



Foreign Exchange Operations of City Bank Limited

Internship Report
On
Foreign Exchange Operations of City Bank Limited

Submitted To

Nusrat Farzana

Assistant Professor

Department of BBA

United International University

Submitted By

Zeba Humaira

ID: 111 151 231

Program: BBA

Major in Finance

Department of Business Administration

Date of Submission

4 March, 2020



United International University

Letter of Transmittal

4 March, 2020

Nusrat Farzana

Assistant Professor,

School of Business & Economics

United International University

Subject: Submission of Internship Report on “Foreign exchange operation of City Bank Limited”.

Dear Madam,

I am submitting my Internship Report on “Foreign exchange operation of City Bank Limited”. It was great happiness for me to work with this report on this interesting subject. It has helped me to apply my theoretical knowledge into practice. I have realized that theoretical knowledge is not enough we need practical experience and knowledge also.

I hope that you will like my project report. This report is very informative. I have tried my best to make the report informative and useful for other numerical uses.

Yours Sincerely,

.....

Zeba Humaira

ID No. 111 151 231

Program: BBA (Finance)

United International University

ACKNOWLEDGEMENT

The report paper on “**foreign exchange operations of City Bank Limited**” is a great pleasure to me to complete. I have taken great aptitudes to complete this report. With the kind, help of the faculty member encouraged me to do this on time.

Firstly, Thanks to Allah for his helpful gratitude to complete this report. I am giving thanks also to faculty “**Nusrat Farzana**” madam who supported me a lot and guided me to finish the project report from first to last.

I would like to express my gratitude to my parents for their continuous support and prayers. Their support and motivation encouraged me to overcome any obstacles and complete my BBA.

I would like to thank my friend who has supported me and helped me to accomplish this report by providing proper information. Without these help, I would face difficulties but this kind support helped me to complete the report.

Also indebted to those websites and information desks that provided me information and I tried to use those data properly to complete this report.

However, any reader or faculty may find my report error some in editing or any misinterpretation mistakes. Apart from this any correction and suggestion from any person is warmly welcomed.

Executive summary

The Internship report is about foreign exchange and its policies of City Bank Limited. In this report few issues are presented. At the very beginning, purpose of the report, introductory lines, scope of the report are discussed. Then, an overview of city bank is presented. Here we can show when City Bank started. How its journey, branches, mission, vision, its class of products. Bank account etc. are presented. After introductory part, the most of important concept of this report about foreign exchange business of City bank limited is represented. Here any-one can know importance of international trade, export, import and remittance. Here types of letter of credit are written down. Class of importers, how L.C can be opened and payment procedure are discussed. And overall foreign exchange related terms are tried to present. Then analysis part has started. Analysis of foreign exchange performance is written down. Here 5 years export performance; 5 years of import performance and remittance are presented. Here also talked about current trend of foreign exchange and future condition are presented.

In this report another analysis is also talked about which is may be not directly connected in this report title. But report decoration a comparative financial performance is discussed. Here 5 banks are selected for the comparison analysis. To see City bank financial position along with 4 banks and industry average, a comparative financial performance or ration analysis talked about.

At last a little bit findings are found out. There are some problems which can be easily solved. And here some sorts of suggestion are given. Finally this report has done.

Contents

Chapter 1.....	9
Introduction of the Report.....	9
1.1 Introduction of the report.....	10
1.2 Background of the Report.....	10
1.3 Scope of the report	10
1.4 Objective of the report	11
1.5 Methodology of the study	11
Primary Sources	11
Secondary Sources:	11
1.6 Limitation of study	12
Chapter 2.....	13
Overview of the City Bank Limited.....	13
2.1 Company profile.....	14
2.2 Mission	14
2.3 Vision.....	14
2.4 Values.....	15
2.5 Objective of the City Bank Limited.....	15
2.6 products of city bank Limited	15
2.7 City Bank retail banking	16
2.8 City Bank SME Banking.....	17
2.9 City Manarah- Islamic Banking.....	17
2.10 City bank treasury and market risk division.....	17
Chapter 3.....	18
Foreign Exchange Business and Basic Concepts	18
3.1 International Trade	19
3.2 Countries when gone to International trade	19
3.3 Factors determined International trade in Bangladesh.....	19
3.4 Risks of International trade.....	19

3.5 Terms related International Trade.....	20
3.6 Letter of Credit.....	20
3.7 Types of letter of credit.....	20
3.8 Steps of export and import letter of credit.....	23
3.9 Document required for LC.....	25
3.10 Payment procedure	26
3.11 Foreign exchange business of City bank Ltd.	27
Classification of importers.....	27
L/C Opening:	28
3.12 THE CITY BANK FOREIGN REMITTANCE SERVICE	33
Chapter 4.....	34
Export-Import business and Comparative financial analysis of City Bank Ltd	34
4.1 Export-Import Analysis.....	35
4.1.1 Trend Analysis	35
4.1.2 LAST FIVE YEARS EXPORT BUSINESS PERFORMANCE OF THE CITY BANK LIMITED	36
4.1.3 LAST FIVE YEARS IMPORT BUSINESS PERFORMANCE OF THE CITY BANK LIMITED	37
4.1.4 LAST FIVE YEARS REMITTANCE PERFORMANCE OF THE CITY BANK LIMITED	38
4.1.4 THE CITY BANK LIMITED FOREIGN EXCHANGE BUSINESS TREND FROM YEAR 2014 TO 2018	38
4.2 Comparative Ratio Analysis & the Brief Interpretation of City Bank the selected Banks.....	39
Preview	39
Comparative Ratio Analysis:	40
4.2.1 Liquidity, Funding & Balance Sheet Composition:.....	40
4.2.1.1 Market Funds Position. (Market Funds – Liquid Assets) / Total Assets.....	40
4.2.1.2 Liquid Assets to total asset ratio	41
4.2.1.3 Core Deposit to Total Funding ratio. (Core Deposit / Total funding).....	42
4.2.2 Profitability	43
4.2.2.1 Return on Average Assets ratio. (Net Income after Tax / Average Total assets).....	43
4.2.2.3 Net Interest Margin. (Net Interest Income / Average interest-earning asset)	45
4.2.2.4 Return on risk adjusted capital. (Net Income / Average RWA).....	46
4.2.2.5 Pre-provision income ratio. (Pre-provision income / Average RWA).	47
4.2.3 Efficiency:.....	48
4.2.3.1 Cost to Income ratio. (Cost / Income).....	48
4.2.4 Asset Quality.....	49

4.2.4.1 Loan loss provision/Pre provision income	49
4.2.4.2 Allowances for loan losses/Gross Loan	50
4.2.4.3 Problem loan and leases/Gross loan	51
4.2.4.4 Problem Loan and Loss /(Shareholder equity+ Loan loss reserve)	52
4.2.5. Capital Adequacy	53
4.2.5	53
4.2.5.2 Total capital/RWA	54
4.2.5.3 Tangible Common equity/RWA	55
4.2.5.4 Shareholder equity/Total asset	56
Chapter 5	58
Findings of analysis	58
Chapter 6	60
Recommendation and conclusion	60
6.1 Recommendation	61
6.2 Conclusion	62
Bibliography	63

Chapter 1

Introduction of the Report



1.1 Introduction of the report

In the modern economy, it is very impossible to do work without a bank. Banks help to us to grow our economy very smoothly. Today Banks working not limited with traditional activities. Where money is present, banks also present there. Now we do business only country but also abroad. To do business outside of country we must need help from a bank. Thanks to banking sector to make easy foreign business. Without banks to do business with over-sees country is impossible.

This report deals with foreign exchange operations of the City Bank Ltd. In Bangladesh there 62 listed banks. Foreign exchange is one of the biggest activities among the banks. As a student of BBA it is very important to gain practical knowledge of business world. And it is also pre-condition to gain my degree requirements. I am lucky because I get an opportunity to do internship in City bank of foreign exchange division.

During my internship time I worked to City Bank Ltd., Nikunjo Branch for 3 months. Here I saw how a bank practically deals with foreign activities.

1.2 Background of the Report

As the part for the pre-requisite of Bachelor of Business Administration program this report is made by me. And my supervisor has directed me to make this report correctly. Here I try to show some foreign exchange activities of City bank. How they deal with foreign exchange activities with foreign countries and there is some analysis of there for foreign activities performances. I worked to City Bank Ltd. of Nikunjo Branch. I try to show latest foreign exchange activities. Here I will try to present my experience and others on. Besides I try to present a comparative analysis which helps to determine position of financial activities.

1.3 Scope of the report

The report is made for to show foreign exchange operations of City Bank Ltd. Here we try to focus Importance of various types of LC. Factors of determining foreign business and trade , risk and specimen of L.C documents. Along with 5 years export- import analysis. Here we will see some processes for international business procedures. Impacts of remittance and foreign exchange activities are presented there.

1.4 Objective of the report

- Primary purpose is analysis the various foreign exchange related activities.
- To examine and understand the overall Activities especially foreign exchange operations activities.
- To recognize basic goings-on of banking activities of CBL.
- To gain knowledge importance of foreign exchange banking.
- To analyze the administrative atmosphere.
- To recognize the foreign exchange guidelines and rules.
- To show a comparative performance of City Bank.

1.5 Methodology of the study

This full internship report arranged depending understanding gathered throughout internship period. For collecting data of this report, I have collected data from various sources and various divisions of the city bank and other banks. I have presented my data collection through various chart and graphs. For preparing a genuine& reliable report I personally have studies entirely the available corporation's data from firm's website, past records and so on. Most importantly I have collected data through conversation with the banks' staff and governing bodies.

Primary Sources

- ✓ Asking questions with executive officers
- ✓ Direct observations with the customers of the bank.
- ✓ Used my practical knowledge during internship period

Secondary Sources:

- ✓ City Bank Ltds' officials histories.
- ✓ Foreign exchange related documents
- ✓ The City Bank Ltds' Official website
- ✓ Books
- ✓ Bangladesh Bank websit

1.6 Limitation of study

There is existing some limitations contain in this report:

- ✓ Restriction on getting Confidential of The City Banks' Ltd financial information.
- ✓ Limitation of the furthestmost recent statistical data.
- ✓ Limitation of getting information those are mandatory for report creation, as they will not reveal internal info.
- ✓ Assumptions are used in some analysis areas.
- ✓ Lack of knowledge.
- ✓ Chances of mistakes.

Chapter 2

Overview of the City Bank Limited



2.1 Company profile

City Bank began its activities in 1983 underneath the entrepreneurship of 12 prominent & famous businessperson of the country along with an authorized capital of Tk. 1.75 Billion. The moral and good intention of the bank behind this starting was to ensure qualitative services in the range of banking activities. The City Bank Ltd is serving its clients at home & away with 120 branches spread across the country which contain 99 online branches, one developed Islamic banking branch, one SME facility focus and 11 SME/Agriculture branches serving across the country & nearby three hundred oversea correspondences casing the business centre of the world.

City Bank has proposed some innovative Banking products such as Duel Currency Credit Cards, which is introduced by the Bank for the first time in Bangladesh. And other services are online services, real-time Internet, Phone, SMS, other Banking systems & ATM which is successful attraction among the customers. In November 2009 The City Bank launched American Express Gold Credit card & American Express Credit Card. The City Bank has received national & international gratitude. The City Bank Limited was one of the twelve Banks of Bangladesh amongst the 500 Banks in Asia for its deposit & profit, an asset as assessed by "ASIA WEEK" In the Year 2000. Other than that, the Prime Minister of the People's Republic of Bangladesh awarded City Bank as the "Top Ten Company" in Bangladesh. It is a top bank among the first-born five Commercial Banks in the country which started their operations in 1983.

