Sonargaon University

Internship Report

On

Investment Policy and Procedure of EXIM Bank Bangladesh Limited "A case study on Panthapath Branch"

Submitted by:

Md Yeasin Islam
ID: BBA1901016142
Program: BBA
Major: Accounting
Semester: Summer-2023

Submitted to:

Department of Business Administration
Sonargaon University (SU)
Dhaka-1215

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

Date of Submission: 05 September, 2023

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Supervised by:

Md. Shahbub Alam
Lecturer,
Department of Business Administration
Sonargaon University (SU)
Dhaka-1215

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

Date of Submission: 05 September, 2023

Letter of Transmittal

5 September, 2023

To,

Md. Shahbub Alam

Lecturer

Department of Business Administration

Faculty of Business

Sonargaon University (SU).

Subject: Submission of Internship Report on "Investment Policy and Procedure of EXIM Bank Bangladesh Limited A case study on Panthapath Branch".

Dear Sir,

With best respect and honor, I would like to inform you that I have completed my internship report on "Investment policy and procedure of Exim Bank Bangladesh Limited". It is an immense pleasure for me to place the same before you.

I have tried my level best to prepare this report and to accumulate relevant and insightful information. It is a great experience for me to work on this topic. I have tried to make the report vivid and comprehensive within the scheduled time and limited resources.

I sincerely hope that this report will help you to evaluate me. I will be obliged to clarify any matter or to provide any further information regarding this report.

Thanking you for your kind supervision.

Sincerely yours,

_____

Md Yeasin Islam
ID: BBA1901016142
Program: BBA
Major: Accounting
Department of Business Administration
Sonargaon University (SU)

Letter of Acceptance

This is to certify that **Md Yeasin Islam** bearing ID No BBA1901016142, student of BBA Program, Sonargaon University, has completed the internship report under my supervision. He has worked with Exim Bank Bangladesh Limited as an internee and completed the report entitled **"Investment policy procedure of Exim Bank Bangladesh Limited A case study on panthpath Branch"** as a partial requirement for obtaining BBA Degree. He has completed the report by himself. He has been permitted to submit the report.

Md Yeasin Islam bears a strong moral character and a very pleasing responsibility. It has indeed been a great pleasure working with him. I wish him all success in life.

_____

Md. Shahbub Alam

Lecturer

Department of Business Administration

Faculty of Business

Sonargaon University (SU)

Declaration

I, **Md Yeasin Islam,** a student of BBA Program, Department of Business Administration, Sonargaon University, hereby declare that the internship report titled **"Investment Policy and procedure Of Exim Bank Bangladesh Limited A case study on panthapath Branch"** is prepared after the completion of my internship at Exim Bank Bangladesh Limited at Panthapath Branch under the intensive supervision and guidance of **Md. Shahbub Alam**, Lecturer Department of Business Administration Faculty of Business Sonargaon University and **Mohammad Shahajalal Mazumder**, First Assistan Vice President panthapat Branch, Exim Bank Bangladesh Limited.

I affirm that this report is entirely original and not copied from any other source. Furthermore, I confirm that this report has neither been previously published nor submitted for any degree, diploma, or recognition.

_____

Md Yeasin Islam
ID: BBA1901016142
Program: BBA
Major: Accounting
Department of Business Administration
Sonargaon University (SU)

Acknowledgement

I would like to start by expressing my heartfelt appreciation to Allah for guiding me through the successful completion of this internship report. Crafting this report has been an enriching experience, as I delved into the multifaceted realm of banking activities. Specifically, I had the privilege of examining and analyzing the investment policies and procedures of Exim Bank Bangladesh Limited. This exploration has provided valuable insights into the intricate workings of the bank's approach to investments, contributing to a comprehensive understanding of its operations.

I extend my sincere thanks to my esteemed supervisor, Md. Shabub Alam, a lecturer in the Department of Business Administration at Sonargaon University, for granting me the opportunity to compile this report. I am deeply grateful for his wholehearted support and invaluable guidance throughout this endeavor.

I deeply appreciate the honorable Mr. Mohammad Kabirul Islam, Branch Manager, and Sadhan Kumar Kundu, Vice President second officer of the Branch, for their valuable guidance and support. Their insights were pivotal in shaping this report. I am equally grateful to my supervisor, Mohammad. Shahjalal Muzumdar, First Assistant Vice President in-charge of Branch and Head of the Department, as well as Muhammad Mushfiqur Rahman, Senior Assistant Vice President of the Investment Department, for their invaluable contributions.

I extend my gratitude to Md. Shazzad Hossain and Johora Jesmin, Officer and Assistant Officer respectively, responsible for General Banking Activities at Exim Bank Bangladesh Limited (Panthapath Complex Corporate Branch). Their guidance and efforts were instrumental in facilitating the collection of vital information and data concerning the Investment policy and procedure analysis of the bank.

I would also like to express my thanks to Mst. Shanta Rahman, Junior Officer, whose contribution played a significant role in this report. Furthermore, I want to extend my sincere appreciation to all the respondents who consistently provided the necessary data during the data collection process. Their cooperation was invaluable in completing this comprehensive internship report.

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Internship Certificate

Executive Summary

Exim Bank Bangladesh Limited operates as a commercial bank grounded in Islamic Shariah principles, offering financial products in alignment with these principles. The primary aim of this report is to delve into a comprehensive examination of the investment policy and procedural framework of Exim Bank.

The internship serves as a bridge connecting the theoretical insights gained during the Bachelor of Business Administration (BBA) program with practical real-world experience. It aims to translate theoretical understanding into practical application. This report is a product of a three-month internship undertaken at the Export-Import Bank of Bangladesh, reflecting the hands-on experience acquired during this period.

Chapter One serves as the introduction to my internship project report. Here, I outline the rationale behind choosing this specific project and articulate the anticipated outcomes of my study. I delve into the significance of my research, highlighting its relevance. Additionally, I detail the sources from which I gathered data for my study in this section.

In Chapter One, I describe about my internship project because it is the introductory part of my report. In this part, I explain the reason why I have undertaken the project and what results I would expect from my study. I discuss about the importance of my study and from which sources I collected the data.

Chapter Two of my report focuses on Exim Bank, encompassing its historical context and business nature. This section elaborates on the organizational aspects, including the bank's mission, vision, regulations, and strategies, providing readers with a comprehensive overview.

Chapter Three is dedicated to providing an in-depth understanding of the Investment policy and procedure. This segment elaborates on the grading system for investment policies and procedures, delves into various investment categories, explores the investment assessment process, and covers risk grading.

In Chapters Four and Five, I present the findings derived from my analysis of Exim Bank Limited. I also offer recommendations based on these findings. These chapters serve to provide a comprehensive understanding of the bank's performance and conclude with insights and suggestions for potential improvements.

Table of Content

Sl. No.	Name of Contents	Page No.
	Letter of Transmittal	I
	Letter of Acceptance	II
	Declaration	III
	Acknowledgement	IV
	Internship Certificate	V
	Executive Summary	VI
	Table of Content	VII-IX
	Chapter 01: Introductory Part	1
1.1	Introduction	2
1.2	Origin of the Report	2-3
1.3	Significance of the Study	3-4
1.4	Objective of the Study	4
1.5	Methodology of the Study	5-6
1.5	Limitation of the Study	6-7
	Chapter 02: Organizational Part	8
2.1	Overview of Exim Bank Bangladesh Limited	8
2.2	Islamic Banking	9
2.3	Mission	8
2.4	Vision	9-10
2.5	Branch Networking	10
2.6	Core Values and Commitments	11
2.7	Board of Directors	11
2.8	Name of Board of Directors of Exim Bank	12
2.9	Risk Management Committee	12
2.10	Corporate Culture & Recognition	13
2.11	Products and Services of Exim Bank Bangladesh Limited	13-14
2.12		
	Chapter 03: Investment policy and procedure.	15
3.1	Islamic Investment	16
3.2	Concept of interest in Islam	16-17
3.3	Investment Principle	17
3.4	Investment Risk Management	18
3.5	Investment scenario Financial Performance	19
3.6	Investments (General)	20
3.7	Mode-wise Investment	21
3.8	Major Industry-wise Investment	21
3.9	Exim Bank Investment policy and procedure	22-23
3.10	Investment Policy Guidelines	23
3.11	Industry And Business Segment Focus	23
3.12	Invest Categories	24
3.13	Modes Investment of Exim Bank	25-28
3.14	Comparative position of General Investment of Exim Bank	29

3.15	Investment assessment and risk grading	30-31
3.16	Approval Authority	31-32
3.17	Documentation	32-33
3.18	Organizational Structure	33-4
3.19	Investment Procedure	34-35
3.20	Investment modes of Exim Bank Limited	36
3.21	Investment scheme & Roles of Investment of Exim Bank Ltd	35-44
	Chapter 04: Findings	45
4.1	Findings	46-47
	Chapter 05: Recommendations, Conclusions and Bibliography	48
5.1	Recommendations	49-50
5.2	Conclusions	50-51
5.3	Bibliography	52

