



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

*“Landmark to Create the Future”*

**An Internship Report on  
"Financial Performance Analysis of Exim Bank Limited"**

**Prepared By**

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Daffodil International University

**Date of Submission**

**12<sup>th</sup> March 2023**



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"Financial Performance Analysis of Exim Bank Limited"**

**Supervised By**

**Mr. Md. Arif Hassan**  
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## Letter of Transmittal

March 12, 2023

Mr. Md. Arif Hassan  
Assistant Professor and Head  
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Faculty of Business & Entrepreneurship  
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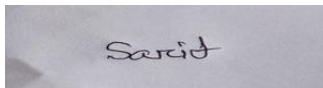
**Subject:** Submission of Internship Report on “**Financial Performance Analysis of Exim Bank Limited.**”

Dear Sir,

With due respect and humble to state It is my pleasure to submit this internship report on “**Financial Performance Analysis of Exim Bank Limited.**” I did my best to follow the guidelines you gave me while preparing this report. This report was prepared to fulfill the requirement of the BBA Program. I have tried my best to prepare the report in consistence with the optimal standard under your valuable direction. I made every effort to reveal greater insight in this report. I hope that this will meet the standard of your judgment.

Thanking you for your kind supervision.

Sincerely yours,



---

**Md. Sariful Islam Khan**

**ID: 192-11-879**

Program: BBA (Major in Finance)  
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## **Approval Certificate**

This is to certify that Md Sariful Islam Khan, ID: 192-11-879, a student of BBA Program, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University, has prepared the internship report titled “**Financial Performance Analysis of EXIM Bank Limited**” as a requirement for fulfillment of the Bachelor Business Administration. The report is recommended for submission.

I wish him every success in life.



-----  
**Mr. Md. Arif Hassan**

**Assistant Professor and Head**

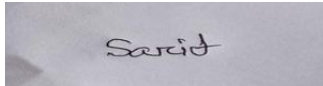
Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

## **Student Declaration**

This report “**Financial Performance Analysis of Exim Bank Limited.**” prepared by Md. Sariful Islam Khan, ID: 192-11-879. This report was made on Exim Bank Limited after completing my three months internship. I would like to mention that this report is made only for my academic purpose. I also clarify the report has not been submitted anywhere, for any purpose.

A rectangular box containing a handwritten signature in cursive script that reads "Sariful".

---

**Md. Sariful Islam Khan**

**ID: 192-11-879**

Program: BBA (Major in Finance)

Department of Business Administration

Daffodil International University

## **Acknowledgment**

First and foremost, all credit goes to my almighty. Then I would like to express my heartiest gratitude to those who helped me all the way through to complete my internship report on Comparative study of effect on income and earnings of Exim Bank by financial ratio analysis in Exim Bank Limited, Nayarhat Branch.

Then, I would like to express my thankfulness and deep sense of gratitude to my honorable supervisor Mr. Md. Arif Hassan, Assistant Professor and Head Department of Business Administration Faculty of Business & Entrepreneurship, whose scholastic supervision, kind and sympathetic guidance, warm advice, and encouragement have enabled me to appear this report successfully. Her valuable suggestions and strict guidance helped me to prepare a well-organized research paper.

I would like to express my sincere gratitude to all executives, officers, and employees of EXIM Bank Limited, Nayarhat Branch, who had responded cordially to meet my needs relating to the report and gave me the feeling that I am not alone in this great responsibility. Of them, I like to mention the name of-

1. Mr. Khandakar Reza Mohd. Ahasan (Vice President)
2. Mr. Muhammad Zahidul Haque (Senior President Officer)
3. Mr. Mohammad Akter Hossain (Senior President Officer)
4. Mr. Mr. Md. Rasel Ahmed (Senior Officer)

Without their effort, it would be impossible to bring this report to light. I am grateful to my beloved parents, friends, and well-wishers for their inspiration that lead me to go ahead.

Finally, I thank all the persons who have directly or indirectly contributed to preparing this report.

## **Executive Summary**

This report covers the financial performance of Exim Bank Ltd. It has long been one of Bangladesh's top private commercial banks and has recently looked outstanding. The intention was to examine and assess Exim Bank Ltd.'s financial performance from 2017 to 2021. The primary purpose of this study is to examine Exim Bank Ltd.'s financial performance during the previous five years. Some measures, such as profitability, liquidity, activity, and leverage ratio, are used in the study. This study is based on the aspects influencing EXIM Bank's earning and income performance.

This report has been organized into Five chapters. In this report introduction part has been discussed in chapter one. The introduction of the study, background, origin, objective, methodology, and limitations of the study are discussed in chapter one.

The second chapter is based on a brief discussion of Exim Bank Ltd. to define Exim Bank Ltd.'s Vision, Mission, Objectives, Corporate Department, Products, and Services in this chapter.

The third chapter includes theoretical knowledge, financial tools, measurement techniques, and the application of financial performance as discussed in ratio analysis, trend analysis, common size analysis. The fourth chapter is a very significant part of the report, which comprises financial performance analysis. It includes profitability, liquidity, activity and leverage ratio.

Finally, in the last of five chapters, some findings based on analysis and some suggestions provide for improvement in financial performance.

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# Chapter 1

## INTRODUCTION

### 1.1 Origin of the Report:

The internship program has been made compulsory for all Business graduates of Daffodil International University. The internship is an essential step for BBA students since it allows them to experience real-world circumstances and learn about the professional world. Following the end of the internship program, each student is required to submit an internship report detailing the activities and lessons learned during the internship term.

### 1.2 Scope of the Report

The activities of Exim Bank Limited's financial performance are the key focus of this report. This report also includes a performance evaluation for the previous five years. I gathered all the information from the official website of Exim Bank Limited and some other popular sites like Lanka Bangla Financial Portal. I also collect information from the respective manager, sub-manager and other staff and employees to make my report informative and meaningful.

### 1.3 Objectives of the Report

The general objective of this report is to evaluate the financial performance of EXIM Bank Limited over last five years.

#### Specific Objectives

- To gather knowledge about the tools, use to analyze the financial performance.
- To analyze the last five years financial performance of EXIM Bank Limited using different kinds of ratios.
- To interpret of the financial ratios and identify the areas of concern.
- To provide some recommendations based on findings.

## **1.4 Source of Information**

In this report I used both the primary and secondary data which I gathered while working as interns at the Exim Bank Limited. For the primary data I used my personal overview & observation while doing internships at the bank; and for the secondary data I looked at Annual reports of Exim Bank Limited and Bangladesh Bank.

## **1.5 Limitations of the Study**

I attached with the Exim bank only for 3 months and I think this is not enough. Though it was a good experience for me but I faced some limitation which I am explaining in the below.

- The time frame was insufficient to comprehend all of a bank's internal systems and activities. I was only three months with Exim Bank and I believe this is insufficient.
- I lack experience in other sectors because I have only worked in the general banking site. However, at a bank, there are further divisions such as credit, cash, and foreign currency, among others. As a result, I believe it is one of the most significant constraints.
- The relevant officers did not always provide appropriate time due to busy banking hours. As a result, I struggled to understand some parts of particular jobs.
- Inadequacy and lack of availability of prior and current data.

## **Chapter 2**

### **ORGANIZATION'S BACKGROUND**

#### **2.1 Overview of Exim Bank Limited**

EXIM Bank was founded in 1999 under the leadership of Late Mr Shahjahan Kabir, Founder Chairman, who had a dream of establishing a commercial bank that would contribute to our country's socioeconomic development by facilitating industrialization, woman empowerment, foreign trade, infrastructure development, income generation for the marginalized, and, most importantly, job creation. On November 16, 1999, it was renamed Export Import Bank of Bangladesh Ltd. and inaugurated with Alamgir Kabir as the Founder Advisor and Mohammad Lakiotullah as the Managing Director. Mr Kazi Masihur Rahman took over as Managing Director of the bank after Mr Lakiotullah resigned following a successful 7-year tenure. Under his guidance, the bank transitioned to a cutting-edge centralized IT infrastructure powered by the world-renowned core banking software TEMENOS T24 and housed in two modern data centers. Mr. Fariduddin Ahmed joined the bank as Managing Director on August 25, 2011. Mohammed Haider Ali Miah was the EXIM staff's first Managing Director. He had a lengthy and successful career that lasted ten years until he retired on September 15, 2022. On September 16, 2022, Mohammad Feroz Hossain took over as Managing Director and CEO.

