EXIM BANK
Shariah Based Islami Bank

UGC & Govt. Approved
Sonargaon University (SU)
সোনারগাঁও ইউনিভার্সিটি (এসইউ)
WE WILL RISE UP WE WILL SHINE

INTERNSHIP REPORT

ON

"INVESTMENT PERFORMANCE ANALYSIS OF EXIM BANK LTD"

INTERNSHIP ON REPORT

"INVESTMENT PERFORMANCE ANALYSIS OF EXIM BANK LTD"

Submitted To:

Prof. Abul Kalam
Professor & Dean
Faculty of Business
Sonargaon University (SU)

Submitted By:

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Date of Submission: 09-09-2023

Letter of Transmittal

09 September, 2023
Prof. Abul Kalam
Professor & Dean
Faculty of Business
Sonargaon University (SU)

Subject: Submission of Internship Report on "Investment Performance Analysis of Exim Bank Ltd".

Dear Sir,

It gives me great pleasure to submit the Internship report titled "Investment Performance Analysis of Exim Bank Ltd." In order to complete the BBA degree. I attempted to make my report as comprehensive as possible by using available data, information, and related knowledge that I learned and gathered while working as an intern at Exim Bank Ltd Bangladesh.

I am grateful to you for providing me with this opportunity, and I value the Internship program. I hope you will accept my internship report with pleasure.

Yours faithfully,

_____

Md Rony Molla
ID- BBA1903018058
Department of business administration (Major in Accounting)
Sonargaon University (SU)

Certificate of the supervisor

This is to certify that Md Rony Molla, ID: BBA1903018058, BBA (Accounting), is a regular student of the Department of Business Administration, Faculty of Business. He finished his internship program at Exim Bank Ltd and prepared this internship under my direct supervision. His internship topic is **"Investment Performance Analysis of Exim Bank Ltd."** I think that the report is adequate for meeting the BBA program's partial necessities.

I checked through the report and found it properly written. He completed the report entirely on his own.

I wish him the best success of his life.

_____

Prof. Abul Kalam
Professor & Dean
Faculty of Business
Sonargaon University (SU)

Declaration of the Student

I, Md Rony Molla, a student of BBA Department of Business Administration, Sonargaon University, do hereby declare that the internship report **"Investment Performance Analysis of Exim Bank Ltd,** Sonargaon Branch". The outcome of three months practical work on this topic mentioned above under the supervisor of **Prof. Abul Kalam**, Professor & Dean, Faculty of Business, Sonargaon University (SU), Bangladesh.

I also declare that this report is an original work and no part of this report has been copied from elsewhere. In addition, I would also like to mention that this report has not been published or submitted for being published or submitted for awarding any degree, diploma or recognition.

Sincerely Yours,

_____

Md Rony Molla
BBA1903018058
Department of Business Administration
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Acknowledgement

No work can be completed without the assistance of others, so I would like to thank everyone who helped me and guided me in preparing the report on the assigned topic **"Investment Performance Analysis of Exim Bank Ltd."**
I would also like to express my heartfelt gratitude to our Sonargaon University(SU) for providing me with the opportunity to successfully complete my internship program. I'd like to express my gratitude to my internship supervisor, **Prof. Abul Kalam** (Professor & Dean). I would like to express my gratitude to Md Akhteruzzaman, Vice President and Manager, and other employees of Exim Bank, Sonargaon Branch, Narayanganj, who assisted me greatly in gathering information for my report. From the bottom of my heart, I thank them all.

Executive Summary

The Exim Bank Limited is a rapidly expanding private bank. It focuses on delivering greater customer service at a low cost. The bank's efforts are focused on product and service diversification. Within a very short period of time, the Exim Bank Limited has made significant progress. In Bangladesh, the bank has been rated as a top-tier institution. I attempted to analyze the investment process of Exim Bank Limited in this report.

Behind the bank's success, they efficiently analyze investment risk and other risks and manage the risks in such a way that they achieve success. In the first section of the report, I discuss the organization's overview, mission and vision, goals and objectives, operations, and performance of the bank at a glance, among other things. In the second section of the report, I discuss the study's background, the review of the literature, and the report's research methodology. The background of the study includes a statement of the problem, the rationale for the study, the scope of the project, and the project's objective.

The third section of the report analyzes the topic as a whole about the Investment of Exim Bank Limited, Investment Objectives of Exim Bank Limited, Investment Categories of Exim Bank Limited, Lending Principles, Investment Investigation, Sector Wise Investment Growth, Investment Assessment & Risk Management, Security, Documentation Process, and Investment Monitoring Process of the bank. The fourth section of the report discusses the report's major findings, and the fifth section of the report makes recommendations based on the report's findings, before concluding the report with the conclusion section.

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Chapter : 01

INTRODUCTION



1.1 Introducion

I had a few questions when I preferred this theme to work. Reports on internships under the investment performance analysis of Exim Bank Limited. In today's modern and globalized world, the business sector is highly competitive. It is more competitive with financial institutions such as banks. Currently, regional banks play an important role in the economic growth and development of the country. Everyone who is interested wonders what the difference between traditional and Islamic banking is, and since Islamic banking is proliferating in Bangladesh, it makes sense to do a little research. Islamic banks can provide efficient banking services to countries supported by appropriate banking laws and regulations. I am providing this study because I want to inform the people of our country about the various procedures and laws regarding the domestic investment sector of private banks

1.2 Objectives of the Study:

1.2.1 Broad Objective

- To explore Investment performance analysis of Exim bank Ltd.

1.2.2 Specific Objectives

- To know the investment activities of Exim bank Ltd.
- To explore their investment performance by ratio analysis.
- To make some findings and recommendation.

1.3 Scope of the Study:

1.3.1 Scopes:

- The prospective topic is the Investment Division and its investment banking activities.
- Data required for interpretation is much easier to obtain in the case of other commercialbanking business issues.
- Supervisors at work are extremely helpful when it comes to data collection and interpretation.Very realistic problems and questions can arise from the topic-related issues, which can be very beneficial for future career illumination

1.4 Methodology of This Study:

To perform the observe each number one and secondary records can be used. Which are given as following.

1.4.1 Primary Sources

- Exim Bank Limited, Sonargaon Branch Working at the front desk onrelated topics
- Personal communication with employees.
- Meeting with senior bank executives.

1.4.2 Secondary Sources

The Internal Sources:

- Bank's Annual Report
- Exim Bank of Korea Investment Division, Nara Yangon Branch and EmploymentPolicy
- Various brochures, instructions and bank files;
- Exim Bank Investment Sector Database.The

External Sources:

- Various books and periodicals related to the investment banking sector.
- Internet magazine
- Various sites

1.5 Limitations:

- Time is the first limitation of the duration of the program.
- A major limitation is interviewing some of the top decision makers who are less interested in sharing strategies and have very busy schedules.
- Insufficient documents required by the foreign exchange department for comprehensive research.
- Another limitation of this report is the bank's policy not to disclose some data and information

Chapter : 02

OVERVIEW OF EXIM BANK LTD.



2.1 Background of the Exim Bank Limited :

Exim Bank Limited was founded in 1999 by the founder and chairman Mr. Founded under the leadership of Shahjahan Kabir. He has a lot of experience as a good banker. A group of highly skilled and successful entrepreneurs joined hands with the founding president and made his dream come true. In fact, they have all established themselves as some of the most successful stars in the business due to their hard work, intelligence, hard work and talented entrepreneurship. Among them, Nazrul Islam Mazumder, a prominent garment entrepreneur in Bangladesh, became the honorary chairman following the death of the distinguished founding chairman. He is also the President of the Bangladesh Banking Association (BAB). Under his leadership, the BAB has developed into an effective forum for exchanging views on issues facing the Bangladesh banking sector and formulating general policy guidelines to address these issues. Drawing on many years of experience in sharia-based Islamic banking in Bangladesh, Exim Bank is about to take on a new shape for its IT enable banking services to spread to the market. With his long experience in the Shariah Based Islami banking in Bangladesh, Exim Bank is going to take a new shape whereIT-enable banking service will spread in the market.

