

# AN APPRAISAL OF EXIM BANK LIMITED

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**Course Code:** BUS 499

**Submitted to:**

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Chairperson  
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**Submitted by:**

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ID: 2009-2-10-007

Date of submission: December 14, 2013



## Letter of Transmittal

December 14, 2013

Prof. Dr. Tanbir Ahmed Chowdhury  
Chairperson  
Department of Business Administration  
East West University

Subject: Application for Submission of the internship report.

Dear Sir,

With due respect and great pleasure I submit my Internship report on “An Appraisal of EXIM Bank limited “and for your kind consideration. This job is assigned to me to fulfill the partial requirement of BBA program. I enrich the knowledge in my internship program at the EXIM Bank Ltd. Malibagh Branch which was assigned to me as a fulfillment of the course BBA program and enhance my ability to understand as a whole. I will be glad to accept and clarify any inquiries regarding this report.

Would you please kindly accept my report and oblige me thereby.

Thank you very much for your kind co-operation.

Sincerely yours,

*Nazmul Huda.*

Md. Nazmul Huda  
ID: 2009-2-10-007  
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## **Acknowledgement**

At first I would like to express my gratitude to almighty Allah who has given me the opportunity to go through the total process of internship and to write a report in this regard.

I would like to acknowledge my deepest gratitude to the honorable instructor Prof. Dr. Tanbir Ahmed Chowdhury, chairperson Department of Business Administration East West University, who has given me suggestions regarding the writing of the report and to go through the process, which has become an excellent way of understanding the topic of my internship. I am very much grateful to the executive of EXIM who extended their wholehearted cooperation during my internship period. I would like to extend my gratitude to Manager; Senior Principle Officer; Executive officer, General Banking In charge; Officer, Customer Relation Desk; Officer, General Banking; Officer, Foreign Exchange; officer, Investment division. I express my indebtedness to Md. Mosharraf Hossain Mazumder the Executive Vice President and Head of Human Resource Department "Export Import Bank Limited" for providing me the working facility for my report.

Last but not the least, I would like to thank all the officials of EXIM BANK who have given me the chance to be familiar with the real organizational environment, and practically experiencing the procedure practiced at EXIM Bank Ltd.

I thank you all from the core of my heart.

## Executive Summary

A Bank is a financial institution whose main aim is to earn profit through exchange of money & credit instruments. The banking sector of Bangladesh is passing through a tremendous reform under the economic deregulation and opening up the economy. Currently this sector is becoming extremely competitive with the arrival of multinational banks as well as emerging and technological infrastructure, effective credit management, higher performance level and utmost customer satisfaction. This internship report has been prepared on the "An Appraisal of EXIM Bank limited." The Bank divides its operation mainly three parts- General Banking, Foreign Exchange and Loan & Advances. This Bank came in to operation as scheduled commercial bank on 3rd August 1999 as per rules and regulations of Bangladesh Bank. But in July, 2004 the bank has migrated into Shariah based Islamic banking. I will discuss about the overall performance of EXIM Bank Limited. They have a shariah council, who basically monitor and decide all the shariah based activities for the bank. I have gain practical knowledge about banking sectors and the working environment. Also, from my working experience and observation I have found out some problems which are very crucial. In the future, those problems can create the main barrier for them to compete with other banks.

According to the problems, I have tried to give some recommendation which I think will be beneficial for the bank. In the project part of my report, at first I have described the objective of my analysis and the process. I have discussed about the financial statements of EXIM Bank- Balance sheet, Profit & Loss account and Cash- flow statement over last five years. I will show the horizontal analysis of balance sheet over last five years where the changes in amount and in percentage will be described. To talk about the results of analysis, I will show the graphical presentation with discussion of some important particulars of balance sheet- Cash, Investment, Fixed assets, Total assets, Total liabilities and Total shareholder's equity. In the graphical presentation and discussion, changes in amount and in percentage will be shown in column chart and in line chart with the reasons. After the balance sheet, the profit and loss account of EXIM bank over last five year and the horizontal analysis of this statement will be discussed. Then, changes in amount and in percentage with the graphical presentation and discussion of particulars of this statement- Total operating income, Total operating expense, Profit before provisions, Profit before tax, Profit after tax and Retained earnings will be shown in column chart and in line chart with the reasons. From the discussion of all the analysis, a conclusion will be drawn where I will discuss about the overall changes and the actions that the bank should take to improve themselves.

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**1.0 Introduction**

In general sense we mean “Bank” as a financial institution that deals with money. There are different types of banks like Central bank, State- owned Commercial bank, Private Commercial bank or Merchant bank, Foreign Commercial bank, Specialized Development bank, etc. But when we use the term bank it generally means ‘commercial bank’ that collects the deposit from surplus unit of the society and then lends the deposits to the deficit units of the society. But the new thing is that how it operates and presenting its activities for the purpose of serving customer requirements to increase their well being in the sense of wealth. Banks also provide many services for clients to make their life easy in this busy environment. In this competitive environment in today’s world, the entire bank increases their facilities in favor of their customers to retain them and capture more share of the market to be leader.

Interest is one of the main factors in attracting customers. So, it can be said that conventional banking systems are interest based system. Bangladesh is one of the largest Muslim countries in the world. The people are deeply committed to Islamic way of Life which is guided by Islamic Sunnah and according to the rules of Holy Al-Quran. But it is not possible for the people to establish and design their economic lives in accordance with Shariah. Sharia prohibits the payment or acceptance of interest fees for the lending and accepting of money. In this regard to establish a banking world that run according to Shariah, the concept of Islamic Banking Arise. Its establishment in Bangladesh on 13<sup>th</sup> March 1983, named Islamic Bank Bangladesh Limited. The definition of Islamic Bank, as approved by the General Secretariat of the OIC, is stated in the following manner. “An Islamic Bank is a Financial Institution whose statutes, rules and procedures expressly state its commitment to the principles of Islamic Shariah and to the banning of the receipt and payment of interest on any of its operation.”

This report is an attempt to gain the knowledge of an appraisal of EXIM Bank Bangladesh Ltd. in terms of productivity and effectiveness. Also, analyze and discuss the five years performance from fiscal year 2008-2012 to evaluate the position of EXIM Bank.

## **1.1 Origin of the Report**

The internship program require for the students who are completed BBA Program from East West University. It is a 03 (Three) credit hours program with duration of 12 weeks. Students who have completed all the required courses in BBA Program are eligible for this. As an eligible candidate for internship program I have attached with Export Import Bank of Bangladesh Limited, Malibagh Branch for the period 09-09-2013 to 02-12-2013. During this period I have done research an Appraisal of EXIM Bank Ltd.

## **1.2 Objective of the Report**

The specific objectives of the study are as follows:

- To apprise the activities of EXIM Bank Ltd.
- To apprise the financial performance of EXIM Bank Ltd.
- To identify the problems of EXIM Bank Ltd.
- To suggest remedial measures for the development of EXIM Bank Ltd..

## **1.3 Scope and Methodology**

This report has been prepared through extensive discussion with bank employees and with the customers. While preparing this report, I had a great opportunity to have an in depth knowledge of all the banking activities practiced by the EXIM Bank Limited. The report was fully exploratory in nature. Data have been collected from both primary and secondary sources.

### **Primary Sources of Data**

- Conversation with the bank officers and staffs.
- Informal conversation with the clients.
- Different manuals of EXIM Bank Limited.
- Different circulars of EXIM Bank Limited.
- Personal Observation.

### **Secondary Sources of Data**

- Annual report of EXIM Bank Limited.
- Different papers of EXIM Bank.
- Unpublished data.
- Different text books.
- Various files, balance sheet and various documents.

### **Data Processing**

Collected information was processed by the use of computer system, research techniques etc. and this detail analysis work is embodied in the report.

## 1.4 Limitations

The officers are very co-operative but they are too busy to give me time to get knowledge about practical activities. Moreover they have to deal in a very competitive environment based on money related activities. Every task has some limitations. I faced some usual constraints during my internship. These are as follows:

- The main constraint of the study is limited access to information, which has hampered the scope of analysis required for the study.
- Every organization has their own secrecy that is not revealed to others. While collecting data they did not disclose such information that hampers the organizational confidentiality.
- Since banks personals were very busy on customer service time so they could provide me very little time.

