

**An Internship Report**  
**On**  
**Green Banking Practices of EXIM Bank Limited**  
**A Study on New Eskaton Branch**



**SHARIAH BASED ISLAMIC BANK**



**An Internship Report**  
**On**  
**Green Banking Practices of EXIM Bank Limited**  
**A Study on New Eskaton Branch**

**Supervised by**

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Major in Finance

Date of submission: 28-10-2014

## Letter of Transmittal

Oct 28, 2014

Mr. Mahbub Parvez  
Assistant Professor  
Faculty of Business & Economics  
Daffodil International University

**Sub: Letter of transmittal.**

Dear Sir;

With immense pleasure, I am submitting my internship report on “**Green Banking Practices of EXIM Bank Limited**” which was assigned me as a part of my BBA Program. I have tried my level best to complete this report with the necessary information and suggested proposal that you were provided to me.

I hope that the report will fulfill your expectations.

Thank you

Sincerely,

.....  
Marjahan Akter Bithi  
ID: 111-11-1864  
Department of Business Administration  
Daffodil International University

## **Certificate of Approval**

This is to certify that the report entitled **Green Banking Practices of EXIM Bank Limited; A Study on New Eskaton branch**” is a satisfactory record, prepared by Marjahan Akter Bithi (bearing ID. 111-11-1864) for the partial fulfillment of achieving the Bachelor of Business Administration degree from Daffodil International University.

This report has been prepared under my supervision and guidance and it is a record of bonafide work carried out successfully. She is permitted to submit the report.

.....

Mahbub Parvez  
Assistant Professor  
Faculty of Business & Economics  
Daffodil International University

# ACKNOWLEDGEMENT

It is high time for me to express my deepest gratitude to the almighty Allah. Without the support of Allah I would not be able to complete a huge task of preparing this Internship Report within the scheduled time.

Internship report is an essential part of BBA program as one can gather practical knowledge within the period of three months by observing and doing the daily works of chosen organization. In this regard my internship has been arranged at **Exim Bank Limited, New Eskaton Branch, Dhaka.**

At first, I would like to give thanks to my supervisor Mr. Mahbub Parvez, Assistant Professor, Faculty of Business & Economics, Daffodil International University, who instructed me in the right way and give me proper guidelines for preparing this Internship Report.

I acknowledge my indebtedness to Mr. Aminur Rashid and Ms. Shohely Santa for their constant guidance and valuable suggestion from time to time and I am also grateful to Mr. Masud Rana Majumder (SPO), Mr. Omar Faruq (senior officer) and Md. Tanvir Jasim of Foreign Exchange, And also to the Manager (Md. Rafiiqul Rahman) for their personal guidance during the internship.

I am also indebted to all of the officers and employees of the New Eskaton Branch who extended their wholehearted cooperation to me despite their huge workload during my Practical Orientation.

At last I must mention the wonderful working environment and group commitment of this bank that has enabled me a lot deal to do and observe the banking activities during my internship period of three months.

Finally, I convey my sincere thanks to my friends who inspire in different ways to complete the report and the course as well.

## **Executive Summary**

Commercial banks are one of the key contributors in the economy of developing countries. They act as financial intermediaries by performing the function of mobilizing the funds from one party and lending the same to another while making a reasonable amount of profit. People and the government itself are very much dependent on the services provided by the various banks in the financial market. Export Import of Bangladesh Limited has started its journey as a private commercial bank on August 3, 1999. The whole working process of New Eskaton Branch, EXIM BANK Ltd. is divided into 3 sections. They are 1) General Banking, 2) investment and 3) Foreign Exchange. I have tried to make acquainted with the bank and branch in this report.

General banking is the starting point of all the banking operations. This department provides day to day services for the customers. It includes new accounts, issue bank drafts and pay orders etc. provide customer through quick and sincere service. The Islamic bank collects deposit from different viewpoint. The bank gives the depositors the rate of profit they earn from their operation. Here the bank goes with the client a type of business relationship. The various kind investment categories under Islamic rules are also included in the report. Bank invests the deposit amount to the client who provides effective efforts, energy and time to acquire profit. Here bank acts as a Shahib AL Mal and client ac as a Mudarib. Foreign Exchange department plays significant roles through providing different services for the customers. L/C is the key part of foreign exchange business.

Green banking considers social factors with environmental aspects. It has already started working well in the different countries. Fundamentally, green banking keeps away from as much paper work as possible and relies on electronic transactions for processing. Green banks adopt and implement environmental standards for lending.

## Abbreviations

EXIM	Export Import Bank of Bangladesh Limited.
BB	Bangladesh Bank
A/C	Accounts
DD	Demand Draft
FDR	Fixed Deposit Receipt
SME	Small & Medium Enterprise
NFCD	Non Resident Foreign Currency Deposit account
NFCD	Non-Resident Foreign Currency Deposit Account
PO	Payment Order
STD	Short Term Deposit
TT	Telegraphic Transfer
TIN	Tax Identification Number
NGO	Non government Organization
MICR	Magnetic Ink Character Recognition
MSD	Mudaraba Saving Deposit
MSTD	MUDARABA SHORT TERM DEPOSIT
MSS	Mudaraba Monthly Savings Scheme
MPSS	Mudaraba Multiply Savings Scheme
IBDA	Inter Branch Debit Advice
L/C	Latter of Credit.



Chapter Number	Chapter Name
Chapter: 01	Introduction
Chapter: 02	Overview of The <b>EXIM</b> Bank Limited
Chapter: 03	Overview of The New Eskaton Branch, <b>EXIM</b> Bank Limited
Chapter: 04	Green Banking Activities & Environmental Risk Management Systems of Bangladesh Bank
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**Export Import Bank Of  
Bangladesh Limited**  
Shariah Based Islami

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## **Introductory Part**



## **Chapter-1**

### **Introduction**

## **1.1 Introduction of the study:**

Present world is changing rapidly to face the challenge of competitive free market economy. To keep pace with the trend every organization need executive with modern knowledge. To provide fresh graduate with modern theoretical and professional knowledge in banking and all other different institution management, Daffodil International University (DIU) has assigned the internship program for the students to help them out to have a practical knowledge to work in a real official environment. Under this course the students are sent to gather practical knowledge about working environment and activities.

As a prerequisite for the Bachelor of Business Administration Degree I was required to complete this internship program. I had been selected to work as an Internee in Export Import Bank of Bangladesh Limited, New Eskaton Branch for a period of 3 months. After discussion and getting consent, I started to work on the Green Banking Activities & Environmental Risk Management Systems of EXIM Bank Limited. Based on my working area here I choose the topic of the study “Green Banking Practices of EXIM Bank Ltd.”

## **1.2 Objective of the study:**

The main objective of this report is to identify the initiatives that have been taken by EXIM Bank to introduce Green Banking in Bangladesh.

The specific objectives are:

- ❖ To discuss strategies and guidelines for the Green Banking and Green Financing.
- ❖ To find out how green banking works at Exim Bank.
- ❖ To understand and manage risks that arises from environmental concerns.
- ❖ To evaluate alternative sources of energy that is environment friendly.
- ❖ To explain how Green Banking can be adapted with solar and Bio-gas energy sources.

## **1.3 Methodology of the Study:**

The study is performed based on the information extracted from different sources collected by using a specific methodology. This report is theoretical in nature.

**Data collection:** Source of data of this report can be divided into two categories:

**Primary sources:**

- ❖ Staff
- ❖ Officer
- ❖ Supervisor

**Secondary sources:**

- ❖ Annual report of EXIM bank
- ❖ Audit reports
- ❖ Website
- ❖ Research paper, Newspapers and journals.
- ❖ Internet and various study selected reports

**Methods of data collection:**

- ❖ Observation of the working procedure while working in EXIM bank.
- ❖ Face to face interaction with clients and employees

**1.4 Data Analysis & Report Writing:**

Collected data were analyzed and presented in the form of bar diagram, pie chat etc. Different types of software like Ms-Excel, Ms-Word etc. are used to prepare the report. Final report is prepared accordingly in the form of word format.

**1.5 Limitation of the study:**

In spite of having the wholehearted effort, there were some limitations, which acted as a barrier to conduct the program. The limitations were:

- Green Banking activities & Environmental risk management systems was not sustain every branches.
- Bank is a sophisticate business sector. So bank do not interested to provide me confidential data.

Transportation facilities are not available in every branch.



## **Chapter-2**

### **Overview of the EXIM Bank Limited**



## **2.1 Historical background of EXIM Bank Limited:**

EXIM Bank Limited was established under the rules & regulations of Bangladesh bank & the Bank companies' Act 1991, on the 3<sup>rd</sup> 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.



Of its very beginning, EXIM Bank Bangladesh limited was known as EXIM Bank, 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 3<sup>rd</sup> 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.



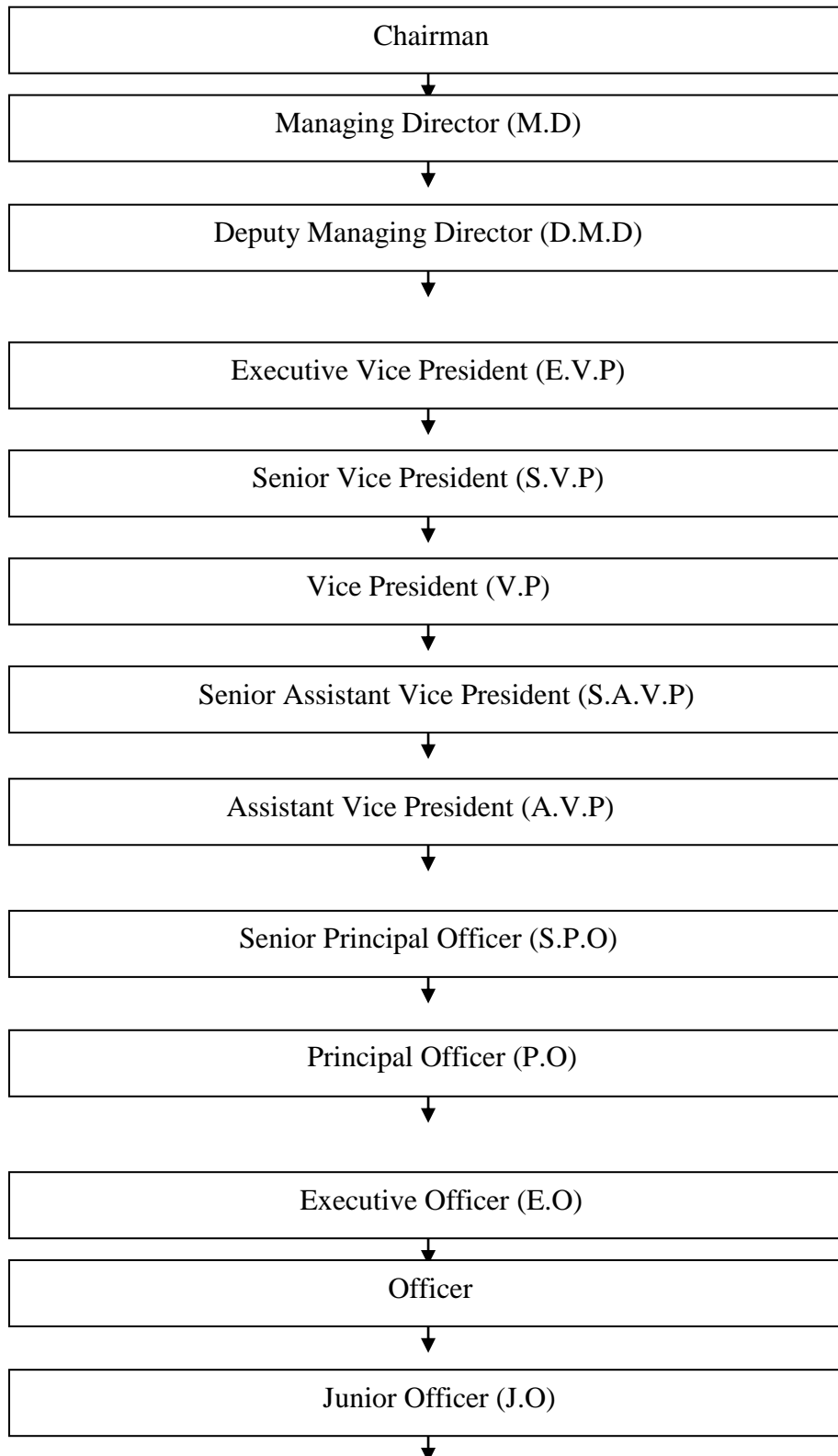
## 2.2 Nature of Business:

- ❖ The principal activities of the bank are providing all kinds of commercial Banking Services to its customers.
- ❖ The other activities of the bank are providing of all kinds of Islamic banking services to its customers.