2.2 Vision of Exim Bank Limited:

The essence of the vision is "Toward tomorrow together". Bangladesh Exim Bank Limited believes in unity with its customers on the path to growth and development of the service sector. To achieve desired goals at every step, Exim bank pursues excellence in an atmosphere of continuous improvement, as we believe that the line of excellence is endless. In a rapidly changing competitive environment, banks' strategic planning and networking will strengthen their competitiveness compared to other companies. Customized quality service for customers who show continuous improvement trend will be the cornerstone of customer's business success

2.3 Mission of Exim Bank Limited:

The bank's mission emphasizes: Providing quality financial services, particularly in foreign trade; and maintaining a modern technology-based professional banking environment.

- Maintain corporate and business ethics, as well as transparency, at all levels.

□ Asolid capital foundation

Ensure long-term growth and provide full value to all stakeholders.

□ Fulfill its social obligations and

□ Above all, to contribute positively to the national economy. Sound Capital Base

2.4 Exim Bank Limited's Corporate Culture:

Corporate Culture has become an important theme in business over the last two decades as an intangible concept that clearly plays a meaningful role in corporations, affecting employees and organizational operations. Although it is not the only factor that determines a company's success or failure, a positive culture can provide a significant competitive advantage over the organizations with which it competes. As an accommodating bank, Exim Bank Limited believes that if employees identify with the culture, the workplace environment is more enjoyable, which enhances self-esteem and results in increased levels of teamwork, information exchange, and innovative thinking.

2.5 Shahriah Council of Exim Bank Limited:

The Bank's Board members has established a Shahriah Supervisory Board. Their responsibility is to oversee the entire bank's transactional procedures and ensure Shahriah compliance. This Board is made up of the following individuals, led by its Chairman: In summary, the Shahriah supervisor's responsibilities include responding to questions from the Bank's administration, staff members, shareholders, depositors, and customers, following up with Shahriah auditors and providing guidance, submitting reports and remarks to the Fatwa &Shahriah Supervision Board and the administration, involved in the Bank's training programs, supervising the All Islamic magazine, and handling the duty of being the Genera.

2.5.1 Shahriah Auditing:

This is the civil supervisory aspect that shapes the main feature of the bank. Its existence is a requirement of Shahriah Supervision procedures. One of its primary responsibilities is to ensure Shahriah compliance in the Bank's transactional procedures in accordance with Fatwas issued in this regard, under the supervision of the Shahriah Supervisor. The Shahriah auditor is in charge of reviewing the Bank's transactional procedures throughout the year to ensure that staff members and divisions have followed the restrictions, guidance, and Sharia

laws issued by the Fatwa & Shahriah Supervision Board, forums, and banking conferences. In addition, the Fatwa & Shahriah Supervision Board certifies all contracts that state a right for the bank or an obligation on the bank.

2.5.2 Banking with Shahriah principles:

Since July/2004, Exim Bank Limited has been the first bank in Bangladesh to convert all of its conventional banking operations to Shahriah-based banking. We provide banking services to both Muslims and non-Muslims, giving our customers options and flexibility in their savings and investments. Our products have been approved by our Shahriah Board, which is made up of veteran Muslim scholars from our country who are experts in all aspects of Islamic finance. As a result of the Bank's sole focus on Shahriah- compliant investments, Noriba is committed to strict adherence to the requirements of the Shahriah Board. With the approval of the Noriba Shahriah Board, Noriba experts specifically design each of the Bank's investment vehicles

2.6 Prime Operational Area of Exim Bank Limited:

Exim Bank, as an Islamic bank in Bangladesh, provided all Islamic banking services,including a wide range of saving and investment products, foreign exchange, and support functions, with the assistance of sophisticated IT and professional management. The bank's investment portfolio includes a wide range of business and industry sectors. Textiles, edible oil, ready-made garments, chemicals, cement, telecommunications, steel, real estate, and other service industries, including general trade finance, are among the industries represented.

The bank has prioritized the acquisition of high-quality assets and is committed to retaining loyal customers through customer relationship management and financial counseling. Simultaneously, efforts have been made to explore/induct new clients with the potential to diversify and create a well-established structured investment portfolio, as well as to reduce overall portfolio risk

Chapter : 03

REVIEW OF RELATED LITERATURE



3.1 Exim Bank Limited :

Investment is one of the most important divisions of Exim bank limited. In a modern banking system, where interest is available, the Investment Department plays a vital role by financing the various sectors of the economy, expressing the close and intensive supervision of the project to ensure the economy's satisfactory performance.

One of the most important decisions that the bank's management must make is an investment decision. Investment accounts for a sizable portion of Commercial Bank's revenue. There is an investment committee at the bank. They must carry out and be accountable for the following tasks. The committee will continuously study the market, examine the existing portfolio of investments, and make changes based on liquidity and profitability.

3.2 Policy for Rescheduling of Loans:

The existing loan rescheduling system has created impediments to the realization of defaultedloans, according to experience. Particularly among defaulted borrowers, a proclivity to take advantage of loan rescheduling opportunities has been observed without any definite business rationale. Some misunderstandings have also arisen regarding the requirement of a cash deposit as a down payment for loan rescheduling. Following a thorough examination of the aforementioned issues, and in defiance of all previous instructions25, the following detailed policies for loan rescheduling are being issued for bank compliance

3.2.1 Guidelines for Examining Loan Rescheduling Requests:

Banks must follow the following guidelines when considering loan rescheduling applications:

When a borrower requests loan rescheduling, banks must investigate the reasons why the loan has become non-performing. If such a review reveals that the borrower has diverted funds elsewhere or is a compulsive loan defaulter, the bank will not take into account the loan schedule application. Instead, the bank must take/continue to take all legal steps to recover the loans. When considering a loan reallocation proposal, the bank must evaluate the borrower's overall repayment capacity while also taking into account the borrower's liability position with the other banks. The bank will review the borrower's cash flow statement, audited balance sheet, income statement, and other financial statements to determine whether the borrower will be able to repay the rescheduled installments/existing liability.

3.2.2 Rescheduling of Term Loans:

Term Loans are loans that must be repaid within a specific time period according to a predetermined repayment schedule. The following policies will now be followed for rescheduling such loans:

Only after cash payment of at least 15% of the overdue installments or 10% of the total outstanding loan amount, whichever is less, will an application for first rescheduling be considered. The application for rescheduling will be considered for the second time after cashpayment of at least 30% of the overdue installments or 20% of the total outstanding loan amount, whichever is less; Application for more than two rescheduling will be considered after cash payment of at least 50% of the overdue installments or 30% of the total outstandingloan amount, whichever is less; Similarly, the terms for the third rescheduling as outlined in this circular will apply to any loan that has already been rescheduled twice.

3.3 Policy for Loan Write Off:

The quality of the portion of the loan portfolio when the bank conducts credit operations; in many cases, the situation worsens and there is uncertainty in the performance of these loans and advance payments. These loans are not well classified under existing regulations and require the necessary preparation for these loans. Amortizing bad loans with adequate reserves is a globally accepted banking norm. As Bangladeshi banks are reluctant to rely on this system, their balance sheets have been artificially inflated unnecessarily. Section 28 was incorporated into the Banking Companies Act 1991 of 2001 to avoid possible legal problems when withholding a bank's claims for amortized loans. In this context, the amortization policythat banks must adhere to is: A bank may amortize a loan classified as bad/uncollectible atany time. Loans that have been classified as bad/non-recoverable for the last 5 years and have100% of the reserve must be amortized without delay. As soon as this Prospectus is issued, the amortization process must begin for other loans classified as Bad/Unrecoverable. In this case, the oldest loan classified as bad/unrecoverable is written off first. A bank may offset a loan with a debit to the income account for that year if the 100% reserve it holds is not sufficient to offset the loan. All efforts to enforce the amortization loan must continue.

3.4 Documentation:

Completion of required documentation formalities as in line with authorized sanction letter before disbursement of a mortgage is important to defend the hobby of the financial institution from any misery state of affairs and additionally important for acknowledgement of the debt via way of means of the borrower. Correct documentation permits the banker to take felony recourse towards the defaulting borrowers. The bankers address different people`s cash that are repayable on demand. Naturally, the banker`s high attention is the protection and liquidity in their depositor`s cash. In case of the borrower`s incapacity to pay off the mortgage the banker have to have a few opportunity tangible belongings of the borrower to fall returned upon to get better the mortgage. The banker, therefore, attempts to create a few kind of a rate on some other belongings of the borrower in his favor. Such rate makes the asset charged to be had to the banker while wanted in pride of the advances made to him. Herein lays the function and significance performed via way of means of extraordinary forms of securities in loans and advances of a Bank.

