

“Investment Mechanism of Export Import (EXIM) Bank Limited”

Submitted To:

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Program: MBA

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Date of Submission: 7th July, 2023

Letter of Transmittal

Dr. Sayed Farrukh Ahmed

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Subject: Submission of the internship report on ‘Investment Mechanism of (EXIM) Bank Ltd.

Sir,

I am delighted to present my Internship report titled "**Investment Mechanism of Export Import (EXIM) Bank Ltd,**" as a mandatory requirement for the Internship Program at Daffodil International University. Utilizing the available information, data, and knowledge acquired during my internship at Export Import (EXIM) Bank Ltd, I have attempted to create a comprehensive report to the best of my ability. Please note that due to limitations in my understanding, experience, and time constraints, there might be some errors. However, despite these limitations, I have made an effort to cover all relevant tasks. I sincerely hope that you will thoroughly review my internship report.

I would greatly appreciate it if this report serves its intended purpose, and I am willing to clarify any aspect if needed.

Yours faithfully,

Najiba Tabassum

Najiba Tabassum

ID. No. 222-14-504

Program: MBA

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Certificate of Approval

I am pleased to certify that the Internship report on “Investment Mechanism of Export Import (EXIM) Bank, conducted by Najiba Tabassum bearing ID No 222-14-504 of MBA Program, Department of Business Administration has been approved for presentation and defense. Najiba Tabassum worked with EXIM Bank Limited, as an intern under my supervision.

Najiba Tabassum bears a strong moral character and a very pleasing personality. It has indeed been a great pleasure working with her. I wish her all success in life.



Signature of the Supervisor

Dr. Sayed Farrukh Ahmed

Associate Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Acknowledgement

An internship program plays a crucial role in gaining practical knowledge as it complements theoretical learning for students. The acquisition of knowledge remains incomplete without practical application.

I would like to express my heartfelt gratitude to all those who supported and guided me throughout the preparation of the report on the assigned topic, "**Investment Mechanism of Export Import (EXIM) Bank Ltd.**" Their assistance has been invaluable.

I would like to acknowledge the contributions of individuals whose names might not be mentioned here, but their support is sincerely appreciated.

Furthermore, I extend my sincere thanks to my internship supervisor, Dr. Sayed Farrukh Ahmed (Associate Professor), for his unwavering support. His guidance has been instrumental in helping me identify and focus on the essential aspects while filtering out unnecessary details, ensuring I stayed on the right track.

Declaration

I, Najiba Tabassum, ID: 222-14-504, a student of Masters of Business Administration in the 62nd Batch, majoring in finance, from Daffodil International University, hereby declares that, I have prepared the Internship Report on "Investment Mechanism of Export Import (EXIM) Bank of Bangladesh Ltd" following the completion of my internship at EXIM Bank Ltd, Garib-e-Newaz branch. The report was conducted under the supervision of Dr. Sayed Farrukh Ahmed, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University.

I have made sincere efforts to gather essential data, making the report comprehensive and distinctive. The report has been prepared solely to fulfill my academic requirements and with no other intentions, although it may prove useful for the enhancement of fiscal policies. I confirm that this report has not been submitted for any other course, degree, or association. It is an original work prepared exclusively by me. I also assure that this report has not been submitted elsewhere in Bangladesh prior to my submission.

Yours faithfully,

Najiba Tabassum

Najiba Tabassum

ID. No. 222-14-504

Program: MBA

Major: Finance

Daffodil International University

Executive Summary

The internship study was conducted using both theoretical knowledge and real-world experience. The report titled "Investment Mechanism of EXIM Bank Ltd" aims to provide a detailed understanding of the investment process.

The structure of the report is as follows:

Chapter 1: Introduction, Background of the Study, Objectives of the Study, Methodology, Sources of Data, and Limitations.

Chapter 2: Historical background of EXIM Bank Ltd, Mission, Vision, Objectives of EXIM Bank Ltd, Organizational Arrangements, Corporate Profile, and Board of Directors of EXIM Bank Ltd.

Chapter 3: Lending principles of EXIM Bank Ltd, Investment methods of EXIM Bank of Bangladesh Ltd, Categories of Investment, Mode-wise investment of EXIM Bank of Bangladesh Ltd, Products and Services of EXIM Bank Ltd, Types of Loans and Advances, Loan Processing, Investment Assessment & Risk Management, and Interest Rates of Investments of EXIM Bank of Bangladesh Ltd.

Chapter 4: Analysis section, including Investment Policy of EXIM Bank, Growth of Investment of EXIM Bank, Mode-wise Investment of EXIM Bank, Specific & General Loan Provisions of EXIM Bank, Ratio Analysis of Investments of EXIM Bank, Economic Sector-wise Investment Growth of EXIM Bank, Major Industry-wise Investment, and Investment Monitoring.

Chapter 5: Conclusion, including Findings, Recommendations, Conclusion, and References.

