Internship Report
on
Foreign Exchange Operations of City Bank PLC

Submitted by:

Zeenea Khanum Riya
ID: BBA2001019163
Program: Bachelor of Business Administration (BBA)
Major: Accounting
Department of Business Administration
Sonargaon University (SU)

Submitted to:

Department of Business Administration
Faculty of Business
Sonargaon University (SU)

Submitted for the partial fulfillment of the degree of
Bachelor of Business Administration

Sonargaon University (SU)

Date of Submission: September 9, 2024

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Zeenea Khanum Riya
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Supervised by:

Mst. Marium Akter
Lecturer
Department of Business Administration
Faculty of Business
Sonargaon University (SU)

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Foreign Exchange Operations of City Bank PLC

Letter of Transmittal

09 September, 2024

Mst. Marium Akter
Lecturer
Department of Business Administration
Faculty of Business
Sonargaon University (SU)

Subject: Submission of Internship Report on "Foreign Exchange Operations of City Bank PLC".

Dear Madam,

I am submitting my Internship Report on "**Foreign Exchange Operations of City Bank PLC**". 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,

Zeenea Khanum Riya
ID No. BBA2001019163
Program: Bachelor of Business Administration (BBA)
Major: Accounting
Sonargaon University (SU)

ACKNOWLEDGEMENT

The report paper on "Foreign Exchange Operations of City Bank PLC" 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.

First and foremost, I would like to express my thanks to the divine power. Additionally, my foremost appreciation goes to my supervisor, **Mst. Marium Akte**r, Lecturer at Sonargaon University (SU), for her crucial guidance, scholarly insights, and unwavering support throughout my study period.

Moving forward, I am grateful to H M Abrar Zaman Branch manager (BM) and Md.Noor-E-Alam(AVP & SCSM) and AL Fahad Hossain(SCSM) from whom I gained significant knowledge. I also special thanks to and Customers Service Officer (CSO) all off branch members they are very helpful person and support me in every work and help me to knowledge gather. I am thankful to the various staff members from different departments who generously contributed their valuable time and assistance in helping me gather data for this report.

Declaration of Student

I am **Zeenea Khanum Riya**, a student in the Bachelor of Business Administration program with **ID: BBA2001019163** at Sonargaon University. I want to sincerely state that the report titled **"Foreign Exchange Operations of City Bank PLC"** has been genuinely created by me. During the preparation of this report, I ensured full compliance with international copyright regulations. I also want to clarify that this report has not been submitted anywhere else for the purpose of obtaining a degree.

Yours Sincerely

Zeenea Khanum Riya
ID: BBA2001019163
Program: Bachelor of Business Administration (BBA)
Major: Accounting
Sonargaon University (SU)

Letter of Authorization

I hereby confirm that the project report titled **"Foreign Exchange Operations of City Bank PLC"** is a genuine effort by **Zeenea Khanum Riya**. The research was conducted under my guidance. I also affirm that, to the best of my knowledge, the content presented in this report has not been included in any other project report or dissertation that led to the award of a degree to any candidate earlier, whether in the same context or a different one.

Mst. Marium Akter
Lecturer
Department of Business Administration
Faculty of Business
Sonargaon University (SU)

Executive summary

The Internship report is about foreign exchange and its policies of City Bank PLC. 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 PLC is presented. Here we can show when City Bank PLC 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 PLC 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 PLC 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.

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Chapter 1

Introduction

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 PLC 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 PLC. 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 PLC of foreign exchange division.

During my internship time I worked to City Bank PLC., Gulshan Avenue Branch, Dhaka. It is located at 136 Gulshan Avenue, Gulshan 02, Dhaka-1212 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 PLC. 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 PLC. of Gulshan Avenue. 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 PLC. 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 PLC .

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

1.6 Limitations of study

There is existing some limitations contain in this report:

- ✓ Restriction on getting Confidential of The City Banks' PLC financial information.
- ✓ Limitation of the furthermost 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

Literature Review

2.1 Literature Review

The foreign exchange (FX) operations of banks are crucial for facilitating international trade, investments, and remittances. City Bank PLC, a prominent private commercial bank in Bangladesh, plays a significant role in the nation's foreign exchange market. FX operations involve currency trading, handling trade finance, and managing risks associated with currency fluctuations. Shapiro (2019) notes that effective FX operations depend on risk management, regulatory compliance, and the adoption of advanced technologies.

Managing exchange rate risks is a key component of FX operations. As Cernat (2018) emphasizes, banks must navigate volatile exchange rates, geopolitical risks, and regulatory changes. City Bank PLC uses hedging instruments, such as forward contracts and swaps, to mitigate these risks, while ensuring compliance with Bangladesh Bank's guidelines.

Technological advancements have transformed FX operations, making them more efficient and secure. Leong et al. (2021) highlight how digital platforms improve transaction speed and accuracy. City Bank PLC has embraced digital solutions, allowing clients to engage in FX transactions through online banking platforms, enabling real-time monitoring of exchange rates and faster cross-border payments.

FX operations are closely linked with trade financing, a key service provided by banks to support international trade. According to Goldberg and Tille (2008), trade finance products, like letters of credit, are essential for cross-border transactions. City Bank PLC offers a range of trade finance products, contributing to the growth of Bangladesh's international trade.

