

Internship Report
on
Financial Statement Analysis of EXIM Bank Limited
(A Study on Feni Branch)

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Letter of Transmittal

29th November, 2019

Professor Dr. Md. Abul Hossain
Coordinator, MBA Program
Department of Business Administration
Daffodil International University

Subject: Submission of Internship Report on “Financial Statement Analysis of EXIM Bank Limited- A study on Feni Branch”

Dear Sir,

I have prepared my internship report on the topic “Financial Statement Analysis of EXIM Bank Limited- A study on Feni Branch” under your kind supervision as a requirement of completing the degree of MBA program. I have tried my best to prepare the report in consistence with the optimal standard under your valuable direction.

I made every effort to reveal greater insight in this report. I hope that this will meet the standard of your judgment.

Thanking you for your kind supervision.

Sincerely yours



.....
(Mohiuddin Majumder)

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Student's Declaration

I, the undersigned, hereby declare that the Internship Report “Financial Statement Analysis of EXIM Bank Limited- A study on Feni Branch” has been prepared by me as a requirement for the accomplishment of MBA degree from the Head of Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University. It is also declared that, this report has been prepared for academic purpose only and has not been/will not be submitted elsewhere for any other purpose.



.....
(Mohiuddin Majumder)

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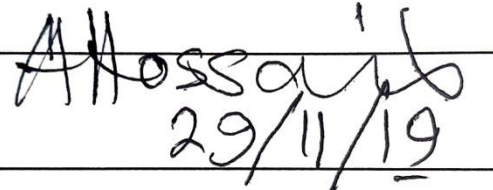
Faculty of Business and Entrepreneurship

Daffodil International University

Certificate of Supervisor

I hereby certify that Mohiuddin Majumder , ID No.141-14-513, a student of MBA Program, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University, has prepared the Internship Report titled “Financial Statement Analysis of EXIM Bank Limited- A study on Feni Branch” as a requirement for fulfillment of the degree of Master of Business Administration. The report is recommended for submission.

I wish him every success in life.


29/1/19

.....
(Professor Dr. Md. Abul Hossain)

Coordinator, MBA Program

Department of Business Administration

Daffodil International University

Acknowledgement

In the context of rapidly changing global scenario the importance of practical knowledge can no longer be ignored. In this view Department of Business Administration, Daffodil International University always encourages the students for improving their skills and efficiency.

I am in a learning process. Hence, whatever is the yield, this internship report undoubtedly enriched my learning with a lot of potential knowledge not available in the traditional education system. Thus, I express my humble gratitude and thanks to my honorable internship Supervisor **Professor Dr. Md. Abul Hossain** for his sincere co-operation and help that enabled me to taste such an outstanding experience.

I express my sincere gratitude to the persons I met who helped me a lot by providing valuable information along with enough articles and theory while preparing this internship report. I believe that this report will be helpful for the next students who are going to prosecute further research in this important field.

Last of all I express my gratefulness to Almighty Allah, without whose will and help nothing would be possible in this world.

Abstract

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation.

EXIM Bank will be unique organization in Bangladesh. It will be a knowledge-based organization where the EXIM Bank professionals will learn continuously from their customers and colleagues worldwide to add value. They will work as a team, stretch themselves, innovate and break barriers to serve customers and create customer loyalty through a value chain of responsive and professional service delivery. EXIM Bank Ltd. will serve its customers with respect and will work very hard to inspire a strong customer service culture throughout the bank. It will treat its employees with dignity and will build a company of highly qualified professionals who have integrity and believe in the Bank's vision and who are committed to its success.

The report is divided into five chapters. First chapter contains the introductory part of the report which implies introduction, origin, purpose, objectives, scope, methodology and limitations of the study.

Second chapters includes historical background, objective, corporate vision, corporate culture, banking with shariah principles, products and hierarchy of EXIM bank Limited. .

Third chapter consists theoretical aspects such as financial performance analysis, income statement, balance sheet, ratio analysis, types of comparison, significance of using ratios, cautions, and group of ratios.

Four chapters consists financial statement analysis of EXIM Bank Limited.

Five chapters consists findings, recommendations and conclusion.

List of Abbreviation

1. EXIM Bank: Export Import Bank
2. BB: Bangladesh Bank
3. GB: General Banking
4. KYC: Know Your Customer
5. BEFTN: Bangladesh Electronic Fund Transfer System
6. OBC: Outward Bill Collection
7. SME: Small Medium Enterprise
8. HDS: Household Durable Scheme
9. RDS: Rural Development Scheme
10. UPDS: Urban Poor Development Scheme
11. MTDR: Mudaraba Term Deposit Receipt
12. HPSM: Higher Purchase under Shirkatul Melk
13. RR: Rate of Return
14. MI: Micro-investment
15. ME: Micro-enterprise
16. CSR: Corporate Social Responsibility.
17. OIC: Organization of the Islamic Conference
18. IDB: Islamic Development Bank
19. IERB: Economics Research Bureau
20. BIBA: Bangladesh Islamic Bankers Association
21. .NPL: Nonperforming Loan

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Chapter One:

Introduction

1.1 Introduction

Financial information is the basis of financial performance analysis and decision making. Financial statements are very important for predict, evaluate and compare a firm's ability. Financial statements are also required for economic decision making and financial decision making.

Financial institutions are investment intermediaries linking the server and users of fund .These intermediaries are interposed between the ultimate borrower and lenders permitting them efficient transfer of fund .Individual having surplus fund can lend them for reasonable return to entrepreneur who need fund to take the advantage of economically and financially viable investment opportunities .The existence of financial institution facilitates such exchange of resource. Bank has a positive role in financing and investment activities which is a multidimensional process.

The key to success banking lays in the ability of balance many activities simultaneously. A healthy growth rate must be maintained by the bank. Banks also take some necessary steps to minimize its risk. Banks must maintain enough cash flows to meet their financial obligations. These steps are needed to keep sound bank performance. This report evaluates the features and basic risk of EXIM Bank.

1.2 Origin of the Study

After completing the Degree at Daffodil International University, under the Master of Business Administration curriculum, Mohiuddin Majumder, the author of this report was placed by the Carrier Services at EXIM Bank Limited as part of the internship. The report entitled “**Financial Statement Analysis**” has been prepared as a partial fulfillment of MBA program authorized by **Prof. Dr. Md. Abul Hossain**, Coordinator MBA Program, Uttara Campus, Department of Business Administration, Daffodil International University.

1.3 Purpose of the Study

The student of MBA program of Daffodil International University is required to undergo an internship, at the end of final semester. As a part of the program, I was been placed in EXIM

Bank Ltd. for a period of three months. From this perspective, on completion of three months internship, I have prepared this report. I truly appreciate this assignment and do hope that it will be a great importance in building my future career.

1.4 Objectives of the Study

❖ **General Objective:** The general objective is to evaluate financial performance of EXIM Bank Limited over last five years.

❖ **Specific Objectives:**

1. To determine financial performance of the EXIM Bank Limited as a whole.
2. To determine the liquidity condition of the bank.
3. To determine the efficiency of asset utilization.
4. To assess debt to finance its assets.
5. To assess the effectiveness of management in generating profit with its available asset.

1.5 Scope of the Study

The report deals with the financial performance evaluation in terms the theoretical knowledge and the practical point. By studying and learning about the performance evaluation issues, different modern techniques and models used to make the report more efficient. The study will help to realize the practical procedure of the Bank.

1.6 Methodology of the Study

While determines the sources of information that would be required for the study, I used both primary and secondary data to conduct my survey. In addition, I have included my own observation as a valuable and first hand source while describing the performance and the evaluation of the bank.

(a) Primary data:

- The primary data of this report were collected through:
- Personal Observation.
- Direct interview & Conversation with the Officers.
- Practical experiences obtained from the Branch office of EXIM Bank.

(b) Secondary Data:

- Secondary data of this report were collected through:
- Texts regarding Electronic Banking.
- Annual report of EXIM Bank Limited.
- Printed outlines and documentation supplied by EXIM Bank Limited.
- Website of EXIM Bank Limited (<http://www.eximbank-bd.com/>).
- Internet sources.
- Expert's opinion.

1.8 Limitations of the Study

The work is mainly based on interpreting primary data. There is insufficiency of Secondary data but for the purpose of the betterment of the present position of the bank's accounting procedure, collecting, interpreting and integrating primary data has been utilized.

Though a very comprehensive and a well-organized report has been tried to be produced but there are still some limitations present here.

- i. The authorities could not express to us accurate data due to their confidentiality.
- ii. The executives of the bank could not give adequate time because of their work.
- iii. Data and information used in this study are mostly from secondary sources.
- iv. Some date is not up to date.