## 2.3 EXIM Bank Limited at a Glance:

• Legal Status.	Public Limited Company
• Establish	1999
• Incorporated	2 <sup>nd</sup> June,1999
• Activity Starts	3 <sup>rd</sup> August,1999
• Islamic Banking	1 <sup>st</sup> July,2004 with 26 branches
• Listing with Dhaka Stock Exchange	September, 2006.
• Listing with Chittagong Stock Exchange	September, 2006.
• Inauguration of First Branch	3 <sup>rd</sup> August, 1999.
• Authorized Capital	TK. 2,000 crore
• Profit	TK 4967563969 million
• Total Asset	TK 41793540.962 million
• Shares	TK 2233254288 million
• Paid up Capital	TK 1051.5 crore
• Reserve Fund	TK 569.98 Million
• Number of Branches	82
• Number of Employees	1630 Persons

## 2.4 Hierarchy Structure of EXIM Bank Limited: 01-Organ gram: EXIM Bank Limited (Branch).



## **2.5 Corporate Vision:**

### **Corporate Slogan of EXIM Bank- “Together Towards Tomorrow”:**

EXIM Bank Ltd. as the name implies, is not a new type of bank in some countries on the global, but is the first of its kind in Bangladesh. It believes in togetherness with its customers, in its march on the road to growth and progress with services. To achieve the desired goal, it has intention to pursuit of excellence at all stages with a climate of continuous improvement. Because it believes, the line of excellence is never ending. It also believes that its strategic plan and business networking will strengthen its competitive edge over in rapidly changing competitive environment. Its personalized quality services to the customers with the trend of constant improvement might be cornerstone to achieve its operational success.

## **2.6 Corporate Mission:**

The Bank has chalked out the following corporate objectives in order to ensure smooth achievement of its goals \_

- To be most caring and customer friendly and service oriented bank.
- To create a technology based most efficient banking environment for its customer.
- To ensure ethics and transparency at all levels.
- To ensure sustainable growth and established full value to the honorable stakeholders, and
- Above all, to add effective contribution to the national economy.

## **2.7 Corporate Strategy:**

The corporate strategies of EXIM bank are below-

- To manage and operate the Bank in the most efficient manner to enhance financial performance and to control cost of fund.
- To strive for customer satisfaction through quality control and delivery of timely services.
- To identify customers credit and other banking needs and monitor their perception towards our performance in meeting those requirement.

- To review and update policies, procedures and practices to enhance the ability to extend better services to customers.
- To train and develop all employees and provide adequate resources so that customer needs can be responsibly addressed.
- To promote organizational effectiveness by openly communicating company plans, policies, practices and procedures to all employees in a timely fashion.
- To cultivate a working environment that fosters positive motivation for improved performance
- To increase direct contact with customers in order to cultivate a closer relationship between the bank and its customers.

## **2.8 Banking with shariah principles:**

Export Import Bank of Bangladesh Limited is the 1st bank in Bangladesh that has converted all of its operations of conventional banking into shariah-based banking since July/2004. EXIM bank offer various banking services for Muslims and non-Muslims alike allowing our customers choice and flexibility in their savings and investments. The products are approved by Shariah Board comprising of veteran Muslim scholars of our country who are expert in all matters of Islamic finance.

## **2.9 Products of EXIM Bank as the Islamic Bank:**

The EXIM (Export Import Bank of Bangladesh Ltd.) offers their customers' general banking facilities, which ensures the safety of their money as well as the fair and smart return of their money. Following are the ways through which Banks collects their deposits from the clients:



### **Investment/ Finance:**

- Corporate Finance
- Industrial Finance
- Project Finance
- Syndicate Investment
- Mode of Investment
  - Bai Murabaha
  - Bai Muazzal
  - Izara Bil Baia
  - Wazirat Bil Wakala
  - Quard
  - Local Documentary Bill Purchased
  - Foreign Documentary Bill Purchased

### **Foreign Exchange:**

- Non Resident Foreign Currency Deposit account (NFCD)
- Foreign Currency Deposit Account

### **Deposit:**

- Al-Wadia Current Deposit
- Mudaraba Savings Deposit
- Mudaraba Short Term Deposit
- Mudaraba Term Deposit
  - One Month
  - Three Months
  - Six Months
  - Twelve Months
  - Twenty Four Months
  - Thirty Six Months
- Foreign Currency Deposit
- Mudaraba Savings Scheme
  - Monthly Savings Scheme(Money Grower)
  - Monthly Income Scheme(Steady Money)

- More than double the deposit in 6 years (Super Savings)
- More than triple the Deposit in 10 years (Multiplus Savings)
- Mudaraba Hajj Deposit.

## 2.10 Branch Network:

Branch Information (EXIM Bank has 82 Branches in Bangladesh)

List of branches in Dhaka division:

Sl.	Branch Name
01	MOTIJHEEL BRANCH
02	PANTHPATH BRANCH
03	GULSHAN BRANCH
04	RAJUK AVENUE BRANCH
05	UTTARA BRANCH
06	MIRPUR BRANCH
07	ELEPHANT ROAD BRANCH
08	MALIBAGH BRANCH
09	BASHUNDHARA ROAD BRANCH
10	KARWAN BAZAR BRANCH
11	HEAD OFFICE CORPORATE BRANCH
12	PALTAN BRANCH
13	BANANI BRANCH
14	DHANMONDI BRANCH
15	DANIA BRANCH
16	IMAMGONJ BRANCH
17	NAWABPUR BRANCH
18	NEW ESKATON BRANCH
19	GARIB E NEWAZ BRANCH
20	SAT MOSJID ROAD BRANCH
21	SATARKUL BRANCH
22	KERANIGONG BRANCH

23	ASHULIA BRANCH
24	HEMAYETPUR BRANCH
25	SAVAR BAZER BRANCH
26	SONARGAON SME BRANCH
27	SHIMRAIL BRANCH
28	NAYARHAT BRANCH

29	PANCHABOTI BRANCH
30	NARAYANGANJ BRANCH
31	GAZIPUR CHOWRASTA BRANCH
32	BOARD BAZAR BRANCH
33	MAWNA CHOWRASTA BRANCH
34	MOUCHAK BRANCH
35	MANIKGANJ BRANCH
36	MYMENSINGH BRANCH
37	NARIA BRANCH
38	TAKERHAT BRANCH
39	FARIDPUR BRANCH
40	ASHUGANJ BRANCH

- List of branches in Chittagong division:

SL	Branch Name
41	AGRABAD BRANCH
42	KHATUNGONJ BRANCH
43	JUBILEE ROAD BRANCH
44	SANAMURI BRANCH
45	LAKSHAM BRANCH
46	CDA AVENUE BRANCH
47	CHOWMUHANI BRANCH
48	COMILLA BRANCH



49	MODAFFARGANJ BRANCH
50	CHHAGALNAIYA BRANCH
51	PAHARTALI BRANCH
52	BAHADDARHAT BRANCH
53	SHITAKUNDA BRANCH
54	FENI BRANCH
55	KHULSHI BRANCH
56	SANDWIP BRANCH
57	COX'S BAZAR BRANCH
58	DOHAZARI BRANCH
59	BASURHAT BRANCH
60	GOURIPUR BRANCH
61	BAGMARA BRANCH
62	THAKUR BAZAR BRANCH
63	NAJRHAT BRANCH

- List of branches in Sylhet division:

SL	Branch Name
64	SYLHET BRANCH
65	FENCHUGONJ BRANCH
66	MOULVI BAZAR BRANCH
67	GOLAPGONJ BRANCH
67	BEANI BAZAR BRANCH
68	NOBIGONJ BRANCH
69	DHOPADIGHIR PAR BRANCH
70	BISHONATH BRANCH
71	GOALA BAZAR BRANCH
72	BISWANATH BRANCH

- List of branches in Khulna division:

SL	Branch Name
73	KHULNA BRANCH
74	JESSORE BRANCH
75	KUSHTIA BRANCH
76	MAGURA BRANCH

- List of branches in Rajshahi division:

SL	Branch Name
77	BOGRA BRANCH
78	CHAPAINAWABGANJ BRANCH
79	RAJSHAHI BRANCH

- List of branches in Rangpur division:

SL	Branch Name
80	RANGPUR BRANCH
81	DINAJPUR BRANCH

- List of branches in Barisal division:

SL	Branch Name
82	BARISAL BRANCH

### **Branch Information (EXIM Bank has 4 SME Service center in Bangladesh)**

- List of SME Service Center in Dhaka division

SL	Center Information
1	Board Bazar SME Service Center. Board Bazar, Gazipur.
2	Sonarga SME Service Center. Sonarga,Naranyanganj

- List of SME mService Center in Chittagong division

SL	Center Information
1	Shetakundo SME Service Center, KDS Logistic Bhaban, Sonaichhori, Shetakundo, Chittagong.
1	Thakurbazar SME Service Center, Takurbazar, Chittagong.



## **Chapter: 03**

# **Overview of the New Eskaton Branch, EXIM Bank Limited**

### 3.1 Overview of New Eskaton Branch:

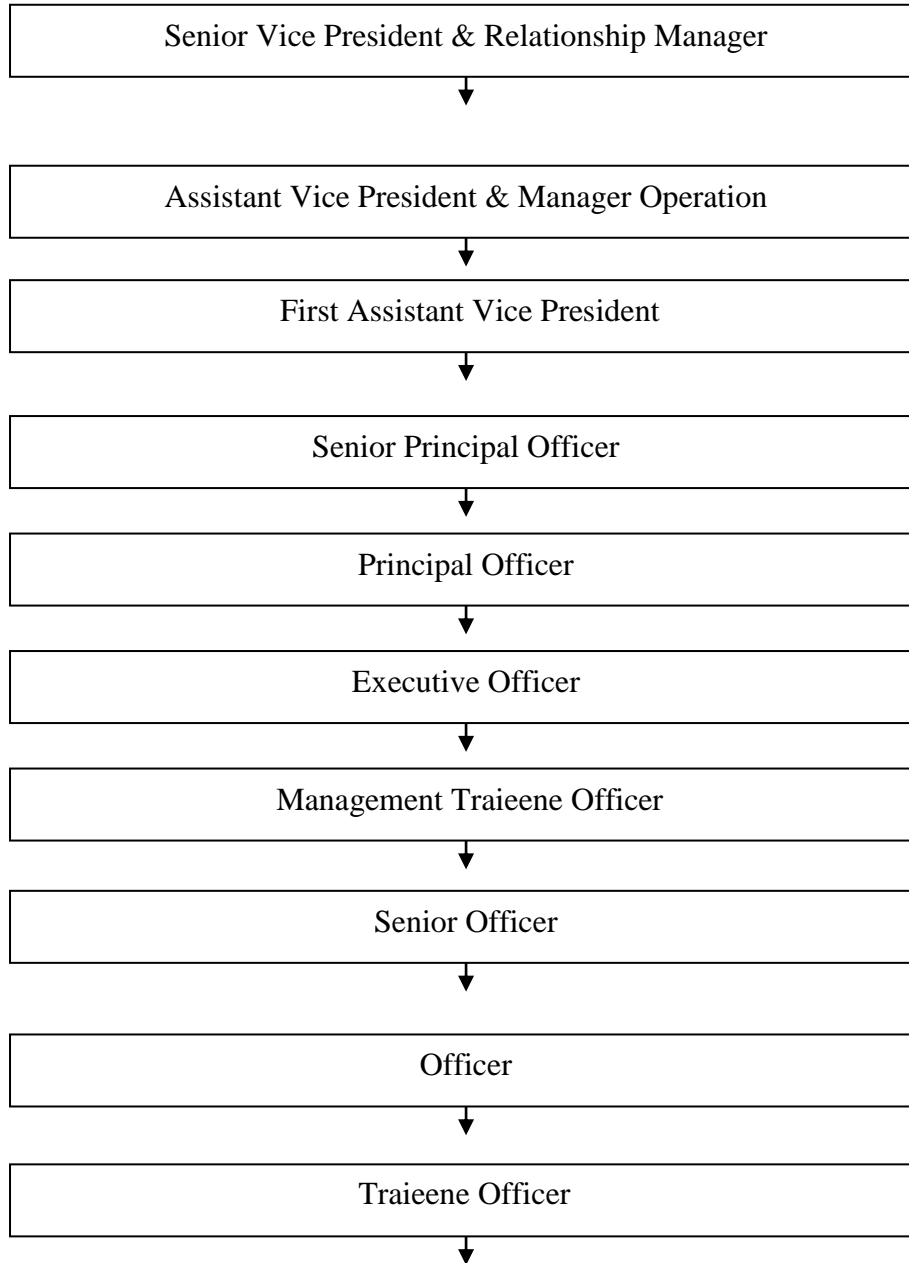
Bachelor of Business Administration (BBA) is a professional course. The course is designed with an excellent combination of practical and theoretical aspects. After completing BBA certain times is preserved for internship. As a student of BBA with the requirement of my course I was assigned Export Import Bank of Bangladesh Ltd. (EXIM) to New Eskaton Road Branch, Dhaka for my internship. The whole working process of New Eskaton Branch, EXIM BANK Ltd is divided into 3 sections. They are 1) General Banking, 2) investment and 3) Foreign Exchange.