Regulatory compliance is another critical aspect of FX operations. City Bank PLC adheres to anti-money laundering (AML) measures, Know Your Customer (KYC) protocols, and international standards, ensuring that its FX activities are transparent and secure.

Foreign exchange services also play a role in financial inclusion. Berg (2019) argues that including underserved populations in banking services is vital. City Bank PLC’s remittance services support financial inclusion by providing accessible money transfer solutions for expatriates, facilitating foreign currency inflows into the economy.

In conclusion, City Bank PLC’s foreign exchange operations are essential to its contribution to Bangladesh’s financial system. Through effective risk management, the use of technology, trade finance support, and regulatory compliance, the bank ensures efficient FX operations while supporting economic development.

Chapter 3

Organizational Overview

3.1 Company profile

City Bank PLC began its activities in 1983 underneath the entrepreneurship of 12 prominent & famous business person 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 PLC 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 center of the world.

City Bank PLC 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 PLC launched American Express Gold Credit card & American Express Credit Card. The City Bank PLC has received national & international gratitude. The City Bank PLC 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 PLC 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.

3.2 Vision

The Financial Supermarket with a Winning Culture Offering Enjoyable Experiences.

3.3 Mission

- 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.

3.4 Values

The City Bank PLC believe that their Mission and Vision can solitary be fully achieved if the projected behavior of their employees is visibly defined. Their core value-system includes the following:

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

3.5 Objective of the City Bank PLC

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%.

3.6 Products of City Bank PLC

City Bank PLC.is one of the quickest commercial banks in the country. The City bank PLC 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

3.7 City Bank retail banking

City Bank PLC. 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*".

3.8 City Bank PLC SME Banking

City Bank PLC 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.

3.9 City Manarah- Islamic Banking

Manarah Personal Finance is an unwrapped and PLC 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.

3.10 City Bank PLC Treasury And Market Risk Division

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

3.11 Introduction of Internship Branch/ Area Office

City Bank PLC (CBL) is a commercial bank in Bangladesh that operates under the principles of commercial banks. The head office of CBL is in Dhaka, Bangladesh. CBL offers a range of banking services, including retail banking, corporate banking, SME banking, investment banking, and Islamic banking products.

As of 2023, CBL has a network of 133 branches across Bangladesh. CBL's branches are located in different parts of Bangladesh, including major cities and towns. The bank has a significant presence in Dhaka, with 39 branches in the city alone. Other major cities where the bank has a presence include Chittagong, Sylhet, Rajshahi, Khulna, Barisal, and Mymensingh.

I was appointed to the City Bank PLC, Gulshan Avenue Branch, Dhaka. It is located at 136 Gulshan Avenue, Gulshan 02, Dhaka-1212. It’s on the first floor and it’s around 3600 square ft. There are 3 different sections for cash, general banking and investment department and a separate room for the manager. There is a meeting room, a dining room with a kitchen and separate washroom for male and female. Also, there is separate prayer room for male and female. Clients can wait in a waiting area which is well decorated.

3.12 Working Area

There are three departments in the Gulshan Avenue Branch. I was assigned at general banking department. General banking and investment department have different types of tasks to perform. I was initially appointed to work under general banking department but some days I also did some tasks for investment department. Providing information to customers, assisting in the issuance of payment orders, making corresponding entries on the outgoing mail register for sending letters to customers (issuing thanks letters), marking and

checking each day's transactions in addition to the debit and credit vouchers, and assisting at the transfer, clearance, and foreign exchange departments are all among the duties in general banking. I also had to fill up the CIB forms and calculate them in investing department. The banking industry usually is fueled by an inflow of funds. Although the banking industry as a whole is a fairly complex area, its basic functions can be split into two categories. The inflow and outflow of funds are involved in the two sections. The deposits that the banks receive are referred to as the inflow of funds, but part of those deposits is also immediately converted into an outflow, which is referred to as the investments that the banks make in other marketable securities. The general banking branch of a bank primarily facilitates this inflow and outflow of funds, provided that the former mechanism is one of the branch's most important operations.

General banking has three departments:

- Transfer
- Clearance
- Cash

General Banking comprises of:

- **Customer service:**

  One of the key problems with conventional banking is customer service. The most common task of general banking is to provide customers with appropriate account information and facts.

- **Opening and closing an account:**

  Customers can open bank accounts to conduct transactions through them, close their accounts and withdraw whatever deposits they have made to the bank.

  A consumer must obtain authorization from an introducer, a bank client who already has an account with the bank and is familiar with the prospective customer, in order to open an account. This is a crucial stage in opening a bank account. City Bank PLC won't open an account without a proper introducer.

  A personal account opening form is given to the customer in order to open any account and this form requires the customer to write out the account's name and other pertinent legal information. The customer is needed to designate a nominee for the account and to give the bank the introducer's name and permission. The consumer is then asked to complete all fields on the form, including those for signatures, identification numbers, current/permanent/business address, contact information, and others. While opening an account and on a regular basis after that, the client's identity must be identified and verified through a process called KYC.

- **Deposit Accounts:**

  Savings accounts, current accounts, and fixed deposit accounts are just a few of the deposit products that CBL offers. Deposit accounts at the bank offer enticing interest rates that are typically greater than those offered by the competition.