Throughout the report, a step-by-step discussion on the investment mechanism of EXIM Bank is presented.

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Chapter One

Introduction

1. Introduction

The banking system plays a vital role in the economy, serving as a crucial link to facilitate financial transactions. It can be compared to the heart in our monetary system; with the capital it lends acting as the lifeblood. Just as organs rely on a steady supply of blood to remain healthy and functional, different sectors like agriculture and industry depend on bank loans to thrive. If these sectors do not receive adequate funding, they will suffer and become ineffective. Hence, the loan facility provided by banks serves as an incentive for producers to increase their production levels.

Banking has become an integral part of our economic framework, without which conducting modern trade and business would be nearly impossible. Firstly, banks play a crucial role in channeling capital for investments. People from various walks of life, including workers, office employees, landowners, and business owners, can securely deposit their savings in banks and other financial institutions.

Secondly, banking actively promotes investments by efficiently allocating the funds received to industries, agriculture, and trade. Banks either directly invest in these sectors or provide loans to other investors.

Lastly, banks serve as the primary medium for conducting foreign exchange transactions. Whether we engage in exports or imports, the transfer of money from one country to another is predominantly facilitated through banks.

1.1 Objectives of the Study

The primary goal of the study is

- To understand the investment mechanism of EXIM Bank Ltd.
- To assess the lending principles and loan policies of EXIM Bank Ltd.
- To examine the expansion of EXIM Bank Ltd's investment.
- To analyze specific & general loan provisions of EXIM Bank Ltd.
- To analyze economic sector wise investments growth and major industry wise investments of EXIM Bank Ltd.

1.2 Methodology of the Study

Methodology refers to the portion of the research that involves data collection and organization, specifically addressing the relevant issues of the study. My supervisor contributed a vital role in selecting the study topic. Prior to assigning the topic, my supervisor engaged in a discussion with

me, emphasizing the importance of choosing a specific aspect of the bank to enable a more in-depth focus and the preparation of a well-structured report.

- This report is a description of overall investment activities of Islamic banks.
- EXIM bank's investment mechanism is described.

1.3 Sources of Data

A. Primary Data

- Face to face conversations with the officers.
- Relevant files study as provided by the concerned officers.

B. Secondary Data

- Annual report of EXIM Bank.
- Publications obtained from the website of the bank.

1.4 Background of the Study

Having a basic understanding of banks and banking procedures is essential for every individual. However, our educational system predominantly focuses on textual information, with practical orientation programs being the exception rather than the norm. The Master of Business Administration (MBA) program, on the other hand, is designed to provide a balanced combination of theoretical and practical aspects. As an MBA student, completing an internship is a mandatory academic requirement. In fulfillment of this requirement, I was assigned to complete my internship at EXIM Bank Bangladesh Limited, specifically at the **Garib-e-Newaz Branch**. As part of this internship, I was tasked with preparing a report on the "**Investment Mechanism of Export Import (EXIM) Bank Limited.**" In this report, I have attempted to provide an overview of the Islamic investment mechanism employed by Exim Bank.

1.5 Limitations of the Study

Any research work requires significant effort in terms of data collection, database creation, literature review, and data analysis. In the course of conducting this study, the following limitations were encountered:

- Limited opportunity to visit more than one branch.
- Insufficient time to gather comprehensive information.
- The busy schedules of department officers, making it challenging to receive full support as an intern.
- Possibility of some mistakes in the report due to lack of experience, despite making the best efforts to avoid any errors.

Chapter Two

Organizational Overview

2.0 Historical Background of Export Import (EXIM) Bank of Bangladesh

In 1999, under the leadership of Late Mr. Shahjahan Kabir, the Founder Chairman, Export Import (EXIM) Bank of Bangladesh Limited was established. Mr. Kabir, a seasoned banker, had a vision of establishing a commercial bank that would contribute to the socio-economic development of the country. With the support of a group of highly qualified and successful entrepreneurs, his dream was realized. These individuals had demonstrated their expertise, intelligence, hard work, and entrepreneurial talent in their respective businesses.

Exim Bank Ltd is an Islamic Shariah-based bank committed to providing high-quality assistance for the development of Bangladesh's Gross Domestic Product (GDP). By promoting and overseeing mobile commerce, the bank aims to accelerate industrialization in Bangladesh, leading to improved exports, job creation, poverty eradication, enhanced living standards, and overall social development. The bank offers a wide range of services catering to individuals, businesses, foreign currency transactions, and capital markets.

Exim Bank transitioned to Shariah-based Islamic banking operations from its previous conventional banking operations after receiving clearance from Bangladesh Bank on July 01, 2004. Formerly known as Bexim Bank (Bengal Export Import Bank), it is now recognized as Exim Bank (Export Import Bank). In addition to its financial activities, Exim Bank is also engaged in Corporate Social Service (CSR) initiatives.