Chapter : 04

INVESTMENT PERFORMANCE OF EXIM BANK LTD.



4.1 What Is Investment?

In finance and business, investment is income or Capital gains or combinations thereof. Investors are investors. The opposite of investing or selling an asset is selling an asset. Investing has the tint of long-term holding, as opposed to speculation in which assets are purchased to profit from short-term price movements. In practice, there is no clear definition of the difference between investing and speculation. Expected return on investment, orprojected return on investment, is a measure of the attractiveness of an expected or realized investment. In economics, investment refers to a company's capital expenditures in an economy or economic model. In this context, investment differs from consumer spending, government spending and net exports

4.2 Investment Objectives of Exim Bank:

The objectives and principles of investment operations of the Banks are:

- Investment funds strictly in accordance with the principles of Islamic Sharia.
    - Diversify the portfolio by investment size, sector (public and private), economic purpose, and geographic region including securities, industrial, commercial and agricultural.
- Professional evaluation of investment proposals, sound investment approval, close and continuous supervision and monitoring ensure the mutual benefit of both banks and investment clients.
    - Invest taking into account the country's socio-economic needs.
    - Increase potential investors through productive investment based on participation.
    - Funds a range of development programs aimed at reducing poverty, generating income and creating jobs to accelerate sustainable socioeconomic growth and community recovery.

4.2.1 In Exim Bank limited they invest in two ways:

One of them is head office investment. Headquarters investments consist of Bangladesh banking investments, security investments and some foreign investments.

Another is funding with the aid of using the branches. And Branch Investment includes funding as loans, advances and ensures business.

Head Office Investment :

Bangladesh Bank requires that all commercial banks make deposits with Bangladesh Bank, which is 15% of the total deposit amount. Investments in the head office of the Export-Import Bank of Korea consist of investments in government bonds, prize money, stocks, promissory notes and other securities. In short, their government. Securities generally generate limited returns, but are highly liquid with credit risk and negligible market risk

Branch Investment :

Branches invest in a variety of sectors, including loans and advance payments. The branch of a bank that processes these loans and loans is called the credit department. Now let's talk about the investment department of Exim Bank Limited. Exim Bank Limited invests based on a profit-and-loss distribution system in accordance with the principles of Islamic Sharia. Making a profit is not an emphasis and is not the only motive in achieving the public good and creating employment opportunities. In addition, to diversify our investment portfolio, we joined the investment business under a special system during the year

4.3 Investment of Exim Bank:

Islamic Shariah, a leading third-generation commercial bank operated by EXIM Bank It offers/provides a wide range of banking services, including a wide range of deposit and investment products, currency exchange, remittance and other ancillary services supported by the most sophisticated and modern information technology and professional management. The bank's investment portfolio consists of a variety of sectors, with all nationally defined sectors/businesses and industries. The bank prioritizes/works to preserve and maintain high quality assets, and strives to retain good customers by treating customers as true business partners through friendly customer relationship management and financial advice. At the same time, it strives to attract new clients with broad potential to diversify its existing portfolio and explore new potential business areas, regulated by global trends as well as the changing business growth of the national economy. By applying the above methods/processes, banks have had great success in creating well-organized and structured investment portfolios and minimizing overall portfolio risk.

The main areas of investment activity are concentrated in the following sectors/areas:

- Ready Made Garments
- Hospitals & Clinics
- IT Related business
- Agricultural and Agricultural developments items
- Fishing and fishing business promotion
- Telecommunication
- Transportation and communication
- Forestry and furniture
- Construction business and housing development
- Leather and leather goods
- Plastic and other synthetics
- Entertainment
- Photography
- Ceramic
- Other admissible trading and intermediaries

4.4 Sector Wise Investment Concentration:

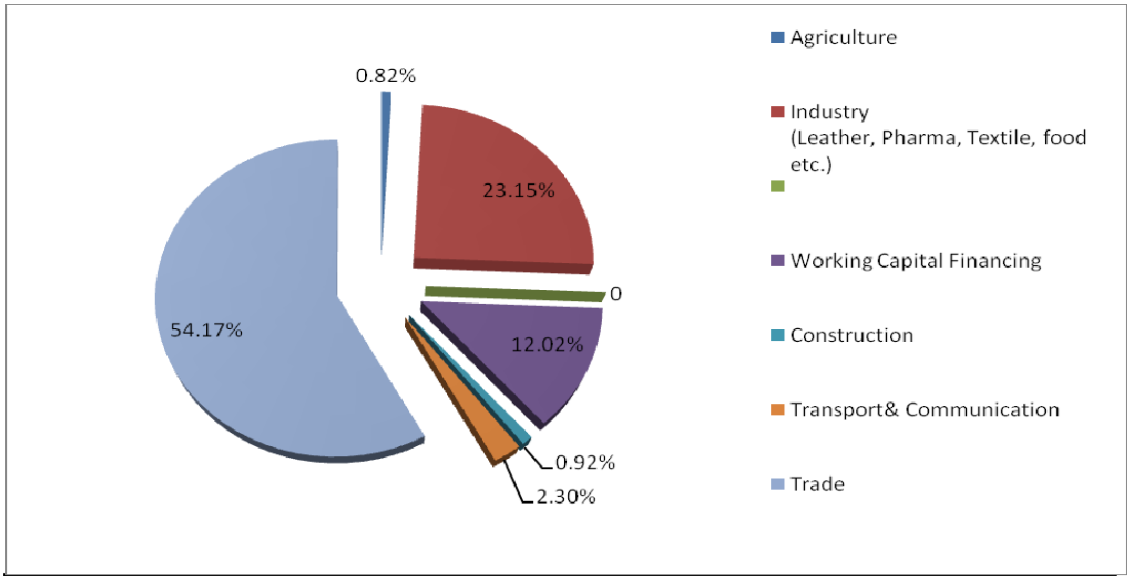
It is especially important to monitor whether credit growth is contributing to the economy. It focuses on sectors vulnerable to changes in economic activity. Concentration of investments (measured as a percentage of total loans) in a particular sector of an economy or activity makes banks vulnerable to adverse changes in that sector or activity. Consequently, the quality of a financial institution's investment portfolio is closely related to the financial healthand profitability of its borrowers

4.4.1 Sector Wise Loans and Advances

4.4.1 Sector wise loans and advances:

Sector	2016	2017	2018	2019	2020
Agriculture	0.82%	3.97%	2.63%	4.23%	3.99%
Industry (Leather, Pharma, Textile, food etc.)	23.15%	34.1%	35.91%	40.35%	46.29%
The Working CapitalFinancing	12.02%	-	-	-	-
Construction	0.92%	-	-	0.56%	0.98%
Transport& Communicati on	2.3%	2.56%	2.59%	3.29%	3.15%
Trade	54.17%	50.75%	48.84%	38.2%	31.42%
Housing	4.89%	4.75%	6.19%	8.39%	9.16%
Miscellaneous	1.73%	4.00%	4.94%	4.98%	5.01%

4.4.2 The trend analyses of sector wise loans are given below:



According to the graph, Exim Bank places a greater emphasis on Bangladesh's trade and industrial sectors. The agricultural sector receives the least investment, followed by the construction sector. According to the previous graphs, the amount invested in these two sectors decreases year after year, most likely because Exim bank does not find much profitability in these sectors. However, the amount has increased significantly in the trade sector due to the tendency of this sector to contribute more to profit. Working Capital financing, which contributes 12.02 percent, is another new addition. We can see from the previous table that this type of financing was not previously available. After analyzing all of the graphs presented above, we can conclude that Exim Bank Bangladesh Limited's budgeting system is excellent.

4.5 Major Investments Categories:

The various investment methods in the Exim Bank include:

1.Murabaha:

Murabaha is an Islamic investment system in which banks purchase real estate with free and clear ownership. This is an interest-free loan that is considered and is a form of loan sale permitted under Sharia law.

2.Bai-Muazzal:

Bai-Muazzal is an agreement between a buyer and a seller, in which the seller sells to the buyer certain goods permitted by Islamic Sharia at an agreed upon fixed price to be paid in a fixed payment over a set period of time.