## **2.0 An overview of EXIM Bank Limited**

EXIM Bank came in to operation as scheduled commercial bank on 3<sup>rd</sup> August 1999 as per rules and regulations of Bangladesh Bank. It is established under the leadership of Late Mr. Shahjahan Kabir, founder chairman who had a long dream of floating a commercial bank which would contribute to the socio-economic development of our country. He had a long experience as a good banker. A group of highly qualified and successful entrepreneurs joined their hands with the founder chairman to materialize his dream. Indeed, all of them proved themselves in their respective business as most successful star with their endeavor, intelligence, hard working and talent entrepreneurship. Among them, Mr. Nazrul Islam Mazumder became the honorable chairman after the demise of the honorable founder chairman. Of its very beginning EXIM Bank Bangladesh limited was known as BEXIM Bank Limited. But some legal constraints the bank renamed as EXIM Bank, which means Export Import Bank of Bangladesh Limited. At present the bank is performing its work all over the country by 73 branches. The bank has migrated all of its conventional banking operation into Shariah based Islamic banking since July/2004.

## **2.1 Banking Functions of EXIM Bank LTD**

General Banking is the heart of Banking. Here money collection procedure occurs. Other services, like cheques encashment, account transfer; account closing, bills and remittance are provided here. So general banking sections is the life blood of banking service. General banking activities of EXIM bank includes the following:

- Mobilization of deposits
- Receipts and payment of cash
- Handling transfer transaction
- Operations of clearing house
- Maintenance of accounts with Bangladesh bank and other Banks
- Collection of cheques and bills
- Issue and payment of Demand Draft, Telegraphic transfer and Payment Order
- Executing customers standing instructions
- Maintenance of safe deposit lockers
- Maintenance of internal accounts of the bank.

While doing all the above noted work EXIM Bank Deposit account operating form, cheques book, ledgers, cash books Deposit account ledgers, preparation statements of accounts and pass book, balance different accounts and calculates profits.

## 2.2 Vision & Mission

EXIM bank's vision and mission are stated in the following bullets:

- To be the finest bank in the banking arena of Bangladesh under the Shariah guidelines.
- To maintain Corporate and business ethics.
- To become a trusted repository of customers' money and their financial advisor.
- To make our stock superior and rewarding to the customers/share holders.
- To display team spirit and professionalism.
- To have a Sound Capital Base.
- To provide high quality financial services in export and import trade.
- To provide excellent quality Customer service

## 2.3 Corporate Culture

This bank is one of the most disciplined Banks with a distinctive corporate culture. Here we believe in shared meaning, shared understanding and shared sense making. Bank's people can see and understand events, activities, objects and situation in a distinctive way. They mould their manners and etiquette, character individually to suit the purpose of the Bank and the needs of the customers who are of paramount importance to the bank.

## 2.4 Customer Services

Customer services are one of the most talked about subject now a day. In banking, it is a major rule to earn a comparative edge. Customer service means to meet customer needs in a prompt and efficient way. In service-oriented organization like, quality means customer satisfaction. And customer satisfaction depends on the services provided by the organization. So, customer service section is the most important section in EXIM Bank Ltd. First of all customer want to collect information before taking services if he/ she satisfied with the information given by the customer-service section, then he/she come to take services. In the sense, it is very sensitive section in EXIM Bank. To satisfy the customer by giving better services all staff and officers of this section have to take responsibility, be cordial, frank and smiling appearance.

### Functions of Customer Service Section

The main functions of customer service section are:

<ul style="list-style-type: none"><li>▪ Accounts opening</li><li>▪ Remittance</li><li>▪ Clearing</li></ul>	<ul style="list-style-type: none"><li>▪ Collection</li><li>▪ Cash</li><li>▪ Others</li></ul>
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## 2.5 Board of Directors

**Chairman:**

Mr. Md. Nazrul Islam Mazumder

**Directors:**

Mr. Md. Nazrul Islam Swapan

Mr. Mohammad Abdullah

Mrs. Nasreen Islam

Mr. Mohammed Shahidullah

Al-haj Md. Nurul Amin

Mr. Mohammad Omar Farooque Bhuiyan

Mr. Anjan Kumar Saha

Mr. Md. Habib Ullah Dawn

Major Khandaker Nurul Afser (Retd.)

Lt. Col. (Retd) Serajul Islam BP (BAR)

Mr. Ranjan Chowdhury

Khandakar Mohammed Saiful Alam

Mr. Muhammad Sekandar Khan

**Managing Director and CEO:**

Dr. Mohammed Haider Ali Miah

**Deputy Managing Director:**

Mr. Md. Sirajul Islam

Mr. Sirajul Haque Miah

Mr. Khondoker Rummy Ehsanul Haq

## 2.6 Shariah Board

The Board of directors has formed a Sharia Supervisory Board for the Bank. Their duty is to monitor the entire Bank's transactional procedures, & assuring its Sharia compliancy. This board consists of the following members headed by the chairman.

**Professor Maulana Mohammad Salah Uddin**

**Chairman**

[Khatib, Baitul Mukarram National Mosque]

**Maulana Mohammad Sadequl Islam**

**Member**

[Imam & Khatib, Mohakhali DOHS Jame Masjid]

**Professor H. M. Shahidul Islam Barakaty**

**Member**

[Director, Southeast University]

**Hafez Maulana Mufti Mohammad**

**Khairullah**

**Member**

[Chief Mufti, Jamia Ambarshah Al-Islamiah, Karwan Bazar]

**Moulana Md. Abdur Razzaque**

**Member**

[Principal, Madinatul Ulum Mpdel Institute Boys' Kamil Madrasa, Tejgaon]

**Mr. Md. Abdul Mannan**

**Member**

**Mr. Md. Fahim Zaman Pathan**

**Member**

**Mr. A.K.M Nurul Fazal Bulbul**

**Member**

**Mr. Zubayer Kabir**

**Member**

**Mr. Mohammad Omar Farooque Bhuiyan**

**Member**

**Dr. Mohammed Haider Ali Miah**

**Member**

[Managing Director, EXIM Bank]

**Abul Quasem Md. Safiullah**

**Member Secretary**

[SAVP, EXIM Bank]

## **2.7 Significant Features of EXIM Bank**

The bank is committed to run all its activities as per Islamic Shariah. EXIM bank through its steady progress and continuous success has earned the reputation of being one of the leading Private Sector Banks' of the country. The distinguishing features of bank are as follows:

- All activities are conducted on interest-free banking system in accordance with Islamic Shariah.
- Investment is made through different modes permitted under Islamic Shariah.
- Establishment of participatory banking instead of banking on debtor-creditor relationship.
- Investment income of the Bank is shared with the Mudaraba depositors according to a ratio to ensure a reasonable fair rate of return on their depositors.
- Its aims are to introduce a welfare-oriented banking system and also to establish equity and justice in the field of all economic activities.
- It extends Socio-economic and financial services to the poor, helpless and low-income group of the people for their economic enlistment particularly in the rural areas.
- It plays a vital role in human resource development and employment generation particularly for the unemployment youths.
- Its aim is to achieve balanced growth and equitable development of the county through diversified investment operations particularly in the priority sectors and in the less developed areas.

It extends co-operation to the poor, the helpless and the low-income group for their economic development.

## **2.8 Management Profile and Divisions**

The EXIM Bank has several divisions. The major departments of the EXIM Bank Limited are:

- Financial Administration Division, Head Office
- Human Resources Division, Head Office
- International Division, Head Office
- EXIM Bank Training Institute
- Information Technology Division, Head Office
- Special Audit Division, Head Office, Dhaka.



### **3.0 Deposit**

Deposit is one of the principal sources of fund for investment of commercial banks and investment of deposit is the main stream of revenue in banking business. The present strategy is to increase the deposit base through maintaining competitive rates of profit and having low cost of funds.

### **3.1 Types of deposit**

EXIM Bank Ltd maintains different types of deposit for the customer. The main forms of deposit are:

#### **3.1.1 Al- Wadia Current Deposit**

Al-Wadiah Current Account follows the Principle of Islami Shariah wherein the bank is deemed as a keeper and trustee of funds as Al-Amana (on Trust). This deposit that operates by taking permission from depositors would be taken to use their fund according to Shariah Principle and depositors would not receive any kind of profit. As such the bank is under obligation to return the entire money on demand by the customer. Account Holder can withdraw money as many numbers of times as he wishes in a working day.

#### **Required Documents**

The following documents are required to open the Al- Wadia Current Deposit

- Account opening duly filled up and signed by account holder
- 02 Copies passport size photographs of every operators duly attested by introducer
- Photographs of National ID Card/Passport/Chairman certificates
- Introducer signature

#### **Terms and Condition**

To open the Al- Wadia Current Deposit The following terms and condition must be maintain

- Bank may use the fund at its own discretion with prior permission of the account holder and without any risk to the account holder
- Customer may be withdraw the entire (or part of) fund without any notice to the ban

### **3.1.2 Mudaraba Saving Deposit**

Mudaraba savings account is opened under the Mudaraba principal of Islami Shariah. Under the above principal the clients is the Shaheb-Al Mal and the Bank is Mudarib. Mudaraba Saving's accounts are mainly meant for Non-Trading customers who have some potential saving with small no. of transactions taking place. More than one person can open and operate a Mudaraba savings account. A guardian on behalf of a minor can open a Mudaraba Savings A/C. In which case a declaration stating the date of birth of the minor should be obtained from the guardian. OD is not allowed for SB account. The account provides expected half-yearly provisional profit.