Chapter Two:

Profile of the Organization

2.1 Historical Background of EXIM Bank Limited

EXIM Bank Limited was started under the rules & regulations of Bangladesh bank & the Bank companies" Act 1991, on the 3rd August 1999 with the leadership of Late Mr. Shahjahan Kabir, founder chairman who had a long dream of floating a commercial bank which would contribute to the social-economic development of our country. He had a long experience as a good banker. A group of highly qualified and successful entrepreneurs joined their hands with the founder chairman to materialize his dream. Indeed, all of them proved themselves in their respective business as most successful star with their endeavor, intelligence, hard working and talent entrepreneurship. Among them, Mr. Md. Nazrul Islam Mazumder became the honorable chairman after the demise of the honorable founder chairman.

EXIM Bank Bangladesh limited was known as BEXIM Ban of its very beginning, which stands for Bangladesh Export Import Bank Limited. But for some legal constraints the bank renamed as EXIM Bank, which means Export Import Bank Of Bangladesh Limited.

The bank starts its functioning from 3rd August 1999 with Mr. Alamgir Kabir, FCA as the advisor and Mr. Mohammad Lakiotullah as the Managing Director. Both of them have long experience in the financial sector of our country. By their pragmatic decision and management directives in the operational activities, this bank has earned a secured and distinctive position in the banking industry in terms of performance, growth, and excellent management.

2.2 Objective of EXIM Bank Limited

Bangladesh is now an integral part of global market. As such there is an urgent requirement for Bangladesh to place the traditional Banking practices in harness with the global trades of a free market economy by following international Banking customs, practices and standards. Today clients of a Bank in Bangladesh are exposed as well as international markets. They have to stay update with their practice and standards to meet the demands of achieving harmony in the high standards of a free economy. Hence, by getting into both corporate and retail Banking and rapid innovation and networking the Bank believes that it can accomplish its goals.

The core objectives are:-

- To carry on, Transact, undertake and conduct the business of Banking in all its

branches and to transact and do all matters and things incidental there to in Bangladesh and abroad.

- To receive, borrow or raise money on deposits, loan or otherwise, upon such terms as the Company may approve and to give guarantees and indemnities in respect of all debts and contracts.
- To establish welfare oriented Banking systems.
- To play a vital role in human development and employment generation.
- To invest money in such manner as may from time to time be thought proper.
- To carry on the business of buying and selling bullion, gold and other valuable assets.

2.3 Corporate Vision

The substance of our imaginativeness is "**Together Towards Tomorrow.**" EXIM Bank relies on togetherness with their customers. It believes that togetherness is very important for the organization growth and success. To achieve the expected goal, EXIM Bank ensures continuous improvement of their organizations. EXIM Bank also believes that strategic plan and networking provide competitive advantage over the rapidly changing environment. It also provides quality services to the customers which trend to continuous improvement which helps to achieve organizational goals.

2.4 Corporate Culture

In every organization culture is a very important part which helps to members together. A good organizational culture provides EXIM Bank a competitive advantage. EXIM Bank maintains very good employees and customer relationships and these culture practices important for their organizational success.

2.5 Banking with Shariah Principles

EXIM Bank is the first Bank in Bangladesh which turns all kinds of conventional Banking into the Islamic Banking. EXIM Bank offers various services for Muslims and Non-Muslims

customers which provide them flexibility in their Savings and Investments. EXIM Bank can be called as specialized in Islamic Finance.

2.6 Products of EXIM Bank Limited

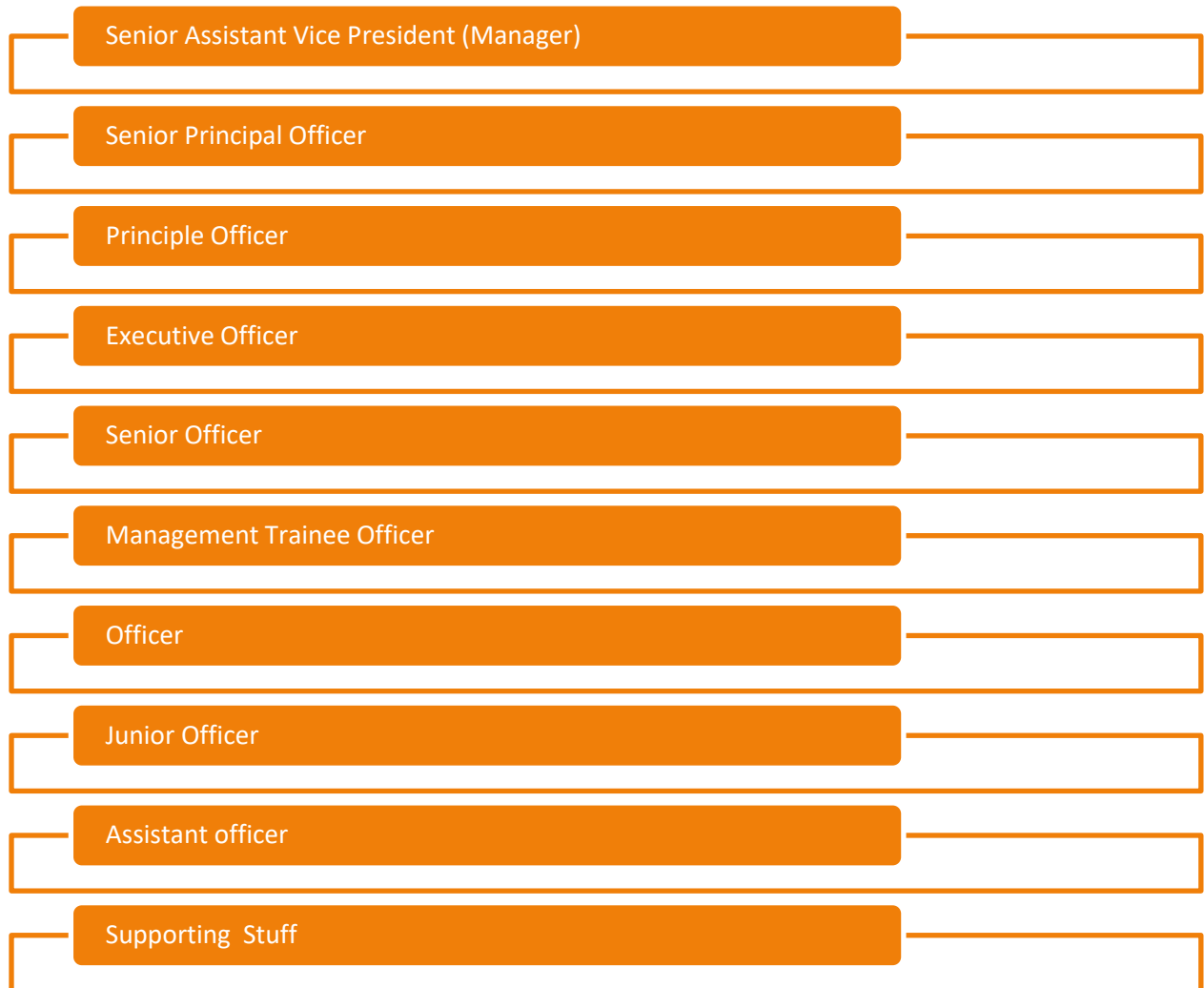
Export Import Bank Limited offers its customers' general banking facilities which ensure the safety of their money along with fair and smart return of their money. EXIM Bank collects their deposits from the customer by following ways:

Investment/ Finance	<ol style="list-style-type: none"> 1. Industrial Finance 2. Project Finance 3. Corporate Finance 4. Mode of Investment 5. BaiMurabah 6. BaiMuazzal 7. IzaraBilbaia 8. Quard 9. Local documentary bill purchased 10. Foreign documentary bill purchased
Foreign Exchange	<ol style="list-style-type: none"> 1. Foreign currency deposits accounts 2. Non-residents foreign currency deposits accounts
Deposits	<ol style="list-style-type: none"> 1. AlWadia current deposit 2. Mudaraba savings deposit 3. Muaraba short term deposit 4. Foreign currency deposit 5. Mudaraba savings scheme 6. Monthly savings scheme 7. Mudaraba Hajj Deposit

