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Internship Report

On

Foreign Exchange Activities of Southeast Bank Limited

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**Daffodil**  
*International*  
**University**

**Internship report**

**on**

**Foreign Exchange Activities of Southeast Bank Limited**

**Supervised by:**

**Mahbub Parvez**

**Associate Professor**

**Faculty of Business & Entrepreneurship  
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**BBA Major: Finance**

**Department of Business Administration**

**Daffodil International University**

**Date of Submission: January 20, 2019**

## LETTER OF TRANSMITTAL

January 20, 2019

**Mahbub Parvez**

Associate Professor

Faculty of Business and Entrepreneurship

Daffodil International University

**Subject:** Submission of Internship Report on “**Foreign Exchange Activities of Southeast Bank Limited**”

Dear Sir,

With due respect, I would like to inform you that I have completed my internship program at Southeast Bank limited (SEBL), Motijheel (Islamic Banking) Branch, Dhaka- 1230. I have done my Internship report on “Foreign Exchange Activities of Southeast Bank”. I was appointed in the import section at the branch. Working in a bank is always a great experience for me. I have learned a lot about banking. I believe, it will help me to build my career in banking sector.

I appreciate this opportunity to show my profound gratitude to you for sparing your valuable time, guidance.

Sincerely Yours,

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**Dip Banik**

ID: 152-11-4694

Program: BBA

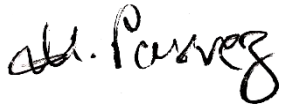
Department of Business Administration

Daffodil International University

## **CERTIFICATE OF APPROVAL**

This is to certify that, **Dip Banik** is a regular a student of Daffodil International University, ID # 152-11-4694 has successfully completed his ‘Internship Program’ and prepared a report titled “**Foreign Exchange Activities of Southeast Bank Limited**” under my supervision for partial requirement to complete BBA program.

He has completed his internship with honestly under my supervision and guidance. He has tried his level best to complete his assigned work successfully.



**Mahbub Parvez**

Associate Professor

Faculty of Business & Entrepreneurship

Daffodil International University

## Acknowledgement

I am very pleased to have an opportunity to submit my internship report I want to thank a number of individuals for their support, cordial cooperation, objective direction and endless encouragement that have significantly contributed to my practical orientation in bank and learning about the various banking functions and then the preparation of the report.

First and foremost, I would like to express my Gratitude to my Almighty, who gives me the competence of prosperous achievement of my internship report.

I was also thankful and acknowledgement to my internship supervisor **Mr. Mahbub Parvez** for his instructive advice, guidance and suggestions that helped me a lot to complete the report in an appropriate behavior.

I am also pleasing to the manager of the South East Bank Ltd for offering me the practical orientation in bank for understanding day-to-day banking activities in their Motijheel branch.

And last but not the least; I would like to thank all the employees working at South East Bank Ltd Motijheel Branch who made the environment congenial and favorable for me to understand the task.

## **Executive Summary**

Dimension of banking all over the world has been changing rapidly due to the deregulation of globalization and technological innovation. Now a day banking business has been facing more competition locally as well as globally. To survive in this competitive banking world banks, require to develop appropriate financial structure, develop professionalism in the sense of developing appropriate human resources. As a second generation commercial bank, southeast bank Ltd established a landmark in the banking community in Bangladesh. The bank expands its activities by offering diversified quality product & services to their customer.

I have done my internship in southeast bank Ltd at Motijheel (Islamic Banking) Branch, Dhaka. My internship report is based on foreign Exchange activities of southeast bank. For this reason, I have worked in the several departments of that branch. I have divided the whole report into four major part, which is full of information.

**Abbreviation:**

SEBL - Southeast Bank Limited

IRC - Import Registration Certificate

R&D - Research and Development

LCA - Letter of Credit Authorization Form

TT - Telegraph Transfer

DD - Demand Draft

CD - Current Draft

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**CHAPTER ONE**

**Introduction**

## **1.1 Introduction:**

It is time of globalization and globalization always makes the market competitive day by day. Now a day, both in the national and global economy, banks are in the booming position. Actually banking is the backbone of national economy. All sorts of economy and financial activities revolve round the axis of the bank. Any kind of local and foreign transactions done through bank. In Bangladesh the highest growth rate is prevailing in the banking industry.

Southeast Bank Limited was established in 1995 with a dream and a vision to become a pioneer banking institution of the country and contribute significantly to the growth of the national economy. The Bank was established by leading business personalities and eminent industrialists of the country with stakes in various segments of the national economy. The incumbent Chairman of the Bank is Mr. Alamgir Kabir, FCA, a professional chartered accountant.

As a private commercial bank it has to face severe competition as there are many banks currently carrying out their operations in Bangladesh. Its competitive strength lies in setting high standard of integrity and in providing total satisfaction to its customers. Its team of dedicated professionals is committed to provide unparalleled services by using the latest technology make bankable proposals harvest maximum benefits for the customers, the shareholders, and the society at large.

## **1.2 Origin of the Report:**

No information is completely finished except if it is completely upheld occasions on ground. Whatever might be the nature of hypothetical learning, it isn't finished without reasonable ramifications on ground. This acknowledgment is increasingly articulated in the investigation of Business Administration where encounter on ground assumes a predominant job.

Single guy of Business Administration (BBA) is structured with a great blend of useful and hypothetical viewpoints. In the wake of finishing the BBA to satisfy the prerequisite of this Degree, I was doled out to seek after Internship in Southeast Bank Limited, Motijheel Branch, Dhaka-1230.

I have attempted my best to utilize this chance to improve my insight on managing an account framework. In the wake of watching completely, I have arranged this provide details regarding the premise of my discoveries and perception identifying with the subject.

### **1.3 Objectives of the Study:**

- To identify the foreign exchange operations of SEBL and their administrations.
- To know the major outline of Foreign Exchange Business of the bank.
- To observe the Foreign correspondents of the bank.
- To identify some problems of the SEBL focusing on Foreign Exchange Department.
- To recommend some solutions for solving the problems faced by the SEBL in Foreign Exchange Operations.

### **1.4 Methodology:**

This report has been prepared on the premise of information gathered during the period of internship. Which will prepare this report; I've also collected statistics from different section and branch of the bank. To give numerical statistics, I used the annual file of 2013/2014/2015/2016/2017 of southeast bank limited.

The sources of data can have divided into two parts these are given below.

**Primary Sources:** Primary sources of information implies are those information what we get from the Practical encounters.

- Work in different departments under general banking
- Discussion with the employees and manager.
- Direct conversation with customer

**Secondary Sources:** Secondary sources of data means are those data what we get from the readily on hand. Such as given below:

- Annual report of southeast bank
- Monthly Reports
- Published Documents
- Relevant books, journals related with general banking

### **1.5 Boundaries of the examination:**

I have tried my best to provide with all necessary information about the South East Bank Limited supplied by the manager's and employee's best abilities, yet due to the intensive thought of this examination most mystery & strategic morals couldn't be brought in this report. This report is subject to following limitations:

1. Since the Bank personnel are very busy with their activities, so they cannot fully assist me to complete this report.
2. We are not permitted to enter into the research area reason of the confidentiality
3. With the help of sufficient articles, references and a comparative study by working in another bank, the report could have been made richer. But that exercise is not within the scope of this internship study.
4. Confidential data are not accessible for every time.