- **Withdrawal:**

  Clients can withdraw money from their accounts by going to the branch or utilizing an ATM provided by the

bank. Customers of CBL can withdraw cash whenever they want, anywhere in the nation thanks to the company's extensive ATM network.

- **Remittance:**

  CBL provides inward and outward remittance services. Customers can use an outward remittance service to send money to other countries while an inward remittance service allows them to receive money from abroad. Due to the bank's correspondent ties with top financial institutions around the world, consumers can send money without any problem.

City Bank PLC's investment division is in charge of overseeing the bank's investment holdings. The investment department's main goal is to ensure the bank's profitability. The agency makes investments in a variety of industries, including trade, business, farming, and services. The investment department provides its clients with a variety of financial products and services.

In addition, the investment department offers other services like risk management, investment research, and investment counseling. To ensure the profitability of the bank's investment portfolio, the department employs a committed staff of investment experts who thoroughly examine the market and investment opportunities.

3.13 Description of assigned task

The initial task I have been assigned is to learn how to open an account and what paperwork are required. I also learned about the many sorts of accounts that CBL deals with in this area. Current Account, Savings Account, DPS, SND, FDR and other types of accounts and their characteristics are available. Employees from the CBL assisted me in dealing with client questions about various account openings and other tasks.

- When customer queries about something I was assigned to communicate with them. I had to tell the customers what documents they need in order to open the account.
- Assisting in the rectification of incomplete paperwork that internal audits have uncovered. I had to fill in the account number, title name, account holder's occupation, and other information because several fields were left blank. Among other things, certain forms were kept that did not have a legitimate mailing address, TIN, or National ID card number. I had to complete the forms by filling in the blanks with the data from the documents.
- The Individual, Non-Individual, Beneficial, and Corporate Risk Rating forms on the Know Your Customer (KYC) form must then be completed. My responsibility in terms of risk rating was to establish the risk level and risk rating for the account holder or organization by using the Transaction Profile (TP) form to assess overall risk.

- Cheque related activities were assigned to me to manage every day. Such as I had to keep track of the incoming cheque and input in the register then signed by an officer. If a client comes for taking it had to find it from the locker and take client's signature in the register.
- I also used to complete the CIB forms and calculate the given data given by the senior executive.

Chapter 4

Foreign Exchange Operations of City Bank PLC

4.1 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.

4.2 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.

4.3 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.

4.4 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

4.5 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.

4.6 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.

4.7 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.

4.8 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.

4.9 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

4.10 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.

4.11 Foreign exchange business of City Bank PLC.

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 PLC 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 PLC 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 PLC, 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 PLC 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 PLC 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 PLC 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 send 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 PLC. (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 PLC, UK
6. Express Money
7. Dhaka Janata exchange Milan, Italy.
8. Wall street Exchange center LLC,UAE
9. Federal exchange, UAE

4.12 THE CITY BANK PLC 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.

4.13Export-Import Analysis

4.13.1Trend 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.

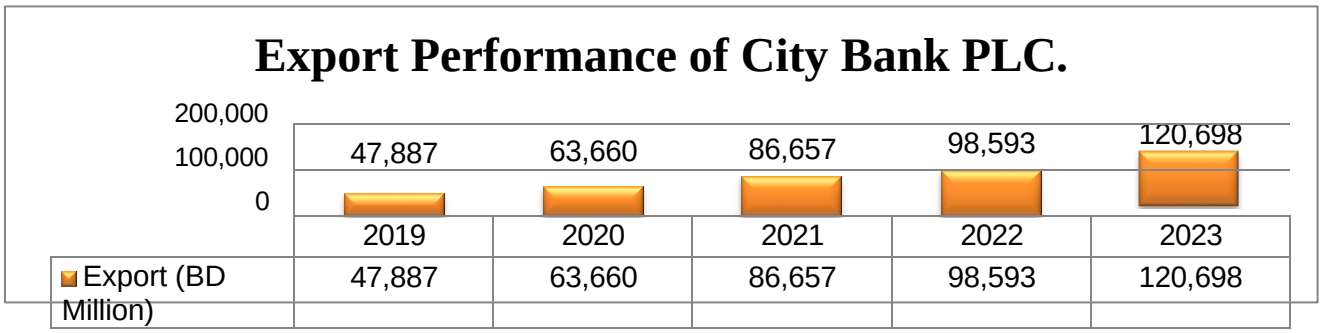
To evaluate the performance of the City Bank PLC. CBL, we need to focus on the following variables, which are lined below:

1. Export
2. Import
3. Remittance

4.13.2 LAST FIVE YEARS EXPORT BUSINESS PERFORMANCE OF THE CITY BANK PLC.

Year	2019	2020	2021	2022	2023
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 PLC.