2.7 Ratio Analysis of EXIM Bank Limited

Year/Particulars	2014	2015	2016	2017	2018
Current asset	164840.5	190505.1	227303.6	256995.9	275829.1
Current liabilities	135725.42	163384.1	199556.1	224745	248223.6
Cash	26180.7	22112.7	28512.6	26002	32494.4
Balance with other bank	8954.3	11946.7	3542.2	15342.6	2964.2
Securities	10345.3	11443.5	16296	17581.6	16473.5
Total Asset	166997.9	195542.2	232411.8	265148.4	291133.9
Total Interest Income	8117	8284.1	10219.1	10918.8	10996.3
Total Investment	119360	145001.9	179165.5	197536.5	223396.9
Total Deposit	140025.4	165391.5	200009	224770.8	248223.6
Interest expense	2822.8	3331.4	4215.3	4531.8	5047
Total Liabilities	150447.7	175043.1	209306.5	240025.9	264666.1
EBIT	5294.1	4952.7	6003.7	6386.9	5949.2
Net profit	2083	1885.6	2480.9	2086.5	3039.7
Shareholders' equity	16550.1	20499	23105.2	25122.3	26467.6
No of share outstanding	1052	1156.8	1285.4	1409.8	1413.8
Market value per share	15.83	17.72	15.55	17.82	18.72
Ratio Analysis	2014	2015	2016	2017	2018
Net Working capital	29115.08	27121	27747.5	32250.9	27605.5
Current Ratio	1.2145146	1.165995	1.1390461	1.1435	1.111212
Cash Ratio	0.3350905	0.278503	0.2422918	0.2621914	0.209215
Total Asset turnover	0.0486054	0.042365	0.0439698	0.04118	0.037771
Investment to deposit ratio	0.8524168	0.876719	0.8957872	0.8788352	0.899983
Interest income to interest expense	2.8755137	2.486672	2.4242877	2.4093738	2.178779
Debt Ratio	0.9008958	0.895168	0.9005847	0.9052512	0.909087
Time Interest Earned Ratio	1.8754782	1.486672	1.424264	1.4093517	1.17876
Net Profit Margin	0.2566219	0.227617	0.2427709	0.1910924	0.276429
Return on asset	0.0124732	0.009643	0.0106746	0.0078692	0.010441
Return on Equity	0.1258603	0.091985	0.1073741	0.0830537	0.114846
Earnings Per Share(EPS)	1.980038	1.630014	1.9300607	1.4799972	2.150021
P/E Ratio	7.994796	10.87107	8.0567415	12.040564	8.706891

2.8 Hierarchy Structure of EXIM Bank Limited



Chapter Three:

Theoretical Framework

3.1 Financial Performance Analysis

Financial performance measure how well a firm can manage their assets form business to generate revenues financial performance is also used to measure the overall financial situation over a given period of time and also used to compare with the similar firms across the same industry.

3.2 Income Statement

Firms operating summary during a specified period of time is provided by income statement. Normally income statements covering a 1 year period at a specified date, ordinary 31st December of the calendar year.

3.3 Balance Sheet

A summary statement of the firm's financial position at a given period in time is presented through balance sheet. Firm's assets, debt and equity are presented in the balance sheet at a given period of time.

3.4 Ratio Analysis

The method of interpreting and calculating financial information to analyze and monitor the Firm's financial performance is called ratio analysis. The bases of ratio analysis are firm's income statement and balance sheet.

3.5 Types of Comparison

- Time series analysis: Evaluation of the firm's financial performance over time using financial analysis.
- Cross sectional Analysis: Comparison of different firm's financial ratio at the same point of time.

3.6 Significance of using Ratio

- To compare with other ratios in the same financial statements.
- To compare same ratios of preceding year financial statements.
- To compare with standard of performance.

3.7 Cautions

We must consider following cautions before discussing specific ratios.

- ❖ Sufficient information cannot be judged through a single ratio.
- ❖ Ensure that the dates of financial statements being compared at the same point of time.
- ❖ Audited financial statements are preferable to ratio calculation.

3.8 Groups of Ratios

- ❖ Liquidity Ratio
- ❖ Activity Ratio
- ❖ Debt Ratio
- ❖ Profitability Ratio
- ❖ Market Ratio

3.8.1 Analyzing Liquidity Ratio

Net Working Capital

Net working capital is calculated by total current liabilities subtracting from total current assets.

Net Working Capital = Current Assets – Current Liabilities

Current Ratio

Organization is using current ratio to measure the firm's ability to short-term obligation.

Current Ratio = Current Asset/Current Liabilities.

Quick Ratio

This ratio shows a firm's ability to meet total current liabilities with its most liquid assets.

Quick Ratio = Cash+ Govt. securities + Receivable/total current asset.

Cash Ratio

Its measures the current extent to which a corporation or other entity c liquidate assets and convert short-term liabilities and therefore is of interest to short term creditors also called cash ratio.

Cash Ratio = (cash+ money at call &short notice+ marketable securities+ balance with other balance)/current liabilities.

3.8.2 Analyzing Activity Ratio:

Total Asset Turnover

Total asset turnover ratio is calculated to indicate the efficiency with which the firm able to generate sales by using its assts.

Total Asset Turnover = Operating Income / Total Asset

Investment to Deposit Ratio

This ratio shows the operating efficiency of a bank which calculated through investment product by measuring the percentage of the total deposits disbursed by the bank.

Investment to Deposit Ratio = Total Investment / Total Deposit

Interest income to interest expenses ratio

This ratio measures the efficiency of management to generate interest income compared to interest expenses.

Interest income to interest expenses ratio=Interest income/Interest expenses.

3.8.3 Analyzing Debt Ratio

The debt position of that indicates the amount of other people's money being used in attempting to generate profit.

Debt Ratio

The proportion of assets provided by creditors is measured by Debt Ratio.

Debt Ratio = Total Liabilities / Total Assets

Equity Capital Ratio

The position of the Bank's owner's equity by measuring the portion of assets financed by shareholders invested fund is calculated through Equity Capital Ratio.

Equity Capital Ratio = Total Shareholder's Equity / Total Assets

Time Interest Earned Ratio

The organization's ability to meet its contractual interest payment which indicates that how well the company is able to pay their interest from income.

Time Interest Earned Ratio = Earnings before Interest and Taxes / Interest Expenses

3.8.4 Analyzing Profitability Ratio

Profitability ratio is evaluate to measure the bank's earning with respect to a level of sales, a certain level of assets, share value and the shareholder's investment. A firm cannot be able to attract outside investors without attractive profit.

Operating Profit Margin

The operating profit margin indicates that how much profit earned on each sales dollar. It is preferable to maintain high operating profit margin.

Operating Profit Margin = Operating Profit / Sales

Net Profit Margin

The net profit margin is the percentage of each sale to after tax net income. Maintaining higher profit margin is better for the company.

$$\text{Net Profit Margin} = \text{Net profit} / \text{Total assets}$$

Return on Assets (ROA)

Return on asset is measured the firm's ability to earning profit relative to its available assets. It also measures the effectiveness of the firm in generating profit.

$$\text{Return on Asset} = \text{Net Profit} / \text{Total Asset}$$

Return on Equity (ROE)

The return earned on the shareholder's investment is measured by ROE. Higher return on equity is better for the shareholders.

$$\text{Return on Equity (ROE)} = \text{Net Income} / \text{Shareholders Equity}$$

Earnings Per Share

Earnings per share are the earnings returned on the initial investment amount.

$$\text{Earnings per Share} = \text{Earnings Available for Common Stockholders} / \text{No of Share of Common Stock Outstanding}$$

3.8.5 Analyzing Market Ratio:

Market ratio relates the firm's market value, as measured by its current share price to certain accounting value (Gitman, page-69). It indicates how well investors in the marketplace feel the firm are doing in term of risk and return.

Price / Earning Ratio

The price earnings ratio of a stock is measure of the price paid for a share relative to the income or profit earned by the firm per share.

$$\text{Price Earnings Ratio} = \text{Market Price per Share of Common Stock} / \text{Earning per Share}$$

Chapter Four:

Financial Statement Analysis of EXIM Bank Ltd.

4.1 Liquidity Ratio

4.1.1 Net Working Capital:

A firm's overall liquidity is measured by net working capital. It is a calculation of liquidity position. The bank's EXIM Bank is given in the following table.

Table-1: Net working capital

Year	2014	2015	2016	2017	2018
Current asset (TK in Millions)	164840.5	190505.1	227303.6	256995.9	275829.1
Current liabilities (TK in Millions)	135725.42	16384.1	199556.1	224745	248233.6
Net working capital	29115.08	27121	27747.5	32250.9	27605.5

Graphical presentation:

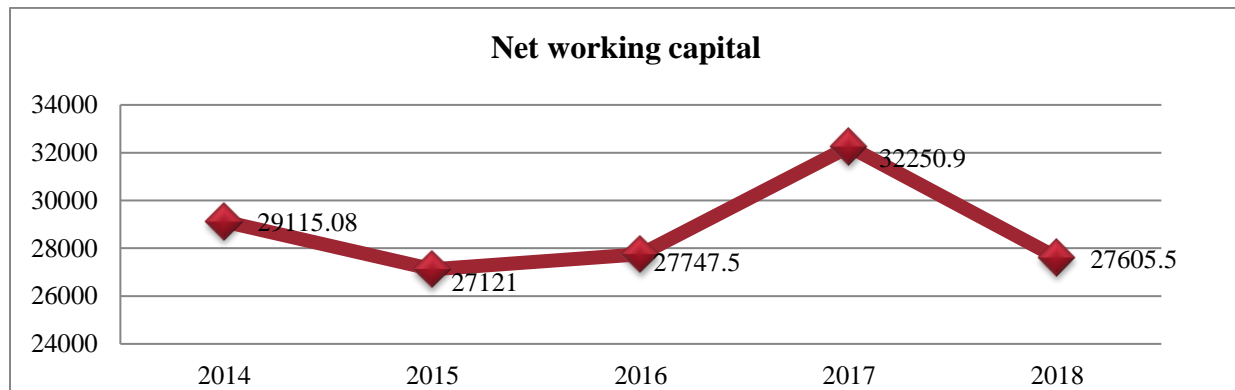


Figure-1: Net working capital

Interpretation: There was downward trend from 2014 to 2015. However, the net working capital has increased from 29115.08 in 2014 to 32250.9 in 2017. But there is decreasing trend in 2018 because current liabilities has increased large proportion than current asset in 2018.