Acronyms

BOD	Board of Directors
CAR	Capital Adequacy Ratio
CIB	Credit Information Bureau
CRG	Credit Risk Grading
CRISL	Credit Rating Information and Services Limited
CRM	Credit Risk Management
HCRO	Head Office Credit Risk Officer
HDS	Household Durable Investment Scheme
HOBU	Head of Business Unit
HOCCB	Head Office Complex Corporate Branch
HOCR	Head of Credit Risk
HPSM	Hire Purchase Under Shirkatul Melk
IBTRA	Islami Bank Training and Research Academy
ICAAP	Internal Capital Adequacy Assessment Process
IDR	Investment Deposit Ratio
KYC	Know Your Customer
MPB	Mudaraba Perpetual Bond
NRB	Non Resident of Bangladesh
OIC	Organization of the Islamic Conference
PCB	Private Commercial Bank
PLS	Profit and Loss Sharing
RDS	Rural Development Scheme
ROA	Return on Asset
ROE	Return on Equity
ROI	Return on Investment
RWA	Risk Weighted Asset
SBIS	Small Business Investment Scheme
SME	Small and Medium Enterprise
SRPT	Supervisory Review Process Team
TIS	Transport Investment Scheme
TR	Trust Receipt
ZCRO	Zonal Credit Risk Officer

Chapter 01:

Introductory Part

1.1 Introduction:

Globalization has become a prominent focus in the contemporary world. This trend has expanded business and investment opportunities, aiming to bolster economic empowerment. The modern world is actively promoting these opportunities across various dimensions. Consequently, commercial banks hold a vital role in today's society. They serve as crucial institutions to address societal needs, contributing significantly to financial well-being. These banks are integral to elevating national savings, fostering capital formation, and aiding in the development of essential infrastructure through the funding of diverse projects. Commercial banks perform multifaceted functions, including lending and borrowing money, handling bills, transferring funds, offering secure deposit options, and conducting foreign exchange operations. The landscape of banking is undergoing a significant shift, marked by substantial transformations. In this dynamic environment, banking has evolved into a realm of intense competition and sophistication, largely driven by technology. Advanced technology provides a pivotal advantage in this sector. Modern customers seek seamless services and access to information anytime and anywhere.

The citizens of Muslim countries hold a strong allegiance to adhering to the principles outlined in the Holy Quran and the Sunnah, which guide their way of life. This commitment extends to shaping their economic systems in line with Islamic Shariah. Given Bangladesh's status as one of the world's significant Muslim nations, there exists a profound desire among its populace to structure their economic pursuits in alignment with Islamic teachings. This sentiment is rooted in the aspiration to harmonize their economic endeavors with the values prescribed by Islam.

In response to this aspiration, Exim Bank Bangladesh Limited was established in the year 1999. This banking institution was founded with the intention of embodying the principles of Islamic Shariah in its operations and services. The establishment of this bank represented a tangible step towards realizing the economic aspirations of the Bangladeshi people in accordance with their religious beliefs. Through Exim Bank, they sought to create a financial institution that would not only cater to their economic needs but also do so while upholding the ethical and spiritual dimensions of their faith. The establishment of Exim Bank Bangladesh Limited thus signifies a significant milestone in aligning economic pursuits with Islamic principles within

the country. The bank is fully committed to conducting its entire range of banking operations following a fundamental principle: the avoidance of interest-based transactions. Instead, it operates within the framework of an interest-free system that revolves around the concept of profit and loss sharing. This means that the bank engages in financial activities that prioritize the sharing of profits and losses between the bank and its clients, fostering a more equitable and ethical approach to banking. By adhering to this approach, the bank aligns its operations with Islamic Shariah principles, focusing on ethical financial practices that promote fairness and mutual benefit.

1.2 Origin of the Report:

Internship constitutes an integral component of the Bachelor of Business Administration (BBA) program, serving as an essential requirement for academic fulfillment. In pursuit of meeting this academic obligation, I undertook an internship at Exim Bank Bangladesh Limited, specifically stationed at the Panthapath Corporate Branch. During my internship, I was actively engaged in both the general banking and investment divisions of the bank.

My internship experience was conducted under the close and comprehensive guidance of Md. Shahbub Alam, who holds the position of Lecturer in the Department of Business Administration within the Faculty of Business at Sonargaon University. He played a pivotal role in providing intensive supervision and valuable direction throughout the course of my internship.

It was under Md. Shahbub Alam's discerning guidance that the focus of my report was determined. Drawing from my hands-on experience during the internship, he suggested that the theme of my report should center around the "Investment Policy and Procedure of Exim Bank Bangladesh Limited." This topic was aptly chosen to mirror the practical exposure I gained in the bank's operations, allowing me to delve into the intricacies of investment policies and procedures as related to my work.

1.3 Significance of the Study:

As I have worked general banking and investment section of Exim at panthapath Complex Corporate Branch, the topic of my internship report is “Investment policy and procedure of

Exim Bank Bangladesh Limited" which is related with my working experience. It helps to understand how they deal with the investment clients alongside the way of managing investment and investment risk. This report is only done for gathering information about Investment and policy and procedure of Exim bank by focusing on the performance and investment business of Exim bank while ignoring any other department of the bank.

1.4 Objective of the Study:

Broad Objective:

The main goal of this report is to gain a deeper understanding of how Exim Bank Limited handles its investments. This includes studying its policies, practices, and methods for valuing investments. Additionally, the report aims to connect real-world banking activities with theoretical concepts learned from academic studies. The report provides an overview of Exim Bank Limited's investment operations, aiming to bridge the gap between theory and practical application in the banking sector.

Specific Objective:

The specific objectives are as follows-

- To know the adequacy of investment policy, procedure, and internal controls.
- To find out the opportunity and suitability of t h e investment, as well as compliance with Islamic Shariah.
- To know the Investment schemes of Exim Bank Ltd.
- To know the Investment process and find out the distribution of classified loans according to business sectors that it will be feasible for management too quickly trace out the investment related problem.
- How do they recover the loan amount?
- Scheme's modes, features, security, terms, conditions, etc.
- To evaluate the performance of investment of Exim Bank LTD.
- To find out some contains of investment.

- To suggest some recommendations.

1.5 Methodology of the Study:

In order to conduct such a study, the report has prepared by following some specific methods. This report is based on an empirical method which is stated under.

❖ Sources of Data:

Methods followed to perform a job or conducting activities to complete a task is called methodology. In conducting this report the following methodology was adopted in data &information, preparation of reports etc. Both qualitative and quantitative methods were applied for preparing this report. The data were analyzed and presented by Microsoft excel and shows percentage, graphical presentation and different types of charts. Best effort was given to analyze the numerical findings. All the relevant data regarding this report are collected from two sources,

Primary Sources of Data:

Primary sources of data include the following:

- Personal observation,
- Face-to-face conversation of the officers.
- Face-to-face conversation with the client.
- Working at different desks of the bank
- Three months practical participation in internship
- Face-to-Face conversation with the respective officers and staffs
- Relevant file study provided by the officers concerned

Secondary Sources of Data:

I have collected secondary data from the following sources-

- ☐ Annual Reports of Exim Bank: 2017-2021.

- ☐ Bank Rate sheet&Progress report of the Bank.
- ☐ Business Development Conference Report: 2020 and 2021.
- ☐ Manuals of Exim Bank regarding investment business.
- ☐ Exim Bank's website.
- ☐ Internet.
- ☐ Synopsis and training materials provided by the Exim Bank Training and Research Academy.

I have used references from the articles and journals utilized and have also utilized electronic data sources such as the Internet for useful tertiary sources of data.

▪ Data Analysis Tools and Techniques:

To analyze and present the numerical data and values associated with Investment Exim Bank Bangladesh Limited, I have used following tools and techniques-

1. Column Chart,
2. Bar Chart,
3. Line Chart,
4. The formula has generated and used in Microsoft Excel.

▪ Data Analysis and Reporting:

Both qualitative and quantitative analyses have been done while conducting this study. Microsoft Word and Microsoft Excel were used to analyze, process and graphically represents the gathered data.

1.6 Limitation of the Study:

During the completion of the report, I came across certain limitations that have hampered the actual findings and analysis of my research work. Some of the constraints that I have faced while preparing this report are as follows:

1. There were some restrictions to have access to the information confidential by the concerned authority.
2. Sufficient records, publications regarding customer service were not available as per requirement.
3. Three-month is not sufficient time to gain practical knowledge and prepare a report.
4. The employees of the bank are so much busy that they cannot provide me to give information about the different types of loans and advances.
5. I have no proper experience to do this kind of report. So, inexperience creates an obstacle to following the systematic and logical research methodology.
6. Sufficient Books, publications. Facts and figures are not available. These constraints narrowed the scope of accurate analysis
7. All required information was not available in any specific branch of the Bank and there was also limited opportunity to visit more than one branch

Chapter 02:

Organizational Part

2.1 Overview of Islami Bank Bangladesh Limited:

EXIM Bank Limited was established in 1999 under the leadership of Late Mr. Shahjahan Kabir, founder chairman who had a long dream of floating a commercial bank that 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 the most successful star with their endeavor, intelligence, hardworking and talented entrepreneurship. Among them, Mr. Nazrul Islam Mazumder became the honorable chairman after the demise of the honorable founder chairman. This bank starts functioning on 3rd August 1999 with Mr. Alamgir Kabir, FCA as the advisor and Mr. Mohammad Lakiotullah as the Managing Director. Both of them have long experience in the financial sector of our country. By their pragmatic decision and management directives in the operational activities, this bank has earned a secured and distinctive position in the banking industry in terms of performance, growth, and excellent management. The authorized capital and initially paid-up capital of the bank are Tk. 1000.00 million and Tk.225.00 million respectively.The bank has migrated all of its conventional banking operations into Shariah-based Islami banking since July/2004.

2.2 Islamic Banking:

From the 1st of July of 2004, the bank has been converted to Shariah Based Islamic Bank and from then it is provided services by Islamic Shariah. For smooth operations, the Board of Directors established a Shariah Board, which decides on the banking principles according to which the bank will operate its business.