3. IzaraBilBaia:

IzaraBilBaia is an investment method in which banks must invest in the purchase of equipment, equipment for long-term asset lines, transportation, land, buildings, etc. under contract. Bank rules and regulations.

4. Wazirat Bill Wakala:

Wazirat Bil Waqala: Wakala is an Islamic financial term for an agent contract, wakala is a non-binding contract, and either the agent or principal may withdraw from this agent agreement at any time upon agreement between the parties.

5. Quard:

It is a method of providing a financial loan on condition that the principal is repaid in the future without increasing the principal.

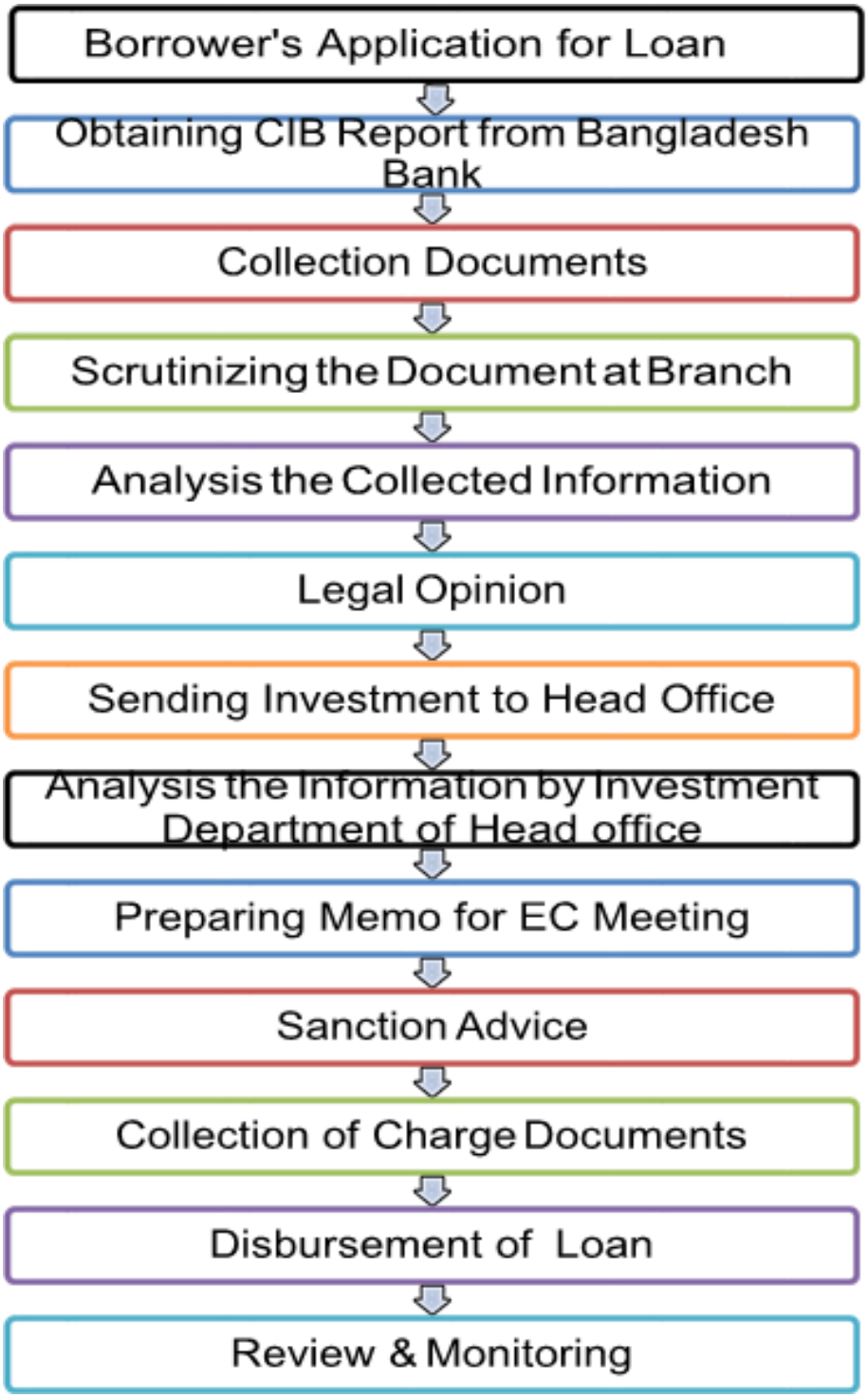
6. Local Documentary Bill Purchased:

Local supporting documents obtained: Payments as opposed to documents fall under this section in lieu of selling goods to a local export-oriented industry treated as export and denominated in local currency. This short-term liability depends on the receipt of your account.

7. Foreign Documentary Bill Purchased:

This section includes payments made to customers through the purchase of foreign documented bills of exchange. These short-term investments are regulated by export documents

4.6 Investment Method:



4.7 General Lending Principles of Exim Bank :

Loans to merchants, businesses and industrial enterprises are major banking business. Banks get most of their revenue from interest and discounts on their loans. Nevertheless, the lending business is not without certain risks. Because it relies heavily on borrowings, bankers cannot afford loans. Excessive loan risk. Therefore, banks follow very prudent policies when lending money and conduct their business according to well-known reliable lending principles to minimize risk. In credit management practice, banks generally follow the following lending principles:

- Safety
- The Purpose
- Profitability
- Liquidity
- Dispersal/Diversification
- National interest/social benefit

4.8 Investment Investigation:

Loans are one of the most important functions of a bank. So this is the most important. It is important for banks to choose borrowers they can trust. To do this, banks establish mechanisms to help identify creditworthy borrowers. This section describes some of the mechanisms that banks use for this purpose.

Form for Investment Application

An investment application will generally include the group name, foundation, nature andplace of business, year of establishment, borrower's experience with this line, information about assets and liabilities, purpose of loan, amount required, length of loan required, nature of collateral offered; Name of current banker with payment source, detailed loan description and other opportunities. This is the first step to getting to know your borrower.

Personal Interview

The bank will arrange an interview with the borrower to learn more about the borrower's specific needs, prospects for wise use of funds, solvency, and suitability of the collateral offered. Highlights from the interview: his business, all legal Documents required for business operation (Memorandum and Articles of Incorporation,

trade and import permit), capital related to working capital, business experience, financial reporting results of at least 3 years, investment amount and period, loan purpose, repayment source, payment terms, proposed Secure Documents, Available Fee Types. Interviewing a bank employee attempts to analyze and judge the correctness of various statements and documents of prospective borrowers and arrives at a balanced opinion about the acceptability or inadequacy of the offer. If, after the initial interview, the commercial lender determinesthat the loan request meets the basic criteria for a bank loan, the next step is to conduct an in- depth investigation based on the customer and the documents received from the bank itself and externally.

4.9 Investment Recovery:

The bank has a recovery department (EB) under CRM. He manages the account himself with a permanent account. Damage (hazard class below Standard (6)).

The main features of RU:

- Define an action plan/strategy for account recovery.
- Take advantage of every opportunity for maximum recovery
- Ensure adequate and timely preparation for investment losses based on actual and expected losses.
- Regularly check the score of 6 or less

4.10 Investment Assessment & Risk Management:

❖ Investment Assessment

A thorough mortgage and threat evaluation is performed previous to the granting of loans and as a minimum yearly thereafter for all facilities. The outcomes of this evaluation are provided in a mortgage inspiration to Head of Loan Division for approval. The guiding concepts for a financial institution authentic at the same time as accumulating and recording statistics are to stay uninfluenced through extraneous concerns and secondly he continues touch with all people who may be of assistance.

The following steps for finishing touch of Loan Risk evaluation for every facility are observed through the financial institution alongside the guidelines/commands given in Head Office circulars issued from time to time.

