Financial Performance Analysis of EXIM Bank PLC.

Internship Report

On

"Financial Performance Analysis of EXIM Bank PLC "

<u>Supervised By</u>

Professor Dr. Md. Abdur Rouf

Professor in Accounting

Department of Business Administration

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<u>Submitted By</u>

Mahmodul Islam

Student ID: 211-11-1222

Major: Accounting

Program: BBA

Department of Business Administration

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Letter of Transmittal

28, December, 2024

To

Professor Dr. Md. Abdur Rouf

Professor in Accounting

Department of business administration

Faculty of business & entrepreneurship

Daffodil international university

Subject: submission of internship report on financial performance analysis of EXIM Bank PLC.

Dear Sir,

With due respect and humble to state that it is my pleasure to submit this internship report on "financial performance analysis of EXIM Bank PLC" to you. While preparing this report, i tried my best to follow the instructions that you have given me. This report is prepared for the fulfillment of the requirement of the BBA program. This internship report has been extremely challenging, interesting and rewarding experience to me. I would like to express my deepest gratitude to you for providing me such an opportunity.

I am grateful to you and the university for affording me the opportunity to undertake this internship and for your assistance in preparing the report. Should you require any further refinements, I am at your disposal to accommodate any requests. Thank you for your consideration and collaboration.

Sincerely yours,

……………………

Mahmodul Islam

ID: 211-11-1222

Batch: 58th

BBA program

Department of business administration

Faculty of business & entrepreneurship

Daffodil international university

Student's Declaration

I am Mahmodul Islam, hereby declares that the internship report titled "Financial Performance Analysis of EXIM Bank PLC''. A study on EXIM Bank PLC, is individually prepared by me after completing the 90 days internship at EXIM Bank PLC, Mawna Chowrasta Branch, Mawna Chowrasta, Sreepur, Gazipur and a comprehensive study on the Financial Performance Analysis of EXIM Bank PLC. Nothing in this report is duplicated and no information is used which is highly confidential of EXIM Bank PLC and the information in this report is not against the law of the country.

I would like also to declare that the report is prepared exclusively for academic purposes and not for any other reason.

Sincerely,

Mahmodul

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Mahmodul Islam
ID: 211-11-1222
Batch: 58th
BBA Program
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Approval of Internship Report

This is notify you that, Mahmodul Islam, ID 211-11-1222 has prepared this internship report entitled "Financial performance Analysis of EXIM Bank PLC'' under my guidance, I hereby approve this internship report. This is to partially fulfill a BBA degree major in Accounting under the Department of Business Administration of Daffodil International University.

I wish him every moral success in life.

30.12.24

Professor Dr. Md Abdur Rouf

Professor in Accounting

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Acknowledgement

First and foremost, I would like to extend my sincere gratitude to the Almighty for granting me the strength and ability to complete this report. I am deeply thankful to my supervisor, Professor Dr. Md. Abdur Rouf, from the Department of Business Administration at the Faculty of Business & Entrepreneurship, Daffodil International University. His guidance and instructions were instrumental in helping me prepare this report effectively. He provided comprehensive direction, support, and assistance throughout the process of data analysis, report writing, and development. His thorough review of the draft report and valuable feedback greatly contributed to the completion of the Financial Performance analyses of EXIM Bank PLC.

I also want to express my heartfelt appreciation to the entire Daffodil International University community, including my teachers, classmates, and others, for their support and encouragement.

Lastly, I wish to extend my sincere gratitude to my parents and friends whose unwavering encouragement and motivation were crucial in helping me complete this report.

Mahmodul

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Mahmodul Islam

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BBA Program

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Executive Summary

This section reflects the core of the report. To fulfill the mandatory requirement of completing BBA program at DIU, this report is remarking the Financial Performance Analysis of EXIM Bank PLC. It gets some data that are from personal observation, physical conversation with bank officials and as well as annual reports, Financial Performance Analysis related textbooks, journals, information from web to make these report more refined. Though its face limitations such as short time to make and lack of actual information from the bank itself.

There are five chapters in this report. The first chapter of this report discusses the introduction. Introduction of the study, background, Scope, objective, methodology and limitations of the study are discussed in chapter one. The overview of EXIM Bank PLC is covered in the second chapter. This chapter contains company’s Overview, vision, mission, Activities, products and services of EXIM Bank PLC. Third chapter includes theoretical knowledge, Literature Review measurement techniques and the application of financial performance as like discussed about trend analysis.

The fourth chapter of the report, which contains a financial performance analysis, is a very important chapter. It includes performance of ratio analysis (liquidity, profitability, solvency and efficiency).Balance sheet and income statement are analyzed to assess financial stability and growth trajectory by applying vertical and horizontal analysis methods. Finally in the last or fifth chapter some findings are discovered during the analysis process and some suggestions and some possible recommendations are given for improving the efficiency. And over all conclusion is given in this chapter.

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Chapter 1
Introduction

1.1 Introduction

Financial statements are like a report card for businesses. They help the company share its financial Information with interested parties, like investors and creditors .A bank functions as a mediator, generating loans by providing funds to a borrower, consequently establishing a related deposit on the bank's financial record.

To run of Bangladesh economy smoothly there are huge impact of bank. The "World Bank" Typically leads us to believe that the financial institution is in charge of money. Examining the state of affairs in the banking industry allows one to view entire cases within a small organization. Any country's banking sector plays a significant role in its financial operations and advancements. Different types of banks exist, including commercial, savings, investment, industrial, cooperative, and central banks, among others. Banking system nowadays are in on our hand and easy to use day to day transaction and that is very fast, that help us save our time and the banking system is now more secure no one cannot misuse.

Now, let's talk about EXIM Bank PLC. It is a private commercial bank of Bangladesh .Exim Bank PLC is a specialized financial institution that provides financial assistance to support international trade by financing the export and import of goods and services. Exim Banks play a significant role in facilitating trade, promoting exports, and supporting national economic growth.
The report all about the Financial Performance Analysis of EXIM Bank PLC. How is the financial condition of Exim Bank measure by using some ratio analysis and horizontal & vertical analysis by using 5 years past data (2019-2023). By this report know about the financial stability of Exim Bank.

1.2 Background of the Study:

Currently Bangladesh financial position is not good enough because of unstable economy and also in every sector of financial surrounded by corruption. Bank is the biggest source of money for a country to run the economy. But now days most of Banks of Bangladesh are not stable to run properly, so the government decided to merge the bank each other to continue the banking process. By this point of view the report topic “Financial Performance Analysis of EXIM Bank PLC” that help to identify and analysis the bank financial condition.

The need to apply knowledge gained from academic courses is essential for a student to derive significant benefit from theoretical knowledge Engage in hands-on practical applications, often through internship programs. Internship programs are significant in providing students with hands-on experience in real-world business operations. By working closely with the staff of an organization, students gain insight into the functioning of the entity In short, internships serve as a bridge between theoretical learning and its practical application, ensuring that students not only understand academic concepts but also acquire the necessary skills to navigate and contribute effectively in professional settings.

1.3 Scope of the report:

Scope of this report is EXIM Bank PLC Financial report using Banks Financial annual 5-year data and describe the Balance sheet & Income Statement. From this Balance sheet & Income Statement calculate the Liquidity, Profitability, Solvency ratio analysis and also the Horizontal & Vertical analysis for measure the financial condition of the Bank.

This report broadly describe this banking system and also analysis the financial position of the bank by gathering the knowledge about financial position with research and take help from the Exim Bank website collecting financial 5-year data and others research paper.

1.4 Objectives of the Study:

There are two objective of the report, such as:

1. Broad Objective
2. Specific Objective

Broad Objective

- To analyze the financial performance of EXIM Bank PLC.

Specific Objectives:

- To identify the primary factors driving the bank's financial performance.
- To assess the financial stability and growth trajectory of Exim Bank PLC.
- To find some problems and suggest some possible recommendations to make it more efficient.

1.5 Methodology of the study:

Data source:

<u>Secondary Sources:</u>

- ❖ Annual Reports of EXIM Bank PLC.
- ❖ Relevant papers and various textbooks and publications.
- ❖ Official web site of EXIM Bank PLC.
- ❖ The internet is also utilized as a potential source of data.
- ❖ Different type of reports and articles related to study.
- ❖ Several journals related to study.

Data Analysis:

- ❖ To Analysis EXIM Bank PLC data Microsoft excel has been used.

1.6 Limitations of the Studies:

Certain Limitation and issues were encountered during the preparation of the report. Which are as follows:

- ❖ The main limitation of the study is the lack of recent data.
- ❖ EXIM Bank PLC audited annual report published on website last 2023, so the website not available data 2024 that's why for the study took data 5 year's (2019-2023).
- ❖ Lack of experience in data collection, analysis and evaluation.

Chapter 2 Overview of the EXIM Bank

2.1 Overview of EXIM Bank:

EXIM Bank PLC is a public listed scheduled bank categorized in private sector and established under the ambit of Bank Companies Act 1991 and incorporated as a public limited company under the companies Act 1994 on June 02. EXIM Bank PLC was established in 1999 under the leadership of Late Mr. Shahjahan Kabir, Founder Chairman who had been cherishing a dream of floating a commercial bank which would contribute to the socio-economic development of our country by facilitating industrialization. The bank converted its Banking operations into Islamic Banking based on Islamic Shariah from traditional banking operation in July 01, 2004 after obtaining approval from Bangladesh Bank. In 26 September, 2004, EXIM Bank was listed on the DSE and 4 September, 2004, EXIM Bank was listed on the CSE. Under the leadership of Mr. Lakiotullah, the Bank migrated all of its conventional banking operation into Shariah Based Islami Banking in July 2004. On 15 May 2024, it was again renamed as Export Import Bank of Bangladesh PLC. The bank is being managed and operated by a group of highly educated and professional team with diversified experience in finance and banking. A team of highly qualified and experience professional headed by the managing director of the bank who has best banking experience operate bank as data the top there is an efficient board of director for making policies.

The recent data, EXIM Bank PLC operates 151 branches in Bangladesh .These branches are strategically located in major cities, regional hubs, and industrial areas across the country. EXIM Bank PLC Total 323 ATM booths Of EXIM Bank PLC. These ATMs are strategically placed in key locations, including major commercial areas, transportation hubs, and shopping centers, offering customers convenient access to cash withdrawals and basic banking services.

The traditional banking services, EXIM Bank has embraced digital banking to enhance customer convenience. The bank offers internet banking and mobile banking services, allowing customers to perform transactions, check balances, and access account information anytime and anywhere. The focus on digital innovation reflects the bank's commitment to making banking more accessible and efficient.

2.2 Vision, Mission and Corporate Philosophy:

Vision: The gist of our vision is "**Together Towards Tomorrow**". Export Import Bank of Bangladesh PLC. (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.

2.3 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 Activities of EXIM Bank PLC

The major services of this bank can be classified into three categories.

- ❖ General Banking (GB).
- ❖ International Trade and Finance (Foreign Exchange).
- ❖ Investment.

2.5 Types of Banking Service of Exim Bank PLC

1. General banking.
2. Corporate Banking:
3. SME Banking:

4. Agro Banking
5. Agent Banking:
6. SMS Banking
7. Internet Banking
8. International Trade and Finance.

2.6 Services and Products under General Banking:

Deposits Services:

Al-Wadiah Current Deposit.	Mudaraba cash Wapf Deposit.
Mudaraba Special notice Deposit.	Deposit Rates.
Mudaraba Saving Deposit.	