2.3 Mission:

The Bank's mission comprises:

- Extracting the full benefit of Islamic banking system for its customers.

- Providing with quality financial services especially in Foreign Trade.
- Maintaining and upgrading a technology-based professional banking environment.
- Maintenance of corporate and business ethics and transparency at all levels
- Sound capital Base
- Ensure sustainable growth for the honorable stakeholders
- Fulfillment of corporate social commitments, and
- above all, to add to the national economy

2.4 Vision:

The gist of our vision is "Together Towards Tomorrow". Export Import Bank of Bangladesh Limited (Exim Bank) believes in togetherness with its customers, in its march on the road to growth and progress with service. To achieve the desired goal, there will be constant pursuit of excellence in compliance with the Islamic Shariah. We believe the advantages of Islamic economy can best be extended to the people with a technology-driven modern banking system that upholds the Islamic values, and Exim Bank envisages making itself a perfect instance of that kind. The Bank's strategic plans and networking will strengthen its competitive edge over others in rapidly changing competitive environment. Its personalized quality services to the customers with trend of constant improvement will be the cornerstone to achieve our operational success.

2.5 Branch Network of Exim Bank:

EXIM Bank Limited operates its banking activities through its 63 branches located all over the country. The table below summarizes the branch network of Exim bank LTD.

Table 01: Banking Network of Exim Bank

Branch	148
SME Service	63
Exim Exchange House	02 (At UK & Canada)
OFF-shore Banking house	1
ATM	64

2.6 Core Values and Commitments:

Core Values:

- Trust in Almighty Allah
- Adherence to the spirit of Islamic Shari'ah
- Highest standard of Honesty & Integrity
- Transparency & Accountability
- Welfare Banking
- Equity and Justice
- Environmental Consciousness
- Respect for all
- Discipline & Cooperation

Commitments:

- To Shariah.
- To the Regulators.
- To the Shareholders.
- To the Community.
- To the Customers.
- To the Employees.
- To other Stakeholders.
- To Environment.

2.7 Board of Directors:

The Board of Directors consists of 20 (twenty) non-executive members including 04 (four) Independent Directors excluding the ex-officio Managing Director. The number of Board members is within the limit set by Bank Company Act 1991 (amended upto 2018) and BSEC notification on Corporate Governance.

2.8 Name of Board of Directors of Exim Bank:

Designation	Name
CHAIRMAN	Mr. Md. Nazrul Islam Mazumder
DIRECTOR	Mr. Md Nazrul lslam Swapan
DIRECTOR	Mr. Mohammad Abdullah
DIRECTOR	Mrs. Nasreen Islam
DIRECTOR	Al-haj Md. Nurul Amin
DIRECTOR	Mr. Anjan Kumar Saha
INDEPENDENT DIRECTOR	Mr. Md. Nazmus Salehin
INDEPENDENT DIRECTOR	Mr. Meah Mohammad Kausar Alam
MANAGING DIRECTOR & CFO	Mr. Mohammad Feroz Hossain

2.9 Risk Management Committee:

Designation	Name
CHAIRMAN	Mr. Md. Nurul Amin
MEMBERS	Mr. Mohammad Abdullah
MEMBERS	Mr. Anjan Kumar Saha
EX-OFFICIO MEMBERS	Mr. Mohammad Feroz Hossain

Certainly! The Risk Management Committee in a bank is like a team that keeps an eye on possible problems and ways to deal with them. It has four members. Their main job is to find and handle risks that the bank might face. These risks could be from inside the bank or from the outside. The committee makes sure that plans are in place to assess, control, and manage these risks. They also check if the ways they are using to manage risks are working well. So, the committee's role is to make sure the bank is ready for potential issues and can control them effectively.

- Identification and controlling strategies of risks
- Formulation of organization structure
- Reviewing and resolving risk management policy
- Information/documents preservation and reporting
- Follow-up the implementation of risk management policy as a whole

2.10 Corporate Culture:

Organizational culture is considered as an essential component of business corporations as it has the ability to bind organizational members together. The culture and values of our bank have been proved as a source of competitive advantage for us and are acting as a key component to establish the relationship between the bank and our employees and, in turn, between our employees and our customers. Our culture and values also encourage customers and employees to join us and stay with us.

EXIM Bank has also been able to improve organizational performance via improving the performance of individual contributors and also recognizes existing talents to fill up the higher vacancies within the organization or place them in the right position, wherein the best use of their abilities can be ensured. Our culture promotes sharing of common goal which ensures harmonious relationship in the working environment.

2.11 Products and Services of Exim Bank Bangladesh Limited:

Local Currency Deposit Accounts:

1. Al-Wadeah Current Account,	8. Mudaraba Waqf Cash Deposit Account,
2. Mudaraba Savings Account,	9. Mudaraba Monthly Profit Deposit Account,
3. Mudaraba Term Deposit Account,	10. Mudaraba Muhar Savings Deposit Account,
4. Mudaraba Special Notice Account,	11. Mudaraba EXIM Student saver Account
5. Mudaraba Special Savings Account,	12. Mudaraba Farmers Saving Account,
6. Mudaraba Hajj Savings Account,	13.Mudaraba NRB Savings Bond.
7. Mudaraba Savings Bond Account,	14 Mudaraba Millionaire Deposit scheme

Exchange Houses and Money Transfer Companies:

EXIM Exchange House

1. EXIM Exchange Company (UK) Limited,
2. EXIM Exchange Company (Canada) Limited,

Drawing/Agency Arrangement:

1) Western Union Money Transfer
2) MoneyGram
3) Xpress Money
4) Aftab Currency Exchange Limited
5) International Money Express (IME)
6) Cash Express
7) Zenj Exchange Co. W.L.L. (Turbo Cash) Bahrain
8) Ria Money Transfer
9) BRAC Saajan (UK)
10) Prabhu Money Transfer

Core Products:

EXIM Islami Investment Limited is a full-fledged merchant banker based on Islami Shariah. Mainly there are 3 (three) kinds of core products:

1) Issue Management Services
2) Underwriting Services
3) Portfolio Management Services
    - Margin Account.
    - Non-Margin Account.

Chapter 03:

Investment policy and procedure

Exim Bank

3.1 Islamic Investment:

Islamic investments are a special kind of responsible investments guided by Islamic principles that consider both spiritual and worldly matters. In Islamic finance, there's no separation between these aspects. Many financial institutions in Islamic countries offer investment options that avoid charging or earning interest (Riba), as this is not allowed in Islamic law.

An Islamic investment fund is when people pool their money to be invested according to Islamic rules. These funds are separate from the institutions creating them. The money is divided into equal shares or units, representing each person's ownership. People earn profits or face losses together. These funds are managed based on Islamic principles like mudaraba (profit-sharing) or agency contracts.

Islamic banks follow Shariah (Islamic law) when managing their portfolios. Their goal isn't just making profits; they also aim to benefit society through their investments. They invest in various sectors, including those prioritized by the government. Their main areas of investment include trade, industry, agriculture, real estate, and rural development. In essence, Islamic banks strive to be financially successful while contributing positively to society and adhering to Islamic principles.

3.2 Concept of Interest in Islam:

In Islam, the concept of interest, known as "Riba," is prohibited due to its ethical and economic implications. Riba refers to any excess or increase that is stipulated or charged in a transaction involving lending or borrowing money. This prohibition is based on the principles outlined in the Quran, the holy book of Islam, and the teachings of the Prophet Muhammad (peace be upon him).

The reasons behind the prohibition of interest in Islam include:

Equity and Fairness: Islam emphasizes justice and fairness in economic dealings. Riba leads to an unjust transfer of wealth from borrowers to lenders without any productive effort on the part of the lender.

Exploitation: Charging interest can lead to exploitation of individuals who are in financial need or facing economic challenges. It can create a cycle of debt and dependency.

Risk-sharing: Islam encourages risk-sharing and entrepreneurship. Charging interest shifts the burden of risk solely onto the borrower, while the lender remains guaranteed a return regardless of the outcome.

Social Welfare: Islam promotes the well-being of the entire society. Prohibiting interest helps prevent economic inequality and promotes a more equitable distribution of wealth.

Ethical Considerations: Interest-driven financial systems can lead to unethical behavior, speculation, and economic instability, which goes against Islamic values.

To provide alternatives to interest-based transactions, Islamic finance offers various principles and mechanisms, such as profit-sharing (mudaraba), partnership (musharaka), leasing (ijara), and cost-plus financing (murabaha). These principles aim to promote ethical and responsible financial practices while adhering to Islamic teachings.

It's important to note that interpretations of Islamic finance can vary among scholars and financial institutions, but the underlying principle of avoiding exploitative practices and promoting fairness remains consistent in the prohibition of interest (Riba).