### 3.2 Total Employee:

<b>Types of employee</b>	<b>Number of employee</b>
Senior Vice President & Relationship Manager	1
Assistant Vice President & Manager Operation	1
First Assistant Vice President	1
Senior Principal Officer	3
Principal Officer	5
Executive Officer	6
Senior Officer	1
Officer	4
Traieene Officer	5
<b>Total</b>	<b>27</b>

**Figure o2: Total Employee of New Eskaton Branch.**

### 3.3 Organ gram of New Eskaton Branch:



**02-Organ gram: EXIM Bank Limited (New Eskaton Brance).**

### 3.4 Function/Operation of Exim Bank:

The whole working process of New Eskaton Branch, EXIM BANK Ltd is divided into 3 sections. And the three functions are

- 1) General Banking,
- 2) Investment and
- 3) Foreign Exchange.

### 3.5 Profit target and achievement of EXIM Bank Limited:

The profit target of Exim Bank Ltd. Is an internal data. I have collected only one year target for profit and also the achievement by the EXIM Bank Ltd. New Eskaton Branch. And the data are below-

Year	Target Profit (tk)	Achievement (tk)
2010	60000000	40100000

**01-Table: Target profit and Achievement.**



**Figure 03: Target profit and Achievement.**

**Source: Branch Document.**

So here from the above table and figure it can be say that the target in 2010 was tk60000000 and the achievement is tk 40100000. And the data is here the profit target and achievement is in overall operation of Exim bank.

### 3.6 Last Year Performance of New Eskaton Branch, Export Import Bank of Bangladesh Limited:

Performance of the Branch as on 31-03-2014

(Figure in Crore)

Sl. No.	Particulars	Position as on 31-12-2013	Target for the Year-2014	Position as on 31-03-2014	Achievement (%) Up to March 2014	Remarks
1.	Deposit	267.66	350	276.28	78.94%	
2.	Investment	173.03	200	180.71	90.36%	
3.	Profit	9.30	12	1.5	12.50%	
4.	Import Business	111.57	150	19.61	13.07%	
5.	Export Business	10.63	20	3.19	15.95%	
6.	Manpower Position	33				
7.	Requirement					

(Figure in Lac)

2014

Profit Achieved	Jan-13	Feb-13	Mar-13	Apr-13	May-13	June-13	July-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Total
	52	36	62										150



**2013**

<b>Profit Achieved</b>	Jan-13	Feb-13	Mar-13	Apr-13	May-13	June-13	July-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	<b>Total</b>
	39.87	41.52	43.29	41.16	54.04	121.00	79.86	81.65	68.62	88.90	77.81	191.81	<b>930.00</b>

Cost of fund without Establishment Cost	: 9.53%
Cost of fund with Establishment Cost	: 10.62%
Yield on Investment	: 13.65%
Deposit to Investment Ratio	: <b>64.49%</b>

<b>Number of Deposit Client</b>		<b>Number of Investment Client</b>	
AWCD	881	BAIM (Hypo)	58
MSB	2574	BAIM (FO)	84
STD	114	IBB	25
MTD	7411	MTR	14
MSS	1491	LDBP	6
WAQF	5		
<b>TOTAL-</b>	<b>12476</b>	<b>Total</b>	<b>187</b>

**02 -Table: Performance of the New Eskaton Branch as on 31-03-2014.**

**EXPORT IMPORT BANK OF BANGLADESH LIMITED  
NEW ESKATON BRANCH, DHAKA.**

**Performance of the Branch as on 30-04-2014**

**(Figure in Crore)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Position as on 31-12-</b>	<b>Target for the Year- 2014</b>	<b>Position as on 30-04-</b>	<b>Achievement (%) Up to April-</b>	<b>Remarks</b>
----------------	--------------------	------------------------------	----------------------------------	------------------------------	-------------------------------------	----------------

		2013		2014	2014	
1.	<b>Deposit</b>	<b>267.66</b>	350	<b>272.60</b>	77.88%	
2.	<b>Investment</b>	<b>173.03</b>	200	<b>176.60</b>	88.30%	
3.	<b>Profit</b>	<b>9.30</b>	12	<b>2.32</b>	19.33%	
4.	<b>Import Business</b>	<b>111.57</b>	150	<b>33.00</b>	22.00%	
5.	<b>Export Business</b>	<b>10.63</b>	20	<b>4.66</b>	23.30%	
6.	<b>Manpower Position</b>	<b>33</b>				
7.	<b>Requirement</b>					

**2014**

<b>Profit Achi eved</b>	Jan- 13	Feb- 13	Mar- 13	Apr- 13	May -13	June -13	July -13	Aug- 13	Sept -13	Oct- 13	Nov -13	Dec- 13	<b>Tota I</b>
	52. 00	36.0 0	62. 00	82.0 0									<b>232</b>

**2013**

<b>Profit Achi eved</b>	Jan- 13	Feb- 13	Mar- 13	Apr- 13	May -13	June -13	July -13	Aug- 13	Sept -13	Oct- 13	Nov -13	Dec- 13	<b>Tota I</b>
	39.8 7	41.5 2	43.2 9	41.1 6	54.0 4	121. 00	79.8 6	81.6 5	68.6 2	88.9 0	77.8 1	191. 81	<b>930. 00</b>

Cost of fund without Establishment Cost	:	9.7 7%
Cost of fund with Establishment Cost	:	11. 35 %
Yield on Investment	:	15. 63

<b>Number of Deposit Client</b>		<b>Number of Investment Client</b>	
AWCD		BAIM (Hypo)	58
	918		
MSB		BAIM (FO)	84
	2764		

	%
Deposit to Investment Ratio	: <b>64.4</b> <b>9%</b>

STD	116	IBB	25
MTD	7306	MTR	14
MSS	1773	LDBP	6
WAQF	5		
<b>TOTAL-</b>	<b>12,882</b>	<b>Total</b>	<b>187</b>

**03-Table: Performance of the New Eskaton Branch as on 30-04-2014.**

**EXPORT IMPORT BANK OF BANGLADESH LIMITED  
NEW ESKATON BRANCH, DHAKA.**

**Performance of the Branch as on 29-05-2014**

Sl. No.	Particulars	Position as on 31-12-2013	Target for the Year-2014	Position as on 29-05-2014	Achievement (%) Up to May-2014	Remarks
1.	<b>Deposit</b>	<b>267.66</b>	350	<b>270.21</b>	77.20%	
2.	<b>Investment</b>	<b>173.03</b>	200	<b>180.64</b>	90.32%	
3.	<b>Profit</b>	<b>9.30</b>	12	<b>3.20</b>	26.67%	
4.	<b>Import Business</b>	<b>111.57</b>	150	<b>41.62</b>	27.74%	
5.	<b>Export Business</b>	<b>10.63</b>	20	<b>4.95</b>	24.75%	
6.	<b>Manpower Position</b>	<b>32</b>				
7.	<b>Requirement</b>					

(Figure in Crore)

(Figure in Lac)

**2014**

<b>Profit</b>	Jan-13	Feb-13	Mar-13	Apr-13	May-13	June-13	July-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	<b>Total</b>
<b>Achieved</b>	52.00	36.00	62.00	82.00	88.00								<b>320</b>

<b>Profit</b>	Jan-13	Feb-13	Mar-13	Apr-13	May-13	June-13	July-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	<b>Total</b>
<b>Achieved</b>	39.87	41.52	43.29	41.16	54.04	121.00	79.86	81.65	68.62	88.90	77.81	191.81	<b>930.00</b>

**2013**

Cost of fund without Establishment Cost	: 10.19 %
Cost of fund with Establishment Cost	: 11.62 %
Yield on Investment	: 16.38 %
Deposit to Investment Ratio	: <b>67.00 %</b>

Number of Deposit Client		Number of Investment Client	
AWCD	914	BAIM (Hypo)	58
MSB		BAIM (FO)	<b>84</b>
STD	116	IBB	25
MTD		MTR	14
MSS	1385	LDBP	6
WAQF	5		
<b>TOTAL-</b>	<b>12,572</b>	<b>Total</b>	<b>187</b>

**04 -Table: Performance of the New Eskaton Branch as on 29-05-2014**

### **3.7 SWOT Analysis of EXIM Bank Limited, New Eskaton Branch:**

SWOT Analysis is the detailed study of an organization's exposure to customers and potential in perspective of its strength, weakness, opportunity and threat. This facilitates the organization to make their existing line of performance and also forces to improve their performance in future in comparison to their competitors. As through this tool, an organization can also study its current position, it can also be considered as an important tool for making changes in the strategic management of the organization. I prepare that SWOT analysis on the basis of present condition of the bank.

#### **3.7.1 Strength:**

The strength of EXIM Bank Limited, New Eskaton branch that can be find out from the SWOT analysis that are bellow\_

- EXIM Bank Limited of New Eskaton branch has already established a favorable reputation in that area. It is one of the leading private sector commercial bank in Bangladesh. The bank has already shown a tremendous growth in the profits and deposit sector.
- EXIM Bank Limited, New Eskaton branch has provided its banking service with a top leadership and management position.
- EXIM Bank Limited, New Eskaton branch has already achieved a high growth rate. The number of deposits and the loans and advances are also increasing rapidly.
- EXIM Bank Limited, New Eskaton branch has an interactive corporate culture. The working environment is very friendly, interactive and formal. And there are no hidden barriers or boundaries while communicate between the superior and the employees. This corporate culture provides as a great motivation factor among the employees.
- EXIM Bank Limited, New Eskaton branch has the reputation of being the provider of good quality services to corporate level its customers.

### **3.7.2 Weakness:**

The weaknesses of EXIM Bank Limited, New Eskaton branch that I identified are as follows-

- Online Banking systems were not sustainable.
- The Green Banking Activities & Environmental Risk Management systems are at a medium level.
- The bank location of EXIM Bank Limited, New Eskaton branch is not on a suitable place.
- The service quality of EXIM Bank Limited, New Eskaton branch is poor with regard to Multinational Banks located here.
- In terms of promotional sector, EXIM Bank Limited, New Eskaton branch is not in a strong position.
- The bank branch is not able to find out necessary documents at a demandable time.

### **3.7.3 Opportunity:**

The opportunities that are available for EXIM Bank Limited, New Eskaton branch to explore are given as follows-

- In order to reduce the business risk, EXIM Bank Limited, New Eskaton branch has to expand their business portfolio. The management can consider options of starting merchant banking or diversify into leasing and insurance sectors.
- A large number of private banks are coming into the market in the recent time. In this competitive environment, EXIM Bank Limited, New Eskaton branch must expand its product line to enhance its sustainable competitive advantage.
- They can improve their marketing side to focus on the branch.
- In addition to those things, EXIM Bank Limited, New Eskaton branch can introduce special corporate schemes for corporate customers or offer who have an income level higher from the service holder. At the same time, they can introduce schemes or loans for various service holders. And the scheme should be separate according to the professions, such as engineers, lawyers, doctors etc.
- Opportunity in the retail banking lies in the fact that the country's increased population is gradually learning to adopt consumer finance. The bulk of our population is middle

class. Different types of retail leading products have a great appeal to this class. So a wide variety of retail lending products has very large and easy pregnable market.

### **3.7.4 Threats:**

The availability of threats for EXIM bank in the market is bellow-

1. All sustaining and upcoming multinational, foreign and private banks pose enormous threats to EXIM Bank Limited, New Eskaton branch.
2. The default risks of all terms of loan have to be minimized in order to sustain in the financial market because the default risks lead the organization toward bankruptcy. EXIM Bank Limited, New Eskaton branch will have to remain vigilant about this problem so that proactive strategies are taken to minimize this problem.
3. The low compensation package of the employees from the mid level to lower level position threatens the employee motivation. As a result good quality employees leave the organization and its effects the organization as a whole.

So these are all about the SWOT analysis of EXIM Bank Limited, New Eskaton branch. Here Strength and Weakness is internal environment. And on the other hand Opportunity and Threat is external environment.



## Learning Part





## **Chapter: 04**

# **Green Banking Activities & Environmental Risk Management Systems of Bangladesh Bank**

## 4.1 Green Bank and Green Banking:

Green bank means an ethical, a socially responsible and a sustainable bank. A green banker is more than a banker, it is not an individual but a unit or a group or a team.

As a regulator of financial sector, the central bank already proved resounding success to implement the concept of green banking in its regular activities. Besides, it also created congenial atmosphere for the banking sector to ensure profound impact of green banking on socio-economic landscape of Bangladesh.

Green or sustainable banking is not limited only to in-house green activities, but extends to facilitating green financing. Environmental Risk Management (ERM)

guidelines is a part of green banking and ERM is for assessing environmental risks and not intended to squeeze investment; rather it is for sustainable finance.

The policy guideline for green banking has been devised on the basis of a green economy, which, in turn, is based on renewable energy (solar, wind, geothermal, maries including wave, bio-gas, and fuel cell), green buildings (green retrofits for energy and water efficiency, residential and commercial assessment, green products and materials, and LEED construction), clean transportation (alternative fuels, public transit, hybrid and electric vehicles, car sharing and carpooling programs), water management (water reclamation, grey water and rainwater systems,



low-water landscaping, water purification, storm water management), waste management (recycling, municipal solid waste salvage, brown field land remediation, sustainable packaging), land management (organic agriculture, habitat conservation and restoration, urban forestry and parks, reforestation and afforestation and soil stabilization).