Deposits Schemes Services:

Mudaraba Monthly Saving Scheme (Money Grower).	Mudaraba EXIM Students Saver.
Mudaraba Su-Grehini Monthly Savings Scheme.	Mudaraba Millionaire Deposit Scheme.
Mudaraba Femina Monthly Savings Scheme.	Mudaraba Kotipoti Saving Scheme.
Mudaraba Senior Monthly Saving Scheme.	EXIM RUHAMA- (Three Years' Probable Double Benefit Scheme).
Mudaraba Multiplus Saving Scheme.	EXIM ZIADAH - (Five Years' Probable Triple Benefit Scheme).
Mudaraba Super Saving Scheme.	EXIM KRISHI - (Mudaraba Krishi Monthly Deposit Scheme).
Mudaraba Hajj Deposit Scheme.	EXIM SHWAPNO - (Mudaraba Housing / Entrepreneurship Development Scheme)
Mudaraba Denmohor/ Marriage Deposit Scheme	EXIM SHEFA - (Mudaraba Monthly Savings Deposit Scheme).

Cards Services:

Islamic Investment Cards.	EXIM Remittance Card.
EXIM Debit Card.	EXIM Travel Card.
EXIM Prepaid Card.	EXIM Hajj Card.
EXIM Gift Card.	

Services and Products under Investment:

Investment Sectors.	EXIM Education: A retail investment product for children education.
EXIM Abashan : A Product for Residential Building / Home /Flat construction and renovation related investment.	EXIM Easy Pay: A retail product of investment in installment-based repayment against term and scheme deposit of EXIM Bank.
EXIM Sahayak.	Bai-Muajjal (FO).
EXIM Bahan: An investment Scheme facilitating to purchase a new/reconditioned non-commercial vehicle for own use.	Investment Rates.

Services and Products under Corporate Banking

Corporate Finance.	Export Financing.
Industrial Finance.	Off-Shore Banking.
Project Finance.	SWIFT Screening.
Syndicate Investment.	Remittance Service.
Purchasing Local Documentary Bill.	L/C Advising.
Purchasing Foreign Documentary Bill.	Guarantee Business.
Correspondent Banking.	Central Trade Processing.
Import Financing.	

Services and Products under SME Banking:

EXIM Uddyog.	Cluster Investment Policy of EXIM Bank.
EXIM Abalambayan.	CMSME & Woman Entrepreneur Application Form.
EXIM Durodorshini.	

Services and Products under Agro Banking:

EXIM Kishan.
EXIM Farmer.
Bangladesh Bank Refinance.

Services and Products under Agent Banking:

Collection and processing of forms/documents related to account opening (All kind of retail and corporate account offered by Exim Bank Bangladesh Limited).	Inward foreign remittance disbursement.
Collection and processing of forms/documents related to provide credit, debit, prepaid, travel & hajj Card.	SMS banking service.
Real time Transaction (Integrated with core channel of Bank).	Cheque Book requisition service.
Balance inquiry Statement inquiry.	Receive Clearing Cheque(s).
Facilitating fund transfer (intra and interbank).	

Services and Products under International Trade:

Remittance Facilities.	Opens L/Cs.
International Correspondent Bank Networks.	Issues Shipping Guaranty.
A separate and well-staffed Treasury and Financial Institutions Divisions (TFID) under which the bank's treasury activities are carried out.	Handles Import Documentary Collection.
Manages Liquidity Risk, Profit rate risk and exchange rate risk.	Advises and transfers L/Cs.

Off-shore Banking Unit Facility.	Purchases and negotiates local and foreign export documents.
SWIFT Facility.	Handles all forms of private and commercial remittances.

Chapter 3 Literature Review

3.1 Literature Review:

Financial performance and analysis for banks involve evaluating financial statements and using various ratios to assess different aspects of financial health. These include liquidity ratios, profitability ratios, and solvency ratios, which are crucial for understanding a bank's ability to meet its obligations, generate earnings, and sustain operations over the long term.

Liquidity Ratios:

In his 2024 report, **Roberts** emphasizes the importance of liquidity ratios for banks to measure their ability to meet short-term obligations and manage operational risks. The two key liquidity ratios discussed are the Current Ratio and the Quick Ratio**,** which provide essential insights into a bank's financial health.

Current Ratio:

The current ratio is a measure of a bank's ability to cover its short-term liabilities with its short-term assets. According to **Roberts (2024)**, an optimal current ratio for banks typically falls between 1.50 and 2**,** indicating that a bank has sufficient assets to meet its short-term obligations without excessive risk. A ratio lower than 1 suggests potential liquidity issues, while a ratio higher than 2 may indicate inefficiency in utilizing assets. **Roberts (2024)**

Quick Ratio:

The standard quick ratio 1:1 is ideal for banks, ensuring they have enough liquid assets to meet their short-term obligations, even in times of financial distress or sudden market disruptions. **Roberts (2024)**

Profitability Ratios:

According to **Thompson (2024),** profitability ratios are key metrics that evaluate a bank's ability to generate profits relative to its expenses and resources. Two of the most important profitability ratios for banks are Return on Assets (ROA) and Return on Equity (ROE)**.** These ratios provide insight into a bank's operational efficiency and its ability to generate value for shareholders.

Return on Assets (ROA):

Return on Assets (ROA) is calculated by dividing net income by average total assets**.** This ratio indicates how efficiently a bank is using its total assets to produce earnings. A higher ROA indicates better asset utilization. Thompson (2024) explains that a good ROA for banks typically ranges between **1% to 1.5%**, depending on the bank's size and market conditions. A higher ROA suggests that the bank is efficiently converting its assets into profits. **According to Thompson (2024)**

Return on Equity (ROE):

Return on Equity (ROE) measures how effectively a bank uses shareholder equity to generate profits. It reflects the profitability in relation to the bank's capital. A higher ROE indicates better profitability for the shareholders. According to Thompson (2024), a good ROE for banks typically falls between 10% and 15%**,** signaling a well-managed bank that is delivering strong returns to its investors. **According to Thompson (2024)**

Solvency ratios:

According to Garcia (2024), maintaining strong solvency ratios and liquidity ratios is essential for ensuring a bank's ability to meet its long-term obligations and maintain banking stability. The solvency ratio measures a bank's financial health by comparing its equity to its total assets, assessing the bank's capacity to absorb losses. A higher solvency ratio indicates a stronger capital base and greater resilience during financial downturns. **Garcia (2024)** recommends a solvency ratio of at least 18-20% for banks to remain financially stable.

Debt-to-equity ratio:

Garcia (2024) advises that banks should maintain a debt-to-equity ratio of **1.0% or lower** to balance their capital structure and reduce vulnerability to economic volatility. **According to Garcia (2024)**

Chapter 4 Financial Performance Analysis of EXIM Bank

4.1 Financial Analysis and Ratio Analysis:

By the Financial Performance Analysis, we should able to know about the position of the Bank In the current market and also know the situation of the financial position of the Bank. What Will be Bank's position in the next upcoming year by analysis the past 5-year financial data by Taking from the EXIM Bank PLC website.

4.2 Liquidity Ratio of Exim Bank PLC:

The liquidity ratio is calculated to assess a company's ability to meet short-term financial obligations. It helps evaluate financial health, ensuring the business can cover debts without selling assets, which is crucial for maintaining operational stability.

Relevance of the Current Ratio in Banks:

The relevance of the current ratio in banks is debated, as banks primarily operate with liquidity and capital adequacy ratios rather than the traditional current ratio used by non-financial companies. Research indicates that the current ratio may not be the best measure for banks' short-term financial health, as their business model involves managing short-term liabilities through stable funding sources rather than relying on current assets. Gerald J. Miller's research suggests that the current ratio is not an appropriate primary liquidity measure for banks. Instead, he emphasizes the use of regulatory ratios like the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), which better reflect the unique operations of banks.

4.2.1 Current Ratio:

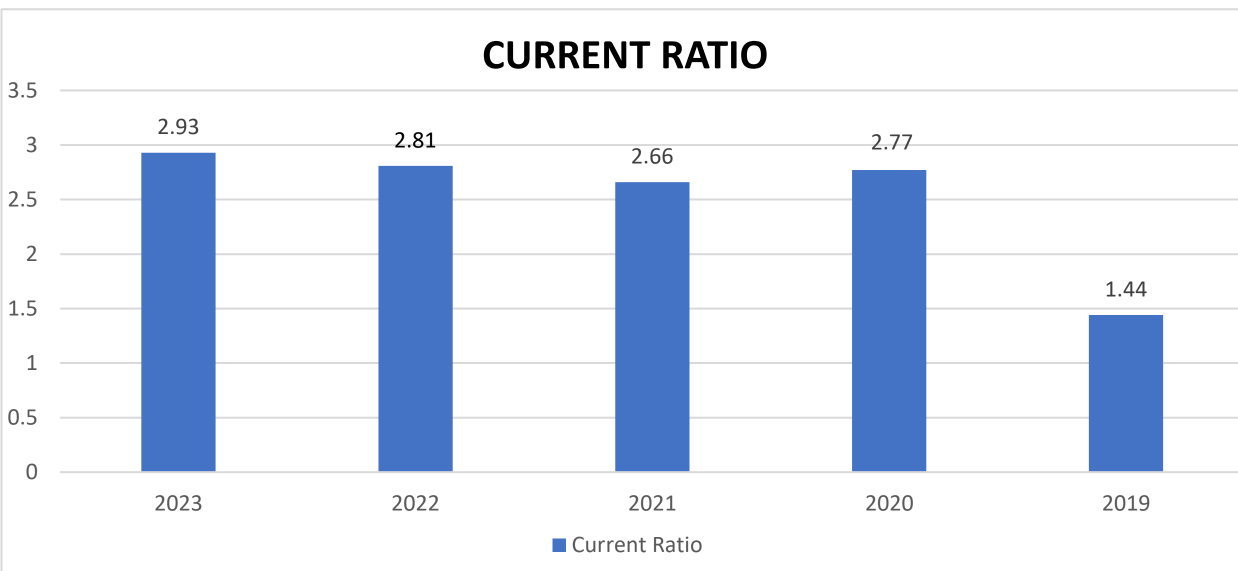
Current Ratio is a financial metric that measures a company's ability to pay its short-term liabilities with its short-term assets.

Current Assets typically include cash, balances with other banks, short-term investments, and loans and advances due within a year.

Current Liabilities include deposits and other liabilities due within a year.

Current Ratio = (Current Assets / Current Liabilities)

Years	Current Ratio = (Current Assets / Current Liabilities)	Current Ratio
2023	3,746,478,131/1,276,619,356	2.93
2022	3,678,131,477/1,307,333,801	2.81
2021	3,673,286,761/1,381,059,329	2.66
2020	2,403,669,873/868,667,057	2.77
2019	1,664,156,628/1,159,189,551	1.44



<u>Interpretation:</u>

Based on the above, Current ratio of EXIM Bank PLC last five years only meet the standard four year and other one years did not meet the standard because in 2019 financial year current ratio only 1.44 the standard current ratio is Between 1.50 and 2 in that case EXIM Bank PLC current ratio was not stable also no good 2019 year also. On the other hand, EXIM Bank PLC current ratio was 2.77 in 2020, 2.66 in 2021, 2.81 in 2022, and 2.93 in 2023 which is meet the standard and also good position those four years.

4.2.2 Efficiency ratios:

Efficiency ratios are essential for evaluating how effectively a company or bank uses its resources to generate income and control costs. They help measure operational performance, identify areas for improvement, and optimize resource allocation. These ratios also allow for comparative analysis against industry standards, ensuring financial stability and cost management.