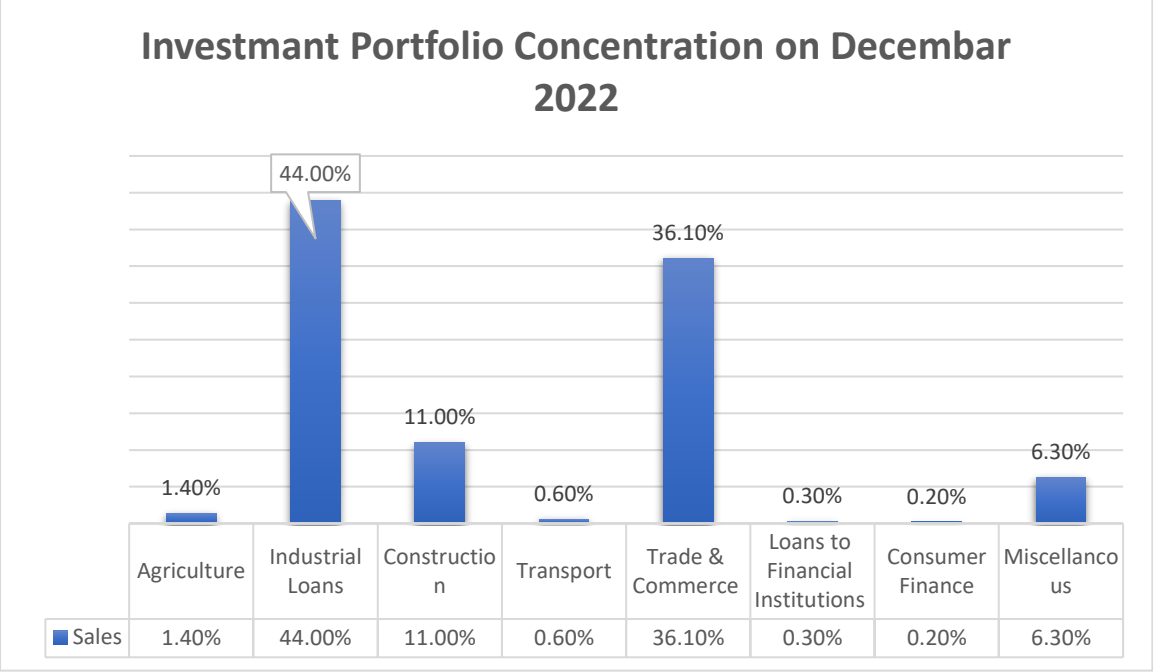
3.3 Investment principal:

According to the Qureshi (1997) a prudent banker should more concern to the following general principal:

- Background, character and ability of the borrowers,
- Purpose of the facility,
- Term of facility,
- Safety,
- Security,
- Profitability.
- Source of repayment,
- Diversity

3.4 Investment Risk Management:

%When a Bank makes an investment, it takes up the risk that the investment may fail. This risk arises from the potential that a Bank's customer may not be able to meet its obligations in accordance with agreed terms, both in spirit and writing, resulting in a negative effect on the profitability and capital of the Bank. Both on-balance sheet and off-balance sheet activities are the sources of Investment risk. Monthly review of investment risk issues is consistently performed by the Executive Risk Management Committee (ERMC) which covers Total investment, Portfolio risk, Top-20 Borrowers' Risk, Top-20 Defaulters' (Excluding Written-off investments) Risk, Geographical Risk, Stressed Assets' Risk, Size-wise Investments' Risk, Non-performing investments (NPIs) Risk, Status of Off-Balance Sheet (OBS) Exposure, Status of Lawsuits, Status of Investment Rating and anything else that need addressing. After detailed analysis, ERMC takes decision against the particular investment risk which is communicated to the concerned division for taking corrective measures and mitigating the particular risk issue. The management is fully aware that failing in effective investment risk management will hurt the business bottom line but maintaining it will greatly improve overall performance and secure a competitive advantage.



According to Annual Report 2022

3.5 Investment Scenario & Financial Performance:

Five Years Financial Performance at a Glance

Sl. No.	Particulars	2018	2019	2020	2021	2022
1	Authorized Capital	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
2	Paid-up Capital	14,122.51	14,122.51	14,122.51	14,475.57	14,475.57
3	Shareholder's Equity	28,216.19	29,187.94	30,591.52	31,440.42	31,868.08
4	Total Capital (Tier I + Tier II)	35,126.59	40,843.93	42,921.28	50,363.15	51,947.63
5	Statutory Reserve	9,720.95	10,705.99	11,760.07	12,519.51	13,743.43
6	Total Assets	371,510.07	433,017.99	484,850.87	541,665.25	540,408.10
7	Total Liabilities	343,293.77	403,830.04	454,259.25	510,224.82	508,540.01
8	Total Deposits	300,378.01	355,689.16	394,462.90	420,673.77	426,015.24
9	Total Investment (General)	306,264.57	344,557.65	394,174.48	429,033.37	453,449.14
10	Investment (Shares & Securities)	24,024.14	42,602.06	39,394.90	42,496.61	34,487.25
11	Total Contingent liabilities	86,773.10	88,906.00	82,546.59	98,545.63	116,880.62
12	Total Risk Weighted Assets	322,914.26	325,501.68	323,413.72	350,732.47	374,679.65
13	Total Fixed Assets	5,488.29	5,650.43	5,546.33	5,542.75	5,856.25
14	Total Income	31,670.67	37,427.28	36,506.19	32,895.11	36,229.67
15	Total Expenditure	24,748.51	30,512.65	30,150.50	26,958.85	29,246.74
16	Profit before provision and tax	6,922.16	6,914.63	6,355.69	5,936.26	6,982.93
17	Profit before tax	4,235.74	4,875.85	5,312.49	4,089.55	6,315.15
18	Net profit after provision and tax	2,332.52	2,382.08	2,815.32	2,156.60	3,721.41
19	Foreign Exchange Business	366,533.40	377,910.70	344,428.99	497,879.30	532,906.78
	a) Import Business	189,530.40	200,801.50	177,825.26	280,093.00	250,137.77
	b) Export Business	171,731.30	170,652.60	161,290.17	211,974.50	276,498.19
	c) Remittance	5,271.70	6,456.60	5,313.56	5,811.80	6,270.82
20	No. of Foreign Correspondent	394	396	386	389	392
21	Profit earning assets	317,890.61	372,671.35	418,621.61	455,719.85	473,521.45
22	Non profit earning assets	53,619.46	60,346.64	66,229.26	85,945.40	66,886.65
23	Investment as a % of total Deposit	*93.78%	*89.55%	*91.14%	*88.02%	*95.47%
24	Capital Adequacy Ratio	10.88%	12.55%	13.27%	14.36%	13.86%
25	Dividend	10.00%	10.00%	10.00%	10.00%	10.00% (Proposed)
	Cash	10.00%	10.00%	7.50%	10.00%	10.00%
	Bonus	-	-	2.50%	-	-
26	Rights Share	-	-	-	-	-
27	Net Asset Value Per Share	19.98	20.67	21.66	21.72	22.02
28	Earning per share (EPS)	1.65	1.69	1.99	1.49	2.57
29	Price earning ratio (times)	7.15	5.98	5.93	8.52	4.05
30	Return on Equity (ROE) after tax	8.35%	8.30%	9.42%	6.95%	11.76%
31	Return on Assets (ROA) after tax	0.66%	0.59%	0.61%	0.42%	0.69%
32	Net Operating Cash Flow per Share (NOCFPS)	(4.37)	11.37	3.44	9.37	(13.20)
33	No. of Shareholders	74,154	68,657	61,848	58,969	55,362
34	Number of Employees	2,969	2,962	2,917	3,242	3,357
35	Number of Branches	123	130	131	140	147
36	Number of Sub-branches	-	-	3	39	64

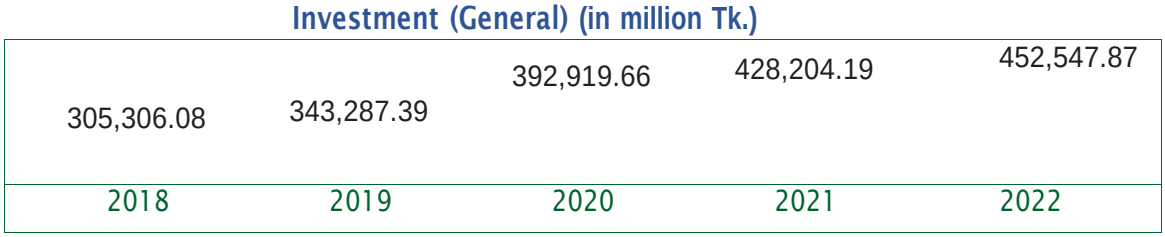
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3.6 Investments (General):

Total General Investment of the Bank stood at Tk. 452,547.87 million as on 31 December 2022 against Tk. 428,204.91 million as on 31 December 2021 registering a growth of 5.68%. As at 31 December 2022 Classified Investment to total Investment ratio was 3.86% which is within the reasonable limit considering the industry situation. Bank has no provision shortfall against General Investment as at 31 December 2022.