#### **Required Documents**

The following documents are required to open the Mudaraba Saving Deposit

- Completed account opening form duly signed by account holder
- 02 Copies passport size photographs of every operators duly attested by introducer
- Photographs of National ID Card/Passport/Chairman certificates
- Introducer signature
- Passport size photographs and signature of Nominee

#### **Terms and conditions**

To open the Mudaraba Saving Deposit the following terms and condition must be maintain

- Account will be operated as per Mudaraba principals
- At least 65% of investment income will be distributed among the Mudaraba Depositors as per weightage allocated for each accounts.
- Mudaraba Savings Deposit will bear 0.75 weightage

### 3.2 Deposit Schemes

The other form of deposit schemes behind the Al- Wadia Current Deposit and Mudaraba Saving Deposit are:

- Mudaraba Monthly Savings Deposit Scheme
- Mudaraba Su-Grehini Monthly Savings Scheme
- Mudaraba Femina Monthly Savings Scheme
- Mudaraba Senior Monthly Savings Scheme
- Mudaraba Monthly Income Deposit Scheme
- Mudaraba Su-Grehini Monthly Benefit Scheme
- Mudaraba Femina Monthly Benefit Scheme
- Mudaraba Senior Monthly Benefit Scheme
- Mudaraba Senior Monthly Benefit Scheme
- Mudaraba Multiplus Saving Scheme
- Mudaraba Super Saving Scheme
- Mudaraba Hajj Deposit Scheme
- Mudaraba Denmohor / Marriage Deposit Scheme
- Mudaraba EXIM Student Saver
- Mudaraba Millionaire Deposit Scheme
- Mudaraba Kotipoti Saving Scheme.

### 3.3 Growth of deposit

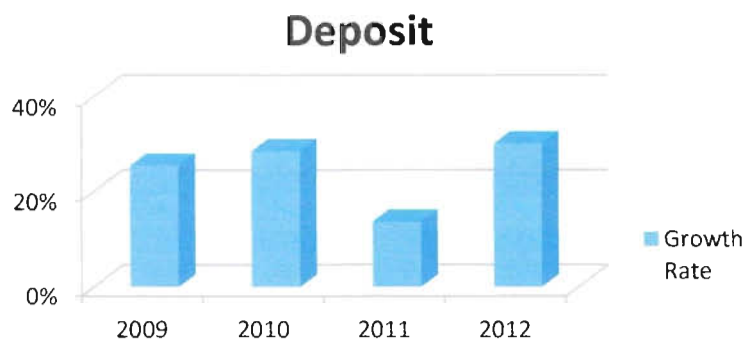
Money placed into a banking institution for safekeeping. Bank deposits are made to deposit accounts at a banking institution, such as savings accounts. The account holder has the right to withdraw any deposited funds, as set forth in the terms and conditions of the account. The "deposit" itself is a liability owed by the bank to the depositor and refers to this liability rather than to the actual funds that are deposited.

Table 3.0 , Deposit

Sl No	Year	Amount	Growth Rate
1	2008	58833060000	
2	2009	73835460000	25%
3	2010	94949400000	29%
4	2011	107881210000	14%
5	2012	140369660000	30%

Source: Annul Report, EXIM Bank Limited 2008 to 2012

When someone opens a bank account and makes a deposit of \$500 cash, the account holder surrenders legal title to the \$500 cash. This cash becomes an asset of the bank; the account becomes a liability. EXIM Bank has the height deposit in 2012 and the growth rate is 30% in that year.



Graph 3.0: Deposit Growth Rate

### 3.4 Features of different types of deposit

#### Al- Wadia Current Deposit

The mainfeatures of Al- Wadia Current Deposit are:

- Halal way or without Riba (interest or usury) transaction.
- Unlimited deposit or withdrawal.
- No profit will be given.
- Cheque book facilities.
- ATM Card.
- Free online transaction.
- No Over Draft will be allowed in the account.
- SMS banking service includes balance inquires/Mini-statement by mobile phone.

#### Mudaraba Saving Deposit

The mainfeatures of Al- Wadia Current Deposit are:

- Attractive provisional rate of profit.
- Minimum initial deposit is Tk.1000.00.
- Half-Yearly account statement.
- Debit card Facility with limited withdrawal.
- Free ATM Cash withdrawal from all ATM of EXIM Bank
- SMS Banking for statement/Balance checking.
- Salary crediting facility.
- Cheque book facility.
- Fund transfer facility.
- Profit will be calculated on monthly basis.

#### 4.0 Capital Structure of EXIM Bank

The components of the capital structure are paid-up capital; proposed issue of dividend, share premium, statutory reserve, proposed cash dividend, retained earnings and other reserve.

#### 4.1 Authorized Capital

The bank started with an authorized capital of Tk. 100 million in 1999 and as on 31<sup>st</sup> December 2008 authorized capital stood at Tk. 350 Crore. At the end of 2012 authorized capital stood at 2000 Crore, I believe this bank has ability to increase it further.

Table 4.0, Authorized Capital

Sl.	Year	Authorized Capital	Growth Rate
1	2008	350	
2	2009	1000	185.71%
3	2010	1000	0.00%
4	2011	2000	100.00%
5	2012	2000	0.00%

Source: Annul Report, EXIM Bank Limited 2008 to 2012

According to the scenario we have seen EXIM Bank Limited has a height growth in 2009, which is 100%. It showed this Bank has moved with our economic growth. If we looked back to 2009-2010 and 2010- 2011 fiscal year, where our economy experienced a pace in their all indications. That was good news for our economy. Another thing is investors invest in a Bank that time, when they saw Bank is well managed by the board.

#### 4.2 Paid up Capital

The bank started with a Paid up capital of Tk. 100 million in 1999 and as on 31<sup>st</sup> December 2008 Paid up capital stood at Tk. 267.78 Crore. At the end of 2012 Paid up capital stood at 1051.49 Crore.

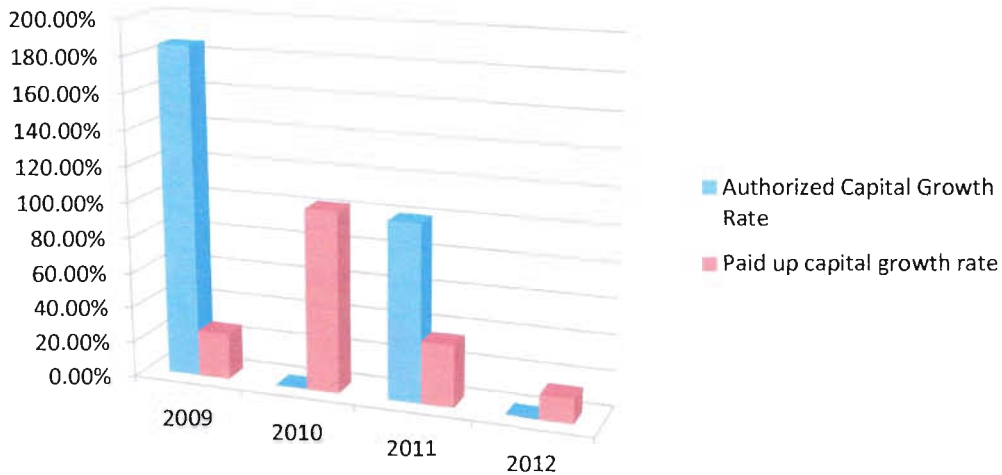
Table 4.1, Paid up Capital

Sl.	Year	Paid up Capital	Growth Rate
1	2008	267.78	
2	2009	337.4	26.00%
3	2010	683.23	102.50%
4	2011	922.36	35.00%
5	2012	1051.49	14.00%

Source: Annul Report, EXIM Bank Limited 2008 to 2012

Paid up capital shows the total price of the share outstanding in the market. Here we have seen this Bank has the height growth in 2010 which is 102.50%. A growth in paid up capital is happened by two events. First one is trust among the individual investors and second one is a better situation in stock market. If we looked bank to the stock market situation in 2009-2010 fiscal year, almost all Bank stocks gained near about twice in price that means individual investors had 100% capital gain in all stocks.

