

INTERNSHIP REPORT
ON
**“Foreign Exchange & Remittance Activities of Al-Arafah Islami
Bank Limited”**

Supervision by:

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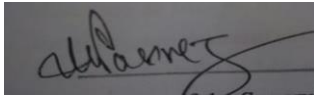
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Date of Submission: January 2019

Certificate of Approval

This is to certify that, Md Yeasir Arafat, ID No: 183-14-2858 a student of Masters of Business Administration (MBA) Program, Major in Finance Daffodil International University has completed his internship report titled “Foreign exchange & remittance activities of Al-Arafah Islami Bank Limited” under my supervision. He was very punctual, sincere and committed to work. As far, I know the information he used in this paper is almost accurate. I wish his all success in life.



Mahbub Parvez

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Letter of Transmittal

Date: January 17, 2020

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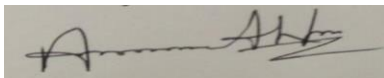
Subject: Submission of Internship report titled “Foreign exchange & remittance activities of Al-Arafah Islami Bank Limited”

Dear Sir,

Please find attached herewith my internship report titled “**Foreign exchange & remittance activities of Al-Arafah Islami Bank Limited**” which was assigned to me as a part of my MBA program. I have truly enjoyed my three months internship program with Al-Arafah Islami bank limited, Uttara Branch and highly appreciate their co-operation in this regard. Despite some limitation, I tried my level best to make the report a complete one.

In this circumstance I therefore pray and hope that you would be kind enough to accept my internship report and oblige thereby.

Sincerely yours,



Md. Yeasir Arafat

ID No: 183-14-2858

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Batch: 51st

Major in Finance

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Acknowledgement

First of all, I am highly grateful to Almighty Allah who gave me the power and blesses to complete this report within a short period successfully. I would like to express my gratitude to all the people that were involved both directly and indirectly in the preparation of this report. I am grateful to those people who help me as a whole to prepare this report and their contribution is highly appreciated by me.

Then I express my deep gratefulness to my academic supervisor Mr. Mahbub Pervez (Associate professor & head of THM) Faculty of Business & Entrepreneurship, Daffodil International University, for guiding me and giving me the opportunity to initiate this report.

I want to thank all the officials of AIBL Bank Limited who were involved with preparing this report. I would especially like to thank Md. Shakil Ahmed (SAVP & Relationship Manager) & Mr. A. K. M. Jahirul Alam (AVP & Operation Manager) of Uttara branch for giving me time and sharing their thoughts and insights regarding their bank as a whole.

I am ever grateful to Md. Mahbub Uddin More specifically, I would like to thank him for imparting time and wisdom.

Sabrina Jahan (EO), Raisul Kibria (MTO), Nahida Sultana (MTO) for their Supporting role & giving me the required information to commence this report and for providing the permission to do the required research work.

Here again, I have to mention who receive me as a member of their Banking family in introduce with me whom I worked last three months. I would like to express my deep sense of gratitude and thank to all officials and members for all their continuous guidance valuable knowledge and suggestion during my “Internship Program”.

Executive Summary

Banking sector of Bangladesh is one of the major sectors, which contributes significantly to the national economy. The sector comprises a number of banks in various categories.

Al-Arafah Islami Bank Limited is scheduled commercial bank registered by the Bangladesh Bank. AIBL started its journey in 1995 with the said principles in mind and to introduce a modern banking system based on Al-Qur'an and Sunnah. The functions of the bank cover a wide range of banking and functional activities to individuals, firms, corporate bodies and other multinational agencies. In this report, I tried to analyze Foreign exchange & remittance Statement Analysis of Al-Arafah Islami Bank.

In the first part of the report, I discussed about the background of the report as it is the introductory part. In this part, I discussed about the objective of my report, its importance and methods used to prepare it.

In the second part of the report, I gave a brief introduction of AIBL. I discussed about the organization overview, mission and vision of the organization and objectives and performance of the bank at a glance etc.

In the third chapter, I tried to give a theoretical aspect of foreign exchange department activities of AIBL.

The fourth part I discuss all about rules & regulations of foreign exchange department, how to open lc, to gather fund.

The fifth part consists of the findings that I observed in AIBL, Uttara Branch, during the period, my recommendations to the branch based on the drawbacks and a brief conclusion on the overall report. I performed this part on the basis of Foreign Remittance Analysis.

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Abbreviations Used

Acronyms	
BB	Bangladesh Bank
AIBL	Al-Arafah Islami Bank
FL	Financial Leverage
GB	General Banking
KYC	Know Your Customer
SME	Small Medium Enterprise
NOM	Net Operating Margin
MI	Micro-investment
ATM	<i>Automatic teller machine</i>
RDS	Rural Development Scheme
UPDS	Urban Poor Development Scheme
RR	Rate of Return
MTDR	Moradabad Term Deposit Receipt
ME	Micro-enterprise
NRB	Non Resident of Bangladesh
PLS	Profit and Loss Sharing
ROA	Return on Asset
ROE	Return on Equity
TR	Trust Receipt
FL	Financial Leverage
ROI	Return on Investment

CHAPTER - 01

INTRODUCTION

1.1 ORIGIN OF THE REPORT

As a part of the Masters of Business Administration (MBA) course requirement, 3 months long internship program is introduced with to feel the real life business administration. I worked at Al Arafah Islami Bank Ltd as an intern which is very prominent banking industry in Bangladesh. I have chosen to do my internship report titled "**Foreign Exchange & remittance activities of AIBL.**" It will help me to develop my practical work skill and improve my corporate knowledge in practical life by using my theoretical ideas. I am very much happy to joined as an internee with AIBL and this knowledge or experience I can apply in my future life job sector. This internship report has been made as a part of my internship program. My main challenge as an intern is to apply my theoretical knowledge into practical job experience.

The internship program and the study have following purposes:

- To gather some practical knowledge of work in banking sector.
- To understand the exact business process in the world.
- To utilize my educational knowledge into practical work experience what I have learned from my university.
- Try to perform all of the rules and regulation in MBA program.

1.2 BACKGROUND OF THE STUDY

Banking sector is the most valuable part of the economy for providing the banking loan to develop the economic condition of the country, that includes the industry, agriculture, education, housing sector of a country. Right now the main concern of banking sector in enhancing the economic sector of the country, the banking sector of Bangladesh perform an important role for developing our economy. By deposit mobilization our bank provides a good amount of loan to the borrower, the banking industry of our country plays an important role for developing our economic condition. AIBL is the most leading local private commercial banks in our country. AIBL has more than 154 branches in our country all the district and many upazila. AIBL able to fulfill customer needs by providing better service to its customer. In Bangladesh this bank introduced digital banking system for the first time. To cope up with modern world, its working style, culture, philosophy and style provides me the best working knowledge in my life.

1.3 OBJECTIVES OF THE STUDY

- To understand the total Export & Import Process of AIBL.
- To identify the key factors affecting the profitability.
- To evaluate the Foreign Remittance efficiency of AIBL Bank.
- To measure the risk & profit from Foreign Exchange Department of AIBL Bank.
- To produce recommendation on the basis of findings.

1.4 METHODOLOGY OF THE STUDY

I have to adhere to some orderly guidelines and guidelines to make this entry level position report to making this report I needed to think about a great deal about the point from the bank site, at that point I gather some crude information and investigate the data for the last readiness. The general procedure of approach has been given as beneath.

1.4.1 Selection of the topic: The theme of the examination was picked in meeting with the decent managers. While allotting the point important proposals and recommendations were given by our fair chiefs to make this Internship report an efficient

1.4.2 Identifying data sources: Essential information sources, both essential and auxiliary information source, were distinguished that would be expected to carry on the examination and complete this report. Data gathered to outfit this report is both from essential and optional sources.

1.4.3 Method of collecting primary data:

- Face to confront discussion with the officials
- Practical work area work
- Relevant document study as gave by the concerned officials.

1.4.4 Method of collecting Secondary data:

- Different round gave by the administrative center and Bangladesh bank.
- Annual reports of AIBL Bank Ltd.

1.4.5 Data Analysis and Report Writing:

For announcing I have utilized a few diagram, table, graph, for breaking down remote settlement. to making this entry level position report I have to utilize some PC programming, for example, Microsoft word and Microsoft exceed expectations.

1.5 LIMITATIONS OF THE STUDY:

By mixing all my insight, I attempted my level best to keep the confinements as short as Conceivable. Be that as it may, alongside every one of the endeavors I confronted the accompanying constraints:

- It was hard to gather the data from different staff for their activity

Limitation.

- Sometimes authorities deny revealing some data as to look after mystery.
- Some inside information which bank doesn't distribute for solid explanation.
- Bank arrangement was not revealing a few information and data for clear reasons.
- Due to the restriction of the data a few presumptions are made so there might be

Some close to home slip-ups in this report.

- The indicated time is not really enough to know every one of the exercises of the branch
- The talking with process is protracted
- Sometimes the customer doesn't coordinate effectively.
- It is tedious.

CHAPTER - 02

ORGANIZATIONAL PART

MANAGEMENT ASPECT

2.1 History of AIBL Bank Limited:

AIBL was set up under the principles and guidelines of Bangladesh bank and the Bank Companies' Act 1991, on the eighteenth June 1995 with the administration of Mr. Z M SHAMSUL ALAM organizer director who had a long fantasy about setting up a business bank which would add to the social-financial advancement of our nation. He had a decent information as a decent broker. Al-Arafah Islami Bank Ltd is a financial organization joined in the People's Republic of Bangladesh with restricted obligation. Islamic belief system urges us to prevail throughout everyday life. With the accomplishing of target seeking after the route coordinated by Allah and the way appeared by His Rasul Mohammad (SM), Al-Arafah Islami Bank Ltd was built up (enlisted) as a private constrained organization on 18 June 1995. The debut function took on 27 September 1995. The approved capital of the Bank is Tk. 2500.00 million and the settled up capital is Tk. 1153.18 million as on 31.12.2007. Prestigious Islamic Scholars and devout representatives of the nation are the supporters of the Bank. 100% of settled up capital is being possessed by indigenous investors. The value of the bank remained at Tk. 1923.61 center as on 31 December 2015, the labor was 2978 as on 21 September 2016 and the quantity of investors was 41053 as on 10 April 2016. It has accomplished a persistent benefit and pronounced a decent profit throughout the years. Top notch client support through the mix of present day innovation and new items is the instrument of the bank to make progress. The bank has a various exhibit of painstakingly custom-made items and administrations to fulfill client needs The Bank is resolved to contribute altogether to the national economy. It has made a positive contribution towards the socio economic development of the country with 154 branches of which 23 is AD throughout the country.

2.2 Corporate Information of AIBL

Date of Registration	18 June, 1995
1st Branch	Motijheel Branch, Dhaka
Opening Ceremony	27 September, 1995
Authorized Capital	15,000.00 Million
Paid-up Capital	9, 943.06 Million
Local Partnership of Capital	100%
Equity	22,520.68 Million
Number of Branches	154
Deposit	244,806.26 Million
Investment	235,905.23 Million
Number of Employees	3,446
Number of Shareholders	30,386
Company Secretary	Md. Mahmudur Rahman
Registered Office	Al-Arafah Tower,63, PuranaPaltan,Dhaka-1000.
Telephone	+88-02-44850005
E-mail	aibl@al-al-arafahbank.com
Web	www.al-arafahbank.com

2.3 Mission Statement Of AIBL

- Achieving the fulfillment of Almighty Allah both here and henceforth.
- Proliferation of Sharia Based Banking Practices.
- Quality money related administrations receiving the most recent innovation.
- Fast and productive client assistance.
- Maintaining elevated expectation of business morals.
- Balanced development.
- Steady and aggressive profit for investors' value.
- Innovative banking at an aggressive cost.
- Attract and hold quality HR.
- Extending aggressive pay bundles to the workers.
- Firm responsibility to the development of national economy.
- Involving more in Micro and SME financing.