4.1.2 Current Ratio:

Organizations are using current ratio to measure the firm's ability to short-term obligation. A higher current ratio represents a better liquidity position.

Table-2: Current ratio

Year	2014	2015	2016	2017	2018
Current asset (TK in Millions)	164840.5	190505.1	227303.6	256995.9	275829.1
Current liabilities (TK in Millions)	135725.42	16384.1	199556.1	224745	248233.6

Graphical presentation:

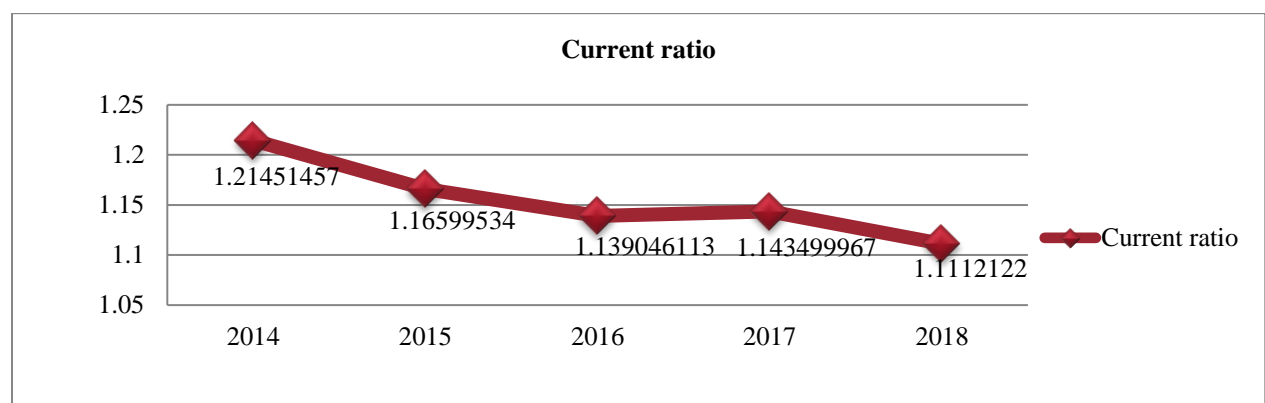


Figure-2: Current ratio

Interpretation: The graph shows that, there is decreasing trend current ratio of EXIM Bank from 1.21451457 in 2014 to 1.1112122 in 2018. This indicates that the firm liquidity position has to be increased for the smooth operation because there is a decreasing of the ratio.

4.1.3 Cash Ratio

Total dollar value of cash and marketable securities divided by current liabilities.

Cash Ratio= (Cash+ money at call & short notice+ marketable securities+ balance with other bank)/Current Liabilities

Table 3: Cash Ratio

Year	2014	2015	2016	2017	2018
Cash Ratio	.33509051	.27850262	.242291767	.262191372	.209215

Graphical Presentation:

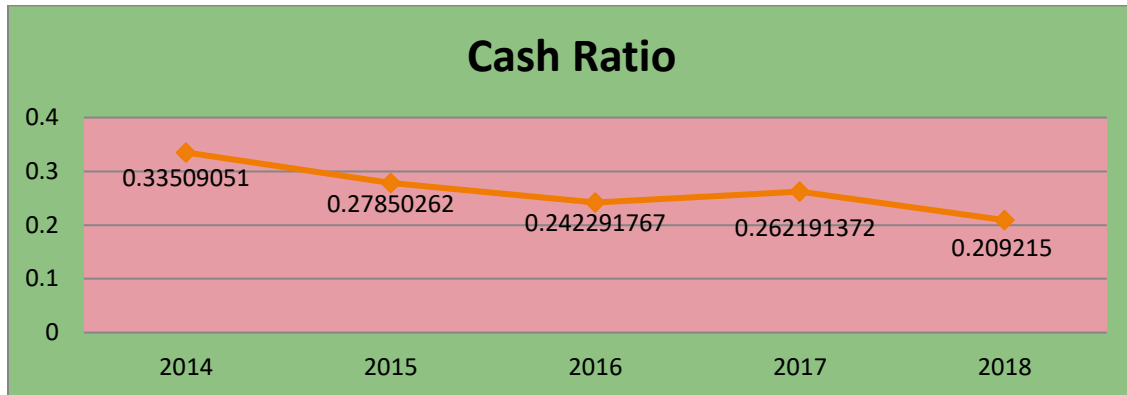


Figure 3: Cash Ratio

Interpretation: The EXIM Bank’s cash ratio decreased from 2014 to 2018. It is really important to look how much cash the bank has to meet its current liabilities and the cash ratio gives a better result. In this cash we can say that management has failed to use cash and it’s a big loss for a bank.

4.2 Asset Utilization Ratio

4.2.1 Total Asset Turnover:

Total asset turnover ratio is calculated to indicate the efficiency with which the firm able to generate sales by using its assts.

Table-4: Total Asset Turnover

Year	2014	2015	2016	2017	2018
Total income (TK in Millions)	8117	8284.1	10219.1	10918.8	10996.3
Total asset(TK in Millions)	166997.9	195542.2	232411.8	265148.4	291133.9
Total asset turn over	.0486	.04236	.043969	.041179	.03777

Graphical presentation:

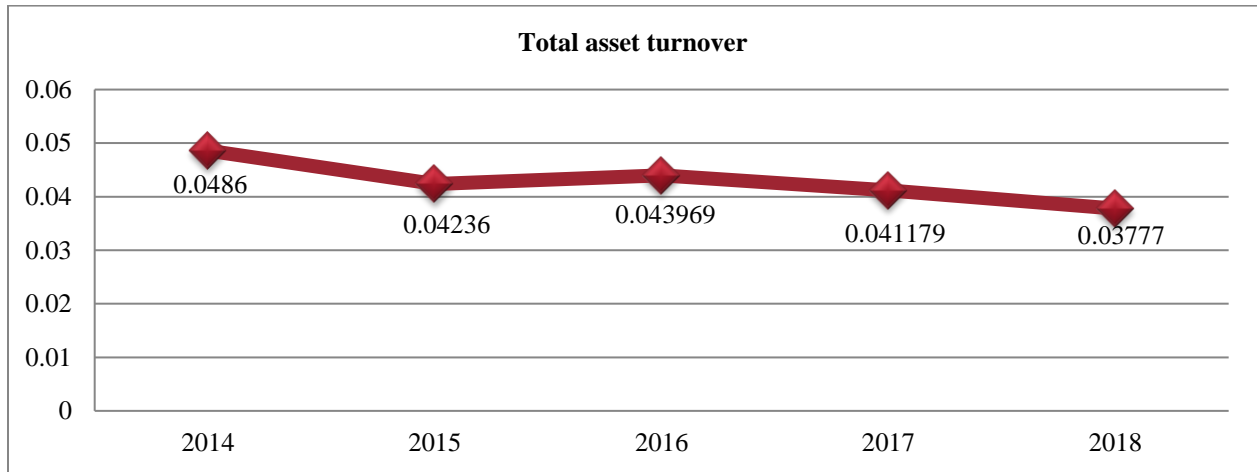


Figure-4: Total Asset Turnover

Interpretation: Total asset turnover ratio is calculated to indicate the efficiency with which the firm able to generate sales by using its assts. The graph shows that the total asset turnover has decreased over the years. The total asset turnover has increased from 0.04236 in 2015 to 0.043969 in 2016 but total asset turnover decreased from 2017 to 2018. The EXIM Bank is total asset turnover ratio is in a decreasing trend which indicates bad sign for company.

4.2.2 Investment to Deposit Ratio:

Operating efficiency of a bank which calculated through investment product by measuring the percentage of the total deposits disbursed by the bank.