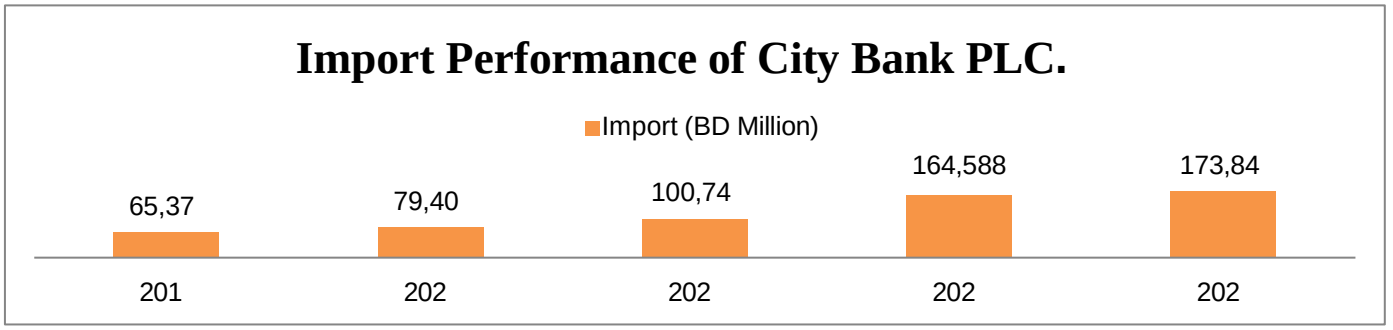
Interpretation: In year 2023, Export business of the City bank PLC was BDT 120698 Million, at year 2022 and2021 it was BDT 98593 Million & BDT 86657 Million. At year 2023 import Business growth rate of The City Bank PLC is 22.42% it was 13.77% and 36.12% at year 2022 and 2021respectively. We see at year 2023 the export performance or growth rate is increased it was also positive at year 2022 but downward and at year 2021 and 2020 it was positive respectively. The City Bank PLC Export business growth rate is not stable every year it is fluctuating and downward shape.

4.13.3 LAST FIVE YEARS IMPORT BUSINESS PERFORMANCE OF THE CITY BANK PLC

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Year	2019	2020	2021	2022	2023
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 PLC.

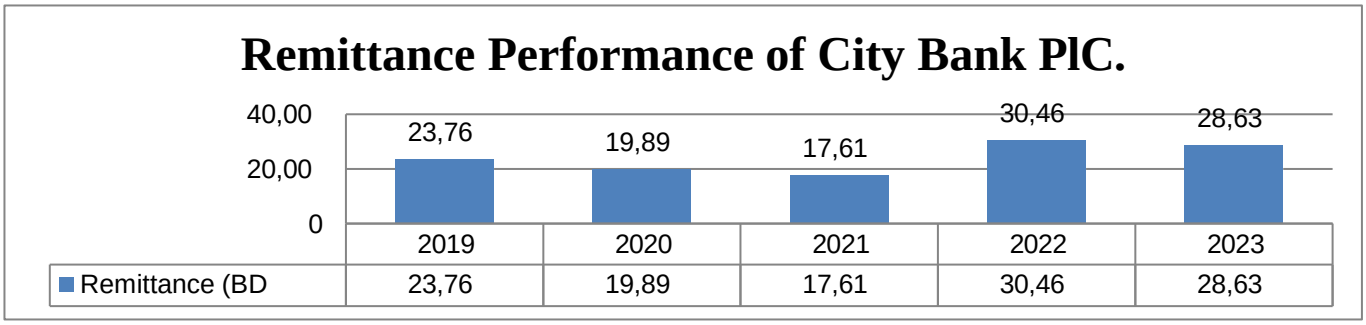


Analysis: In year 2023, import business of the bank was BDT 173847 Million, at year 2022 and 2021 it was BDT 164588 Million & BDT 100749 Million. At year 2023 import Business growth rate of The City Bank PLC is5.63% it was 63.36% and 26.88% at year 2022 and 2021 respectively. Where the import growth rate is increasing but it is not stable every year the growth rate is fluctuating.

4.13.4 LAST FIVE YEARS REMITTANCE PERFORMANCE OF THE CITY BANK PLC

Year	2019	2020	2021	2022	2023
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 PLC.



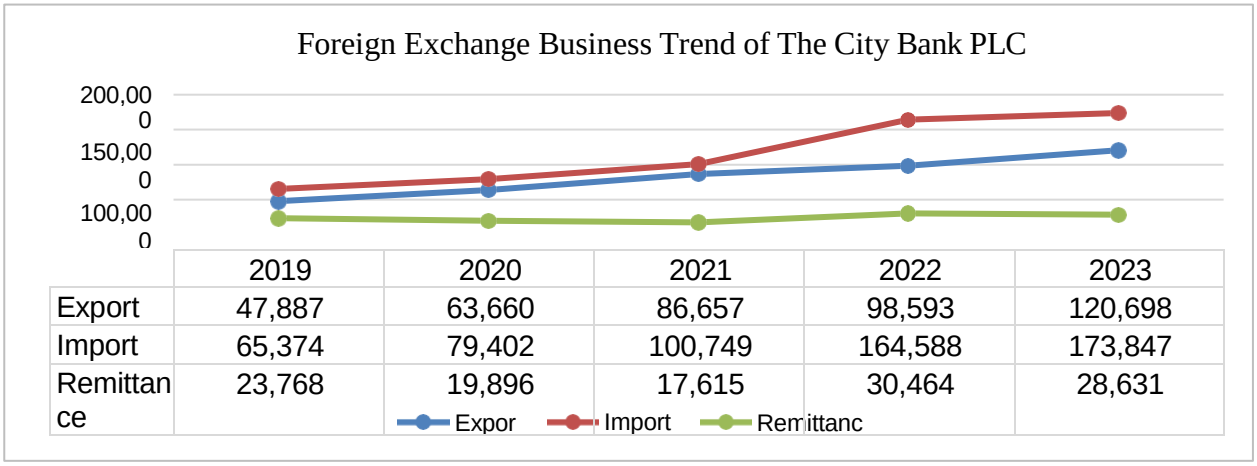
Analysis: Bank received BDT 28631 Million as inward remittance in year 2023. It was BDT 30464Million and BDT 17615 Million at year 2022& 2021 which indicates the growth rate in 2018is -0.06% that was negative it was 0.73%,-0.11% & -0.16% at year 2022,2021 and 2020. Inward remittances suffered negative mainly due to a shrinking outflow of migrant workers and falling receipts from Middle Eastern nations and also the reason of world economic recession.