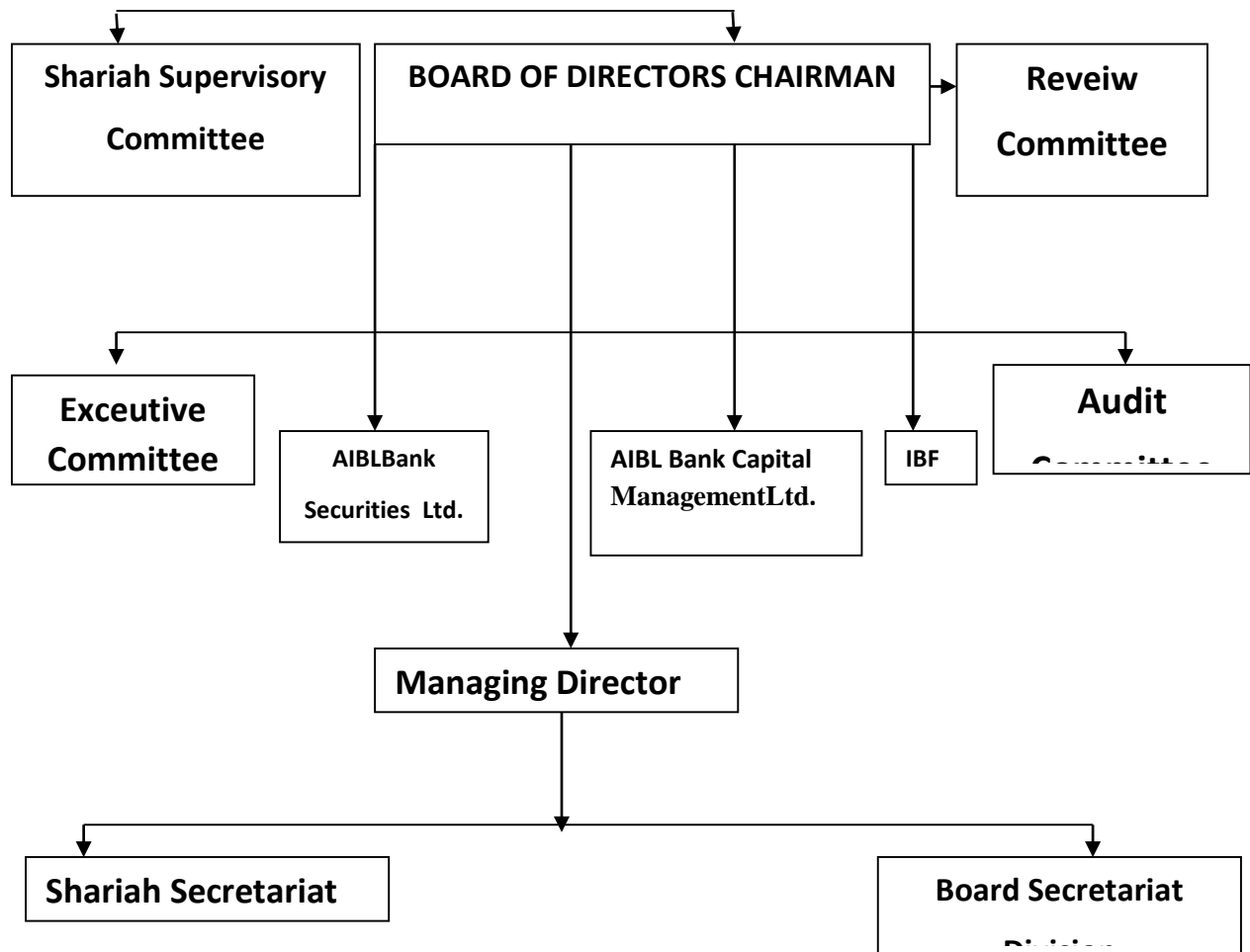
2.4 VISION STATEMENT OF AIBL

To be a pioneer in Islami Banking in Bangladesh and contribute significantly to the growth of the National economy.

2.5 GOAL STATEMENT OF AIBL

- Ours is a client centered current Islamic financial sound and relentless development in both activating store and making quality speculation to keep our situation as a main Islami bank in Bangladesh.
- To convey budgetary administrations with the bit of our heart to retail, little and medium scale undertakings just as corporate customers through our branches the nation over.
- Our business activities are intended to coordinate the changing exchange \$ mechanical needs of the customers.

2.6 CORPORATE STRUCTURE OF AIBL BANK LIMITED



Hierarchy of Management

Board of Directors



Managing Director



Deputy Managing Director



Executive Vice President



Senior Vice President



Vice President



Assistant Vice President



Senior Principal Officer



Principle Officer



Senior Officer



Officer



Assistant Officer

2.7 PRODUCT & SERVICES OF AIBL

- AIBL DPS Plus
- Western Union Money Transfer
- SMS. Banking Service
- Online Service
- Credit/Debit Card
- One Stop Service
- Time Deposit Scheme
- Monthly Savings Scheme
- Deposit Insurance Scheme
- NFCD (Non-resident Foreign Currency Deposit)
- RFCD (Resident Foreign Currency Deposit)
- Inward and Outward Remittance
- Export and Import Finance
- Working Capital Finance
- Loan Syndication
- Underwriting and bridge financing

2.8 SWOT ANALYSIS OF AIBL

SWOT analysis is a simple framework for generating strategic alternatives from a situation analysis. The complete elaboration of SWOT analysis is following-

S= Strength.

W= Weakness.

O= Opportunities.

T= Threat.

Strength

- AIBL have a good image in the market.
- AIBL has good connection with other banks.
- Have import and export facilities.
- The employee who are working in foreign exchange department they are highly qualified and experienced. they are able to perform any task and solve any internal problem.
- AIBL follows the rules and regulation very carefully.

Weakness

- There is no client gripe work area in the Bank's offices. It isn't just significant piece of the outside exchange exercises yet in addition for other two branches of the Bank-General Banking and Credit Department.
- Being a very much presumed Bank, AIBL never again needs to lead littler L/C demand originating from little gatherings and subsequently they are ignoring a colossal number of potential clients.
- While managing government bank, the bank faces an issue in light of the fact that the site of Bangladesh Bank is exceptionally moderate which postpones the way toward announcing.

Opportunities

- As expressed before that AIBL is one of well-known bank in Bangladesh. The two exporters and merchants have their confidence on this Bank.
- The level of ordered credits is underneath 2% which is obviously better than universal standard.

Threats

- Any decrease in RMG fare will influence the outside trade branch of the bank as our fare relies upon RMG segment for the most part.
- Government nonstop strain to diminish loan cost.
- Frequent change of household cash worth against US Dollar.
- Political emergency and rotting nation picture as exporter.
- Rapid increment of private part Bank in number and size.

2.9 Branches of AIBL:

Division	No. of Branches
Dhaka Division	51
Khulna Division	07
Chittagong Division	22
Rajshahi Division	05
Sylhet Division	07
Barisal Division	04
Rangpur Division	04
Total	100

To fulfill the commitment of serving the valuable customers at present, AIBL has been carrying business through its 100 branches all over the country.

2.10 Corporate Social Responsibility

AIBL is highly concerned about their CSR program. Their commitment is to create real value in a changing world, they are determined to added value to the society by providing social services.

2.10.1 Customer Services

The Customer service is the top priority of the Bank. the Banks Policy is to make all employees more proactive to the clients irrespective of their socio-economic background. The employees are self-motivated and committed to uphold the slogan “United We Achieve”.

2.10.2 Corporate Governance

Corporate Governance is the system by which companies are directed and controlled to the best interest of the stakeholders, which describes the nature and extent of accountability of the people and institution engaged in the business. Corporate Governance ensures fairness, transparency and integrity of the management. It is the way of life, rather than a mere legal compulsion. It further inspires and strengthens investor’s confidence and commitment to the company. In fact, corporate governance leads to the good governance and good governance is and integral part of the economic development of a country.

2.11 Operational Performance of the Branch

The operational performance of the branch can be viewed by the major four aspects that are:

- Total deposit
- Loan and Advances
- Import
- Export

2.12 The exact figures of these aspects over the last five years are given below:

Year	Total Deposit	Import	Export
2014	166,851.17	101,244.70	75,843.90
2015	169,887.08	107,049.80	79,362.90
2016	199,703.92	118,786.60	88,152.20
2017	244,806.26	156,700.00	104,540.00
2018	266,205.48	168,573.80	114,481.90
growth	8.74	7.58	9.51

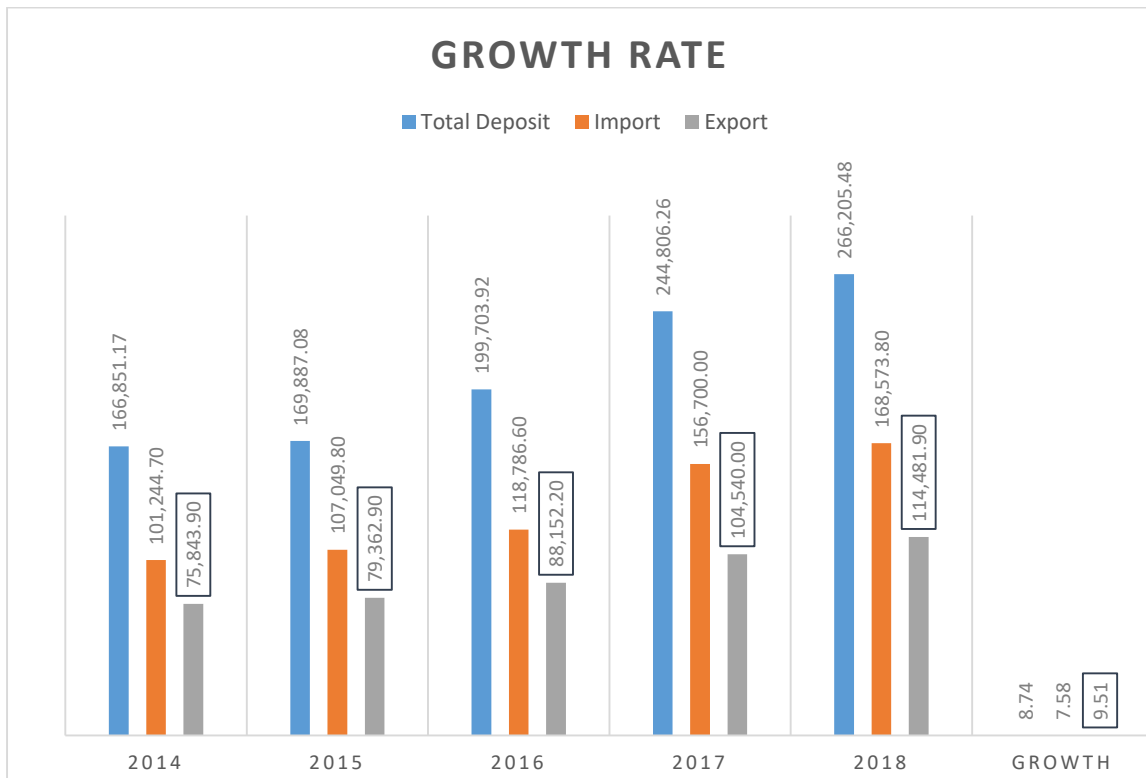


Figure 01: Yearly Deposit, Import, Export growth of AIBL

Deposits

The complete store of the bank was Tk. 266,205.48 million at 31st December 2018 as against Tk. 244,806.26 million at 31st December 2017 a development of 8.74% of which Tk. 8,245.70 million was bank store and Tk. 257,959.78 million was general store. The present procedure is to expand the store base through keeping up aggressive benefit rates and having minimal effort of assets to guarantee a superior spread with a normal rate of profitability.

Import

Total import of the bank was 168,573.80 in 2018. The import rate was significantly increasing every year. The growth rate was 7.58%.

Export

Total Export rate of the bank was 114,481.90 in 2018. And we can see the export rate was increasing a high number over the period. And the growth rate was 9.51%. Which shows a good sign for the bank.