Importance Efficiency ratios:

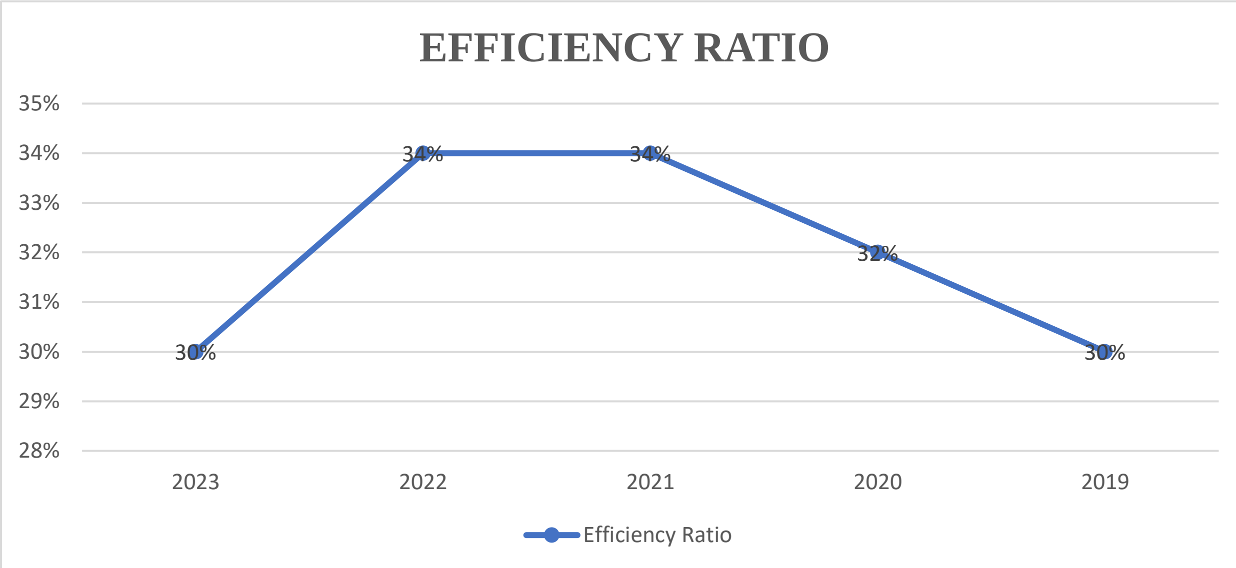
Research on bank efficiency ratios is extensive, as banks focus on minimizing non-investment expenses (like employee salaries and operational costs) relative to revenue from services and loans. Studies indicate that a lower efficiency ratio often correlates with higher profitability in banks (Wheelock & Wilson, 2013). However, an overly aggressive push for efficiency can sometimes compromise service quality or customer satisfaction.

Comparative analysis:

According to Richard J. Parsons (2020), comparative analysis of efficiency ratios helps assess a bank's operational performance in relation to industry standards and competitors. The **Cost-to-**Income Ratio (CIR) is a key metric, with typical benchmarks ranging between 40% and 60%. A ratio below 50% is seen as efficient, indicating that a bank is effectively managing its operating costs.

Efficiency Ratio = Operating expense / Net revenue*100

Years	Efficiency Ratio = Operating expense / Net revenue*100	Efficiency Ratio
2023	7,521,362,883/24,922,930,919*100	**30%**
2022	7,467,773,192/22,252,899,240*100	**34%**
2021	6,693,525,972/19,985,915,698*100	**34%**
2020	6,802,951,192/21,432,165,885*100	**32%**
2019	6,096,565,004/20,616,654,227*100	**30%**



Interpretation:

From the above table, it can be seen that from 209 to 2023 the Efficiency ratio of EXIM Bank PLC has fluctuated in different years. In the year of 2022, it was 34% and in 2023 the Efficiency Decreased a little and the ratio 30%. After that, the Efficiency ratio started to drop 2021 to 2020 and 2019, and the ratios was 34%, 32% and 30% respectively. Efficiency ratio lower than 40% that is show inefficiencies in cost management. It did not meet the standard than the standard which is 40% to 50%.

4.2.3 Quick Ratio:

The quick ratio is important for a bank because it measures its ability to meet short-term liabilities without relying on the sale of inventory. It focuses on highly liquid assets like cash, marketable securities, and receivables, providing a more accurate snapshot of the bank's financial health and its capacity to cover immediate obligations, which is crucial for maintaining solvency and stability.

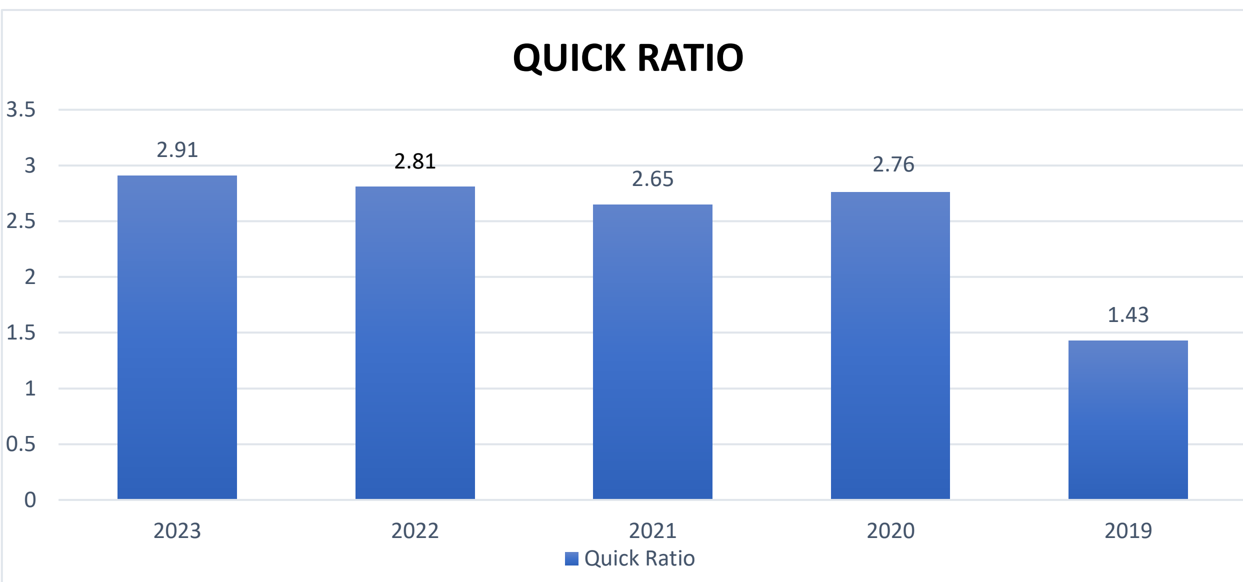
"Liquidity Management in Banks: Strategies and Challenges" by Roberts (2022) states that banks must keep their Quick Ratio over 1.0 in order to guarantee they can satisfy their short-term obligations without having to sell long-term assets. According to Roberts (2022) a Quick Ratio of 1.0 to 1.5 is deemed healthy for the majority of banks and indicates proper management of liquidity. According to Thompson (2023), Quick Ratio ensures that the bank has sufficient liquid assets, such as cash and marketable securities, to meet its short-term liabilities without needing to sell long-term assets. A ratio of 1 or higher indicates strong liquidity and financial stability, vital for navigating economic uncertainties and maintaining trust with stakeholders. The Quick Ratio reflects the bank's ability to cover its obligations quickly without relying on less liquid assets.

Quick Ratio = Quick Assets /Current Liabilities

Quick Assets=TCA −PE

Since: TCA=Total current assets, PE=Prepaid expenses

Year	Quick Assets /Current Liabilities	Quick Ratio
2023	(3,746,266,660-211471)/1,276,619,356	2.91
2022	(3,678,043,672-87805) /1,307,333,801	2.81
2021	(3,673,198,957-87804)/1,381,059,329	2.65
2020	(2,403,538,554-131319)/868,667,057	2.76
2019	(1,664,069,628-87000)/1,159,189,551	1.43



Interpretation:

Considering the above table as seen in the result the quick ratio of EXIM Bank PLC was good. Quick ratio is five year met the standard. As we can see year 2023 to 2019 quick ratio was 2.91, 2.81, 2.65, 2.76, and 1.43, that's met the standard ratio. The standard quick ratio is 1:1 which an ideal quick ratio was.

4.3 Profitability Ratio:

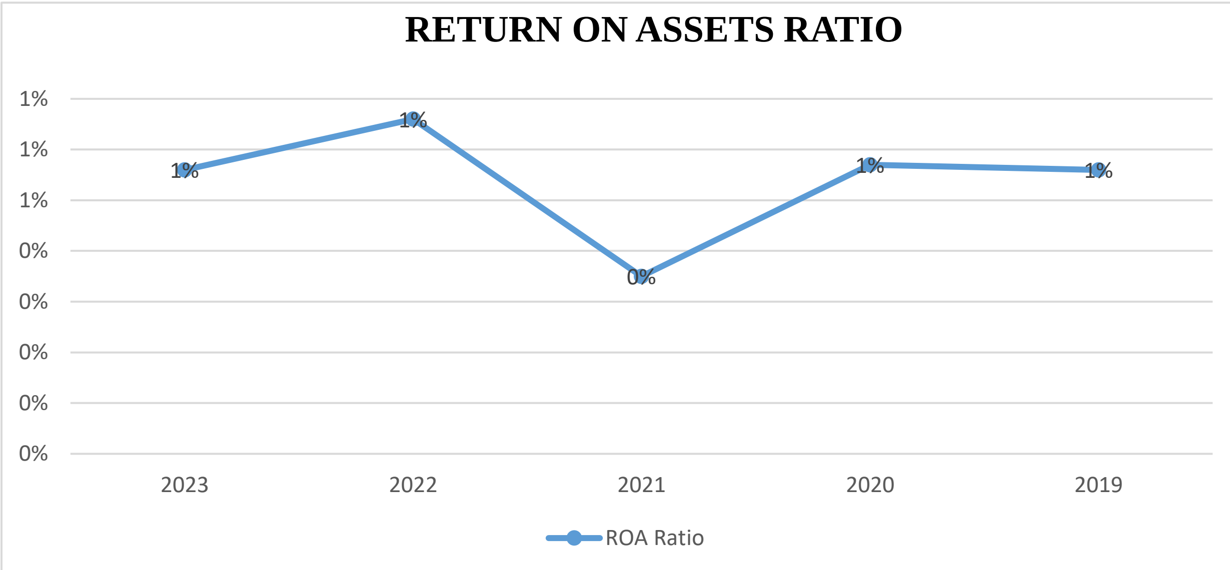
Profitability ratios are essential because they assess a bank's ability to generate earnings relative to its revenue, assets, or equity. According to **Thompson (2023),** these ratios provide insights into financial health, efficiency, and long-term viability. They help investors and stakeholders evaluate how effectively a bank is managing its operations, controlling costs, and maximizing profit. Key profitability ratios like Return on Assets (ROA) and Return on Equity (ROE) are crucial for determining a bank's performance and guiding strategic decisions.

4.3.1 Return on Assets (ROA):

The profitability ratio that measures how efficiently a bank or company utilizes its assets to generate profit. ROA shows how well a bank is using its resources to produce earnings, with a higher ROA indicating better asset management and financial performance.