General Investment has been increasing over the years to support financing needs of the new and existing customers through diversified Investment products. Five years Investment (General) growth of the Bank is shown in the graph below

Five years Investment General Growth of the Bank



3.7 Mode-wise Investment:

Bank has a number of shariah based Investment products under different modes of Investment to fulfill the demand of wide range of customers. Major categories of products are Bai-Muazzal, Bai-Murabaha, Bai-Salam, Bai-as-Sarf, Musharaka and Mudaraba Import Bill. Major product-wise investment is shown below:

SL. No.	Particulars	2022	2021	Growth
1	Bai-Muazzal	217,760.19	191,751.62	13.56%
2	Bai – Murabaha	32,727.72	45,997.78	-28.85%
3	Bai-Salam	22,363.06	18,343.97	21.91%
4	Izara bill baia (Commercial)	160,590.64	147,329.89	9.00%
5	Izara bill baia (Staff)	2,509.91	2,317.65	8.30%
6	Quard	5,390.59	7,114.50	-24.23%
7	Bai - as - Sarf (FDBP)	5.86	8.12	-27.83%
8	Musharaka Documentary Bill (MDB)	2,624.17	2,196.22	19.49%
9	Mudaraba Import Bill (UPAS)	8,537.42	12,775.38	-33.17%
10	Murabaha Import Bill (MIB)	38.31	369.78	-89.64%
	Total	452,547.87	428,204.91	5.68%

3.8 Major Industry-wise Investment:

Investment diversification is one of the major ways of minimizing the overall risks. To minimize the risk, Bank is continuing its efforts to diversify its product in various industries. Major industry-wise investment of the Bank is presented in the table below:

SL. No.	Particulars	2022	2021	Growth
1	Garments	52,625.06	52,839.56	-0.41%
2	Textile	23,396.25	22,731.92	2.92%
3	Agrobased Industry	41,950.20	27,162.93	54.44%
4	Other Industry	128,411.37	130,069.72	-1.27%
5	Trading and others	206,164.99	195,400.78	5.51%
	Total	452,547.87	428,204.91	5.68%

3.9 INVESTMENT POLICY AND PROCEDURE OF EXIM BANK:

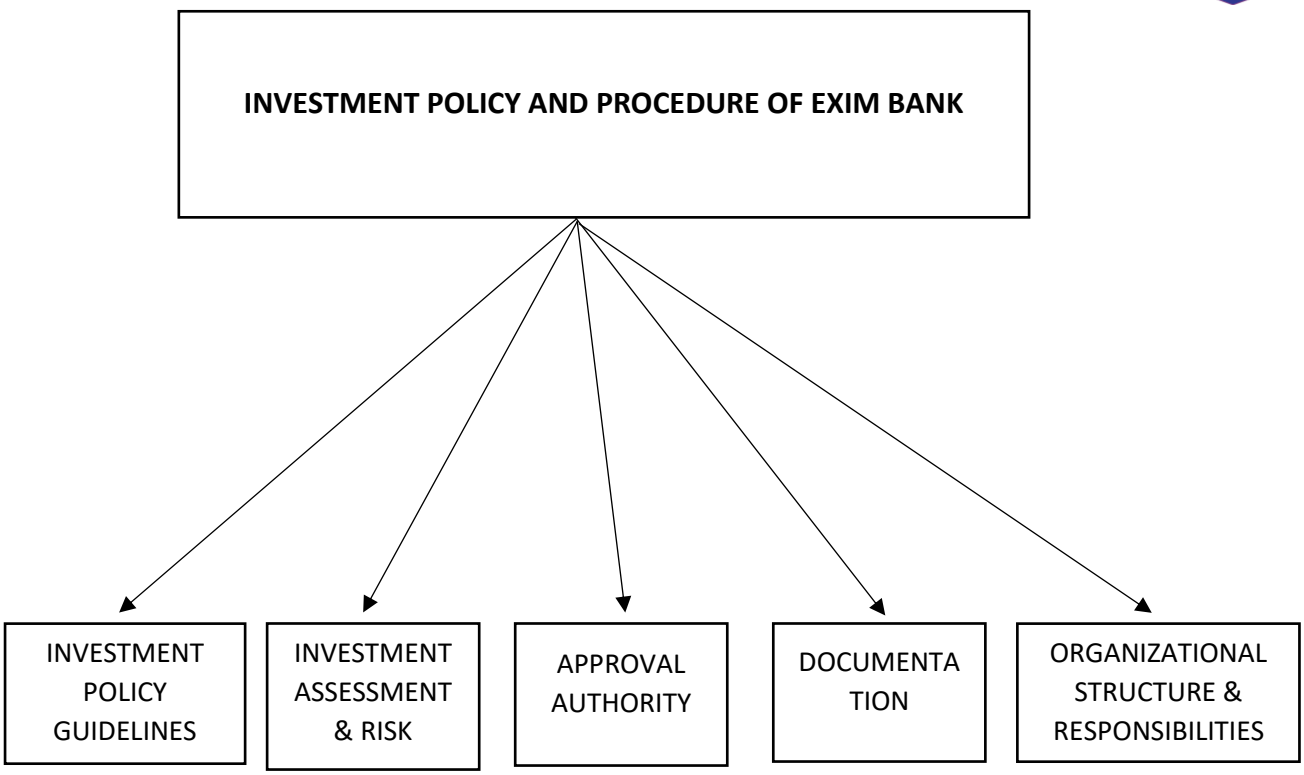
Banking industry in Bangladesh is highly regulated. Central Bank of the country is very much

Export Import Bank of Bangladesh Limited is a new generation Bank. It is committed to provide high quality financial services/products to contribute to the growth of G.D.P. of the country through stimulating trade & commerce, accelerating the place of industrialization, boosting up export, creating employment opportunity for the educated youth, poverty alleviation, raising standard of living of limited income group and over all sustainable socioeconomic development of the country.

In achieving the aforesaid objectives of the Bank, Investment Operation of the Bank is of paramount importance as the greatest share of total revenue of the Bank is generated from it, maximum risk is centered in it and even the very existence of Bank depends on prudent management of its investment portfolio: The failure of a commercial Bank is usually associated with the problem in investment portfolio and is less often the result of shrinkage in the value of other assets. As such investment portfolio not only features dominant in the assets structure of the Bank, it is critically important to the success of the Bank also.

To provide a broad guide line for the Investment Operation towards achieving the objectives of the Bank, for efficient and profitable deployment of its mobilized resources and to administer the Investment portfolio in the most efficient way, a clearly defined, well planned, comprehensive and appropriate Investment policy and control guidelines of the Bank is a prerequisite.

In view of the above, this Investment Policy and Control Guidelines of the Bank has been prepared which is subject to amendment, revision, readjustment and refinement from time to time as may be warranted by the change of circumstances due to passage of time to suite the requirement of the Bank. Investment policy and procedure are five categories. They are given bellow:



Investment Policy and Procedure of Exim Bank

3.10 Investment policy and Guideline:

The Investment policy should be updated annually to reflect changes in the economic outwork and evolution of bank's investment portfolio. The investment proposal should be forwarded to Head Office for sanction with recommendation showing justification that should include the following:

3.11 Industry And Business Segment Focus:

The Bank shall provide suitable Investment services & products for the following sectors, which must meet the other requisites as set by the Bank from time to time.

Sectors:

a. Steel & Engineering
b. Food & Allied.
c. Agriculture

d. Textile & Garments.
e. Pharmaceuticals & Chemicals
f. Paper & Paper Products
g. Service Industries
h. Housing & Real Estate
i. Cement.
j. Bricks Fields
k. Edible Oil
l. Assembling Industry.
m. Cottage Industry
n. Electronics & Electrical Commodities
o. Construction Company
p. Trading (Retail/Whole sale)
q. Others

Every year at the time of investment budgeting a clear indication of Bank's appetite for growth to be reflected. Approved investment budget shall be strictly followed for the development of the Bank

3.12 Invest Categories:

As initiated by Bangladesh Bank vide BCD Circular No. 33 dated 16-11-89 different kinds of lending were subdivided into 11 categories w.e.f. 01-01-90, which was subsequently reduced to 9 vide BCD circular No. 23 dated 09-10-93 and again to 7 prime sectors vide BCD Circular No. 8 dated 25-04-94 for fixation of rates of profit by the individual banks on competitive basis depending on the cost of Funds, prevailing market condition and monetary policy of the country

Investment have primarily been divided into two major groups:

- **Izara Bill Baia :**

These are the investments made by the Bank with fixed repayment schedules. The term of investment is defined as follows:

Short term : Up to 12 months

Medium term : More than 12 and up to 36 months.

Long term : More than 36 months.

- **Continuing Investments:**

These are the investments having no fixed repayment schedule, but have an expiry date atwhich it is renewable on satisfactory performance.

Further all categories of investments have been accommodated under the 7 prime categoriesas under.

- Agriculture
- Izara Bill Baia for Large & Medium Scale Industry
- Izara Bill Baia to Small & Cottage Industries
- Working Capital
- Investment on Export
- Commercial Lending
- Others

3.13Modes of Investment of EXIM Bank Ltd:

Investment allowed to the manufacturing units to meet their working capital requirements, irrespective of their size-big, medium or small, fall under the category.

1. Murabaha

Financial accommodations to individual/firm for trading as well as for wholesale orto industries as working capital against pledge of goods as primary security fall under thishead of investment. It is also a continuous investment

2. Agriculture

The Bank has committed itself to the government's initiative to provide agricultural investment directly to the farmers for agricultural development of the country. Investment facilities to the agricultural sector fall under this category. It is subdivided into two major heads

a) **Investment to primary producers**: Financing under these categories refers to the investment facilities allowed to production units engaged in farming, fishing, forestry or livestock

b) **Investment to dealers/distributors**: It refers to the financing allowed to input dealers and (or) distributors in the agricultural sectors.

3 Export Financing:

Investment facilities allowed to facilitate export of all items against Letter of Credit and/or confirmed export orders fall under this category. Investment Facilities available under this category are:

a)**Musharaka Pre-shipment (Export Cash Credit):**

Financial accommodation allowed to a customer for exports of goods fall under this head and short term, medium term &long-term investment allowed to individual/firm/industries for a specific purpose but for a definite period and generally repayable by installments fall under this head. This type of investment is mainly allowed to accommodate financing under the categories:

(i) Large & Medium Scale Industry

This category of investment accommodates the medium- and long-term financing for capital structure formation of new industries or for expansion of the existing units who are engaged in manufacturing goods and services. Investment Facility available under this category is:

a. Izara (Lease Finance):

It is one of the most convenient sources of acquiring capital machinery and equipment whereby a client is given the opportunity to have an exclusive right to use an asset usually for an agreed period of time against payment of rent. It is a term financing repayable by installment.

(i) Small & Cottage industry:

These are the medium- and long-term investment allowed to small & cottage manufacturing industries.