5 Year Financial Highlights Of AIBL

Amount in TAKA					
Balance Sheet					
Particulars	2014	2015	2016	2017	2018
Property and Asset					
cash In Hand	20,674,314,37 2	26,728,946,5 78	32,883,069,2 15	39,765,741,9 08	25,710,005,3 18
Balance With other banks & financial institution	4,216,394,935	6,390,171,77 0	9,129,836,83 8	11,335,122,8 24	10,308,959,5 02
Placement With other banks & financial institution	9,750,000,000	1,100,000,00 0	2,800,000,00 0	4,400,000,00 0	8,200,000,00 0
Investments in Share & Equity	9,120,879,395	7,542,695,30 3	8,438,160,98 8	8,420,592,12 3	11,367,606,1 11
Investments	146,740,366,3 19	156,466,148, 154	189,169,392, 445	232,614,228, 723	257,092,099, 932
Fixed Assets	2,661,107,398	2,928,332,61 8	3,074,024,25 8	3,038,952,61 4	4,305,855,78 4
Other Assets	17,275,925,78 5	23,307,267,4 86	21,840,168,1 29	14,971,459,3 93	16,226,562,9 89
Non-Banking Assets				50,875,037	50,875,037
Total Assets	210,438,988,2 04	224,463,561, 909	267,334,651, 873	314,596,972, 622	333,261,964, 673
LIABILITIES AND CAPITAL					
LIABILITIES					
Borrowing from other Banks, Financial Institutions &	8,900,000,000	12,795,916,0 17	25,084,653,8 06	30,904,054,5 48	20,393,335,6 50
Deposits and Other Accounts	167,064,179,1 04	170,222,555, 821	200,054,197, 685	245,642,230, 752	266,346,613, 938
Other Liabilities	13,911,521,27 8	20,855,755,4 67	19,534,082,8 82	14,273,105,8 91	17,364,627,1 92
Deferred Tax Liabilities/Assets	74,890,795	82,801,120	75,456,597	100,949,200	168,486,792
AIBL Subordinated Bond	0	3,000,000,00 0	3,000,000,00 0	3,000,000,00 0	7,400,000,00 0
Total Liabilities	189,950,591,1 77	206,957,028, 425	247,748,390, 970	293,920,340, 391	311,673,063, 572
Shareholder's Equity	16,598,122,79 4	17,506,533,4 84	19,586,260,9 02	20,676,632,2 31	21,588,901,1 01
Total Liabilities & Shareholder's Equity	206,548,713,9 71	224,463,561, 909	267,334,651, 872	314,596,972, 622	333,261,964, 673

Income Statement					
Particulars	2014	2015	2016	2017	2018
Net Investments Income	6,358,804,256	6,689,484,141	7,854,982,258	8,719,437,759	8,615,778,790
Other operating income	2,454,954,161	2,527,295,406	2,896,456,491	3,084,758,201	3,579,578,758
Total Operating Income (A)	8,813,758,417	9,216,779,547	10,751,438,749	11,804,195,960	12,195,357,548
Total Operating Expenses (B)	3,115,128,399	3,483,025,364	3,996,274,968	5,101,141,554	5,983,819,359
Profit Before Provision, Amortization and Taxes C=(A-B)	5,698,630,018	5,733,754,183	6,755,163,781	6,703,054,406	6,211,538,189
Total Provision (D)	1,730,287,613	1,746,693,919	1,508,364,596	1,270,591,535	2,154,223,280
Total Profit(Loss) before taxes	3,968,342,405	3,987,060,264	5,246,799,185	5,432,462,871	4,057,314,909
Provision for taxation (H)	1,848,279,070	1,766,949,358	2,206,593,306	2,355,784,934	1,650,793,886
Net Profit(Loss) after taxation	2,120,063,335	2,220,110,906	3,040,205,879	3,076,677,937	2,406,521,023
Retained Earnings	1,326,394,854	1,422,698,852	1,990,846,044	1,990,185,363	1,595,058,041

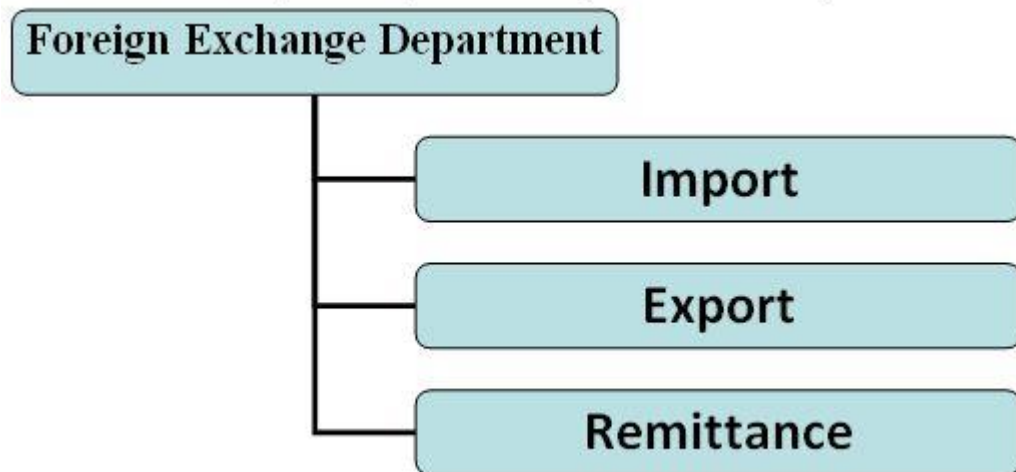
Chapter-3 Foreign Exchange Activities

3.1 Introduction

Foreign trade is basically happening when two countries are agreed to perform buying and selling to fulfill their basic needs under the country rules. Foreign trade is might be benefited for both of the export and import countries. Foreign trade is normally counts the locally income generated from a country. For that reason, foreign exchange department is the most valuable department in bank. By doing this foreign trade the buyer and seller both fulfill their needs by exchanging goods or services and currency. The exporter and importer flow of needs is fulfilled by the way of letter of credit (LC), bill of exchange etc.

3.2 Functions of foreign exchange department of AIBL

AIBL basically do foreign exchange by providing three basic functions:



The sections of Foreign Exchange Department

The Flow Chart of Foreign Exchange Process:

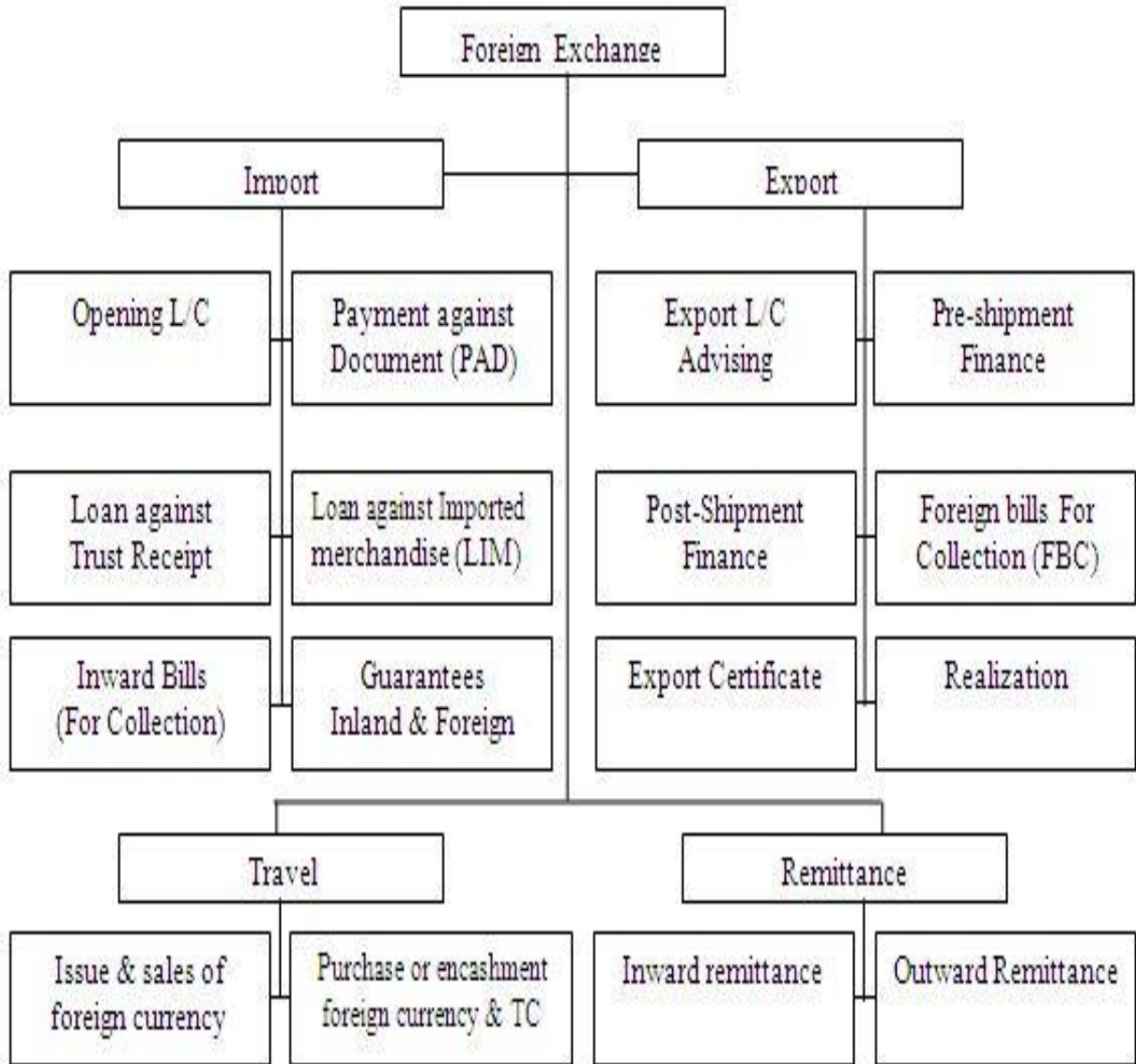
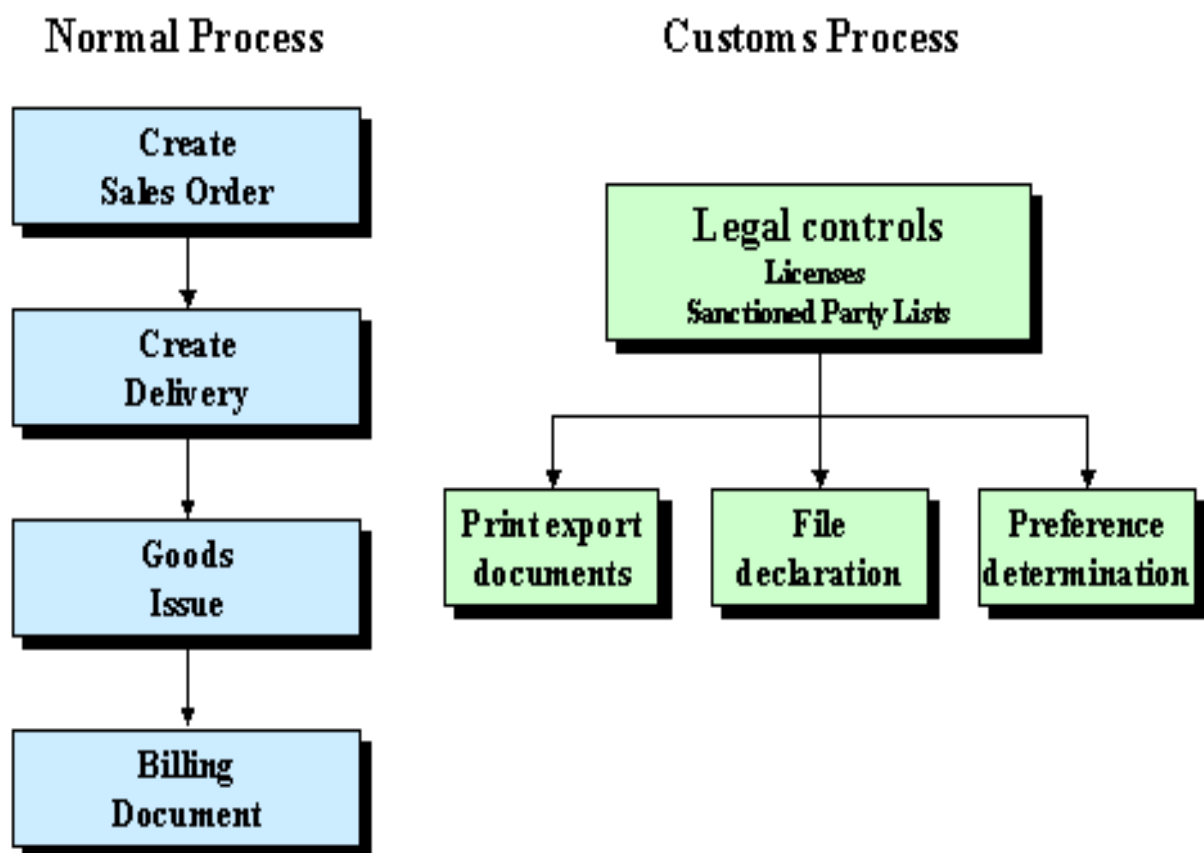


Chart: multifarious functions usually done by the FED

3.3 Export section

We know that the exporter always collects their fund from the bank for buying their industry raw materials. And the bank plays an important role to processing all of the legal documents for shipping the product to the importer. Bank working as a middleman here.

Export Process



3.3.1 Functions which are performed by the bank:

- collect advance money for pre- shipment
- foreign bill buying
- bargaining for exchange bills
- guaranty from the exporter
- adjusting the LC papers
- take advance money as the bill of payment

EXPORT PROCESS

Export procedure is the method or system or the manner in which various formalities are required to be completed in the case of export trade transaction.



Total Export = FDBC + LDBC

3.3.2 Export documents checking:

i. General verification:

- is the LC papers are authentic?
- Try to submit exporter document before the date of submission.
- limitation of information.

ii. Particular verification:

- All of the documents must be verified by LC.

iii. Cross verification:

- every documents should be verified.