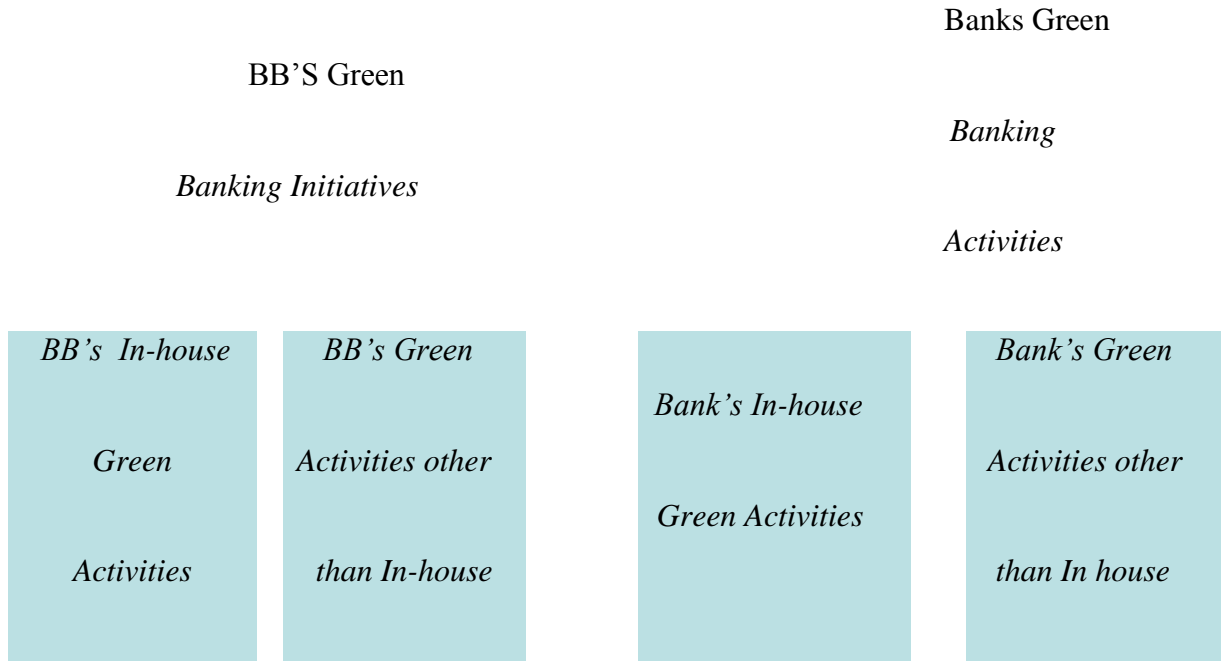
Green banking undertakes proactive measures to protect environment and to address climate change

challenges while financing along with efficient use of renewable.

#### 4.2 Green Banking Activities:

Green banking activities in this report has been addressed in the following manner:

### *Green Banking Activities*



**Figure 04: Green banking activities.**



### 4.3.1. Bangladesh Bank`s Green Initiatives:



**Figure 05: Bangladesh Bank`s Green Initiatives of policy support.**

### Strategy framework of Green Banking Activities

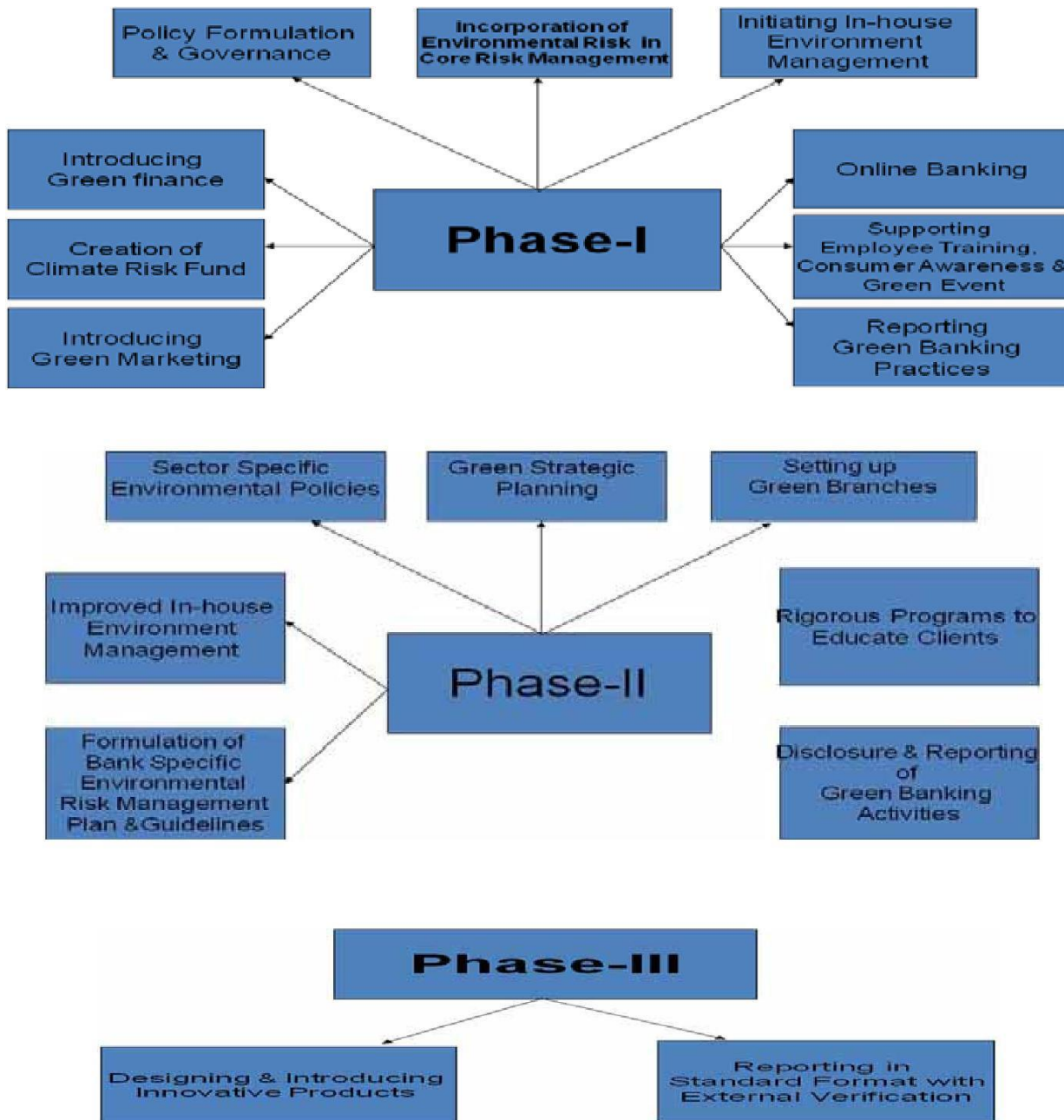


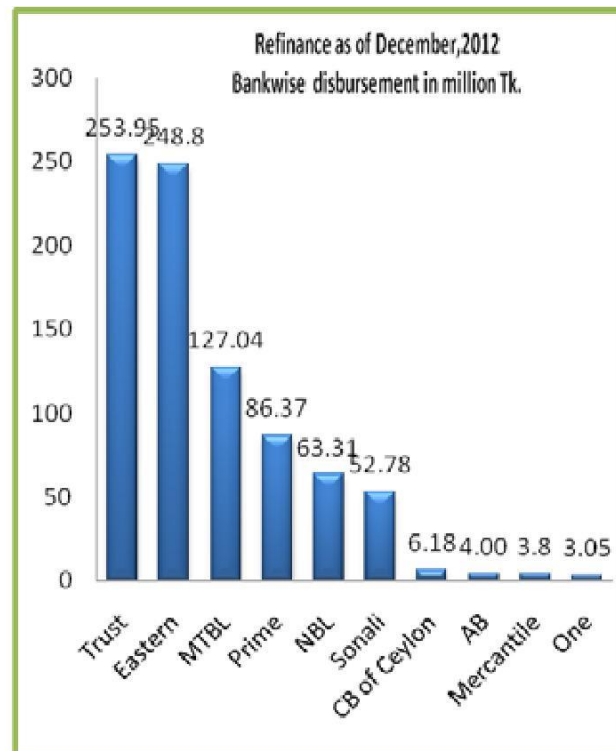
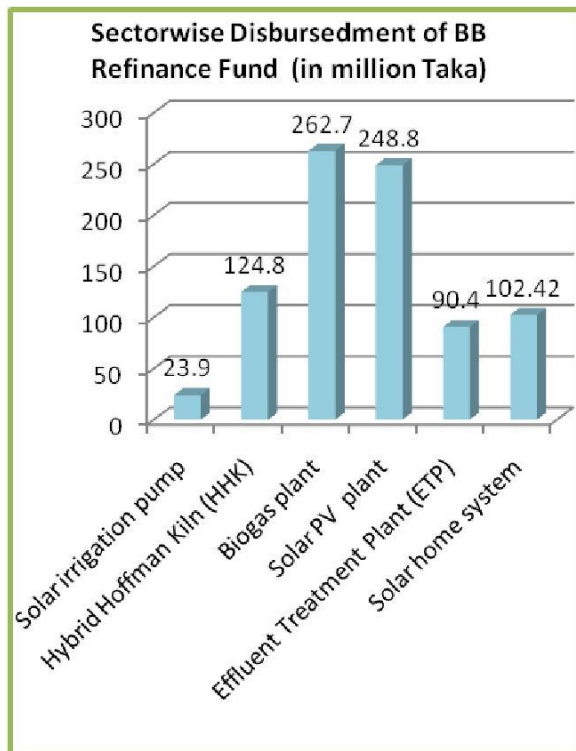
Figure06: Implementation process is required to be completed within December 2013.

### 4.3.2 Refinance Scheme:

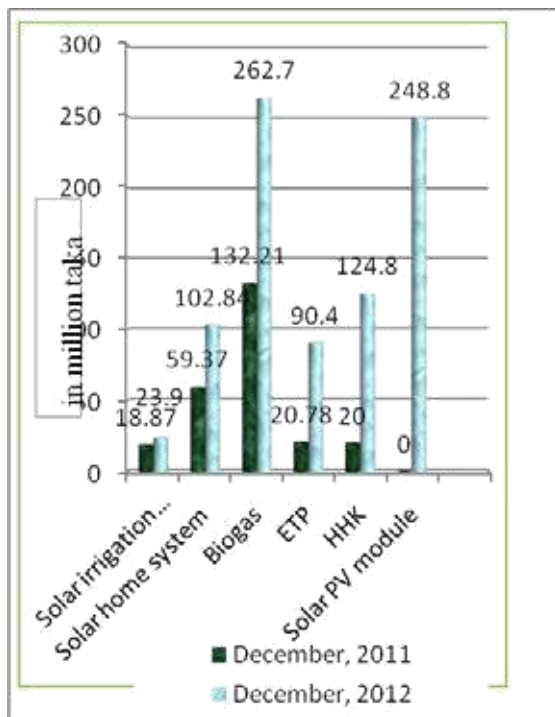
BB is providing to the lending banks refinance at five percent interest per annum, from a taka 2.00 (two) billion refinance window accessible against financing for revolving eco friendly or initiatives like installation of bio mass based, solar and other renewable energy generation units, effluent treatment plants, adoption of new energy efficient output processes and so forth.

As of December 2012, taka 853.54 million out of taka 2.0 billion revolving fund allocated by BB to the following green categories

Category	Amount (Taka in million)
Solar irrigation pump	23.90
Solar home system	102.84
Biogas plant	262.70
Effluent Treatment Plant (ETP)	90.40
Hybrid Hoffman Kiln (HHK)	124.80
Solar PV module assembling plant	248.80
<b>Total</b>	<b>853.54</b>



Around taka 853.54 million has been disbursed under Refinance Line of BB of which 43.99% 30.8%, 14.62% and 10.59% was disbursed for Solar Energy, Biogas, Hybrid Hoffman Kiln and Effluent Treatment Plant respectively.



(in million taka)		
Category	December, 2011	December, 2012
Solar irrigation pumping station	18.87	23.90
Solar home system	59.37	102.84
Biogas	132.21	262.70
ETP	20.78	90.40
HHK	20.00	124.80
Solar PV module assembling plant	Nil	248.80
<b>Total</b>	<b>251.23</b>	<b>853.54</b>

Bangladesh Bank is supporting financing of renewable energy generation and other environmentally benign projects. BB has disbursed taka 251.23 million and 853.54 million till December 2011 and December 2012 respectively.

#### 4.3.3 BB's In-house green activities:

BB is concentrating on its in-house green activities through the most effective utilization of

resources (power, gas, fuel, water, paper etc.).