2.1 Mission

The Bank has established the following corporate objectives to ensure the successful achievement of its goals:

- To become the leading bank in the banking sector of Bangladesh, adhering to Shariah principles.
- To foster a culture of teamwork and professionalism.
- To establish a strong capital base.
- To fulfill social responsibilities.
- To develop superior and profitable products for customers.
- To ensure ethics and transparency across all levels.
- To expand charitable and humanitarian activities, fulfilling its social commitment.
- Above all, to make a positive contribution to the national economy.

2.2 Vision

EXIM Bank Limited's vision is "Together Towards Tomorrow." The bank strongly emphasizes the importance of collaboration with its customers as they embark on a journey of growth and progress through their services. In order to attain their desired objectives, the bank places great emphasis on striving for excellence at every stage and maintaining a culture of continuous improvement. EXIM Bank firmly believes that the pursuit of excellence is an ongoing process without a definite endpoint. By implementing strategic plans and establishing networks, the bank aims to enhance its competitive advantage in an ever-evolving competitive landscape.

2.3 Objectives of Exim Bank Limited

- To obtain funds through deposits, loans, or other means, as well as to provide guarantees and indemnities for all debts and contracts.
- To establish banking systems that prioritize welfare-oriented practices.
- To actively contribute to human development and job creation by strategically investing funds.
- To engage in the buying and selling of currency, gold, and other valuable assets.
- To offer counseling and advisory services to borrowers, entrepreneurs, etc., to effectively utilize the bank's credit facilities.
- To generate reasonable profits for covering operational expenses, building reserves, and expanding activities to encompass a wider geographical area.

