max. 0.15% (If there is exchange gain only Tk. 500/- to be realized)
02	Negotiation commission for export bills in local currency remain outstanding	Tk. 500/- + interest for the period the bill
03	Mailing/Courier/SWIFT charges against negotiation/collection of export bill	At actual
04	Discounting of Inland Bills in F.C	*Exchange Gain+Handling Charge Tk. 500/-*
05	Advising of Foreign Bank L/Cs to the Local Beneficiary	Tk. 750/-
06	Advising of Amendment of Foreign Bank L/Cs to the Local Beneficiary	Tk. 750/-
07	Advising Charge-Local L/Cs	Tk. 750/-
08	Amendment Charge-Local L/Cs	Tk. 300/-
09	Transfer of L/Cs (Garments)	Tk. 750/-
10	Adding Confirmation to Export L/Cs by us	0.25% per quarter or part thereof. Min US\$25 or equivalent F.C
11	Advising of Guarantee to the beneficiary in original without any engagement on our part	Tk. 500/-
12	Advising of Guarantee in original by adding our confirmation against 100% counter guarantee of foreign bank.	Min. 0.15% - Max. 0.50% per quarter or part thereof. Min TK. 1000/- + cost of Postage/SWIFT
13	Advising of Guarantee in our own format or on format supplied by the opening bank with our full engagement against 100% counter guarantee of foreign bank.	Min. 0.15% - Max. 0.50% per quarter or part thereof. Min TK. 1000/- + cost of Postage/SWIFT
14	Issuance of Bid Bond/Performance Bond favouring overseas beneficiary through foreign correspondent at our customers request.	Min. 0.15% - Max. 0.50% per quarter or part thereof. Min TK. 1000/- + cost of Postage/SWIFT
15	BTB L/C Certificate	Tk. 200/-
16	Proceeds Realization certificate for Cash Incentives/Dedo/Custom purpose	Tk. 500/-
17	Processing fee for obtaining Bangladesh Bank approval/ permission (Indenting, Buying house, freight forwarders agent etc.)	Tk. 3000/- for 1st permission & Tk. 1500/- for renewal
18	EXP Issuing Charge	Tk. 100/-

Note: * Regarding VAT, Branches shall follow NBR's instructions.

** Branches shall realize commissions/charges at maximum rate mentioned above and must seek approval from Head Office to realize charges/commission at minimum and/or reduced rate.

VAT is applicable @ 15% on fees and charges

Appendix C-- Sample of L/C

Original

Sample of L/C

Irrevocable Documentary Letter of Credit No. 1550 070- -- --	Date : --.---.2007
--	---------------------------

<u>Beneficiary:</u> Name..... Address..... AMOUNT: USD ____ (US. Dollar) Only. C F R Dhaka/Chittagong. EXPIRY:--.---.2007 In.....(Beneficiary Country Name)	MAIL TO → <u>Advising Bank:</u> Name..... Address..... Please advise the Original to the Beneficiary * Without adding your confirmation. * Freely Negotiable
---	--

Dear Sirs,

At the request of Messer's: **(Applicant Name & Address)**
Bangladesh.

We do hereby establish our Irrevocable Documentary Letter of Credit in your favor for the amount as stated above available by your drafts drawn on us **at 120 Days Sight** without recourse for full invoice value of shipment(s) purporting to be: **Accessories for Readymade Garments Industry:** Description, Quality, Quantity, Unit Price, Specification as per Pro-forma Invoice No. 12434 dt.11.04.2007, C F R Dhaka/Chittagong of the Beneficiary.