The bank currently has 86 online branches spread across the length & breadth of the country that include a fully-fledged Islamic Division.

2.2 Mission

The Financial Supermarket with a Winning Culture Offering Enjoyable Experiences.

2.3 Vision

- Offer different types of products and services that rend and speed up all customer segments.
- Be the "Employer of choice" by offering an atmosphere where people excel and leaders are created.
- Continuously challenge processes and stages to increase effectiveness and efficiency.

- Promote new things and automation with a view to guaranteeing and increasing excellence in service.
- Ensure trust for community, good governance and compliance in everything we do.

2.4 Values

The city bank ltd believe that their Mission and Vision can solitary be fully achieved if the projected behaviour of their employees is visibly defined. Their core value-system includes the following:

- ✓ Results Driven
- ✓ Accountable and Transparent
- ✓ Engaged and Inspired
- ✓ Customer Delight

2.5 Objective of the City Bank Limited

Strategic Objectives:

- ✓ Offer positive Economic Value Added (EVA) to each year.
- ✓ Be the market pioneer in product innovations.
- ✓ Be one of the top five Financial Institutions in Bangladesh in terms of market share in all significant market segments they serve.

Financial Objectives:

Realize an expected feedback on shareholder equity of 20%.

2.8 products of city bank Limited

City Bank Ltd. is one of the quickest commercial banks in the country. The city bank ltd is competing in the market with higher range of services and product that plays important role in its accomplishment. The CBL gives importance the following classes of banking services.

Corporate Banking	Retail banking	SME banking	Treasury
• Trade finance • Working finance capital • Project finance • Islamic finance • Investment Banking	Deposit – ✓ City onayash ✓ City Icchapuron ✓ City somriddhi Loans- • City drive • City solution Cards- ✓ Debit card ✓ Credit card ✓ City wallet	✓ City sheba ✓ City shulov ✓ City Muldon	✓ Term deposit ✓ Overnight deposit ✓ Foreign exchange ✓ Spot forward

Table: 1

2.9 City Bank retail banking

City Bank Ltd. has launched its journey in Retail Banking. So far more than 700 staffs have been trained on the updated concepts of service superiority and sales. In the product side Debit card and credit has been introduced, SMS Banking has presented, online cell-phone app has made. Three new deposit services have been introduced, multiple in the effort to build a Retail Banking brand namely “*City Retail Happiness Counts*”.

2.10 City Bank SME Banking

City bank makes opportunity for small business entrepreneur. This bank gives financial support in trading, services, non-agriculture business and agro based factories. They offer small which contains flexibility and help to grow business. For unsecured loans they give 3 to 25 lacks loans, for secured loans they give 10 lacks to 1 core taka loan.

2.11 City Manarah- Islamic Banking

Manarah Personal Finance is an unwrapped and limited financing facility under the Murabaha Principle for any Shariah compliant intention. Under this facility, a commodity is sold for a deferred price which presents an agreed profit added to the cost. This financial facility is specially made to full-fill the needs of our daily life which is fully Shariah compliant.

2.12 City bank treasury and market risk division

Overnight deposit occurred when the fund are borrowed very quickly over a night. Mainly it is known as call money market.

Chapter 3

Foreign Exchange Business and Basic Concepts



3.1 International Trade

If anyone can walk into a market place and see South American bananas, Brazilian coffee and garments of Bangladeshi, anyone experiencing the impacts of international trade. International trade is the exchange of products and services between 2 or more countries.

3.2 Countries when gone to International trade

International trade permits among countries to increase their markets for both products and services that otherwise may have been unavailable domestically. As a result of international trade, the market holds bigger competition, and therefore more competitive price tags, which brings a lower cost goods home to the customer.

Two or more countries do business with each other when they do not have enough the resources, or capacity to satisfy their own needs and wants. By increasing and exploiting their own scarce resources, countries can grow a surplus and business this for the assets they need.

3.3 Factors determined International trade in Bangladesh

Bangladesh is import based country. The Country has ranked of 123rd positions among the countries. Every year we hugely import food and non-food items. Because of we have lack of resources to produce goods which we need. We import our products from India and china mostly.

Along with we export RMG, medicines and man-power. Our economy is growing well. So these need influence us to do international trade.

3.4 Risks of International trade

Risks in International business are the major problems for the increasing to the same. Recent China-USA trade is one of them. Economists have identified on the exact benefits of international trade. This growth in the export market is highly helpful to an economy, but on the other side the increase in imports can be a challenge to the economy of that country. It has been the tense of the policy makers to halt the right balance between free trade and restrictions.

There are some risks which are given below:

- Economic risk
- Political risk

- Commercial risk
- Natural risk

3.5 Terms related International Trade

There are a very good number of terms regarding International trade. Here I try to present some important terms.

- FOB: FOB defines the shipper/seller uses his freight forwarder to shift the merchandise to the port or listed point of origin. Though frequently wont to brief to movement of cargo, FOB means to ocean or inland waterway transportation of products. “Delivery” is employed when the vendor opens the products to the buyer’s address. The buyer’s responsibility for insurance and transportation starts at an equivalent time.
- FCA: In this type of financial transaction, the seller is responsible for making transportation, but he is playing at the risk and the cost of the buyer. In FCA the seller decides and tasks with the freight forwarder or the carrier. “Delivery” is added at a fixed sea port or point and the buyer takes roles for Insurance.
- FAS: The buyer takes all the transportation expenses and the risk of loss of products. It needs the seller to clean products for export, which is a reversal from previous practices. Companies selling on these words will ordinarily make their freight forwarder to clear the goods for export. “Delivery” is added when the products are turned over to the Buyers Forwarder for safety and transportation.

3.6 Letter of Credit

A letter of credit may be defined as a written intimation from the foreign buyer’s bank that they have been instructed to open a credit for a define amount of products to be exported against documents supplied all requirements of the Credit is accepted with. This L.C is must need to international business.

3.7 Types of letter of credit

1. Letters of Credit can be classified

(i) Revocable (ii) irrevocable.

A revocable letter of credit is one where the issuing bank holds the right and own to cancel or modify or adjust the credit at any time without giving prior notice of cancellation to the

beneficiary. A revocable letter of credit does not make a legally binding undertaking between the banker and the exporter. Such credit gives no real security to the exporter. But, if there is a specific provision in the letter of credit that notice of cancellation should be given, the banker must abide by it.

An irrevocable letter of credit is one, which may not be revoked, varied or changed without the consent of all- party's buyers, seller, issuing bank and confirming bank.

2. Confirmed and Unconfirmed Letters of Credit.

When the opening bank request or make urges the confirmation letter, such undertaking cannot be cancelled or modified without the agreement of all concerned parties. A confirmed irrevocable letter of credit provides and gives absolute security to the beneficiary. The opener asks the issuing banker, at the request of the beneficiary, to arrange and make a confirmed credit. The confirming banker takes upon himself the liability and take undertaken similar to that of the opening banker.

An unconfirmed letter of Credit is one, which does not bear the confirmation of the advising banker. There will be no such obligation or restrictions on the advising bank.

3. Fixed and Revolving Letter of Credit:

In the letter of credit the amount up to which one or more bills may be used by the beneficiary within the specified period of time. Such credit is called a fixed credit.

The opening banker defines not the total amount up to which bills may be drawn, but the total amount up to which bills drawn may stay outstanding at a time. The amount of credit stays constant during the period of validity. When a bill is drawn, the amount gets down and when the bill is duly honored, the credit amount is renewed. That means, as soon as any of such bills is paid by the importer, the beneficiary may draw another bill/bills under the letter of credit. Revolving credit is thus automatic and does not need renewal within the specified period of time.

4. Transferable and Non-Transferable Letters of Credit

The beneficiary/ exporter are authorized to draw bills of exchange under a letter of credit. But if the beneficiary is an intermediary or primary in the transaction s and the goods are actually to be

supplied by someone else, the beneficiary may request the opener to arrange a transferable letter of credit. L.C exporter can transfer and shift his right to draw a bill to somebody else. The letter of Credit cannot be transferred by the beneficiary to other parties is called Non-transferable Letter of Credit.

5. Documentary and Clean letter of credit:

A documentary or secured letter of credit is one which the issuing bank takes responsibility to honor the bills drawn under it only when it receives with it certain documents such as bill of landing, insurance policy, in the beneficiary is authorized to draw bills of exchange under a letter of credit. The documents are held by the issuing bank as security for advance made by it.

A clean or open letter of credit is one where no documents or any type papers are involved. The issuing bank undertakes to honor the bills without production of any documents .Such a letter of credit is issued for customers of high financial standing.

6. ‘With’ and ‘Without Recourse’ Credits

Bills of exchange may be drawn or issued under the letter of credit ‘with recourse to the drawer’ or without such recourse. In case of ‘with recourse’ bills, the banker keeps role as holder of the bill, can recover and back up the amount of the bill from its drawer, in case the drawee of the bill fails to honor it. In order to avoid such liability and difficulty, the exporter may ask the importer to arrange credit ‘without recourse’ to the drawer. Under this type of credit, the issuing banker will have recourse and renew to the drawer only and if he fails to honor the bill, the banker can realize the amount by disposing of the goods. The liability of the drawer of such a bill of exchange ends as soon as it is negotiated and transferable.

That means, in case of a letter of credit with recourse; the beneficiary of the letter of credit holds himself liable to the holder of the bill in the event of dishonor. Where the beneficiary does not hold liable, such a letter of credit is known as without recourse letter of credit.

7. Red Clause Letter of Credit

Often the seller or the exporter needs credit for purchasing of raw materials, processing them into final products, packing and dispatching them to the port town. Such credit is called ‘packing credit’. A red clause letter of credit enables him to secure such packing credit from the banker advising such credit. A red clause letter of credit is one which contains an authority from the issuing banker to the advising/negotiating banker to grant advance for short period to the beneficiary up to a specified amount at the responsibility of the issuing bank. The particular clause in the letter of credit uses to be generally printed in **red ink** and so is known as red clause and the credit is known as red clause letter of credit. The advance made under this letter of credit is recovered from the amount, payable by negotiating banker to the beneficiary when the latter negotiates the required documents under the letter of credit.

9. Back to Back Credit:

It happens or occurs that sometimes exporters may receive letter of credit from foreign buyers for export of goods to them but the exporters may not be the actual manufacturers or producers of the exportable goods. They have to procure the goods from the manufacturers or producers, from within or outside to enable them to complete the deal under the L/C. Actual manufacturers/producers may not supply the goods unless the payment of the goods is guaranteed by the bank in the form of opening letter of credit in their favor.

For that purpose, exporter may approach his bank, by exhibiting and lodging the said export L/C, to open another credit in favor of actual or real supplier/manufacturer of the goods on the strength of the export L/C. The two credits operate “back-to-back”, one being issued on the security of the other. Thus, a “back-to-back” credit transaction involves two separate credits, where in the beneficiary or exported of the first credit becomes the applicant of the second credit.

3.8 Steps of export and import letter of credit

The liability of opening banker in respect of a letter of credit is absolute and firm. He should, therefore, open a letter of credit with care and after having been satisfied with the financial standing and creditworthiness of the application, at whose request a letter of credit is issued. The following steps are taken in this regard:

1. Application for letter of credit: The applicant fills a prescribed application from requesting the bank to issue a letter of credit in favor of the foreign supplier and gives an undertaking that the bills drawn under the letter of credit will be accepted and paid by him.