2.4 Organizational Arrangements

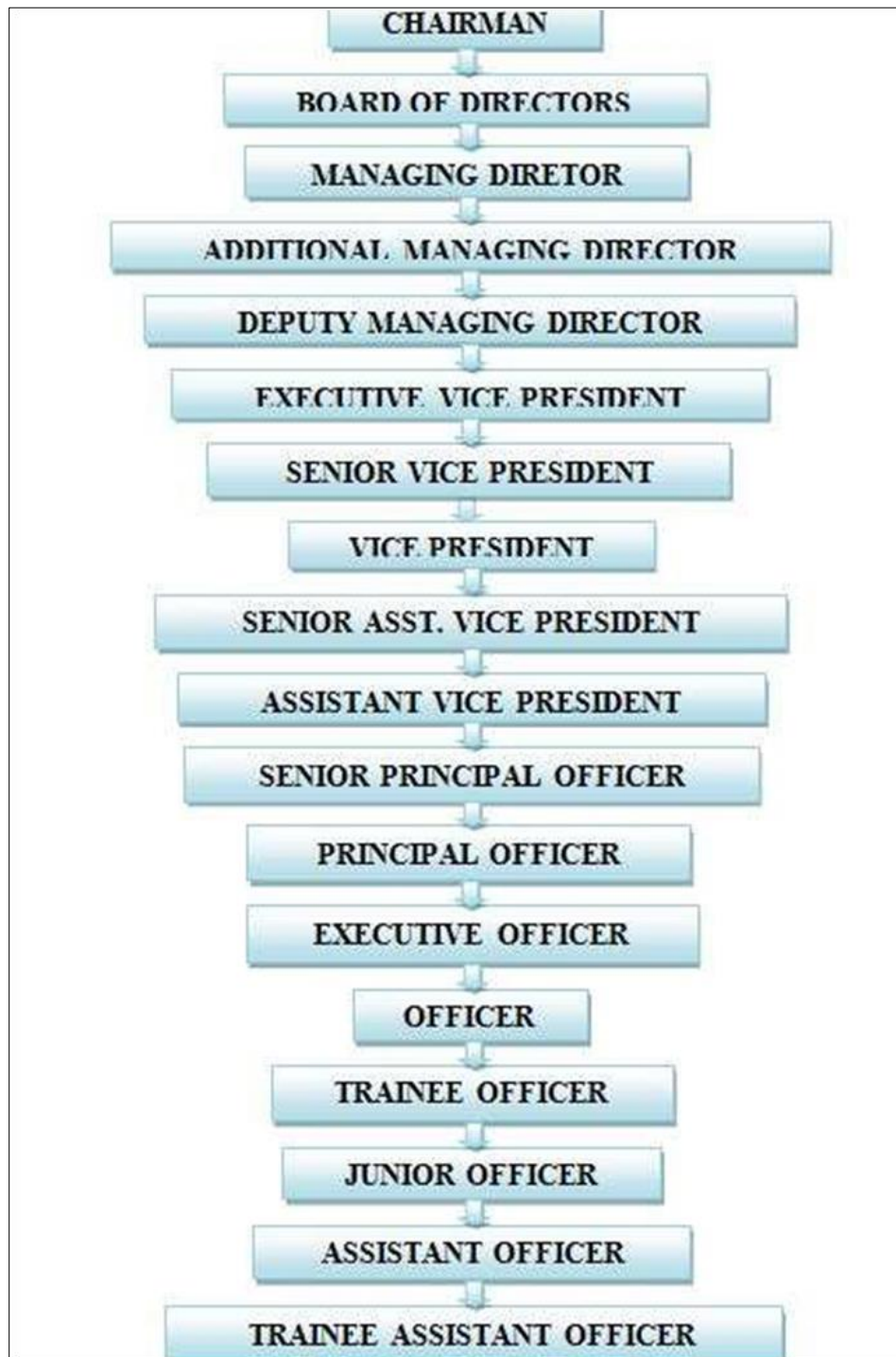


Figure: Organogram of Exim bank.

2.5 Corporate Profile

Name of the Company	: Export Import Bank of Bangladesh Limited
Chairman	: Mr. Md. Nazrul Islam Mazumder
Managing Director& CEO	: Dr. Mohammed Haider Ali Miah
Company Secretary	: Mr. Md. Monirul Islam
Legal Status	: Public Ltd Company
Date of Incorporation	: June 02, 1999
Registered Office	: “SYMPHONY”Plot #SE (F):9, Road # 142Gulshan Avenue, Dhaka-1212
Line of Business	: Shariah Based Islamic Banking
Authorized Capital	: BDT 2000 Crore(Source annual report 2021)
Paid Up Capital	: BDT 1447.557 Crore (Source annual report 2021)
Shariah Based Islamic Banking	: Since July 2004
Number of Branches	: 140
Number of Shareholders	: 58969
Date of Listing DSE	: September 26, 2004
Fax	: 880-2-9889358
SWIFT	: EXBDDH
Website	: http://www.eximbankbd.com/
Auditors	: Ahmed Zaker & Co. Chartered Accountant Green City Edge (level-10), 89, Kakrail, Dhaka-1000, Bangladesh

2.6 Board of Directors of EXIM Bank Limited

Designation	Name
Chairman	Mr. Md. Nazrul Islam Mazumder
Vice Chairman Mr. Md. Abdul Mannan	Mr. Md. Abdul Mannan
Director (1)	Mr. Md. Nazrul Islam Swapan
Director (2)	Mr. Mohammad Abdullah
Director (3)	Mr. Md. Altaf Hossain
Director (4)	Mrs. Nasreen Islam
Director (5)	Mr. Mohammed Shahidullah
Director (6)	Mr. A.K.M NazrulFazal
Director (7)	Al-haj Md. Nurul Amin
Director (8)	Mr. Mohammad Omar FarooqueBhuiyan
Director (9)	Mr. Abdullah Al-Zahir (Shapan)
Director (10)	Mr. Md. FahimZamanPathan
Director (11)	Mrs. Nasima Akhter
Director (12)	Mr. ZubayerKabir
Director (13)	Mr. Md. Habib Ullah Dawn
Director (14)	Mr. Anjan Kumar Saha
Director (15)	Mrs. Rizwana K. Riza
Director (16)	Major KhandakerNurulAfser (Retd.)
Director (17)	Lt. Col. (Retd) Serajul Islam BP (BAR)
Director (18)	Ranjan Chowdhury
Director (19)	Md. Fakhrul Islam Mazumder
Director (20)	Khandakar Mohammed SaifulAlam
Director (21)	Mr. Muhammad Sekandar Khan
Managing Director	Mr. Md. Fariduddin Ahmed

Table: Board of Directors of EXIM Bank Limited

Chapter Three

Investment Mechanism of EXIM Bank of Bangladesh

3.0 Lending Principles of Export Import (EXIM) Bank of Bangladesh Ltd

The principle of lending comprises a set of established and proven norms that ensure the proper utilization of loan funds in an efficient manner and their timely recovery. The following descriptions provide further clarification:

3.0.1 Safety

During the loan approval process, ensuring safety should be given top priority. It is important to consider the possibility that the borrower may not have the willingness or ability to repay the loan amount upon maturity. Therefore, when granting a loan, it is essential to obtain sufficient collateral from the borrower as a means of loan recovery. The bank should not compromise safety for the sake of profitability.

EXIM Bank Ltd. follows a cautious approach to lending, ensuring that the lending process is only carried out when it is deemed safe and when risks are adequately managed and mitigated. Safety is determined by assessing the security provided by the borrower, as well as the debtor's capacity and willingness to repay the loan along with the applicable interest.

3.0.2 Liquidity

When approving a loan, bankers should consider the liquidity factor, as it is crucial for meeting the borrower's financial needs.

3.0.3 Security

Bankers should exercise caution when selecting security to uphold the loan's safety. It is crucial for bankers to conduct thorough evaluations to accurately determine the value of the security. If the estimated value is equal to or greater than the loan amount, the loan can be granted using such securities. The liquidity of an asset is an important factor in assessing its value as security. When evaluating the security, bankers should adopt a conservative approach to ensure the loan's safety.