#### **2.2 Vision of Exim Bank Ltd.**

The Export Import Bank of Bangladesh Limited (Exim Bank) believes in working together with its clients to achieve growth and advancement via service. To attain the intended result, excellence in accordance with Islamic Shariah shall be pursued on a continuous basis. We think that the benefits of Islamic economics may be best disseminated to the public through a contemporary, technology-driven financial system that preserves Islamic values.

## **2.3 Mission of Exim Bank Ltd.**

- The bank's purpose is to maximize the benefits of the Islamic banking system for its consumers.
- Providing high-quality financial services, particularly in the field of foreign trade.
- Keeping and improving a technologically advanced professional banking environment  
Corporate and business ethics, as well as openness, must be maintained at all levels.
- Base of sound capital Ensure the worthy stakeholders' long-term growth fulfillment of corporate social responsibilities, and above all, contribution to the national economy.

## **2.4 Corporate Culture**

EXIM Bank has been able to increase organizational performance by enhancing individual contributor performance and recognizing existing skills. Their culture encourages the sharing of similar goals, which fosters a happy working atmosphere. Their principles play an important role in establishing the relationship between the bank and its workers and customers.

## **2.5 Corporate Social Responsibilities**

We set aside around 2% of our annual profit for the foundation to execute Corporate Social Responsibilities (CSR) activities. The following are the key CSR initiatives carried out by this foundation:

- Support for healthcare.
- Scholarship program for bright but impoverished students
- Education Promotion Program
- Aiding those harmed by natural disasters
- Assisting people in slums
- Donation to educational institutions for the establishment of a computer lab
- Dhaka City Beautification

## 2.6 Operational Area of the Bank

With 118 branches around the country, Export Import Bank of Bangladesh Limited is one of the full-fledged Shariah-based Modern Islamic banks, serving Corporate and Large Investment, CMSME, and Agricultural sectors. To work with the notion of Financial Inclusion, we established a specific Woman Entrepreneurship Development Unit. We have successfully invested a significant amount of cash in the RMG industry, which is critical to our economy.

We have made strenuous measures in these occurrences to reach a realistic and successful overall result.

- Investing: Retail/consumer investing
- Investment in small businesses.
- Small and medium-sized business investment
- Corporate and large investments
- Invest in a syndicate.

### Modes of Investments:

- ✚ **Bai-Murabaha:** Bai-Murabaha is a Shariah-based Islami Bank investing strategy. The bank acquires items from the market in accordance with the conditions of the client's contract. After calculating profit and other expenses, sell them to the client partially or entirely in cash.
- ✚ **Bai-Muajjal:** Bai-Muajjal is a sort of investment in which a bank acquires items from the market based on an order/contract and sells them on credit to the investment customer with the sale price fixed. Bai denotes purchase and selling, but Ajl denotes a certain time or era.
- ✚ **Bai-Salam:** Bai denotes purchase and selling, but Salam denotes advance. The Bai-Salam transaction is paid in advance. This is an investment strategy in which the price of the items (farm products) is established by the buyer and seller and paid in advance at the time of contract.

- ✚ **Ijarah:** 'Ijarah' is an Arabic word derived from 'Ujrat,' which meaning consideration, return, recompense, salary, or rent. It is the mechanism utilized in Islamic banks to rent out any asset owned by the bank through creation, acquisition, or construction.
- ✚ **Ijarah Bil Bia:** Ijarah Bil Bia (IBB) is a type of investment in which the bank invests alongside the customer in long-term assets such as machinery, equipment, transportation, land, and buildings. The customer must pay the rent at the agreed-upon rate on the Bank's outstanding equity.
- ✚ **Quard-e-Hasana:** Quard-e-Hasana is a profit-free investment for small producers, farmers, and entrepreneurs who do not qualify for other types of finance.
- ✚ **Musharaka Documentary Bills:** Bank allow Musharaka Documentary Bills (inland) and Musharaka Documentary Bills (Foreign) to finance exporter.
- ✚ **Bai-as-Sarf:** Bai-as-Sarf is a contract in which money is exchanged for money. It is used to provide post-shipment financing against foreign currency export bills.

## 2.7 Awards & Achievements

**Awards:** Exim Bank has received several national and international accolades for its exceptional service and dedication to excellence.

- ICMAB Best Corporate Award 2013
- International "BIZZ Award -2013"
- "International Diamond Prize for Excellence in Quality" award
- "World Finance" award

### Achievements:

- First private sector bank to open exchange house in UK
- Implementation of the world-renowned Core Banking Software (TEMENOS T24)
- Conversion from Conventional Banking to Shariah Based Islami Banking

## Chapter 3

### THEORETICAL ANALYSIS

**Financial Analysis:** Financial analysis is the study of financial data in order to make decisions, understand present circumstances, and forecast future ones. A company's financial accounts are the major source of information for financial analysis. Financial analysts use these papers to create ratios, draw trend lines, and compare data for linked firms. Financial analysis might lead to any of the following decisions: whether or not to invest in a company, and at what price per share. When or whether to lend money to a company and if so, under what terms, whether it should invest in an asset or in internal working capital, and how to fund the acquisition.

**3.1 Trend Analysis:** A trend is just the general direction the market is taking at any given time. There are no standards for determining how much time is needed to define the trend; usually, the longer the direction, the more is considered reliable. In Trend Analysis, a single year is called the base year and is weighted at 100%. The line items are compared to the baseline for that year. If the values of those line items are more than 100%, positive growth will be evaluated.

**3.2 Common Size Analysis:** In Common Size analysis, revenue, total assets, and total liabilities will be considered basis weights, and each line item will be compared to that base weight. Thus, line items on the income statement will be reported as a percentage of revenue, whereas balance sheet line items will be expressed as a proportion of total assets and liabilities. This research also offers financial managers with a rapid overview of many essential parameters and an easy approach to review financial statements. This study is especially beneficial when comparing your business to other firms or past financial statements.

### 3.3 Ratio Analysis

Ratio analysis is a sort of financial statement analysis that is used to evaluate the financial health of a firm in a few key areas. It is a method of gaining insight into a firm's financial status by comparing readily available information in financial statements to the company itself or the industry as a whole.



For this report, I consider ratio analysis to fulfill my objectives regarding Exim Bank Ltd.

Ratio analysis is required to assess performance by analyzing-

- Profitability Ratio**
- Activity Ratio**
- Liquidity Ratio**
- Leverage Ratio**

## **Profitability Ratio**

**3.3.1 Return on Equity:** The ratio of net income to shareholders' equity measures a company's capacity to convert its assets into earnings. The greater this percentage, the better the company's ability to transfer assets. Return on equity is a useful indicator of how much a firm profit from its shareholders.

$$\text{Formula: ROE} = \text{Net Income After Taxes} / \text{Total Equity Capital}$$

**3.3.2 Return on Asset:** It is a profitability metric that analyzes how well a company manages its assets in order to make profit. Total assets are divided by net profit after taxes to arrive at this figure. The higher the ratio, the better. The greater this ratio, the more efficient the organization's resource utilization.

$$\text{Formula: ROA} = \text{Net Income After Taxes} / \text{Total Assets}$$

**3.3.3 Earnings per Share:** Earnings per share is the percentage of a company's profit allocated to each outstanding share of ordinary stock. It is calculated by multiplying the company's net income by the total number of outstanding shares. Earnings per share (EPS) is a crucial financial metric that indicates a company's profitability.