- With a move towards encouraging green banking in Bangladesh, Bangladesh Bank installed 8 kilowatt solar power system on its rooftop in March 2010. This is now being extended to 20 kilowatt to cover more areas.
- LED bulbs are being installed to bring significant energy efficiency.
- As part of central bank automation, Bangladesh Automated Clearing House (BACH), Credit Information Bureau online, Enterprise Resources Planning (ERP), Enterprise Data Warehouse (EDW), e-tendering, and e-recruitment have come into reality. National Payment is in live operation since 2012. Southeast, Pubali & BDBL are now connected with NPSB and doing live transaction.
- The overall banking functions of Bangladesh Bank (including all departments and branch offices relating to banking functions) have been brought under automation by implementing the Banking Application Package that includes Core Banking Module, Treasury Management Module and Market Infrastructure module.
- All the departments of Bangladesh Bank Head Office and its nine branch offices have already been brought under a computer network (LAN/WAN), connecting more than 3,800 PCs.
- Environmentally harmful incineration of non re-issuable damaged bank notes is being phased out, resorting instead to shredding.
- Online salary and other necessary advice, personal file updated information, office orders, notification online balance statements for all employees of BB, electronic passes for visitors are instantly available.
- A recent initiative has been taken to convert the 30-storied building of Bangladesh Bank into a **Green Building** with the modern facilities of rain water harvesting, waste water recycling and motion sensor energy efficient bulbs supported by window based solar panels.

#### **4.4.1 Policy Formulation & Governance:**

All 47 commercial banks have formulated Green Banking Policy Guidelines approved by their Board of Directors/Competent authority and formed Green Banking Unit (GBU) for Green Banking activities. 44 banks have Green Office Guide for in-house green activities.



#### 4.4.2 Budget Allocation and Utilization:

Banks are required to allocate a considerable amount for green banking in their annual budgets, which will include (i) Budget for green finance (ii) Budget for Climate Risk Fund and (iii) Budget for Green Marketing, Training & Capacity Building.

39 Banks have utilized taka 271270. 84 million in 2012 for (i) green finance, (ii) Part of CSR Activities for Green Project and Green Event (iii) Marketing, Training and Capacity Building.

Area	Utilization Amount (in million taka)
Green Finance	270921.53
Climate Risk Fund	258.89
Marketing, Training & Capacity Building	90.42

**05-Table: Budget Allocation and Utilization.**

#### 4.4.3 Environmental risk:

Environmental risk is not a part of credit risk; rather it is a facilitating element of credit risk when it is linked with the credit risk due to environmental condition/climate change. Incorporation of environmental risk is required to be incorporated in the Core Risk Management (CRM) that mandates considering EnvRR in the overall credit risk methodology. Incorporation of environmental risk in CRM is also important for computation of adequate capital under Risk Based Capital Adequacy (RBCA) and the CAMELS rating under off-site supervision as well. Banks are now assessing EnvRR following the Environmental Due Diligence (EDD) Checklist of Environmental Risk Management (ERM) guideline.

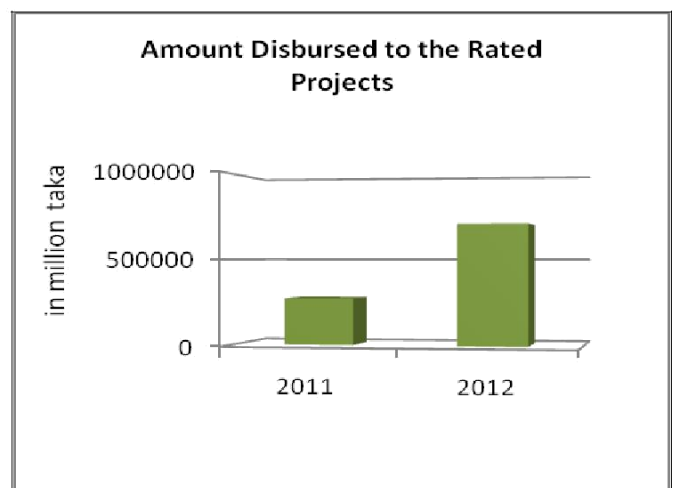
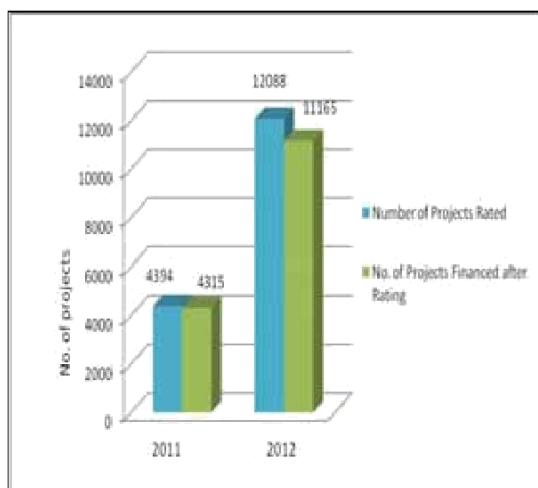
#### 4.4.4 Sources of Environmental Risks:

##### *Sources of Environmental Risks*



#### EnvRR information during 2012:

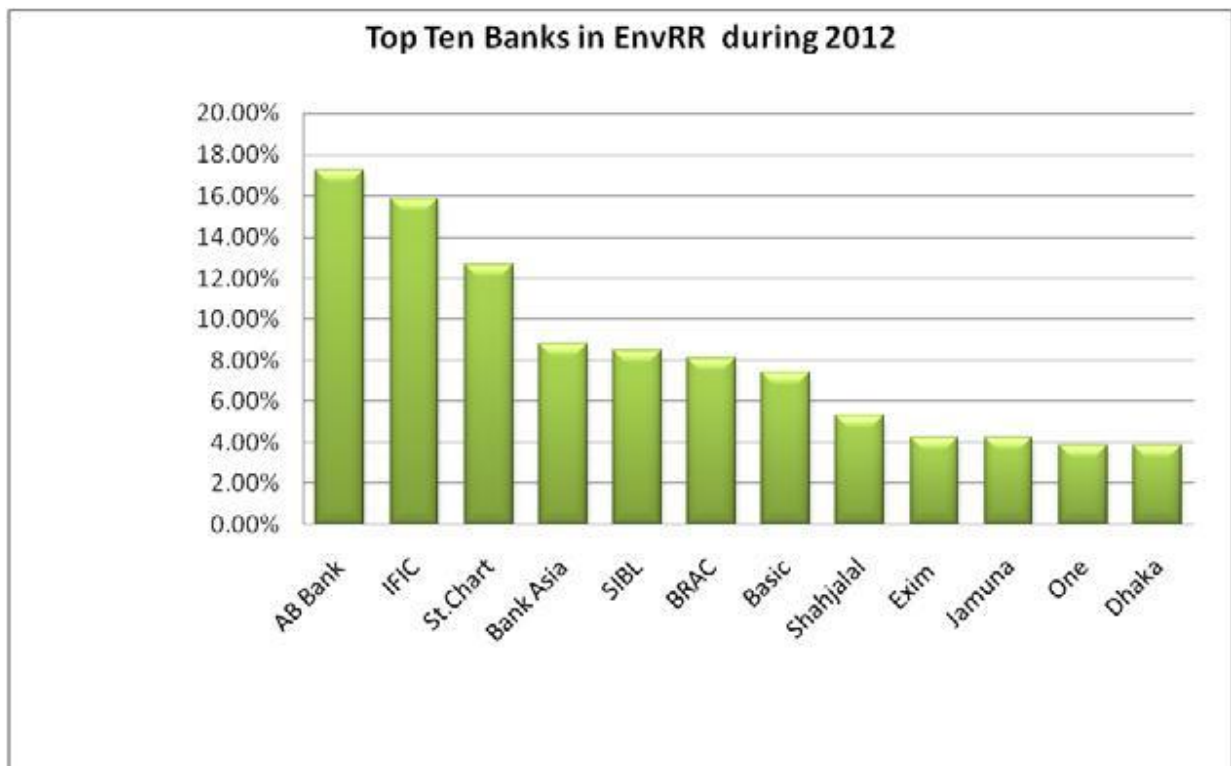
Banks have started Environmental Risk Rating (EnvRR) since July 2011. Banks have done environmental risk rating in 4394 and 12088 projects in 2011 and 2012. The numbers of projects rating in 2012 have increased more than three times higher than the previous year. Similarly 4315 and 11165 projects (disbursed amount is Tk. 270951.14 & 703633.21) have been financed after rating in 2011 and 2012 respectively.



**Figure 07: Amount Disbursement to Rated Projects.  
Environmental Risk Rating**

Year	2011	2012
<b>Number of Projects Rated</b>	4394	12088
<b>No. of Projects Financed after Rating</b>	4315	11165
<b>Amount Disbursed to the Rated Projects (in million taka)</b>	270951.14	703633.21

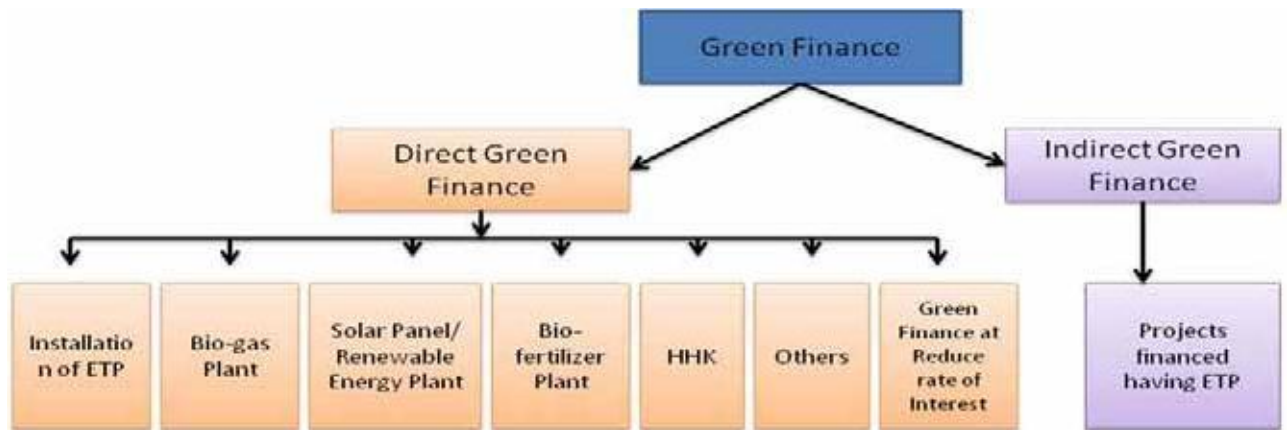
**06-Table: Environmental Risk Rating Comparison between 2011 & 2012.**



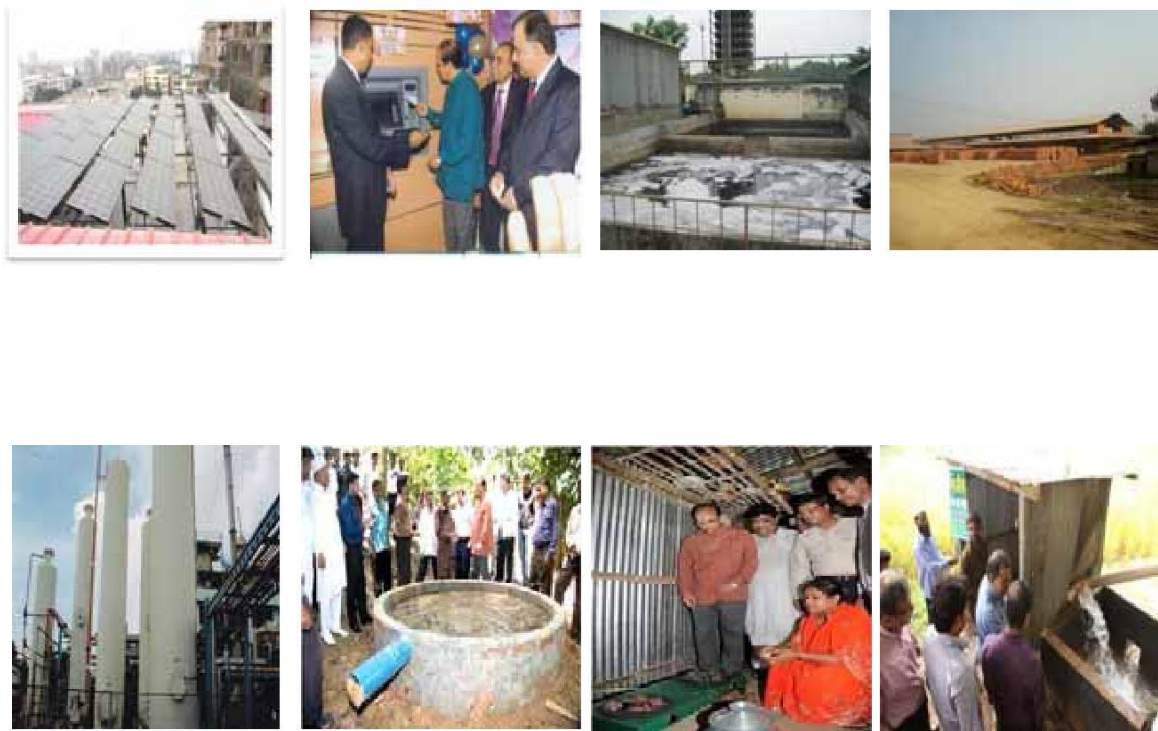
**Figure 08: Top Ten Banks in Environmental Risk Rating during 2012.**