The applicant is required to give in the application all necessary particulars and terms etc. on which the credit is to be opened. e.g,

(a) The amount for which the credit is to be opened and the nature of credit.

(b) Details of the goods to be imported and their prices and other terms.

(c) Details of shipment-port of shipment and destination, time of shipment, last date of shipment.

Whether partial shipment allowed or not: whether transshipment allowed or not.

(d) Details of the shipping and other documents which are required to be attached with the bills of exchange. For example,

1. Invoice

2. Bill of Landing

3. Railway Receipt/ Air consignment Note

4. Marine Insurance Police or Certificate.

The nature and extend of risk to be covered by the insurance police should be clearly indicated.

(e) The tenor of the Bill and the name of the drawer of the bill to be drawn.

(f) Whether the letter of credit is to be opened by mail/air mail/cable.

(g) The date of expiry for the presentation of the documents for payment, acceptance or negotiation.

(h) Whether the letter of credit is to be confirmed by the advising bank .Who will bear the confirmation commission- buyer or seller?

(i) Details of the import license.

2. Scrutiny of the Application: The application submitted by the applicant must be carefully scrutinized by the opening bank to ascertain the following;

- (a) That the means and standing of the application is good.
- (b) That the importer is in possession of the Import license granted by the Import Control Authorities. The banker should verify from the import license that—
 - The import license is in the name of the applicant.
 - Types of goods to be imported as mentioned in the license conform to the details given in the application.
 - The country of the origin of the goods as given in the license is the same as given in the application.
- (c) That the goods to be imported under the letter of credit should be readily marketable.
- (d) The price of the goods to be imported should be approximate current market value and it should not be liable to wide fluctuations.

3.9 Document required for LC

Regulatory Documents

- Board of Investment approval (BOI) with Machinery List
- Valid Import Registration Certificate (IRC)
- Valid Trade License
- TIN Certificate
- Last Year Tax Declaration
- VAT Certificate
- Valid Membership Certificate
- Board Resolution regarding signatory of Import document

Other Documents

- Indenter IRC, Bangladesh Bank Approval & agreement copy with principal
- Valid Credit Report of the supplier
- Bank Approval

Transaction Documents

- Customer request Letter
- Documentary Credit Application Form
- Letter of Credit Authorization Form (LCAF)
- Pro-forma Invoice/ Indent
- Insurance cover note, money receipt & form GA

3.10 Payment procedure

There are 4 payment procedures

- Open account
- Advanced payment
- Documentary collection
- Documentary credit

Here I try to discuss documentary credit method system. First importer makes a contact with exporter. Importer will go to issuing bank for opening LC application. the issuing Bank sends letter of credit to advising Bank. The advising bank will send LC as advice to the exporter Bank after getting the LC Explorer will send the goods through shipment. Now the exporter will send documents again to advising Bank then the advising Bank send documents to the issuing Bank. The issuing Bank send payment to the advising Bank then the advising Bank gives payment to the exporter. The issuing Bank sends documents to the importer.

3.11 Foreign exchange business of City bank Ltd.

Finance of trade: City Bank's business finance is ready-made to fill-up the individual wants of any business. They will support albeit any company has few unstructured credit boundary, thanks to reasons like limited financial assets or sudden spike requirements. That's because their risk assessment concentrates more on one activities diary, existing activities and collateral valuation.

Letter of credit for importer: While purchasing products from abroad exporter, anyone can bring the products within the define quantity, on time and at the defined place. Anybody also will desire to form payments only after receipt of the required documents including the title of products.

City bank can resolve demands by giving a credit on behalf. A documentary credit is Bank's guarantee of payment for a shipment of products against specific documents as mentioned on it.

By conducting a LC, the bank making payment after receipt of titles and other documents that should totally agree with the terms of the credit.

Back to Back Letter of Credit: A Bangladeshi Businessman who has a garment business gets an order from USA. Here use of L.C must open. The Bangladeshi Business man can use this LC as 2nd LC to import Raw Products from China.

Classification of importers

Based on good and products types of importer can divide into 3 ways:

1. Personal
2. Commercial
3. Industrial

Import Policy:

There are some instructions from government about policy of import. Some products need to permission to enter the country. Some products need not grant to access to country. Some products can easily enter without any obstacles. So in export-import business policy of import is necessary.

L/C Opening:

If an importer wants to import some goods or products from outside the country, initially he has got to apply or hospitable a bank for opening a L/C. Letter of Credit (L/C) may be a paper document written undertaking or take responsibility of a bank written to the vendor and issued at the request of the customer to pay at site or a determinable future date. Consistent with Import Policy, unless or otherwise specified, all import is to be made or must by opening irrevocable letter of credit. L/C are often opened or registered against Performa invoice if the exporter has no agent and L/C are often opened against Indent if the foreign supplier has indenting agent.

Procedure involved in L/C opening:

There are few steps involved in L/C opening process. These are: -

- First fulfilled the form.
- All the documents need check and scrutinize.
 - a. The amount and description of goods should be matched with form documents.
 - b. The insurance amount must be present.
 - c. The product should out of restrictions.
 - d. Exporter and importer signature must be given at defined area.

Collection of bills of Import

By enwrapping supplier to emit their shipping documents to City Bank, business person will relax prompt advice upon bank`s receipt of documents and efficient payment consistent with owner orders.

Exports letter of credit

If anybody does export business, City Bank can support you with Export Letter of Credit advising, Letter of credit Safekeeping, Letter of credit Confirmation, Letter of Credit checking and negotiation. For financing supports, holds to Pre-shipment Export Finance, Export Bills for collections, invoice financing.

Export letter of credit confirmation:

There a document which need conformation from a define banks. Exporter and importer need these documents. Bank arrange this documentary for business holders.

Pre-shipment export financing:

The bank gives pre-shipment finance against irrevocable letters of credit from or buys orders in an amount of currencies to permit you to business with confidence. If any- one needs or requires fulfilling a sales contract but need funds to buy raw materials or process products for export, City Bank proposes you pre-shipment export financing in a different of currencies.

Document preparation:

Advantage for cheap costs, speed performing and lesser faults - outsource to City Bank the documentary work and admin working related to export functions fundamental on L.C or purchase order.

3.11 FOREIGN REMITTANCE**Foreign remittance:**

Remittance defines shift of money from one destination to another address through accepted way. Foreign remittance means the money come from abroad that are received in, from overseas.

Two types:

1. Remittance of inward
2. Remittance of outward

Foreign inward remittance:

Types of inward remittance are:

- 1) Repatriation from export proceeds
- 2) Foreign aid
- 3) Earners of wages
- 4) Commission of indenting
- 5) Donation,

Modes of Foreign Inward remittances:

- 1) SWIFT transfer.
- 2) Foreign Demand Draft
- 3) Cheque of travelers
- 4) Currency notes and coins.
- 5) Receipt of taka draft

Inward Remittance

Inward remittance refers to the extent or range where by bank makes payment to the client against foreign demand draft. They will make payment to the client and customer by verifying the, test number, and signature of the authorized or accepted officer.

Modes of Foreign Inward Remittance:

- T.T (Telegraphic Transfer)
- M.T (Mail Transfer)
- D.D (Demand Draft)
- T.C (Travelers Cheque)
- PO (Pay Order).

Purpose of Inward Remittance:

- Realization of export proceeds
- Donation
- Gift
- Export brokers commission etc.

Foreign outward remittance:

Outward remittances are:

- 1) payment of import
- 2) Payment for contract or agreement
- 3) Travel remittance
- 4) Education
- 5) Medical service
- 6) Different types of fee

Foreign Demand Draft

If any bill is sent to the name of any institute from overseas then the draft is fill-up from "C" where the draft holder is to fill-up send this draft, from where this draft has been sent etc. If family intention or not, if the draft has been family purpose then no Value Added Tax is needed against the draft. For payment of draft concerned maintains a register.

Telegraphic Transfer

TT Is one of the top elements of foreign money from one country to another. The person who wants to send Telegraphic Transfer to the overseas at first s/he has to deposit amount mentioned in voucher to the cash department. It is generally activated by the bank branch by their respective NOSTRO ACCOUNT maintains any foreign bank account outside the country. The bank sends a confirmation to the paying foreign bank for making payment against the listed TT. The foreign make payments to the party and also make debit 'Account' against mentioned bank.

Sales of TC and FC Notes: To find TC and FC Notes at least the consumer has to submit an application form filling-up the defined column, which is formatted by the bank is known T/M form. After making checking the form the desk officer allows voucher and issues a TC and gives cash dollar to the customer. In both the cases the banker endorse total amount in customer's passport. The banker needs photocopy of customer's passport and endorsement documents. The fees of endorsement has taken by the branch is Tk.200 only. Sales of TC and FC and Notes amount differ from different countries:

Boundary	TC/FC amount
SAARC countries	1000 USD
Within Asia	3000 USD
Around the world	5000 USD

Collection of foreign currency instrument:

To collect proceed of Foreign Instrument following procedures to be followed:

- Apprehend instrument with deposit slip.
- Affix crossing stamp of the Bank.
- Entry in the register putting IBCA number.
- Instrument to be sent to adjacent correspondents.

Types of Remittance

Local Remittance: Local Remittance is must connected part of the general banking. The bank accepts and transfers various types of bills through the remittance within Bangladesh. Types of Local Remittance of City Bank Ltd. (CBL):

- Pay Order (PO)
- Demand Draft
- Telegraphic Transfer
- Mail Transfer

Foreign Remittance:

Foreign remittance refers to the shift of money from one country to another through the official channel and accepted banking channel post office or the informal channel. In bigger sense, foreign remittance means all sale and purchase of foreign currencies on account of Import, Export, Travel and other purposes.

Media used in Foreign Remittance

1. The media to transfer foreign currency:
2. Money Gram
3. Placid spot cash
4. Placid NK corporation USA
5. First solution money transfer Ltd, UK
6. Express Mone
7. Dhaka Janata exchange Milan, Italy.
8. Wall street Exchange center LLC,UAE
9. Federal exchange, UAE

3.12 THE CITY BANK FOREIGN REMITTANCE SERVICE

The department of remittance service makes sure a good support to bring foreign money to Bangladesh. They know the value of money of non-resident Bangladeshi.

Facility of City Foreign Remittance service

There are 83 online branches over the country. The Bank makes a good remittance connection with top banks of the country.

CBL knows the value of one valuable time. So they made an easiest way send money one to another.

Chapter 4

Export-Import business and Comparative financial analysis of City Bank Ltd



4.1 Export-Import Analysis

4.1.1 Trend Analysis

Export-Import Business

Bangladesh is import based country. It mostly depends on China and India for import purposes. But its export graph shows a positive picture of total economy. Different types of products such as RMG, medicine, jute etc. are exported around the world.

Foreign Remittance

One of the biggest pillar of our country. Almost 1 core people worked around the world. And send money and make the country development without any interest. We have 32 million reserves and biggest pert come from man-power.

Trend:

It indicates the changes in the level of the variable in absolute term i.e. in original units of measurements. Moreover, trend indicates whether the variables are changing over a period of time.