$$\text{Formula: EPS} = \frac{\text{Net Income After Taxes}}{\text{No of Common Share Outstanding}}$$

**3.3.4 Net Profit Margin:** The net profit margin essentially reflects how much profit a company makes on its total revenue. It determines a company's net profit by converting sales into profit. It is the ratio of net profits to revenues in a company's segment.

$$\text{Formula: NPM} = \frac{\text{Net Income After Taxes}}{\text{Total Operating Revenue}}$$

**3.3.5 Gross Profit Margin:** A company's gross profit margin is a measure of its profitability calculated as gross profit as a proportion of sales. It is the amount remaining after deducting the cost of goods sold (COGS) or direct costs of revenue generation from revenue. A high gross profit margin shows that more money is available for investment.

$$\text{Formula: Gross Profit Margin} = \frac{(\text{Revenue} - \text{Cost of Goods Sold})}{\text{Revenue}}$$

**3.3.6 Operating Profit Margin (OPM):** One of the most significant metrics of a company's profitability and efficiency is the operating profit margin ratio (or net operating profit percentage). The operating margin ratio examines a smaller range of operational and administrative expenses, removing charges such as interest and taxes.

$$\text{Formula: OPM} = \frac{(\text{Total Operating Revenue} - \text{Total Operating Expense})}{\text{Total Revenue}}$$

**3.3.7 Degree of Asset Utilization:** The asset utilization ratio measures how much income a company generates per Taka of assets. This metric is commonly used to compare an organization's efficiency over time.

$$\text{Formula: AU} = \frac{\text{Total Operating Revenue}}{\text{Total Asset}}$$

## Activity Ratio

**3.3.8 Current Asset Turnover:** Current Asset Turnover - an activity ratio that measures a company's capacity to generate revenues from its current assets (cash, inventory, accounts receivable, etc.). The current assets turnover ratio illustrates how frequently current assets are handed over in the form of sales during a certain time period.

$$\text{Current Asset Turnover} = \text{Net sales} / \text{Current asset}$$

**3.3.9 Equity Turnover:** Equity turnover is the ratio of a bank's net sales to its average stock over time; this helps determine if the organization generates enough revenue to make it worthwhile for shareholders to hold the company's equity. The stock turnover ratio varies substantially depending on the capital-intensive nature of the organization. For example, if we evaluate the bank's turnover ratio, it is far superior to that of a raw material industry.

$$\text{Equity Turnover} = \text{Net revenue} / \text{Average shareholder equity}$$

## Liquidity Ratio

**3.3.10 Current Ratio:** The current ratio is a liquidity ratio that measures a company's ability to repay short-term debts due within a year. If Current Assets exceed Current Liabilities, the Ratio is 1.0, and Current Assets are insufficient to cover short-term obligations. If the Current Assets Current Liabilities ratio is more than one, it indicates that the firm does not have enough cash on hand to satisfy its short-term obligations.

$$\text{Current Ratio} = \text{Current Asset} / \text{Current Liability}$$

**3.3.11 Cash Ratio:** One of three regularly used indicators for analyzing a company's liquidity is the cash ratio. It assesses a company's ability to repay short-term loans. We examine the cash and marketable securities worth to get the cash ratio. For that, we subtract the result from the current liabilities.

$$\text{Cash Ratio} = (\text{Cash} + \text{Marketable Securities}) / \text{Current Liability}$$

## Leverage Ratio

**3.3.12 Debt Ratio:** A debt ratio is a metric that assists in determining the quantity of assets purchased with debt by a corporation. The ratio informs investors about the level of risk they will be accepting. This ratio is calculated by dividing the companies' total debt by their total assets. The total assets value takes into account both the company's short and long-term assets.

$$\text{Debt Ratio} = \text{Total Debts} / \text{Total Asset}$$

**3.3.13 Debt Equity Ratio:** A financial situation statement that compares total debt and financial liabilities to total shareholder equity. This measure depicts the weighting of a company's capital structure toward debt vs. equity funding. This ratio used to compare direct competitors or to track change in the company's reliance on debt over time.

$$\text{Debt Equity Ratio} = \text{Total Liability} / \text{Total Equity}$$

**3.3.14 Revenue Coverage Ratio:** In finance, revenue coverage ratio is a fundamental formula to estimate how effectively an organization can pay interest on current loans. The findings make it easier for creditors and banks to assess how trustworthy the funding seekers would be if given a significant Murabaha-bearing loan.

$$\text{Revenue Coverage Ratio} = \text{EBIT} / \text{Interest Expense}$$

**3.3.15 Fixed Cost Coverage Ratio:** As we get to know from cash flow that the fixed charge coverage ratio (FCCR) is a financial measure that examines the cash flow available to satisfy fixed charge obligations. Rents and leases, unfinanced capital expenditures, and payouts are all examples of cash flow adjustments that we need to consider while finding the ratio among a year to year. We also consider fixed charge adjustments include debt payments (principal and interest), rentals and leases, and payouts. It assesses whether a corporation generates enough income and cash flow to satisfy its monthly payment commitments.

$$\text{Fixed Cost Coverage Ratio} = (\text{EBIT} + \text{Fixed Charge before tax}) / (\text{Fixed Charge before tax} + \text{Interest})$$

## Chapter 4

### FINANCIAL ANALYSIS

The last five years financial performance Analysis of EXIM Bank Limited

#### 4.1 Profitability Ratio

##### 4.1.1 Return on Equity:

Ratio on Equity Capital (ROE)	
2017	11.93%
2018	8.27%
2019	8.16%
2020	9.20%
2021	6.86%