**CHAPTER 02**  
**Organizational Part**



## **2.1 Bank Profile:**

Southeast Bank Limited is a planned business bank in the private segment built up under the ambit of Bank Company Act, 1991 and joined as a Public Limited Company under Companies Act, 1994 on March 12, 1995. The Bank began business keeping money activities on May 25, 1995. Amid this limited capacity to focus time the Bank is fruitful in situating itself as a dynamic and dynamic money related organization in the nation. The bank had been generally acclaimed by the business network, from little business people to extensive dealers and mechanical combinations, including the top of the line corporate borrowers for its forward – looking business viewpoint and imaginative budgetary arrangements. Hence inside this specific brief timeframe it has possessed the capacity to make a picture and win noteworthy notoriety in the nation's keeping money area as a Bank with Vision.

Southeast Bank Limited has been authorized by the Government of Bangladesh as a Scheduled business bank in the private division in compatibility of the approach of advancement of saving money and budgetary administrations and offices in Bangladesh. In perspective of the abovementioned, the Bank inside a time of 14 years of its activity made a surprising progress and got together capital sufficiency necessity of Bangladesh Bank. It has been developing quick as one of the pioneers of the new age banks in the private part in regard of business and productivity as it is clear from the budget summaries throughout the previous 14 years.

## **2.2 Organization at a glance:**

Name of the Company: Southeast Bank Limited

Legal Form: Public Limited Company

Date of Inception: March 12, 1995

Company Registration No.: C-27985 (1831)/95

Authorized Capital: BDT 15,000 million

Paid Up Capital: BDT 9,169.50 million

Registered Office: Euros Trade Centre, 52-53, Dilkusha C/A (Level 2,3,4,6 & 16), Dhaka-1000, Bangladesh

Phone: +88 02 9571115, 9576415, 9555466 & 9578324

Fax: +88 02 9550093, 9550094 & 9550086

SWIFT: SEBDBDDHXXX, E-mail: [info@southeastbank.com.bd](mailto:info@southeastbank.com.bd)

Website: [www.southeastbank.com.bd](http://www.southeastbank.com.bd)

Tax Payer Identification No.: 555495486932

VAT Registration No. :19011025625

Chairman: Alamgir Kabir, FCA

Managing Director (Current Charge): M. Kamal Hossain

Chief Risk Officer: S.M. Main Uddin Chowdhury

Company Secretary & CAMLCO: Muhammad Shahjahan

Chief Financial Officer: Mohammad Aminul Haque, FCA, ACMA (CIMA), CGMA

Auditors: Rahman Haque, Chartered Accountants

Tax Consultant: Akhter Abbas Khan & Co.

Credit Rating Agency: Credit Rating Information and Services Limited (CRISL)

Date of Opening of First Branch: May 25, 1995

Year of Initial Public Offer: 1999

Number of Employees: 2,616

No. of Branches: 128 (one hundred twenty-eight)

No. of Islamic Banking Branches: 05 (five)

No. of Ladies Branches: 02 (two)

No. of Off-Shore Banking Units: 02 (two)

No. of Foreign Correspondents: 807 (eight hundred seven)

Number of Outstanding Shares: 916,950,176

Listing Status (Shares): Dhaka Stock Exchange (DSE)  
Symbol: SOUTHEASTB, Listing Date: April 10, 2000  
Chittagong Stock Exchange (CSE)  
Symbol: SOUTHEASTB, Listing Date: April 24, 2000

Market Price Information DSE: BDT 18.70, Category A  
CSE: BDT 18.80, Category A

Investors' Enquiry: Share Division  
Euros Trade Centre  
52-53, Dilkusha C/A (Level-2), Dhaka-1000  
Phone: +88 02 9567271, Fax: +88 02 9567273

Name of the Bank's Subsidiaries: Southeast Bank Capital Services Limited  
Southeast Financial Services (UK) Limited  
Southeast Financial Services (Australia) Pty Limited  
Southeast Exchange Company (South Africa) Pty Ltd.

### **2.3 Vision of SEBL:**

The straightforward idea is taken by the vital boss and administrators of any association with the true objective to agree about the firm battle, which achieved as time goes on. A strong perspective is assessed to pass on reason for mounting a total mission. So the vision clarification is basic. It is used to get their longstanding objectives. Their thinking is to stay as a pioneer keeping cash affiliation and contribute in national spending plan.

### **2.4 Mission of SEBL:**

SEBL is especially nervousness about their task as various assessments between chiefs must be uncovered besides decided through the task explanation.

### **2.5 Services of Foreign Exchange Business:**

- \*Letter of credit
- \*Parties to Letter of Credit
- \*Operations of Documentary Letters of Credit
- \*L/C Application
- \*Scrutiny of Documents
- \*Scrutiny of L/C Application

### **Investment Services:**

- \* Investment Scheme for Doctors
- \* Small Business Investment Scheme
- \* Housing Investment Scheme
- \* Small Transport Scheme
- \* Car Loan Scheme
- \* Transport Investment scheme
- \* Agriculture Implements Investment Scheme
- \* Rural Development Scheme

### **General Banking Services:**

- \* Accounts Opening
- \* Account maintaining
- \* Account closing
- \* Issuing Pay order
- \* Bank draft.
- \* Demand draft
- \* Opening of Fixed Deposit
- \* Clearing of Bank cheques.

### **2.6 Management of SEBL:**

Some features of management practice of SEBL are given below:

- **Planning**
- **Organizing**
- **Directing**
- **Staffing**
- **Controlling**

SEBL doesn't trust in the old-style banking. It tries to upsurge and uphold its market share in the secluded banking sector over two types of control methods:

- Feed Forward Control
- Feed Back Control

### **2.6.1 Operation Strategy:**

At present the bank utilizes bank Ultimo. The branch preparing which is driven by C CORPORATION utilizes a moderate on Sequential dialect on windows stage programming. The accompanying programming is for accounting, programmed intrigue estimation, every day exchange posting and review trails, month to month pay and use position, auto expansion of client's record position including parity of backups, auto development and auto recharging of FDRs and so on.

Alongside eight other part banks, it has shared the ATM Network Bangladesh offered by ETN. Dhaka, Sylhet and Chittagong right now have these offices.

### 2.6.2 Top-Down Management Strategy:

The aspect of the association structure of Southeast Bank is centralization. In this measurement, the basic leadership expert exists in at the highest point of the association burn. Diverse works being given under strict control and checking to the lesser dimension representatives.

Deputy Managing Director
Senior Executive Vice President
Executive Vice President
Senior Vice President
Vice President
Frist Vice President
Senior Asst. Vice President
Asst. Vice President
Senior Principal Officer
Principal Officer
Executive Officer
Senior Officer
Officer
Junior Officer
Trainee Junior Officer

### **2.6.3 Human Resource Department of the Bank**

The Human asset branch of Southeast Bank achieves a wide range of jobs and accountabilities. They take finish responsibility for human activities like business are utilizing, preparing and advance, worker administrations, representative and network bonds, faculty accounts, remunerating workers and so on. The HR officers of this bank are especially stress to structure and convey efficient and basically HRM framework, process and practices. They give a considerable measure of time to ensure worker's fulfillment. They take a shot at result inventive approaches to affirm a positive and rousing workplace.

### **2.6.4 Enrolment Policy:**

The objective of a definitive enrolment program is to ensure that the affiliation has various sensibly qualified candidates to look over when an opening happens. As Southeast Bank is worry to realize their long haul targets with the goal that they accomplish the selecting procedure carefully. The work of Management Trainee and Provision Officer is:

- Circular / Advertisements placed in notice boards of different educational institutions and news dailies
- Written test
- Checking the test scripts.
- Call for interview
- On the job training
- Outside training (e.g., foundation training at BIBM)
- Confirmation

Entire process takes extraordinary of one to two months. The tenants are regarded who have handy experience and data in the applicable fields.