4.Bai-Muazzal:

Continuous Investment have no fixed repayment schedule, but have an expiry date at which it is renewable on satisfactory performance. It allowed to individual/firm for trading as well as wholesale purpose or to industries to meet up the working capital requirements against hypothecation of goods as primary security fall under this type of lending. It is allowed under the categories

I. "Commercial Lending" when the customer is other than an industry and
II. "Working Capital" when the customer is an industry

is categorized as "Investment on Export". The loans are liquidated out of export proceeds with 180 days.

b) Musharaka Pre-shipment (Packing Credit):

Investment allowed to a customer against specific L/C contract for processing/packing of goods to be exported falls under this head and is categorized as "Musharaka Pre-shipment". The investments are adjusted from proceeds of the relevant exports within 180 days.

c) Musharaka Pre-shipment (Packing Credit):

Payment made to a customer through purchase/negotiation of a foreign documentary bills falls under this head. This temporary investment is adjustable from the proceeds of the shipping/export documents.

d) Foreign Documentary Bill Purchase (F.D.B.P):

Payment made to a customer through purchase/negotiation of a foreign documentary bills falls under this head. This temporary investment is adjustable from the proceeds of the shipping/export documents.

d) Local Documentary Bill Purchase (LDBP):

Payment made against documents representing sell of goods to Local export-oriented industries that are deemed as exports and which are denominated in Local Currency/Foreign Currency falls under this head. This temporary liability is adjustable from proceeds of the Bill.

e) Foreign Bill Purchase (FBP):

Payment made to a customer through purchase of foreign currency cheque/drafts fall under this head. This temporary loan is adjustable from the proceeds of the cheque/draft.

f)) Bai-Muazzal (Export):

Investments allowed for purchasing foreign currency for payment against L/Cs (Back-to-Back) where the exports do not materialize before the date of import Payment fall under this head. This is also a investment for temporary period, which is known as export finance.

5. Import Financing

a) Murabaha Import Bills (MIB):

Payment made by the Bank against lodgment of shipping documents of goods imported through L/C falls under this head. It is an interim investment connected with import and is generally liquidated against payment usually made by the party for retirement of the documents for release of imported goods from the customs authority.

b) Murabaha Post Import (MPI):

Loans allowed for retirement of shipping documents and release of goods imported through L/C taking effective control over the goods by pledge in go down under bank's lock & key fall under this type of investment. This is a temporary investment connected with import that is known as post-import finance.

c) Trust Receipt (TR):

Loan allowed for retirement of shipping documents and release of goodsimported through L/C falls under this head. The goods are handed over to the importer under trust with the arrangement that sale proceeds should be deposited to liquidate the investment within a given period. This is also a temporary loan connected with import and known as post-import finance.

d) Others:

Any investment that does not fall in any of the above categories is considered under the category "Others". It includes loans to i) Transport equipment's, ii) Construction works including house (commercial/residential), iii) work order finance, iv) personal loan etc. Investment Facilities available under this category are:

a)Izara Bill Baia (House Building):

Investment allowed to individual/enterprises for construction of building for commercial purpose fall under this type of investment. The amount is repayable by monthly installment with a specified period.

b)Izara Bill Baia (Staff House Building):

Investment allowed to Bank's employees for purchase/construction of house falls under this Loan.

c)Other Loan to Staff:

Investment allowed to employees other than for House Building is grouped under head Staff Izara Bill Baia (General).

3.14 Comparative position of General Investment of Exim Bank Ltd:

	Amount in Taka	
General Investments In Bangladesh	**2021**	**2022**
	1,259,075,807	341,929,182
Murabaha Post Import (MPI)	736,137,278	680,109,953
Murabaha Import Bill (MIB)	692,338,284	515,234,506
Bai Mubaraha	5,016,606,179	4,170,886,864
Bai Muazzal	208,793,585	203,731,509
Bai Muazzal (Work Order)	297,119,349	234,504,132
Bai Muazzal (PC)	1,683,635,584	285,265,124
Wazirat bil Wakala (ECC)	4,558,458,650	2,812,497,705
Izara Bil baia (LG/HP)	359,913,400	192,984,410
Izara Bil Baia (HB)	10,707,100	18,677,545
Izara (LF)	76,225,922	52,944,191
Izara Bil Baia (Staff HB)	30,076,793	48,814,772
Wazirat Bil Wakala (CA)	59,789,846	12,253,900
Quard against SS	347,657,039	867,302
Quard against MTDR	10,711,502	8,904,216
Wazirat Bil Wakala (SSD)	9,140,679	9,014,350
Quard General (Staff car)	2,649,329,819	1,735,971,448
TR (MIB/MURA/MPI)	18,005,716,816	11,324,591,109
Outside Bangladesh wazirat bil Wakala (Bills discounted and purchased) - Note 7.7:	18,005,716,816	11,324,591,109
In Bangladesh	1,024,379,066	766,614,884
Outside Bangladesh	302,340,190	197,914,183
Total Amount	19,332,436,072	12,289,120,176

EXIM BANK
Shariah Based Islami Bank

3.15 Investment assessment and risk grading:

Investment Assessment:

A through investment and risk assessment should be conducted prior to the granting of investments and at least annually thereafter for all facilities. The results of this assessment should be presented in an investment proposal that originates from relationship manager/account officer and is approved by Head of Investment Division. The relationship manager/account officer should be the owner of customer relationship and must be held responsible to ensure the accuracy of the entire investment proposal submitted for approval.

The following steps for completion of Investment Risk assessment for each facility should be followed in conjunction with the guidelines/instructions given in Head Office circulars issued from time to time. All proposals of investment facilities must be supported by a complete analysis of the proposed investment.

Risk Management:

Investment proposal should summaries the results of the risk assessment and include, as a minimum, the following details

- Amount and type of investment(s) proposed.
- Purpose of investments.
- Investments Structure (Tenor. Covenants, Repayment Schedule, Profit)
- Security Arrangements.

In addition, the following risk areas should be addressed:

- Borrower Analysis
- Industry Analysis
- Supplier/Buyer Analysis
- Historical Financial Analysis
- Project Financial Performance
- Accounts Conduct
- Adherence of Lending Guidelines
- Mitigating Factors
- Investment Structure
- Security

Risk Grading:

The risk grading system should define the risk profile of borrowers to ensure that account management, structure and pricing are commensurate with the risk involved. Risk grading is a key measurement of a Bank's asset quality, and as such, it is essential that grading is a robust process. All facilities should be assigned a risk grade.

3.16 Approval Authority:

To ensure proper and orderly conduct of the business of the Bank, the Board of Director will empower the Managing Director and other Executives of the Bank to lend up to certain amount under certain terms and conditions at their discretion. The lending authority are broadly categorized as follows

(1) Board/Executive Committee.
(2) Managing Directors.
(3) Head of Investment Division.

- Investment approval authority must be delegated in writing from the Board/Managing Director.
- The authority must review delegated approval authority annually.
- The Investment approval function should be separate from the marketing/relationship management.
- The Investment Committed shall recommend the investment proposal and put up the proposalfor sanction.
- The aggregate exposures to any borrower or borrowing group must be used to determine theapproved authority required.
- Any investment proposal that does not comply with lending guidelines regardless of amount,should be referred to the Board for approval.
- It is essential that executives/officers charged with process/approve of investment proposal having relevant training and experience to carry out their responsibilities effectively. As a minimum, approving executives should have.
- At least 5 years' experience working in corporate/commercial banking as a relationship manageror account executive.
- Training and experience in financial statement, cash flow and risk analysis.
- A thorough working knowledge of accounting.
- A good understanding of the local industry/market dynamics.

The responsibilities for Investment Policy, procedure, approval & review shall vest amongstthe following groups:

a) Board of Directors

b) Executive Committee of the Board shall be responsible for

c) Head of Investment, Head Office

d) Head Office Investment Committee

e) Branch Marketing & Investment `Committee

3.17 DOCUMENTATION:

It is essential that the proposal define clearly the purpose of the facility, the sources of repayment, the agreed repayment schedule, the value of security and the customer relationship consideration implicit in the investment decision. General documentation, as required for different kinds of investment is enumerated below. There may be requirement of specific banking or legal documents to secure an investment according to sanction terms and conditions, which should also be obtained in addition to the following:

Investment:

- D.P. Note.
- Letter of partnership (in case of partnership concerns) or resolution of the Board of Directors (in case of Limited Companies).
- Letter of arrangement.
- Letter of disbursement.
- Letter o Pledge (in case of pledge of goods).
- Letter of hypothecation (in case of hypothecation of goods)
- Trust Receipts (incase of TR facility).
- Letter of lien and ownership/share transfer from (in case of investment againstshares).
- Letter of Lien for Musharaka Pre-shipment (in case of Musharaka Preshipment-PC).
- Letter of Lien (in case of investment against MTDR).
- Letter of Lien (in case of investment against PSP, BSCP etc.)
- Legal documents for mortgage of property (as drafted by Legal Adviser).
- Copy of Sanction letter mentioning details of terms & conditions dulyacknowledge by the borrower.
- Letter of Guarantee of all Directors (in case of Limited Company).

Bai-Muazzal:

- D. P. Note.
- Letter of partnership (in case of partnership concerns) or resolution of the Board of Directors (in case of Limited Companies).
- Letter of arrangement. Letter of continuity. Letter of Hypothecation [in case ofBai-Muazzal]
- Letter of Pledge/Agreement of Pledge [in case of Murabaha].
- Legal documents for mortgage of property (as drafted legal Adviser).