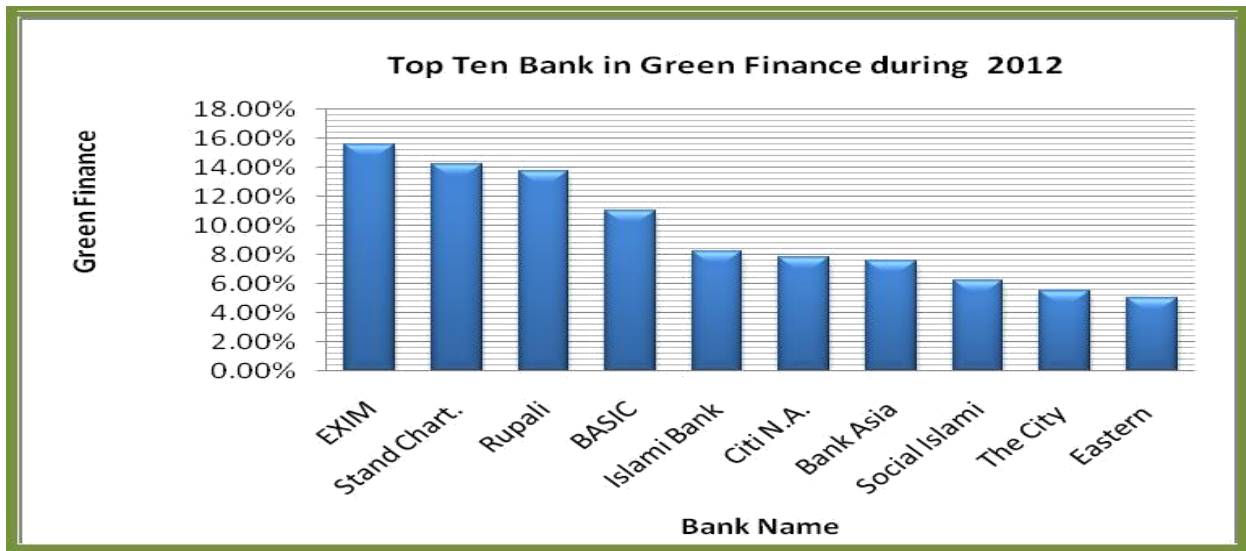
#### 4.4.5 Green Finance:

Green finance combines both direct and indirect green finance. Source of Bank’s direct green finance may be bank’s own fund or Bangladesh Bank’s for renewable energy and environment friendly projects. Indirect green finance means financing the projects having ETP or alike system.

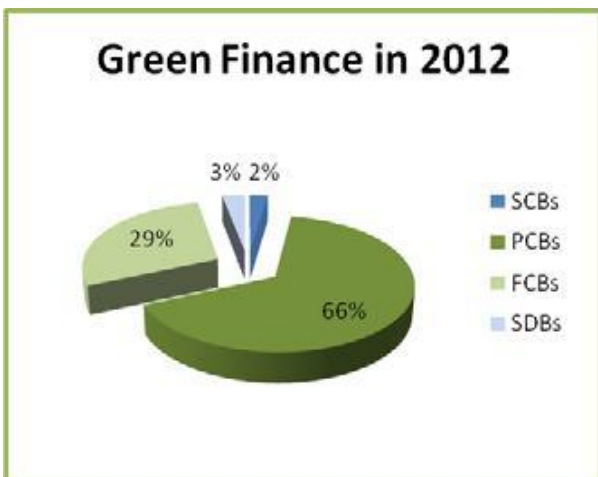


#### *Bank’s Activities-Direct Green Finance*





***Bank's Activities -Indirect Green Finance:***



Bank Category	Direct Green Finance	Indirect Green Finance	Total
SCBs	3513.10	2994.15	6507.25
PCBs	5623.74	173187.17	178810.91
FCBs	881.28	76517.03	77398.31
SDBs	1803.36	6401.70	8205.06
<b>Total</b>	<b>11821.48</b>	<b>259100.05</b>	<b>270921.53</b>

Out of taka 270921.53 million, Private Commercial Banks (PCBs) have maximum contribution (66%) whereas State Owned Commercial Banks (SCBs) and Specialized Development Banks have only 2% and 3% respectively. Top ten banks are contributing to a great extent having 90% share of the total Green Finance. Exim Bank Ltd. is on the top among them with more than 15% share.

Banks have disbursed in different green products/events as taka 1356.52 million in ETP, taka 259100.05 million in project having ETP, taka 899.87 million in Bio-gas plant, taka 3638.37 million in solar/ renewable energy and taka 1830.33 million in HHK etc. during 2012.

<b>Green Projects/Events</b>	<b>SCBs</b>	<b>PCBs</b>	<b>FCBs</b>	<b>SDBs</b>	<b>Total (MillionTaka)</b>
<b>ETP</b>	118.81	687.89	162.8	387.02	1356.52
<b>Projects having ETP</b>	2994.15	173187.17	76517.03	6401.70	259100.05
<b>Bio-gas Plant</b>	9.73	283.82	0	606.32	899.87
<b>Solar/Renewable Energy Plant</b>	984.94	1685.56	718.48	249.39	3638.37
<b>Bio-fertilizer Plant,</b>	0.00	0.40	0	0	0.40
<b>Hybrid Hoffman Kiln (HHK)</b>	538.71	841.96	0	449.66	1830.33
<b>Others</b>	1860.91	2089.58	0	110.97	4061.76
<b>Reduced Rate of Interest</b>	0.00	34.26	0	0	34.26

**07-Table: Green Projects/Events.**

#### **4.5 Climate Risk Fund:**

Banks have allocated taka 2145.35 million in 2012 as climate risk fund.

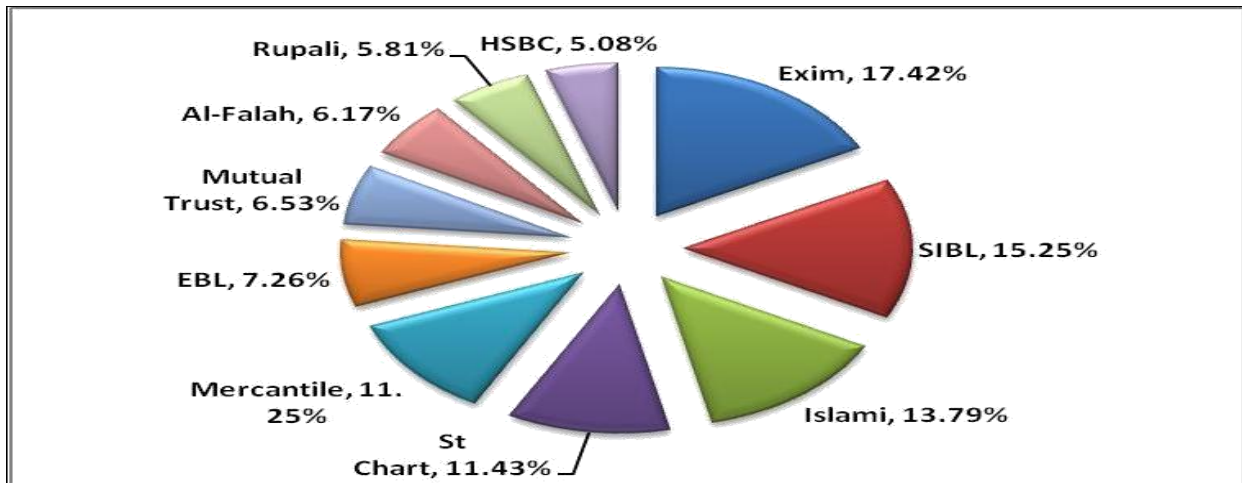
Bank's Climate Risk Fund covers their part of CSR activities as green event or green projects related to Climate Change Risk. Banks have utilized taka 258.89 **million** in 2012 from their Climate Risk Fund.



Banks in general have not yet responded well in terms of utilizing Climate Risk Fund. Banks have utilized only 12.07% against total allocation. Out of taka 2145.35 million, Private Commercial Banks (PCBs) have utilized taka 219.70 million (84,86%) maximum contribution whereas State Owned Commercial Banks (SCBs) and Specialized Development Banks have only 9.5% and 0% respectively.

<b>Bank</b>	<b>Budget</b>	<b>Budget</b>
<b>Category</b>	<b>Allocation</b>	<b>Utilization</b>
		<b>(Total)</b>
<b>SCBs</b>	415.00	24.61
<b>PCBs</b>	1283.15	219.70
<b>FCBs</b>	17.00	14.58
<b>SDBs</b>	430.20	0.00
<b>Total</b>	2145.35	258.89

**Figure 09: CSR activities for green event / project.**



**Figure 10: Top Ten Banks in utilization of Climate Risk Fund during 2012.**

IBBL, EXIM and HSBC are the top three banks those have played together a major role in utilizing 51% (weighted value) of total climate risk fund as utilized by top ten banks

#### 4.5. 1 Marketing, Training & Development:

Bank Category	Budget Utilization (in million taka)
SCBs	1.35
PCBs	81.97
FCBs	7.06
SDBs	0.04
<b>Total</b>	<b>90.42</b>

PCBs have given more concentration on Green Marketing, Training and Development compared to SCBs, FCBs and SDBs. In this case, PCBs alone have share of 90.65%.



**Figure 11: Top Ten Banks in Utilization of Fund for Marketing, Training & Capacity Building.**

EXIM, SIBL and IBBL are the top three banks those have played 17.42%, 15.25% and 13.79% share respectively among the top ten banks in marketing, training and development initiatives.

#### 4.5.2 Online, Internet & SMS Banking:

Access to online banking service for the customers is expanding day by day along-with the increase in number of branches with online coverage and accounts facilitated with internet and SMS banking.



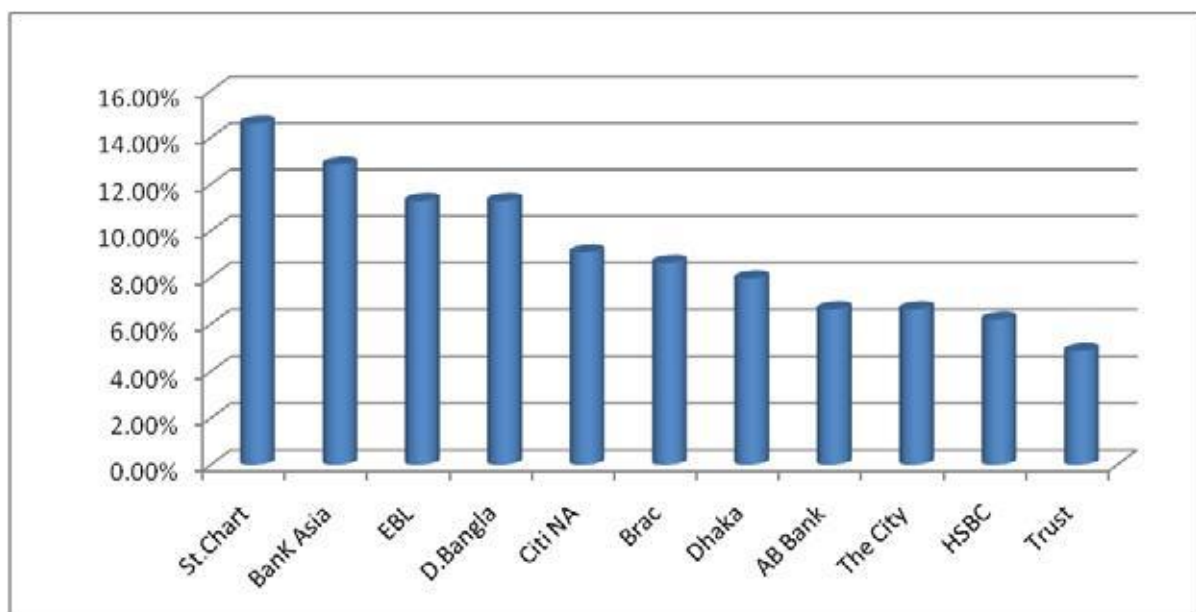
Type of Banks	Total number of Branches	Number of branches with online banking facility	% of branches with online banking facility
SCBs	3482	177	5.08
PCBs	3378	3116	92.24
FCBs	75	75	100.00
SDBs	1457	77	5.28
<b>Total</b>	<b>8392</b>	<b>3445</b>	<b>41.05</b>

Online banking scenario looks promising where 3445 out of 8392 number of branches i.e. 41.05% are equipped with online banking services. Thirty seven banks mainly private and foreign commercial banks are fully automated ensuring online banking services in each of their branches. 92.24% of the total branches of PCBs have been brought under online

banking coverage. 5.08% of the total branches of State Owned Commercial Banks (SCBs) and 5.28% of Specialized Development Banks have been brought under online banking coverage respectively.