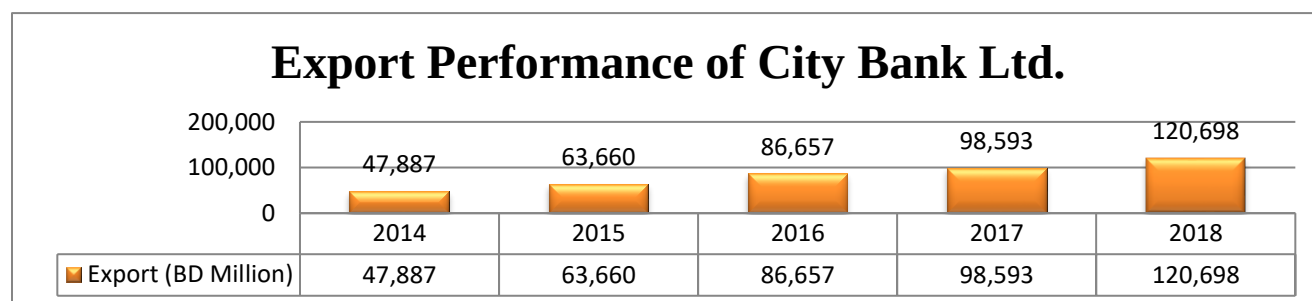
To evaluate the performance of the City Bank Ltd. CBL, we need to focus on the following variables, which are lined below:

1. Export
2. Import
3. Remittance

4.1.2 LAST FIVE YEARS EXPORT BUSINESS PERFORMANCE OF THE CITY BANK LIMITED.

Year	2014	2015	2016	2017	2018
Export (BD Million)	47,887	63,660	86,657	98,593	120,698
Growth Rate (%)	-	32.94%	36.12%	13.77%	22.42%

Figure 4.1: Export Performance of City bank Ltd.

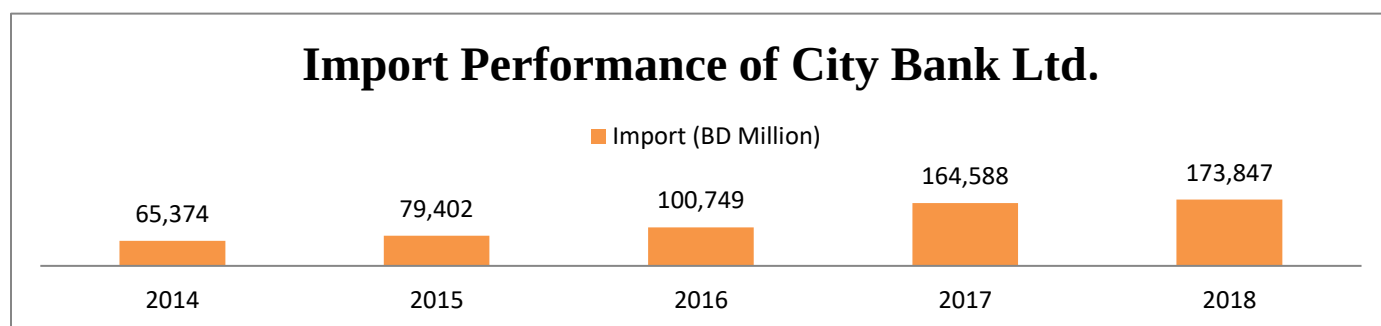


Interpretation: In year 2018, Export business of the City bank was BDT 120698 Million, at year 2017 and 2016 it was BDT 98593 Million & BDT 86657 Million. At year 2018 import Business growth rate of The City Bank is 22.42% it was 13.77% and 36.12% at year 2017 and 2016 respectively. We see at year 2018 the export performance or growth rate is increased it was also positive at year 2017 but downward and at year 2016 and 2015 it was positive respectively. The City Bank Export business growth rate is not stable every year it is fluctuating and downward shape.

4.1.3 LAST FIVE YEARS IMPORT BUSINESS PERFORMANCE OF THE CITY BANK LIMITED

Year	2014	2015	2016	2017	2018
Import (BD Million)	65,374	79,402	100,749	164,588	173,847
Growth Rate (%)	-	21.46%	26.88%	63.36%	5.63%

Figure 4.2: Import Performance of City bank Ltd.

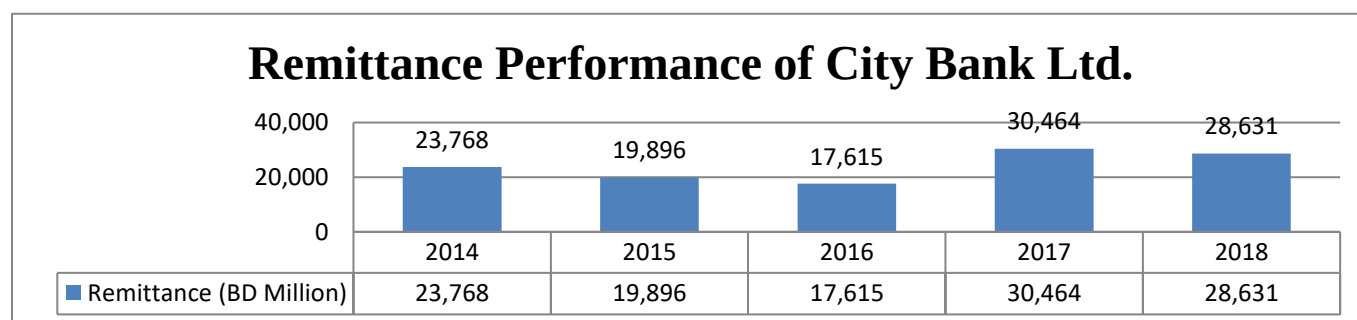


Analysis: In year 2018, import business of the bank was BDT 173847 Million, at year 2017 and 2016 it was BDT 164588 Million & BDT 100749 Million. At year 2018 import Business growth rate of The City Bank is 5.63% it was 63.36% and 26.88% at year 2017 and 2016 respectively. Where the import growth rate is increasing but it is not stable every year the growth rate is fluctuating.

4.1.4 LAST FIVE YEARS REMITTANCE PERFORMANCE OF THE CITY BANK LIMITED

Year	2014	2015	2016	2017	2018
Remittance (BD Million)	23,768	19,896	17,615	30,464	28,631
Growth Rate (%)	-	-0.16%	-0.11%	0.73%	-0.06%

Figure 4.3: Remittance Performance of City bank Ltd.



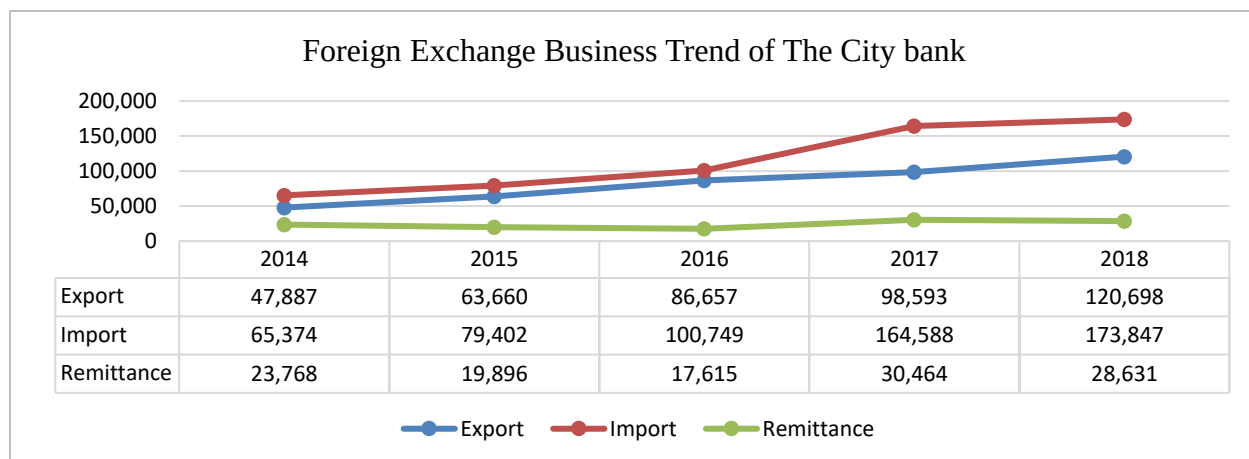
Analysis: Bank received BDT 28631 Million as inward remittance in year 2018. It was BDT 30464 Million and BDT 17615 Million at year 2017 & 2016 which indicates the growth rate in 2013 is -0.06% that was negative it was 0.73%, -0.11% & -0.16% at year 2017, 2016 and 2015. Inward remittances suffered negative mainly due to a shrinking outflow of migrant workers and falling receipts from Middle Eastern nations and also the reason of world economic recession.

4.1.4 THE CITY BANK LIMITED FOREIGN EXCHANGE BUSINESS TREND FROM YEAR 2014 TO 2018.

Year	Export	Import	Remittance	Total	Growth Rate (%)
2014	47,887	65,374	23,768	137,029	-
2015	63,660	79,402	19,896	162,958	18.92%
2016	86,657	100,749	17,615	205,021	25.81%
2017	98,593	164,588	30,464	293,645	43.23%
2018	120,698	173,847	28,631	323,176	10.06%

Figure 4.4: Foreign Exchange Business Trend of The City bank limited

Analysis: We can see below the graph, it shows that, the amount of Import has increased in every year, Export has increased in year by year and Foreign Remittance has fluctuated in every year. The average performance of The City Bank Foreign Exchange business is up ward sloping and improving every year.



4.2 Comparative Ratio Analysis & the Brief Interpretation of City Bank the selected Banks

Preview

The Report Deals with City Bank Foreign Exchange department and its activities. Along with in this report focused on financial performance of City Bank Limited. But here I try to present unique way. Here I used Comparative financial performance. Not only talk about City Bank. Also Talk about Dhaka Bank, Islami Bank, Southeast Bank and Janata bank. Public-Private Bank performance. Using an Industry mean I compare City Bank with other Banks and also industry mean. The main purpose is Comparative analysis. How strong position the City bank has!

Comparative Ratio Analysis:

4.2.1 Liquidity, Funding & Balance Sheet Composition:

4.2.1.1 Market Funds Position. (Market Funds – Liquid Assets) / Total Assets.

Bank's Name	2014	2015	2016	2017	2018
Southeast Bank Ltd.	-0.44%	-0.37%	0.63%	0.186%	0.86%
Dhaka Bank Ltd.	13.88	2.74	2.27	4.13	5.3
City Bank Ltd.	15.78	10.37	9.59	9.88	8.58
Janata Bank Ltd.	30.45	32.15	29.38	21.46	18.7
Islami Bank Bangladesh Ltd.	63.56	64.73	67.67	69.15	73.51
Industry mean	24.65	21.92	21.91	20.96	21.39

Table 1

Graphical presentation of this Data:

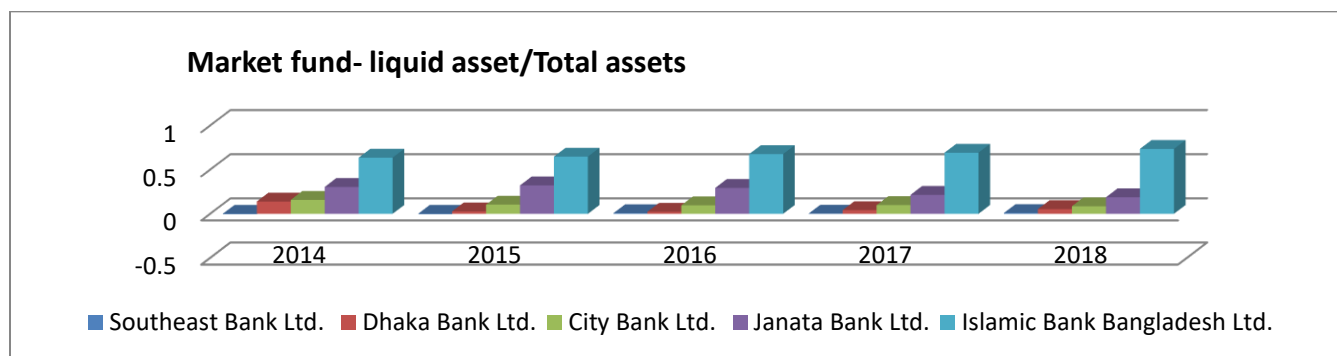


Figure: 1 Market Funds Position. (Market Funds -Liquid Assets) / Total Assets.