❖ Risk Management

The following risk areas are addressed for risk management:

- ❖ **Borrower Analysis**: Major shareholders, management and group of subsidiaries are evaluated. Any issues related to insufficient depth of management, complex ownership structures or intra-group transactions are resolved and risks are reduced. Banks collect credit information on borrowers' past credit conditions from CIB, and exchange credit information or opinions with other banks. CIB reports reflect/include the names of all creditors with credit lines, limits and outstanding balances.
- ❖ **Industry Analysis:** Key risk factors to the borrower's industry are assessed. Determine the borrower's strengths and weaknesses by considering the borrower's position in the industry, general issues in the industry, or any issues related to competitive forces, and comparing it to competitors.
- ❖ **Supplier/Buyer Analysis:** Customer or supplier concentration is assessed. Any issuesrelating to the borrower's position in the industry, general industry interests, or competitive factors are considered and the borrower's strengths and weaknesses are identified compared to competitors.
- ❖ **Historical Financial Analysis**: An analysis of the borrower's historical financial statements for a minimum of three years is presented. If the equity is held by a company guarantor, the guarantor's financial statements are analyzed. The analysis concerns the quality and sustainability of income, cash flow and the sustainability of the borrower's balance sheet. Specifically, it analyzes cash flow, leverage, and profitability.
- ❖ **Project Financial Performance:** For term loan (one year or longer maturities) proposals, projections of the borrower's future financial performance are provided, along with an analytical indication of the adequacy of cash flows to repay the debt. If the expected cash flow is not sufficient to repay the debt, the loan is not provided.

- ❖ **Accounts Conduct**: For existing borrowers, past performance is assessed to meet repayment obligations (trade payments, cheques, profits and principal payments, etc.).

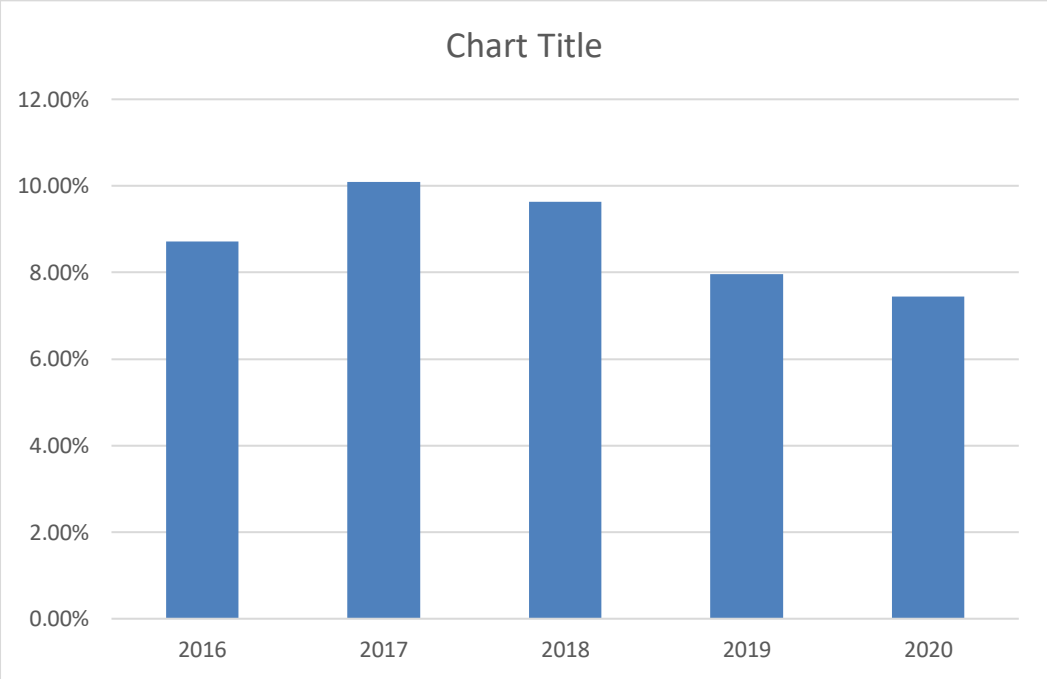
- ❖ **Mitigating Factors:** Mitigation risk factors identified in the credit rating have been identified. Potential risks include margin stability and/or volatility, high leverage (leveraged/debt equity), overstock or debtor issues, rapid growth, acquisition or expansion; new business line/product expansion, leadership change or succession issues; customer or supplier focus; The opacity of industry problems

4.11 Ratio Analysis

Ratio analysis is a type of financial statement analysis that is used to assess a company's financial health in a few key Ares.

4.11.1 Return of Equity (ROE)

Return Of Equity Capital(ROE)	
2016	**8.72%**
2017	**10.09%**
2018	**9.63%**
2019	**7.96%**
2020	**7.44%**

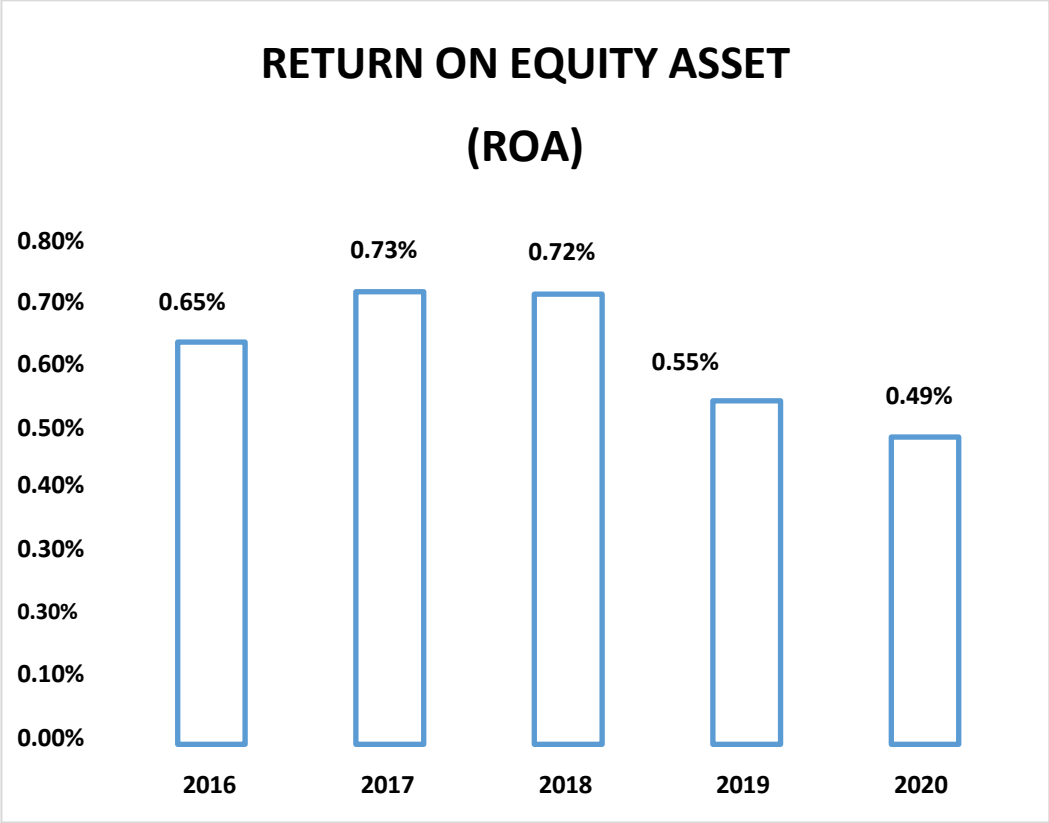


Interpretation

ROE- That indicate how an institution earn profit by using their shareholders equity. The higher ROE is better for institution. Above 5 year data we can see maximum ROE came from 2017 and the rate is 10.09% and next 3 year the rate decrease. Behind this decreasing statistics the reason is bank Exim could not utilize their shareholder capital properly. If they did it properly the ROE might increase every year