### Authorized and paid up capital of EXIM Bank



Graph 4.0: Capital structure

### 4.3 Employment Generation

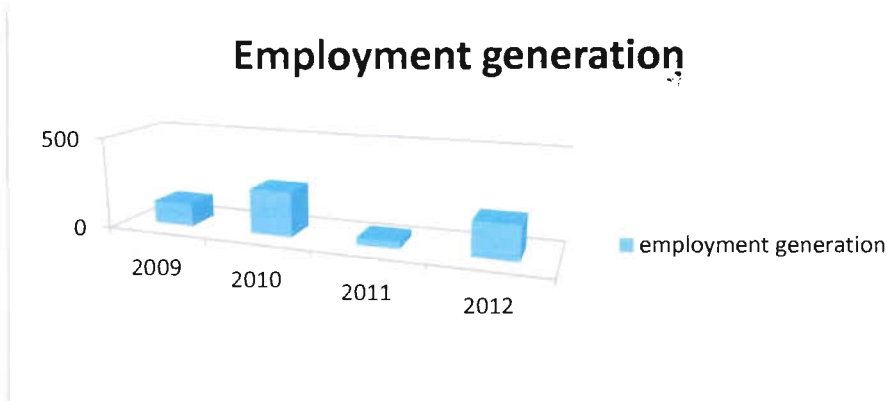
Each year EXIM Bank has gradually increased their number of employee, here the scenario given.

Table 4.2, Employment Generation

Sl.	Year	Number of Employees	Employment Generation
1	2008	1312	
2	2009	1440	128
3	2010	1686	246
4	2011	1724	38
5	2012	1909	185

Source: Annul Report, EXIM Bank Limited 2008 to 2012

A good economic situation, where nominal inflation rate ensure investors not to lose their investments, which ensures better employment generation. In 2010 EXIM Bank generate 246 vacancy for their vacant position. According to managerial body, employment generation is fully dependent with economical growth and there has some rules to increase number of branches too.



Graph 4.1: Employment generation

#### 4.4 New Branch Opened

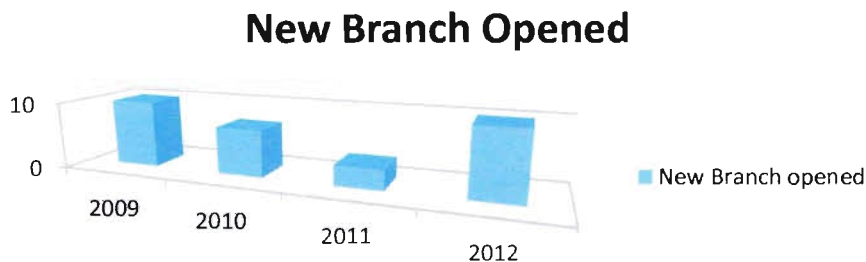
For business growth, each bank needs to setup new branches and upgrading their existing branches by adding different customized product and services. Given data show the number branches increased by EXIM Bank each year.

Table 4.3, Growth of Branch

Sl.	Year	Number of Branches	New Branch opened
1	2008	42	
2	2009	52	10
3	2010	59	7
4	2011	62	3
5	2012	72	10

Source: Annul Report, EXIM Bank Limited 2008 to 2012

This scenario is also depending on economic growth and policies of Bangladesh Bank. When a Bank has a growth in investment deposit and customer satisfaction. A growth in market economy that means growth in socio economy encouraged, a Bank to open new branches in remote areas. Here we have found in 2009 and 2012 they opened height 10 branches in different areas.



Graph 4.2: New Branch Opened

## 5.0 Investment (General)

Amount of invest of a financial institution reflects how efficiently they can handle their deposits, here data are given and these shows each year investment of EXIM Bank.

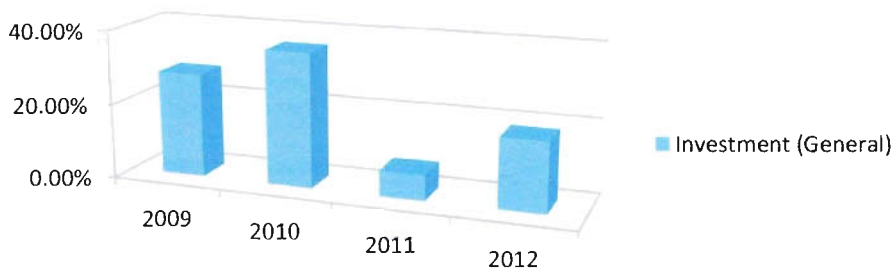
Table 5.0, Investment (General)

Sl.	Year	Investment (General)	Growth Rate
1	2008	5363.77	
2	2009	6860.99	27.91%
3	2010	9329.66	35.98%
4	2011	9969.96	6.86%
5	2012	11822	18.58%

Source: Annul Report, EXIM Bank Limited 2008 to 2012

When a Bank sells or provide loan upon their collected deposits in more widely known as investment in banking. Invest is the major area of earnings for a Bank. All other factors of a annual financial report are depend on their specific term. Find out investors and provide lone those activities are not the end of the task it is actually the beginning of their task. Here Bank need advice, look after and manage the fund they had provided. Otherwise there have good chance to lose their investment as bad debt. Here we have seen in 2010, this bank has a highest investment growth of 35.98%. Investment data are also reflecting some external factors like stable economical environment, economical growth, political situations etc.

## Investment (General)



Graph 5.0: Investment General



## 5.1 Investment (Shares & Securities Excluded Subsidiaries)

Investment in securities shows the portfolio process of a company. A diversified portfolio ensures safe investment. Here data are given for investment in securities and shares for EXIM Bank

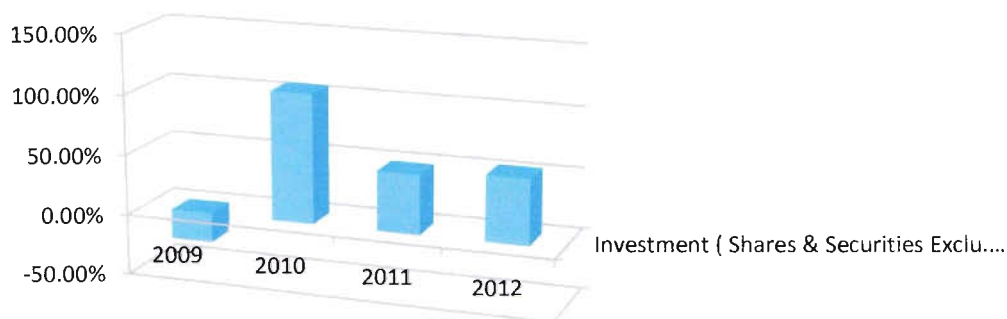
Table 5.1, Investment (Shares & Securities Excluded Subsidiaries)

Sl.	Year	Investment (Shares & Securities Excluded Subsidiaries)	Growth Rate
1	2008	289.4	
2	2009	218.95	-24.34%
3	2010	452.2	106.53%
4	2011	673.4	48.92%
5	2012	1034.54	53.63%

Source: Annual Report, EXIM Bank Limited 2008 to 2012

Investment in share and securities is a part of portfolio management of a Bank. Bank would like to invest in different types stakes and bonds for risk minimization. Here we have seen in 2008-2009 fiscal year EXIM Bank has a height growth that is 106.53% in investment in share and securities.

### Investment ( Shares & Securities Exclu. Subsidiaries)



Graph 5.1: Investment Shares & Securities Excluded Subsidiaries

## 5.2 Foreign Exchange Business

According to Bangladesh bank, a financial institution can entered to foreign exchange business by following some special rules and regulations. A slide slip from the rules creates huge problems like money laundering. Below data show earning from foreign exchange of EXIM Bank.

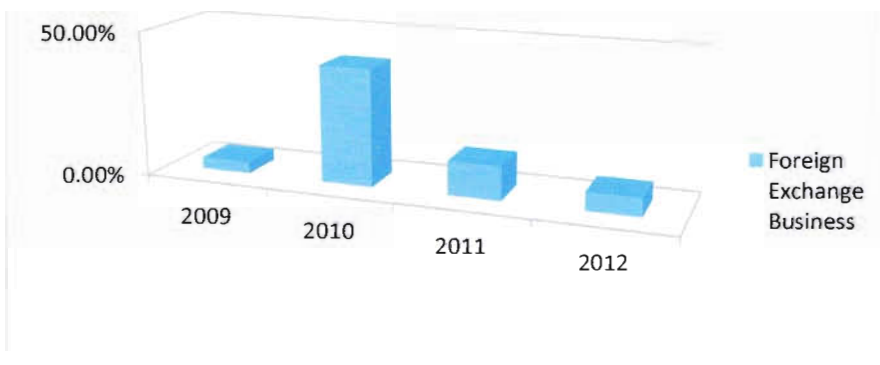
Table 5.2, Foreign Exchange Business

Sl.	Year	Foreign Exchange Business	Growth Rate
1	2008	15643.46	
2	2009	16260.46	3.94%
3	2010	22796.66	40.20%
4	2011	25440.75	11.60%
5	2012	27008.15	6.16%

Source: Annul Report, EXIM Bank Limited 2008 to 2012

Foreign exchange business is mainly on some internal and external factors. Here internal means domestic and external means international. If the economic situation of the countries which we have close economical relation are good that means positive growth than foreign exchange business would be grow positively. In 2009-2010 fiscal year world economy were coming out from the great rescission. This was the main reason for had a height growth in foreign exchange business of EXIM Bank. If we analysis the scenario in 2008-2009 fiscal year EXIM Bank gained 3.94% growth where the factors were worst among the last 20 years. But they gained 40.20% growth in 2009- 2010 fiscal year where situations were changed. That was the height among last five years.