### **2.6.5 Training:**

South East bank is particularly cognizant about the preparation of their workers to make them master in information, aptitude and activities in their everyday doings. For the most part, the Bank United collects preparing for junior dimension officers at BIBM, Mirpur, Dhaka to enhance their expertise and proficiency. Official officers are likewise compulsory for preparing going to classes in abroad to develop their administrative and functional capability.

### **2.6.6 Job Evaluation:**

Occupation assessment is important to gauge internal employment worth of an association. SEBL pursues an execution assessment methodology to look at their workers just as to make them progressively compelling and productive in their obligations.

The branch chiefs watch their workers to give execution criticism to the Head Office. They complete an "Execution Appraisal Form" to rate their representatives. By and large, it is went with toward the finish of every year. SEBL moves the dynamic representatives by giving advancement or reward to make them progressively imaginative and profitable.

### **2.6.7 Rating is for the most part done on following components:**

**Proficient learning:** Knowledge of apportioned, current patterns and developments in useful zone.

**Arranging:** Capability to design exercises ahead of time to achieve by setting needs.

**Investigative competence:** competence to dissect, accommodate present actualities obviously and quickly.

**Judgment:** Ability to take judgments and the estimation of the choices taken.

**Demeanor:** How can he/she view his/her activity and his/her associates?

**Development:** Extent of creative energy and the suitability of the thoughts as significant to the activity.

**Authority:** competence to urge subordinates and to advance them.

- House building
- 14 days of sick leave
- Marriage leave
- Maternity leave
- Festival bonus
- 10 days as core leave
- 24 days as privileged leave
- Special ratified leave-without-pay.



## 2.7 Special Features of the Bank:

- It has been performing regular business keeping money movement and endeavoring to present Islamic Banking capacities.
- It is the pioneer in presenting and propelling distinctive client cordial store plans to tap the reserve funds of the general population for channelizing the equivalent to the beneficial segments of the economy.
- For inspiring the way of life of the constrained pay gathering of the populace the Bank has presented Consumer Credit Schemes by giving money related help with the type of advance to the customers for getting family unit durables, which have had empowering reactions.
- The Bank is focused on constant innovative work to keep pace with present day managing an account.
- The tasks of the Bank are completely automated in order to guarantee fast, provoke immaculate and administrations to the clients.
- The Bank has presented camera screen framework (CCTV) to fortify the security benefits inside the Bank premises.

## 2.8 SWOT ANALYSIS OF SEBL:

The following table can be used to see the above mentioned factors at a glance.

<b>S</b>	<ul style="list-style-type: none"> <li>➤ Sound profitability and growth with good internal capital generation</li> <li>➤ Larger corporate client base</li> <li>➤ Experienced and efficient management team and human resource</li> <li>➤ Recruitment of brilliant MBAs &amp; BBAS</li> <li>➤ Quality products and services</li> <li>➤ Better infrastructural facilities and friendly corporate culture</li> <li>➤ Already established Company reputation and goodwill as a leading Bank</li> </ul>
<b>W</b>	<ul style="list-style-type: none"> <li>➤ Small market share</li> <li>➤ Limited branch network</li> </ul>

	<ul style="list-style-type: none"> <li>➤ High concentration on fixed deposits and large-scale loans</li> <li>➤ Marginal capital adequacy</li> <li>➤ Lack of adequate marketing (advertising and promotion) effort</li> <li>➤ Lack of full scale automation</li> </ul>
<b>O</b>	<ul style="list-style-type: none"> <li>➤ Scope of market penetration through diversified products</li> <li>➤ Automation of transaction processes and online branch banking</li> <li>➤ Government's policy of encouraging heavy inflow of foreign investment</li> <li>➤ Regulatory environment favoring private sector development</li> <li>➤ Value addition in products and services</li> <li>➤ Increasing purchasing power of people</li> <li>➤ Increasing trend in international business</li> </ul>
<b>T</b>	<ul style="list-style-type: none"> <li>➤ Increased competition for market share in the industry</li> <li>➤ Frequent changes of banking rules by the Central Bank</li> <li>➤ Market pressure for lowering of lending rate</li> <li>➤ National and global political unrest</li> <li>➤ Default culture of credit</li> </ul>

## 2.9 SEBL sees social duties from the points of:

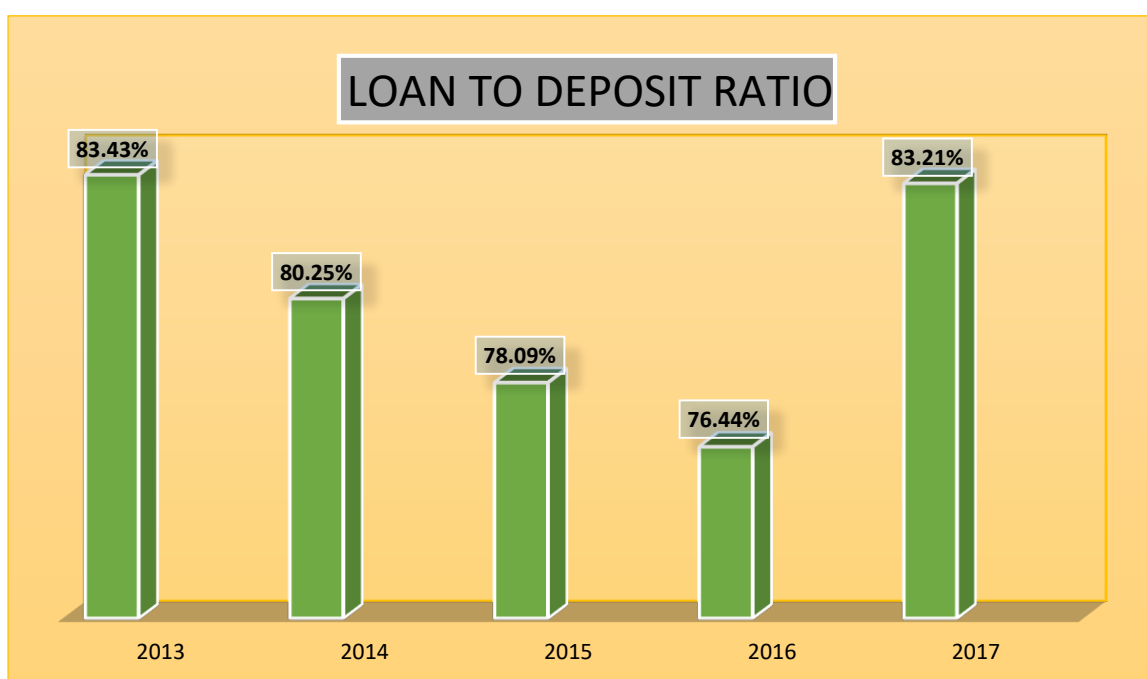
- Rights of Shareholders: The bank got an aggregate benefit before assessment of Tk. 402.23 million in the year 2001 and offered 30% money profit.
- Responsibilities to the Employees: The bank persistently endeavors to guarantee playing out its ranch obligations to its representatives regarding installment of aggressive wages, giving the best working conditions, legitimate arrangement of advancement, acknowledgment, gratefulness, and support of unique aids and so forth.
- Burden to the Customers: The bank endeavors to guarantee most extreme satisfaction of its customers.