4.13.5 THE CITY BANK PLC FOREIGN EXCHANGE BUSINESS TREND FROMYEAR 2019 TO 2023.

Year	Export	Import	Remittance	Total	Growth Rate (%)
2019	47,887	65,374	23,768	137,029	-
2020	63,660	79,402	19,896	162,958	18.92%
2021	86,657	100,749	17,615	205,021	25.81%
2022	98,593	164,588	30,464	293,645	43.23%
2023	120,698	173,847	28,631	323,176	10.06%

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

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 PLC Foreign Exchange business is up ward sloping and improving every year.



	2019	2020	2021	2022	2023
Export	47,887	63,660	86,657	98,593	120,698
Import	65,374	79,402	100,749	164,588	173,847
Remittance	23,768	19,896	17,615	30,464	28,631

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

Preview

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

Comparative Ratio Analysis:

4.14.1 Liquidity, Funding & Balance Sheet Composition:

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

Bank's Name	2019	2020	2021	2022	2023
Southeast Bank PLC.	-0.44%	-0.37%	0.63%	0.186%	0.86%
Dhaka Bank PLC.	13.88	2.74	2.27	4.13	5.3
City Bank PLC.	15.78	10.37	9.59	9.88	8.58
Janata Bank PLC.	30.45	32.15	29.38	21.46	18.7
Islami Bank Bangladesh PLC.	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:

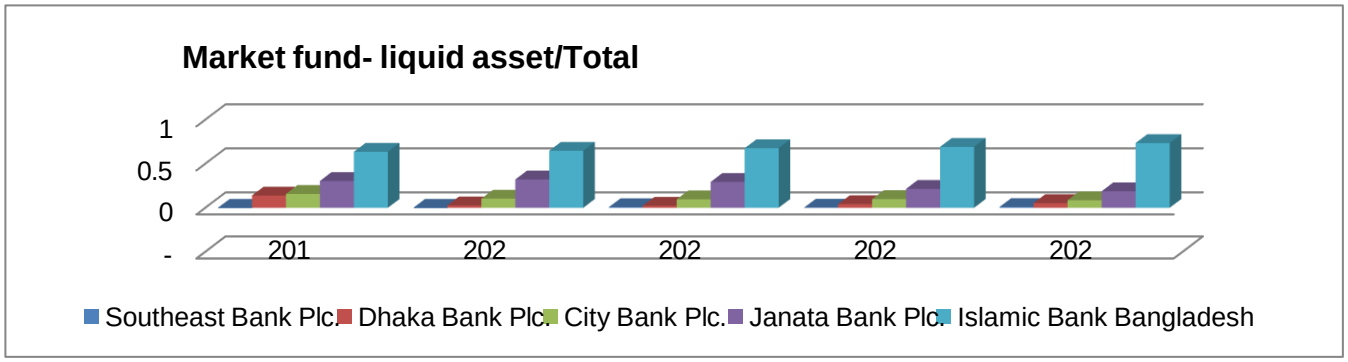


Figure: 1 Market Funds Position. (Market Funds -Liquid Assets) / Total Assets.

- 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 PLC as 73.51 % highest.
- **City Bank PLC** 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 2019 which is 24.65% and lowest in year 2022 which is 20.96%. But **City Bank PLC`s** performance is not up to mark compare with Industry mean.

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

Bank's Name	2019	2020	2021	2022	2023
Southeast Bank PLC.	0.67%	0.73%	0.83%	0.94%	0.88%
Dhaka Bank PLC.	0.16	9.05	8.26	5.96	6.73
City Bank PLC.	1.41	1.76	1.15	1.59	1.65
Janata Bank PLC.	0.79	0.67	0.57	0.53	0.55
Islami Bank Bangladesh PLC.	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:

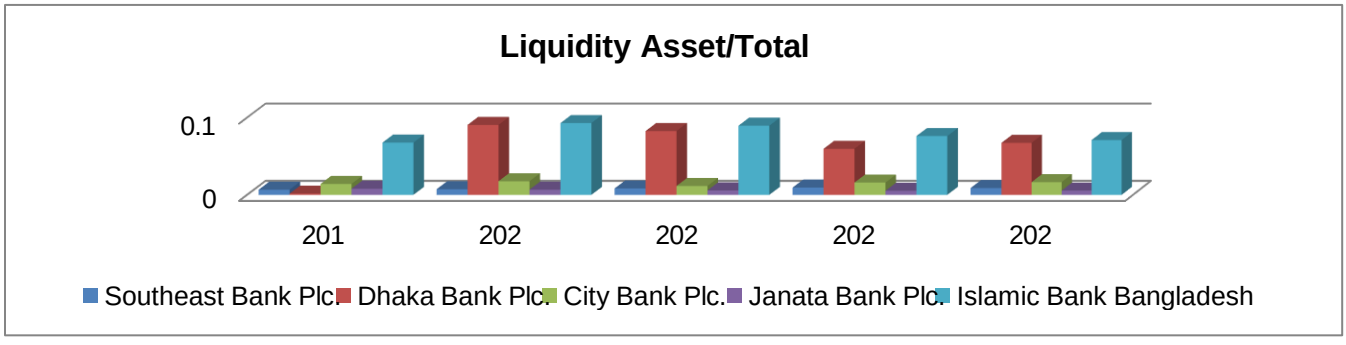


Figure 2: Liquid Asset / Total Asset

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 PLC**, 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 2019 liquid assets was at minimum level, highest in 2020 and then at a same level in every year.

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

Bank's Name	2019	2020	2021	2022	2023
Southeast Bank PLC.	88.07%	89.21%	84.22%	84.51%	83.13%
Dhaka Bank PLC.	85.51	85.33	83.71	79.37	76.62
City Bank PLC.	61.43	75.63	74.25	72.61	67.82
Janata Bank PLC.	86.77	88.21	87.43	85.48	82.71
Islami Bank Bangladesh PLC.	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:

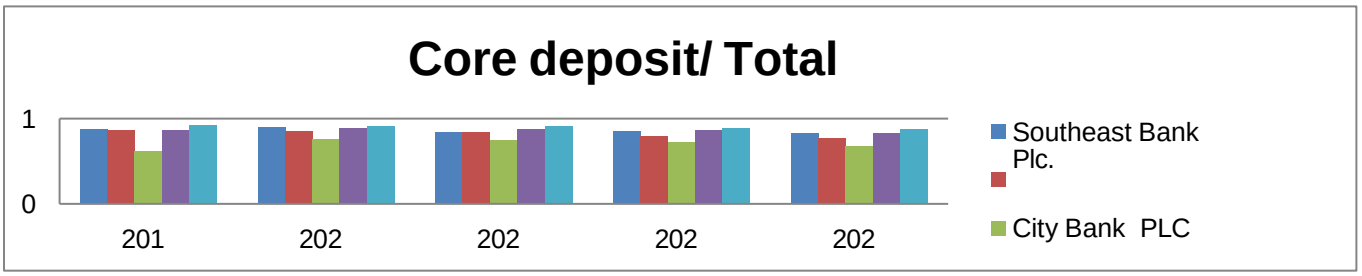


Figure 3: Core Deposit / total funding

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 PLC`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.

4.14.2 Profitability:

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

Bank's Name	2019	2020	2021	2022	2023
Southeast Bank PLC.	1.67%	2.32%	0.68%	0.88%	0.65%
Dhaka Bank PLC.	1.42	0.85	0.67	0.79	0.53
City Bank PLC.	0.42	1.83	1.71	1.28	0.73
Janata Bank PLC.	0.67	0.73	0.67	0.33	0.005
Islami Bank Bangladesh PLC.	0.66	0.49	0.58	0.57	0.66
Industry mean	0.97	1.24	0.86	0.77	0.52

Table: 4

Comments

- ROAA ratio is not steady of any bank at all years, the ratio is fluctuating, **City Bank PLC** 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 2020 as 1.24% and lowest in year 2023 which is 0.52%. Normally ROAA ratio is standard when it is 5% or better.

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

Bank's Name	2019	2020	2021	2022	2023
Southeast Bank PLC.	16.51%	20.55%	9.06%	4.27%	9.12%
Dhaka Bank PLC.	16.77	11.22	9.87	10.74	8.53
City Bank PLC.	7.51	15.32	16.55	13.64	8.71
Janata Bank PLC.	9.95	11.79	5.24	5.31	0.47
Islami Bank Bangladesh PLC.	8.78	7.37	9.61	19.42	11.89
Industry mean	11.90	13.25	10.06	10.68	7.74

Table: 5

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 PLC`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 2019 – 2022 ROE holds an acceptable position, but in 2023 it goes down as 7.74%.

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

Bank's Name	2019	2020	2021	2022	2023
Southeast Bank PLC.	9.92%	11.78%	10.72%	9.73%	11.62%
Dhaka Bank PLC.	2.74	2.91	2.94	2.34	3.33
City Bank PLC.	5.76	5.81	5.46	5.23	4.48
Janata Bank PLC.	2.92	3.79	2.24	2.31	0.47
Islami Bank Bangladesh PLC.	3.22	3.74	3.33	3.81	3.88
Industry mean	4.92	5.61	4.94	4.61	4.44

Table: 6

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%.

4.14. 2.4 Return on risk adjusted capital. (Net Income / Average RWA).