### Foreign Exchange Business



Graph 5.2: Foreign Exchange Business

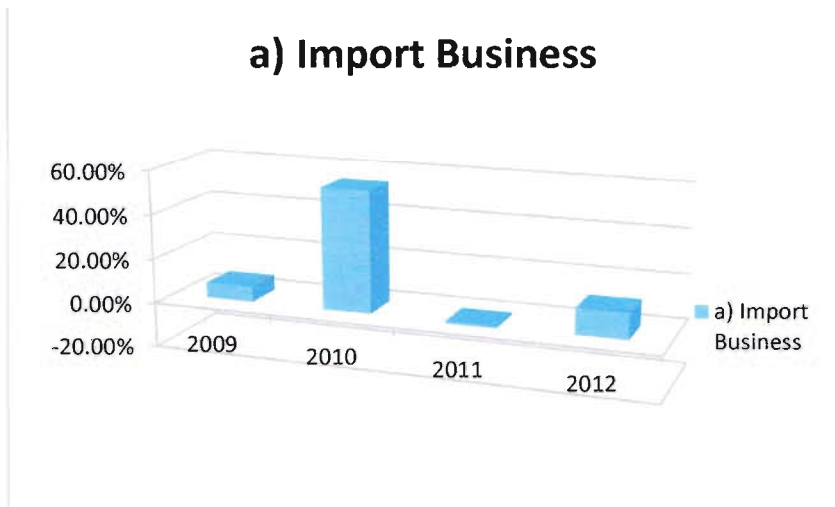
## 5.2.1 Import Business

Table 5.3, Import Business

Sl.	Year	Import Business	Growth Rate
1	2008	7854.05	
2	2009	8391.15	6.84%
3	2010	12957.07	54.41%
4	2011	12844.58	-0.87%
5	2012	14331.44	11.58%

Source: Annul Report, EXIM Bank Limited 2008 to 2012

Import business or business of opening LC is a type of business which is mainly depends on domestic demands of foreign goods and commodities. At the beginning of foreign business we have seen in 2010, EXIM bank made highest growth in export and remittance but this bank paid highest in same year for import. That means in that specific year our macro economy was in the best condition. It also means all other economic indicators were good position among last five years. If we keep close eyes on our economy which is mainly depends on agriculture and garments (RMG). In these two types of production commodities are also depends on import. For example if we choose agriculture fertilizer fuel and all other factors we need to import from outside of our country.



Graph 5.3: Import Business

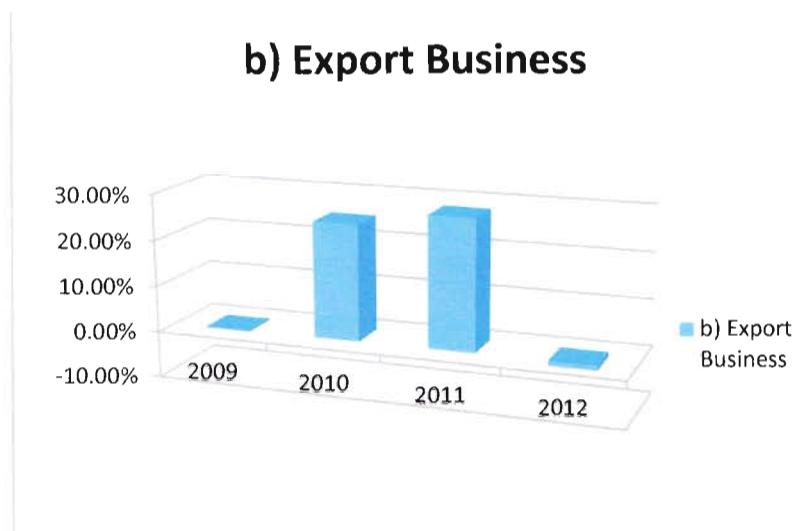
## 5.2.2 Export Business

Table 5.4, Export Business

Sl.	Year	Export Business	Growth Rate
1	2008	7646.56	
2	2009	7624.08	-0.29%
3	2010	9535.95	25.08%
4	2011	12221.73	28.16%
5	2012	12099.69	-1.00%

Source: Annul Report, EXIM Bank Limited 2008 to 2012

When production exceeds domestic demands the surplus product could be sold out the some other countries where demands for those products have. In 2010, this bank produces highest number of foreign currency earnings from export. A 25% growth in single indicator is a brilliant achievement for a bank where external factors are highly correlated. In Bangladesh RMG is the main export item, along with this we export jute items, leather items and so on.



Graph 5.4: Export Business

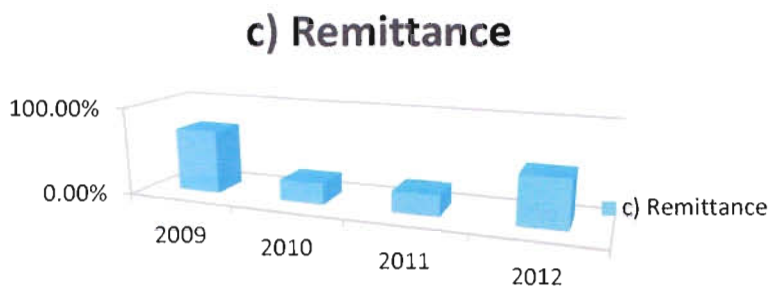
### 5.2.3 Remittance

Table 5.5, Remittance

Sl.	Year	Remittance	Growth Rate
1	2008	142.85	
2	2009	245.23	71.67%
3	2010	303.64	23.82%
4	2011	374.44	23.32%
5	2012	577.02	54.10%

Source: Annul Report, EXIM Bank Limited 2008 to 2012

Remittance word reflects the foreign currency earnings by Bangladeshi people in outside of our territory. Here main source of foreign currency is Middle East. According to the data EXIM Bank has a height growth of 71.67% in remittance in 2009. This statistics make as a bit confused because as we know in 2008-2009 world experienced a massive slow down in their economy. But this statistics shown here is a reflection of increases of number of branches in remote area and open up more new account by the nonresident Bangladeshi.



Graph 5.5: Remittance

## 6.0 Return on Equity

The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a Bank generates with the money shareholders have invested.

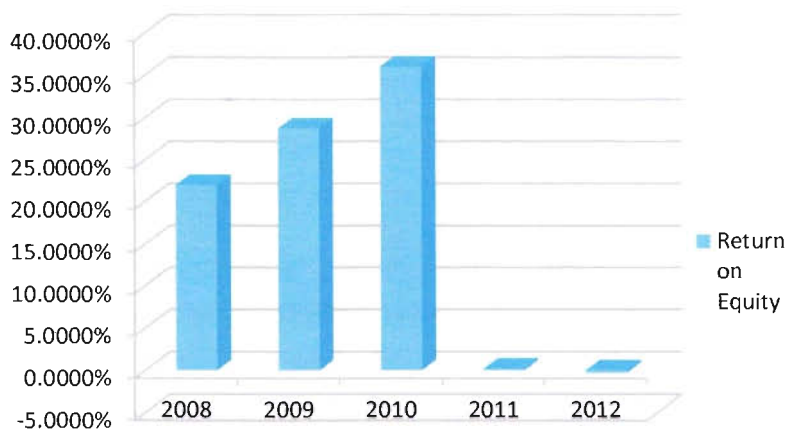
Table 6.0, Return on Equity

Sl. No	Year	Net Income	Average Stock holders' Equity	Ratio
1	2008	1096627046	4989200000	21.9800%
2	2009	1682990615	5853205000	28.7533%
3	2010	3458015132	9596030000	36.0359%
4	2011	24266124	13479535000	0.1800%
5	2012	-46078157	15563040000	-0.2961%

Source: Annul Report, EXIM Bank Limited 2008 to 2012

This ratio indicates how profitable a Bank is by comparing its net income to its average shareholders' equity. The return on equity ratio (ROE) measures how much the shareholders earned for their investment in the Bank. The higher the ratio percentage, the more efficient management is in utilizing its equity base and the better return is to investors. In 2010, this Bank has a highest Return on Equity that is 36.0359%.