Comments:

- Among all the Banks, (market fund minus liquid asset as a percentage of total assets) market fund position is much good for Islami Bank Bangladesh Ltd as 73.51 % highest.
- **City Bank** market fund position is not steady at all; Janata bank carries a firm market fund position which is highest at 32.15%.
- From the Industry mean scenario, we can see that market fund condition as a percentage of total asset is almost same in this 5 years, it is as between 20-24%, highest in year 2014 which is 24.65% and lowest in year 2017 which is 20.96%. But **City Bank's** performance is not up to mark compare with Industry mean.

4.2.1.2 Liquid Assets to total asset ratio. (Liquid Assets / Total assets)

Bank's Name	2014	2015	2016	2017	2018
Southeast Bank Ltd.	0.67%	0.73%	0.83%	0.94%	0.88%
Dhaka Bank Ltd.	0.16	9.05	8.26	5.96	6.73
City Bank Ltd.	1.41	1.76	1.15	1.59	1.65
Janata Bank Ltd.	0.79	0.67	0.57	0.53	0.55
Islami Bank Bangladesh Ltd.	6.76	9.29	8.95	7.61	3.38
Industry mean	1.96	4.3	3.95	3.33	3.38

Table 2

Graphical presentation of this Data:

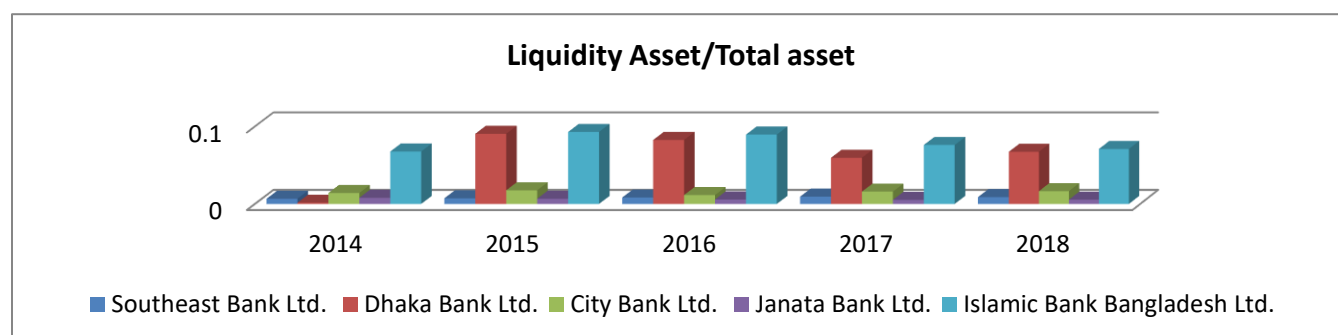


Figure 2: Liquid Asset / Total Asset

Comments:

- Liquid assets to total assets tell the whole liquidity condition of the bank. In this graph we see that overall liquidity position of Islami bank is good as every year, and Dhaka Bank also holds a steady position from last four years.
- **City Bank**, Janata Bank and Southeast Bank are approximately in the same situation, they hold a minimum liquid asset.
- We can take a look in the industry mean, here in 2014 liquid assets was at minimum level, highest in 2015 and then at a same level in every year.

4.2.1.3 Core Deposit to Total Funding ratio. (Core Deposit / Total funding).

Bank's Name	2014	2015	2016	2017	2018
Southeast Bank Ltd.	88.07%	89.21%	84.22%	84.51%	83.13%
Dhaka Bank Ltd.	85.51	85.33	83.71	79.37	76.62
City Bank Ltd.	61.43	75.63	74.25	72.61	67.82
Janata Bank Ltd.	86.77	88.21	87.43	85.48	82.71
Islami Bank Bangladesh Ltd.	92.51	90.44	90.72	88.82	87.23
Industry mean	82.86	85.76	84.06	82.16	79.50

Table: 3

Graphical presentation of this Data:

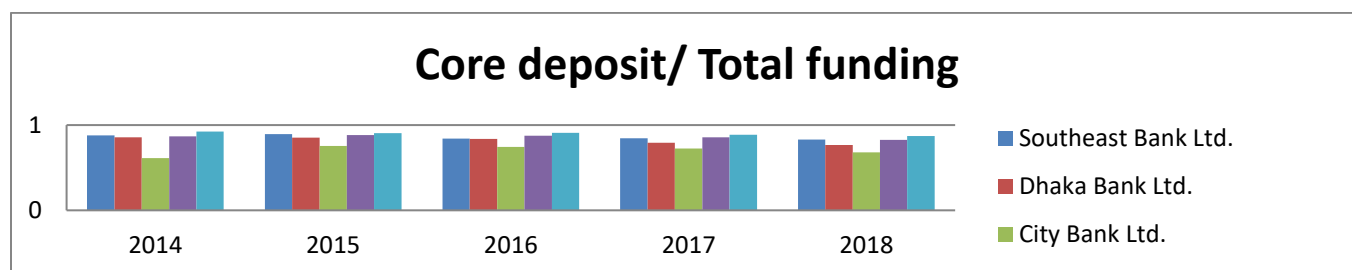


Figure 3: Core Deposit / total funding

Comments:

- This ratio focuses on how much fund bank collects from deposits, If we take a look to the graph, every bank collects most of their funding from deposits, we also know it is the biggest source of bank to collect money.
- From the graph, **City Bank**'s deposit collection is minimum compared to others four banks.
- If we focused in the industry average, Deposit collection ratio is satisfying in every year.

4.2.2 Profitability:

4.2.2.1 Return on Average Assets ratio. (Net Income After Tax / Average Total Assets).

Bank's Name	2014	2015	2016	2017	2018
Southeast Bank Ltd.	1.67%	2.32%	0.68%	0.88%	0.65%
Dhaka Bank Ltd.	1.42	0.85	0.67	0.79	0.53
City Bank Ltd.	0.42	1.83	1.71	1.28	0.73
Janata Bank Ltd.	0.67	0.73	0.67	0.33	0.005
Islami Bank Bangladesh Ltd.	0.66	0.49	0.58	0.57	0.66
Industry mean	0.97	1.24	0.86	0.77	0.52

Table: 4

Graphical presentation of this Data:

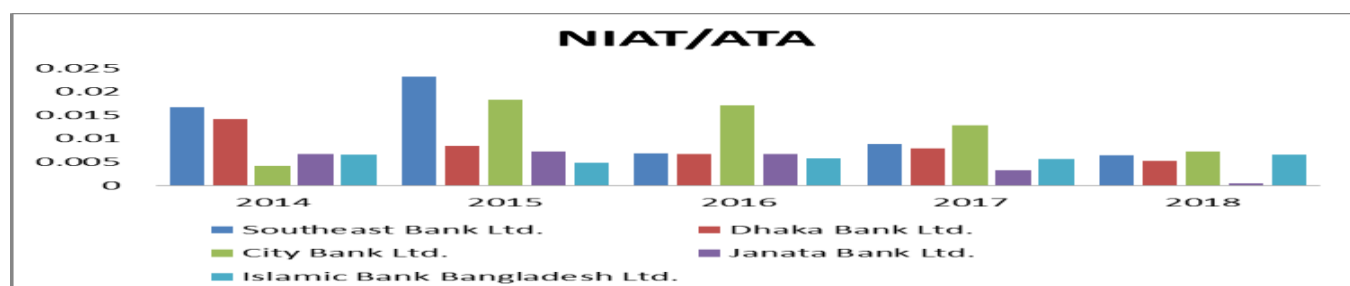


Figure 4: Return on Average Assets ratio

Comments:

- ROAA ratio is not steady of any bank at all years, the ratio is fluctuating, **City Bank** holds a good position in some years compare with other banks.
- From the industry mean, we can see the ROAA ratio is holds a average position, which is highest in year 2015 as 1.24% and lowest in year 2018 which is 0.52%. Normally ROAA ratio is standard when it is 5% or better.

4.2.2.2 Return on Equity ratio. (Net Income After Tax / Average Shareholders' Equity).

Bank's Name	2014	2015	2016	2017	2018
Southeast Bank Ltd.	16.51%	20.55%	9.06%	4.27%	9.12%
Dhaka Bank Ltd.	16.77	11.22	9.87	10.74	8.53
City Bank Ltd.	7.51	15.32	16.55	13.64	8.71
Janata Bank Ltd.	9.95	11.79	5.24	5.31	0.47
Islami Bank Bangladesh Ltd.	8.78	7.37	9.61	19.42	11.89
Industry mean	11.90	13.25	10.06	10.68	7.74

Table: 5

Graphical presentation of this Data:

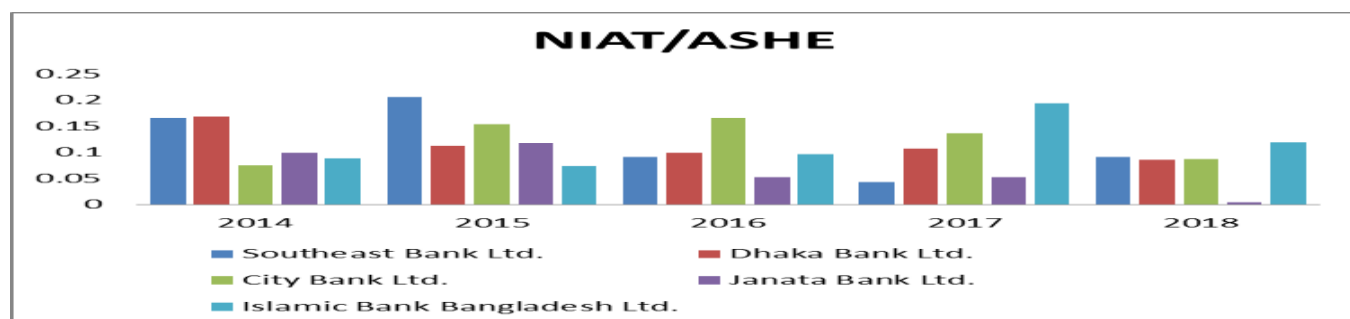


Figure 5: Return on Equity ratio

Comments:

- Return on equity is a tools of financial activities, from the graph we can see that every bank contains approximately same level ROE ratio, if one banks do good in a year then another bank done this next year, consistency is very poor. **City bank`**s ROE is not good and also same for other banks.
- An acceptable ROE ratio is considered as 14% and less than 10% is poor. So from the table we conclude that the ROE scenario of this bank in not much good.
- If we look forward to the industry average, from 2014 – 2017 ROE holds an acceptable position, but in 2018 it goes down as 7.74%.