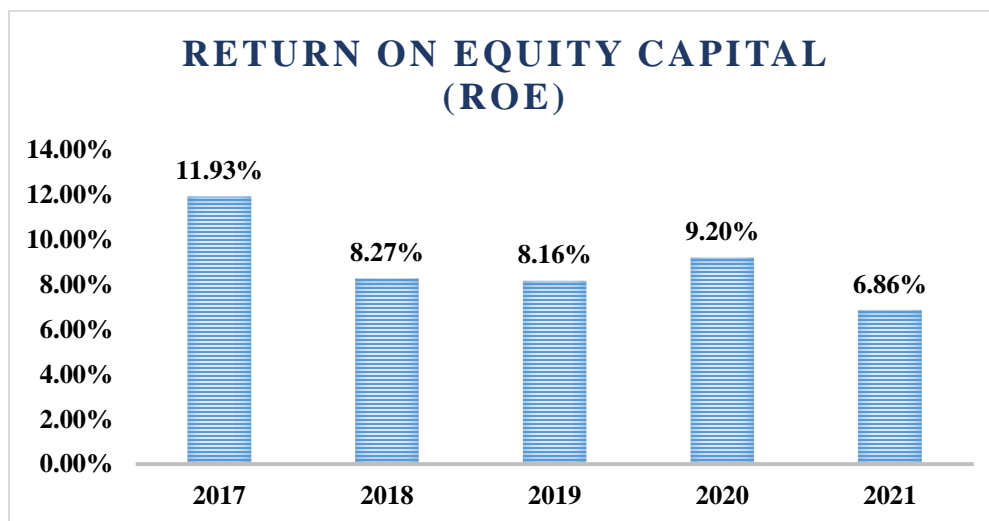


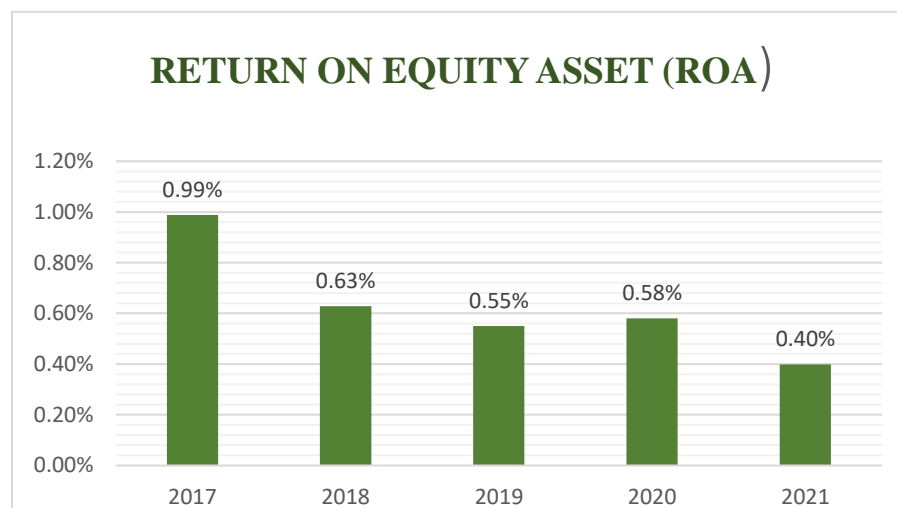
Figure 4.1.1: Return on Equity

**Interpretation:** The return on equity measures the return earned on the owner's investment by what is generally standard for an investing. The greater the return on investment (ROE), the better, because the bank earns more money with less investment. The graph shows that Exim Bank's ROE ratio has a fairly inconsistent trend from year to year. In 2017 it was 11.93% that gradually decrease up to 21019 8.16% again it turns on a little bit. But at the end 2021 it was the lowest 6.86%. If we

see their raw data, we see their equity capital was increasing year to year but their net income after tax was fluctuating, that was the reason affect into the change of ROE.

#### 4.1.2 Return on Asset:

Return on Assets (ROA)	
2017	0.99%
2018	0.63%
2019	0.55%
2020	0.58%
2021	0.40%

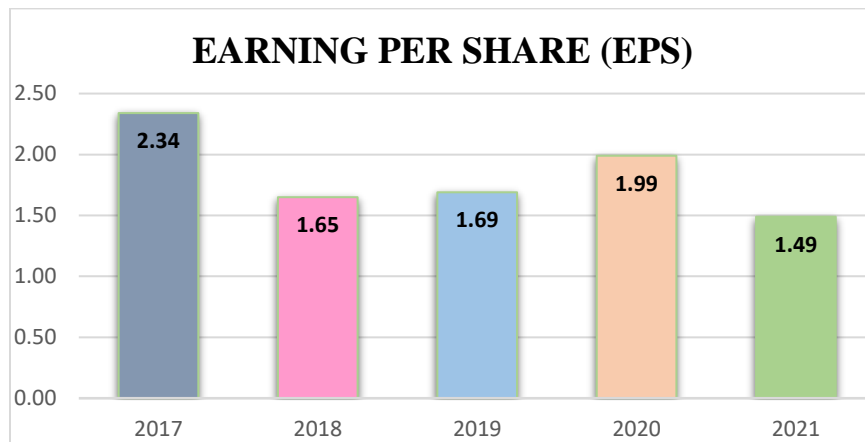


**Figure 4.1.2: Return on Asset**

**Interpretation:** A bank with a high return on investment (ROA) turns its investments into profits more effectively. The return on investment (ROA) is a quick assessment of whether the company is continuing to benefit from its investments. The most often used profitability statistic is return on investment (ROA). This graphical representation depicts how Exim Bank has affected the ROA ratio during the last five years. In 2017, they had its highest ROA 0.99% and that was gradually decreased at the end of year 2021 it was the lowest at 0.40%. If we look at their raw data, we can see their total assets was increasing with a high ratio, but their Net income after tax after 2017, it was fluctuated during the year of 2018 to 2021, which influenced the shift in ROA.

### 4.1.3 Earnings per Share:

Earnings per share (EPS)	
2017	2.34
2018	1.65
2019	1.69
2020	1.99
2021	1.49

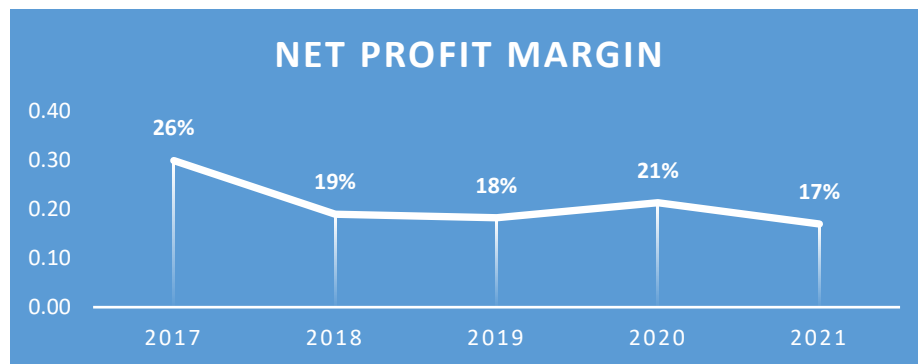


**Figure 4.1.3: Earnings per Share**

**Interpretation:** This chart shows Exim Bank's earnings per share decreasing from 2.34 to 1.49 per share by the end of 2021. However, when compared to the prior year, this displays an apparent decreasing EPS. Specifically, in 2021, right after the pandemic year, EPS was 1.49 per share, indicating that the bank has lagged in making profits per share because of the fluctuating ratio of net income after tax for the prior two to three years.

#### 4.1.4 Net Profit Margin:

Net Profit Margin (NPM)	
2017	26%
2018	19%
2019	18%
2020	21%
2021	17%



**Figure 4.1.4: Net Profit Margin**

**Interpretation:** As we all know; it displays a company's net profit by converting sales into profit. The graphic shows that the bank's ratio is falling from 2017 to 2021. NPM was 26% in 2017 which gradually decreasing in 2018 at 19%, 2019 at 18% in 2021 at 17%, In those year not only net income after tax was decreasing also their operating revenue was fall down that was just after the pandemic year, demonstrating that the bank has delayed in producing profits in previous year. It is not for the good for the bank. In 2020 at 21% increase a little bit as their only net income after tax was increasing.



#### 4.1.5 Gross Profit Margin:

Gross Profit Margin	
2017	28.88%
2018	29.48%
2019	23.77%
2020	26.40%
2021	27.64%

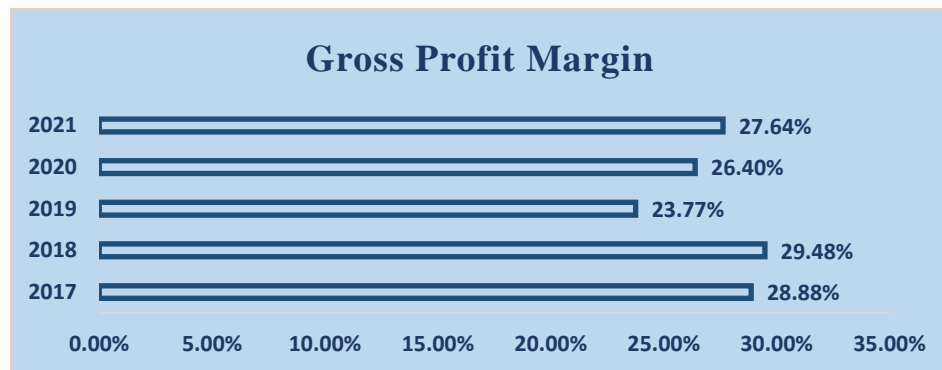
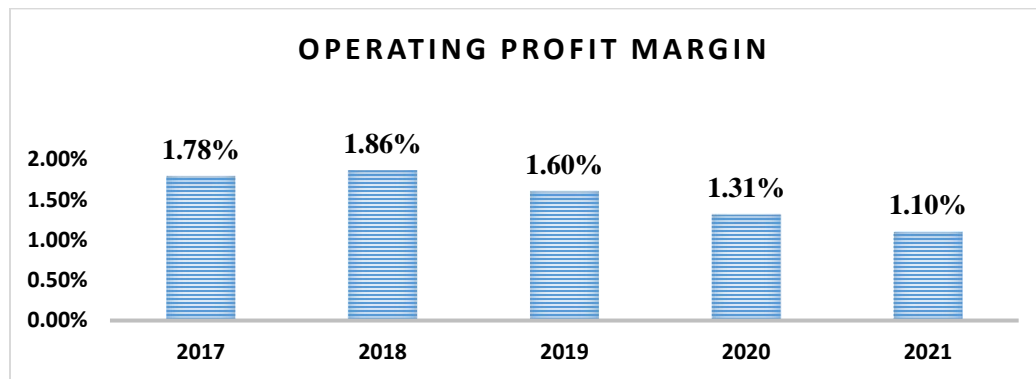


Figure 4.1.5: Gross Profit Margin

**Interpretation:** A large margin indicates that the bank has more money to meet its expenses, such as operational, financing, and other expenses. According to Exim Bank's performance, GPM has been up and down. In the year of 2017, it was 28.88% which was increase in 2018 at the point of 29.48% that was the highest among the five years because that year their Net interest income was highest. The start of the covid year in 2019 was the lowest of the five years. However, it grew again by the end of 2020 at 26.40%, as their net interest income was increasing indicating that the bank is trying to improve its status.