### Return on Equity Ratio



Graph 6.0: Return on Equity

## 6.1 Return on Asset after Tax

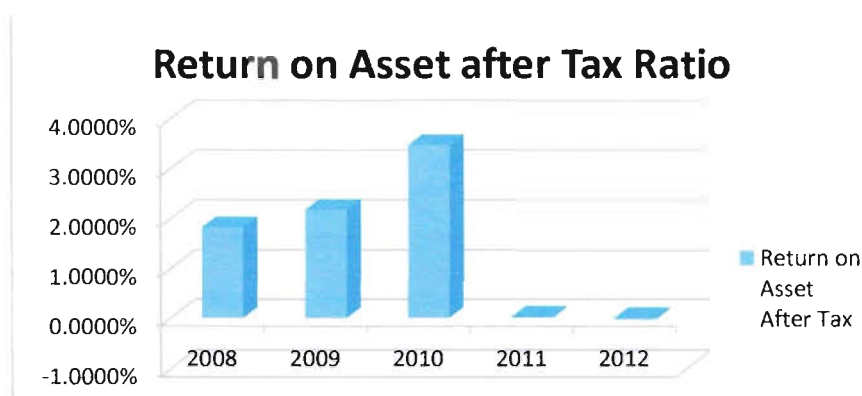
A profitability measure that indicates how well a Bank uses its capital resources to generate income. To calculate after-tax return on assets, divide the Bank's total after-tax income by the value of its total assets. The resulting figure, multiplied by 100, will be a percentage; the higher the percentage, the more efficiently the Bank uses its assets.

Table 6.1. Return on Asset after Tax

Sl. No	Year	Net Income	Average Total Assets	Ratio
1	2008	1096627046	59974743992.50	1.8285%
2	2009	1682990615	77329915000.00	2.1764%
3	2010	3458015132	99630418424.50	3.4708%
4	2011	24266124	121460943424.50	0.0200%
5	2012	-46078157	148465525000.00	-0.0310%

Source: Annul Report, EXIM Bank Limited 2008 to 2012

In 2010, this bank has a highest Return on Asset after Tax that is 3.4708%. The after-tax return on assets ratio can be helpful in comparing the profitability of different-sized Bank's because it allows investors to see how efficiently a Bank works with what it has, regardless of how big the Bank is. If a Bank has 20 million in net income and 100 million in total assets, its after-tax return on assets would be 20%. Return on assets is calculated by dividing a company's net income usually annual income by its total assets, and is displayed as a percentage.



Graph 6.1: Return on Asset after Tax Ratio

## 6.2 Net Interest Margin

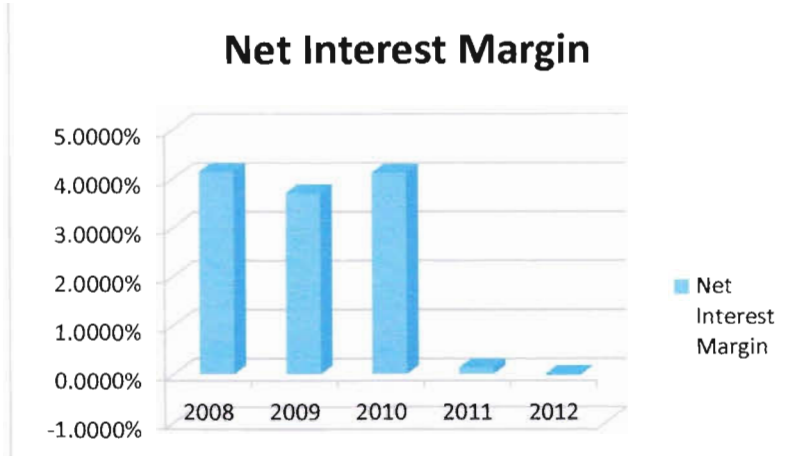
A performance metric that examines how successful a Bank's investment decisions are compared to its debt situations. A negative value denotes that the Bank did not make an optimal decision, because interest expenses were greater than the amount of returns generated by investments.

Table 6.2, Net Interest margin

Sl. No	Year	Investment Return	Interest Expense	Average Earning Assets	Ratio
1	2008	6639835684	4314822001	56192520000	4.1376%
2	2009	8215128005	5901253357	62599540000	3.6963%
3	2010	9690621080	6259323757	83454265000	4.1116%
4	2011	208192588	73568455	103804735000	0.1297%
5	2012	45487381	78650972	120427335000	-0.0275%

Source: Annul Report, EXIM Bank Limited 2008 to 2012

For example, EXIM Bank has a return on investment of Taka 10,00,000, an interest expense of Taka 20,00,000 and average earning assets of Taka 1,0000,000. EXIM Bank net interest margin would be -10%. This would mean that EXIM Bank has lost more money due to interest expenses than was earned from investments. In this case, EXIM Bank would have been better off if it had used the investment funds to pay off debts instead to making an investment.



Graph 6.2: Net Interest Margin

### 6.3 Earning Per Share

Earning per share is generally considered to be the single most important variable in determining a share's price. It is also a major component used to calculate the price-to-earnings valuation ratio.

Table 6.3, Earning per share

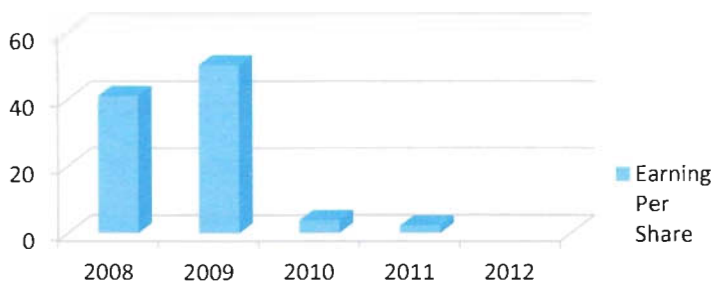
Sl. No	Year	Net Income	Number of Common Stock Outstanding	EPS
1	2008	1096627046	26779659	40.95
2	2009	1682990615	33519032	50.21
3	2010	3458015132	917245393	3.77
4	2011	24266124	11131250	2.18
5	2012	-46078157		

Source: Annul Report, EXIM Bank Limited 2008 to 2012

Here we seen that the height EPS of EXIM Bank is in 2009 and the amount is 50.21. The portion of a Bank's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a Bank's profitability. When calculating, it is more accurate to use a weighted average number of shares outstanding over the reporting term, because the number of shares outstanding can change over time.



## Earning Per Share



Graph 6.3: Earning per share

## 6.4 Operating Profit

The profit earned from a Bank's normal core business operations. This value does not include any profit earned from the Bank's investments, such as earnings from Bank's in which the Bank has partial interest) and the effects of interest and taxes.

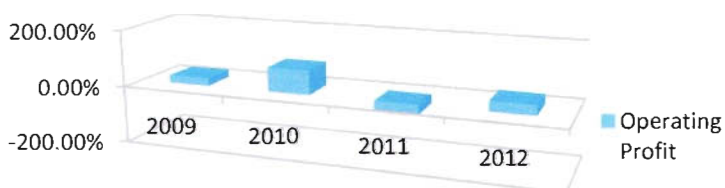
Table 6.4, Operating Profit

Sl. No	Year	Operating Profit	Growth Rate
1	2008	251.84	
2	2009	318.18	26.34%
3	2010	589.38	85.23%
4	2011	395.58	-32.88%
5	2012	533.44	34.85%

Source: Annul Report, EXIM Bank Limited 2008 to 2012

Operating profit is a calculation that shows amount of profits that were not deducted by interest, tax and retain earning. This is a connection and reflector of company's earnings before interest and tax payment. In 2009-2010 fiscal years EXIM Bank has a height growth that is 85.23%

## Operating Profit



Graph 6.4: Operating Profit

## 6.5 Asset Utilization

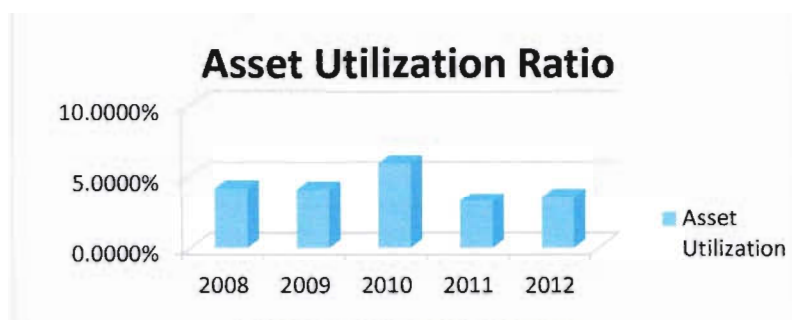
Asset utilization ratios measure how efficient Bank using its assets to make money. A Bank's receivables turnover, which is defined as its credit sales divided by the value of its accounts receivable from customers, indicates whether a Bank is able to turn the goods and services it sells into money that is available for other purposes.