Return on Assets (ROA) = (Net Profit / Total Assets) x 100

Years	ROA = (Net Profit / Total Assets) x 100	ROA Ratio
2023	3,233,249,402/575,618,916,624*100	0.56%
2022	3,573,817,740/540,034,529,652*100	0.66%
2021	1,904,244,086/541,477,912,602*100	0.35%
2020	2,785,982,668/484,743,509,683*100	0.57%
2019	2,429,899,037/431940838546*100	0.56%



Interpretation:

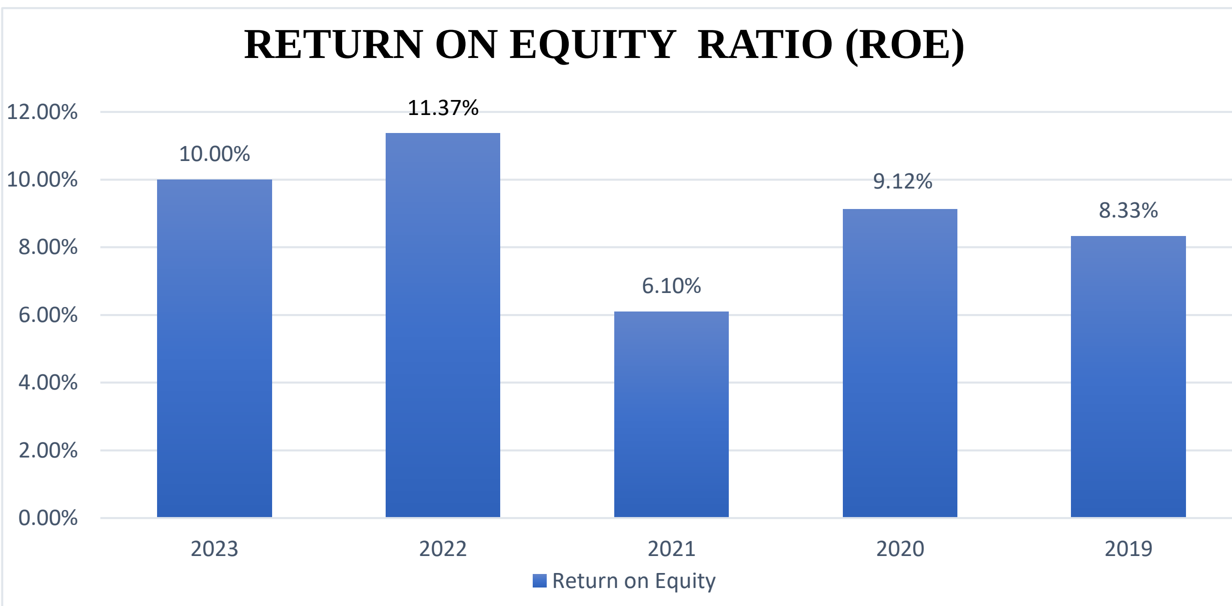
Based on the above ratio table the graph shows that Return on Asset of EXIM Bank PLC was 0.56 in 2023,which was decrease last year .In 2022 return on asset was 0.66%.The ROA ratio was highest in the year of 2022 and it was 0.66%. On the other hand, EXIM Bank PLC ROA ratio was decrease 2019 in 0.56%, 2020 in 0.57%, 2021 in 0.35%. The ratios are very much lower than the standard which is 1% to 1.50%. It means shareholders are not getting good return from their investment. It is not a positive sign for a Bank. They need to take initiative to increase their Return on Total Assets.

4.3.2 Return on Equity (ROE :

Return on Equity (ROE) is a financial ratio that measures a company's profitability by showing how much profit it generates with the money invested by shareholders. A higher ROE indicates Better financial performance and efficient use of equity capital.

ROE = (Net Profit / Shareholders' Equity) x 100

Years	ROE = (Net Profit / Shareholders' Equity) x 100	ROE Ratio
2023	3,233,249,402/32,700,579,109*100	10%
2022	3,573,817,740/31,440,419,545*100	11.37%
2021	1,904,244,086/31,221,216,383*100	6.10%
2020	2,785,982,668/30,532,044,764*100	9.12%
2019	2,429,899,037/29,158,313,164*100	8.33%



Interpretation:

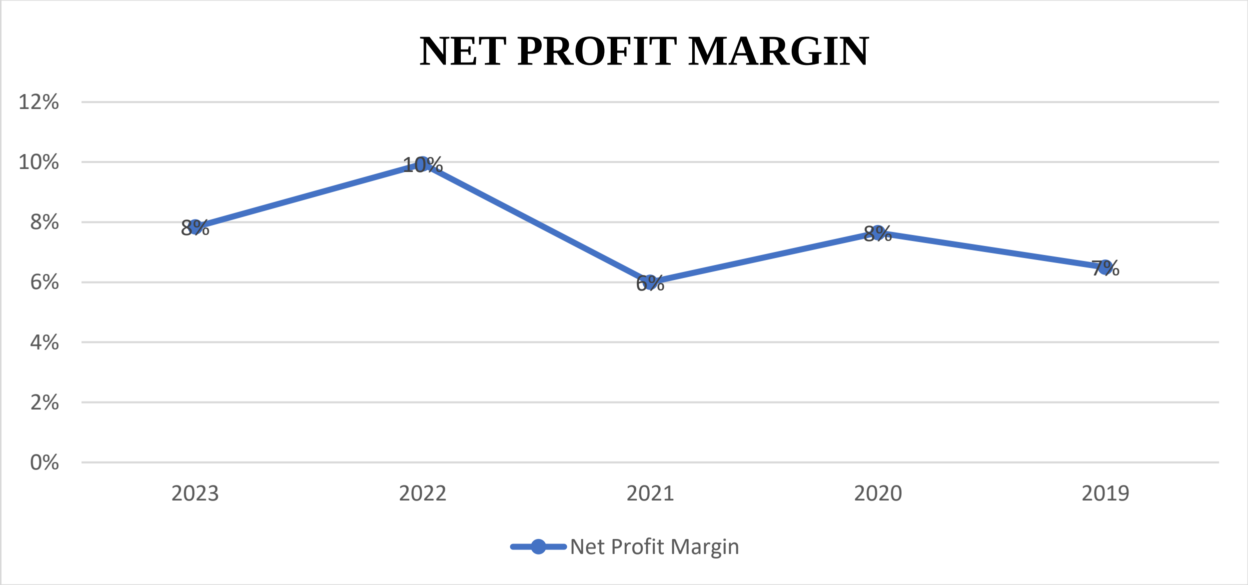
Based on the above ratio table the graph shows that Return on Equity of EXIM Bank PLC was 10% in 2023, which was decrees last year. In 2022return on Equity was 11.37% that is increase to previous year. Two years ROE are meet the standard. (ROE) in 2019 was 8.33%, in 2020 was 9.12% and finally in 2021 was 6.10% so, those three years ROE are not meet the standard. Because in 2019, in 2020 and 2021 ROE did not cross the 10% than the standard which is 10% to 15%.

4.3.3 Net Profit Margin:

Net Profit Margin Ratio measures a company's profitability by showing the percentage of revenue that remains as profit after all expenses are deducted. This ratio helps assess how effectively a company controls its costs and generates profit from sales, with a higher margin indicating better profitability and cost management.

Net Profit Margin = (Net Profit / Revenue) x 100

Years	Net Profit Margin = (Net Profit / Revenue) x 100	Ratio
2023	3,233,249,402/41,261,248,986*100	**7.84%**
2022	3,573,817,740/35,946,507,323*100	**9.94%**
2021	1,904,244,086/32,563,867,242*100	**6%**
2020	2,785,982,668/36,425,778,675*100	**7.65%**
2019	2,429,899,037/37,399,810,901*100	**6.50%**



Interpretation:

From the above table, it can be seen that from 2019 to 2023 the Net profit margin of EXIM Bank PLC has fluctuated in different years. In the year of 2019, it was 7% and in 2020 the margin increased a little and the ratio was 8%. After that, the net profit margin decreased in 2021 and the ratios was 6%, the ratio was highest in the year of 2022 and it was 10%. The net profit margin drop in 2023 and it was 8%.

4.4. Solvency Ratio:

The solvency ratio is important because it measures a company's ability to meet its long-term debt obligations. It is a key indicator of financial health, showing whether a company has enough assets to cover its liabilities. A higher solvency ratio suggests that the company is more likely to remain financially stable and avoid default, making it a critical metric for investors, creditors, and stakeholders to assess the risk of investing or lending to the business.

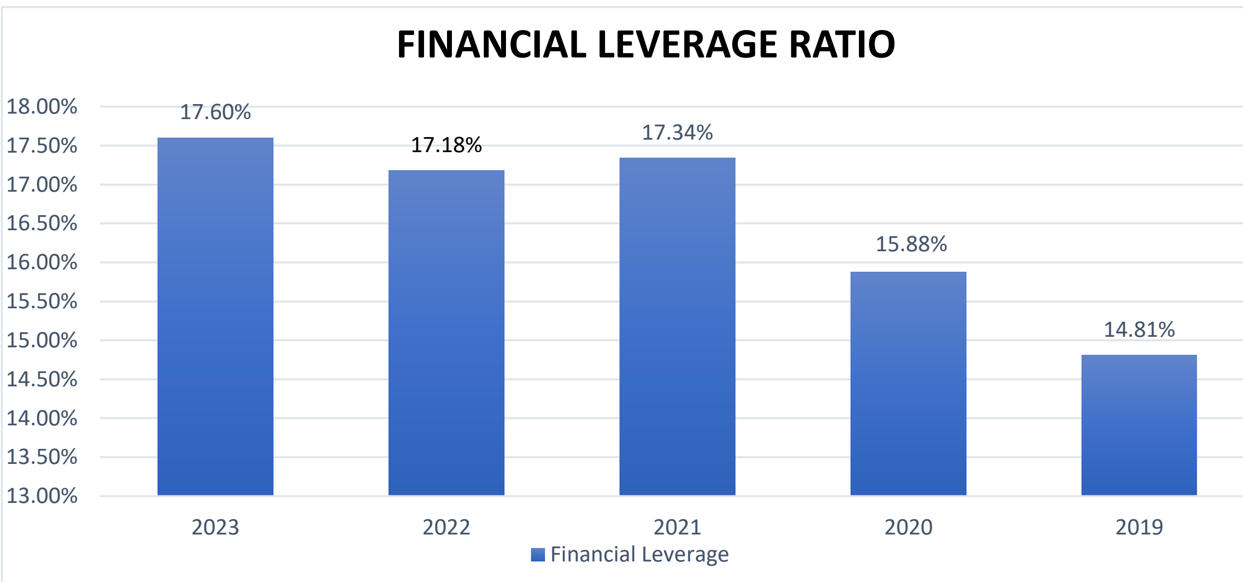
Recordation forms some article about Solvency Ratio:

Regular stress testing and scenario analysis should be conducted to assess the impact of adverse economic conditions on solvency ratios. This helps in proactive risk management and maintaining adequate capital reserves. Johnson, D., & Kim, S. (2019). Enhancing transparency in financial reporting and maintaining high levels of regulatory capital can improve market confidence and ensure long-term solvency. Patel, R., & Singh, M. (2021).

4.4.1 Financial Leverage: Financial leverage is the strategy of using borrowed capital to increase the potential return on investment, allowing businesses to grow faster, but also increasing the risk of losses if investments underperform.