Type of Banks	% of accounts facilitated with Internet banking	% of accounts facilitated with SMS banking
<b>SCBs</b>	0.00%	0.01%
<b>PCBs</b>	2.62%	7.73%
<b>FCBs</b>	35.71%	39.64%
<b>SDBs</b>	0.00%	0.00%
<b>Total</b>	1.22%	3.20%

Banks have started to concentrate on mobile banking, SMS banking and internet banking. It shows from the returns that 3.20% and 1.22% of the total number of accounts have been facilitated with SMS banking and internet banking respectively. The State-owned Commercial Banks (SCBs) and Specialized Development Banks need to go a long way in Online, Internet & SMS Banking.



**Figure 12: Top 11 banks in Online.**

### **4.5.3 Mobile Banking:**

With fast expanding mobile telephony and great enthusiasm of the banks in offering financial services through mobile phones, BB issued guidelines on mobile financial services in 2011. 25 banks have been given license thus far to provide mobile financial services (MFS) of which 16 banks have already started their operations. These banks are presently providing MFS to around 3.6 million customers; average transaction volume is around taka 330 million per day.

The rate of growth of customer base in mobile banking is currently 20% per month .



### **4.5.3 ATM Services by Banks:**

Most of the banks have been offering 24-hour banking services through their countrywide ATM booths. Now 4738 ATM booths are operating in Bangladesh. Dutch-Bangla Bank is taking the lead with installation of 2366 ATMs. BRAC and AB Bank also take a good position with 317 222 ATMs respectively.



#### 4.5.3 Branches/ SME/ATM units powered by Solar Energy:

Bank types	Branches powered by solar energy	SME/ATM units powered by solar energy
SCBs	21	8
PCBs	169	150
SDBs	22	0
FCBs	2	3
<b>Total</b>	<b>214</b>	<b>161</b>

**08- Table: Branches/ SME/ATM units powered by Solar Energy.**

214 branches of 26 banks are now powered by solar energy. To mention a few, 23 branches of Islami, 16 branches of both Sonali & Al-Arafah and 14 branches of Mercantile Bank Ltd. are powered by solar energy.

161 SME/ATM units of 9 banks are powered by solar energy. BRAC Bank has facilitated 131 SME/ATM units powered by solar energy. Sonali, AB, Prime, Mutual Trust, Islami, Standard Chartered, HSBC and Bank Al-Falah banks have SME/ATM units powered by solar energy.

#### 4.6 Banks' in-house Green Activities:

Major natural energy sources such as trees, water, wind, sun have been ensured in each floor.

- Using sensor lighting equipment for saving electricity;
- Common use of table stationeries instead of individual use;
- Use of paper on both sides for internal consumption;
- Introduction of e-statement for customers instead of paper statements;
- Use of online communication in the best possible manner;
- Using more daylight instead of electric lights and proper ventilation in lieu of using air conditioning ;
- Using energy saving bulbs;
- Use of Eco Font for printing light impression on both sides;

- Efficient use of printer cartridges, photocopy toner, office stationary, etc.
- Sharing electronic files, voice mail and e-mail instead of paper memos;
- Use of solar energy/ renewable energy sources, and
- More concentration on developing a Green Office Guide for reducing the information gap/reducing hazards/increasing efficiency/awareness/reducing pollution/developing Green Banking for sustainable finance.

#### **4.6 Common Green Banking Slogans of Banks:**

- Save paper, save trees ;
- Conserve energy, conserve natural resources ;
- Pay your bills online ;
- Turn off the tap when not needed ;
- Always use a cloth bag ;
- Reduce, reuse and recycle;
- Digitize yourself ;
- Think before you press the button ;
- Everything has two sides ;
- Be paperless- kick the habit ;
- Use car pools to go to work, and
- Unplug electronic devices while not in use.

#### **4.6.1 Supporting Employee Training, Consumer Awareness and Green Event:**

- >Information on Training/Seminar/Workshop or any awareness program.
- >It is revealed from the data that banks in general are required to concentrate more on their employee training and consumer awareness in the manner that it demands.

#### 4.6.2 Disclosure and Reporting of Green Banking Activities:

In line with the guidelines of Bangladesh Bank, initiatives have been taken by banks for appropriate disclosure and reporting of Green Banking activities to Bangladesh Bank, Annual Report, Bank Web Site and Media.

#### 4.6.3 Major Green Banking Activities at a Glance:

- 47 banks have formed a Green Banking Unit
- Green Banking unit has been established in 47 banks.
- 47 banks have introduced a Green Office Guide.
- EnvRR has been done for 12088 projects.
- 11165 rated projects have been financed.
- 703633.21 million taka has been disbursed.
- 214 branches and 161 ATM/SME unit offices are powered by solar energy.
- 37 banks are fully automated.
- 3445 branches have been facilitated with online coverage.
- Taka 270921.53 million has been disbursed as green finance.
- Taka 258.89 million has been utilized from climate risk fund.
- Taka 90.42 million has been utilized for green marketing, training and development.

#### 4.6.4 Success Stories of Banks:



## Bio-gas plant

Exim Bank Limited has financed around taka 300 million for setting up 1000 bio gas plant in Gazipur, savar, Manikganj, Tangail, Rajshahi, Natore, and Serajganj. Each plant is based on a bio-digester fed with organic wastes produced by four cows; besides bio gas as fuel for cooking and lighting, the plant owners are getting other important by products from their

investments; the slurry from the digesters is useful organic manure, milk and calves produced by the cows are valuable protein sources for household consumption and commercial use.

Besides reducing dependence on fossil fuels these plants are thus promoting soil fertility and raising well being and income of the owner households.

Subject to availability of adequate grazing land, the plants can be scaled up to larger bio gas fuel as for electricity generation, running irrigation pumps and so forth.



### 4.6.5 Top Ten Banks in Green Banking Activities:

Top 10 banks are evaluated on the basis of their overall Green Banking activities.

An effort has been made to evaluate top ten banks on each criterion such as Environmental Risk Rating (EnvRR), green finance, part of CSR activities for green event or green project, green marketing, training & development, in house green activities, online banking and other green banking activities. %DQNIV green banking activities as of 2012 and also data on last quarter of 2012 have been taken into due consideration while grading top ten banks.



**Figure 13: Top Ten Banks in Green Banking Activities.**



#### **4.7.1 Green Strategic Planning:**

Banks in Bangladesh are required to set green strategic planning up to 2013 and beyond. Vision and Mission has to be in the strategic planning so that both in-house green banking activities and green banking activities other than in-house are covered. Banks will look for policy formulation for proper selection of unit/project and location under different categories, proper analysis of environmental risks and concentration therein as per Environmental Conservation Act (ECA) 1995, ECR (Environmental Conservation Rules(ECR) 1997, ERM and Green Banking guidelines and other relevant instructions issued time to time. Banks will also prepare sector specific environmental guidelines taking ECR 1997, Environmental Due Diligence (EDD) checklists and current environmental and climate change condition into consideration. Banks will prepare sector specific environmental guidelines only for the sectors covered in the respective bank's portfolio.

There must be a policy decision(Y/N) to finance in the red category. Detailed review is required for a decision to finance in the red category where the most polluting industry units belong to. Banks should also have policy for procurement and effective utilization of energy efficient products, electronic compliances, motor vehicles etc.for eco friendly atmosphere. Automation and improved in house green activities, required and rigorous training program for top/mid/lower level management and at the same time clients as well need to be carried on. Board/Competent authority should be aware and updated of the current green banking activities and development.

#### **4.7.2 Challenges Ahead:**

- Coordination among all the concerned authorities for a green economy.
- Speeding up proper awareness and effective capacity building.
- Immediate concentration on sectoral lending policies and procedures.
- Need for applying a quantitative approach for a more justified Environmental Risk Rating (EnvRR)
- Which is now on the basis of the Environmental Due Diligence (EDD) Checklist

under Subjective?

- Shifting of different categories of industry (such as, Garments, Textiles, Tannery) to a proper location.
- Awareness of the top management.

### **4.8 Way Forward**

Green Banking now is not only limited to awareness but also in practice. It is now expected from all scheduled banks that they would not only allocate budget for

- (i) green finance,
- (ii) green event or green projects under CSR activities,
- (iii) green marketing and capacity building but ensure the efficient utilization of budget allocation.

BB will fix target from this year for green finance for each of the bank and fulfillment of the targets would be one.



## **Chapter-5**

# **Green Banking Activities & Environmental Risk Management Systems of EXIM Bank Limited**

## 5.1 Green Banking Activities, Environmental Risk Management

### Systems, its purpose & Approach:

It's a Banking for saving the environment from different hazards and pollution. A risk due to environmental impacts caused by environmental conditions generating an element of uncertainty or possibility of loss in the context of a financing transaction.



### Purpose:

The overall purpose of Environmental Risk Management is to understand and manage risk that arises from environmental concerns. This brings a focus on planning and implementing policies and procedures to mitigate environmental risks.

The specific purposes are to:

- Examine the environmental issues and concerns associated with potential business activities proposed for financing;
- Identify, evaluate and manage the environmental risk and the associated financial implications arising from these issues and concerns;
- Enhance the credit/investment risk appraisal process;
- Bank will use Environmental Risk Management to strengthen the relationship with the customer and not to create unease;

➤ Environmental Risk Management will focus on managing risks and not on avoiding risks. This intended for inculcating responsible financing practices and not for discouraging/reducing financing. However, if there are business activities that are inherently irresponsible and managing these risks are not feasible, the Bank will avoid financing.

### **Approach:**

The following approaches have been used to enhance environmental risk management:

- Banks should be able to ascertain risks arising out of environmental issues;
- The practice should be directed towards addressing the focused environmental problem that is causing the risks. It should not be used as a tool to solve problems in general;
- The practice needs to be value adding to the customer and should not be policing in nature. Bank will work with the potential customers in a collaborative manner. Together, they should plan the business activity that will adequately address the environmental risk;
- Bank will use Environmental Risk Management to strengthen the relationship with the customer and not to create unease;
- Environmental Risk Management will focus on managing risks and not on avoiding risks. This intended for inculcating responsible financing practices and not for discouraging/reducing financing. However, if there are business activities that are inherently irresponsible and managing these risks are not feasible the Bank will avoid financing.

#### **5.2.1 Activities under Phase-I:**

As per Bangladesh Banks guideline, EXIM Bank has developed and passed a comprehensive Green Banking Policy and taken following steps showing general commitment on environment through in-house performance.

### **5.2.2 Policy Formulation and Governance:**

EXIM Bank has formulated an environmental or Green Banking policy and strategy for approval the Board of Directors. As per clause # 1.1 of BRPD circular # 2 dated 27/02/2011. The Directors of the Board has assigned to the Executive Committee of the Board to perform the Green Banking activities/prot-folio of the Bank. The committee is responsible for reviewing the bank's environmental policies, strategies and program. The committee also shall approve a fund in the annual budget allocation for green banking. EXIM Bank has also formed a separate Green Banking Unit or Cell having the responsibility of designing, evaluating and administering related green banking issues of the bank. The senior executives and operational head of different service delivery station/point are assigned with the responsibility of leading the unit. The above committee are sitting in the meeting at a certain interval and analyze the periodical progress of Green Banking activities of EXIM Bank.

### **5.2.3 Incorporation of Environmental Risk in CRM:**

EXIM Bank has incorporated Environmental and Climate Change Risk as part of the. existing credit investment methodology (IRG/CRG) prescribed to assess a prospective customer and formulate/ circulate checklist for different specific sectors.

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### **5.3 General Environmental Due-Diligence Checklist AND Specific sector-wise due diligence checklist:**

This check list is to be used for all proposals for financing being considered by the Banks. If there are no specific checklists for the particular sector under consideration, the general EDD alone, is to be used to determine the EnvRR. Branches were instructed to complete a response to each of these questions as Yes or No or Not Applicable (NA), and determine the

EnvRR. If a question does not apply to the sector under consideration, it should be excluded by deducting from the total number of questions used to calculate the percentages in determining the EnvRR. The justification for any exclusion is to be documented separately and retained on file with the EnvRR checklists.

#### **5.4.1 Initiating In-house Environment Management:**

A 'Green Office Guide' and a set of general instructions already circulated to the employees for efficient use of electricity, water, paper and reuse of equipments for example: Online communication & document, double-side printing to save papers, Ecofont in printing, use scrap paper as notepads, avoid disposable cups/glasses, Installation of energy efficient electronic equipments and automatic shutdown of computers, fans, lights, air coolers, etc. To promote the in house practice as well as building awareness a class (at least) on each & every training course has been included.

#### **5.4.2 Introducing Green finance:**

EXIM Bank has declared to prefer Eco friendly business activities and energy efficient industries at the time of selecting/marketing investment customer. Environmental infrastructure such as renewable energy project, clean water supply project, wastewater treatment plant, solid & hazardous waste disposal plant, bio-gas plant, bio-fertilizer plant will be encouraged and financed by bank. Consumer loan programs may also be applied for promoting environmental practices among the clients. To comply with the instruction of Bangladesh Bank EXIM Bank has allocated Fund in the Budget for Green Banking as under for the year 2012:



1. Green Finance 2500.00 crore For installation of ETP, Projects financed having ETP(Full amount Disbursed), Bio-gas Plant, Solar Panel, Bio-Fertilizer Plant, Habala Zig Zag Klin etc.
2. Climate Risk Fund 5.00 crore Part of CSR activities that related to Climate Change.
3. Marketing, Training and Capacity Building 5.00 crore Online Banking, Internet Banking, Mobile/SMS Banking, ATM.