- Burden to the Community: SEBL finishes its obligation to the network by giving exceptional plan, for example, Education Credit Scheme, Marriage Credit Scheme, and Encouraging nearby industry.

- **2.10 Financial Performance Analysis:**

- **Loan to Deposit Ratio:**

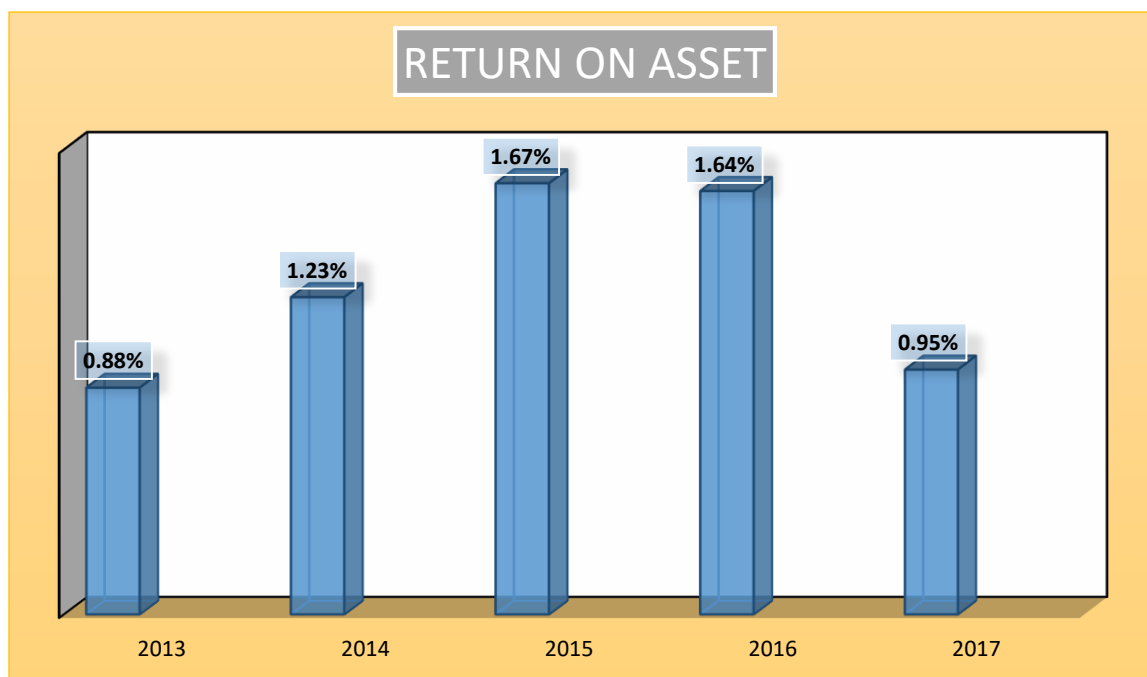
Particular	2013	2014	2015	2016	2017
Loan to Deposit Ratio	83.43%	80.25%	78.09%	76.44%	83.21%



**Interpretation:** These ratio shows us about the amount of present loan and present deposit position of the bank . It shows that in 2013 the growth rate of SEBL is 83.43%, but in 2017 the growth rate of SEBL is 83.21%. So it shows that the loan to deposit ratio of SEBL is smoothly improving and the growth rate of this bank is also satisfying.

## Return on Asset:

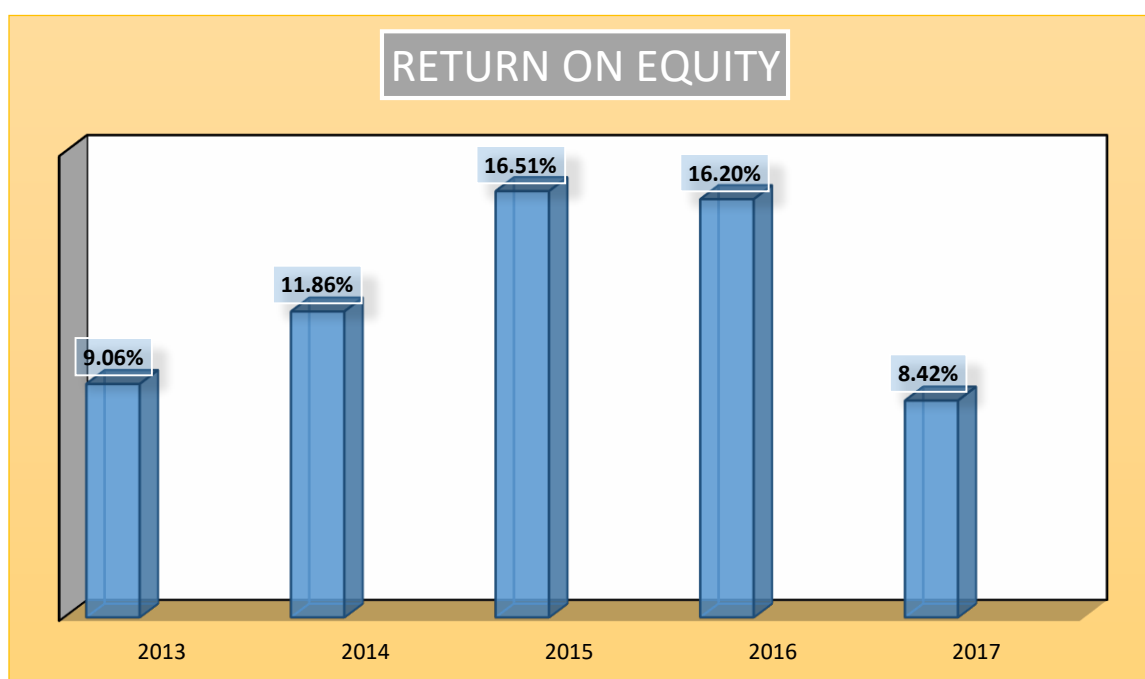
Particular	2013	2014	2015	2016	2017
ROA	0.88%	1.23%	1.67%	1.64%	0.95%



**Interpretation:** Return on asset Means Company properly utilize their asset to gain profit at a higher rank. Here 2015 return on asset is better than other years that's mean present return on asset is not good. Company unable to properly utilize their asset.