#### 4.1.6 Operating Profit Margin (OPM):

Operating Profit Margin (OPM)	
2017	1.78%
2018	1.86%
2019	1.60%
2020	1.31%
2021	1.10%

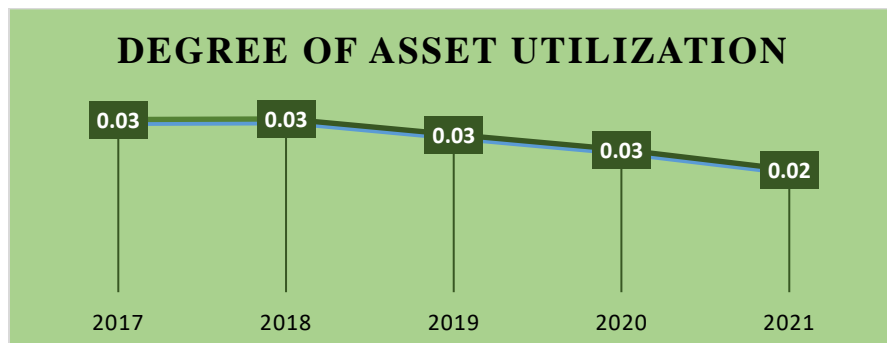


**Figure 4.1.6: Operating Profit Margin**

**Interpretation:** For banks, the operating profit margin is calculated by dividing the operating profit by the bank's gross operating earnings. Because the operational margin reflects how well a corporation can produce profit from its main operations. According to the graph, there is discernible change in their margin during from 2017 to 2021. However, it began to collapse in 2020 at 1.31%, and 2021 with a margin of 1.10% because their total operating expenses was increasing highly that impact on their OPM ratio which indicating that Exim Bank was unable to produce profit from their earnings as their total operating income was also decreasing from the previous year.

#### 4.1.7 Degree of Asset Utilization:

Degree of Asset Utilization (AU)	
2017	0.03
2018	0.03
2019	0.03
2020	0.03
2021	0.02



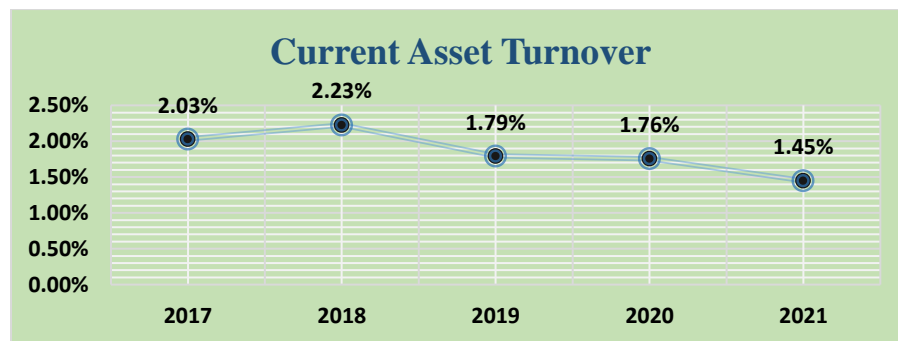
**Figure 4.2.7: Degree of Asset Utilization**

**Interpretation:** The asset utilization ratio shows how much money a company makes for every Taka of assets it has. This metric is commonly used to compare an organization's efficiency over time. The graph above shows that Exim Bank's asset utilization is nearly constant year after year. From 2017 to 2020, the ratio was 0.03; however, because to the pandemic, the ratio was declined to 0.02 in 2021 because of decreasing their operating revenue.

## 4.2 Activity Ratio

### 4.2.1 Current Asset Turnover:

Current Asset Turnover	
2017	2.03%
2018	2.23%
2019	1.79%
2020	1.76%
2021	1.45%

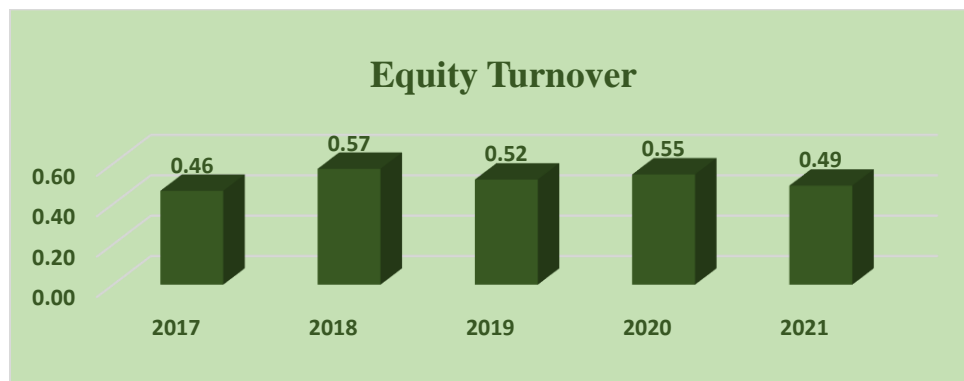


**Figure 4.2.1: Current Asset Turnover**

**Interpretation:** As we know, A greater asset turnover ratio corresponds to a larger percentage of sales. As a result, the higher the current asset turnover ratio, the greater the company's capacity to produce sales. Above the graph, we can see that Exim Bank's current asset turnover appears to be strong in 2018 of 2.23%, climbing the next year, it began to decreased. After the pandemic 2021, it was 1.45%, down from 2.23%. That because of their interest income was falling but their current asset was increasing year to year. Although it was not a good performance.

#### 4.2.2 Equity Turnover:

Equity Turnover	
2017	0.46
2018	0.57
2019	0.52
2020	0.55
2021	0.49



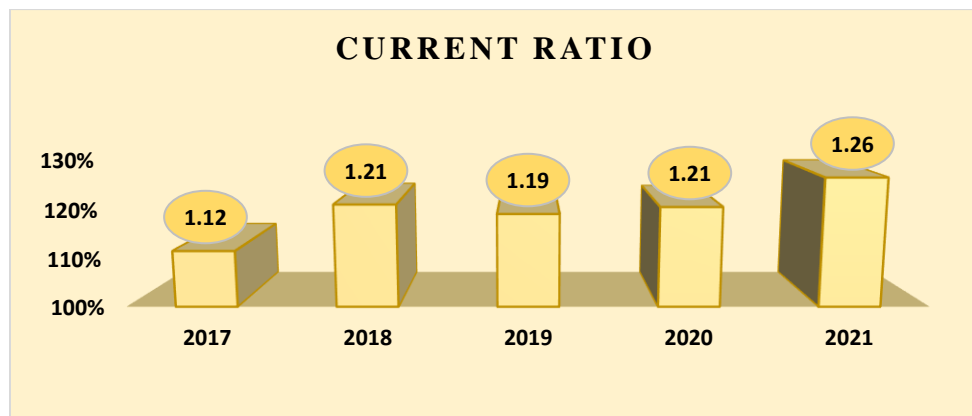
**Figure 4.2.2: Equity Turnover**

**Interpretation:** As we all know, any company seeks to raise its equity turnover ratio in order to attract new shareholders, therefore the basic idea is to maintain a favorable ratio year after year. Exim Bank is not an exception; it strives to maintain a high proportion from the beginning of 2017 of 0.46 to the end of 2018 of 0.57. However, it began to decrease in 2019 of 0.52 and will reach a low of 0.49 in 2021, apparently due to the shareholders equity.