Bank's Name	2019	2020	2021	2022	2023
Southeast Bank PLC.	2.71%	1.93%	1.33%	0.52%	0.96%
Dhaka Bank PLC.	2.52	1.96	0.95	1.42	1.12
City Bank PLC.	0.99	2.51	2.17	1.59	0.96
Janata Bank PLC.	0.76	0.88	0.43	0.42	0.03
Islami Bank Bangladesh PLC.	0.83	0.74	0.78	0.69	0.91
Industry mean	1.56	1.60	1.13	0.92	0.81

Table : 7

Comments

- Net income as percentage of average risk weighted asset position of this stated banks is always ups and down**.**
- **City Bank PLC** 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 2019 it was highest at 1.56% and lowest in 2023 0.81%.

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

Bank's Name	2019	2020	2021	2022	2023
Southeast Bank PLC.	5.84%	5.06%	4.64%	3.74%	3.12%
Dhaka Bank PLC.	2.98	2.45	3.51	3.03	3.33
City Bank PLC.	2.82	4.74	4.17	3.14	3.02
Janata Bank PLC.	2.14	1.96	1.65	1.78	1.46
Islami Bank Bangladesh PLC.	3.55	2.98	2.51	2.61	2.75
Industry mean	3.46	3.43	3.29	2.86	2.73

Table: 8

Comments:

- Pre provision income as a percentage of Risk Weighted asset position of this stated bank is close to each other.
- City Bank PLC 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 2019.

4.14.3. Efficiency:

4.14.3.1 Cost to Income ratio. (Cost / Income)

Bank's Name	2019	2020	2021	2022	2023
Southeast Bank PLC.	86.72%	116.31%	178.62%	320.96%	170.94%
Dhaka Bank PLC.	150.27	114.32	227.55	278.92	186.52
City Bank PLC.	345.34	175.83	174.97	242.48	435.11
Janata Bank PLC.	47.77	50.58	56.72	55.19	58.75
Islami Bank Bangladesh PLC.	307.48	382.12	395.74	395.65	305.06
Industry mean	187.52	167.83	206.72	258.64	231.27

Table: 9

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 PLC** 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 2022 as 258.64%.

4.14.4. Asset Quality

4.14.4.1 Loan loss provision/Pre provision income

Bank's name	2019	2020	2021	2022	2023
Southeast Bank PLC	13.13%	27.94%	38.27%	27.91%	103.69%
Dhaka Bank PLC	25.62	31.24	45.23	41.38	48.13
City Bank PLC	35.02	31.73	25.89	18.05	25.94
Janata Bank PLC	28.92	20.97	36.92	35.71	45.91
Islami Bank Bangladesh PLC	30.07	26.82	28.55	35.23	30.39
Industry Mean	26.55	27.71	34.94	31.65	57.46

Table: 10

Comments:

- Among all the banks Southeast bank kept the lowest loan loss provision in 2019 which was 13.13% of Pre provision but in 2023 Southeast had to keep the highest loan loss provision.
- City Bank PLC 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%

4.14.4.2 Allowances for loan losses/Gross Loan

Bank's name	2019	2020	2021	2022	2023
Southeast Bank PLC	0.74%	1.92%	1.17%	0.96%	1.22%
Dhaka Bank PLC	0.52	0.92	1.81	1.39	1.74
City Bank PLC	1.46	1.52	1.14	0.62	0.78
Janata Bank PLC	0.96	0.63	0.91	0.88	0.84
Islami Bank Bangladesh PLC	0.45	1.56	0.87	1.67	0.76
Industry Mean	0.83	1.31	1.18	1.1	1.07

Table: 11

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.

4.14.4.3 Problem loan and leases/Gross loan

Bank's name	2019	2020	2021	2022	2023
Southeast Bank PLC	16.12%	12.96%	98.96%	23.06%	9.78%
Dhaka Bank PLC	50.48	46.59	40.11	59.79	4.98
City Bank PLC	28.51	40.57	39.91	38.94	46.10
Janata Bank PLC	11.68	12.34	14.72	16.55	33.72
Islami Bank Bangladesh PLC	34.67	45.36	34.53	56.48	10.23
Industry Mean	28.29	31.56	45.59	38.96	20.96

Table 12

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 2021 after that it stated declining.

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

Bank's name	2019	2020	2021	2022	2023
Southeast Bank PLC	57.72%	97.18%	96.91%	83.79%	84.72%
Dhaka Bank PLC	54.85	46.59	40.11	59.79	49.87
City Bank PLC	58.87	75.82	60.11	54.18	53.15
Janata Bank PLC	87.83	97.54	107.77	137.11	304.79
Islami Bank Bangladesh PLC	64.73	67.36	92.83	78.92	98.21
Industry Mean	64.80	76.90	80.15	82.76	118.15

Table: 13

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.

4.14.5. Capital Adequacy

4.14.5.1 Tier 1 capital/RWA

Bank's name	2019	2020	2021	2022	2023
Southeast Bank PLC	18.42%	17.76%	15.15%	12.06%	11.13%
Dhaka Bank PLC	8.73	8.61	8.61	7.94	7.32
City Bank PLC	9.76	10.36	8.13	9.31	8.21
Janata Bank PLC	7.71	7.44	9.17	9.51	8.91
Islami Bank Bangladesh PLC	8.81	9.18	7.18	8.17	9.83
Industry Mean	10.69	10.67	9.65	9.40	9.12

Table: 14

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 PLC 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.