4.2 2.3 Net Interest Margin. (Net Interest Income / Average interest-earning asset)

Bank's Name	2014	2015	2016	2017	2018
Southeast Bank Ltd.	9.92%	11.78%	10.72%	9.73%	11.62%
Dhaka Bank Ltd.	2.74	2.91	2.94	2.34	3.33
City Bank Ltd.	5.76	5.81	5.46	5.23	4.48
Janata Bank Ltd.	2.92	3.79	2.24	2.31	0.47
Islami Bank Bangladesh Ltd.	3.22	3.74	3.33	3.81	3.88
Industry mean	4.92	5.61	4.94	4.61	4.44

Table: 6

Graphical presentation of this Data:

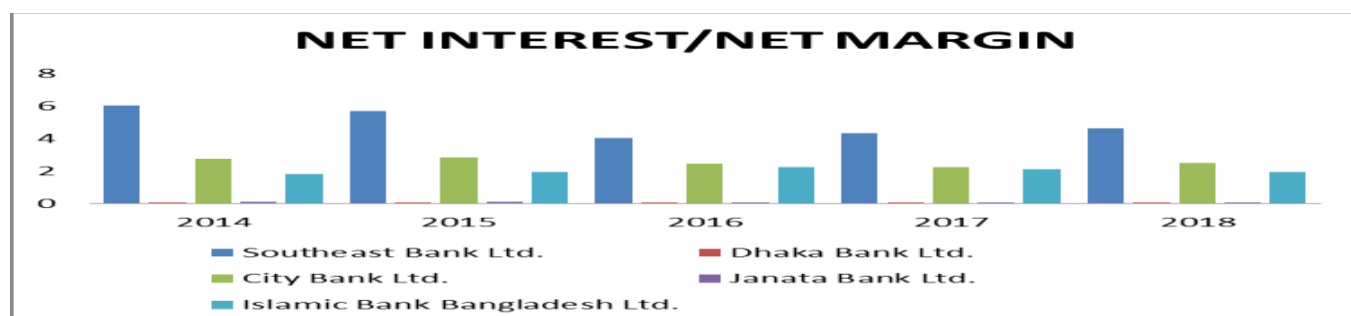


Figure 6 Net Interest Income / Average interest-earning asset

Comments:

- Net interest margin is a tool that measures how successful a firm is at investing its funds in comparison to its expenses on the same investments.
- **City's Bank** holds good net interest margin.
- Southeast bank and Islami bank hold a high net interest margin in every year but Dhaka Bank and Janata bank falls to maintain a standard rate.
- In the industry average, an average ratio contains every year that is approximately 4.5%.

4.2. 2.4 Return on risk adjusted capital. (Net Income / Average RWA).

Bank's Name	2014	2015	2016	2017	2018
Southeast Bank Ltd.	2.71%	1.93%	1.33%	0.52%	0.96%
Dhaka Bank Ltd.	2.52	1.96	0.95	1.42	1.12
City Bank Ltd.	0.99	2.51	2.17	1.59	0.96
Janata Bank Ltd.	0.76	0.88	0.43	0.42	0.03
Islami Bank Bangladesh Ltd.	0.83	0.74	0.78	0.69	0.91
Industry mean	1.56	1.60	1.13	0.92	0.81

Table 7

Graphical presentation of this Data:

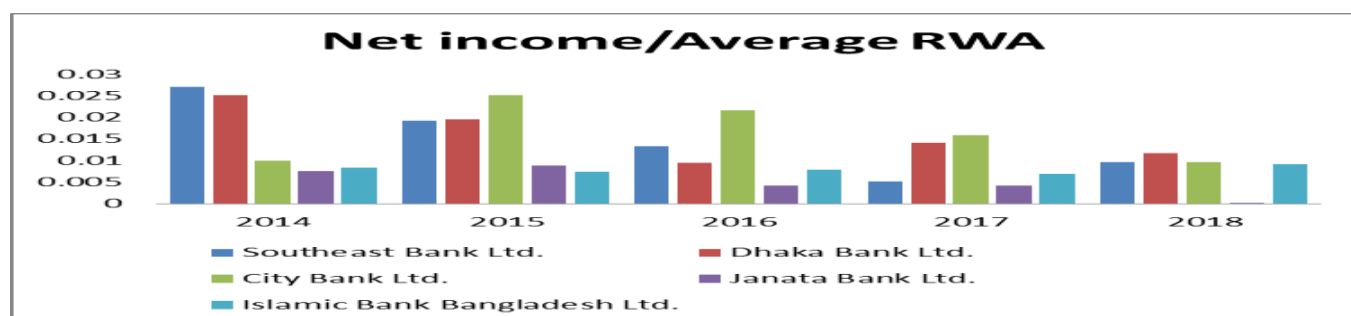


Figure 7: Net Income / Average RWA

Comments:

- Net income as percentage of average risk weighted asset position of this stated banks is always ups and down.
- **City Bank** holds better position.
- Southeast, Dhaka Bank holds a minimum steady position but Janata and Islami Bank facing a shaky situation.
- If we look forward to industry mean, in 2014 it was highest at 1.56% and lowest in 2018 0.81%.

4.2.2.5 Pre-provision income ratio. (Pre -provision income / Average RWA).

Bank's Name	2014	2015	2016	2017	2018
Southeast Bank Ltd.	5.84%	5.06%	4.64%	3.74%	3.12%
Dhaka Bank Ltd.	2.98	2.45	3.51	3.03	3.33
City Bank Ltd.	2.82	4.74	4.17	3.14	3.02
Janata Bank Ltd.	2.14	1.96	1.65	1.78	1.46
Islami Bank Bangladesh Ltd.	3.55	2.98	2.51	2.61	2.75
Industry mean	3.46	3.43	3.29	2.86	2.73

Table: 8

Graphical presentation of this Data:

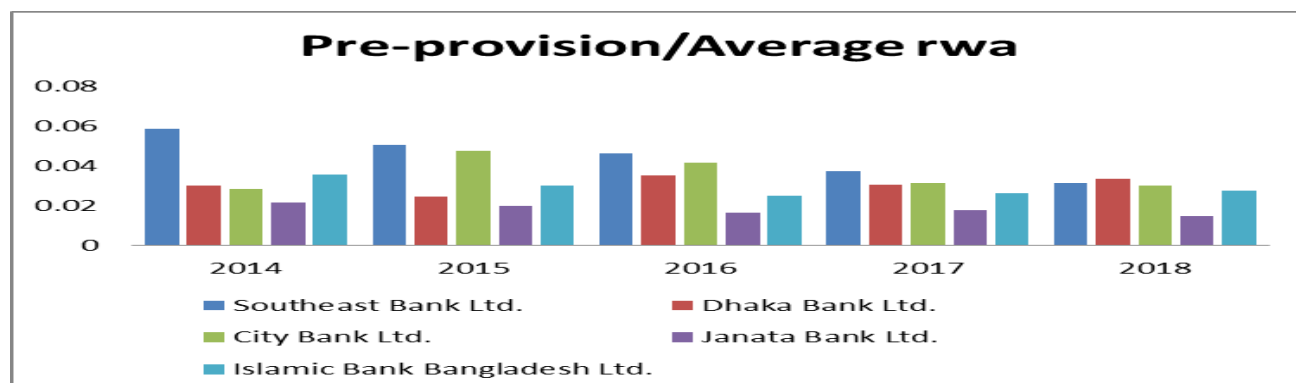


Figure 8: Pre-provision income ratio

Comments:

- Pre provision income as a percentage of Risk Weighted asset position of this stated bank is close to each other.
- City bank holds average position in this ration.
- Southeast banks hold a highest position here and other four banks are slightly different with one another.
- The pre provision income ratio is approximately between 2-4% and in average highest is 3.46% that was in 2014.

4.2.3. Efficiency:

4.2.3.1 Cost to Income ratio. (Cost / Income)

Bank's Name	2014	2015	2016	2017	2018
Southeast Bank Ltd.	86.72%	116.31%	178.62%	320.96%	170.94%
Dhaka Bank Ltd.	150.27	114.32	227.55	278.92	186.52
City Bank Ltd.	345.34	175.83	174.97	242.48	435.11
Janata Bank Ltd.	47.77	50.58	56.72	55.19	58.75
Islami Bank Bangladesh Ltd.	307.48	382.12	395.74	395.65	305.06
Industry mean	187.52	167.83	206.72	258.64	231.27

Table: 9

Graphical presentation of this Data:

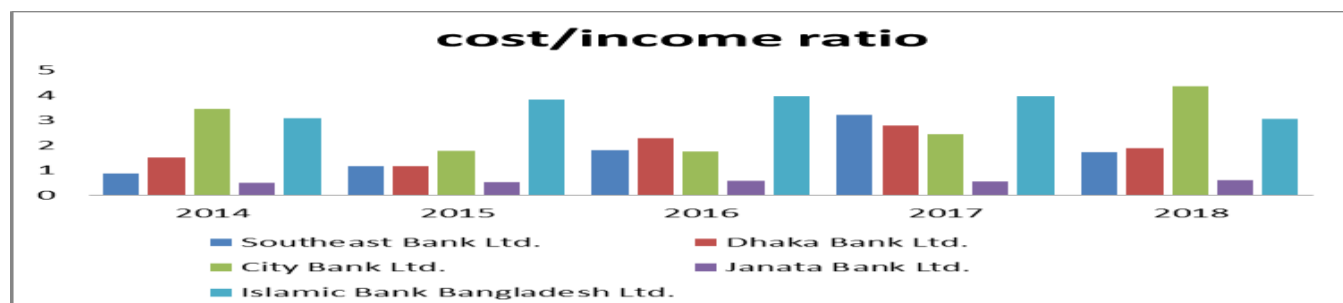


Figure 9: cost/income ratio

Comments:

- Cost to income ratio is the measurement of tool the costs of current running a company in relation to its operating profit.
- In we focused in the graph we can see that Southeast and **City bank** have a high ratio then Dhaka and Islami bank holds a steady position and Janata Bank carries a minimum ratio.
- In the industry mean, the average of the five years data shown a satisfying cost to income ratio that is highest in 2017 as 258.64%.