## Return on Equity:

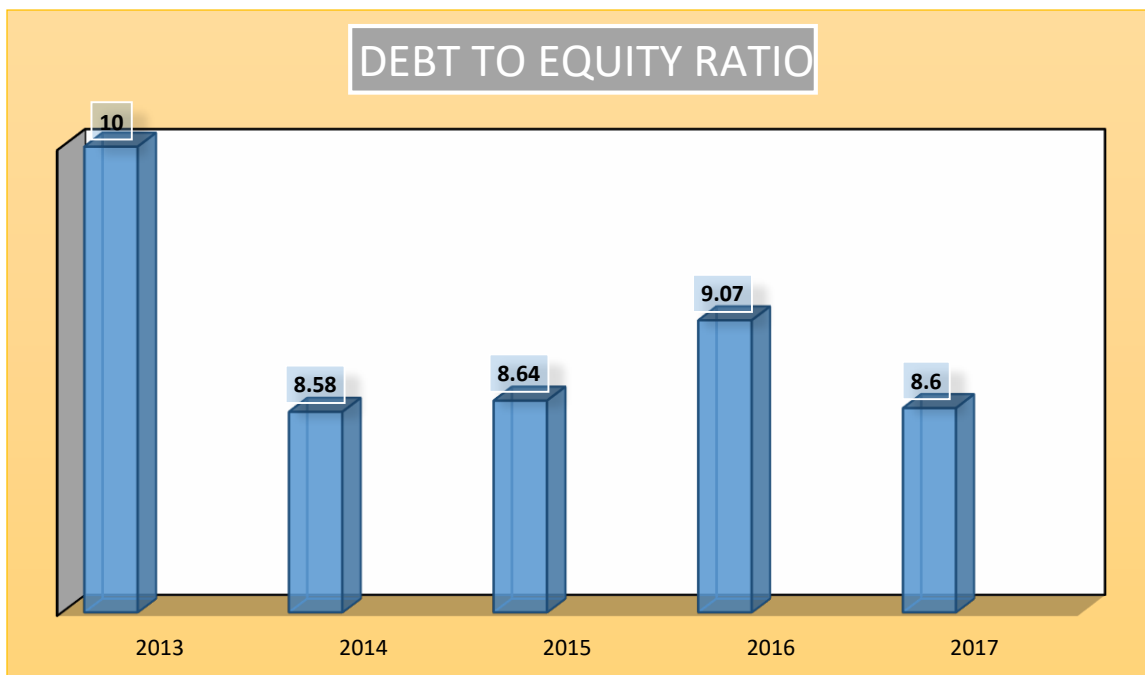
Particular	2013	2014	2015	2016	2017
ROE	9.06%	11.86%	16.51%	16.20%	8.42%



**Interpretation:** Here 2015 return on equity is better than others years. In 2017, return on equity is 8.42 that were 16.20% in 2016. That means company can't gain capital by using their shareholders in recent period.

## Debt to Equity Ratio:

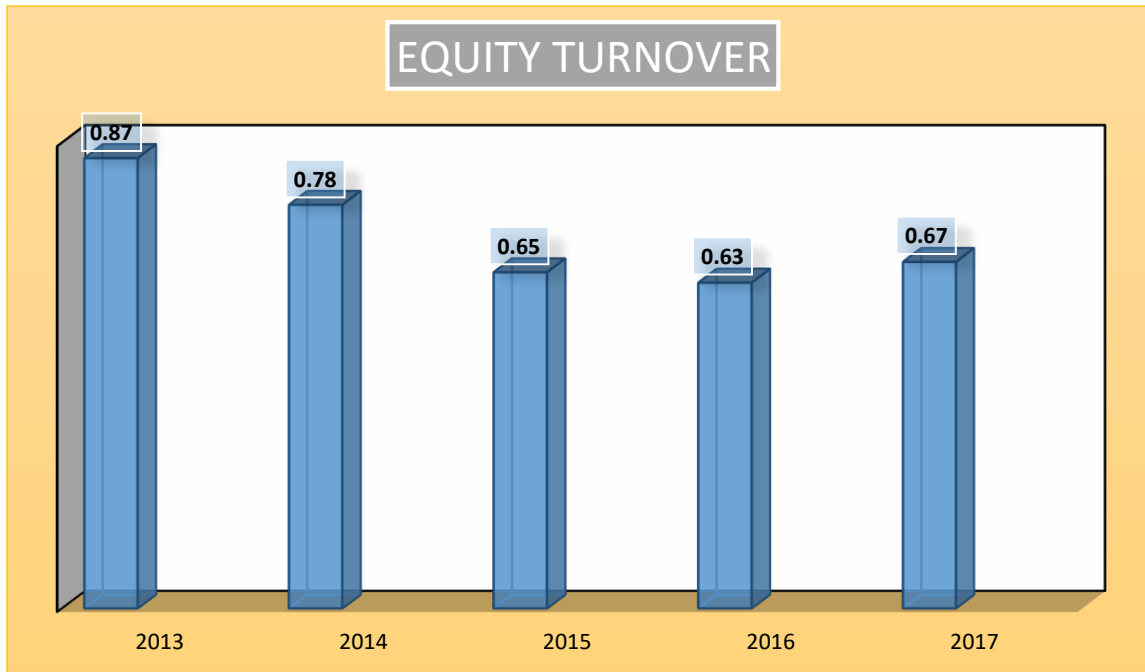
Particular	2013	2014	2015	2016	2017
Debt to Equity Ratio	10.00	8.58	8.64	9.07	8.6



**Interpretation:** sometimes high debt/equity ratio has created high risk . Southeast took higher risk in 2013 than other year.

## Equity Turnover:

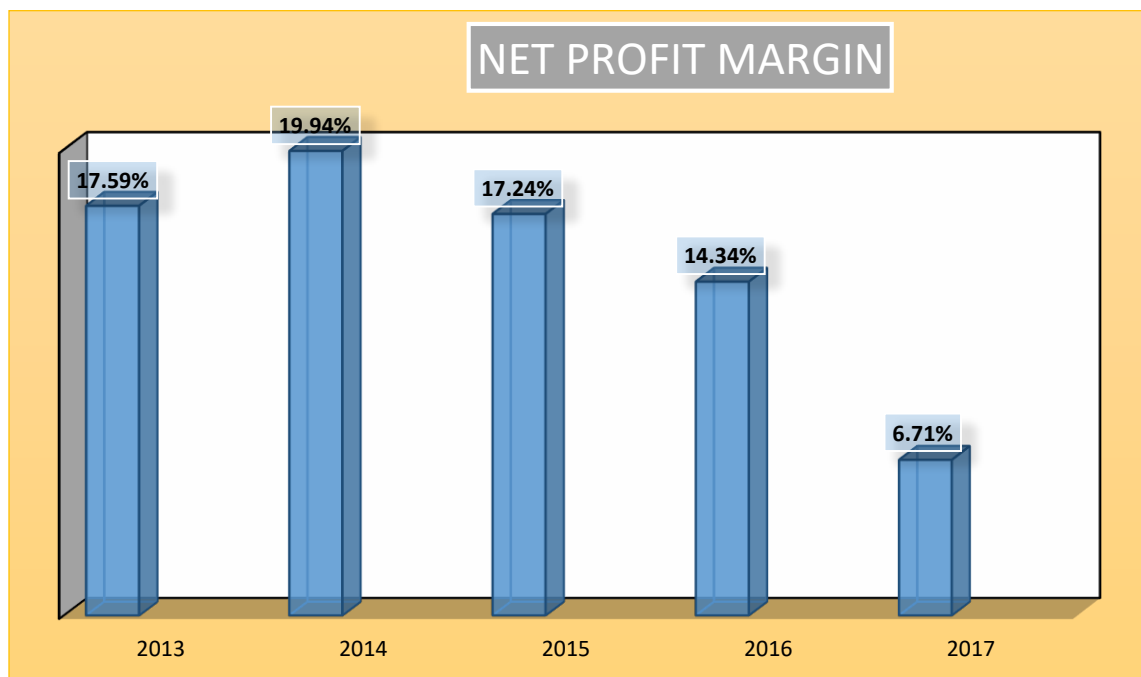
Particular	2013	2014	2015	2016	2017
Equity Turnover	0.87	0.78	0.65	0.63	0.67



**Interpretation:** it shows that in which ways a company can use its shareholder's asset to create total equity. If equity turnover increase company performance is good. so here 2013 years' performance is better than other years.