Table 6.5, Asset Utilization

Sl No	Year	Revenue	Average Total Assets	Ratio
1	2008	2518390000	59974743992.50	4.1991%
2	2009	3181780000	77329915000.00	4.1146%
3	2010	5893790000	99630418424.50	5.9157%
4	2011	3955820000	121460943424.50	3.2569%
5	2012	5334350000	148465525000.00	3.5930%

Source: Annul Report, EXIM Bank Limited 2008 to 2012

In 2010 EXIM Bank has the height asset utilization ratio that is 5.9157%. With an asset utilization ratio of 5.9157%, that means Bank earned 0.059157 for each Taka of assets held by the Bank. Increasing asset utilization means the Bank is being more efficient with each Taka of assets it has.



Graph 6.5: Asset Utilization Ratio

## 6.6 Equity multiplier

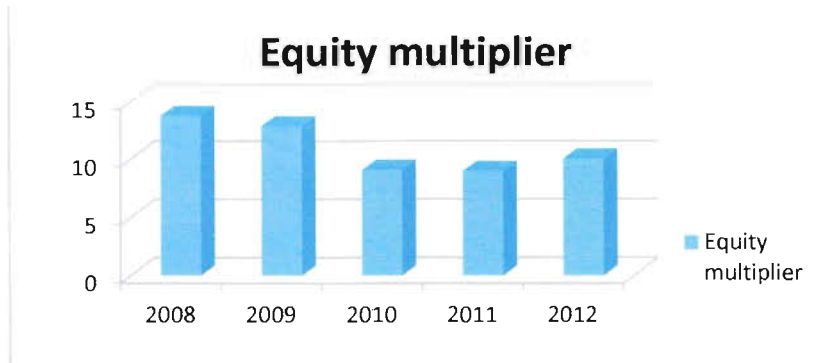
The equity multiplier is a way of examining how a Bank uses debt to finance its assets. Also known as the financial leverage ratio or leverage ratio.

Table 6.6, Equity Multiplier

Sl No	Year	Total Asset	Stock holders Equity	Times
1	2008	68446460000	4989200000	13.71892488
2	2009	86213370000	6717210000	12.83469923
3	2010	113047466849	12474850000	9.062030153
4	2011	129874420000	14484220000	8.966614702
5	2012	167056630000	16641860000	10.03833886

Source: Annul Report, EXIM Bank Limited 2008 to 2012

This ratio shows a Bank's total assets per Taka of stockholders' equity. A higher equity multiplier indicates higher financial leverage, which means the Bank is relying more on debt to finance its assets. The height multiplier is 13.7189488 times in 2008 of EXIM Bank which means higher financial leverage in that year.



Graph 6.6: Equity Multiplier

### 6.7 Price Earning Ratio

Price Earning Ratio compares with current share price and its per-share earnings. In general, a high Price earning suggests that investors are expecting higher earnings growth in the future compared to Banks with a lower Price earning. However, the Price earnings ratio doesn't tell us the whole story by itself. It's usually more useful to compare the Price earnings ratios of one Bank to other Banks in the same industry, to the market in general or against the Bank's own historical Price earning.

Table 6.7, Price Earning Ratio

Sl No	Year	Market Price of Common Stock Per Share	Earning Per Share	Price Earning Ratio
1	2008	321.4575	40.95	7.85
2	2009	377.5792	50.21	7.52
3	2010	42.7518	3.77	11.34
4	2011	27.8168	2.18	12.76
5	2012	20.787	2.05	10.14

Source: Annul Report, EXIM Bank Limited 2008 to 2012

The Price earning is sometimes referred to as the "multiple", because it shows how much investors are willing to pay per Taka of earnings. If a Banks were currently trading at a multiple (Price earning) of 20, the interpretation is that an investor is willing to pay Taka 20 for Taka 1 of current earnings. It is important that investors note an important problem that arises with the Price earning measure, and to avoid basing a decision on this measure alone. The earnings is based on an accounting measure of earnings that is susceptible to forms of manipulation, making the quality of the Price earning only as good as the quality of the underlying earnings number. EXIM Bank height price earning ratio is 12.76 in 2011 among last 5 years.



Graph 6.7: Price Earning Ratio

## 6.8 Loan to Deposit

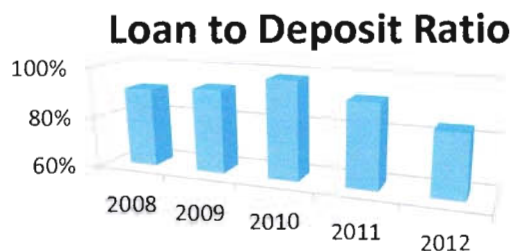
The formula for the loan to deposit ratio is exactly as its name implies, loans divided by deposits. The loan to deposit ratio is used to calculate a lending institution's ability to cover withdrawals made by its customers.

Table 6.8, Loan to Deposit

Sl. No	Year	Deposit	Loan	Ratio
1	2008	58833060000	53637680000.00	91%
2	2009	73835460000	68609910000.00	93%
3	2010	94949400000	93296650000.00	98%
4	2011	107881210000	99699630000.00	92%
5	2012	140369660000	118219990000.00	84%

Source: Annual Report, EXIM Bank Limited 2008 to 2012

Loans in the numerator of the formula are investments or assets for a bank. Deposits in the denominator of the formula can be considered the same as debt as the individual depositors are essentially granting monies to the bank with a return equal to the deposit rates and that can be called upon at any time. In these respects, the loan to deposit ratio is similar to a liquidity ratio and debt ratio. Here we have seen in year 2010 EXIM Bank has a height Deposit ratio that is 98%.



Graph 6.8: Loan to Deposit Ratio

## 6.9 Net Income

Net income is calculated by taking revenues and adjusting for the cost of doing business, depreciation, interest, taxes and other expenses. This number is found on a Bank's income statement and is an important measure of how profitable the Bank is over a period of time.

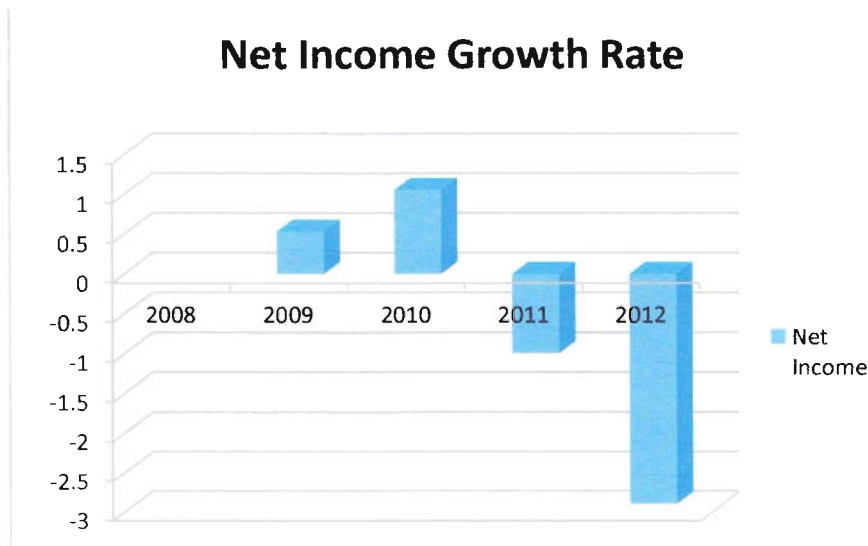
Table 6.9, Net Income

Sl No	Year	Amount	Growth Rate
1	2008	1096627046	
2	2009	1682990615	0.534697344
3	2010	3458015132	1.054684739
4	2011	24266124	-0.992982644
5	2012	-46078157	-2.898867615

Source: Annual Report, EXIM Bank Limited 2008 to 2012

Net income is calculated by starting with a Bank's total revenue. From this, the cost of sales, along with any other expenses that the Bank incurred during the period, is removed to reach earnings before tax. Tax is deducted from this amount to reach the net income number. Net income is susceptible to manipulation through such things as aggressive revenue recognition or by hiding expenses. When basing an investment decision on net income numbers, it is important to review the quality of the numbers that were used to arrive at this value. Here we have seen that the height growth of net income of the EXIM Bank among the last five years in fiscal year 2009-2010 that is 1.054684739 and last 2 years growth rate is negative.