3.0.4 Adequate Yield

As a commercial institution, bankers must take profitability into consideration. Therefore, when engaging in lending activities, bankers should carefully assess the interest rate. The interest rate set for lending should be higher than the interest rate offered on savings deposits. To ensure profitability, bankers should also evaluate the potential of the project or investment associated with the loan.

3.0.5 Diversify

Bankers should lessen portfolio risk by diversifying their funds across various sectors. Placing all loanable funds in a single sector increases the risk exposure. Therefore, bankers should allocate their funds to different sectors, ensuring that any issues faced in one sector can be offset by the profits generated from another sector. This approach helps to minimize the overall risk for the bank.

3.1 Investment Method of Export Import (EXIM) Bank of Bangladesh Limited

Lending is the primary revenue-generating activity of EXIM Bank Ltd. The assessment of the investment analysis process is depicted as a series of consecutive steps outlined in the following cycle:

- **Borrower's application for loan**
- **Obtaining CIB report from Bangladesh Bank**
- **Collection Documents**
- **Scrutinizing the documents at branch**
- **Analysis the collecting information**
- **Legal opinion**
- **Sending investment to head office**
- **Analysis the information by investment department of Bangladesh**
- **Preparing memo for EC meeting**
- **Sanction advice**
- **Collection of charge documents**
- **Disbursement of loan**
- **Review & monitoring**

3.2 Categories of Investment

All the investments are grouped into four categories for the purpose of classification, namely:

1. Continuous Investment
2. Demand Investment
3. Fixed Term Investment
4. Short-term Agriculture and Micro Investment

Continues & demand investments are classified as under:

- **Sub-standard:** If it is past due/overdue for 3 months or beyond but less than 6 months;
- **Doubtful:** If it is past due/overdue for 6 months or beyond but less than 9 months;
- **Bad/Loss:** If it is past due/overdue for 9 months or beyond;

Fixed term investment (More than Tk 10.00 lac) is classified as:

- **Sub-standard:** If the default installment is equal to or more than the amount of installment(s) due within 3 months the entire investments are classified as “Sub-standard”.
- **Doubtful:** If the default installment is equal to or more than the amount of installment(s) due within 6 months the entire investments are classified as “Doubtful”.
- **Bad/Loss:** If the default installment is equal to or more than the amount of installment(s) due within 9 months, the entire investments are classified as “Bad/Loss”.

Fixed term investment (Up to BDT 10.00 lac) is classified as:

- **Sub-standard:** If the default installment is equal to or more than the amount of installment(s) due within 6 months the entire investments are classified as “Sub-standard”.
- **Doubtful:** If the default installment is equal to or more than the amount of installment(s) due within 9 months the entire investments are classified as “Doubtful”.
- **Bad/Loss:** If the default installment is equal to or more than the amount of installment(s) due within 12 months, the entire investments are classified as “Bad/Loss”.

Short term investments are classified as:

- **Sub-standard:** If the irregular status continues after a period of 12 months, the entire investments are classified as “Sub-standard”.
- **Doubtful:** If the irregular status continues after a period of 36 months, the entire investments are classified as “Doubtful”.
- **Bad/Loss:** If the irregular status continues after a period of 60 months, the entire investments are classified as “Bad/Loss”.

3.3 Products and Services of Export Import (EXIM) Bank Bangladesh Limited

The products and services of Exim Bank are currently available are given below:

3.3.1 Retail banking

- Deposits
- Investments
- Cards
- Internet Banking
- SMS Banking
- Locker Services
- Corporate banking
- Investments
- Foreign Exchange & Trade Finance

3.3.2 Correspondent Banking

- Import Finance
- Export Finance

3.3.3 SME Banking (Small and medium enterprises)

- EXIM Uddyog
- EXIM Abalamban

3.3.4 Agricultural banking

- EXIM Kishan

3.3.5 Remittance

- Foreign Remittance
- EXIM Exchange Company (UK) Ltd.
- EXIM Exchange Company (Canada) Ltd.
- EXIM (USA) Inc.
- EXIM Exchange (Australia) Pty.
- SWIFT
- International Operation

3.4 Types of loans and advances

Commercial banks, including EXIM Bank Ltd., in our country provide various types of loans and advances. These loans and advances can be categorized as follows:

- Term loan.
- Cash credit.
- House Building loan (general and staff)
- Transportation (car) loan (only for senior staff)
- Consumer credit scheme.
- Loan against Imported Merchandise (LIM).
- Loan Bills Purchases Documentary (LBPD).
- Loan against Other Securities (LAOS).