## 4.3 Liquidity Ratio

### 4.3.1 Current Ratio:

Current Ratio	
2017	1.12
2018	1.21
2019	1.19
2020	1.21
2021	1.26



**Figure 4.3.1: Current Ratio**

**Interpretation:** The graph shows that, there is fluctuated trend current ratio of EXIM Bank is 1.12 in 2017 and 1.26 in 2021. This indicates that the bank liquidity position has to be increased for the smooth operation because there is an increasing of the ratio. According to the graph the lowest ratio is 1.12 which is in 2017 and the other side 2021 is the highest ratio which is 1.26. But in any of the year the current ratio did not meet the standard which is 2:1. So the current ratio position of EXIM Bank LTD is not good.

### 4.3.2 Cash Ratio:

Cash Ratio	
2017	19%
2018	17%
2019	21%
2020	19%
2021	23%

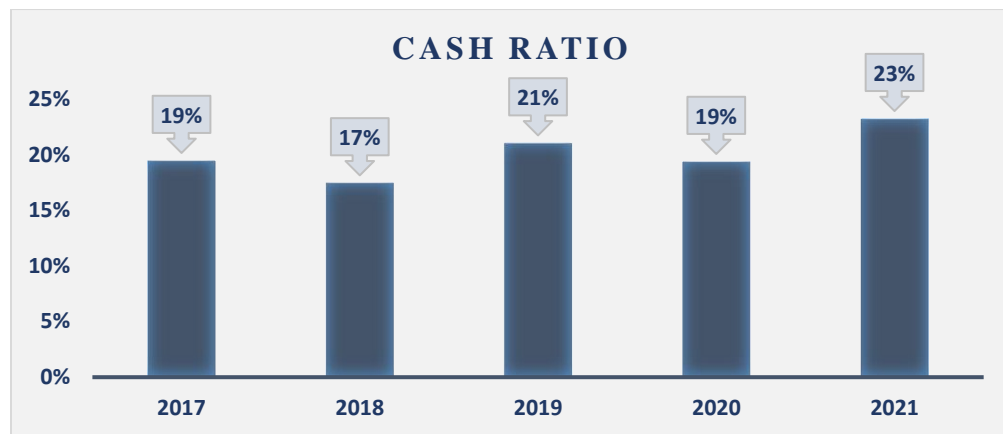


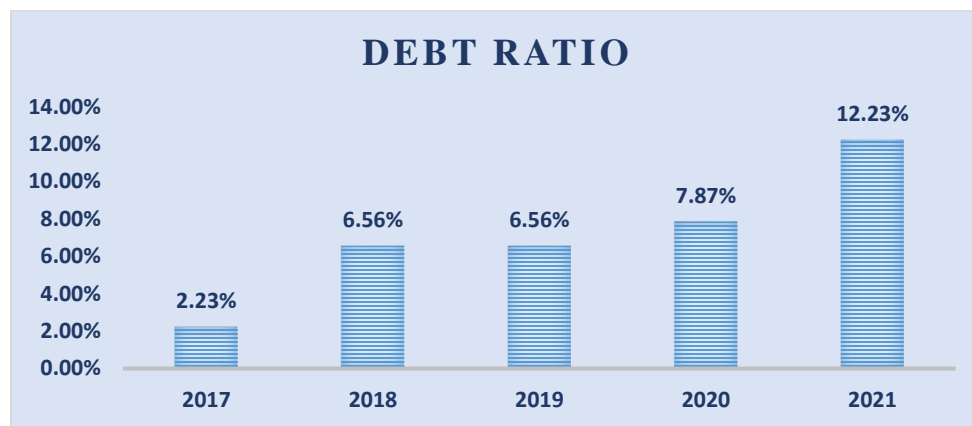
Figure 4.4.2: Cash Ratio

**Interpretation:** As we know, if cash & cash equivalent is equal to Current liabilities that indicates that the corporation has enough cash to satisfy its current liabilities and this is the right status to hold 17% to 19%. Because this shows that the company's assets were used effectively to create profits. Here above the graph, we see Exim Bank's cash ratio was fluctuating but at the end of 2021 with 23% it was increased as their (Cash + Marketable Securities) were also increasing that means it focus more to having liquidity position.

## 4.4 Leverage Ratio

### 4.4.1 Debt Ratio:

Debt Ratio	
2017	2.23%
2018	6.56%
2019	6.56%
2020	7.87%
2021	12.23%



**Figure 4.4.1: Debt Ratio**

**Interpretation:** From the ratio graph we can identify that if the percentage is more than 1.0 or 100% indicates that the company has more debt than assets, whilst a debt ratio less than 100% shows that the organization has more assets than debt. Here, we see that the ratio going upward from the year 2017 of 2.23% to 2021 of 12.23% as that year their debt amount was increase because of debt collected from Borrowings from other banks, financial institutions and agents, Mudarabah perpetual bond, Subordinated Debt/Mudarabah bond were also increasing in a certain portion. Between 2018 and 2019 at 6.56% where there was no change but at the last two year their borrowings were huge. That exceed the standard ratio 50% which indicates that Exim Babk has more debt than assets.



#### 4.4.2 Debt Equity Ratio:

Debt Equity Ratio	
2017	11.08
2018	12.17
2019	13.84
2020	14.85
2021	16.23

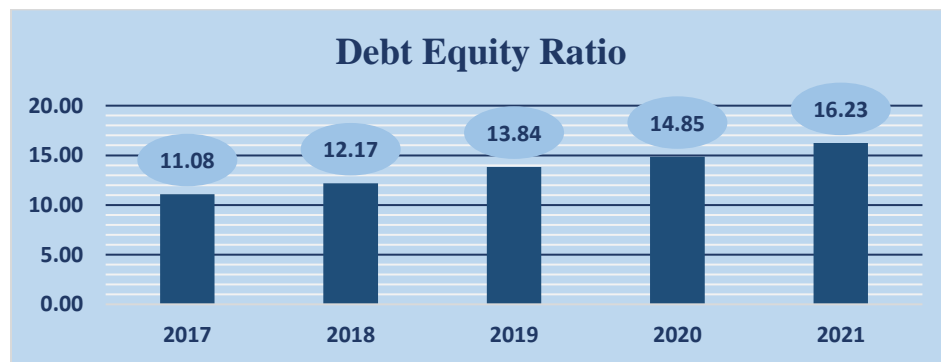
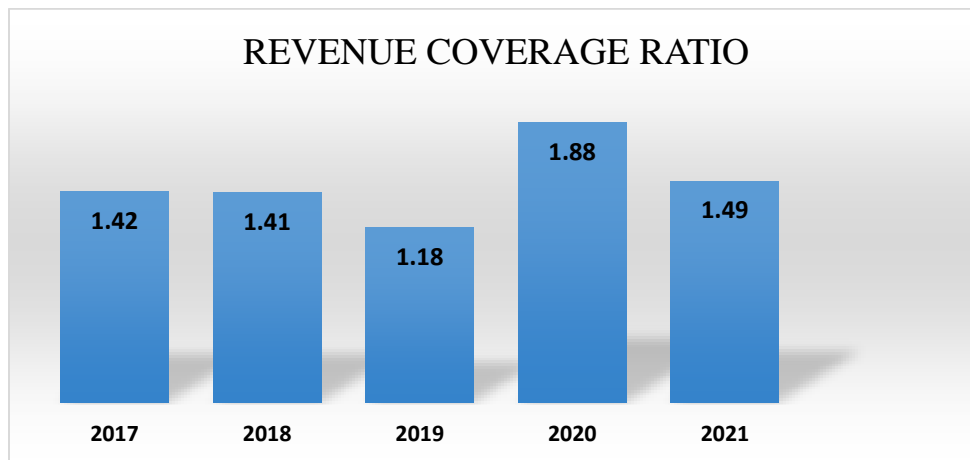


Figure 4.4.2: Debt Equity Ratio

**Interpretation:** A higher D/E ratio among comparable institutions suggests greater risk, but a very low D/E ratio may indicate that a firm is not using borrowed funds to expand. As we can see, Exim Bank's D/E ratio increasing from previous year like 11.08 to 16.23 that indicates a risk but at the same time we know very low ratio is also not that good. According to their raw data. We observe both their liability and equity was increasing year by year. So, to continue like this can maximize their risk in future.