## Net Profit Margin:

Particular	2013	2014	2015	2016	2017
Net Profit Margin	17.59%	19.94%	17.24%	14.34%	6.71%

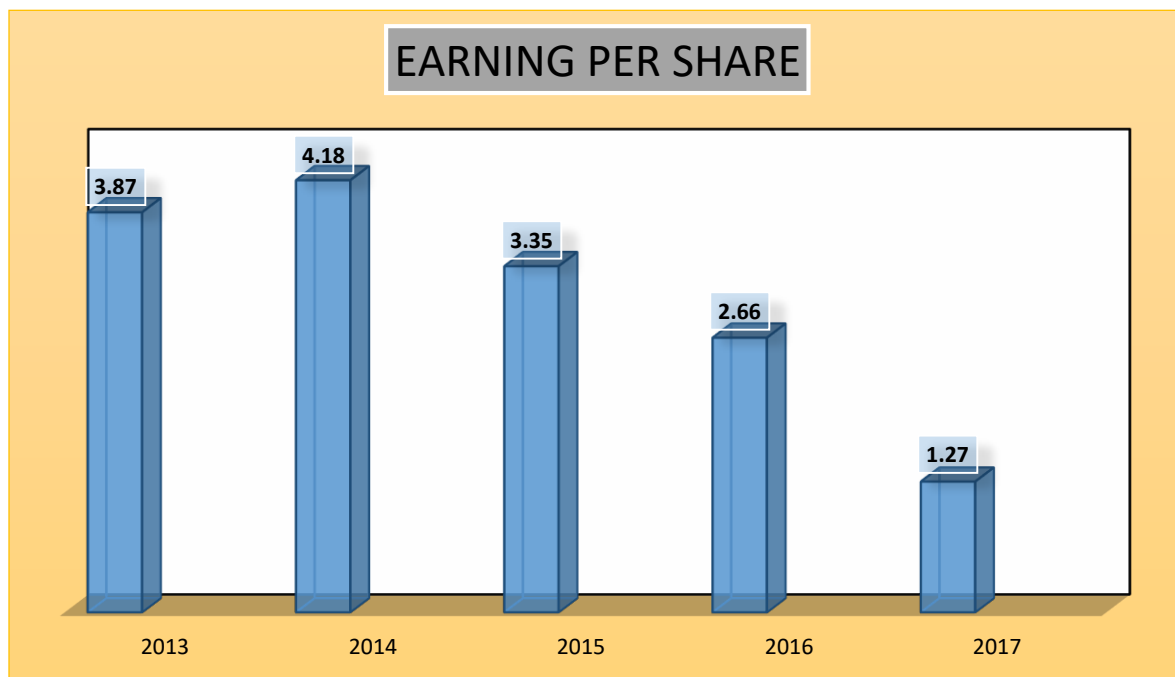


**Interpretation:** It shows that in 2013 the net profit margin rate of SEBL is 17.59%, on the other hand in 2017 the rate was 6.71%. So it shows that the foreign remittance of SEBL is smoothly improving and the growth rate of this bank is also satisfying. 2014 year was very good. But the company's recent time is going with a bad condition



## Earnings per Share:

Particular	2013	2014	2015	2016	2017
EPS	3.87	4.18	3.35	2.66	1.27



**Interpretation:** Earnings per share Means Company's total earning against per share. From 2014-2017 the EPS of SEBL were down. In 2013, the EPS was better, but 2017 fall down. Which mean the company is not performing well.

CHAPTER 03

# Learning Part

### **3.1 Foreign Exchange Operation of Southeast Bank Ltd:**

As per Foreign trade control Act 1947, was adjusted in Bangladesh. Outside Exchange implies remote cash that incorporates all stores, credits and parities payables in remote money instruments, for example, Drafts, Travelers Checks, Bill of trade and promissory notes in any remote country. Anything that passes on a privilege of riches in another nation is "Foreign Exchange".

In the expression of Dr. Paul Einzig, Foreign trade as the framework or procedure of changing over one national cash into another and of exchanging the responsibility for starting with one nation then onto the next nation.

### **3.2 Fundamentals of Foreign Exchange:**

There are three fundamentals of the general mechanism of Foreign Exchange.

- Every country has its own currency-legal tender/distinctive unit of account.
- The conversion of one currency into another is effected by banks by banks by accounting passage did in the focuses concerned.
- These exchanges are affected by methods for credit instrument by means of, Mail transfer, Telegraphic transfer and so forth.

### **3.3 Authorized Dealers:**

Bangladesh Bank does not deal directly with the members of the public, the exchanges are finished by Authorized Dealers as per the rules given by Bangladesh Bank. In terms of Foreign Exchange Regulation Act, 1947 who are approved to deal in foreign exchange by Bangladesh Bank are known as "Authorized Dealers".

### **3.4 Functions of Foreign Exchange:**

Foreign Exchange department performs the Functions under three sections:

- Export
- Import
- Foreign Remittance

## **3.5 Export of SEBL**

### **3.5.1 Legal Requirements**

- The intended expiator will have accurate Export Registration Certificate.
- Payment for export merchandise traded from Bangladesh should be received through the branch in freely convertible foreign currency or in Taka from a nonresistance account of a bank branch or correspondent abroad.
- Commission business and other exchange energize are allowable just to a limit of 5% of the estimation of merchandise the charge past 5% may be passable subject to earlier affirmed of the Bangladesh Bank.
- The branch should see that game plan have been made for acknowledgment of fare continues inside recommended time of 4(four) months
- Arrangement has been made for gotten of title of stock like bill of replenishing.
- The out from is marked either by the exporter or one holding legitimate lawful intensity of lawyer from exporter and the lawyer might be considered in considered dependable together and severally for acknowledgment of fare continues.
- Bonfires of the buyers/ consignees abroad and their credentials

### **3.5.2 Scrutinization, Negotiation & Collection of Export Bill**

Upon receipt of the documents the branch shall inspect the paper with the L/Cs. If the files appear on their face not to be in consistence with the terms and states the credit the beneficiary may be considered to correct a situation the distinction, if possible. If the discrepancies are not possible to the rectified the following ways are open for transfer

- The best way is to refer the matter to the issuing bank by telex Detailing the discrepancies for acceptance. On having tested message of acceptance the document may be negotiated.
- The branch may negotiate the discrepant documents under reserve or against submission of indemnity by the exporter.
- The branch may send the document on collection basis with the permission.

### **3.5.3 Methods of export Financing:**

#### **Pre shipment Credit**

Pre Shipment credit is issued by a money related establishment when the merchant needs the installment of the products previously shipment. The principle goals behind pre-shipment credit or pre trade back are to empower exporter to: Procure crude materials. Do fabricating process. Such advances are given for acquisition and handling a crude material, bundling and Transporting products, installment of protection premium, motivation expenses, cargo charges and so on. Similarly, as with different advances and advances, appraisal of the real need of the borrowers, dispensing and recuperation of the advances are of fundamental significance for allow of pre-shipment credit. By and large bank gifts pre-shipment credit against unalterable affirmed unhindered letter of credit gotten by an exporter from abroad buyers.

#### **Post Shipment Credit**

Post shipment credit implies any advance or advance conceded or some other credit given by a bank to an exporter of merchandise or (and) administrations from India from the date of broadening credit after shipment of products or (and) rendering of administrations to the date of acknowledgment of fare continues according to the time of acknowledgment endorsed by FED, and incorporates any advance or advance allowed to an exporter, in light of, or on the security of any obligation downside permitted by the Government every now and then. Banks presents with low loan cost to exporters under post shipment credit dependent on the rules of Central Bank.

#### **Purchasing foreign (Export) bills:**

Bank finance to Exporters. It posts shipment in stage by buying trade bills. These credits are authorized on accurate inspection of the bill documents, the credit worthiness and business and business honesty of both vender and purchaser. At the season of Bill buying banks pay

20% of the total bill value to the exporters as an Over Draft rest of money i.e. discounting export bill bank will have to examine all the export documents attentively. The above advanced amount is being adjusted after realization of export bills.