Appendix D-- Bill exchange

No: 16/VN-HM/2008

BILL OF EXCHANGE

FEB.,4TH 2008

For **USD39,576.00**

At sight of this FIRST Bill of Exchange (SECOND of the same tenor and date being unpaid) pay to the order of BANK FOR FOREIGN TRADE OF VIETNAM HANOI BRANCH the sum of : *United States Dollars thirty nine thousand five hundred and seventy six only.*

Value received as per our invoice(s) No (s) 16/VN-HM/2008

Dated FEB.,4TH 2008

Drawn under: WOORI BANK, SEOUL SEOUL

Irrevocable L/C No: MD1L1505RS00168

⊞ Dated /Wired: MAY.,27th 2008

To: WOORI BANK seoul

VN EXPORT CORP

DONG DA, Ha Noi , VIETNAM

No: 16/VN-HM/2008

BILL OF EXCHANGE

FEB.,4TH 2008

For **USD39,576.00**

At sight of this FIRST Bill of Exchange (FIRST of the same tenor and date being unpaid) pay to the order of BANK FOR FOREIGN TRADE OF VIETNAM HANOI BRANCH the sum of : *United States Dollars thirty nine thousand five hundred and seventy six only.*

Value received as per our invoice(s) No (s) 16/VN-HM/2008

Dated FEB.,4TH 2008

Drawn under: WOORI BANK, SEOUL SEOUL

Irrevocable L/C No: MD1L1505RS00168

⊞ Dated /Wired: MAY.,27th 2008

To: WOORI BANK seoul

VN EXPORT CORP

DONG DA, Ha Noi , VIETNAM

<http://exportvietnam.googlepages.com/>

Appendix E--Truck receipts

TRUCK D-17 ← **Truck Number**

CUMMINS TRUCKLOAD SALES
Phone: 1-866-214-8320
WE DO APPRECIATE YOUR BUSINESS

Ticket Number

Ticket#123456 Cus#12345 Jan 01 05
Usr MH 61p 419 Rg#171 Dr#171 Time 02:51

Item Number	Qty	Price	Ext
4110	1	19.99	19.99
AIR PELLET GUN			
CT59	1	5.99	5.99
WARRTY 0-5			
Subtotal			25.98
Tax			1.45
Total Sale			27.43
CASH			27.43

OH, SYCAMORE
WYANDOT NI-8
1748 STATE HIGHWAY 103
SYCAMORE, OH 44882

Appendix F--Certificate of Origin

 **THE INDEPENDENT CHAMBER OF COMMERCE**

1 Industry Road
Suburbia
South Africa
Tel: (011)-555-5555
Fax: (011)-555-5556

CERTIFICATE OF ORIGIN

The undersigned, on behalf of The Independent Chamber of Commerce, on the strength of trustworthy documents and information supplied to us by

Domeg (Pty) Limited

Merchants of Port Elizabeth, hereby certify that the Merchandise specified below to be shipped to **New York** per the **Tatavial**

consigned to **Hardware Supplies Limited** 2
Cross Avenue
New York

3 has been wholly produced in the Republic of South Africa.

Mark and Nos.	No. and Description	Gross Weight	Net Weight	Value
MK 25Z Container No. GSTU 2150221 Seal No. 388487	500 Hacksaws Model TS 2 With Safety Guard	280 kg	250 kg	USD100,000.00

1/C No. 341/456/33

Certificate only valid when entered with the seal of The Independent Chamber of Commerce

For and on behalf of **Domeg** 4 on 10 August 1995
THE INDEPENDENT CHAMBER OF COMMERCE

SPECIMEN

Appendix G--Packing List

Packing List				Invoice Number Invoice Date Exporter Reference Customer Reference Terms of Payment Incoterms Ship Via Carrier Name Export Date Letter of Credit Number Import License Number Marks and Numbers Special Instructions Hazardous Material MCC Code					
Shipper/Exporter									
Bill To									
Consignee/Ship To									
Quantity	Package Type	Description	Pkg ID	Dimensions			Weight		Cube
				L	W	H	Gross	Net	
Sample									
Total Pieces			Totals						
Bill #12 1402 Shipping Number									

Appendix H-- Restricted Export

The following product cannot be export from Bangladesh:

1. Petroleum and petroleum type product
2. Jute seeds
3. Wheat
4. Wild animal
5. Weapons
6. Human structure, human blood and product produce from human blood.
7. All type of daul
8. Other than chilled and process shrimp and prawn
9. Onion
10. Raw leather
11. Dear and dears' leather
12. Pieces if raw wood.
13. All type of frog and frog legs
14. All chemical mention in chemical weapons convention

Appendix I--Network of Branches

Dhaka Division

Motijheel Branch	Mohakhali Branch	Panthapath Branch
Islamic Banking Branch, Dilkusha	Mouchak Branch	SBC Tower Branch
Kawran Bazar Branch	Gulshan Branch	Madhabdi Branch
Elephant Road Branch	Dhanmondi Branch	Shimrail Branch
Bangshal Branch	Moulvi Bazar Branch	Tongi Branch
Gonakbari Branch	Sat Masjid Road Branch	Narayanganj Branch
Uttara Branch	Mirpur-1 Branch	Jaydevpur Chowrasta
New Eskaton Branch	Islamic Banking Branch, Mirpur	Tangail Branch, Tangail
Banani Branch	Pragati Sarani Branch	
Foreign Exchange Branch	Asad Gate Branch	

Chittagong Division

Jubilee Road Branch
Khatungonj Branch
Islamic Banking Branch, pahartali
Laldighi East Branch
Cox's Bazar Branch

Agrabad Branch
Islamic Banking Branch, Nizam Road
Fatickchari Branch
Hathazari Branch
Feni Branch

Rajshahi Division

Rajshahi Branch
Naogaon Branch
Bogra Branch

Sylhet Division

Sylhet Branch
Court Road Branch
Tajpur Branch
Bishwanath Branch

Islamic Banking Branch, Sylhet
Beanibazar Branch
Upashahar Branch
Sreemangal Branch

Khulna Division

Khulna Branch
Jessore Branch

Barisal Division

Barisal Branch

Appendix-J--Name of Client of PBL

1. BSA Group
2. Bay Fishing Corporation Ltd.
3. Masud & Brothers
4. Confidence power group
5. KDS Group
6. Joint Venture of China National Machinery
7. Import and Export Corporation Bangladesh and Xuzhou Coal Mining Group
8. Essential Drugs Co. Ltd.
9. Reza Construction Ltd.
10. Roshawa Group
11. Ripon Motors & Allied Concern
12. Moon Readywears Ltd. & Allied Concern
13. Monico Ltd. & Allied Concern
14. City Group
15. City Seeds Crushing Industry Ltd.
16. China National Complete Plant Corporation
17. Ananta Group
18. Biswas Group
19. Hafizur Rahman Babu
20. Eastern Housing Ltd.
21. Altex Group
22. S R Shipping Limited
23. Jumuna Denims Ltd.
24. United Edible Oil Mills Ltd.
25. Color Master Limited
26. Talha Spinning Mills Ltd.
27. Nassa Group
28. Birds A & Z Ltd.
29. Electra International
30. Ayman Group
31. That's It Sports Wear Ltd.
32. Anwar Trading
33. Legend Group
34. DAF Ctg. Accessories Ltd.
35. Abdul Monem Ltd.
36. Robintex Group
37. PHP NOF Galvg. Mills Ltd.
38. Abul Khair Group
39. IPDC of Bangladesh
40. China National Electric Wire & Cable Import & Export
41. China National Machinery Import and Export Corp.
42. Square Group
43. S.F Group
44. Pacific Group
45. Mondol Group
46. AK Khan Group
47. Purbani Group
48. Rahmat Textiles Ltd.
49. Rangs Group
50. Popular Diagnostic Group
51. A.R. Group
52. HP Group
53. Mir Group
54. One Spinning Mills Ltd.
55. Nasir Group
56. Evince Group
57. Babylon Group
58. Popular Jute Group
59. Project Builders Ltd.
60. NRG Spinning Mills Ltd.
61. Aman Group
62. Alliance Group