Bill Purchased:

- D. P. Note.
- Letter of partnership (in case of partnership concerns) or resolution of the Board of Directors (in case of Limited Companies).
- Letter of arrangement.
- Letter of Hypothecation of bill.
- Letter of Acceptance, where it calls for acceptance by the drawee.

All required documents, as enumerated above, should be obtained before any investment is disbursed. Disbursement of any investment facility requires approval of the authorized official of the Branch who should ensure, before exercising such authority, that all the required documentation's have been completed.

3.18 ORGANIZATIONAL STRUCTURE & RESPONSIBILITIES:

The appropriate organizational structure must be in place to support the adoption of the policies detailed in Section 1 of these guidelines. The key feature is the segregation of the Marketing/Relationship Management function from Approval/Risk Management/ Administration function.

Investment approval should preferably be centralized within the CRM function. The head of Investment Risk Management or Managing Director/CEO/Board of delegated Head Office investment executive must approve all proposals applications.

3.19 Investment/ Procedure:

Lending is the main profit generating activity of EXIM bank ltd. The assessment of investment appraisal process is shown as a set of sequential by the following diagram:



Borrower Selection

Lending is one of the most important functions of a bank. Therefore, it is of paramount importance that the bank chooses a reliable borrower. For this the bank places the kind of mechanisms that helps it identify the borrower who can be creditworthy. This section deals with some of the mechanisms that the bank can able to find the reliable client for investment on his/her business.

Investment Application form

An investment application form usually contains information pertaining to the name of the concern, constitution, nature and place of business, year of establishment, borrower's experience in the line, particulars of assets and liabilities, purpose of advance, amount required, period of advance required for, nature of security offered, sources of repayment, names of present bankers with detailed borrowing and other facilities. This is the core step of knowing about the borrower.

Personal Interview

The bank arranges interview with the borrower to know more about his specific requirements, the prospects of his employing the funds prudently, his capacity to repay and the suitability of the security offered. The main points that are covered in the interview are: his business, all legal documents required for operation of his business (Memorandum and Article of Association, trade and import license), his capital with reference to working capital, his experience in the business, results of financial statements, amount of investment and period, purpose of advance, source of repayment, terms of payment, security documents that are offered etc… The bank officials who conduct the interview try to analyze and judge for themselves the correctness or otherwise of the various statements and documents of the prospective borrower and to arrive at a balanced opinion regarding the acceptability or otherwise of the proposal.

After the initial interview, if the officer found that the information meets with the basic investment criteria of the bank, then the next step will be to conduct a more in-depth investigation, relying upon the documents obtained from the client and from bank's own and outside sources.

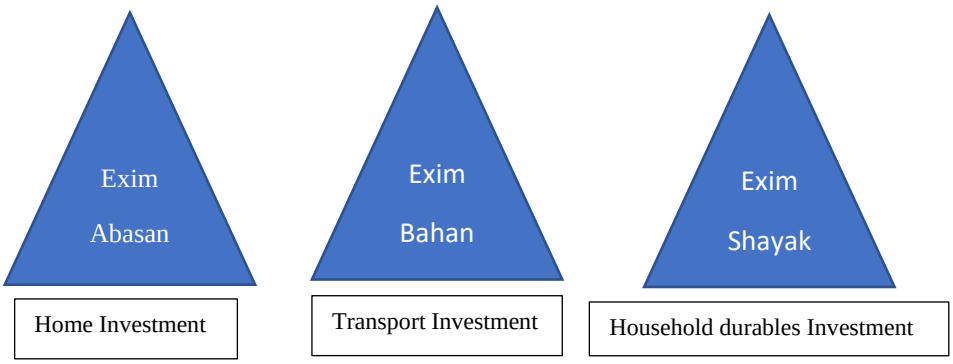
3.20 Investment Modes of Exim Bank Ltd:

In When money is deposited, the bank in turn, makes investment in different forms approved by the Islamic sharia with the intention to earn profit not only a bank. But also, an individual or organization can use Islamic modes of investment to earn profits for wealth maximization. Some popular modes of Exim's investment are listed below:

INVESTMENT MODES
1. PARTNERSHIP MODE: I. MUDARABA II. MUSHARAKA
2. BAI MODE: I. BAI-MUAZZAL II. BAI-MURABAHA III. BAI-SALAM IV. ISTISNA
3. IZARA MODE: I. HIRE PRCHASE II. IZARA BILL BAIA III. LEASING
4. OTHER MODES: I. WAZARAT BILL WAKALA II. MIB III. MPI IV. MTR

3.21 INVESTMENT SCHEME ROLES OF INVESTMENT:

Investment Guideline for Preparation of retail/consumer investment products proposal:



A.PRE-SANCTION ACTIVITIES:

1.Selection of customer:

- Collection and verification of customer's information Application form duly completed all the columns KYC check list
- Photocopy of telephone bill/electricity bill/gas bill etc
- Photocopy of National ID (original to be seen and marked by the Bank Officials) Copy of passport/TIN certificate/driving license (if any)
- Certificate of professional's degree copy to be retained Membership certificate (For professional)
- Employment and salary certificate (LPC) from the employer (For salaried person) Yearly income statement
- Net worth statement (as per Bank's format)
- Statement/particulars of liability including Bank's name and statement CIB undertaking and collection of CIB report.

2.Guarantor(s) information:

- Collection of consent and verification of particulars of the guarantor(s) i.e Parents name, spouse name, guarantor(s) present address, permanent address, profession, net worth particulars, National ID card, Passport number (if any) Passport size photograph etc.

3.Business/product information:

- Invoice/quotation of article/goods to be purchased (competitive preferable)
- Verification of price quality and marketability etc. to be done.

4.Fixation of investment terms and conditions:

Limit/Amount/Margin/Equity: Negotiation to be made at least at win-win situation, covering stipulated minimum margin/ equity.

Primary:
Ownership/hypothecation of assets/goods to be purchased/acquired through investment

Collaterals:
As per negotiation but covering the policy guideline for specific sectors investment**.**

Recommendation:

Specific recommendation to be given including furnishing the contents that information supplied by the customer are duly verified by the branch and found correct.

Period/Term of investment:

Repayment schedule to be fixed with frequency in matching with his monthly income and schemes stipulation. In that case value of primary security and its economic life to be taken in to consideration

Pricing (Profit/rent fixation):

Negotiation to be made to realize highest price of the slab/range declared in the rate schedule keeping in mind risk volume to be undertaken for the investment.

B. PRE-DISBURSEMENT FUNCTION:

- Preparation of Check list of documentation as per sanctioned stipulation
- Completion of documents i.e charge forms, PG, Mortgage(if any), NOC from competent authority etc
- Compliance of Shariah and ensure payment directly to the supplier of the articles/goods

C. POST-DISBURSEMENT FUNCTION:

- Ensure end use and utilization of investment for appropriate purpose
- Follow up to ensure monthly installment within stipulated time both in writing and over phone
- Submission of monthly statement of overdue accounts (having two or more installment overdue) to Head Office within 10th of subsequent month on the following format:
- Final call back notice to be served to the customers and also to the guarantors of the account having more than 3 installments overdue and permission for legal action to be sought from Head Office.

SL	Customer name	Disbursed amount	Expiry date	Cumulative due for recovery		Cumulative recovery		Cumulative overdue		Remarks
				No. of Ins.	Amount	No. of Ins.	Amount	No. of Ins.	Amount	

Scheme for EXIM Abasan(Avevmb):

The Bank A product for Home Investment:

At EXIM Bank we offer an easy-to-avail Home Investment with convenient repayment facility and maximum limit on investment amount. From the scheme the customer will get necessary help to materialize long cherished dream, to enable him/them proud owner of a flat/dwelling house in a modern developed urban area.

Purpose of Investment Product:

- Purchase apartment/House(not older than 8 years)
- Completion of finishing/construction work of house
- Renovation of existing house
- Taking over of regular house building loans/investments against acquiring ownership of existing Home/Apartment from other Banks/NBFIs(Only principal amount)

Eligibility:

Confirmed and regular Employee having 2 years continuous service of the following:

- Govt. Organizations
- Semi-Government Organizations
- Autonomous Bodies
- Multinational Companies
- Banks
- Insurance Companies
- Educational Institutions
- Corporate Bodies

Monthly average income of the above applicant must be commensurate with the monthly installment of the investment

Professionals & self-employment

- Doctor
- Engineer
- Accountant

Business and others:

✓ Businessman (at least five years of successful track record)

Age:

✓ Maximum 65 years (including repayment period)

Investment Limit

✓ Maximum BDT 50.00 lac (65:35 debt equity ratio)

Duration of the Investment

✓ Maximum 18 years including grace period (from 06 months to 18 months)

Repayment Mode

✓ Equal monthly installment

Rent rate & others

- Rent will be @ 13% pa
- Processing fee @1% of the investment amount for both the fresh and take over cases
- All documentation fees to be borne by the customer
- Bank may have the option to revise the rate of rent on the basis of prevailing market price time to time.
- Management/Supervision fee @ 2% p.a. on outstanding amount

Required Documents

- Usual charge documents
- Personal Guarantee of spouse
- Advance dated cheques in support of installments
- Employer Certificate/salary certificate
- Photo copy of National ID Card/Passport
- Yearly income statement
- Photocopy of Tin Certificate, if any
- Bank Account Statement of last six months
- Photocopy of Telephone (T&T) Bill/Municipality/Pourasova tax payment, if any
- Application in a prescribed form

Investment Mode: Ijara Bil Baiya (IBB)

Securities

- RM with RIPA of house/flat to be constructed/purchased/renovated
- Tripartite agreement for purchasing apartment/flat among the customer, seller/developer and Bank and subsequent RM & RIPA.