3.3.3 Export Formalities:

There are some formalities for exporting exporter product:

1. rules and regulations of the exporter registration.
2. for doing export a register book need to collect.
3. check the bill.
4. all of the export documents should be checked in a proper way.
5. finance of pre –shipment.
6. incentives of the exporter.
7. make a settlement.

3.3.4 Procedure for obtaining Export Registration Certificate (ERC):

For obtaining export registration certificate form CCI & E, the following documents are required.

1. Application form
2. National certificate
3. joint venture deeds
4. Memorandum

5. certificate from the bank

6. useable trade license

3.3.5 Presentation of export documents for negotiation:

After shipment, exporter submits the following documents to AIBL Bank for negotiation.

- Bill of Exchange or Draft
- Bill of Lading
- Commercial Invoice
- Insurance Policy/Certificate
- Certificate of origin
- Inspection Certificate
- Packing List
- EXP from

3.3.6 Draft/Bill of Exchange:

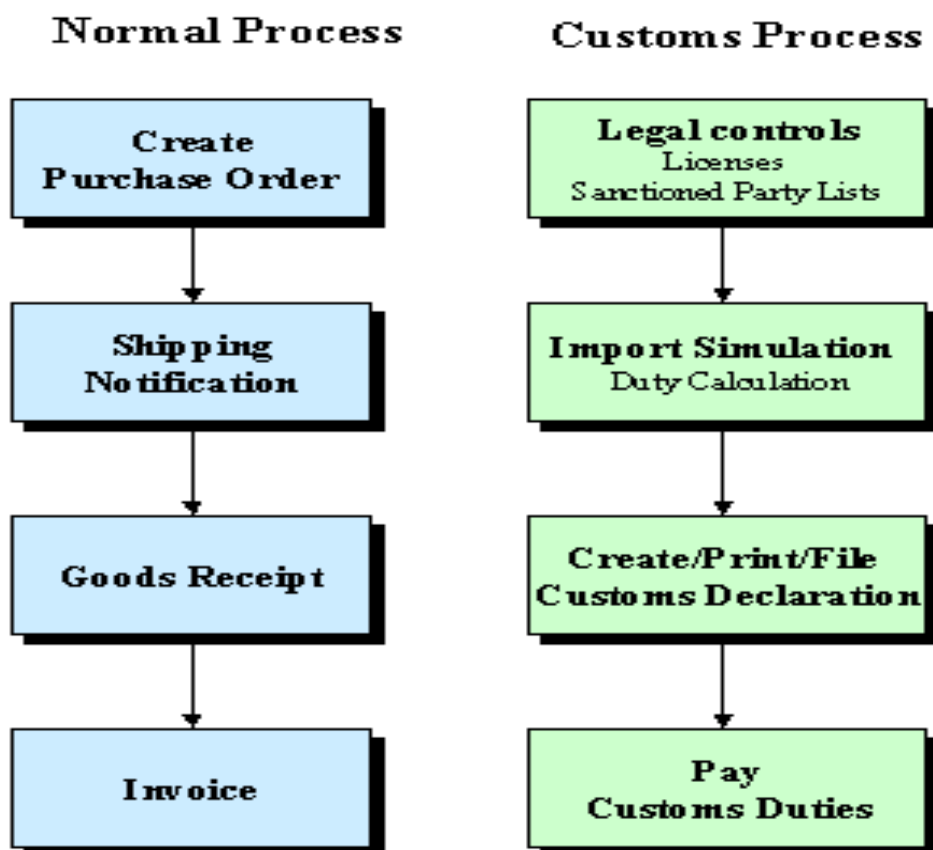
Draft is too examined as under.

- Bill of exchange must be on date.
- Bank must be verifying the signature of the exporter.
- Amount must be tallied with the invoice amount.
- The LC no, issued date, time must be given in the deeds.

3.4 Import section

In the import section bank always work on behalf of the importer. LC is basically made for to ensure the guarantee to the exporter for their shipment. For that the importer do not face any trouble because bank take their responsibilities.

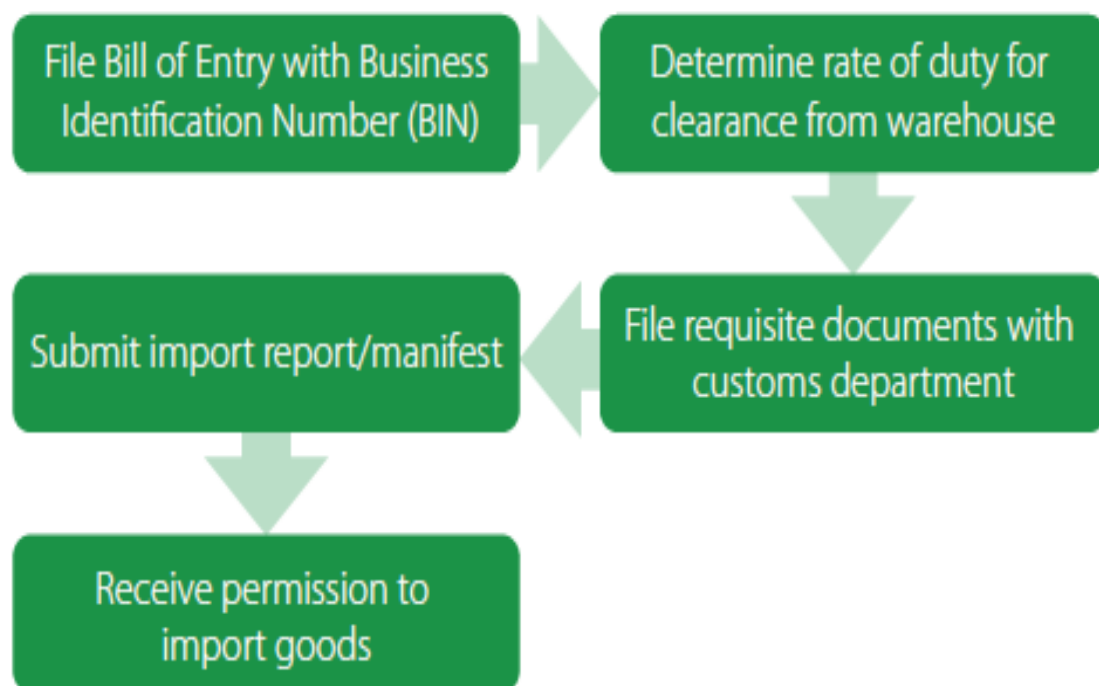
Import Process



3.4.1 Some important functions which are performed by the bank:

- Open LC paper
- Payment bills in advance
- Collecting bills
- taking loan for imports

Import Procedures



3.4.2 The essential documents for the importers which are check by the bank:

- commercial invoice
- landing bill
- Certificate of origin
- Packing list
- Weight list
- Shipping advice
- Bill of exchange
- Pre-shipment inspection report
- Shipment certificate

3.4.3 Import Procedures:

1. Registration with CCI&E

- For engaging in international trade, every trader must be first registered with the Chief Controller of Import and Export.
- By paying specified registration fees and submitting necessary papers to the CCI&E. the trader will get IRC (Import Registration Certificate). After obtaining IRC, the person is eligible to import.

3.4.4 Restricted items of imported goods:

1. All of item name and quantity must be specified, if the product is second hand that should be mentioned.
2. Reconditioned office equipment, photocopier, typewriter, telex, phone, computer, and fax.
3. Order should be specified.
4. Goods bearing any obscene picture, writing inscription or

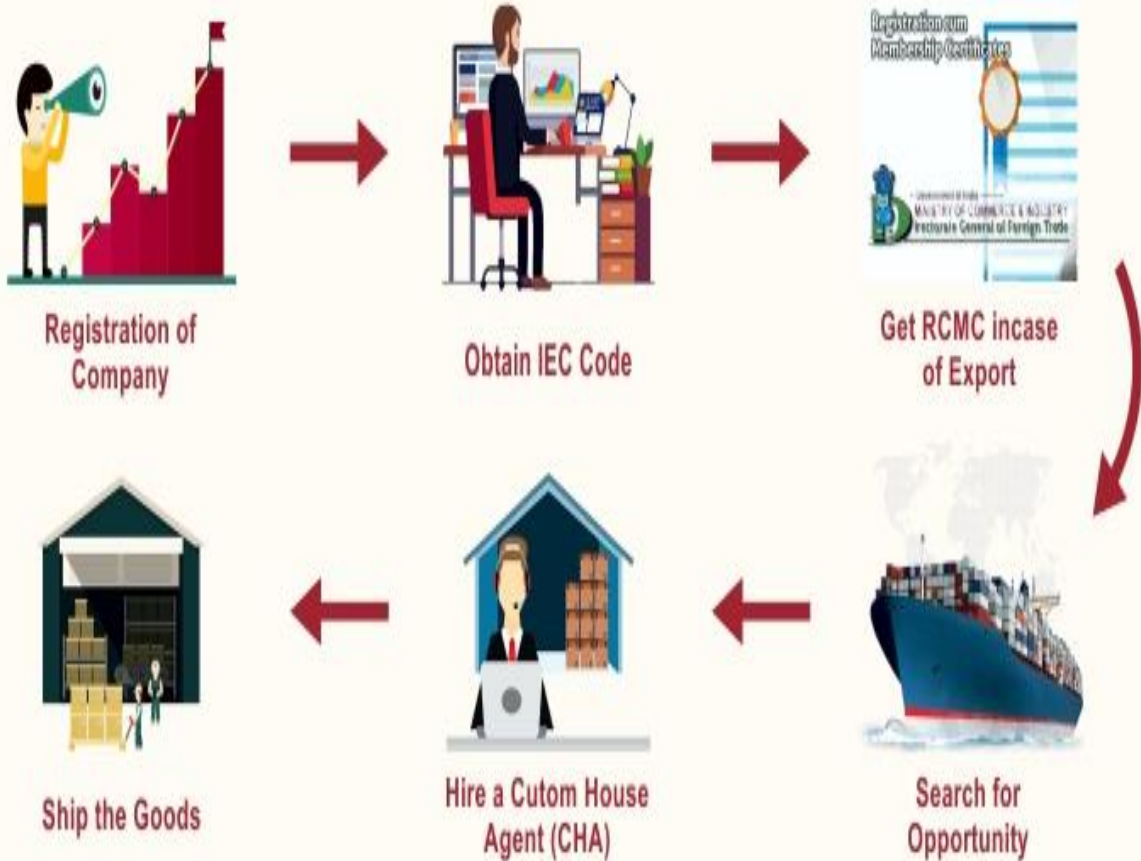
visible representation.

3.4.5 Contract of purchase between the importer and exporter:

- Firstly the importer of the product should be contract with the seller outside the country by the agent of the bank.
- After that the importer and exporter make a contract list for the transaction of the product.
- Finally the bank will perform by fulfill all of the needs of the foreign trade go through the LC process.