Financial Leverage= Total Assets/ Total Equity

Years	Financial Leverage= Total Assets/ Total Equity	Ratio
2023	575,618,916,624/32,700,579,109	17.60
2022	540,034,529,652/31,440,419,545	17.18
2021	541,477,912,602/31,221,216,383	17.34
2020	484,743,509,683/30,532,044,764	15.88
2019	431940838546/29,158,313,164	14.81



<u>Interpretation:</u>

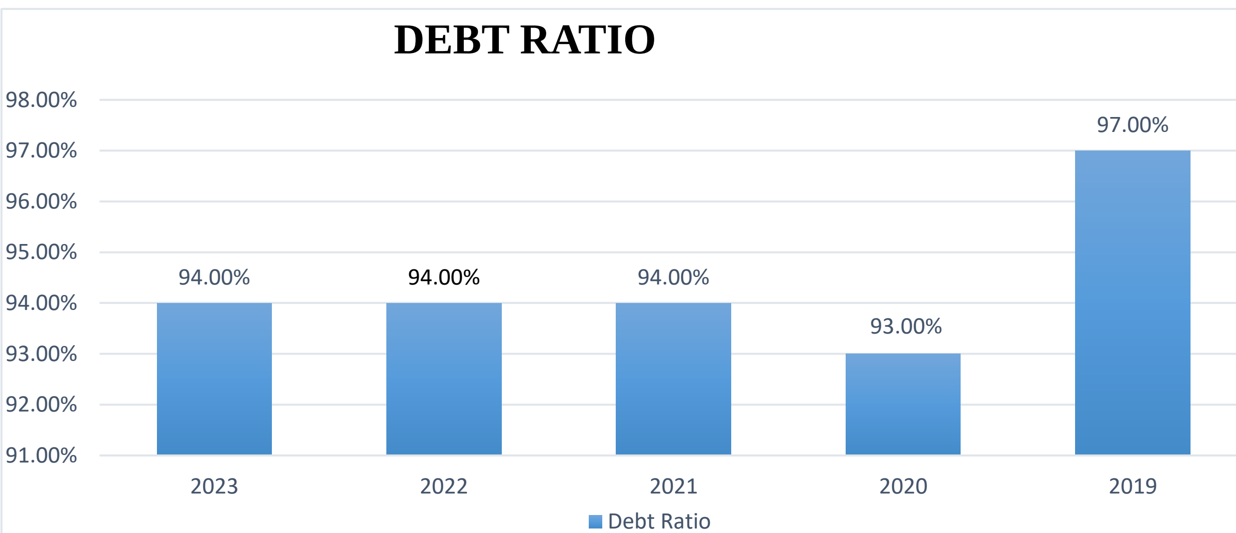
Based on the above ratio table the graph shows that financial leverage ratio Over the past five years, EXIM Bank PLC's financial leverage ratio has increased from 14.81 in 2019 to 17.60 in 2023.In the year of 2021, it was 17.34% and in 2022 the margin decreased a little and the ratio was 17.18%. After that, the financial leverage ratio started to drop 2020 and 2019, and the ratios was 15.88%, and 14.81% respectively.

4.4.2 Debt Ratio:

The debt ratio is a financial metric that measures the proportion of a company's total debt to its total assets, indicating financial leverage and the level of financial risk.

Debt Ratio= Total liabilities/ Total Asset

Years	Debt Ratio= Total liabilities/ Total Asset	Ratio
2023	542,918,337,515/575,618,916,624	94%
2022	508,594,110,107/540,034,529,652	94%
2021	510,256,696,219/541,477,912,602	94%
2020	454,211,464,919/484,743,509,683	93%
2019	402,782,525,382/431,940,838,546	97%



Interpretation:

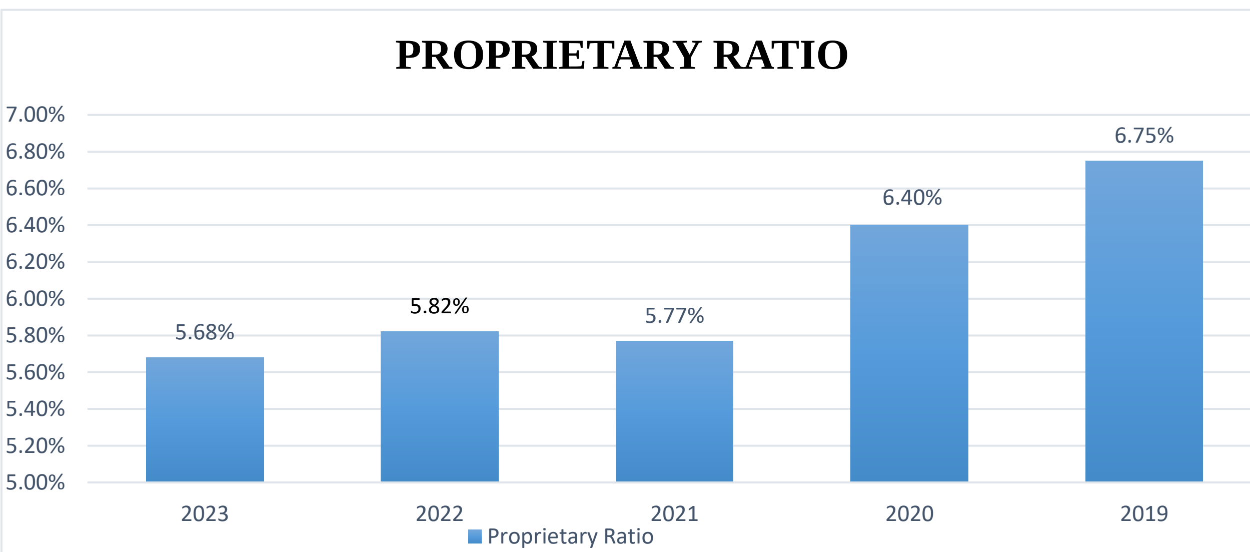
In 2019, the ratio peaked at 97%, indicating that a very high percentage of the bank's assets were financed by debt. In 2020, the ratio has dropped slightly to 93%, suggesting somewhat less reliance on liabilities for financing. In 2021, the ratio further increased to 94%, indicating a fairly high reliance on debt. In 2022, the ratio remained stable at 94%, reflecting a continuation. In 2023, the ratio remained stable or reached 94%, indicating a much greater reliance on debt. Overall, the constant up and down debt ratio indicates that EXIM Bank PLC is highly dependent on debt to finance its operations. EXIM Bank PLC Debt Ratio more than 90% so Bank financial risk also higher need to focus on debt ratio need to reduce higher risk

4.4.3 Proprietary Ratio:

The proprietary ratio is needed to assess a company's financial stability, showing the proportion of equity to assets, indicating risk, financial strength, and reliance on debt.

Proprietary Ratio = (Total Equity/ Total Assets)

Years	Proprietary Ratio = (Total Equity/ Total Assets)*100	Ratio
2023	32,700,579,109/575,618,916,624*100	5.68%
2022	31,440,419,545/540,034,529,652*100	5.82%
2021	31,221,216,383/541,477,912,602*100	5.77%
2020	30,532,044,764/484,743,509,683*100	6.40%
2019	29,158,313,164/431940838546*100	6.75%



5-Year Proprietary Ratio Analysis of EXIM Bank PLC

2023: Proprietary Ratio = 5.68%

- Interpretation: Total equity represents 5.68% of the bank's total assets. It shows a small proportion of financing by equity compared to total assets.

2022: Proprietary Ratio = 5.82%

- Interpretation: The ratio has increased a little to 5.82%, which implies that a slight increase in equity financing by total assets of the bank occurred in comparison with 2023.

2021: Proprietary Ratio = 5.77%

- Interpretation: The ratio decreased slightly to 5.77%, which indicates a minor reduction in the

Proportion of equity financing in comparison with 2022.

2020: Proprietary Ratio = 6.40%.

- Interpretation: It has increased even more to 6.40%, illustrating a continued improvement of the bank's equity's position by the relative ratio of total assets.

2019: Proprietary Ratio = 6.75%.

- Interpretation: It has increased even more to 6.75%, illustrating a continued improvement of the bank's equity's position by the relative ratio of total assets.

4.5 Efficiency Ratio

Effectiveness refers to how efficiently a company utilizes its assets. Productivity is usually assessed based on the amount of revenue generated from a given level of resources. In addition, inefficient use of assets can lead to liquidity problems. Lack of liquidity often precedes lower profitability and fewer opportunities. Short-term liquidity problems also affect a company's customers and suppliers, especially when dealing with financial institutions. This section outlines the essential ratios used to evaluate performance:

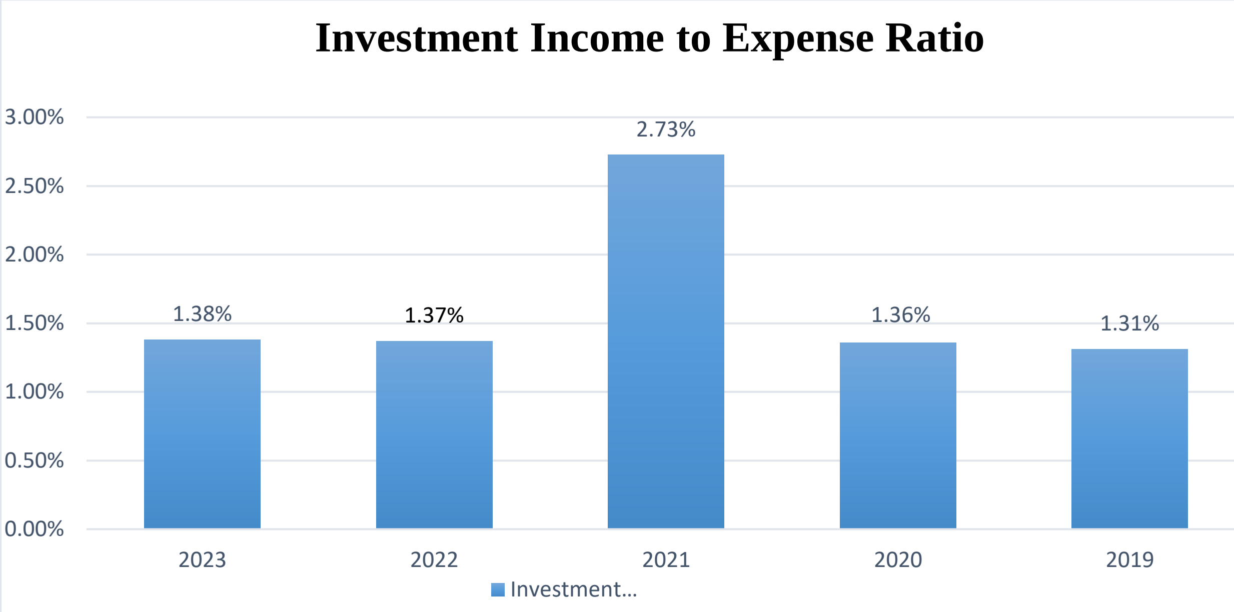
- Investment Income to Expense
- Operating Expenses to Assets
- Operating Income to Assets (Asset utilization)

4.5.1 Investment Income to Expense:

Investment -expenditure ratio serves as a financial measure Efficiency, derived from the financial statements of a business or firm, especially those that determine Gross firm income. Financial efficiency relates to the viability of a business or firm can earn. Assessing the financial efficiency of a business or firm helps owners Understanding how it affects various aspects like production, financing, marketing etc. impact the overall gross income of the business.

Investment Income to Expense = Investment Income / Expense

Years	Investment Income to Expense = Investment Income /Expense	Ratio
2023	36,406,950,919/26,372,634,493	1.380
2022	29,741,332,727/21,717,470,405	1.369
2021	55,128,950,860/ 20,226,708,284	2.726
2020	31,624,821,130/ 23,309,216,960	1.357
2019	31,983,404,390/ 24,383,280,532	1.312



Interpretation:

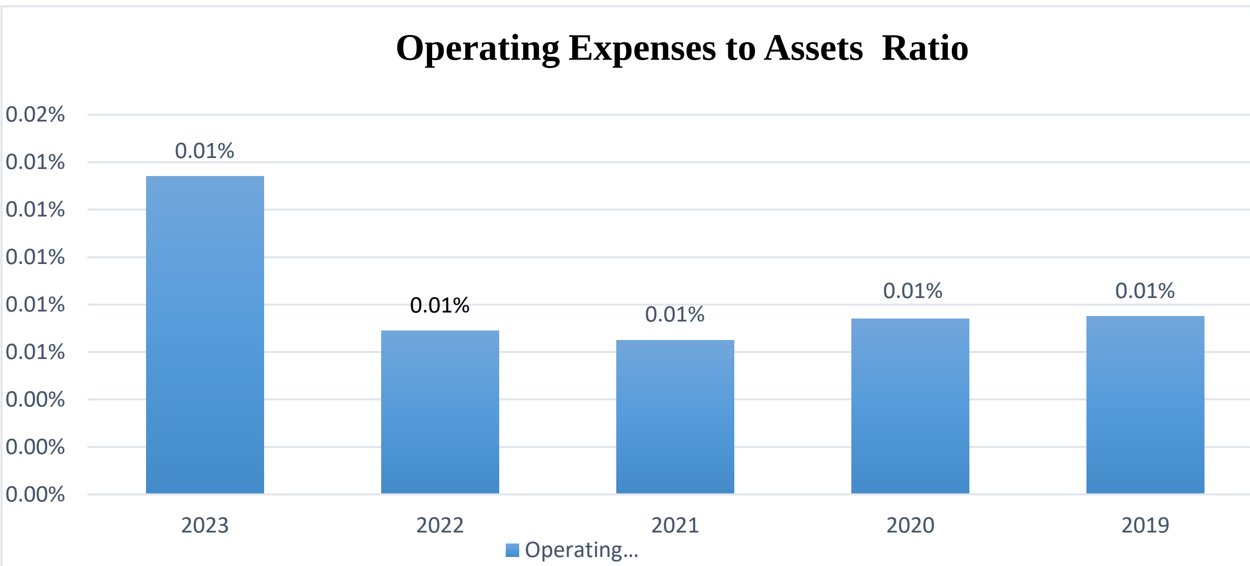
The Investment Income to Expense Ratio measures how effectively the bank is generating investment income relative to its investment expenses. In 2019, the ratio was 1.315, indicating that the bank earned BDT 1.315 in investment income for every BDT 1.00 spent on investment expenses. In 2020, the ratio same increase to 1.357, showing a same in the bank's efficiency in generating investment income compared to expenses. In 2021, the highest ratio to 2.726, meaning the bank's investment income was slightly more than its investment expenses, reflecting more efficiency. In 2022, the ratio declined to 1.369, showing a reduction in the bank's efficiency in generating investment income compared to expenses. In 2023, the ratio increased to 1.380, indicating a continued but slight improvement in investment income generation relative to investment expenses. The ratio has experienced a fluctuating trend, initially decreasing from 2019 to 2020 and the highest ratio was in 2021 one the other hand then recovering in 2022 and 2023. This suggests challenges in managing investment income and expenses effectively, though recent years show signs of improvement.

4.5.2 Operating Expenses to Assets:

The Operating Expenses to Assets ratio that measures the proportion of a company's assets that are being used to cover its operating costs. It shows how efficiently the company is using its assets to manage its ongoing operating expenses.

Operating Expenses to Assets = Operating Expenses/ Average assets

Years	Operating Expenses to Assets = Operating Expenses/ Average assets	Ratio
2023	7,521,362,883/557826723138	0.0134
2022	7,467,773,192/1081512442254	0.0069
2021	6,693,525,972/1026221422284	0.0065
2020	6,802,951,192/916684348229	0.0074
2019	6,096,565,004/802938231131	0.0075



Interpretation:

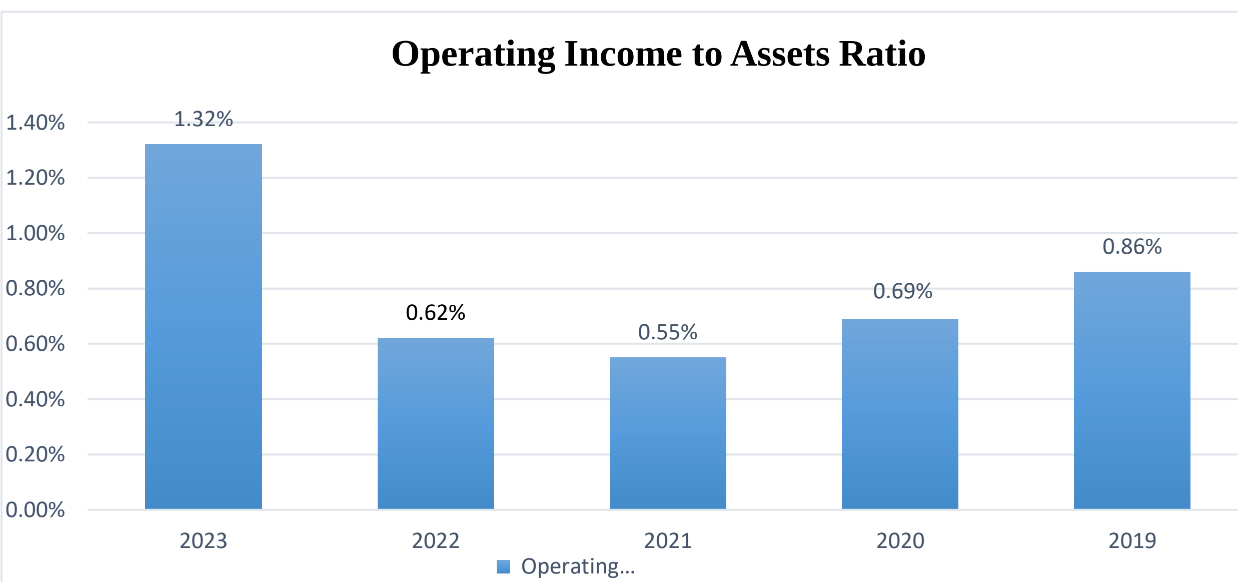
The Operating Expenses to Assets Ratio measures how efficiently the bank manages operating expenses relative to its total assets. In 2019, the ratio was 0.0075, indicating relatively low operating expenses in relation to assets. In 2020, the ratio decreased slightly to 0.0074, reflecting a marginal improvement in expense management. In 2021, the ratio further decreased to 0.0065, indicating increased efficiency in managing operating expenses against the growing asset base. In 2022, the ratio stabilized at 0.0069, suggesting consistent and efficient management of operating expenses relative to assets. In 2023, the ratio continued to highest ratio to 0.0134, showing enhanced efficiency. The Operating Expenses to Assets Ratio has shown a steady decline over the five years, reflecting continuous improvement in managing operating costs effectively as the asset base grows. This indicates a positive trend in operational efficiency

4.5.3 Operating Income to Assets:

Operating Income on Assets, an efficiency ratio, presents a variation of the conventional return on assets ratio. This metric, also known as operating return on assets, illustrates the company's operating income generated per unit of currency invested specifically in assets utilized in its day-to-day business operations. Similar to the return on assets ratio, it assesses the profit level relative to the company's assets but employs a more specific definition of those assets.

Operating Income to Assets = Earnings before Investment and Taxes / Average assets

Years	Operating Income to Assets = Earnings before Investment and Taxes / Average assets	Ratio
2023	7,367,251,610/557826723138	0.0132
2022	6,761,263,726/1081512442254	0.0062
2021	5,643,632,986/1026221422284	0.0055
2020	6,313,610,523/916684348229	0.0069
2019	6,919,965,365/802938231131	0.0086



Interpretation:

The Operating Income to Assets Ratio shows how efficiently EXIM Bank PLC. is using its assets to generate operating income. The data for 2019 to 2023 reveals a increase trend, with the ratio increase from 0.0086 in 2019 to 0.0132 in 2023. This improvement suggests that the bank's ability to generate earnings from its assets has efficiently over the years. The ratio has experienced a fluctuating trend, initially decreasing from 2019 to 2022 and then recovering in 2023.Within five years good ratio progress is seen in recent years.

4.6 Balance Sheet of EXIM Bank PLC: (2019-2023)

Balance Sheet

Years	2023	2022	2021	2020	2019
PROPERTY AND ASSETS					
Cash in Hand	36,636,608,007	31,246,021,722	55,128,950,860	36,926,647,953	32154155231
Balance with other banks and financial institutions	4,155,148,819	12,025,655,415	5,303,260,428	4,878,692,159	4,302,451,719
Investments in shares and securities	51,373,149,093	35,342,237,235	43,99,001,782	40,951,382,881	43,172,530,624
Investments	471,880,172,113	452,547,871,381	428,204,911,629	392,919,662,531	343287398739
Fixed assets including premises	5,824,403,766	5,853,807,878	5,538,414,081	5,540,649,767	5643033289
Other assets	5,749,434,826	3,018,936,021	3,803,373,822	3,526,474,392	3381268944
Total Assets	575,618,916,624	540,034,529,652	541,477,912,602	484,743,509,683	431940838546
LIABILITIES and CAPITAL					
Liabilities					
Placement from other banks & financial institutions	50,391,228,562	39,723,084,014	47,816,166,976	27,934,546,559	16,610,353,506
Deposits and Other Accounts	447,950,993,744	427,044,050,216	421,705,984,879	395,308,335,825	355816519689
Mudaraba Subordinated Bond	13,400,000,000	11,400,000,000	13,900,000,000	10,200,000,000	11,500,000,000
Mudaraba Perpetual Bond	6,000,000,000	6,000,000,000	4,550,000,000		
Other liabilities	25,176,115,209	24,426,975,877	22,284,544,364	20,768,582,535	18,855,652,187
Total liabilities	542,918,337,515	508,594,110,107	510,256,696,219	454,211,464,919	402,782,525,382
Capital/shareholders eq					
Total shareholders' equity	32,700,579,109	31,440,419,545	31,221,216,383	30,532,044,764	29,158,313,164
Total liabilities and shareholders' equity	575,618,916,624	540,034,529,652	541,477,912,602	484,743,509,683	431,940,838,546

4.7 Income Statement of EXIM Bank PLC: (2019-2023)

Profit and loss Accounts

Years	2023	2022	2021	2020	2019
Investment income	36,406,950,919	29,741,332,727	27,875,465,024	31,624,821,130	31,983,404,390
Profit paid on deposits, borrowings	26,372,634,493	21,717,470,405	20,226,708,284	23,309,216,960	24,383,280,532
Income from investment in shares/securities	2,188,078,552	1,594,442,655	829,603,016	2,030,357,223	2,271,787,121
Commission, exchange & brokerage	645,356,597	2,636,831,591	26,18,338,835	1,901,151,591	2,291,605,363
Gain on sale of investment in shares	11,192,139	13,812,268	178,776,607	42,764,006	
Other operating income	2,009,670,779	1,960,088,082	1,061,683,760	826,684,725	853,014,027
Total Revenue	41,261,248,986	35,946,507,323	32,563,867,242	36,425,778,675	37,399,810,901
Net investment income	10,034,316,426	8,023,862,322	7,648,756,740	8,315,604,170	7,600,123,858
Total operating income (A	14,888,614,493	14,229,036,918	12,337,158,958	13,116,561,715	13,016,530,369
Net income	24,922,930,919	22,252,899,240	19,985,915,698	21,432,165,885	20,616,654,227
Total operating expenses (B)	7,521,362,883	7,467,773,192	6,693,525,972	6,802,951,192	6,096,565,004
Profit/(loss) before provision (C=A-B)	7,367,251,610	6,761,263,726	5,643,632,986	6,313,610,523	6,919,965,365
Total Provision (D)	2,250,912,405	641,679,541	1,846,416,766	1,043,201,343	1,994,784,751
Total profit/(loss) before taxes (C-D)	5,116,339,205	6,119,584,185	3,797,216,220	5,270,409,180	4,925,180,614
Net profit/(loss) after tax	3,233,249,402	3,573,817,740	1,904,244,086	2,785,982,668	2,429,899,037
Earnings per ordinary share	2.23	2.47	1.32	1.97	1.72
Profit available for appropriation					
Retained earnings brought forward from previous year	1,543,558,864	1,595,583,581	2,268,917,966	2,199,268,202	2,166,656,356
Net profit/(loss) after tax	3,233,249,402	3,573,817,740	1,904,244,086	2,785,982,668	2,429,899,037
	4,776,808,266	5,169,401,321	4,173,162,052	4,985,250,870	4,596,555,393
Appropriations:					
Statutory reserve	732,143,907	1,223,916,837	75,944,244	1,054,081,836	985,036,123
Dividend paid	1,447,557,344	1,447,557,344	1,412,251,061	1,412,251,068	1,412,251,068
General reserve	500,000,000	500,000,000	250,000,000	250,000,000	
Start-up Fund	32,332,494	35,738,177	46,902,268		
Profit on Mudaraba Perpetual Bond	493,200,000	418,630,099	108,981,898		
	3,205,233,745	3,625,842,457	1,669,079,471	2,716,332,904	2,397,287,191

4.6.1 Horizontal Analysis of Balance Sheet (2019-2023)

Horizontal analysis of a bank's balance sheet is important to track financial trends, assess performance, detect potential risks, ensure regulatory compliance, and support informed decision-making for long-term stability and growth.