4.14.5.2 Total capital/RWA

Bank's name	2019	2020	2021	2022	2023
Southeast Bank PLC	18.42%	17.76%	15.15%	12.06%	10.30%
Dhaka Bank PLC	11.21	10.45	13.66	11.96	13.83
City Bank PLC	15.18	14.49	12.05	11.43	9.38
Janata Bank PLC	7.06	6.46	6.78	7.01	7.75
Islami Bank Bangladesh PLC	12.02	11.11	13.02	11.92	10.19
Industry Mean	12.42	11.71	11.81	10.65	10.29

Table: 15

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 PLC.

4.14.5.3 Tangible Common equity/RWA

Bank's name	2019	2020	2021	2022	2023
Southeast Bank PLC	6.21%	5.41%	4.67%	3.89%	3.36%
Dhaka Bank PLC	4.12	4.24	4.31	3.94	3.86
City Bank PLC	15.18	14.49	12.05	11.43	9.38
Janata Bank PLC	5.81	5.22	4.71	4.71	4.28
Islami Bank Bangladesh PLC	1.82	2.37	1.24	3.45	3.67
Industry Mean	6.63	6.35	5.40	5.48	4.91

Table: 16

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 PLC**.
- **City Bank PLC** has higher percentage than that of its peer group as well as its industry average.

4.14.5.4 Shareholder equity/Total asset

Bank's name	2019	2020	2021	2022	2023
Southeast Bank PLC	10.37%	10.43%	9.08%	7.59%	7.35%
Dhaka Bank PLC	8.02	7.59	7.14	6.64	6.06
City Bank PLC	12.61	11.47	9.44	9.41	7.62
Janata Bank PLC	6.26	6.15	6.41	6.37	6.29
Islami Bank Bangladesh PLC	5.55	5.63	5.92	6.33	7.14
Industry Mean	8.56	8.25	7.60	7.27	6.89

Table: 17

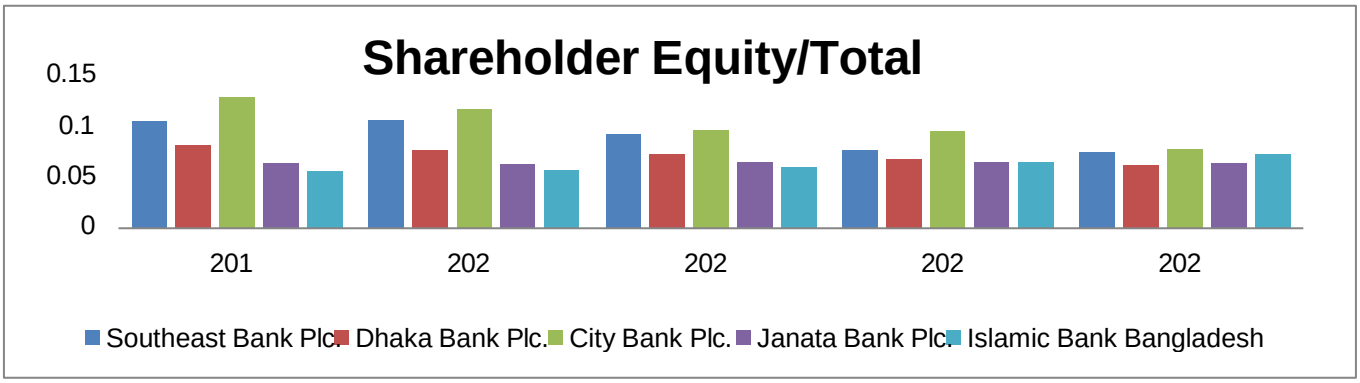


Figure 17: Shareholder equity/Total asset

Comments:

- 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 assets management is not so high.
- Only the **City Bank PLC** & Southeast bank are using higher percentage of equity in some certain year than that of their peer group

Chapter 5

Findings

5.1 Findings of City Bank PLC

- ✓ The City Bank PLC foreign exchange Business performance growth rate is 10.06%, 43.23 % & 25.81% at year 2023, 2022 & 2021 respectively.
- ✓ The City Bank PLC Import foreign exchange business growth rate is 5.63%, 63.36% & 26.88 % at year 2018, 2017 & 2016 respectively.
- ✓ The City Bank PLC Export foreign exchange business growth rate is 22.42 %, 13.77% & 36.12 % at year 2023, 2022 & 2021 respectively.
- ✓ The City Bank PLC inward Foreign Remittance growth rate is – 0,06 , 0.73% & - 0.11% at year 2019, 2022 & 2021 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 PLC 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 PLC 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 PLC 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 2021 banking sector has the highest problem loan.
- ✓ City Bank PLC Southest bank are using higher percentage of equity in some certain year.

Chapter 6

Recommendations and Conclusion

6.1 Recommendations

- ✓ 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 PLC 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 PLC does their best in international business transactions. In this report I try to present about foreign activities, performance of City Bank PLC 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.

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