Investment to Deposit Ratio = Total Investment / Total Deposit

Table 5: Investment to Deposit Ratio

Year	2014	2015	2016	2017	2018
Investment to Deposit Ratio	.852416	.876719	.895787	.878835	.899982

Graphical Presentation:

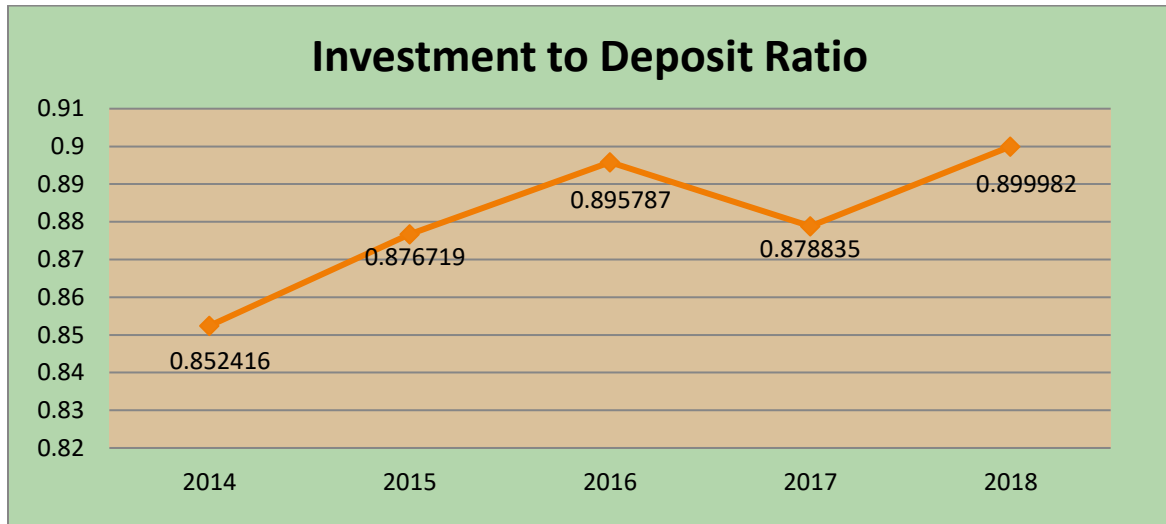


Figure 5: Investment to deposit ratio

Interpretation: Investment to deposit ratio shows that which amount of deposit is invested. Investment to deposit ratio is increasing year by year except 2015. If the investment is higher, the operating efficiency will be higher.

4.2.3 Interest Income to Interest Expense Ratio:

Interest income to interest expenses measures the overall effectiveness of management in generating interest income compared to interest expenses. The higher the ratio is better.

Interest income to interest expenses ratio = Interest income/Interest expenses

Table 6: Interest income to interest expenses ratio

Year	2014	2015	2016	2017	2018
Total Interest income (TK in Millions)	8117	8284.1	10219.1	10918.8	10996.3
Total Interest Expense(TK in Millions)	2822.8	3331.4	4215.3	4531.8	5047

Interest income to interest expenses ratio	2.8755	2.4866	2.4242	2.4093	2.1787
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Graphical Presentation:

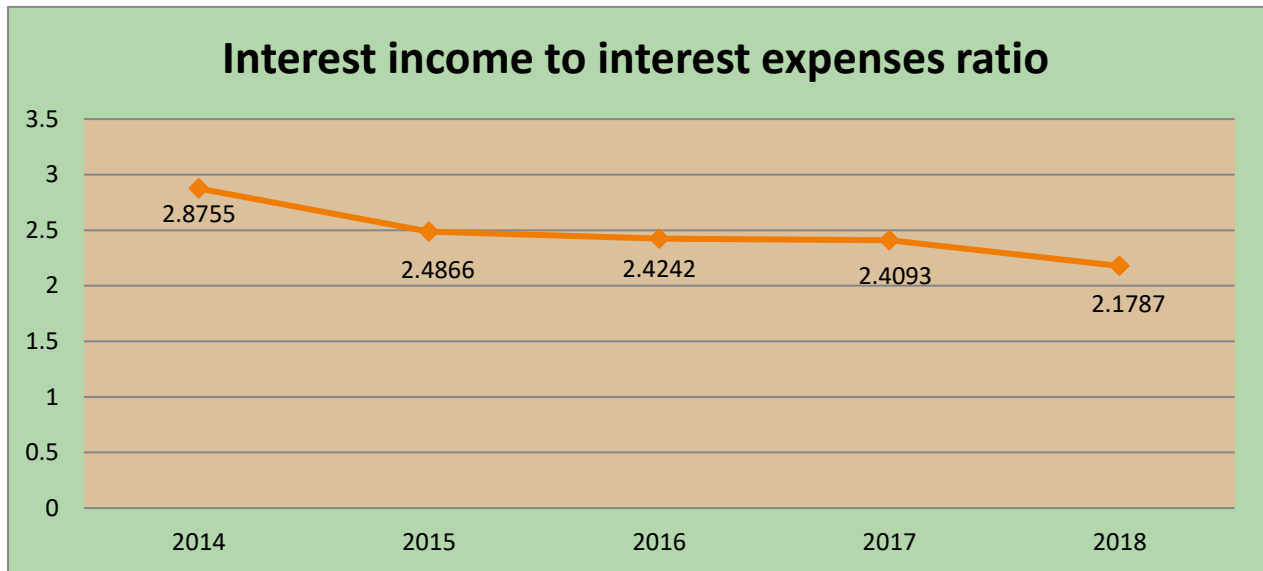


Figure 6: Interest income to interest expenses ratio

Interpretation: Above figure indicate this ratio was decreased from 2014 to 2018. EXIM Bank is maintained well interest income to interest expense ratio but there is a decreasing trend of the ratio. It means that increase in interest income is comparatively lower than interest expenses. So, EXIM Bank must careful about the interest income and interest expense of the company.

4.3 Debt Ratio

4.3.1 Debt Ratio:

The proportion of assets provided by creditors is measured by Debt Ratio.

Table-7: Debt Ratio

Year	2014	2015	2016	2017	2018
Total Liabilities (TK in Millions)	150447.7	175043.1	209306.5	240025.9	264666.1

Total asset(TK in Millions)	166997.9	195542.2	232411.8	265148.4	291133.9
Debt Ratio	.90089	.89516	.90058	.90525	.90908

Graphical presentation:

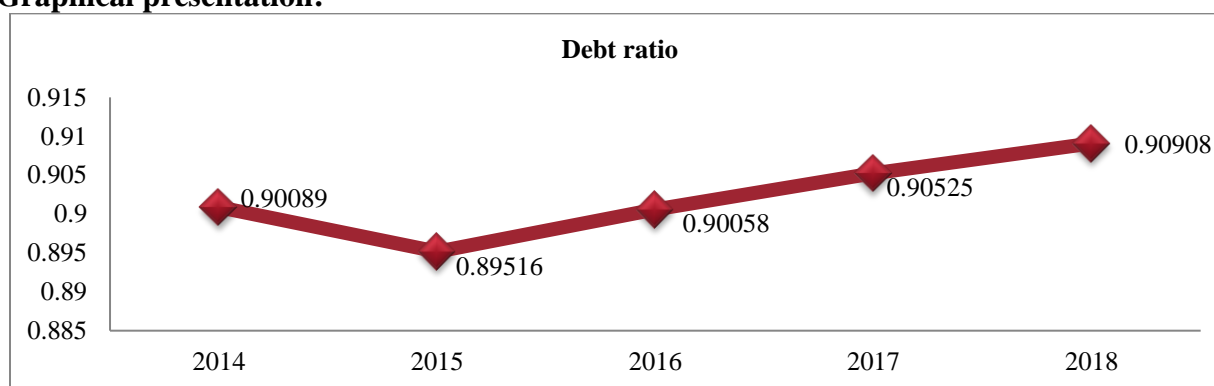


Figure-7: Debt Ratio

Interpretation: The Debt ratio measures the proportion of total assets provided by the firm’s creditors. This graph shows that, the debt ratio of the bank has fluctuated over the years. The EXIM Bank total debt ratio has decreased from 0.90089 in 2014 to 0.89516 in 2015; again the debt ratio has increased .90058 in 2016 to .90908 in 2018 which indicates that EXIM Bank’s debt against asset is decreased.

4.3.2 Time Interest Earned Ratio

The time interest earned ratio, sometimes called the interest coverage ratio, measures the firm’s ability to make contractual Interest payments.