#### 4.4.3 Revenue Coverage Ratio:

Revenue Coverage Ratio	
2017	1.42
2018	1.41
2019	1.18
2020	1.88
2021	1.49



**Figure 4.5.3: Revenue Coverage Ratio**

**Interpretation:** Above figure indicates that the revenue coverage ratio was fluctuated from 2017 to 2021. Here 2017 is the base year which ratio is 1.42. 2019 is the lowest ratio and 2020 is the highest ratio which is 1.18 and 1.88. Compare to the 2020 to 2021 it has decreased from 1.88 to 1.49. The higher its value, the better able the bank is to fulfill its interest obligation by its operating income. So, EXIM Bank should concentrate to continue increase this ratio and generating enough cash from its operation EBIT to meet its interest obligations.

#### 4.4.4 Fixed Cost Coverage Ratio:

Fixed cost coverage ratio	
2017	1.89
2018	1.61
2019	1.71
2020	1.84
2021	1.69

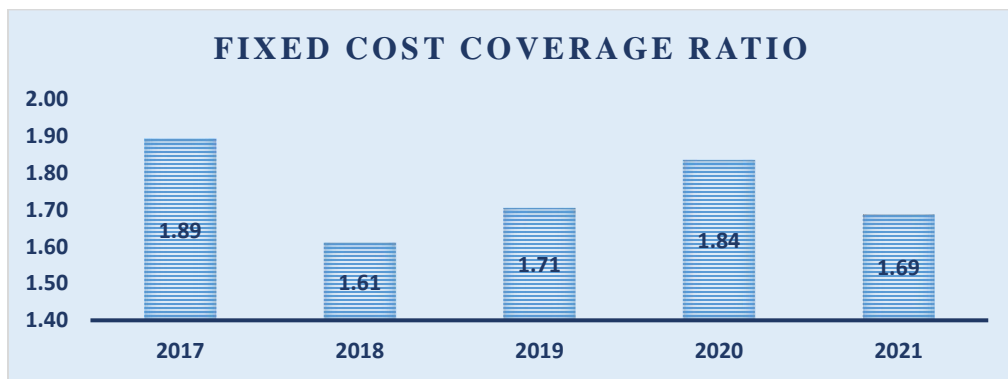


Figure 4.5.4: Fixed Cost Coverage Ratio

**Interpretation:** As we know, the bigger the fixed-charge coverage ratio, the better. Because, from cash flow we can measure the availability to satisfy fixed charge obligations with the ratio. So, here for Exim Bank It's hard to fulfill those obligations because its fixed cost coverage ratio is decreasing from the year 2017 of 1.89 to 2021 of 1.69 where their EBIT was fluctuating, Fixed Charge before tax was decreased and their interest was also decreased a lot that had an impact on their Fixed Cost Coverage Ratio.

## Chapter 5

### Findings and Recommendations

#### 5.1 FINDINGS

Total assets, total liabilities, net profit margin, current ratio, quick ratio, debt equity ratio, ROE, ROA, EPS and current asset turnover ratio are the primary functions that determine a company's liquidity and profitability. Other ratios, on the other hand, are significant because they measure a company's performance as well. Both positive and negative discoveries might be found in the financial performance study. The key findings of the EXIM Bank Limited ratio analysis are as follows:

□ **Profitability Ratio:**

1. **Return on Equity** shows decreasing trends, which is not desirable. In 2017 it was 11.93% and in 2021 it was 6.86%. So, it is not good.
2. **Return on Asset** has decreasing trends due to the COVID crisis, with equity capital increasing but net income after tax fluctuating. We can see the ROA in 2017 to 2021 it is decreasing .99% to .40%. So, it is not good.
3. **Earnings Per Share** of EXIM Bank is highest 2017 which is 2.34 and lowest in 2021 it was 1.49, during the year 2017 to 2021. Earnings per share decreasing which indicates negative growth of the bank.
4. **Net Profit Margin** shows decreased trend. In 2017 it was 26% and in 2021 it was 17%. So, it is not good for the bank.
5. There is a decreasing trend (from 28.88% to 27.64% in year 2017 to 2021) of **Gross profit margin** at EXIM BANK Ltd. It is not good but bank tried to recovered.
6. In **Operating Profit Margin** there have decreased trend. In 2017 it was 1.78% and in 2021 it was 1.10%. So, it is not good. Also, their **Asset Utilization** remains practically stable year after year as their operating income and total assets both are increasing. In 2017 it was .03 and last year in 2021 it was .02. So, it is good for the bank.

□ **Activity Ratio:**

7. The EXIM Bank **Current Asset Turnover** ratio is a decreasing trend which indicate bad sign for the bank. Current asset turnover ratio of 2.23% in 2018 and 1.45% in 2021.
8. **Equity Turnover Ratio** in 2018 it was .57 and in 2021 it was .49. So, Equity Turnover Ratio of the is quite good for the bank.

□ **Liquidity Ratio:**

9. The liquidity ratio of EXIM Bank Limited is not bad. Here **Current Ratio** did not meet the standard which is 2:1. So the Current Ratio position 1.12 in 2017 and in 2021 it was 1.26. So, it is not good. But every year the ratio is increasing. The lower current ratio doesn't mean negative all the time.
10. Exim Bank's **Cash Ratio** was decreasing trends every year. In 2017 it was 19%, in 2019 it was 21%. At the end of 2021 by 23% which means it focuses more on having a liquidity position as their (Cash + Marketable Securities) were also increasing and it is good for the bank.

□ **Leverage Ratio**

11. The **Debt Ratio** was increased in 2017 it was 2.23% and in 2021 it was 12.23%. The Debt Ratio is close to the standard ratio. It is good for the bank.
12. **Debt Equity Ratio** of around 2 to 2.5 is generally consider good. Debt to equity ratio of EXIM Bank in 2017 it was 11.08 and in 2021 it was 16.23. So, it is not good for the bank.
13. **Revenue Coverage Ratio** is a measure of a bank ability to honor its debt payment. This ratio from year 2017 to 2021 were increased and 2018 is the higher ratio in each year and it was 1.88. So, it is not satisfactory for the bank.
14. **The Fixed Cost Coverage Ratio** is decreasing from 2017 to 2021, in 2017 it was 1.89, in 2021 it was 1.69, when it was the highest among the five years, which is not a good situation. The situation is below the satisfactory.

## 5.2 RECOMMENDATIONS

The report's goal is to uncover the factors that influence bank profitability. According to the report, internal variables that influence to measure of all the ratio analyses are the most important predictors of bank profitability, earning and income performance.