For example, suppose that EXIM Bank gross income is Taka 50,000 and Bank have Taka 20,000 in deductions and credits. This leaves Bank with a taxable income of Taka 30,000. Then, suppose that another Taka 5,000 of income tax is subtracted; the remaining Taka 25,000 will be your net income.



Graph 6.9: Net Income Growth Rate

## 6.10 Expenditure

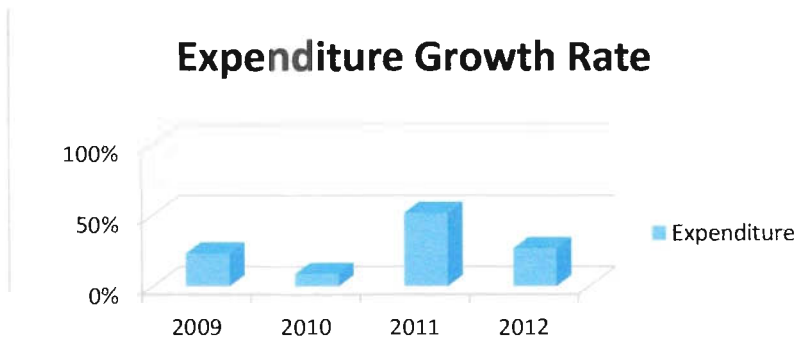
One of the typical responsibilities that management must contend with is determining how low expenses can be reduced without significantly affecting the Bank's ability to compete with its competitors.

Table 6.10, Expenditure

Sl No	Year	Amount	Growth Rate
1	2008	5838430000	
2	2009	7201840000	23%
3	2010	7830160000	9%
4	2011	11846060000	51%
5	2012	15023140000	27%

Source: Annul Report, EXIM Bank Limited 2008 to 2012

EXIM Bank height expenditure was in 2011 that was 15023140000 but the growth rate of the expenditure was 27% that was in 2012. Mainly most expensive sector of EXIM Bank is opening new branch and the payment of the employee.



Graph 6.10: Expenditure Growth Rate

## 6.11 Interest Coverage Ratio

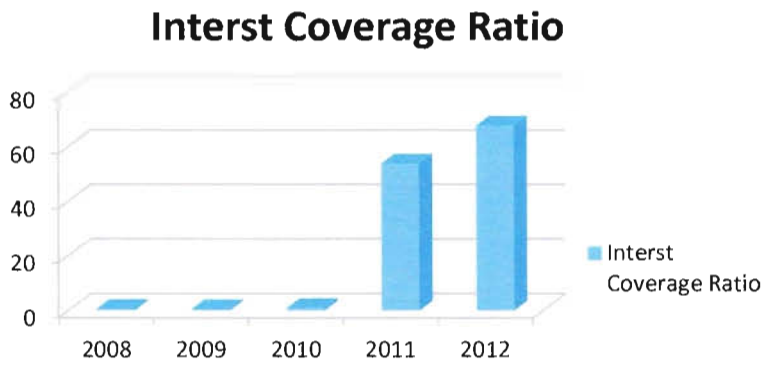
A ratio used to determine how easily a Bank can pay interest on outstanding debt. The interest coverage ratio is calculated by dividing a Bank's earnings before interest and taxes (EBIT) of one period by the Bank's interest expenses of the same period.

Table 6.11, Interest Coverage

Sl No	Year	EBIT	Interest Expense	Ratio
1	2008	2518390000	4314822001	0.58366023
2	2009	3181780000	5901253357	0.539170208
3	2010	5893790000	6259323757	0.941601718
4	2011	3955820000	73568455	53.77060046
5	2012	5334350000	78650972	67.82306517

Source: Annul Report, EXIM Bank Limited 2008 to 2012

The lower the ratio, the more the Bank is burdened by debt expense. When a Bank's interest coverage ratio is 1.5 or lower, its ability to meet interest expenses may be questionable. An interest coverage ratio below 1 indicates the Bank is not generating sufficient revenues to satisfy interest expenses.



Graph 6.11: Interest Coverage Ratio

**7.0 Problem**

According to my observation, I have find out some trouble in EXIM Bank Limited. The Bank can solve the problem if they apply the proper strategy to solve this. These are:

- EXIM bank does not provide assistance in relation with foreign exchange to the small entrepreneur. Small entrepreneur has to keep higher margin sometimes 100% regarding opening a L/C. It mainly give facilitate foreign exchange services to the big shots. As a result their services are not diversified in to the small-scale portfolios. This may cause high financial loss in future.
- EXIM Bank takes 100% margin for the new importer to avoid the risk. Lack of enthusiastic scheme for exporter & importer.
- The EXIM Bank has the limited number of branch over the country as a result every people cannot able to take the banking facilities of EXIM Bank.
- ATM booth is limited compare to the other Banks that is why their ATM service is limited.
- Last year EXIM Bank face net loss as a result customer can come back from the bank for their own safety.
- Recently they reduce interest rate on the customer deposit as a result customer can leave the bank and deposit their money to the other bank. Because of this bank can face the liquidity crisis.
- Small number of promotional activities compare to the other Banks.
- Although the foreign exchange business loading day by day there are also some obstacles around the bank.
- Although some of the bank introduce mobile banking facilities till now EXIM Bank not introduce mobile banking service.
- The invest little amount in the agricultural sector, but it is not the better decision for our country.
- Internally EXIM Bank using internet facilities which help their employee to do their job but customer are not able to use internet banking facilities personally for their own transaction without bank.



## 8.0 Suggestion

There have some suggestions for the EXIM Bank to develop their banking activities and customer satisfaction. These are following:

- The entire department should be well informed regarding their goal and objectives. It is essential to execute company objective into individual target.
- There must be clear allocation of responsibilities, authority and accountability.
- The bank should introduce more promotional activities.
- The bank should take initiative to develop an effective research and development.

Centre to get innovative ideas to capture the competitive market.

- Diversified schemes for export and import with fewer margins for L/C should introduce by the bank for small entrepreneur to target a different segment to increase volume of export and import.
- Efficient and attractive marketing strategy and appearance of the bank in the printing media and electronic media would also increase knowledge of people about foreign trade. This is very much useful for increase transactions in foreign exchange department of this bank.
- Tight rules and requirements for opening foreign currency account should be relaxed and make it easy and simple.
- They should introduce internet banking for own individual customer personally.
- ATM service should available for the customer that will help the customer withdraw the money any time anywhere.

**9.0 Conclusion**

The commercial banking system dominates Bangladesh's financial sector. There is huge number of nationalized and foreign bank operating their banking in Bangladesh, The export Import Bank of Bangladesh Limited is promising one among these banks. The growing competition bound EXIM Bank not only to compete with the other commercial bank but also with the public banks. For the future planning and the successful operation in achieving its prime goal in this current competitive market, this can be helpful in international trade financing that suggested mostly for the betterment of country. Foreign Exchange Business is the main source of the expansion of our economy. This is why, the importance of the effective involvement of Bank in our economy in financing Import, Export & Remittance business is enormous.

The total process of import consists of some sequential steps. First the importer must be registered with the Chief Controller of Import and Export (CCI & E). Secondly importer will determine terms of credit to open L/C. thirdly, he will submit the proposal for L/C to the issuing Bank. Then bank will ask for some important document like. L/C Application form, Pro-forma invoice, Tax Identification number, Import registration certificate, Beneficiaries credit report, VAT certificate etc. After submitting the document issuing bank open L/C for Comparative Analysis of Import Division of EXIM Bank Ltd importer. Opening bank then issues credit by air mail/TELEX/SWIFT followed by L/C advice as asked by the opener through his foreign correspondent or branch as the case may be, at the place of beneficiary. Then the advising bank make know the exporter by the negotiating Bank(the exporter Bank) about the L/C. Being confirm about L/C, exporter make the shipment of goods and sent the documents (Bill of lading, Bill of Exchange, Commercial Invoice, Certificate of Origin, Packing List, Shipment Certificate Pre-shipment Inspection Certificate) to the issuing Bank through the negotiating Bank. After receiving the documents, the opening banker scrutinizes the documents. If any discrepancy found, it informs the importer. If importer accepts the fault, then opening bankers call importer retiring the document by cash payment, or other ways ,if the importer make delay bank charge profit( interest) at 16% of the due amount to the importer.

After analysis the whole import performance and Bank activities, we can see that Banks import volume and the amounts of L/C are increasing year by year. And through this, the Comparative profit volume of the bank is also increasing. The increasing demand of the imported goods and friendly relation with customer by the bank are the main reasons of this growth.

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