4.11.2 Return on Assets (ROA)

Return on Assets (ROA)	
2016	0.65%
2017	0.73%
2018	0.72%
2019	0.55%
2020	0.49%

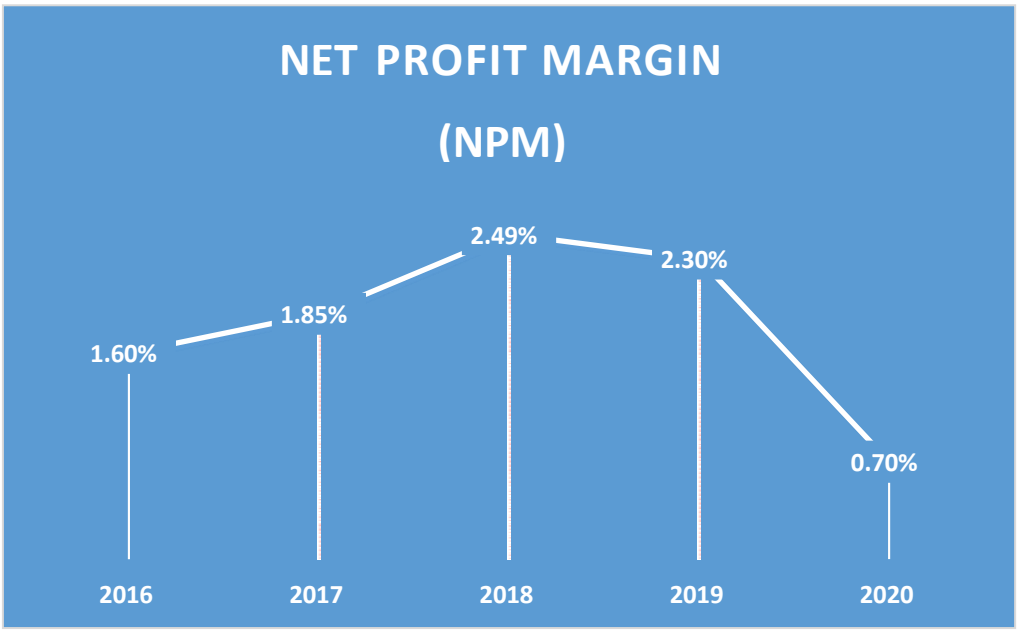


Interpretation

ROA- It refers that how much an institution can make their profit by using their asset. So maximum ROA is better for an institution. Above 5 years data here we can see in 2016, the ROA is .65%. In the next year that rate is increase & the rate is .73%. But next 3 year this rate were decrease because in the level of increasing asset rate is nor similar with net profit.

4.11.3 Net Profit Margin (NPM)

Net Profit Margin(NPM)	
2016	**1.60%**
2017	**1.85%**
2018	**2.49%**
2019	**2.30%**
2020	**0.70%**

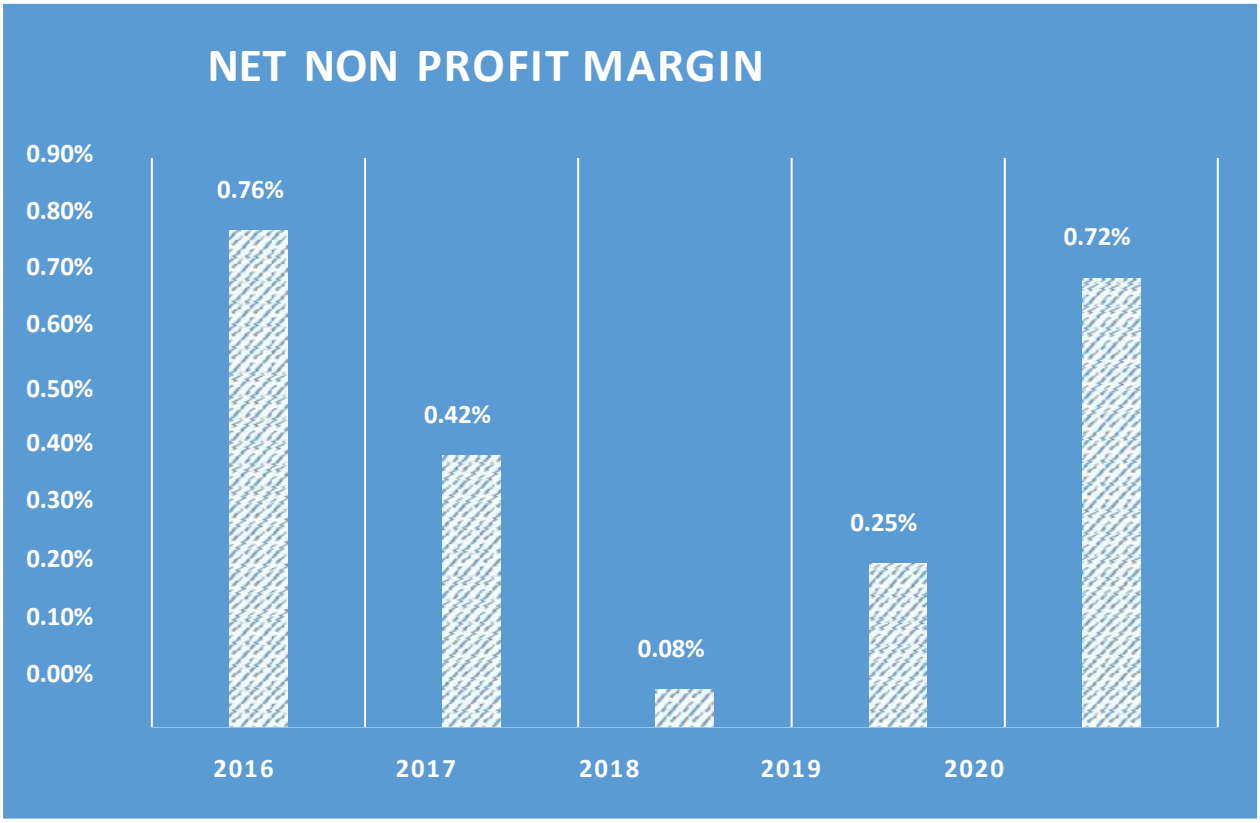


Interpretation

The amount of difference between interest revenue and interest cost management that the bank has been able to achieve through cost control over its earning assets is measured by net interest margin. In this chart here we can see that in 2016 to 2018 the NPM ratio was increase it is a positive sign for the bank because we know a positive net interest margin indicates that an organization is profitable. And highest ration comes from 2018 the rate is 2.59%, but in 2019 to 2020 this ratio was decrease because of the pandemic situation, people are unable to pay their loan interest. So bank cannot earn their interest income that's why this two year this ratio was fall.

4.11.4 Net Non Profitt Margin (NNPM)

Net Non Profit Margin (NNPM)	
2016	**0.7%**
2017	**0.4%**
2018	**0.0%**
2019	**0.2%**
2020	**0.7%**