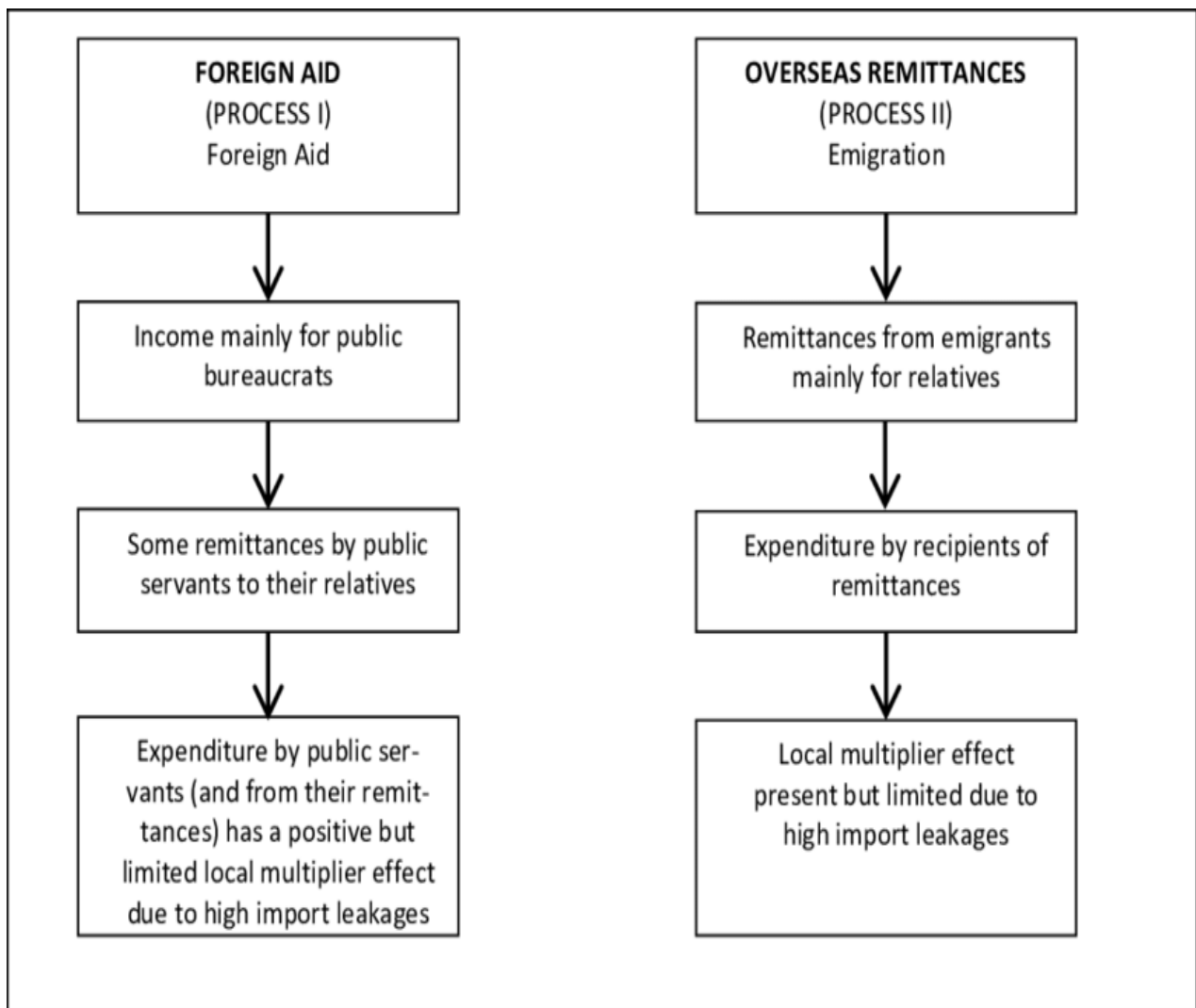
Total Import = Cash L/C (sight) + Cash L/C (Usance) + Inland B/B L/C (sight) + Inland B/B L/C (Usance) + Foreign Inland B/B L/C (sight) + Foreign Inland B/B L/C (Usance) + L/C under AID/Loan + L/C under STA + Import from EPZ (Cash L/C) (sight) + Import from EPZ

What is the basic Import Export Process?



3.5 Remittance Facilities

Remittance is basically convert into other foreign country exchange rate in host country currency rate. The currency rate of Bangladesh is less valuable rather than other countries in the world.



3.5.1 Activities which are done by the bank:

- make the payment on behalf of the importer
- Processing all of the documents.
- Making an authentic transaction between the parties.
- Keep the words of the importer.

3.6 Letter of Credit (L/C):

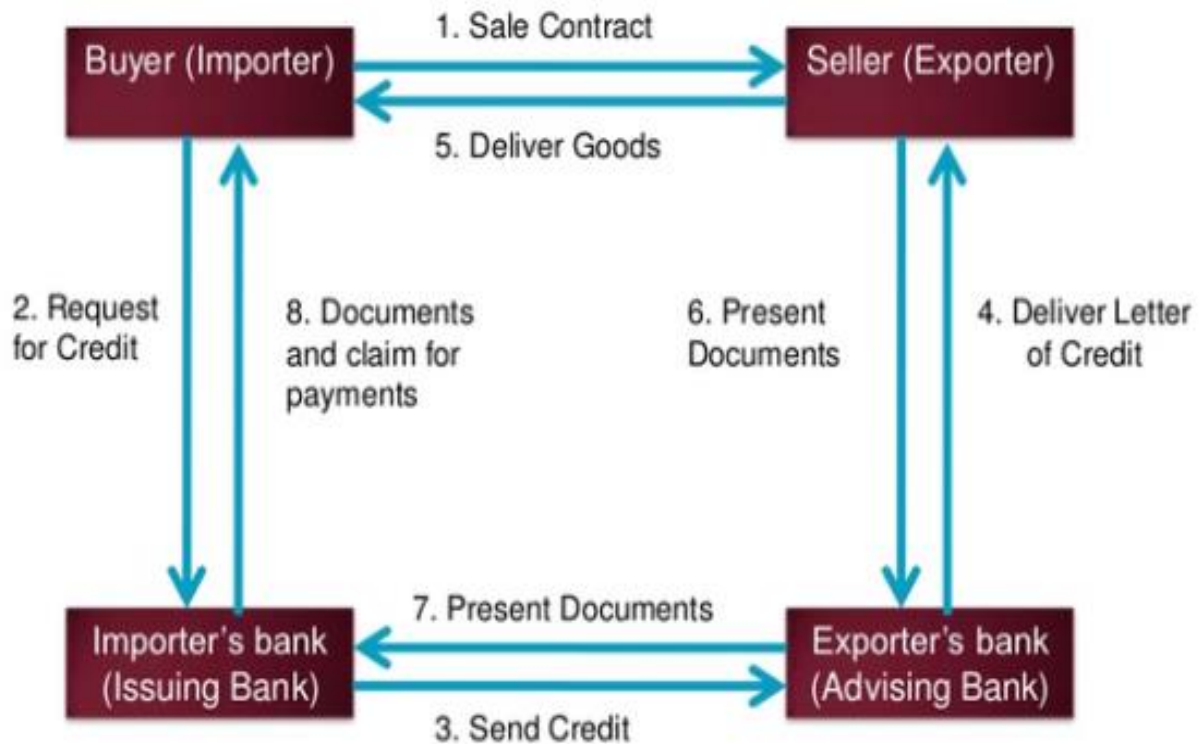
3.6.1 Definition of letter of credit (L/C):

LC is basically a contract between the buyer and seller. When the importer of the product wants to import their product in foreign country that time the process of LC is required. Because the seller does not know the buyer of a foreign country. That time the bank plays a role as a middleman by transforming the goods and services between the exporter and the importer in a given date and price. Letter of credit is very important for foreign trade. Without LC foreign trade can't imagined.

3.6.2 Opening Letter of Credit:

- The LC is opened by the buyer of the product and the seller will be benefited.
- The agent of the bank who did LC is known to issuing agent or bank.
- The bank makes a transaction between the exporter and importer demand of their product quantity and quality.
- The LC is confirmed by the seller of the product if the contract is authentic for both the parties.
- Bank confirm the contract then made the advance payment for pre-shipment.
- Bank bargaining both of the parties for making a valid contract and ignoring the default.

LETTER OF CREDIT: PROCEDURE



3.6.3 Parties to Letter of Credit:

- Importer (Buyer)/ Applicant
- The issuing Bank (Opening Bank)
- The Advising Bank (Notifying Bank)
- Exporter /Seller (Beneficiary)
- Confirming Bank
- Negotiating Bank

3.7 Types of Exchange rates

Different types of exchange rates are given below.

Direct Quotation: DQ is basically means when the exchange rate of country is directly convert to other countries currency rate

Indirect Quotation: IQ is when the small unit of one country is need to convert other currency rates.

Cross rate: CR is basically the exchange rate of two countries, in which the currency rate is given in.

Spot rate: SR is the rate which is used to convert the currency in a present time period.

Forward rate: FR is a contract between the buyer seller In which price the contract will be held on, to selecting that price in present is called forward rate.

3.8 Income & Expenditure

Investment income: The investment income was Tk. 24,956.81 million during the year 2018 which was growth of 21.79% over the previous year. Investment income is 86.88% of the total income of Tk.28,726.20 million. Income from other than investment: The bank has earned Tk. 3,769.39 commission income, exchange income, locker rent etc. in the current year which is 13.12% of the total income. It indicates 5.96% growth over the year 2017.

The administrative and other expenses were Tk. 6160.70 million during the year showing 16.06% growth over the year 2017. It is 27.48% of the total expenditure.

Year	Total Income	Total Expenditure
2014	22,211.79	15,878.34
2015	21,079.94	14,719.79
2016	21,621.69	14,110.66
2017	24,048.39	17,092.62
2018	28,726.20	22,417.31

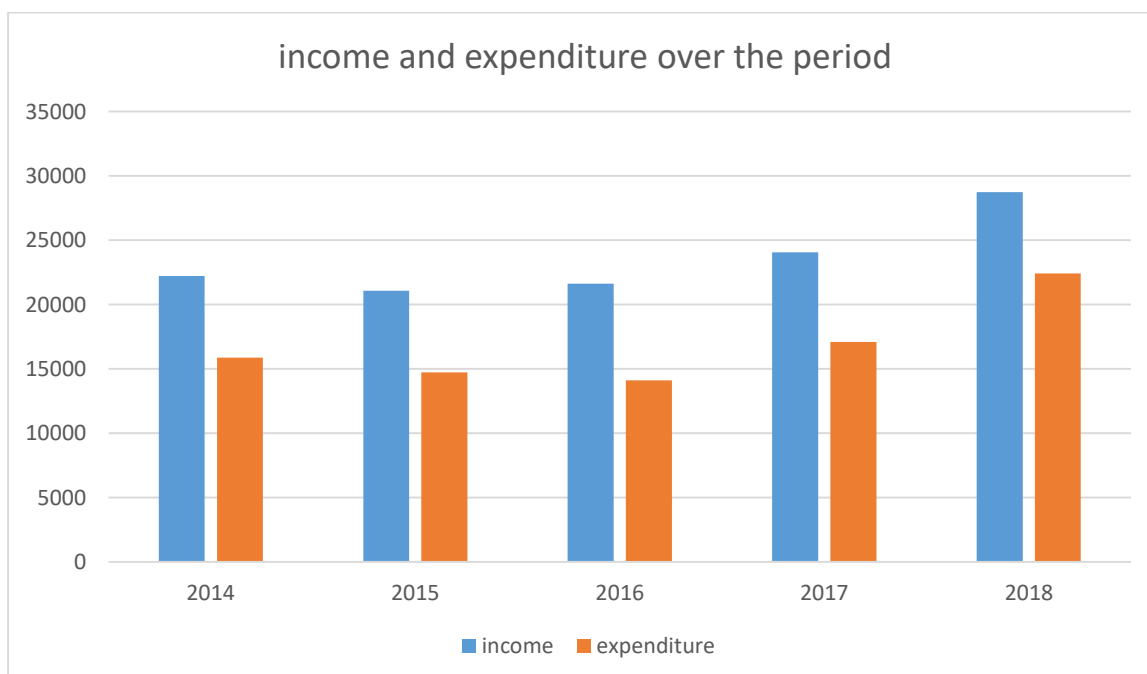


Figure 02: Total Income & Expenditure (In million Taka)

3.09 Sector wise Investment 2018

Sectors	Taka in million
Agriculture, Fishing and Forestry	3,210.50
Industry	138,791.50
Construction	33,689.80
Water works & Sanitary Service	1,758.50
Transport & communication	9,369.40
Storage	1,405.50
Trade Finance	74,759.87
Miscellaneous	6,929.42
Total (Including Profit Receivable	269,914.49
Less Unearned Profit on Investment	8,040.36
Total	261,874.13

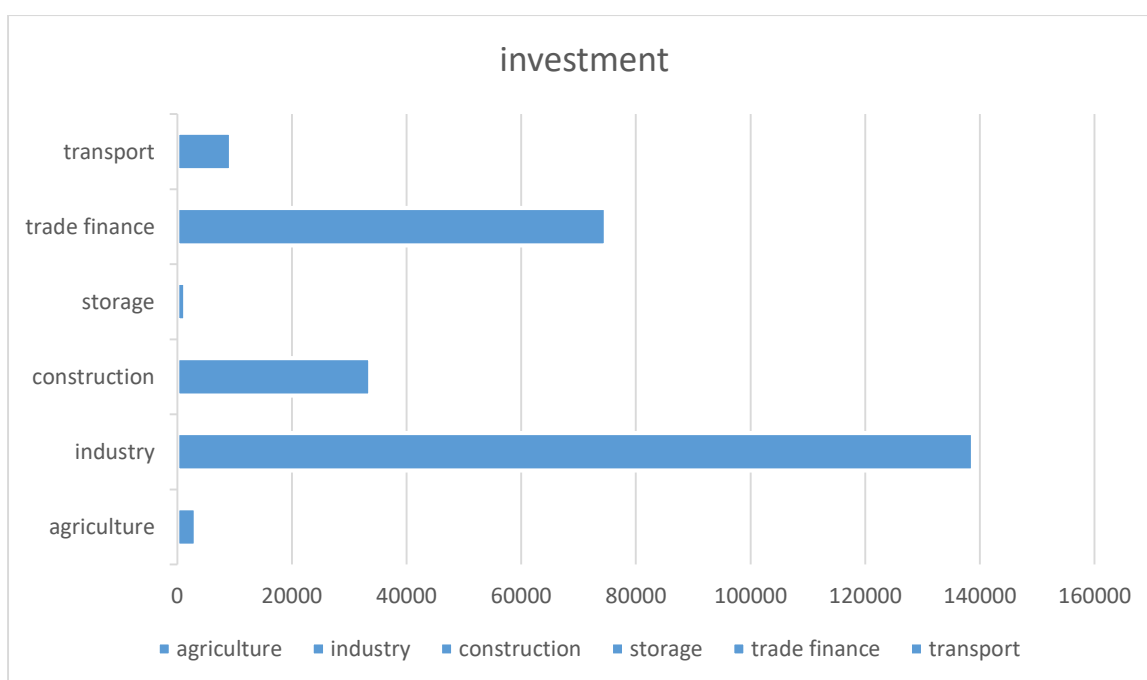


Figure 03: Sectors of investment of AIBL

3.10 Profitability Performance of Corporate Branch

The profit earned by the branch gradually has an increasing trend over the last few years. The profit figure of the branch for the last five years is as follows:

Year	Profit in BDT
2014	2,120,063,335
2015	2,220,110,906
2016	3,040,205,879
2017	3,076,677,937
2018	2,406,521,023



Figure 04: Profitability Performance over the year

3.11 Import Business

Import Business Total import business of the bank stood at Tk. 168,573. 80 million during the year 2018 as against Tk 156,700.00 million, Tk.118,786.60 million and Tk.107,049.80 million in the previous year 2017, 2016 and 2015 respectively. Our import business increased by Tk. 11,873.80 million i.e. 7.58% growth in 2018 as compared to increase of Tk. 37,913.40 million i.e. 31.92% growth in 2017 and increase of Tk 11,736.80 million i.e. 10.96% in 2016 respectively. Target for Import business for the year 2019 has been fixed at Tk. 210,000.00 million expecting growth of 24.57%.

Year	Import(bdt in million)	Growth Rate
2014	101,244.70	7.23%
2015	107,049.80	8.34%
2016	118,786.60	10.96%
2017	156,700.00	31.92%
2018	168,573. 80	37.58%

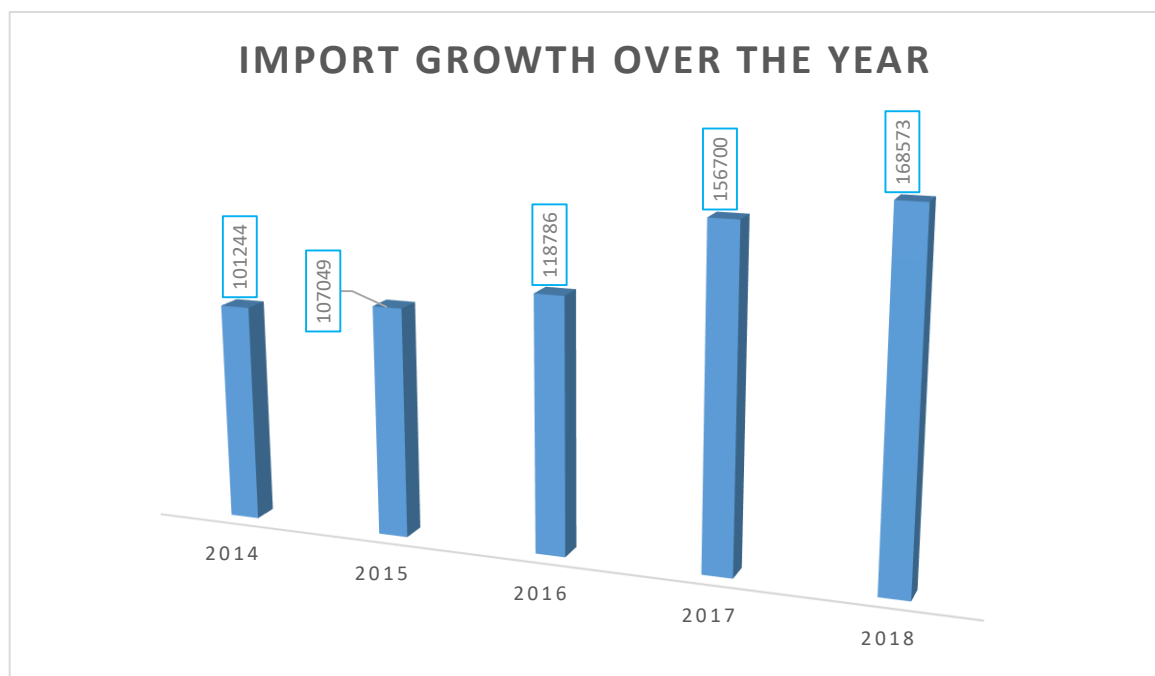


Figure 05: Yearly Import growth of AIBL

3.12 Export Business

Total Export business of the bank stood at Tk. 114,481.90 million during the year 2018 as against Tk. 104,540.00 million, Tk 88,152.20 million, Tk. 79,362.90 million in the previous year 2017, 2016 and 2015 respectively. Our export business increased by Tk. 9,941.90 million i.e. 9.51% growth in 2018 as compared to increases of Tk. 16,387.80 million i.e. 18.59% growth in 2017, Tk. 8,789.30 million i.e. 11.07% in 2016. Our target for Export business for the year 2019 has been fixed at Tk 145,000.00 million expecting growth 26.66%.

Year	Export(bdt in million)	Growth Rate
2014	75,843.90	6.66%.
2015	79,362.90	7.98%
2016	88,152.20	11.07%
2017	104,540.00	18.59%
2018	114,481.90	19.51%

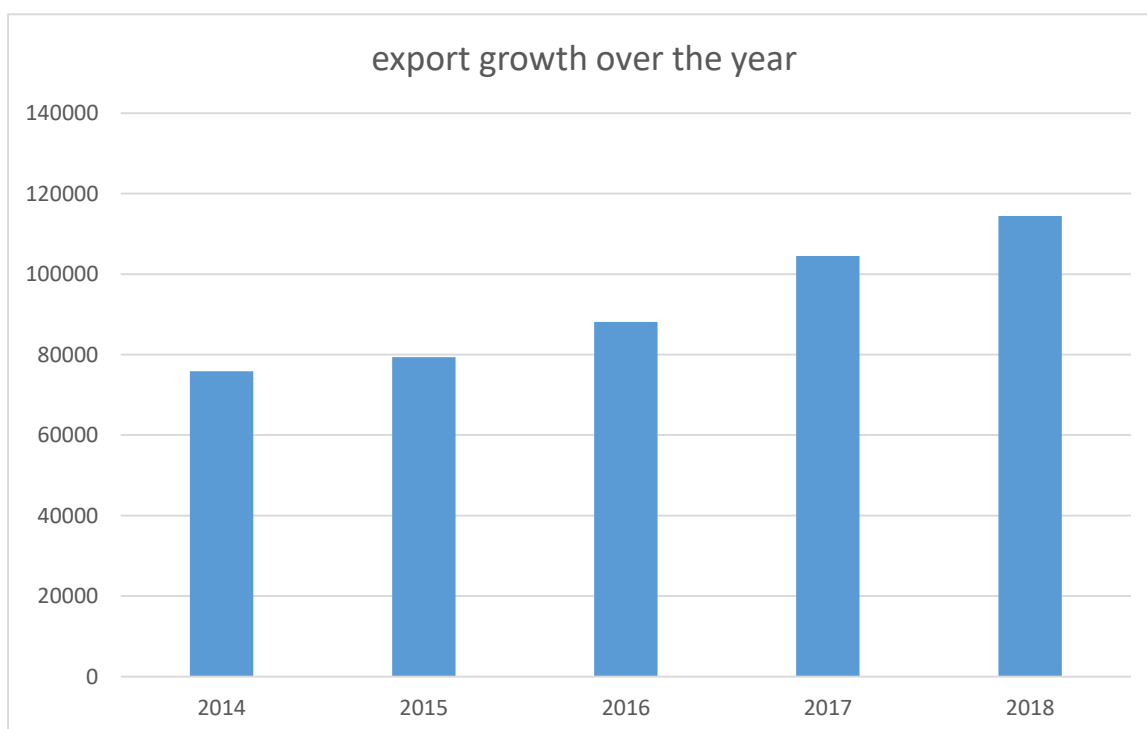


Figure 06: Yearly Export growth of AIBL

3.13 Remittance

Total remittance of the bank stood at Tk.36,917.20 million during the year 2018 as against Tk. 20,700.00 million, Tk.11,735.40 million and Tk. 9,498.00 million in the previous year 2017, 2016 and 2015 respectively. Our remittance increased by Tk. 16,217.20 million i.e. 78.34% in 2018 as compared to increases of Tk.8,964.60 million i.e. 76.39% in 2017, Tk. 2,237.40 million i.e. 23.56% in 2016 respectively. Target for Remittance business for the year 2019 has been fixed at Tk 50,000.00 million expecting growth 35.44%.

Year	Remittance	Growth Rate
2014	8,146.78	18.23%
2015	9,498.00	20.45%
2016	11,735.40	23.56%
2017	20,700.00	76.39%
2018	36,917.20	78.34%