Time Interest Earned Ratio = EBIT / Interest Expenses

Table 8: Time Interest Earned Ratio

Year	2014	2015	2016	2017	2018
EBIT (TK in Millions)	5294.1	4952.7	6003.7	6386.9	5949.2
Interest Expense(TK in Millions)	2822.8	3331.4	4215.3	4531.8	5047

Times Interest Earned Ratio	1.87547	1.48667	1.42426	1.40935	1.17875
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Graphical Presentation:

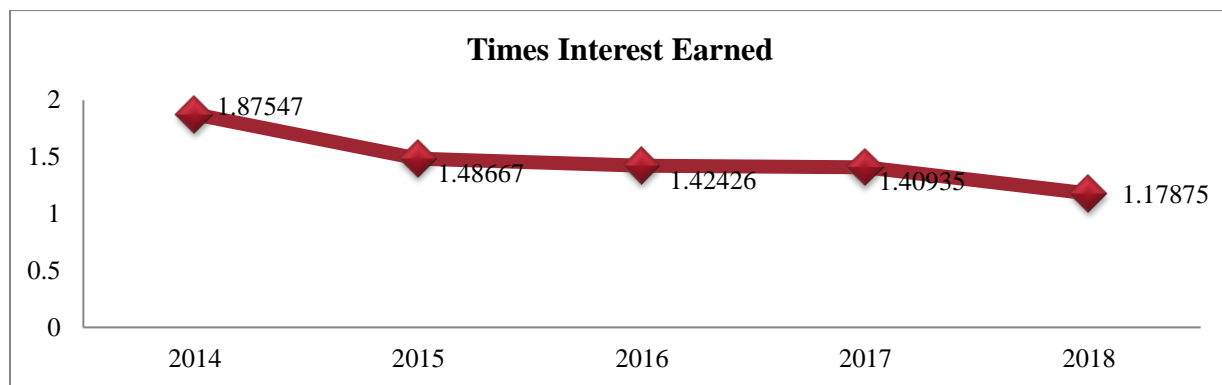


Figure 8: Time interest earned ratio

Interpretation: Above figure indicates that the time interest earned ratio was decreasing from 2014 to 2018. The higher its value, the better able the firm is to fulfill its interest obligation by its operating income. This ratio decreased from 2014 to 2018. So EXIM Bank should concentrate to continue increase this ratio and generating enough cash from its operation EBIT to meet its interest obligations.

4.4 Profitability Ratio

5.4.1 Net Profit Margin:

The net profit margin is the percentage of each sale to after tax net income. Maintaining higher profit margin is better for the company. The net profit margin is a commonly cited measure of the company's success with respect to earnings on sales

Table-9: Net Profit Margin

Year	2014	2015	2016	2017	2018
Net profit after tax (Tk. in Millions)	2083	1885.6	2480.9	2086.5	3039.7
Operating income (Tk. in Millions)	8117	8284.1	10219.1	0918.8	10996.3
Net profit margin	25.66%	22.76%	24.28%	19.11%	27.64%

Graphical presentation:

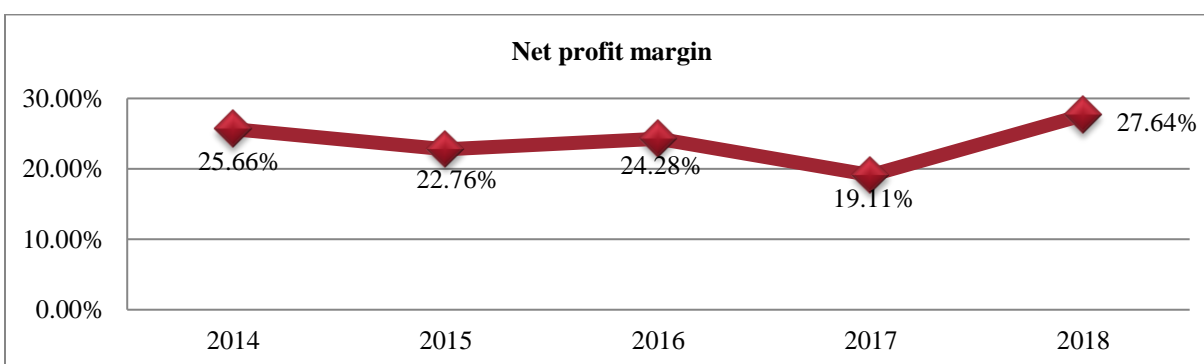


Figure - 9: Net Profit Margine

Interprétation:The Bank net profit margin has fluctuated over the years. The net profit margin measures of the firm’s success with respect to earnings on revenue. However, the net profit margin has decreased from 25.66% in 2014 to 22.76% in 2013 again increase 24.28% in 2016 after that it slightly increased to 27.64% in 2018 which indicates that EXIM Bank is successfully operating its business.

4.4.3Return on Assets (ROA):

Return on asset is measured the firm’s ability to earning profit relative to its available assets. It also measures the effectiveness of the firm in generating profit. The higher the ratio is better.

Table-10: return on Asset

Year	2014	2015	2016	2017	2018
------	------	------	------	------	------

Net profit after tax (Tk. in Millions)	2083	1885.6	2480.9	2086.5	3039.7
Total asset(TK in Millions)	166997.9	195542.2	232411.8	265148.4	291133.9
Return on Asset	1.25%	.964%	1.067%	.786%	1.044%

Graphical presentation:

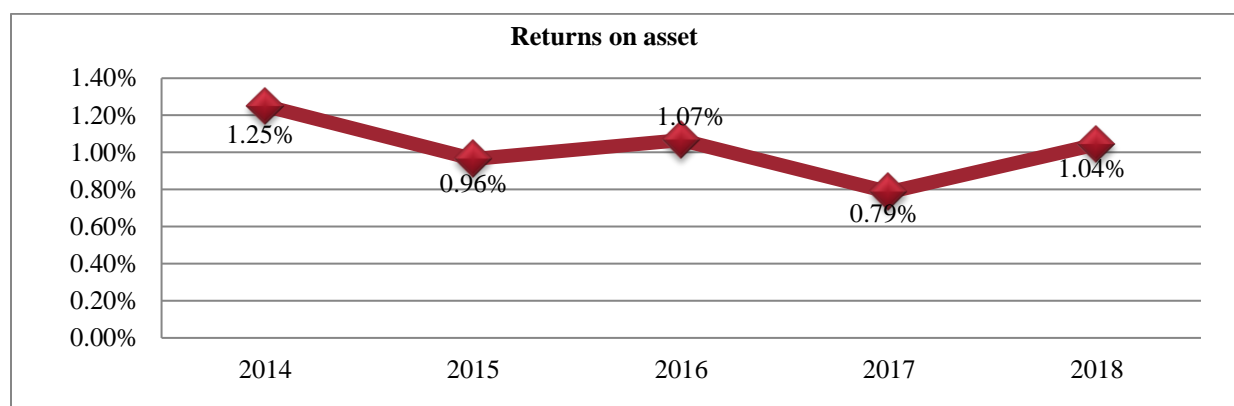


Figure-10: Returns on asset

Interpretation: The graph shows that the return on asset has fluctuated over the years. It measures the firm's Overall effectiveness in generating profits with its available assets. The ROA of EXIM Bank has decreased from 1.25% in 2014 to 1.04% in 2018 which is a negative sign for the bank.

4.4.4 Return on Equity (ROE):

The return earned on the shareholder's investment is measured by ROE. Higher return on equity is better for the shareholders.

Table-11: ROE

Year	2014	2015	2016	2017	2018
Net profit after tax (Tk. in Millions)	2083	1885.6	2480.9	2086.5	3039.7

Shareholders' equity (Tk. in Millions)	16550.1	20499	23105.2	25122.3	26467.6
Return on equity	12.59%	9.20%	10.74%	8.31%	11.48%

Graphical presentation:

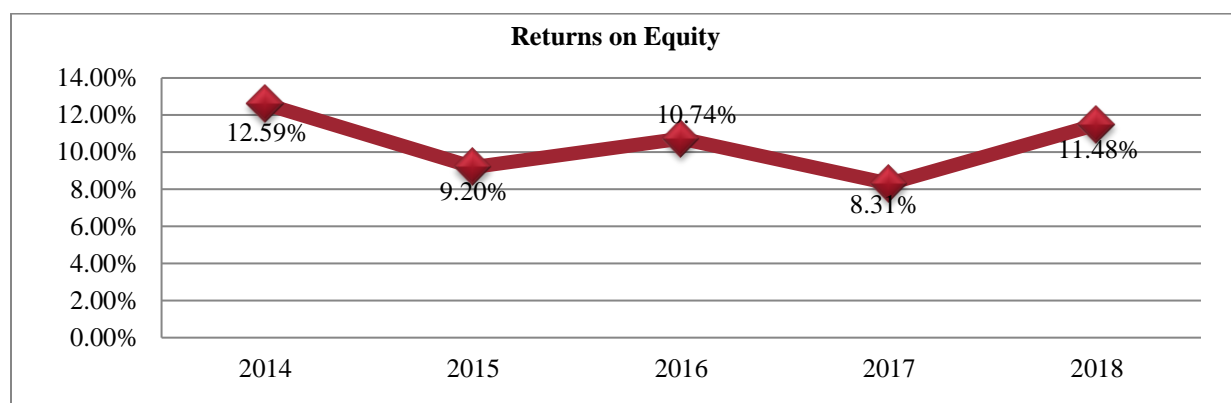


Figure-11: Return on equity

Interpretation: The return on equity measures the return earned on the owner's investment. The graph shows that the ROE of EXIM Bank has fluctuated over the year. The ROE of EXIM Bank has decreased from 12.59% in 2014 to 8.31% in 2017. In 2018 it becomes 11.48%. That indicates bank need to give more effort to increase the Ratio.