Others

- Other usual formalities/norms (e.g CIB collection, site visit, verification of particulars of customer, valuation & investment requirement assessment etc) to be done properly.
- Guideline and instruction of Bangladesh Bank including instruction of prudential guidelines for the scheme also to be followed.

Scheme for EXIM Bahan(evnb)

An investment product for purchasing Car/vehicle An investment Scheme facilitating to purchase a new/reconditioned car/jeep for own/business use.

Feature of investment:

A. To extend investment facilities to an individual for purchasing a new/reconditioned imported car/jeep from showroom.
B. To ensure investment to a person who has the capacity to maintain the car/jeep but will help to accumulate the capital at a time.
C. To provide investment facility very promptly and easiest condition to a deserving customer/applicant.
D. Facility of repayment by 12 to 60 equal monthly installments to be determined on the basis of monthly income of the customer.

Eligibility

Employees of:

- Government/Semi government/ Autonomous bodies
- Sector Corporation
- Non-Government Organizations
- Multinational Companies
- Banks/financial Institutions
- Educational Institutions.

Professionals:

- Doctor
- Engineer
- Accountant

Others:

- Reputed business person
- Age between 21 at the time of application and 60 at the time of maturity
- Minimum monthly income BDT 25,000.00
- Length of service /age of business minimum 2 years
- For service holder a head minimum service up to maturity of investment

Rules of investment:

- Must be an account holder of the Branch/Bank
- Application in a prescribed form
- 3 sets competitive quotations to be submitted
- Personal net worth statement in Bank's prescribed form
- Guarantor's personal net worth statement (if any)
- Employee's certificate including salary statement for service holders/copy of trade license for businessman including net worth statement of guarantors (if any) Bank account statement for 6 months
- Copy of passport/National ID Card
- Telephone (T&T) bill (if any)
- Photo copy of TIN Certificate (if any)

Eligible items/Article

i. Car
ii. Jeep
iii. Station wagon

iv. Any other vehicle for own/business use

Investment limit and tenure of investment:

New/reconditioned vehicle maximum limit Tk.20.00 lac margin not less than 20% of cost price and tenure upto 5 years.

Investment equity ratio minimum	: 80:20
Profit rate	: 15% pa
Risk fund	: @ 1% of disbursed amount (Changeable on the basis of market)
Supervision charge	: @ 0.5% (per year on outstanding investment) (Changeable on the basis of market)
Application fee	: BDT 300.00
Mode of Investment	: IBB (Car/Transport)
Source of investment fund	: Own source

Security:

1. Ownership of vehicle (Car/Jeep) by registration in joint name
2. Personal guarantee of the spouse
3. Postdated cheques in support of installment
4. Others (if any) as per negotiation
5. Cost of registration, fitness, Tax Token, Insurance to be borne by the customer

Others:

- Other usual formalities/norms (e.g CIB collection, price verification, verification of particulars of customer, & investment requirement assessment etc) to be done properly.
- Guideline and instruction of Bangladesh Bank and other regulatory authority for the sector also to be followed.

Recovery of Investments and Advances

Normally the granted loan is recovered in periodical installment deposited by the borrower. But in case of a defaulter party bank follows a series of process to recover its money.

- Reminder to the client is given through a formal communication method usually a letter on bank's pad signed properly. This letter is issued several times in short notice just to remind the lender to repay lending amount.

- If the loan amount is not yet recovered after mailing series of letter, then social pressure is created on the client by different references used by the client introducing him while opening the account in the bank.
- Legal notice is given by the bank when the above two steps are followed to recover the tending amount. It is a threat to the lender to repay the loan amount.
- The last and final step of recovery procedure is the help from the court. bank has to case a file to court

Chapter 04:

Findings

4.1 Findings:

From the report I get some positive and negative findings about the Investment operation of Exim bank. The findings are necessary for the bank to take corrective measures. So, I disclose the findings

Positive Findings:

General investment of Exim Bank was increasing year by year. Trend of general investment shows a clear direction of doubling in the last 5 years results the average growth rate per year is 14.09%. From 2017 to 2021 almost all types of welfare investment schemes became doubled to five times bigger in amount of investment.
SME Investment of Exim Bank was increasing very rapidly during last five years.

Negative Findings:

The procedure of investment facility is less supervised comparing to other banks. IBBL does not have the necessary expertise and trained manpower to appraise, monitor, evaluate and audit the projects they are required to finance. As a result, it can't expand its investment despite of having enough financial liquidity.

Findings:

- Data shows the evidence that the profit for EXIM Bank Ltd comes from mainly three sources-

  (A) Profit from Bai-Muazzal and Murabaha Investment

  (B) Rent from Izara Bill Baia

  (C) Bank Guarantee Commission or L.C. Commission

- Loan disbursement rate for Exim Bank Ltd has been found quite static over the last few years (80% of the total deposit)

- EXIM Bank Ltd is undoubtedly one of the most successful commercial banks in Bangladesh in terms of loan recovery rate (nearly 98% recovery rate). One of the major

reasons behind this achievement is the presence of very low amount of classified loan (1.82%). Whenever the percentage of the classified loans exceeds 5%, EXIM Bank Ltd responses by reducing the amount of large loan disbursements.

- As EXIM Bank Ltd is mainly an export-import based bank, it is interesting to find out how they adjust to the fluctuation of the foreign exchange rates. Recently with the constant devaluation of Taka, import has become more expensive than before. It has been found that this devaluation of Taka has been followed by the reduction of the number of outstanding L.C.s by EXIM Bank LTd. They have also started charging higher commission charges from the importer. Thus, the stability of profits is being achieved by putting the importers into more adverse position.

- EXIM Bank Ltd strictly follows Customer Relationship Management (CRM) guidelines which are provided by Bangladesh Bank.

Chapter 05:

Recommendations, Conclusions and Bibliography

5.1 Recommendations:

A company to gain a competitive advantage and provide quality service, top management should be proactive in modifying their services to meet changing market demands, innovate, enhance the customer experience, and ultimately achieve sustainable growth and success:

Rectify the Existing Problems

1. The synergy of dedicated manpower, technology, and market opportunity can lead the organization to achieve the goal, a bank must establish and adhere to adequate policies, practices and procedures for evaluating the quality of asset and the adequacy of loan provision and reserve.

2. EXIM Bank should train up their branch personnel about all sort of information regarding SWIFT and its service.

3. Due to lack of proper knowledge about the operation procedures and services provided to the customers by SWIFT, certain customers are facing problem, as they have to wait for certain time to get service. And sometimes personnel are not being able to operate SWIFT without any confusion. They are not fully independent of handling SWIFT. Official training is the solution to this problem.

4. EXIM Bank should always monitor the performance of its competitors in the field of Foreign Trade.

5. Mercantile Bank Ltd. Standard Bank Ltd., Mutual Trust Bank Ltd., Premier Bank Ltd., First Security Bank Ltd., Eastern Bank Ltd., Bank Asia Ltd. and Dhaka Bank Ltd. and all other private banks are the emerging competitors of EXIM Bank. They should continuously strive and try to introduce new products.

6.For customer's convenience in Foreign Exchange Department of EXIM Bank Ltd. should provide more personnel to deliver faster services to their honorable customer.

7. It seems to me that day-by-day customers operation is increasing; individual employee has to handle different types of job. But that is pocking a back for an employee. As a result, it might be happening any big mistake by the employee and service is also timed consuming and

customer has to suffer for this situation. Maybe it would be the reason for employee's de-motivation as well as the customer's dissatisfaction.

8. EXIM Bank Ltd. should focus on their promotional activities.

9. They should also focus on the marketing aspects to let customers know about their products and offerings and more promotion should be given to attract new customer.

10. EXIM Bank Ltd. must develop electronic banking system to moderate the service. Technological advantage of a bank ensuring its competitive edge in the market place can only be achieved by efficient manpower. It is market share to reduce its operating cost and to generate new revenue. Electronic banking system also allows increased access to the financial system by its customers.

Some other important factors that should be focused on the development process:

1. Time consumed at service level should be minimized at optimum level.
2. Evaluate customer's needs from their perspective and explain logically the shortcomings.
3. Customer's convenience should receive priority over other.
4. Improve office atmosphere to give customers better feeling.
5. Use of effective management information systems.
6. Use appropriate techniques in evaluating customer need professionally.
7. To deliver quality service top management should try to mitigate the gap between
8. customer's expectation and employee's perception.

5.2 Conclusions:

The internship is designed to bridge the gap between theoretical knowledge and real-life experience as a part of the Bachelor of Business Administration (BBA) program. This report is an outcome of a three months' internship with Export Import Bank of Bangladesh. The main objective of this report is to evaluate the overall performance of Export Import Bank of Bangladesh Ltd. along with how efficiently the Bank is providing services to its customers. The main focus of this report is the investment procedure and policy guidelines of the bank. There was some limitation like the employees in a bank are usually very busy with their normal

activities. It is tough for them to accommodate time for internship. So, knowledge as well as experience cannot be shared during internship.

Now-a-days, the conventional banking concept is outmoded. Banks are now offering more ancillary services like credit cards, on-line services, etc. EXIM Bank Ltd. should differentiate its services adopting such modern facilities. The Bank is providing both internal and external training for its officers but it should be more scrupulous about the training facilities so that its officials can implicate this in their job. People are now very sensitive about their work-environment, so the bank premises should always be well decorated and EXIM Bank has made significant progress in this respect.

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