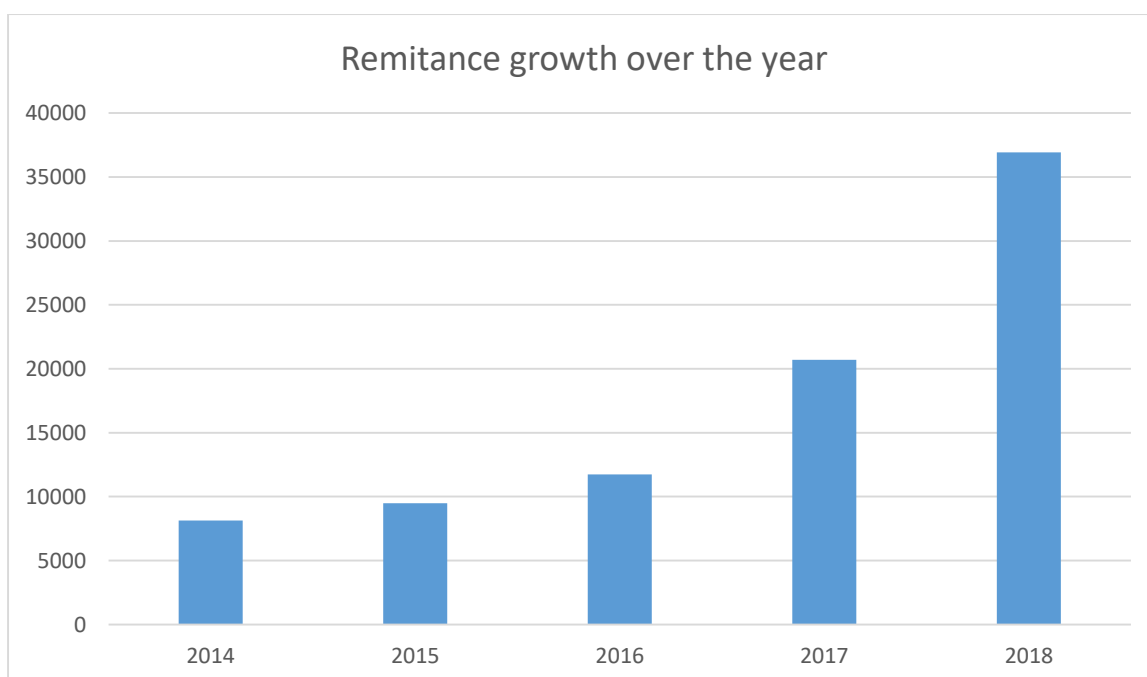


Figure 07: Yearly Remittance position of AIBL

3.14 Exchange rate circular of AIBL

Inter Bank USD /BDT Rate	
Buying Rate	Selling Rate
84.900	84.900

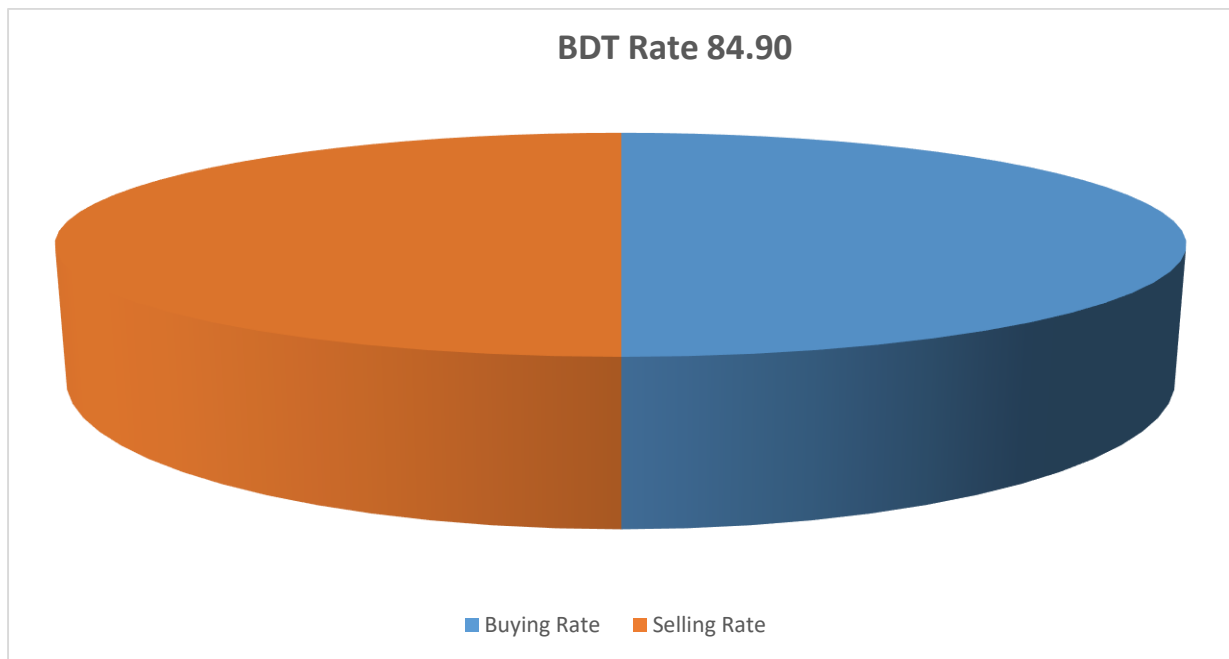


Figure 08: Exchange rate circular

3.15 Currency Exchange Rate for Trade Finance

Currency Exchange Rate for Trade Finance		
Currency Name	Buying Rate	Selling Rate
USD	83.9500	84.9500
GBP	110.5920	114.4935
EUR	94.4225	98.6921
JPY	0.7660	0.8043

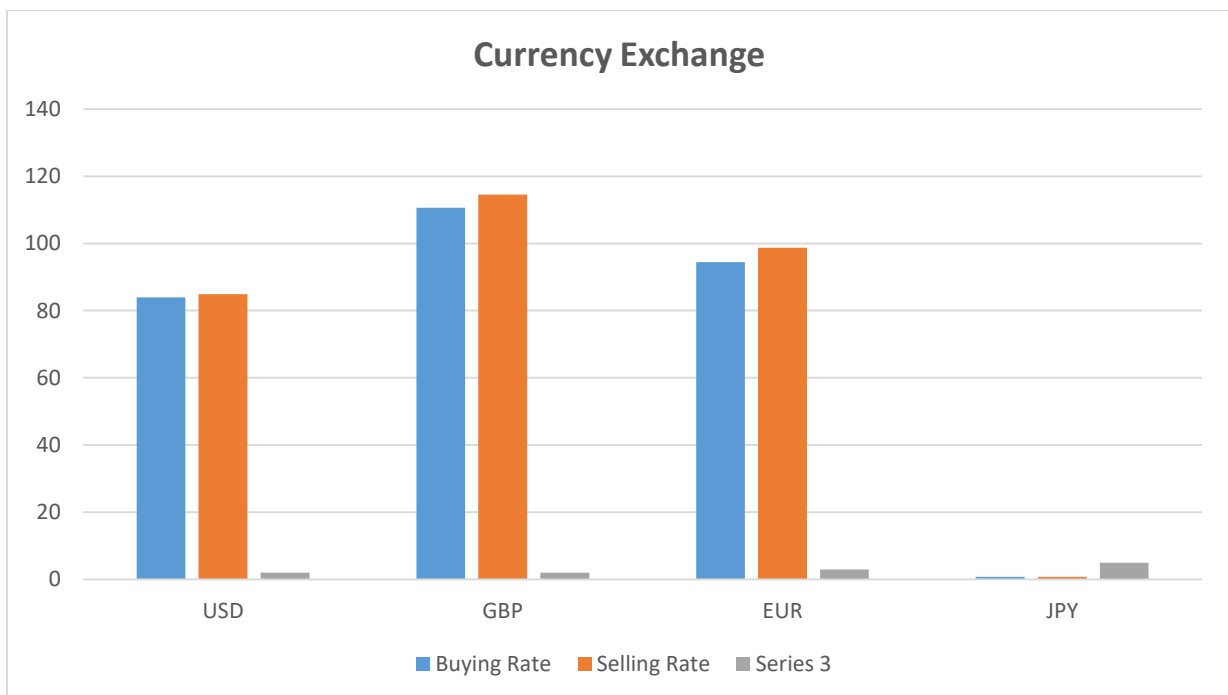


Figure 09: Currency Exchange Rate

3.16 Cash Currency Rates

Cash Currency Rates		
Currency Name	Buying Rate	Selling Rate
USD	85.3000	87.3000
GBP	111.000	115.5000
EUR	94.000	98.000

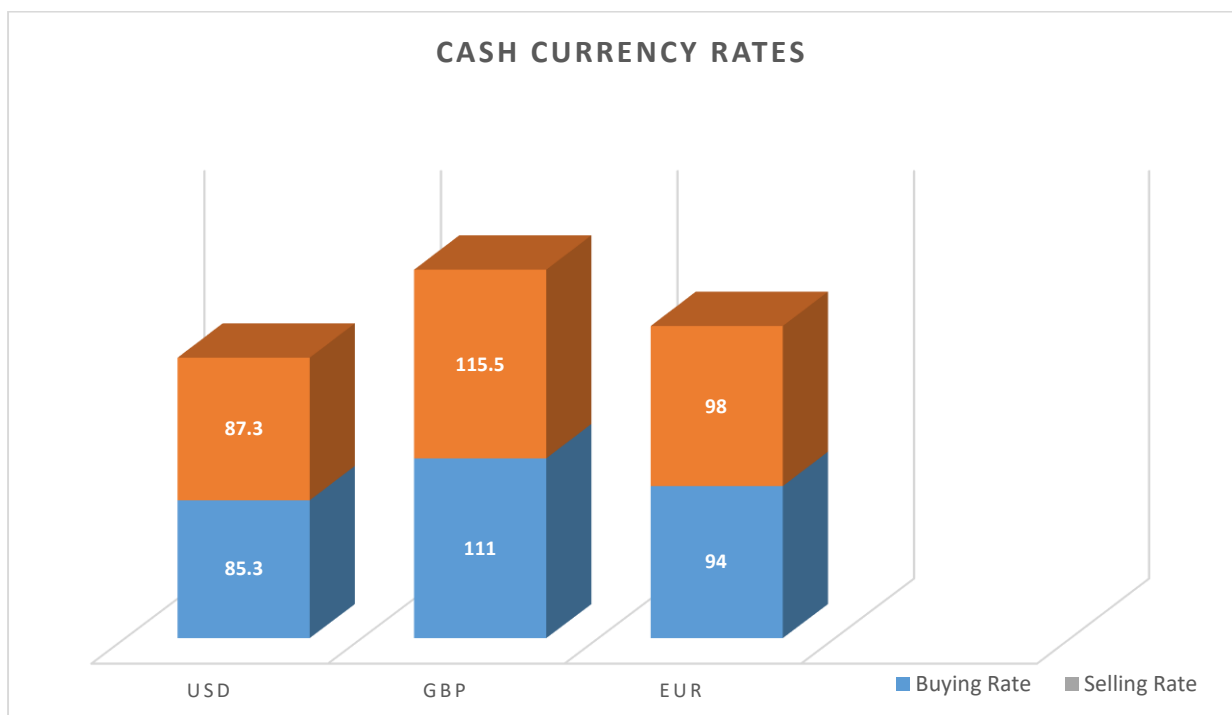


Figure 10: Cash Currency Rates

3.17 Exchange Rate for Expatriate Bangladeshis

Exchange Rate for Expatriate Bangladeshis		
Currency Name	HIGH	LOW
USD	84.9500	84.9000
GBP	112.000	111.5000
EUR	94.4000	94.1500
JPY	0.7835	0.7800

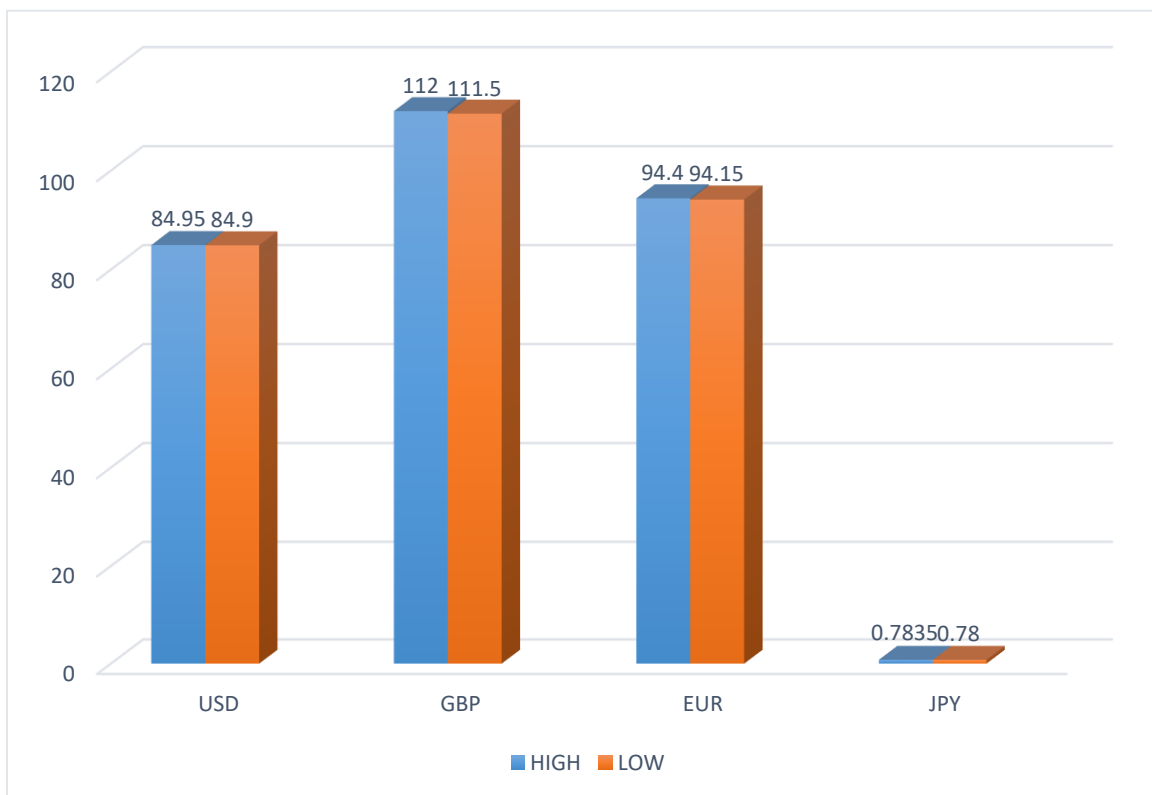


Figure 11: Exchange Rate for Expatriate Bangladeshis

Chapter-4 Findings and Recommendations

4.1 Findings

- Earnings from foreign remittance are in a satisfactory level in AIBL.
- Foreign remittance activities of AIBL in a good position and the bank provide remittance services very quickly.
- The bank handles foreign remittance business through various exchange houses.
- AIBL has an International Division that is shortly called (HO/ID). International Division deals all the foreign remittance activities worldwide.
- AIBL maintain online database with other banks in order to the connection with the payment of Foreign Remittance can be made smoothly
- Total export of the bank is not significantly growing. This will create a new challenge for the bank.
- Total import of the bank is growing over every year.
- The ratio of Export & Import Business is outstanding.
- Profitability from Foreign Exchange Department is satisfactory.
- The process of opening the LC is not so easy, it takes time and money as well.