4.4.5 Earning per Share (EPS)

Earnings per share are the earnings returned on the initial investment amount. The firm's Earning per share (EPS) are generally of interest to present or prospective stockholders and management. The Earning per share represent the number of Taka earned on behalf of each outstanding share of common stock. The earnings per share are calculated as follows

Table-12: Earning per Share

Year	2014	2015	2016	2017	2018
Earnings available for common stock (Tk. in	2083	1885.6	2480.9	2086.5	3039.7

Millions)					
No of share outstanding (Tk. in Millions)	1052	1156.8	1285.4	1409.8	1413.8
Earning par share	1.98	1.63	1.93	1.48	2.15

Graphical presentation:

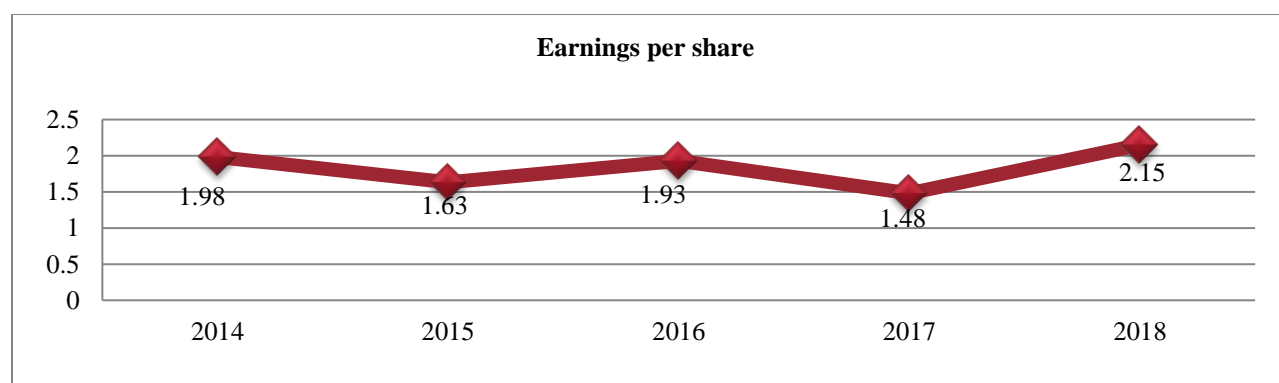


Figure-12: Earnings per share

Interpretation: The Earning per share represent the number of dollars earned on behalf of each outstanding share of common stock. The graph shows that the firm's Earning per share has fluctuated over the years. However, the Earning per share has decreased from 1.98 in 2014 to 1.48 in 2017. Again earning per share is increased 2.15 in 2018 which indicates positive growth of the share and company's increased profitability.

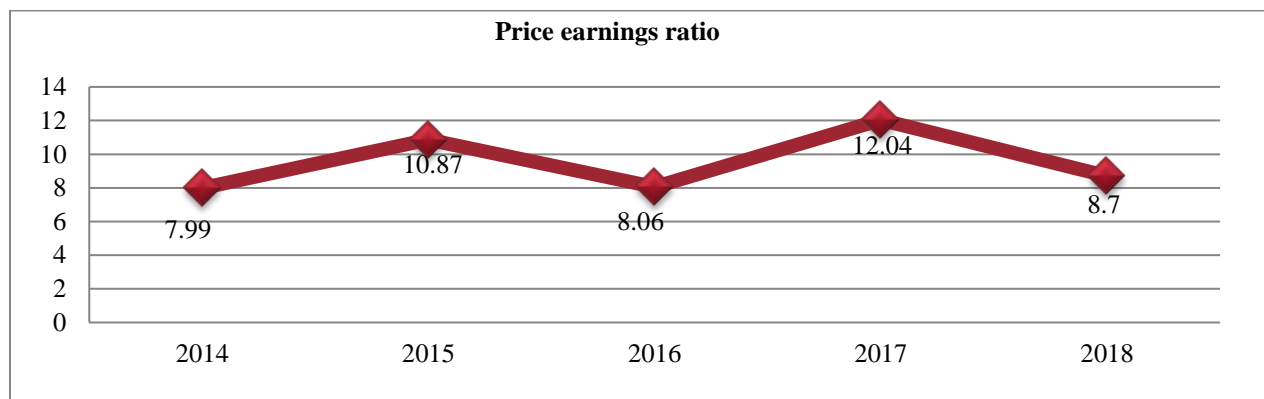
4.5 Market Ratio

4.5.1 Price / Earnings Ratio:

The price or earning (P/E) ratio is commonly used to assess the owners' appraisal of share value. The price earnings ratio of a stock is measure of the price paid for a share relative to the income or profit earned by the firm per share. The greater investor's confidence on the firm's future indicates higher P/E ratio.

Table-13: Price Earnings Ratio

Year	2014	2015	2016	2017	2018
Market price per share	15.83	17.72	15.55	17.82	18.72
Earnings per share	1.98	1.63	1.93	1.48	2.15
Price earnings ratio	7.99	10.87	8.06	12.04	8.70

Graphical presentation:**Figure-13: Price earnings ratio**

Interpretation: The graph shows that the P/E ratio of EXIM Bank has fluctuated over the years. The P/E ratio has increased from 7.99 in 2014 to 10.87 in 2015. After that P/E ratio was decreased to 8.06 in 2016 and increased to 12.04 in 2017. But there has a slightly decreased P/E ratio to 8.7 in 2018. This indicates that investors' confidence over firms' performance has reduced over the years.

4.6 Returns on Asset**Table 14: Return on asset**

Year	EXIM Bank	Industry average
2014	1.24%	1.5%

2015	0.96%	0.6%
2016	1.07%	0.6%
2017	.78%	0.6%
2018	1.04%	0.78%

Graphical presentation:

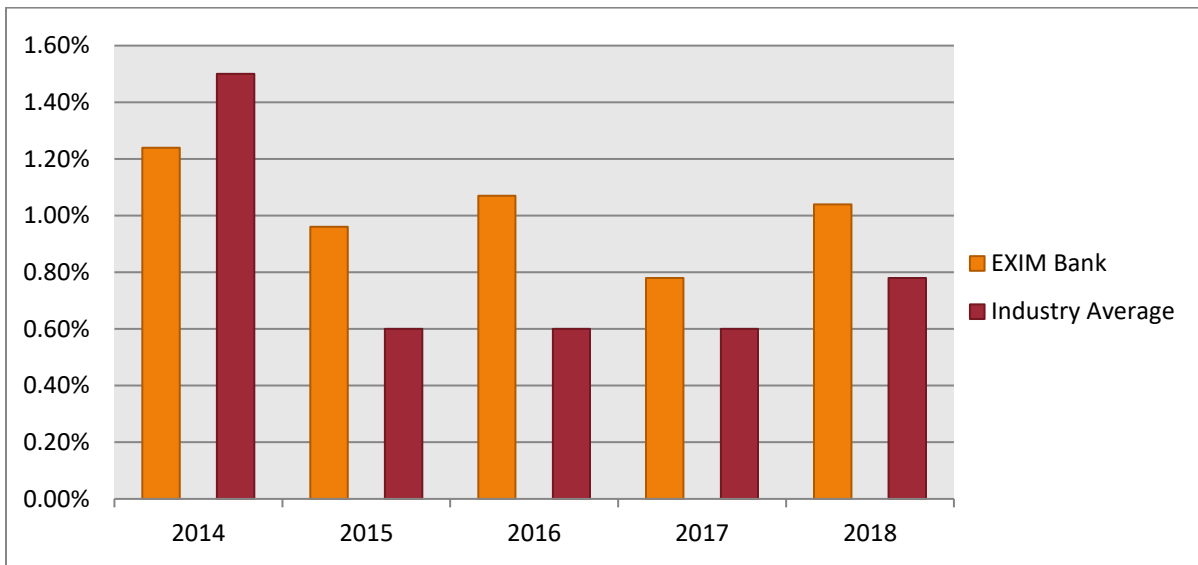


Figure-14: EXIM Bank Return on asset comparing with industry average

Interpretation: The graph shows that, the ROA of EXIM Bank is better than the industry average in each year except 2014. This indicates that performance of EXIM Bank in ROA is higher than the most banks in the banking industry.