### 3.5.4 Operational structure and related Activities of export section:

- When a new exporter approaches is for steering his business through the counter of the bank, officers of the export Department Visit Exporters production line for examination as the initial step.
- The appraisal report is put for choices of the in-charge of international division in head office.
- If found practical at that point credit line Security viewpoint are arranged and introduced the approval of the manager.
- Approval is issued to client for benefiting offices either on cast to case premise or a yearly premise.
- Next step is to finished documentation conventions and gets guarantee as money related commitment like EDR or home loan of property. Only send out L/C lien for documentation.
- Then the exporter can begin working together in accordance with the head office endorse as an initial step they present the fare L/C acquired from the purchaser abroad or through its specialist in Bangladesh.
- The official concerned inspects statement in the fare L/C and present the L/C to the responsible for fare for further analysis.

If the export L/C found in all together and applicable, the exporter is told to submit back to back application.

Next process is to opening a back to back L/C:

- An L/C number is given
- Beginning charges / Commission reclaimed
- Charges and risk receipt are passed
- Preparing and checking of L/C body as per the performance receipt (PI).
- Singing L/C by two affirmed officers and giving create ahead for the transmission of the equivalent.

### **3.5.5 Reporting of Overdue Exporter Bill**

- I. The branch will submit to the head office monthly statement showing total of all export bills including party unrealized outstanding at the end of each month so as to enable Head office to submit the same to the Bangladesh Bank by the 15th of the month following the month to which it related.
- II. The branch will also submit to head office quarterly statement of particulars of export bills outstanding beyond the prescribed period of 4 months of realization as at the end of each quarter so as to enable head office to submit the same within 15 days from the date of relevant quarter closes.

### **3.5.6 Issuance of Export proceeds realization Certification:**

Sometimes exporters are required to submit to the various government agents' evidences of Export proceeds. In such cases proceeds Realization Certificate (PRC) may be issued by the branch in the prescribed form Bangladesh Bank. The branch will not issue PRC more than one copy for use of cash Assistance application of the exporter. The branch however may issue multiple copies of PRC stating name of the government agencies for which these are issued.

### **3.5.7 Advising Export L/C:**

International transfer of products from Bangladesh is made through the media of L/C issued by the foreign bank at the request of importer in favor of exporter in Bangladesh. Such export L/Cs is enrolled through the Banks who have Corresponded relationship with the former. The foreign Correspondent of SEBL may advice the L/C in the following manner

- By short telex followed by Airmail or
- By full text telex or
- By Airmail

Before preparing any L/C the following must be assured:

- To scrutiny the L/C terms to see whether any conditions violated the exchanges law of Bangladesh

- To see whether L/C include any clauses which are very challenging.
- That all L/Cs are liable to “Uniform Customer & Practice for documentary Credit ICC publication No – 500”

### **3.5.8 Transfer of L/C**

The branch in line with the first recipient may execute exchange of L/C the consequent recipient. For doing as such the First recipient must keep up a bookkeeping association with the branch will check his mark on the inquiry letter.

A transferable credit can be exchanged once just for example second recipient can't exchange the third recipient. In any case, a credit can be exchange to over one moment recipient and when the move is made to a limited extent it ought to be check that the first L/C allow standard shipment and the total of such exchange must not surpass the first L/C esteem.

### **3.5.9 Authorized Signature**

The branch shall verify the signature of the transfer and authentic the transfer under seal and signature of an authorization officer expressly standing therein that the branch does not assume any responsibly in the behalf. The branch shall check the apartment authority of the L/C with the L/C advising bank and if needed, with the L/C transfer register. The branch will hold the original L/C at their custody. Each and every transfer must be enclosed on the bank of this original L/C so as to avoid transfer of amount beyond the credit value.

The charge in respect of transfer are payable by the First beneficiary. The transferring bank may refuse to transfer unit such charge is paid.

### **3.5.10 Name of the Exporter:**

- Ziska Pharmaceuticals Ltd
- Jaba Textile Ltd
- Supreme Accessories
- M.S Trading
- Best Electronics
- An Noor Enterprise
- Delicate Garments Ltd.
- Design and Fashion Ltd.



**Exported Item:**

- Garments equipments
- Raw food
- machines
- Sports Wear
- Dry Fish
- Agricultural foods or goods
- Leather

**3.6 Import:****3.6.1 Legal Requirement**

Import of southeast bank Limited in to Bangladesh is related by the importer policy order (IPO) announced by the ministry of Commerce and public notices issued by the Ministry of Commerce and Bangladesh Bank.

Before entering into an importer transaction country's legal and economic framework to be considered. These include

- Restrictive government policies
- Exchange regulation
- Tariffs and transaction
- Reporting to the controlling authorities

**3.6.2 Methods of Import Financing:**

Letter of credit is the most essential technique for import financing. International trade takes place among dealers and purchasers situated in various countries. The parties to a trade transaction are not constantly known to always each other. Regardless of whether they known to one another the seller may not have full trust in the credit worthiness of the buyer. In letter of credit the investor's credit value is substituted for the credit value of the importer.

Under a banker's letter of credit, the issuing bank gives a written under taking on behalf of the

buyer that the bank will honor the commitment of Payment or acceptance as the case may be, on introduction of stipulated records. At the request of importer bank issue the letter of credit and a margin prescribed by the government. The margin varies from goods to goods.

### **3.6.3 Documentary Requirements for Opening L/C:**

- Valid Import Registration Certification (Commercial/Industrial)
- Tax Identification Number Certificate
- Vat enlistment Certificate
- Membership Certificate of a perceived Trade Association according to IPO
- A deceleration in triplicate, that the shipper has settled pay government obligation.
- Performa receipt acknowledged by the shipper
- Issuance cover note with cash paid receipt covering the esteem merchandise to the shipper
- L/C application frame appropriately marked by the shipper
- L/C approval frame (LCAF) business or modern as the case might be properly marked by the shipper

### **3.6.4 How does bank open the L/C?**

Bank finance the importer in opening the L/C. The amount of the margin to be deposited by the importer is determined on basis of his financial position, his past performance and Govt. Instruction. After the preliminaries are over the bank opens the L/C in favor of the supplier through its correspondent bank ill the supplies country.

### **3.6.5 While opening L/C SEBL follows the following procedures:**

- LCA from accurately filled in and signed by importer
- L/C application correctly filled in signed by the importer

- Purchase contract in the shape of a performance invoice duly signed by the buyer and supplier.
- Insurance Cover Note
- Membership Certificate of the importer from a Chamber of Commerce
- Evidence of restoration of import registration Certificate (IRC) for the current year.

### **3.6.6 Terms of L/Cs**

Full detail of product alongside limit and unit cost to be incorporate into the L/C and will avoid potential risk to cite the right I.I.S codes of commodity. Cost of the products cost to be cited on CFR or CPT premise without earlier endorsement from the Ministry of Commerce.

### **3.6.7 Shipment validity & Expiry**

All L/C must indicate shipment legitimacy according to terms of the PI or L/C application. Anyway legitimacy under any conditions will not surpass nine months from the date of issuance of LACF with Bangladesh Bank. But capital hardware and extra parts shipments of which will be made inside 17 months. All L/C must stipulate an expiry date and place for introduction of reports for installment.