4.2 Recommendations

From the experience of concluding the project a number of recommendations may be given which may be useful or the newly entrance to offering these services of Foreign Exchange (Export and Import) such as: -

- Maximum clients do not know about the activities of AIBL. They should carry out more promotional activities to make clients aware about their remittance services.
- Sometimes AIBL can provide some gift to the foreign remittance customers. To make them feel that they are valuable.
- The total export of the bank is growing every year in a small volume so, the bank should focus about increasing export business.
- The total import of AIBL is growing in a large volume, the bank should maintain it efficiently.
- AIBL should increase their agent banking system to reach at rural area for providing their banking services.
- AIBL need to do more advertisement in order to having new customers.
- The process of LC opening system should be easier for the exporter.
- AIBL should establish an effective database system to analyze the data of Foreign Exchange Business.

4.3 Conclusions

AIBL is one of the commercial banks in the banking sector of Bangladesh. But we have tried a lot. In this sector the organization itself is very small compare to other industries. In the case of performance appraisal system, the organization should follow the system of other foreign bank in the country. The matter of regret that the organization is not up to the mark and the banking system is not really come out from the traditional banking system. It should be changed. We have to find out the fact that what is the employees of bank want from the organization and what bank want from them. If this two is balanced performance will automatically improve.

AIBL bank is playing an important role in financing Import and Export of the country. Without the banking co- operation, it is not possible to run any business or trade any production activity. For doing Exports and Imports the process of LC or letter of credit, payment against documents(PAD), etc. are provided by the AIBL. There are a lots of risk and uncertainty in foreign business. The AIBL has to clearly justify the customers from a natural point and gather the current information about the market. Finally, AIBL has concentrated on above foreign remittance findings and recommendation. Different constraints also found in the system and effort comes out from me to suggest some remedied to overcome that obstacles.

4.4 APPENDICES:

PROPERTY AND ASSETS	Notes	2017	2016	2015
Cash in hand				
Cash in hand (including foreign currencies)	5 A	2,096,407,675	2,033,960,977	1,779,992,510
Balance with Bangladesh Bank and its Agents Banks		37,669,574,111	30,853,508,125	24,951,466,555
(including foreign currencies)		39,765,981,786	32,887,469,102	26,731,459,065
Balance with other Banks and Financial Institutions	6 A			
In Bangladesh		1,070,656,791	3,426,434,934	2,436,891,773
Outside Bangladesh		10,327,998,227	5,703,406,904	3,953,284,997
		11,398,655,018	9,129,841,838	6,390,176,770
Placement with Banks & Other Financial Institutions	7.A	4,400,000,000	3,333,450,160	1,100,000,000
Investment in Share & Securities	8 A	10,145,490,279	9,158,676,294	8,851,134,487
Government		8,000,000,000	6,990,000,000	6,180,000,000
Others	8.A.i	2,145,490,279	2,168,676,294	2,671,134,487
Investments	9 A			
General Investments etc.		216,659,827,253	180,155,243,596	148,484,014,726
Bills purchased and discounted		19,245,407,271	16,364,134,345	14,019,129,402
		235,905,234,524	196,519,377,941	162,503,144,128
Fixed assets less Accumulated Depreciation	10A	3,260,376,895	3,240,185,718	3,057,379,053
Other Assets	11A	14,379,554,005	18,631,047,423	20,473,363,436
Non-Banking Assets		-	-	-
Total Assets		319,255,292,507	272,900,048,477	229,106,656,939
LIABILITIES AND CAPITAL				
Liabilities				
Placement from Banks & Other Financial Institutions	1 2	32,218,677,048	25,084,653,806	12,795,916,017
Deposits and other Accounts	13A			
Moradabad Savings Deposits		32,130,000,015	26,053,949,961	21,905,934,320
Moradabad Term Deposits	13.A.ii.	135,929,026,231	104,981,785,080	92,519,200,283
Other Moradabad Deposits	13.i.	47,832,419,620	46,027,267,857	37,764,527,251
Al-wadeeah Current Accounts and Other Accounts etc.	13.ii	26,435,038,160	20,693,095,761	16,457,585,767
Bills Payable		2,479,779,449	1,947,821,349	1,239,833,780

		244,806,263,475	199,703,920,008	169,887,081,401
Other Liabilities	14.A	16,608,728,003	23,698,530,129	24,104,783,880
Deferred tax Liabilities/ (Assets)	1 5	100,949,200	75,456,597	82,801,120
Total Liabilities		293,734,617,726	248,562,560,539	206,870,582,418
AIBL Subordinate Bond		3,000,000,000	3,000,000,000	3,000,000,000
Capital/Shareholders Equity				
Paid -up Capital	1 6	9,943,064,280	9,943,064,280	9,469,585,030
Statutory Reserve	1 7	7,576,581,114	6,490,088,540	5,440,728,703
Revaluation Reserve	1 8	980,376,225	978,069,978	991,589,940
Retained Earnings	19.A	2,259,155,807	2,199,578,985	1,615,987,762
Total Equity attributable to equity holders of the bank		20,759,177,426	19,610,801,783	17,517,891,435
Non-Controlling Interest	16.A	1,761,497,355	1,726,686,152	1,718,183,083
Total Equity		22,520,674,781	21,337,487,935	19,236,074,517
Total Liability and Shareholders' equity		319,255,292,507	272,900,048,477	229,106,656,939
OFF BALANCE SHEET ITEMS				
Contingent Liabilities				
Acceptance and endorsement		12,460,678,951	10,243,938,166	9,956,571,853
Letters of Guarantee	20	6,443,409,058	4,981,342,733	4,471,407,869
Letters of Credit		33,529,501,439	26,110,933,527	16,316,709,625
Bills for Collection		4,608,308,496	3,652,427,592	3,835,366,743
Other Contingent Liabilities		-	-	-
Total		57,041,897,944	44,988,642,018	34,580,056,090
Other Commitments :				
Documentary Credits and other short term trade related transactions		-	-	-

Documentary Credits and other short term trade related transactions		-	-	-
Forward Assets Purchased and forward Deposit placed		-	-	-
Undrawn note issuance and Revolving underwriting Facilities		-	-	-
Undrawn Formal standing Facilities, Credit lines and others commitments		-	-	-
Total Off Balance sheet items including Contingent liabilities		57,041,897,944	44,988,642,018	34,580,056,090

Appendix-2 INCOME STATEMENT

Consolidated Profit & Loss Accounts for the year ended December 31, 2017

	NOTES	2017	2016	2015
Investment Income	21.A	20,491,028,035	18,830,156,209	18,568,005,614
Profit paid on deposits & Borrowing	22.A	(11,784,195,568)	(9,957,733,490)	(11,073,014,773)
Net Investment Income		8,706,832,467	8,872,422,719	7,494,990,841
Income from Investment in Shares /Securities	23.A	437,319,085	249,804,490	134,903,233
Commission, Exchange and Brokerage	24.A	2,790,684,690	2,256,415,349	2,153,661,562
Other Operating Income	25.A	329,353,333	285,324,498	223,380,201
		3,557,357,108	2,791,544,337	2,511,944,996
Total operating income		12,264,189,575	12,264,189,575	10,006,935,837
Salaries and allowances & contribution to P.F	26.A	3,571,959,651	2,691,997,385	2,346,091,156
Directors fees & expenses	27.A	18,937,652	15,928,345	14,221,784
Shariah Supervisory Committee's fees & expenses	28	560,969	222,456	186,955
Rent, taxes, insurance and lighting etc.	29.A	584,955,214	519,381,152	430,101,815
Postage, telegram, telephone and stamp etc.	30.A	78,429,866	75,803,110	69,576,889
Legal charges		10,698,639	10,906,430	5,009,678
Auditors' fee		1,602,500	1,420,500	801,250
Salary & Allowances to the Managing Director		15,825,000	13,240,000	11,600,000
Depreciation and repairs to the bank's properties	31.A	317,899,334	293,324,745	274,822,786
Stationery, printing & advertisement etc.	32.A	125,305,263	95,962,147	96,803,956
Other expenses	33.A	582,245,933	435,558,364	397,561,700
Total operating expenses		5,308,420,021	4,152,935,134	3,646,777,969
Profit/(Loss) before Tax & provision		6,955,769,554	7,511,031,922	6,360,157,867
Provision against Investments & Contingent Liabilities	34.A	1,354,891,535	1,547,870,131	1,619,872,195
Provision for diminution in value of investment		-	-	173,462,574

Other Provision		-	-	3,345,000
Total provision		1,354,891,535	1,547,870,131	1,796,679,769
Profit/(Loss) before Tax		5,600,878,019	5,963,161,791	4,563,478,098
Current tax	14.1.A	2,405,891,962	2,621,104,450	2,089,684,203
Deferred tax	15	25,492,603	(7,344,522)	7,910,325
Provision for Taxation		2,431,384,565	2,613,759,927	2,097,594,527
Net Profit/(Loss) after tax		3,169,493,454	3,349,401,864	2,465,883,571
Net Profit attributable to:				
Equity holders of the bank		3,134,682,251	3,053,388,813	2,235,175,137
Non-controlling Interest		34,811,203	296,013,051	230,708,434
Profit for the year		3,169,493,454	3,349,401,864	2,465,883,571
Appropriation				
Statutory Reserve		1,086,492,574	1,049,359,837	797,412,053
Non-Controlling Interest		34,811,203	296,013,051	230,708,434
		1,121,303,777	1,345,372,888	1,028,120,487
Transfer to Retained Earnings		2,048,189,677	2,004,028,976	1,437,763,084
Earning per Ordinary Share (EPS)		3.15	3.07	2.25

Appendix-3 CASH FLOW STATEMENT

	2017	2016	2015
Cash flows from operating activities			
Investment income receipt in Cash	21,383,831,283	18,365,396,086	18,150,538,866
Profit paid on deposits and borrowing	(11,360,819,054)	(10,327,401,253)	(11,254,650,683)
Dividend received	88,486,282	520,046,348	362,391,774
Fees & Commission received in cash	2,790,684,690	2,256,415,349	2,153,661,562
Recoveries from written off investments	309,972,277	126,799,309	24,183,541
Cash payments to employees	(3,587,784,651)	(2,705,237,385)	(2,339,668,915)
Cash payments to suppliers	(125,305,263)	(95,962,147)	(96,803,956)
Received from other operating activities (item-wise)	329,353,333	285,324,498	223,380,201
Paid for other operating activities (item-wise)	(1,457,029,985)	(1,084,322,588)	(975,447,712)
Advance income tax paid	(4,846,389,088)	(2,291,907,683)	(2,153,736,798)
Operating profit before changes in operating assets and liabilities	3,524,999,824	5,049,150,534	4,093,847,879
Changing in Operating assets & liabilities			
Increase/(Decrease) of trading securities	23,186,015	502,458,193	(550,237,092)
Increase/(Decrease) of placement to other banks	(1,066,549,840)	(2,233,450,160)	8,650,000,000
Increase/(Decrease) of Investment and advance to customers (other than Banks)	(40,182,505,104)	(34,036,802,876)	(15,663,581,847)
Increase/(Decrease) of other assets (item-wise)	8,263,939,784	4,201,942,654	(877,906,185)
Increase/(Decrease) of placement from other banks and financial institution	7,134,023,242	12,288,737,789	3,895,916,017
Increase/(Decrease) of Deposits from customers (other than Banks)	44,678,966,954	30,186,506,369	3,217,551,117
Increase/(Decrease) of Other liabilities account of customers	-	-	-
Increase/(Decrease) of Trading liabilities (item-wise)	(12,039,886,171)	(4,842,641,347)	3,530,137,000
Cash receipt from operating activities	6,811,174,879	6,066,750,622	2,201,879,009
A. Net Cash from operating activities	10,336,174,703	11,115,901,157	6,295,726,888
Cash flows from investing activities:			
Proceeds from sale of securities	-	-	-
Payments for purchases of securities	-	-	-
Purchase of property, plant and equipment	(180,314,202)	(450,219,674)	(631,129,036)
Sales proceeds of Fixed assets	-	-	-
Purchase-sale of subsidiary	-	-	-
B. Net cash flows from investing activities	(180,314,202)	(450,219,674)	(631,129,036)
	-	-	-
Cash flows from financing activities			
Increase in Exchange Equalization Account	1,937,451	(13,519,962)	14,041,692
Issue of AIBL Subordinate Bond	-	-	3,000,000,000
Dividend paid	-	(946,958,503)	(1,267,713,015)
C. Net cash flows from financing activities	1,937,451	(960,478,465)	1,746,328,677
	-	-	-
D. Net increase in cash and cash equivalent (A+B+C)	10,157,797,952	9,705,203,018	7,410,926,529
E. Effects of exchange rate changes on cash and cash-equivalents	-	-	-
F. Net increase in cash and cash equivalent D+E	10,157,797,952	9,705,203,018	7,410,926,529
G. Cash & Cash Equivalents at the beginning of the year	<u>49,006,838,852</u>	<u>39,301,635,835</u>	31,890,709,305

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