4.7 Return on Equity

Table 15: Return on equity

Year	EXIM Bank	Industry average
2014	12.59%	15.50%
2015	9.2%	17.0%

2016	10.74%	8.2%
2017	8.31%	8.2%
2018	11.48%	9.45%

Graphical presentation:

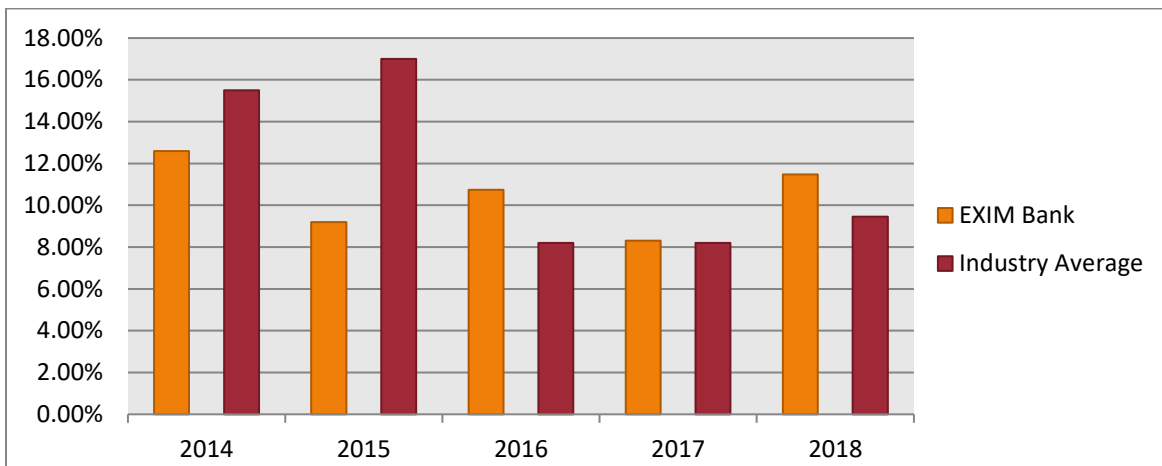


Figure-15: EXIM Bank Return on equity comparing with industry average

Interpretation: The graph shows that, the industry average of ROE has fluctuated over the years. Through the ROE of EXIM Bank has also decreased over the years. ROE of EXIM Bank is lower than industry average in each year except 2018. This indicates that performance of EXIM Bank of in ROE has to be improved.

4.8 Price Earnings Ratio

Table 16: Price earnings ratio

Year	EXIM Bank	Industry average
2014	7.99	9.86
2015	10.87	10.16
2016	8.05	24.86
2017	12.04	15.07
2018	8.70	12.57

Graphical presentation:

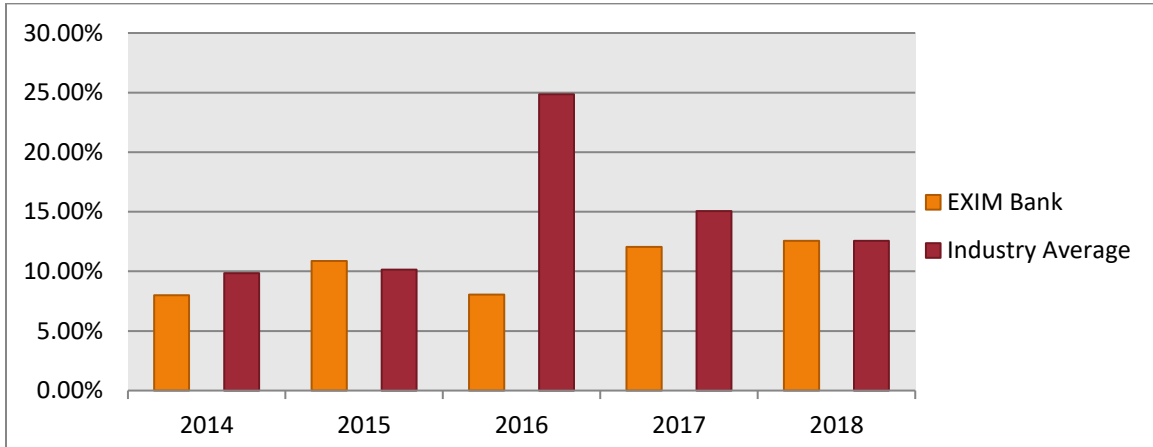


Figure-19: EXIM Bank Price earnings ratio comparing with industry average

Interpretation: The diagram shows that, the price earnings ratio of the EXIM Bank which is lower than industry average over the each year except in 2015. This indicates that investors are less confident on the firm’s performance in comparison to most the banks in banking industry.

Chapter Five:

Findings, Recommendations and Conclusion

5.1 Findings of the study:

Ratio Analysis is the most important tools and technique to measure the profitability and the liquidity for a firm or company. Its measure the efficiency of our capital whether of owner or borrowed that how effectively it can be used without incurring any extra expense. It also helps in maintaining the debt repayment capacity of an organization by providing them efficient asset management techniques through ratio analysis. Also it helps to improve a company performance through intra firm comparison because ratio analysis is the most widely used and reliable source of financial result analysis. Now, the findings of this study can be expressed as follows.

1. Net Working Capital:

Net working capital in 2018 is lower than 2017, because current liabilities of 2018 is higher than 2017. The net working capital has increased from 29115.08 in 2014 to 32250.9 in 2017. But there is decreasing trend in 2016 because current liabilities has increased large proportion than current asset in 2018.

2. Debt Ratio:

The EXIM Bank total debt ratio has decreased from 0.90089 in 2014 to 0.89516 in 2015; again the debt ratio has increased .90058 in 2016 to .90908 in 2018 which indicates that EXIM Bank's debt against asset is decreased.

3. Cash Ratio:

The EXIM Bank's cash ratio decreased from 2014 to 2018. It is really important to look how much cash the bank has to meet its current liabilities and the cash ratio gives a better result. In this cash we can say that management has failed to use cash and it's a big loss for a bank.

4. Return on Equity:

Through the ROE of EXIM Bank has also decreased over the years. ROE of EXIM Bank is lower than industry average in each year except 2018. This indicates that performance of EXIM Bank of in ROE has to be improved.

5. Price Earnings Ratio:

Price earnings ratio of the EXIM Bank Limited is lower than industry average over the each year except in 2015. This indicates that investors are less confident on the firm's performance in comparison to most the banks in banking industry.

6. Return on Asset

The ROA of EXIM Bank is better than the industry average in each year except 2014. This indicates that performance of EXIM Bank in ROA is higher than the most banks in the banking industry.

7. Net Profit Margin

The net profit margin has decreased from 25.66% in 2014 to 22.76% in 2013 again increase 24.28% in 2016 after that it slightly increased to 27.64% in 2018 which indicates that EXIM Bank is successfully operating its business.

5.2 Recommendations:

It is not unexpected to have problems in any organization. There must be problems to operate an organization. The following recommendations can be suggested to solve the above mentioned problem.

1. Net Working Capital:

EXIM Bank Limited should increase its current assets against current liabilities to meet short term obligations because EXIM Bank's current ratio is below the industry average 2.

2. Debt Ratio:

The debt ratio of the bank has slightly high over the years. Their debt ratio is almost 0.9 which indicates that EXIM Bank has large portion of debt against their asset. Therefore the bank should reduce its debt position.

3. Cash Ratio:

The cash ratio of EXIM Bank has very low over the years. Therefore the bank should reduce cost of fund, operating expenses and increase the service area to have an increasing trend in cash availability to its debt position.

4. Return on Equity:

The bank should increase its return on equity because EXIM Bank's ROE is very close to industry average and even lower than the 2014 and 2015. So, EXIM Bank should take some corrective action to maximize shareholders wealth.

5. Price Earnings Ratio:

EXIM Bank should regain investors' confidence because their price earnings ratio is lower than industry average which indicates lack of efficiency in the stock market and its operation.

6. Return on Asset

EXIM Bank Limited should invest their capital carefully to earn higher return from their customers.

7. Net Profit Margin

EXIM Bank Limited should minimize their miscellaneous cost to increase their profit. They can use paperless transaction facilities to reduce their cost.

5.3 Conclusion

A new standard in the banking era is set by EXIM Bank Limited in the time of turbulent economic conditions. EXIM Bank Limited has been converted into public limited company as the part of the financial reform and modernization plan of the government. The resources are helped to mobilize by EXIM Bank Limited to stay strong in the key areas of operation. In the areas of treasury operation, EXIM Bank remains the key player in the country's foreign exchange and money market enhancing profitability through careful pricing and assessment of risk and return on investment, the treasury dealing is being strengthened to facilitate transactions requiring more sophisticated products and services for larger institutional and corporate clients. Though it has a wide range of network and confidence from the customers but it has some problems those problems reduce it income .It is PLC but the authority is not that flexible and it takes time to take decision. Although excellence in Banking is the Moto of EXIM Bank Limited satisfying desired demand of the discerning customer is not sole objective of the bank. Customer relation is maintained through give them appropriate service and believe them as an asset of the company. EXIM Bank always try to find out the deficiency and problem in their operation and taking some necessary steps to continuous improvement of their product and process which give competitive advantage over other banks.

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