According to Martin (2024) in the paper "Tracking Financial Trends through Horizontal Analysis", a good bank should aim for a consistent yearly growth rate of approximately 5-7% in its loan portfolio. Horizontal analysis, which compares financial data across multiple periods, is key to tracking this growth and evaluating trends their loan portfolio's performance, detect any signs of financial stress, and make adjustments to their lending strategies. **According to Smith (2024)** Horizontal analysts to evaluate trends in assets, liabilities, and equity. By identifying patterns over time, this analysis provides insights into the bank's financial stability, profitability, and risk management.

Horizontal Analysis of Balance Sheet					
Years	2023	2022	2021	2020	2019
PROPERTY AND ASSETS					
Cash in Hand	114%	97%	171%	115%	100%
Balance with other banks and financial institutions	97%	280%	123%	113%	100%
Investments in shares and securities	119%	82%	10%	95%	100%
Investments	137%	132%	125%	115%	100%
Fixed assets including premises	103%	104%	98%	98%	100%
Other assets	170%	89%	113%	104%	100%
Total Assets	133%	125%	126%	112%	100%
LIABILITIES and CAPITAL					
Liabilities					
Placement from other banks & financial institutions	303%	239%	288%	168%	100%
Deposits and Other Accounts	126%	120%	119%	111%	100%
Mudaraba Subordinated Bond	117%	99%	121%	89%	100%
Mudaraba Perpetual Bond	131%	131%	100%	0%	0%

Other liabilities	134%	130%	118%	110%	100%
Total liabilities	135%	126%	127%	113%	100%
Capital/shareholders' equity					
Total shareholders' equity	112%	108%	107%	105%	100%
Total liabilities and shareholders' equity	133%	125%	125%	112%	100%

Horizontal analysis is a method of examining the health of an organization by comparing financial statements over time. Below is a well-detailed horizontal analysis of EXIN Bank PLC's balance sheet between 2019 from 2023. Base year 2019 compared with other years 2023 Otherwise 2020 financial performance decreases and liabilities increase Total assets increased by 133% in 2023 and shareholders' equity increased by 12% from the previous year 2019.

Property and Assets:

1. Cash in Hand

- ❖ It increased by 171% in 2021 over 2019 but fell to 114% in 2023. Cash flowed up and down, with a peak in its balance in 2021 at 55,128 million and then dropped to 36,636 million in 2023.

2. Balance with other banks and financial institutions:

- ❖ The fluctuation of this asset class was entirely revealed, wherein it peaked in 2022 at 280% and then lowered to 97% in 2023. The balance peaked at 12,025 million in 2022 before declining to 4,155 million in 2023.

3. Investments in shares and securities:

- ❖ But in 2021 there was a decline of 10% in 2023 which increased by 119% and peaked at 51,373, million in 2023 but declined drastically to 43, 99 million in 2021.

4. Investments.

- ❖ Showed consistent growth over the years, reaching 137% in 2023. Investment values developed continuously, reaching 471,880 million in 2023.

5. Fixed assets including premises:

- ❖ Consistent appreciation at about 103% of the value in 2019from 2020 to 2023. Total fixed assets remained almost consistent, varying to about 5,824 million in 2023.

6. Miscellaneous other assets:

- ❖ All other assets diminution by 170 percent from the 2019 value to 2023. The value dropped dramatically to 5,749 million in 2023 from 3381 million in 2019.

7. Total Assets:

- ❖ Total assets of the bank continuously grew and in 2023 reached 133% of the value of 2019. Total assets of 575,618 million by the year 2023.

Liability and Equity

1. **Borrowings from other banks, financial institutions, and agents:**

- ❖ Ranged significantly, with its maximum value reached in 2023 at 303%. Borrowings accrued to a total of 50,391 million in 2023.

2. Deposits and Other Accounts:

- ❖ Steady evident growth—up to 126% by 2023. Total deposits surged to 447,950 million in 2023.

3. Mudaraba Subordinated Bond:

- ❖ Increase observed in the past few years up to 117% by 2023. The value of bonds has been Increase to 13,400 million in 2023 from 11,500 million in 2019.

4. Mudaraba Perpetual Bond:

- ❖ High jump, 131% by the year 2023. Mudaraba Perpetual Bond reached 6000 million this year, 2023

5. Miscellaneous Liabilities:

- ❖ High jump, 134% by the year 2023. Other liabilities reached 25,176 million this year, 2023.

6 .Total Equity:

- ❖ Increasing trend toward reach 112% in 2023. Equity attributable to shareholders grew to 32,700 million in 2023.

7. The total liabilities and shareholders' equity:

- ❖ The increase rates are constant, reaching their maximum value at 133%. The total liabilities and shareholders' equity were up to 575,618 million in 2023.

Overall, EXIM Bank PLC horizontal analysis indicates higher levels of volatility among some asset categories, including cash and short-term investments, than the consistent growth trend reflected in loans and advances and total assets. Liabilities continued to rise, fueled by significant growth in deposits and other liabilities, there was a noticeable rise and appreciation in bonds. Shareholder equity also showed a steady growth, reflecting the overall growth and stability of the bank's financial position.

4.7.1 Horizontal Analysis of Income Statement (2019-2023)

Horizontal Analysis of Income Statement					
Years	2023	2022	2021	2020	2019
Net investment income	132%	106%	100%	110%	100%
Total operating income (a)	114%	109%	95%	101%	100%
Total operating expenses (b)	123%	122%	110%	112%	100%
Profit before provision and taxes (c = (a-b))	106%	98%	82%	91%	100%
Total provision (d)	113%	32%	93%	52%	100%
Total Profit before taxes (c-d)	104%	124%	77%	107%	100%
Net Profit after Taxation	133%	147%	78%	115%	100%
Earnings per share (EPS)	2.23	2.47	1.32	1.97	1.72

Horizontal analysis is a technique applied to financial data for multiple accounting periods for a business entity to determine which amounts increase or decrease due to changes in time. The base year here is 2019 which shows the result 2023 has net profit percentage which is 133% which is higher compared to previous years and lower since 2022. And also, the EPS in 2023 is decreasing which is 2.23 and the highest EPS is 2.47 in 2022. This is an application of horizontal analysis of income statement of EXIM Bank PLC between 2019 and 2023.

Income Statement Analysis:

1. Net investment income:

- ❖ There was a sharp fluctuation in net investment income over the years. Net investment income will increase to 132% in 2023. 10,034 million in net investment income by 2023.

2. Total Operating Income:

- The total operating income increased monotonically and reached 114% of the value 2019 at the end of 2023. The operating income increased from 13,016 million in 2019 to 14,888 million in 2023. This represents a positive growth of the bank's overall revenue.

3. Overall Operating Expenses:

- Operating expenses increased substantially, such that by 2023, they were at 123% of their 2019 value. Operating expenses rose from 6,096 million in 2019 to 7,521 million in 2023, reflecting increased costs involved during the bank's operation.

4. Profit before Provision and Taxes:

- Income before provision and taxes was relatively stable, reaching its peak at 106% in 2023 compared to the base year of 2019. There has been a minor increase from 6,919 million in 2019 to 7,367, million in 2023, with inevitable fluctuations throughout the journey.

5. Total Provision:

- Overall provisions increased by 113% in value in 2023 Provisions increased from 1,994 million in 2019 to 2,250 million in 2023, which could indicate an increase in assets and profits.

6. Total Profit before Taxes:

- Profit before tax increased by 4% over the five years. This profit grew from 4,925 million in 2019 to 5,116 million in 2023, the highest increase being in 2022 at 124%.

7. Net Profit after Taxation:

- Net profit after taxation increased on overall terms, and amounted to 133% of the value in 2019 by 2023. Net profit increased from 2,429 million in 2019 to 3,233 million in 2023, peaking considerably with significant fluctuations at 147% in 2022.

8. Earnings per Share (EPS):

- EPS increased from 2019 to 2020 but decreased in 2023. EPS increased from 1.72 in 2019 to 2.47 in 2022 and decreased to 2.23 in 2023.

Overall, EXIM Bank PLC performed mixed well in terms of net investment income, operating expenses and profitability. The bank increased its total operating income and net profit after tax. With continued growth in net investor income, as well as rising operating expenses, weak areas may require strategic attention. However, with consistent growth levels in total operating income and pre-tax profit, it shows that the bottom line business is growing similarly.

4.6.2 Vertical Analysis of Balance Sheet (2019-2023)

Vertical analysis of a bank's balance sheet is essential for understanding the structure and stability of its financial position. According to **Smith (2023).** Smith recommends that banks should aim for at least 20% of their total assets to be in the form of cash and cash equivalents, ensuring sufficient liquidity to meet short-term obligations. The study also emphasizes the importance of equity capital, suggesting that a minimum of 10% of total assets should be funded through equity to cushion against potential losses and enhance financial stability **(Smith, 2023).**

Vertical Analysis of Balance Sheet					
Years	2023	2022	2021	2020	2019
PROPERTY AND ASSETS					
Cash in Hand	6.36%	6%	10%	8%	7.44%
Balance with other banks and financial institutions	0.72%	2.22%	0.97%	1%	0.99%
Investments in shares and securities	8.92%	6.54%	0.81%	8.44%	9.99%
Investments	81.97%	84%	79%	81%	79.47%
Fixed assets including premises	1.01%	1.08%	1.02%	1.14%	1.31%
Other assets	1%	0.56%	0.70%	0.73%	0.78%
Total Assets	100%	100%	100%	100%	100%
LIABILITIES and CAPITAL					
Liabilities					
Placement from other banks & financial institutions	9%	7%	9%	6%	4%
Deposits and Other Accounts	78%	79%	78%	81%	82%
Mudaraba Subordinated Bond	2%	2%	3%	2%	3%

Mudaraba Perpetual Bond	1%	1%	1%	0%	0%
Other liabilities	4%	5%	4%	4%	4%
Total liabilities	94%	94%	94%	94%	93%
Capital/shareholders' equity					
Total shareholders' equity	6%	6%	6%	6%	7%
Total liabilities and shareholders' equity	100%	100%	100%	100%	100%

The following information shows the detailed vertical analysis of the balance sheet of EXIM Bank PLC from 2019 to 2023. Vertical analysis is conducted to determine the percentage of each amount in total assets or total liabilities and shareholders' equity. The vertical analysis of balance sheet shows that the shareholder equity is decrease by comparison of 2019 to 2023 that is 6% but that was 7% in 2019. Also, overall assets are also decreasing other hand the liability of Bank are increased by comparison of 2019 to 2023.

Vertical Analysis of Balance Sheet

Property and Assets:

1. Cash in Hand:

- ❖ Averages 6-10% of total assets in the past few years. The absolute Cash in Hand value has varied, peaking this year in 2021 at BDT 55,128,950,860

2. Balance with other banks and financial institutions:

- ❖ Represents 1-2% of aggregate assets. Peak marked in 2022 with an amount of BDT 12,025,655,415 confirming the strategic allocation in the year.

3. Investments in shares and securities:

- ❖ Represents 6-10% of aggregate assets. Peak marked in 2023 with an amount of BDT 51,373,149,093

4. Investments:

- Represents 79-84% of total assets. A significant increase over absolute terms can be noticed. Investments peak at a value of BDT 471,880,172,113 in 2023.

5. Tangible Fixed Assets Premises, Furniture, and Fixtures:

- Fixed around 1-1.30% of total assets. Small fluctuations in absolute value, with very little variation, generally keep investments in fixed assets fairly stable.