3.5 Process of Loan

Heads	Characteristics
Application	Applicant applies for the loan in the approved form of the bank describing the types and purpose of loan.
Sanction	<ol style="list-style-type: none"> 1. Collecting credit information about the applicant to determine the credit worthiness other borrower. Sources of information 2. Personal Investigation, Confidential Report from other bank. Head Office/Branch/Chamber of Commerce. 3. CIB (Central Information Bureau) report from Central Bank. <ol style="list-style-type: none"> i. Evaluation of compliance with its lending policy. ii. Evaluating the proposed security. 4. LRA is must for the loan exceeding one Crore — as ordered by Bangladesh Bank. 5. If everything is in accordance the loan is sanctioned
Documentation	Then bank prepare a loan proposal which contains terms and conditions of loan for approval of Manager. Takes the necessary papers and signatures from borrower
Disbursement	A loan account is opened. Where customer A/C..... Dr. Respective loan account..... Cr.

3.6 Interest rate of Investments of Export Import (EXIM) Bank of Bangladesh Limited

Sl	Mode of Investment	Revised Profit / Rent
1	Agri (Bai-Muajjal/Murabaha/Izara Bil Baiya)	9% (Fixed)
2	Import substitute crops: Pulse, Oil seed, spices, maize	4% (Fixed)
3	Small Women Entrepreneurs*	9% (Fixed)
4	Dairy Farm/Poultry Farm engaged to produce Bio-Gas or Bio-Gas based Electricity production*	9% (Fixed)
5	Eco Friendly/ Green Project Establishment*	9% (Fixed)
6	Term Investment for Large & Medium industries (Izara Bil Baiya)	9%
7	Term Investment for Small Industries (Izara Bil Baiya)	9%
8	Working Capital for Large & Medium industries (Bai-Muajjal/Murabaha)	9%
9	Working Capital for Small industries (Bai-Muajjal/Murabaha)	9%
10	Export: Bai-Muajjal (PC)	7% (Fixed)
11	Commercial investment for Large Customer (MTR/MPI/MIB/Bai-Muajjal)	9%
12	House Building (IBB/Izara Bil Baiya both Residential & Commercial)	9%
13	Investment to Non-Banking Institution (NBFIs)	9%
14	Investment under consumer scheme	9%
15	Others	9%

Table: Interest rate of Investments of Exim Bank of Bangladesh Limited

Chapter Four

Analysis

4.1 Growth of Investment of Export Import (EXIM) Bank of Bangladesh Ltd

Over the years, the investment portfolio of EXIM Bank has exhibited consistent growth. As of December 31, 2020, the total general investment of the bank amounted to 392,919.66 million, reflecting a growth rate of 8.98%. The classified investment to total investment ratio as of December 31, 2021, stood at 3.98%, which falls within a reasonable limit considering the prevailing industry situation. The table and graph below illustrate the five-year growth of the bank's general investment-

Years	Investment (General)	Annual growth rate
2017	253,803.43	5.32%
2018	305,036.08	5.11%
2019	343,287.39	4.33%
2020	392,919.66	8.98%
2021	428,204.91	3.98%

Table: Growth of Investment of EXIM Bank from 2017-2021

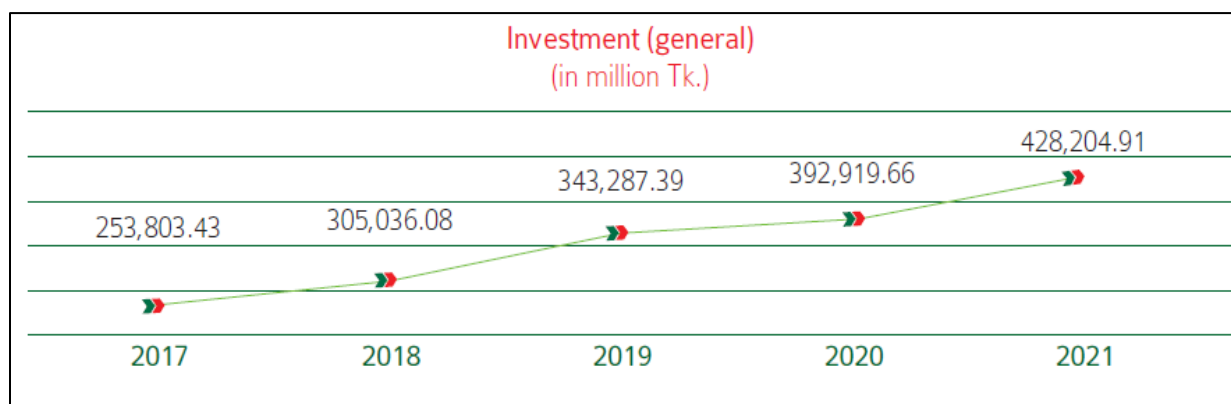


Table: Growth of Investment of EXIM Bank from 2017-2021

4.2 Mode Wise Investment of Export Import (EXIM) Bank of Bangladesh Ltd

Bank has a number of Shariah based investment products under different modes of investment to fulfill the demand of a wide range of customers. Five years major product wise investment are shown below:

Sl no	Particulars	2017	2018	2019	2020	2021
01	Bai-Muajjal	108,934.20	134,684.40	153,891.36	180,068.89	191,751.62
02	Bai-Murabaha	18,929.78	32,662.73	33,237..89	37,820.16	45,997.78
03	Bai-Salam	6,258.92	8,898.89	11,306.09	15,207.51	18,343.97
04	Izara bill baia(Commercial)	1,03,527.46	109,771.35	125,166.59	144,456.99	147,329.89
05	Izara bill baia(Staff)	1,823.70	1,793.98	1,963.34	2,089.68	2,317.65
06	Quard	483.72	737.30	3,345.48	2,940.81	7,114.50
07	Bai-as-sarf(FDBP)	432.08	116.60	57.73	9.41	8.12
08	Musharaka documentary bill(MDB)	1,863.65	1,703.43	1,571.99	1,541.94	2,196.22
09	Mudaraba import bill(UPAS)	10,853.36	13,896.62	12,338.47	8,425.61	12,775.38
10	Murabaha import bill(MIB)	696.56	770.78	408.43	358.66	369.78
	Total	253,803.43	305,036.08	343,287.37	392,919.66	428,204.91

Table: Mode Wise Investment of EXIM Bank

4.3 Specific & General Loan Provisions of Export Import (EXIM) Bank of Bangladesh Ltd for the Year of 2017-2021

Specific & General Loan Provisions of Exim Bank of Bangladesh for the Year of 2017-2021 is shown below:

BDT in Crore

Provision Required	2017	2018	2019	2020	2021
Unclassified Investment	296.36	365.15	367.81	378.12	371.64
Special mention accounts (SMA)	8.52	12.42	8.81	46.45	15.16
Sub total	304.88	377.57	376.62	424.57	386.80
Substandard	8.49	2.38	15.38	16.14	1.29
Doubtful	8.14	14.24	4.41	2.84	1.98
Bad/Loss	662.86	762.95	754.88	726.11	846.37
Sub total	679.49	779.57	774.67	745.09	849.64
Total	984.37	1157.14	1151.29	1169.66	1236.44

Table: Specific & General Loan Provisions of Exim Bank

4.4 Ratio Analysis of Investments of Export Import (EXIM) Bank of Bangladesh Ltd for the year 2017-2021

Ratio Analysis of Investments of Exim Bank Bangladesh Limited for the year 2017-2021 is shown below:

Years	Particular	Amount	Total Investment Amount	Ratio
2017	Substandard	8.49	253,803.43	.003%
	Doubtful	8.14		.003%
	Bad/Loss	662.86		2.61%
2018	Substandard	2.38	305,036.08	.007%
	Doubtful	14.24		0.047%
	Bad/Loss	762.95		2.5%
2019	Substandard	15.38	343,287.37	.004%
	Doubtful	4.41		.001%
	Bad/Loss	754.88		.22%
2020	Substandard	16.14	392,919.66	.004%
	Doubtful	2.84		.0007%
	Bad/Loss	726.11		.18%
2021	Substandard	1.29	428,204.91	.0002%
	Doubtful	1.98		.0004%
	Bad/Loss	846.37		.19%

Table: Ratio Analysis of Investments of Exim Bank Bangladesh Limited

4.5 Economic sector wise investments growth of Export Import (EXIM) Bank of Bangladesh Ltd for the year of 2020-2021 (Including CMSME)

Economic sector wise investments growth of EXIM Bank for the year of 2020-2021 (Including CMSME) is shown below:

Sectoral Allocation of Investment	31-12-2020 (BDT in Core)	31-12-2021 (BDT in Core)	% of Growth (2020-2021)
Agriculture	433.54	520.22	19.99%
RMG	5096.42	5283.96	3.68%
Textile & Weaving	711.18	727.35	2.27%
Spinning	1797.89	1545.84	-14.02%
Ship Building	245.95	263.83	7.27%
Ship Breaking	0.00	0.00	3.45%
Other Manufacturing Industry	5960.97	6218.70	4.32%
Construction Companies	2290.76	2337.00	2.02%
Power & Gas	847.20	863.24	1.89%
Transport, Communication & Storage	693.39	462.60	-33.28%
Trade Service	13819.73	15936.37	15.32%
Commercial Real Estate Financing	2092.66	2274.33	8.68%
Residential Real Estate Financing	100.21	106.55	6.33%
Consumer Investment	89.68	96.72	7.85%
Non-bank financial institutions	52.87	79.03	49.48%
Others	5059.52	6104.75	20.66%
Total Investment (including OBU):	39 291.97	42 820.49	8.98%