### **3.6.8 Amendment**

The branch may allow amendment to the L/Cs only upon request of L/C application that do not damage foreign exchange regulation and import control regulation, fundamental charge and edge by consequent revision likewise to be acknowledged from the client before change the L/Cs.

### **3.6.9 Cancellation of L/C**

An unavoidable L/C can't be dropped without the understanding of the recipient and the confirmation bank. The branch at the request of the importer may approach the L/C instructing bank of cancellation and closer of L/C document because of expiry of the equivalent. The branch than drop the repayment Authorization which has been given to the repayment bank while opening the L/C, the Branch will switch L/C contra risk deny edge and recuperate charge from the L/C application according to timetable of charge.

### **3.6.10 Name of the Importer:**

- Ziska Pharmaceuticals Ltd
- Jaba Textile Ltd
- Supreme Accessories
- M.S Trading
- Best Electronics
- An Noor Enterprise

**Imported Item:**

- Accessories
- Plastic
- Label
- Computer parts
- Beach Board
- Duplex Board
- Polly Bag
- Zipper
- Raw Materials for Garments
- Pharmaceutical Raw Materials

# Foreign Exchange Business of SEBL

## 3.7 Import Business Analysis:

Year	2017	2016	2015	2015	2014	Total
Import Business	215,379.77	171,531.73	151,812.58	155,691.00	131,644.82	826059.91
Growth Rate	26.07 %	20.76 %	18.37%	18.84 %	15.93 %	

## 3.8 Export Business Analysis:

Year	2017	2016	2015	2015	2014	Total
Export Business	167,562.98	146,606.09	126,423.89	112,137.60	95,220.40	647950.96
Growth Rate	25.86 %	22.62 %	19.51 %	17.30 %	14.69 %	

## 3.9 Comparison of Import and Export:

It is found that the scatter advance measure of SEBL is more prominent than the import business advance level of SEBL instead of mapping. So we can easily comment that disperse place of SEBL is more beneficial than buyer place of SEBL and dynamic rising affinity.

### 3.10 Acceptance of Letter of Credit:

Acceptances and endorsements	2017 (taka)	2016 (taka)
Acceptance under Letters of Credit (LC) - other than back to back	39,997,385,993	28,774,137,644
Acceptance under Letters of Credit -back to back	17,141,146,992	15,039,415,997

### 3.11 Recent Foreign Exchange records of Southeast Bank Ltd.:

Particular	2017 ( Taka)	2016 (Taka)
Cash In Hand (Foreign Currencies)	3010982975	2432620307
Bills for collection (Foreign)	10899018477	9204033000
Letters of guarantee (Foreign)	995971664	3003598053
<u>Irrevocable Letter of Credit</u>		
Back to back L/C	16719794155	13920027996
Others	27475343281	18961275681
Interest on foreign currency balances	57142303	41032156
Exchange gain from trade of foreign currency	1294364761	1084482265

### 3.12 FOREIGN REMITTANCE:

SEBL, Motijheel (Islamic Banking) Branch, is Authorized Dealer to deal in Foreign Exchange business. As an approved merchant, a bank must give a few administrations to the customers with respect to foreign exchange and this division gives these administrations.

The fundamental capacity of this division is outward and internal remittance of foreign exchange starting with one nation then onto the next nation. During the time spent giving this settlement benefit, it moves and purchases remote cash. The transformation of one cash into another happens at a concurred rate of trade, which the banker quotes, one for purchasing and another for selling. In such exchanges the outside monetary standards resemble some other items offered for deals and buy, the cost (tradition esteem) being paid by the purchaser in home cash, the lawful delicate Remittance procedures of foreign currency:

There are two types of remittance:

1. Inward remittance
2. Outward remittance.

### **1. Inward Foreign Remittance:**

Internal settlement covers buy of remote cash as outside T.T., D.D, and bills, T.C. etc sent from to another nation supporting a beneficiary in Bangladesh. Buy of outside trade is to be accounted for to Exchange control Department of Bangladesh Bank on Form-C.

### **2. Outward Foreign Remittance:**

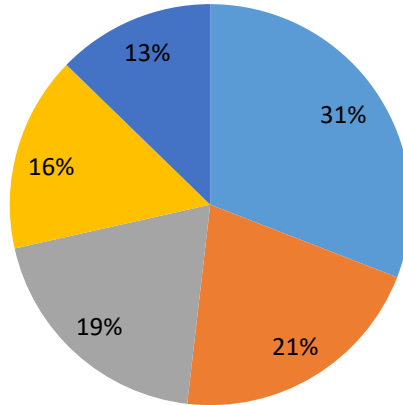
Outward settlement incorporates offers of outside cash through issuing remote T.T. Drafts. Voyagers Check and so on just as move of outside trade under L/C and against import bills surrendered.

### **3.13 FOREIGN REMITTANCE ANALYSIS:**

<b>Year</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>Total</b>
<b>Foreign Remittance</b>	95,405.40	64,665.84	60,708.50	48,740.50	39,299.10	308819.34
<b>Growth Rate</b>	30.89 %	20.93 %	19.65%	15.78 %	12.72 %	

## Foreign Remittance(%)

■ 2017 ■ 2016 ■ 2015 ■ 2014 ■ 2013



### Interpretation:

In this pie chart we can see that the foreign remittance of SEBL is increasing day by day. It shows that in 2013 the growth rate of SEBL is 12.72%, on the other hand in 2017 the growth rate of SEBL is 30.89%. So it shows that the foreign remittance of SEBL is smoothly improving and the growth rate of this bank is also satisfying.



## **CHAPTER 4: Findings, Recommendations and Conclusions**

## **4.1 Findings:**

SEBL is one of the established bank in Bangladesh. SEBL has been suffering from a few problems. Based on the setting objectives and discussion of the study, the findings of the study are given below:

- Technological involvement is not sufficient in Foreign Exchange department. As a result, some process takes a long time to perform, when it is need.
- Employees are used by the customers in improper manners to provide systematic and prompt service.
- On line banking does not appear in all of the braches.
- Sometimes clients are discouraged by the bank to open a new L/C due to shortage of necessary documents.
- The Foreign Exchange Department of a Banks is strongly regulated by the central bank of Bangladesh but due to lack of knowledge or experience of the employees the rules are not always maintained properly.
- To open a new L/C, Bank takes long time for approval for a new customer.
- On the job training is not sufficient for the employees of foreign exchange department.

## **4.2 RECOMMENDATION**

1. To increase remittance, the bank need to Introduce some various incentives
2. Attractive incentive package for the exporter will help to increase the export.
3. Effective training is very much essential for the foreign exchange officials.
4. In our country, financial problem is a great constraint to foreign trade and SEBL is very mush conservative to post shipment finance. If the Bank took a bit liberal position the exporter could easily come out from financial constraint.
5. Bank can provide foreign market reports, which will enable the exporter to evaluate the demand for their product in foreign countries.

### **4.3 CONCLUSION**

Southeast Bank Limited has been a more successful second-generation bank. The Bank has followed a slightly conservative and balanced banking which has enabled it to achieve steady growth in profit and wealth together. Besides these, blended recruitment of new and experienced bankers in all the levels of management level has been very fruitful. The recruits have carried forward their social connections and ultimately contributed to strengthen the asset and liability base of the bank. Although Southeast Bank Limited is good in operation of export import trade handling and financing.

The Bank's vision has always been to give customer service one step forward from its competitors and ultimately contribute to the national economy. The fact of being successful in its journey of 14 long years speaks for itself and the Bank is hoped to continue its competitive edge in the coming years.

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