It is mentionable here that Bank has inserted a mandatory clause for installing ETP for any Composite Textile, Dyeing units for availment of investment from EXIM Bank. A Photograph of ETP installed to the project of an investment customer of the Bank are as follows.





It may be mentioned here that Bank has already used/utilized a considerable amount of fund in the sector and trying to achieve the target/budget even in the tight money market situation within June 2013.

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Bank has also extended investment to the Bio-Gas plant entrepreneur for installation and operation through its Gazipur, Faridpur, Dinajpur, Rangpur, Fenchugonj, Barishal & Rajshahi branches.





**Figure14: An under constructed Bio-Gas plant and complete Bio-Gas Plant investment by EXIM Bank.**

### **5.4.3 Creation of Climate Risk Fund:**

EXIM Bank will invest in the economic activities of the flood, cyclone and drought prone areas at the regular profit rate without charging additional risk premium. However, bank has advised to the EXIM Bank Foundation to build/retain a Climate Change Risk Fund for distribution to the affecting people in case of emergency. The Board of EXIM Bank has allocated following Climate Risk Fund during the year-2012-2013.1. Climate Risk Fund 5.00 crore (taka) Part of CSR activities that related to Climate Change.

### **5.4.4 Introducing Green Marketing:**

Green marketing is the marketing of products that are presumed to be environmentally safe. Green marketing is expected to help awareness development among common people. The Board of EXIM Bank has allocated following Marketing, Training and Capacity Building Fund during the year-2012-2013.

1. Marketing, Training and Capacity Building 5.00 crore (taka) Online Banking, Internet Banking, Mobile/SMS Banking & ATM.

Meantime Bank has installed 23 ATM both another 20 ATM booth are in pipeline. 2 CDM and 5 POS machines are also installed.

#### **5.4.5 Online Banking:**

**Online banking is a green banking.** Bank is giving more emphasis to make the easiest way to help environment by eliminating paper waste, saving gas and carbon emission, reducing printing costs and postage expenses. Meantime all the branches of the Bank have included under the system of online banking.



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#### **5.4.6 Supporting Employee Training, Consumer Awareness and Green**

**Event:** Bank has taken massive program to cover all of its employee under formal training for building awareness about Green Banking among themselves. Besides, issuance of circular, guideline and arrange workshop, seminar etc for building awareness both the employees.

#### **5.4.7 Disclosure and Reporting:**

Disclosure and Reporting to Bangladesh Bank's Green Banking Cell and others on Green Banking Activities are in practice along with periodical upgrading the same in Bank's websites. EXIM Bank has completed all the steps and events fixed by Bangladesh Bank under Phase-I.

#### **5.4.8 Activities under Phase-II:**

EXIM Bank has taken plan for completion the actions under **Phase-II within December 31, 2012.**

#### **5.4.9 Sector Specific Environmental Policies:**

Bank has formulated strategic design for specific policies for different environmental sensitive sectors such as Agriculture, Agri-business (Poultry & Dairy), Agro farming, Leather (Tannery), Fisheries, Textile and Apparels, Renewable Energy, Pulp and Paper, Sugar and distilleries, Construction and Housing, Engineering and Basic Metal, Chemicals (Fertilizers, Pesticides and Pharmaceuticals), Rubber and Plastic Industry, Hospital/Clinic, Chemical Trading, Brick Manufacturing, Ship breaking etc.

#### **5.5 Green Strategic Planning & Year's Theme:**

Bank has determined for green targets through strategic planning. Bank has determined a set of achievable targets and strategies, and discloses these in the annual reports and websites for green financing and in-house environment management. Bank has fixed its year's theme as "**Be Green, Remain Green & Patronize Green**" for accelerating the Green Banking activities through its every spheres of operations. Recently Bank issuing/circulating all instruction, Office Order, Guideline & Resolution through e-mail instead of circulating hard copy. Each and every executives and officers are instructed to maintain and search e-mail as a routine work.

## 5.6 Setting up Green Branches:

A Green Branch will be featured by the provision of the maximum use of natural light, use of renewable energy, use of energy saving bulbs and other equipments, reduced water and electricity use, use of recycled water etc. Such a branch of the bank would be specifically designated as a ‘Green Branch’. **The Green Branch will be entitled to display a special logo approved by Bangladesh Bank.** The criteria for certification of a ‘Green Branch’ will be circulated by Bangladesh Bank in due course of time. EXIM Bank has already established a few branches and one building of Head Office under solar system.



Figure 16 EXIM Islamic VISA Card Division 87, Gulshan, Dhaka-1212.

### 5.7.1 Improved In-house Environment Management:

Strategy of reuse, recycling of materials and equipments, and source reduction and waste minimization strategy should be part of in-house environmental management in Phase-II.

Bank is increasingly relying on virtual meeting through the use of video conferencing in lieu of physical travel which would help saving cost and energy. Meantime video conference with the Manager of Chittagong, Sylhet and North Bengal areas already been conducted.

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### **5.7.2 Rigorous Programs to Educate Clients:**

Bank instructed to its branches to initiate workshop, seminar and customer get together to aware them regarding their participation towards protection the environment from different hazards. Slogan of Green Banking has also been circulated/transmitted to encourage the related all.

### **5.7.3 Disclosure and Reporting of Green Banking Activities:**

Disclosure and Reporting to Bangladesh Bank and others on Green Banking Activities on periodically and upgrading the same in our websites are in regular practice of the Bank.

EXIM Bank has taken initiative to cover most of the issues fixed by Bangladesh Bank under Phase-II within December-2012 in case of other measures/issues to be completed by 30th June 2013 with the activities of Phase-III.

### **5.8.1 Activities under Phase-III:**

The time lining for the actions to be taken under **Phase-III will not exceed December 31, 2013.**

### **5.8.2 Designing and Introducing Innovative Products:**

To explore/innovate environment friendly ideas and products, a marketing/development unit already formed under guidance of senior management to design/prepare at least 2/3 Green Banking Products within 1st quarter of the year 2013.

### **5.8.3 Reporting in Standard Format with External Verification:**

Exim Bank will publish independent Green Annual Report following internationally accepted format like Global Reporting Initiatives (GRI) targeting their stakeholders. There will be arrangement for verification of these publications by an independent agency or acceptable third party.

### **5.8.4 Reporting Green Banking Activities on Quarterly Basis:**

EXIM Bank will report its initiatives/activities under the said program to the Department of Off-site supervision of Bangladesh Bank on quarterly basis. Bank is submitting the report narrating/stating its performance/initiatives which will be continued. Bank will keep its annual report and websites updated with the disclosures on green banking initiatives.



## 5.9 Green Banking Statement:

### Environmental Due-Diligence Checklist (General):

Name of customer	Environmental Clearance	Land Location/site	Climate Change	Commitment	Manpower	Skills	Labor/Social Issues	EnvRR
ABEDA MEMORIAL HOSPITAL PVT LTD	Yes	Yes	Yes	Yes	No	No	Yes	Moderate
BISWAS AGRO FOOD LTD	Yes	Yes	Yes	Yes	Yes	No	Yes	Low
PASHA ELECTRO INDUSTRIES LTD	Yes	Yes	Yes	Yes	Yes	No	Yes	Low

### Environmental Due-Diligence Checklist (Poultry):

Name of customer	Avian influenza	Solid waste		Wastewater/ ETP		Hazardous materials	Monitoring	EnvRR
		Management of Solid Waste	Disposal of solid waste	Management of ETP	Bypass Arrangement			
AG AGRO INDUSTRIES LTD.	Yes	Yes	Yes	No	No	Yes	Yes	Moderate

### Environmental Due-Diligence Checklist (Housing):

Name of customer	Sewage		Dust	Noise	Debris	Monitoring	EnvRR
	Appropriate	Bypass					
AG PROPERTY DEVELOPMENT LTD	Yes	Yes	Yes	No	Yes	Yes	Low
RABAB HOLDINGS LTD.	Yes	Yes	Yes	No	Yes	Yes	Low

### Environmental Due-Diligence Checklist (Textile and Apparels):

Name of customer	Hazardous materials	Wastewater/ ETP			Solid Wastes	Air Emissions	Fire & Explosions	Monitoring	Export Requirements	EnvRR
		Availability of	Dyeing	Bypass Arrangement						
ANANTA JEANSWRAR LTD.	Yes	Yes	N/A	Yes	Yes	No	Yes	Yes	No	Moderate
BANDO APPARELS LTD	Yes	Yes	N/A	Yes	Yes	No	Yes	Yes	No	Moderate
GARIB AND GARIB CO LTD (UNIT-2)	Yes	Yes	N/A	Yes	Yes	No	Yes	Yes	No	Moderate
GOLDEN HORIZON LTD	Yes	Yes	N/A	Yes	Yes	No	Yes	Yes	No	Moderate
SHADHIN DYEING PVT LTD	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Moderate
TUNIC FASHIONS LTD.	Yes	Yes	N/A	Yes	Yes	No	Yes	Yes	No	Moderate
WEGA STYLEWISE PVT LTD	Yes	Yes	N/A	Yes	Yes	No	Yes	Yes	No	Moderate

09 -Table: Environmental Rating Statement as on 31.03.2014.



## **Chapter-6**

### **Findings, Recommendations & Conclusion**

## **6.1 Findings:**

While working on EXIM Bank new Eskaton road Branch, I have attained a newer kind of experience. After collecting and analyzing data I have checked out some findings. These findings are completely based on my personal view.

- The branch should concentrate more on use solar energy to save electricity.
- There is a shortage of ATM booths in major cities with proper solar energy backup.
- The bank does not maintain or record of the consumption of water, paper, electricity etc. at their offices and branches.
- The bank may prepare an inventory of the consumption of water, paper, electricity, energy etc of the Offices and Branches.
- The bank does not encourage clients and business houses to comply with environmental regulation.
- The bank tries to set-up all branches according to green banking guidelines but still they are far away from their practices.

## **6.2 Recommendations:**

EXIM Bank Ltd. New Eskaton Branch is one of the most potential Banks in the banking sector. It has a large portfolio with huge assets to meet up its liabilities and the management of this bank is equipped with the expert bankers and managers in all level of management. So it is not an easy job to find out the drawbacks of this branch. I would rather feel like producing my personal opinion about the ongoing practices in New Eskaton Branch.

For more improvement of the service the following measures may be taken:

- The bank should apply better level of Green Banking Activities & Environmental Risk Management Systems.
- The bank may arrange more ATM's in bigger cities with proper solar energy backups.
- The bank should ensure Proper Communication System and Maintenance of Machineries.
- According to the legal framework of green banking, EXIM bank should concentrate to prevent pollution from paper, gas, electricity or to close down or have to make necessary investment to comply with the standard.
- The bank may maintain the record of the consumption of water, paper, electricity energy etc. of the offices and branches to minimize pollution and environmental risk.

### **6.3 Conclusion:**

From the practical implementation of customer dealing procedure during the whole period of my practical orientation in EXIM Bank Ltd. New Eskaton Branch, I have reached a firm and concrete conclusion in a very confident way. Performance of EXIM Bank Ltd New Eskaton Branch during the last five years has proved that with strong desire and will power one can achieve whatever target he may have. The bank has succeeded in achieving more customer than many other competitors. In my study I have found that EXIM Bank Ltd. New Eskaton Branch has reached this position by its excellent customer's service, commitment, people's love and dedicated human resources. EXIM Bank Ltd. New Eskaton Branch has shown its supremacy in all kinds of banking operations in our country. Bank is the largest organization of mobilizing surplus domestic savings. New Eskaton Branch plays vital role Green Banking Activities & Environmental Risk Management systems for saving environment from different hazards & pollution. Attractive Savings Schemes are offered by **EXIM Bank Ltd New Eskaton Branch** like MSS, MSD, MTDR, MSTD etc. Schemes are designed concentrating in different purposes to help the fixed income group people to help in need. Branch-Officials are also whole-hearted and dedicated to serve their customer with utmost care. The officials follow the policy very strictly. They are choosy and conservative in sanctioning loan. The proposal is thoroughly scrutinized by the loan sanctioning authority. The total function of the investment division is monitored periodically **EXIM Bank Ltd** New Eskaton Branch always tries to increase foreign exchange through import, export and remittance. This bank always conceives amicable behavior with exporters and helps them in their business activities as a trustee friend. It encourage importer to import goods in legal procedure and provide financial assistance for doing business smoothly.

**EXIM Bank Ltd** New Eskaton branch is going well. Though there are some drawbacks in implementing the different tasks manually, it can be overcome through the involvement of more experts in decision making process and utilizing the tools to judge integrity of the customers. Finally it can be argued that through the results achieved so far are not satisfactory, why not the bank using a modern scientific technique for enhancing its strength and there lies the opportunities to make it more effective in the future for their own benefit.

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