Table: Economic sector wise investments growth of EXIM Bank

4.6 Major Industry Wise Investment of Export Import (EXIM) Bank of Bangladesh Ltd for the Year of 2017-2021

Diversifying investments is a significant strategy for mitigating overall risks. In line with this approach, EXIM Bank is actively working to diversify its product offerings across various industries. The table below illustrates the major industry-wise investment of the bank over the past five years-

SL No.	Particulars	2017	2018	2019	2020	2021
01	Garments	31,595.03	35,252.62	41,028.12	50,964.18	52,839.56
02	Textile	18,729.88	20,980.60	21,983.69	25,090.69	22,731.92
03	Agro based industry	15,459.64	20,690.40	21,801.84	24,625.87	27,162.93
04	Other industry	80,739.33	91,155.14	111,695.25	127,395.07	130,069.72
05	Trading and Others	107,279.55	136,957.32	146,778.49	164,843.85	195,400.78
	Total	253,803.43	305,036.08	343,287.39	392,919.66	428,204.91

Table: Major Industry Wise Investment

4.7 Investment Monitoring

To minimize loan losses, the bank has established monitoring techniques and systems that provide early indicators of a borrower's deteriorating financial health. Bank officials closely monitor indicators such as past-due principal or interest payments, overdue trade bills, account overdrafts, and breaches of loan covenants. The following actions are taken by the bank officials:

- Regular monitoring of investment terms and conditions, financial statements, and prompt attention to any breaches or exceptions of covenants is crucial.
- Timely corrective action to address findings of any internal, external or regular inspection/audit.

In case where computerized systems are not available, manual procedures are employed to generate accurate exception reports. Any exceptions are diligently tracked and appropriate corrective measures are taken promptly to prevent further deterioration of the record.

Chapter Five

Findings, Recommendations and Conclusion

5.0 Findings

- In 2021, the total general investment of EXIM Bank amounted to 428,204.91 Crore, compared to 392,919.66 Crore in 2020.
- The classified investment to total investment ratio in 2021 was 3.98%, as compared to 8.98% in 2020.
- In 2021, the amount of unclassified investment in EXIM Bank was 341.93 Crore, compared to 346.81 Crore in 2020.
- In 2021, the amount of substandard investment was 1.28 Crore, compared to 1.61 Crore in 2020.
- In 2021, the amount of doubtful investment was 1.97 Crore, compared to 2.84 Crore in 2020.
- In 2021, the amount of bad/loss investment was 846.37 Crore, compared to 726.10 Crore in 2020.
- The total economic sector-wise investment growth from 2020 to 2021 was 8.98%.
- The bank has a well-structured credit management process in place. It adheres to general lending principles such as safety, purpose, liquidity, and diversification.
- Each investment application undergoes a systematic review process, ensuring proper documentation, oversight, and follow-up. The bank maintains an effective investment administration to ensure thorough management of its granted investments.

5.1 Recommendations

Within a short span of five years, EXIM Bank has made remarkable progress in terms of profitability and the growth rate of deposits, loans, and advances, despite facing significant industry challenges. However, to maintain sustained growth and improve overall performance, the bank should consider the following strategies:

- Implement division of responsibility to enhance expertise and knowledge within each department.
- Clearly define the roles and responsibilities of key personnel involved in the credit function.
- Establish a dedicated Recovery Unit to address accounts that consistently deteriorate, accompanied by an incentive program for the recovery unit.
- Create a Marketing department to attract more deposits and promote the bank's loan products through brochures and targeted advertising under different brand names.
- Ensure proper training for staff members to enhance their skills and knowledge.
- Expand the number of branches to achieve wider geographical coverage across the country.
- Implement robust IT infrastructure to provide international service standards to customers.
- Introduce promotional offers for clients with large account balances.
- Emphasize corporate social responsibility by sponsoring various social projects to enhance the bank's reputation.
- Develop investment facilities tailored to individuals, particularly in rural regions, and engage in active advertising and promotional campaigns to support poverty alleviation and self-reliance programs.

These measures will contribute to the continued success and growth of EXIM Bank while addressing potential challenges and fostering a positive image in the market.

5.2 Conclusion

Based on the practical implementation of client management methods throughout EXIM Bank's feasible direction, it can be confidently asserted that this approach aligns well with the majority of financial scholars. It is evident that automated transactions are essential to develop a successful and efficient financial system.

The success of the banking industry heavily relies on effective lending practices. By minimizing loan losses, the income generated from credit operations increases. This, in turn, leads to higher profits for EXIM Bank, highlighting the significance of credit financing.

In reality, EXIM Bank operates as a private sector bank with a limited presence in the overall financial sector. Despite being a third-generation bank subject to governmental retail restrictions, it possesses the potential to penetrate the market.

With proper attention to addressing weaknesses, exploring opportunities, and maintaining good corporate management to mitigate risks, it is anticipated that EXIM Bank will progress towards higher levels of success in the coming years.

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