4.2.4. Asset Quality

4.2.4.1 Loan loss provision/Pre provision income

Bank's name	2014	2015	2016	2017	2018
Southeast Bank Ltd	13.13%	27.94%	38.27%	27.91%	103.69%
Dhaka Bank Ltd	25.62	31.24	45.23	41.38	48.13
City Bank Ltd	35.02	31.73	25.89	18.05	25.94
Janata Bank Ltd	28.92	20.97	36.92	35.71	45.91
Islami Bank Bangladesh Ltd	30.07	26.82	28.55	35.23	30.39
Industry Mean	26.55	27.71	34.94	31.65	57.46

Table: 10

Graphical presentation of this Data:

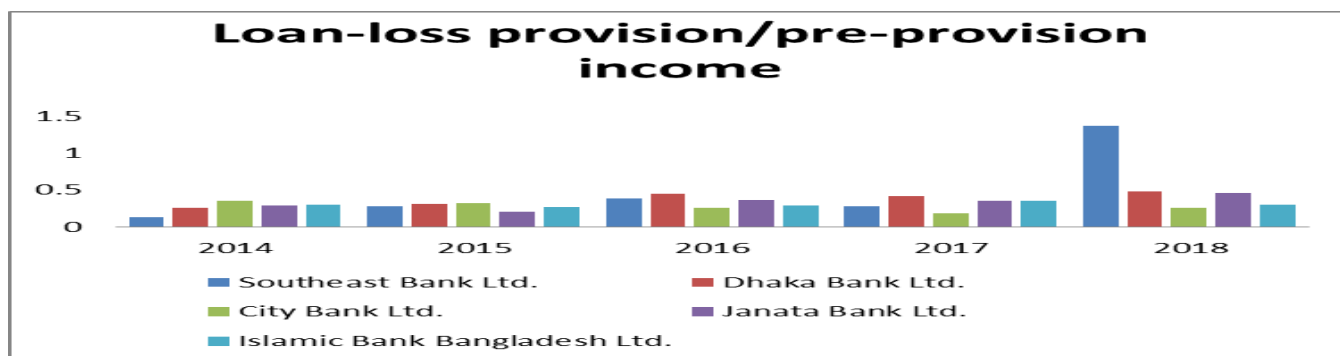


Figure 10: Loan loss provision/Pre provision income

Comments:

- Among all the banks Southeast bank kept the lowest loan loss provision in 2014 which was 13.13% of Pre provision but in 2018 Southeast had to keep the highest loan loss provision.
- City Bank maintains a consistency to keep the loan loss provision in every year.
- From the Industry mean scenario we can see that, loan loss provision as a percentage of Pre provision income was range from 25%-58%

4.24.2 Allowances for loan losses/Gross Loan

Bank's name	2014	2015	2016	2017	2018
Southeast Bank Ltd	0.74%	1.92%	1.17%	0.96%	1.22%
Dhaka Bank Ltd	0.52	0.92	1.81	1.39	1.74
City Bank Ltd	1.46	1.52	1.14	0.62	0.78
Janata Bank Ltd	0.96	0.63	0.91	0.88	0.84
Islami Bank Bangladesh Ltd	0.45	1.56	0.87	1.67	0.76
Industry Mean	0.83	1.31	1.18	1.1	1.07

Table: 11

Graphical presentation of this Data:

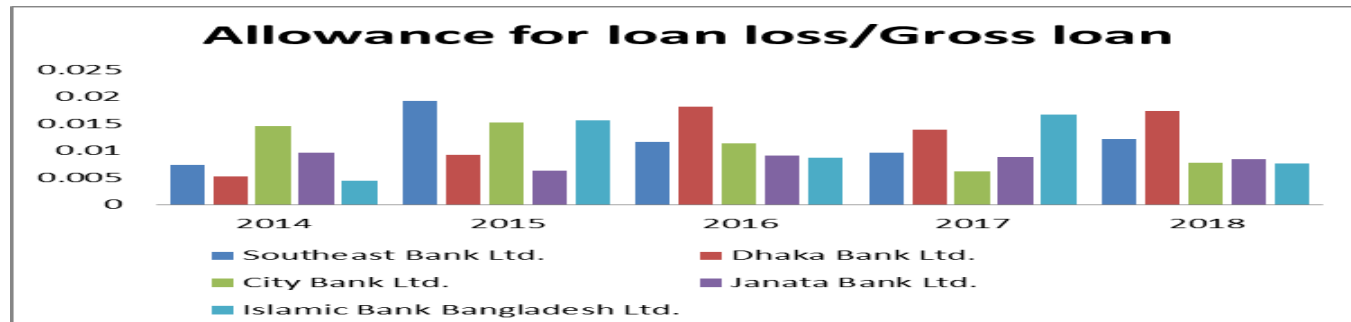


Figure 11: Allowances for loan losses/Gross Loan

Comments:

- This ratio shows how much a firm has loan loss reserve against its gross loan.
- From data, we can see that the industry on an average has 0.80 to 1.31 reserves for its gross loan. According to Bangladesh bank rules a bank should keep general provision from .25% – 2% based on risk associated with the account. From the above information, we can observe that all banks are maintaining this limit.
- Therefore, it can be conclude that banks will have sufficient fund at the time of fund requirement.

4.2.4.3 Problem loan and leases/Gross loan

Bank's name	2014	2015	2016	2017	2018
Southeast Bank Ltd	16.12%	12.96%	98.96%	23.06%	9.78%
Dhaka Bank Ltd	50.48	46.59	40.11	59.79	4.98
City Bank Ltd	28.51	40.57	39.91	38.94	46.10
Janata Bank Ltd	11.68	12.34	14.72	16.55	33.72
Islami Bank Bangladesh Ltd	34.67	45.36	34.53	56.48	10.23
Industry Mean	28.29	31.56	45.59	38.96	20.96

Table 12

Graphical presentation of this Data:

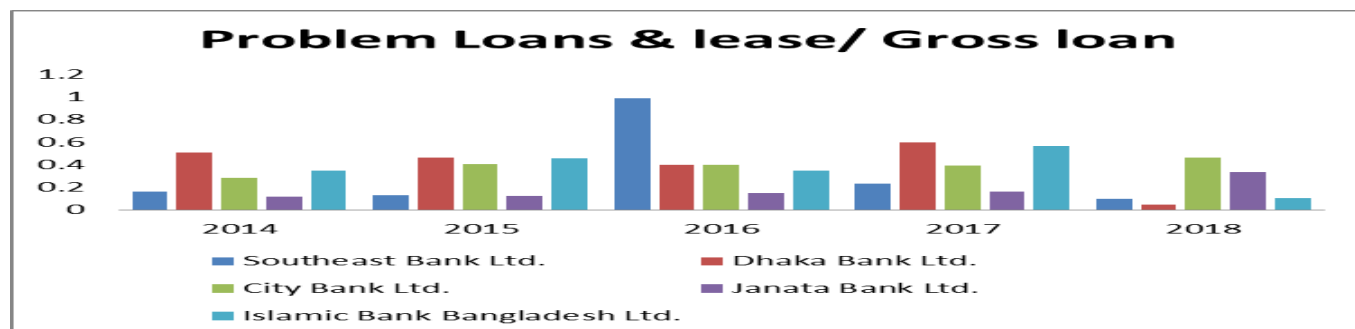


Figure 12: Problem loan and leases/Gross loan

Comments:

- The ratio problem loans/Gross Loans shows how much a bank has problem loans against its total loans.
- According to industry mean the ratio varies from 28%-50%. Therefore, it indicates that banks are having trouble to collect its loan.
- It has the highest level of problem loan in 2016 after that it stated declining.

4.2.4.4 Problem Loan and Loss / (Shareholder equity+ Loan loss reserve)

Bank's name	2014	2015	2016	2017	2018
Southeast Bank Ltd	57.72%	97.18%	96.91%	83.79%	84.72%
Dhaka Bank Ltd	54.85	46.59	40.11	59.79	49.87
City Bank Ltd	58.87	75.82	60.11	54.18	53.15
Janata Bank Ltd	87.83	97.54	107.77	137.11	304.79
Islami Bank Bangladesh Ltd	64.73	67.36	92.83	78.92	98.21
Industry Mean	64.80	76.90	80.15	82.76	118.15

Table: 13

Graphical presentation of this Data

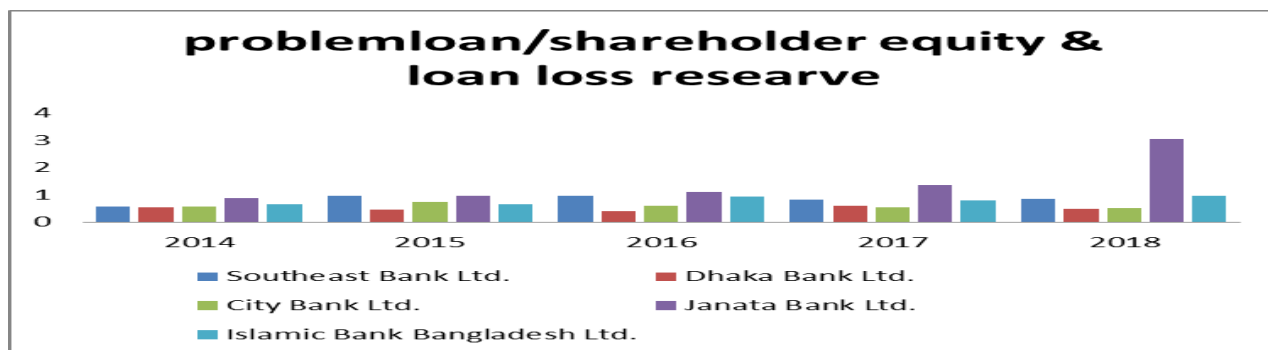


Figure 13: Problem Loan and Loss / (Shareholder equity + Loan loss reserve)

Comments:

- The ratio problem loan/shareholder equity & loan loss reserve shows how much a firm has shareholder equity & reserve against its problem loan.
- Industry average shows that it has highest level of 118% for defective loan.

4.2.5. Capital Adequacy

4.2.5.1 Tier 1 capital/RWA

Bank's name	2014	2015	2016	2017	2018
Southeast Bank Ltd	18.42%	17.76%	15.15%	12.06%	11.13%
Dhaka Bank Ltd	8.73	8.61	8.61	7.94	7.32
City Bank Ltd	9.76	10.36	8.13	9.31	8.21
Janata Bank Ltd	7.71	7.44	9.17	9.51	8.91
Islami Bank Bangladesh Ltd	8.81	9.18	7.18	8.17	9.83
Industry Mean	10.69	10.67	9.65	9.40	9.12

Table: 14

Graphical presentation of this Data:

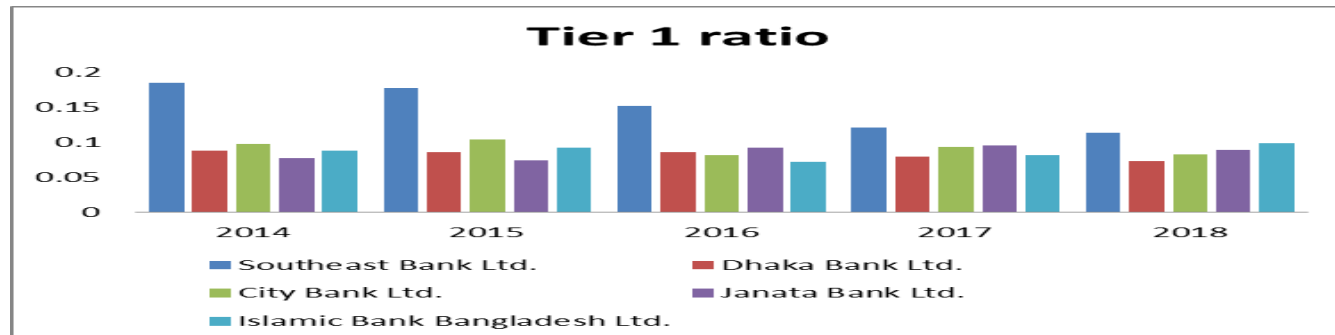


Table 14: Tier 1 capital/RWA

Comments:

- Tier 1 ratio shows how much of tier 1 capital a bank has against its RWA (Risk Weighted Assets).
- On average banks are using nine to eleven percentage Tier 1 capitals against RWA. Among five banks, Southeast bank uses high level of tier 1 capital for RWA. Rest of city bank is using tier 1 capital that is close to the industry average.
- According to Basel – 3, a bank should have tier 1 ratio at least 6%. Therefore, the industry & each bank individually are in better condition.