6. Other Assets:

- Ranges from 0.56-1% of total assets. Peaked in 2023 at the highest proportion and has stabilized around 0.70-0.78%.

Liabilities and Capital

1. Placement from other banks & financial institutions:

- Accounts for 4-9% of total liabilities. 2023 shows the year with the highest borrowing at BDT 50,391,228,562.

2. Deposit and Other Accounts:

- This is the major liability component of their total liabilities, around 78-82%. It peaked at, BDT 447,950,993,744 in 2023.

3. Mudaraba Subordinated Bond:

- A small portion and accounts for only 2-3% of the total liabilities. Markedly declining trend over the recent years.

4. Mudaraba Perpetual Bond:

- A small portion and accounts for only 0-1% of the total liabilities. Markedly Increases trend over the recent years.

4. Other Liabilities:

- It represents 4-5% of the total liabilities. The trend in absolute values is growing by the chart, with the maximum value appearing in 2023 amounting to BDT 25,176,115,209.

5. Total Liabilities:

- Always at about 93-94% of total assets. Demonstrates a stable liability structure through the years.

6. Total Equity:

- Accounts for 6-7 % of the total assets. Gradual increase in absolute values reaching a peak of BDT 32,700,579,109 in 2023, showing an increasing equity base.

4.7.2 Vertical Analysis of Income Statement (2019-2023)

Vertical analysis of the income statement is important as it helps assess the proportion of each expense and revenue item relative to total revenue. This enables businesses to evaluate profitability, control costs, and improve operational efficiency effectively.

According to Stephen A. Ross (2024), a bank should aim to improve its operating efficiency and profitability by keeping expenses within an ideal range. This can be achieved by vertically analyzing the income statement, which expresses each item as a percentage of total revenue. Vertical analysis helps identify the proportion of operating expenses relative to income, allowing the bank to optimize cost management and enhance profitability, ensuring efficient operations and financial stability.

Vertical Analysis of Income Statement					
Years	2023	2022	2021	2020	2019
Investment income	88.23%	82.73%	86%	86.81%	85.51%
Profit paid on deposits, borrowings	63.91%	60.41%	62%	63.99%	65.16%
Income from investment in shares/securities	5.30%	4.43%	2.54%	5.57%	6.07%
Commission, exchange & brokerage	1.56%	7.33%	8.04%	5.22%	6.12%
Gain on sale of investment in shares	0.02%	0.03%	0.55%	0.11%	0%
Other operating income	4.87%	5.45%	3.26%	2.27%	2.28%
Total Revenue	100%	100%	100%	100%	100%
Net investment income	24.31%	22.32%	24%	22.82%	20%
Total operating income (a)	36%	39.58%	38.77%	36%	34.80%

Net income	60.40%	61.90%	62.81%	58.83%	55%
Total operating expenses (b)	18%	20.77%	21.03%	18.67%	16%
Profit before provision and taxes (c = (a-b))	17.85%	18.80%	17.73%	17.33%	18.50%
Total provision (d)	5.45%	1.78%	5.80%	2.86%	5%
Total Profit before taxes (c-d)	12.39%	17.02%	11.93%	14.4%	13%
Net Profit after Taxation	7.83%	9.94%	5.9%	7.6%	6.49%
Earnings per share (EPS)	2.23	2.47	1.32	1.97	1.72

Vertical income statement analysis presents each item as a percentage of total revenue. This type of analysis helps recognize over time the relative importance and trends of different income and expense components. By the vertical comparison of 2019 to 2023 there shows that in 2023 reduce the overall percentage for that the net profit also decrease that is 7.83% in 2023 and also, the EPS in 2023 is decreasing which is 2.23 and the highest EPS is 2.47 in 2022.

Vertical Analysis of income statement:

1. Investment income:

❖ Represents the most significant percentage of total revenue between 83% and 88%. As of 2023, it has topped 88%, indicating its heavy reliance on investment income.

2. Profit paid on deposits, borrowings:

❖ Ranges from 60% to 65% of total revenue. Investment cost decreased by more than half beginning in 2019, indicating an improvement in investment expense management or a change in the bank's funding mix.

3. Income from investment in shares/securities:

❖ A consistent revenue driver with a value between 3% and 6%. With the investments going on, significant growth for 2021and 2023.

4. Commission, Exchange, and Brokerage:

❖ Declines from 6.12% in 2019 to 1.56% by 2023. A major reduction in 2023

5. Gain on sale of investment in shares:

- Had decreased from 0.11% in 2019 to 0.02% by 2023.

6. Other Operating Income:

- Had increased from 2% in 2019 to 5% by 2023. Strong growth in 2023to reflect the diversification into fee-based income streams.

7. Total Revenue:

- Fluctuations noted, with the peak in 2023 at BDT 41,261,248,986 .Compared to the previous years, 2023 has improved substantially, which indicates a better economic income situation.

8. Net investment income:

- Represents from 20% to 24% of the top-line revenue. There has a significant top in 2023, indicating lower investment costs or higher investment revenues.

9. Total Operating Income:

- Steady around 35% to 40% of the overall revenue. Represents the efficiency of the bank in core operating income generation.

10. Net Income:

- A huge chunk of the revenue, at its peak, in 2021 at 63%. Consistent drop in percentages from 2021 to 2023.

11. Total Operating Expenses:

- Corresponds to 16% to 21% of total revenue. Gradual decreasing expenses over the years, which are increasing the profit margin.

12. Profit before Provisions and Taxes:

- Accounts for roughly 17% to 19% of total revenue. Fluctuations denote the variability in managing operational efficiency and cost control.

13. Total Provision:

- 2%-5.80% of total revenue. Provisions peaked in 2021, reflecting prudent provisioning against probable losses.

14. Total Profit before Taxes:

- ❖ Ranges from 12% to 17% of total revenue. Reflects the general level of profitability before the effects of taxes.

15. Net profit after tax:

- ❖ Represents 6-10% of the total revenue. Shows stability in maintaining net profitability despite fluctuations in revenue and expenses.

16. Earnings per Share (EPS):

- ❖ EPS values show changes in profitability and, in turn, ultimately changes in shareholder value over the years.

Chapter 5 Findings, Recommendations and Conclusion

5.1 Findings:

The financial performance of EXIM Bank PLC is influenced by several key primary factors such as , current ratio, Efficiency ratio ,quick ratio, return on assets (ROA), return on equity (ROE) and debt ratio,. The findings vertical and horizontal analysis methods, Balance sheet and income statement. Financial ratio analysis indicate both strengths and weaknesses, highlighting areas for strategic focus. Based on the financial performance analysis, both positive and negative findings can be observed. Overall finding that we observed from above ratio and vertical and horizontal analysis of EXIM Bank PLC are given below:

Liquidity Ratio:

- ❖ EXIM Bank PLC Current Ratio resent five years are quite good except 2019. In 2019 Bank current ratio cannot meet the standard but company can easily meet the short-term loans. Those one years company current ratio was 1.44 that cannot meet standard but those ratios are healthy that's way company able to fulfill the short terms liabilities. On the other hand, in 2020, 2021, 2022, 2023 EXIM Bank PLC current ratio meet the standard.
- ❖ EXIM Bank PLC Efficiency ratio lower than 40% that is show inefficiencies in cost management. It did not meet the standard.

Profitability Ratio:

- ❖ EXIM Bank PLC's Return on Assets showed a decline from 0.66% in 2022 to 0.56% in 2023, signaling reduced profitability in utilizing its assets. It did not meet the standard.
- ❖ EXIM Bank PLC Return on Equity (ROE) in 2019 was 8.33%, in 2020 was 9.12% and finally in 2021 was 6.10% so, those three years ROE are not meet the standard. Because in 2019, in 2020 and 2021 ROE did not cross the 10%.

Solvency Ratio:

- ❖ EXIM Bank PLC Debt Ratio in 2023 was 94% that is not ideal debt ratio.

Horizontal Analysis:

- ❖ **Net Profit after Tax:** Net profit after tax decreased from 2022 to 2023. In 2022 was 147% on the other hand in 2023 reduced to 133%.

- **Total operating Expenses:** 2023 was a challenging year for EXIM Bank PLC, marked by rising total operating expenses and declining profitability**.**
- **Total liabilities:** EXIM Bank PLC Continuous Increases in Total liabilities.
- **Earnings per share (EPS):** EXIM Bank PLC recent years decline EPS that is a concern for profitability.

Vertical Analysis

- **Placement from other bank and financial institution:** Accounts for 4-9% of total liabilities. 2023 shows the year with the highest borrowing at BDT 50,391,228,562.

5.2 Recommendations:

Based on the comprehensive financial analysis of EXIM Bank PLC, the following recommendations are proposed to address its recommendations are given for improving the efficiency and challenges and enhance overall performance:

- EXIM Bank PLC Current Ratio in 2019 cannot meet the standard that's means EXIM Bank PLC was suffering some problems to fulfill the current liabilities. So, in this situation company can additionally finance.
- Efficiency ratio: EXIM Bank PLC should adopt automation, reduce costs, reduce wastage, implement automation, increase employee and improve productivity and reduce wasteful expenditure will increase the efficiency ratio.
- EXIM Bank PLC ROA situation means cannot utilizing asset Bank need to focus ROE more than 1% every year. So, Bank improve their ROA need to increase product pricing and have to reduce cost .So, Bank need to continually maintains asset section properly.
- EXIM Bank PLC Return on Equity (ROE) not stable so, need to increase ROE ratio for batter profitability Capacity.
- EXIM Bank PLC Debt Ratio more than 90% so Bank financial risk also higher need to focus on debt ratio need to reduce higher risk to decrease ratio should be less than 0.50 for reduce financial risk.
- EXIM Banks PLC can increase net profit after tax by reducing operational costs, optimizing investment spreads, and managing credit risk effectively.
- By focusing on improving interest income and controlling expenses, the bank can enhance its financial performance moving forward.

- EXIM BANK PLC to reduce to total liabilities Improve balance sheet management by maintaining a healthy ratio of assets Focus on reducing unnecessary liabilities and increasing equity by holding on to liabilities Income and capital injection.
- EXIM Bank PLC should growth EPS to increase profitability.
- The bank should focus on reducing borrowings, and managing liabilities better to stabilize its financial position.

5.3 Conclusion:

Financial analysis of Exim Bank, several key findings and recommendations emerge. Current Ratio resent five years meet the standard meet the short-term loans are quite good except 2019. Efficiency ratio lower than standard that is show inefficiencies in cost management. It Quick Ratios above 1:1 five year quick ratio was meet the standard that is Indicate good short-term financial health and liquidity management. Return on Assets showed a decline and reduced profitability in utilizing its assets. It did not meet the standard. Return on Equity two years meet the standard, on the other hand three years ROE are not meet the standard. Debt Ratio is very high that is not ideal debt ratio. Additionally, Net profit after tax decreased, Increases in Total liabilities, EPS recent years decline.

To address these issues, Exim bank PLC should for Current Ratio this situation company can additionally finance, Adopt automation, reduce costs, reduce wastage, implement automation, increase employee and improve productivity and reduce wasteful expenditure will increase the efficiency ratio, Bank improve their ROA need to increase product pricing and have to reduce cost .So, Bank need to continually maintains asset section properly, need to increase ROE ratio for batter profitability Capacity, debt ratio need to reduce higher risk to decrease ratio should be less than 0.50 for reduce financial risk, increase net profit after tax by reducing operational costs, optimizing investment spreads, and managing credit risk effectively, Finally Improve balance sheet management by maintaining a healthy ratio of assets Focus on reducing unnecessary liabilities and increasing equity by holding on to liabilities Income and capital injection .

By addressing these challenges through targeted recommendations, Exim Bank can enhance its operational efficiency, profitability, and overall financial stability, positioning itself for sustainable growth in the competitive banking industry.

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Appendices