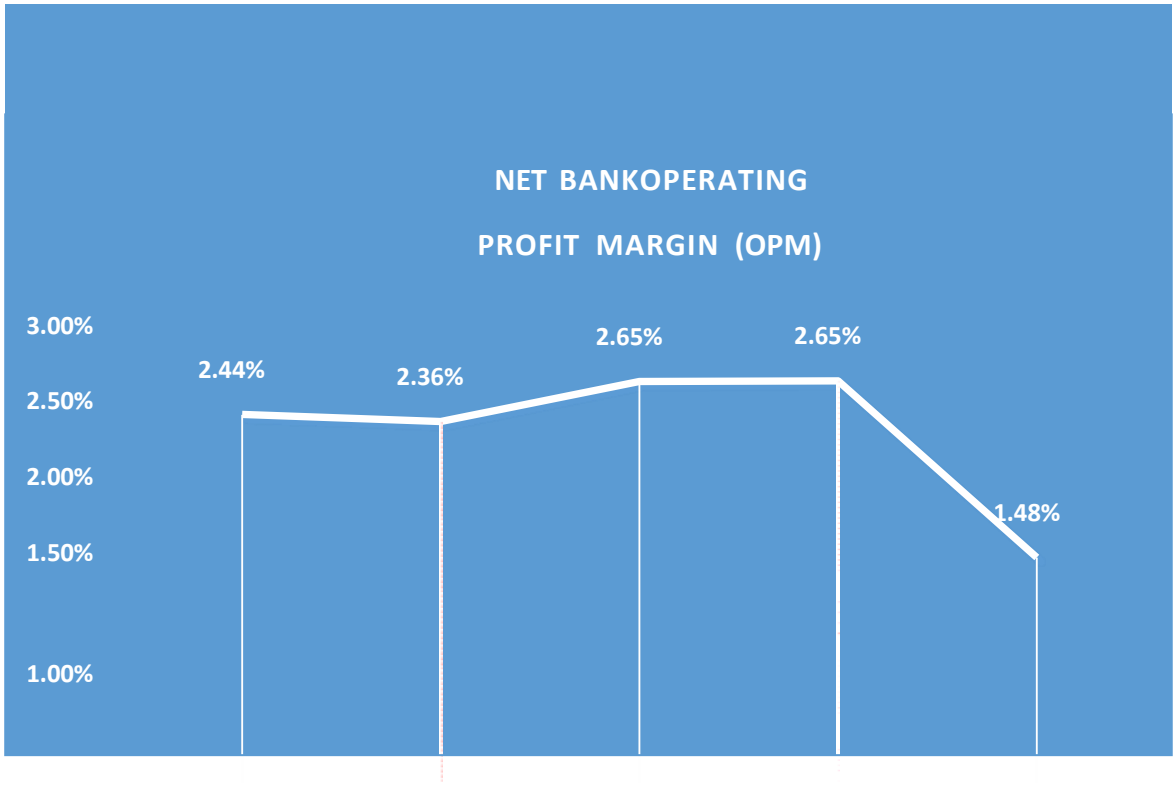


Interpretation

The non interest margin is a measurement tool that measures the value of non-interestrevenue such as fees and service charges. The difference between non-interest income and non-interest expenses divided by total earning assets is known as the non-interest margin. Here we can see in the year 2016, the NNPM ratio is the highest. After next 4 year ratiocannot beat the year 2016.The reason is the non-interest expenses and asset is gradually increase but non-interest income cannot increase at the same time. But in 2020 the non- interest income again increases as a result the NNPM ratio was increase in this year.

4.11.5 Net Bank Operating Profit Margin (OPM)

Net bank operating profit margin (OPM)	
2016	**2.44%**
2017	**2.36%**
2018	**2.65%**
2019	**2.65%**
2020	**1.48%**

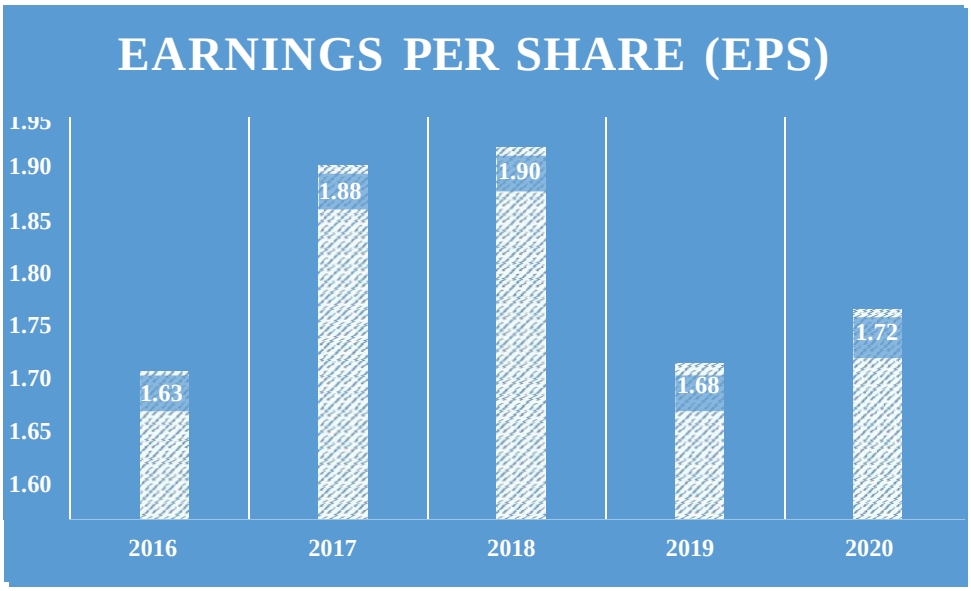


Interpretation

The operating ratio is an indicator of a company's ability to make profit from its core product while utilizing all of its assets. To calculate the operating margin, divide operating income (earnings) by sales (revenues). Above 5 year data we can see in 2016 the value is 2.43% after next year this rate was fall down. But in 2018 to 2019 this ratio increase and it is the highest rate in this graph. In 2020 bank cannot utilize their asset to generate sales as a result the rate was fall down.

4.11.6 Earnings per share (EPS)

Earnings per share (EPS)	
2016	**1.63**
2017	**1.88**
2018	**1.90**
2019	**1.68**
2020	**1.72**

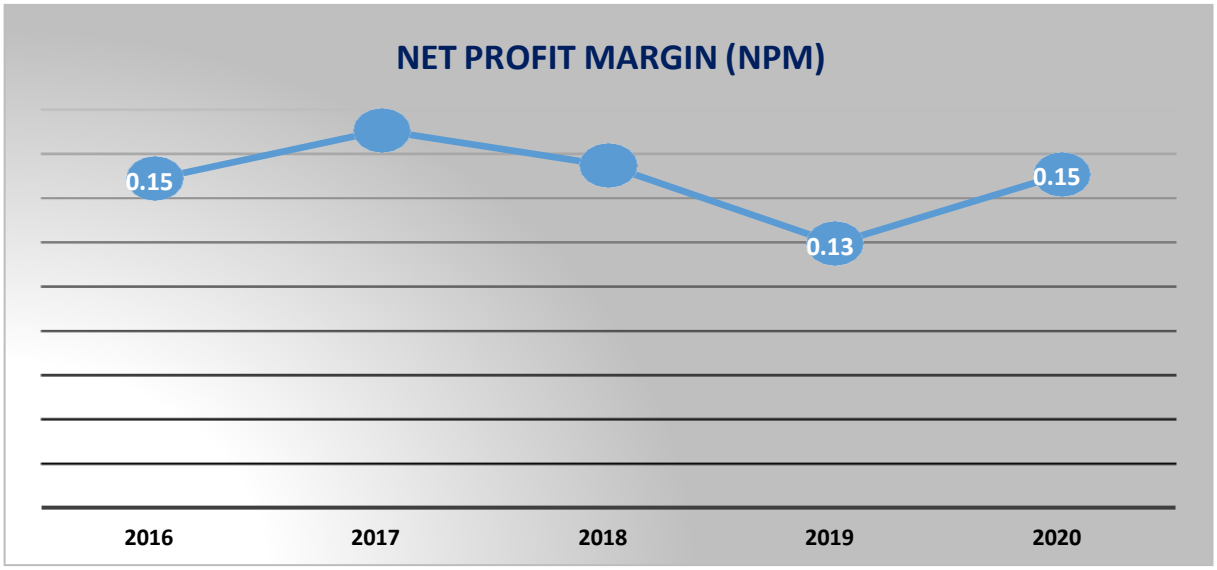


Interpretation

The fraction of a company's profit given to each outstanding share of common stock is called earnings per share (EPS). The more company's earnings per share, the more profitable it is. In this graph here we can see in 2016 to 2018 EPS was gradually increase but in 2019 per share price was huge fall but in 2020 the share piece again increase. So we can say in the year 2018 is the best for the shareholder and the bank as well.

4.11.7 Net Profit Margin (NPM)

Net Profit Margin (NPM)	
2016	**0.15**
2017	**0.18**
2018	**0.17**
2019	**0.13**
2020	**0.15**