In this regard, they need to focus in below the areas:

- ❖ The bank should decrease its return on equity because EXIM Bank's ROE is lower than the 2020 to 2021. So, EXIM Bank should take some corrective action to maximize shareholders wealth. That indicates bank need to EXIM Bank Limited should increase its current assets against current liabilities to meet short term obligations.
- ❖ EXIM Bank LTD should concentrate on the current ratio, for that they have to increase their liquidity ratio and they needs to focus on various strategies including its current liabilities and assets.
- ❖ The cash ratio of EXIM Bank has low over the years. Therefore, the bank should reduce cost of fund, operating expenses and increase the service area to have an increasing trend in cash availability to its debt position.
- ❖ The debt ratio of the bank has fluctuated over the years. Their debt ratio is almost 12.23% which indicates that EXIM Bank has limited portion of debt against their asset. Therefore, the bank should maintain debt position.
- ❖ EXIM Bank LTD should minimize their various cost to increase their profit. They can use paperless transaction facilities to reduce their cost.
- ❖ EXIM Bank LTD should invest their capital carefully to earn higher return from their customers.
- ❖ EXIM Bank LTD is maintaining a healthy financial condition they should invest more in new business with its working capital to obtain more financial liquidity in the future.

### **5.3 CONCLUSION**

Exim Bank, as a commercial bank, is committed to offering high-quality financial services/products to add value to the country's GDP growth by stimulating trade and commerce, accelerating industrialization, increasing exports, facilitating employment opportunities for educated youth, alleviating poverty, and raising the middle and lower classes' standard of living. However, how they provide the services differs. As a consequence, people select their bank based on their needs and level of satisfaction. They would also prefer a bank whose services are easy to use and understand. To provide the finest service to its clients, the bank must adopt advanced technology and software. They will be able to acquire new and larger clients if they can reassure their customers about the quality of their service. Because we only have theoretical knowledge, every business student needs an internship program. This program allows us to get practical knowledge to relate theory to reality. I was fortunate to complete my internship with Exim Bank Limited. The job experience at Exim Bank was quite intriguing, and it will be very useful to me in the future.

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## Appendix

<b>Balance Sheet of EXIM Bank Limited</b>					
<b>Particulars</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Cash</b>	<b>33,542,903,209</b>	<b>28,337,900,335</b>	<b>32,176,596,879</b>	<b>36,950,282,480</b>	<b>55,151,133,970</b>
In hand (Including foreign currencies)	1,768,403,635	1,909,945,819	2,237,804,903	2,538,200,944	3,327,940,830
Balances with Bangladesh bank and sonali bank (Including foreign currencies)	31,774,499,574	26,427,954,516	29,938,791,976	34,412,081,536	51,823,193,140
<b>Balance with other banks and financial institution</b>	<b>5,752,948,544</b>	<b>4,893,945,147</b>	<b>4,318,011,153</b>	<b>4,907,752,102</b>	<b>5,310,482,637</b>
In Bangladesh	3,044,585,155	3,247,737,562	619,512,161	322,000,146	1,518,226,977
Outside Bangladesh	2,708,363,389	1,646,207,585	3,698,498,992	4,585,751,956	3,792,255,660
<b>Money at call and short notice</b>	<b>500,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Investment in shares &amp; securities</b>	<b>21,605,362,660</b>	<b>24,024,137,919</b>	<b>42,602,055,549</b>	<b>39,394,898,759</b>	<b>42,496,612,834</b>
Government	13,014,051,038	11,014,051,038	27,514,051,038	24,278,021,038	26,190,201,038
Others	8,591,311,622	13,010,086,881	15,088,004,511	15,116,877,721	16,306,411,796
Loans, cash credits, overdrafts/General Investments	241,187,520,723	289,777,137,949	330,123,675,161	383,068,029,621	411,886,928,438
Bills discounted	13,845,649,270	16,487,432,812	14,433,975,226	11,106,452,070	17,146,438,522

and purchased					
<b>Total</b>	<b>255,033,16 9,993</b>	<b>306,264,57 0,761</b>	<b>344,557,65 0,387</b>	<b>394,174,48 1,691</b>	<b>429,033,36 6,960</b>
<b>Total Current Asset</b>	<b>316,434,38 4,406</b>	<b>363,520,55 4,162</b>	<b>423,654,31 3,968</b>	<b>475,427,41 5,032</b>	<b>531,991,59 6,401</b>
<b>Land, building, furniture and fixtures (Including leased assets)</b>	<b>5,575,571,2 11</b>	<b>5,488,292,4 97</b>	<b>5,650,429,9 88</b>	<b>5,546,326,9 75</b>	<b>5,542,752,1 72</b>
<b>Other assets</b>	<b>11,882,653, 739</b>	<b>2,501,220,8 46</b>	<b>3,713,242,4 64</b>	<b>3,877,127,8 04</b>	<b>4,130,899,0 14</b>
<b>Total Fixed Asset</b>	<b>17,458,224, 950</b>	<b>7,989,513,3 43</b>	<b>9,363,672,4 52</b>	<b>9,423,454,7 79</b>	<b>9,673,651,1 86</b>
<b>Total Assets</b>	<b>333,892,60 9,356</b>	<b>371,510,06 7,505</b>	<b>433,017,98 6,420</b>	<b>484,850,86 9,811</b>	<b>541,665,24 7,587</b>
Current /Al-Wadeeah current and other deposit accounts	37,570,406, 913	29,849,473, 858	28,720,860, 400	36,336,166, 188	42,157,401, 674
Bills payable	3,727,829,0 52	1,757,789,8 28	2,326,333,8 29	2,589,087,7 39	2,461,614,7 47
Savings deposits/Mud araba Savings Deposits	19,817,048, 338	22,442,233, 961	26,184,704, 789	31,002,767, 511	37,015,329, 099
Mudarabba/ Term and Fixed deposits	140,705,20 1,781	158,090,73 6,242	174,174,42 2,538	182,604,06 0,454	195,998,73 8,415
Other Deposits/ Mudarabba Deposits	81,823,472, 454	88,237,778, 390	124,282,83 5,679	141,930,81 8,815	143,040,68 5,070
<b>Total Deposits</b>	<b>283,643,95 8,538</b>	<b>300,378,01 2,279</b>	<b>355,689,15 7,235</b>	<b>394,462,90 0,707</b>	<b>420,673,76 9,005</b>
Borrowings from other banks, financial	959,733,50 0	18,383,739, 831	16,885,353, 506	27,934,546, 559	47,816,166, 976

institutions and agents					
Other liabilities	15,138,548,261	18,532,016,782	19,755,530,922	21,661,803,245	23,284,887,887
Mudaraba perpetual bond	0	0	0	0	4,550,000,000
Subordinated Debt/Mudaraba bond	6,500,000,000	6,000,000,000	11,500,000,000	10,200,000,000	13,900,000,000
<b>Total liabilities</b>	<b>306,242,240,299</b>	<b>343,293,768,892</b>	<b>403,830,041,663</b>	<b>454,259,250,511</b>	<b>510,224,823,868</b>
Capital /Shareholders' Equity:	27,650,267,724	28,216,193,161	29,187,842,900	30,591,515,245	31,440,308,145
Paid up capital	14,122,510,680	14,122,510,680	14,122,510,680	14,122,510,680	14,475,573,440
Statutory reserve	8,885,463,506	9,720,951,493	10,705,987,616	11,760,069,452	12,519,512,696
Foreign Currency Translation Gain	-2,927,351	-7,231,921	-2,503,573	55,313	1,753,569
Retained earnings	2,514,674,223	2,249,416,243	2,231,301,511	2,328,333,134	1,812,921,774
Other Reserve	2,130,546,666	2,130,546,666	2,130,546,666	2,380,546,666	2,630,546,666
Minority Interest	101,333	105,452	101,857	104,055	115,574
<b>Total Equity</b>	<b>27,650,369,057</b>	<b>28,216,298,613</b>	<b>29,187,944,757</b>	<b>30,591,619,300</b>	<b>31,440,423,719</b>
<b>Total liabilities and shareholders' equity</b>	<b>333,892,609,356</b>	<b>371,510,067,505</b>	<b>433,017,986,420</b>	<b>484,850,869,811</b>	<b>541,665,247,587</b>
<b>NAV</b>	<b>19.58</b>	<b>19.98</b>	<b>20.67</b>	<b>21.66</b>	<b>21.72</b>