4.2.5.2 Total capital/RWA

Bank's name	2014	2015	2016	2017	2018
Southeast Bank Ltd	18.42%	17.76%	15.15%	12.06%	10.30%
Dhaka Bank Ltd	11.21	10.45	13.66	11.96	13.83
City Bank Ltd	15.18	14.49	12.05	11.43	9.38
Janata Bank Ltd	7.06	6.46	6.78	7.01	7.75
Islami Bank Bangladesh Ltd	12.02	11.11	13.02	11.92	10.19
Industry Mean	12.42	11.71	11.81	10.65	10.29

Table: 15

Graphical presentation of this Data:

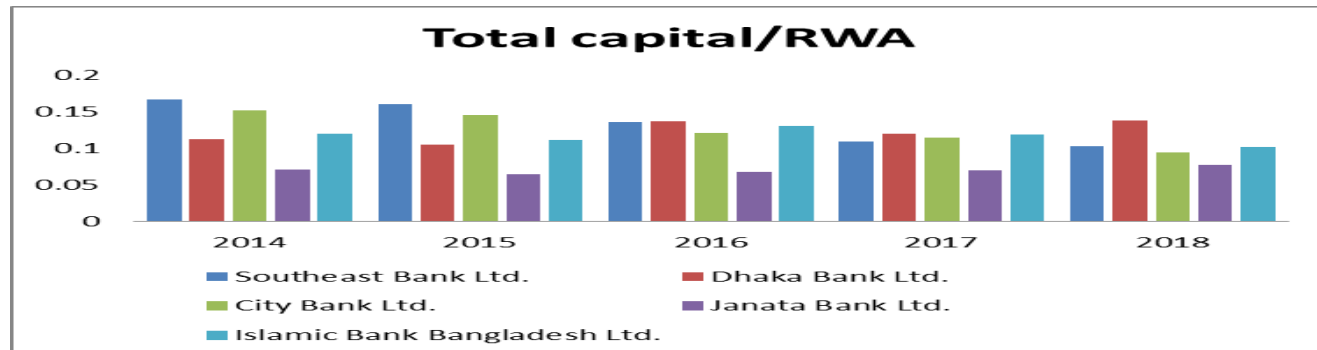


Figure 15: Total capital/RWA

Comments:

- The ratio total capital/RWA defines that how much of the total capital a bank has against its RWA.
- The industry mean for the ratio varies from 10 to 12%. Southeast bank is in the highest position that using total capital against RWA. Then Position holds City Bank Limited.

4.2.5.3 Tangible Common equity/RWA

Bank's name	2014	2015	2016	2017	2018
Southeast Bank Ltd	6.21%	5.41%	4.67%	3.89%	3.36%
Dhaka Bank Ltd	4.12	4.24	4.31	3.94	3.86
City Bank Ltd	15.18	14.49	12.05	11.43	9.38
Janata Bank Ltd	5.81	5.22	4.71	4.71	4.28
Islami Bank Bangladesh Ltd	1.82	2.37	1.24	3.45	3.67
Industry Mean	6.63	6.35	5.40	5.48	4.91

Table: 16

Graphical presentation of this Data:

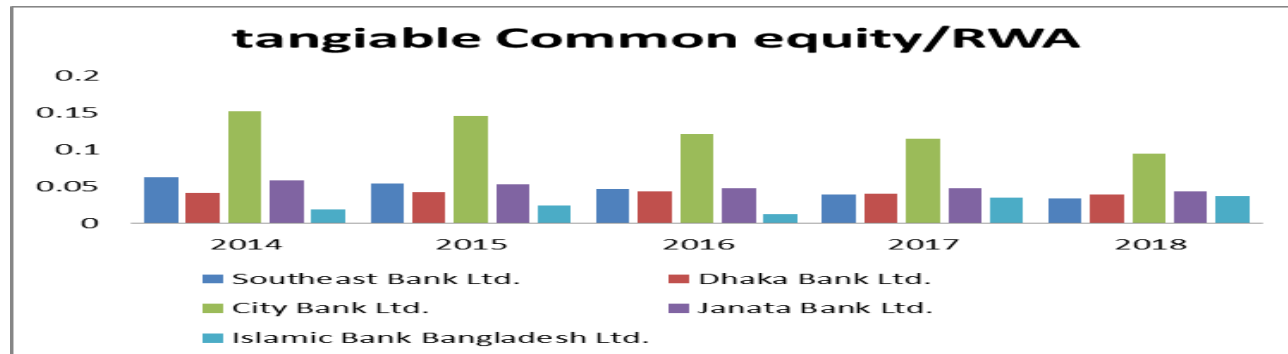


Figure: 16: Tangible Common equity/RWA

Comments:

- Tangible common equity/RWA shows the percentage of tangible common equity against its RWA.
- The industry mean varies from four to six. All the banks are closets to its average except **City bank**.
- **City bank** has higher percentage than that of its peer group as well as its industry average.

4.2.5.4 Shareholder equity/Total asset

Bank's name	2014	2015	2016	2017	2018
Southeast Bank Ltd	10.37%	10.43%	9.08%	7.59%	7.35%
Dhaka Bank Ltd	8.02	7.59	7.14	6.64	6.06
City Bank Ltd	12.61	11.47	9.44	9.41	7.62
Janata Bank Ltd	6.26	6.15	6.41	6.37	6.29
Islami Bank Bangladesh Ltd	5.55	5.63	5.92	6.33	7.14
Industry Mean	8.56	8.25	7.60	7.27	6.89

Table: 17

Graphical presentation of this Data:

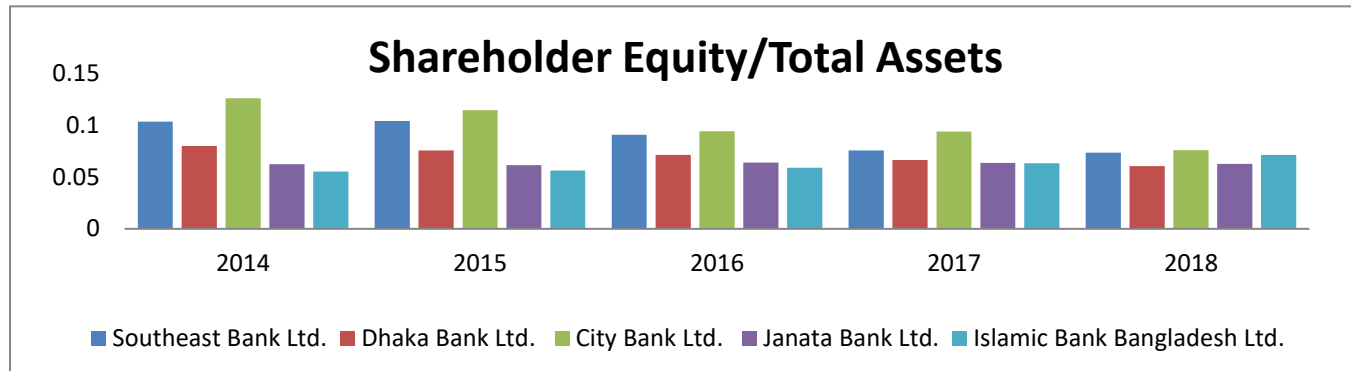


Figure 17: Shareholder equity/Total asset

Comment:

- Shareholder equity describes the percentage of total assets that arranged by using equity.
- The industry mean varies from 6 to 7 percent which indicates that the uses of equity regarding asstes management is not so high.
- Only the **City bank** & Southeast bank are using higher percentage of equity in some certain year than that of their peer group.

Chapter 5

Findings of analysis



Findings of City bank

- ✓ The City Bank limited foreign exchange Business performance growth rate is 10.06%, 43.23 % & 25.81% at year 2018, 2017 & 2016 respectively.
- ✓ The City Bank Import foreign exchange business growth rate is 5.63%, 63.36% & 26.88 % at year 2013, 2012 & 2011 respectively.
- ✓ The City Bank Export foreign exchange business growth rate is 22.42 %, 13.77% & 36.12 % at year 2018, 2017 & 2016 respectively.
- ✓ The City Bank inward Foreign Remittance growth rate is – 0.06 , 0.73% & - 0.11% at year 2019, 2017 & 2016 respectively.
- ✓ Export and Import financing Facility for customers is available
- ✓ Export and Import financing interest rate is Export financing 7% fixed and import financing 16.5% + (3% to 5%).
- ✓ City bank holds a high net interest margin in every year compare to other banks
- ✓ Islami bank is good liquidity position in every year, and Dhaka Bank also holds a steady position from last four years .Janata Bank, City Bank holds good liquidity position.
- ✓ According to Bangladesh bank rules a bank should keep general provision from .25% – 2% based on risk associated with the account. From our analysis, we can observe that all banks along with City bank are maintaining this limit average .25%-2%.Therefore, it can be conclude that banks will have sufficient fund at the time of fund requirement.
- ✓ Banking sector is in trouble to collect their problem loan .In 2016 banking sector has the highest problem loan.
- ✓ City bank Southest bank are using higher percentage of equity in some certain year.

Chapter 6

Recommendation and conclusion



6.1 Recommendation

- ✓ Bankers can promote the relationship with their corporate customers for enhancing Letter of credit opening.
- ✓ The bank should actions prepaid foreign currency travel card for customers traveling around the world.
- ✓ The bank may promote some promotional programs to promote export. If bank gives more importance to export parties they will be impacted.
- ✓ The bank should supply Export and Import financing oratory at a low interest rate to expand opening letter of credit and processing time should be speedy.
- ✓ The bank needs to make better efficient management system. Higher authority should give more importance about the efficient management obstacle.
- ✓ The City bank should supply Foreign Currency (FC) account opening facility for NRB clients.
- ✓ The maintaining charge for the account should be lower and competitive.
- ✓ The bank should make a monthly /quarterly training courses /workshops for the selected by the authority in order to increase employee to their desired level.
- ✓ Annual student file maintenance charge should be reduced
- ✓ Fees in foreign exchange include SWIFT charges, Document Handling Charges, Stamps Charges as well as VAT. If charges could be curtailed, Bank will definitely attract more customers.
- ✓ The banking sector may adopt new policies to select borrower selection.
- ✓ The banker can invest good project and good borrowers which may create win-win situation.
- ✓ They should be careful against problem loan.
- ✓ New product should be created. Only depending on deposit account may create liquidity and solvency deficit.
- ✓ The authority should rethink to permit a new bank for this current economic situation.

6.2 Conclusion

The City Bank does their best in international business transactions. In this report I try to present about foreign activities, performance of city bank etc. I hope I give my best here. The banking sector is the economic sector which highly makes to the holding of financial assets for others investing those financial assets as leverage to create more wealth and the regulation of those activities by government agencies .It has a major impact on the total economy of a country. Most of the developing country like Bangladesh of which economy is based on the banking sector mostly. But In the recent year, the banking of Bangladesh faces many challenges, especially for their non-performing loan. If they maintain proper management in borrower selection, they will be able to face the challenges.

Bibliography

<https://dhakabankltd.com/wp-content/uploads/2019/05/Annual-Report-2018.pdf>. (n.d.). Retrieved 2020

https://www.islamibankbd.com/annual_report.php. (n.d.). Retrieved 2020

https://www.islamibankbd.com/annual_report.php. (n.d.).

https://www.jb.com.bd/about_us/annual_report. (n.d.). Retrieved 2020

https://www.southeastbank.com.bd/?page=annual_reports. (n.d.). Retrieved 2020

<https://www.thecitybank.com/report/annualreports>. (2020). Retrieved February 3, 2020