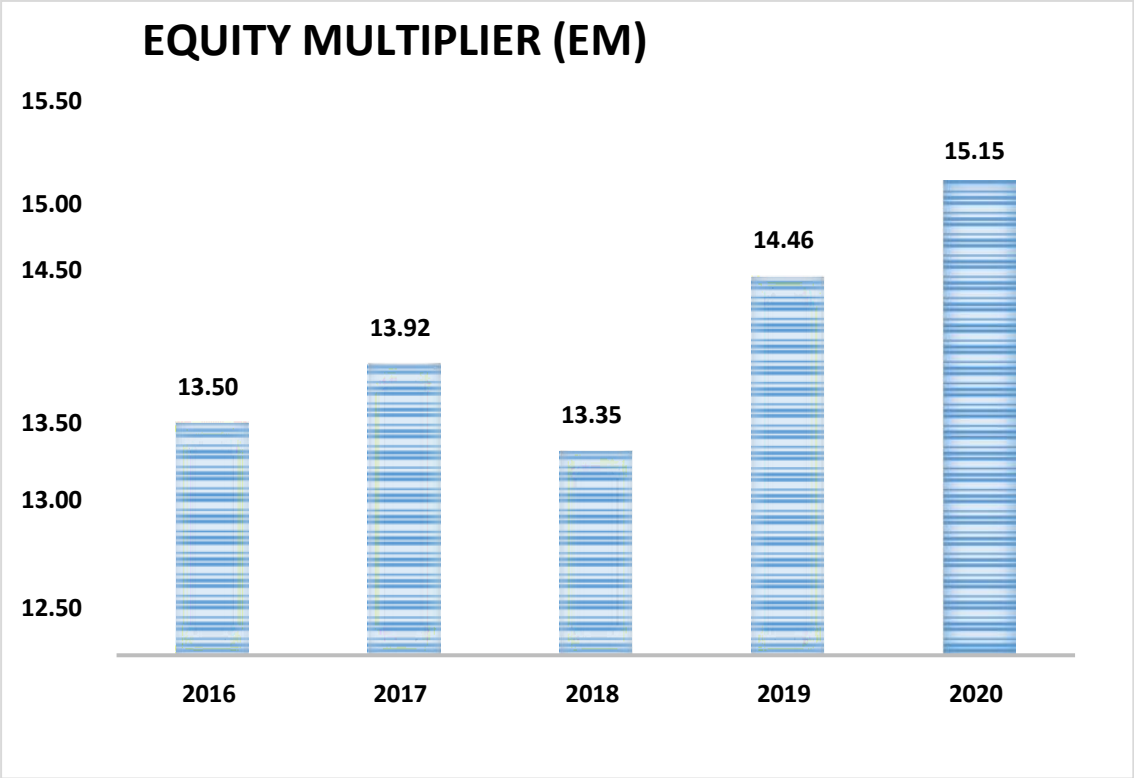


Interpretation

The net profit margin basically shows how much profit a company generates from its overall revenue. It calculates a company's net profit by transforming revenue into profit. It is the ratio of a company's segment's net profits to revenues. Above 5 year data we can see 2017 was the best year to generate more profit from their net income. And the ratio is 0.17. After 3 year the ratio ups and down. Bank cannot reduce their cost so that their NPM cannot increase.

4.11.8 Equity multiplier (EM)

Equity multiplier(EM)	
2016	13.50
2017	13.92
2018	13.35
2019	14.46
2020	15.15

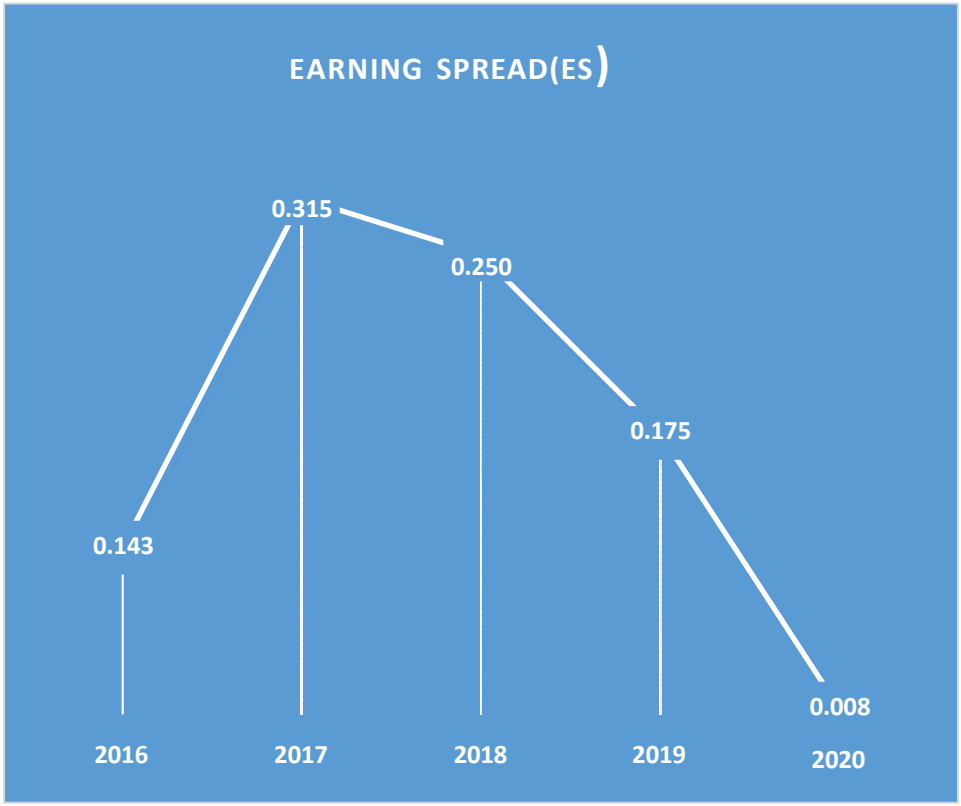


Interpretation

The equity multiplier ratio is a risk indicator that indicates how much of a company's assets are come from shareholder's equity rather than debt capital. It is computed by dividing the total asset value of a firm by the entire shareholders' equity. A company with a lower equity multiplier has less financial leverage in above 5 years ratio we can see in year 2018 the equitymultiplayer ratio was the low that indicates in this year bank has less debt. But in 2020 this ratio was increase that means bank use more debt asset rather equity fund.

4.11.9 Earning spread (ES)

Earning spread (ES)	
2016	**0.143**
2017	**0.315**
2018	**0.250**
2019	**0.175**
2020	**0.008**



Interpretation

The difference between the average rate earned on assets and the average rate paid on liabilities is known as earning Spread. The spread reflects the bank's intermediation function in borrowing and lending money, as well as the level of competition in the bank's commercial area. Above 5 year data we can say 2017 was the best year. Because we know the higher earning spread indicates the organization have higher profit margin. So in the year 2017 the ratio is 0.415 after next 4 year the ratio was decrease. That is a bad sing for the bank.

Chapter : 05

FINDINGS, RECOMMENDATIONS AND CONCLUSION



5.1Findings:

- Earnings per share (EPS), Net profit margin (NPM) and Net Non Interest Margin(NNIM) are doing well every year and contribute their excellent performance.
- Net Bank Operating Profit Margin (OPM) and Net Interest Margin (NIM) ratiosperformance was not expected in 2020.
- Return on Equity (ROE) and Return on Assets (ROA) have no firmness in theirperformance.
- Equity Multiplier (EM) and Earning spread (ES) this two ratio are giving negativeimpact on the bank.
- Their customer data is not error free while they input information in their software.
- Exim Bank is a modern banking institution. It is expected that Exim Bank will be ableto maintain its growth trend and thus overcome the threat due to its efficient asset and liability management

5.2 Conclusion

During the entire practical orientation of Exim bank, you can confidently state certain conclusions from the practical implementation of the procedures you work with clients. Everyone should believe that the implementation will harmonize with most bank thinkers. It is clear that computerized transactions are essential to building an efficient and effective banking system at the highest level.

The success of a banking business depends primarily on effective lending. The smaller the loan loss amount, the more income you will receive from your credit operations. The greater the income through credit business, the greater the profits of the Export-Import Bank, and the success of credit finance lies there.

In fact, Exim Bank is a private bank with a small market share in the industry. Although it is a third-generation bank, it faces government deposit regulations, but is in an advantageous position to penetrate the market. With reliable and agile management, good corporate governance and modern automation technologies, Exim is expected to climb the ladder of success over the next few years, if it takes into account hidden threats, addresses weaknesses appropriately and explores opportunities.

5.3 Recommendations:

Exim bank has achieved good results in terms of profitability and growth rate of deposits, loans and advance payments in a short period of just 5 years, despite fierce competition in the industry. Banks must constantly update their lending operations. For now, the numbers are good, but the trend on the chart indicates that if banks aren't more careful in their lending process, they could be plagued with massive bad loans.

- Net Bank Operating Profit Margin (OPM) and Net Interest Margin (NIM) ratiosshould overcome their performance.
- Return on Equity (ROE) and Return on Assets (ROA) they should bring consistencyin their performance.
- Equity Multiplier (EM) should be reducing.
- Earning spread (ES) should be increased.
- They should maintain error free customer data collection service.
- Exim Bank should be more concerned while recover and placement for the bettermentof financial strategy.
- Increase the number of branches to expand geographic coverage across the country.
- Exim must be active in advertising and promotional activities to ensure extensivegeographic coverage

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