

# **Internship Report**

**On**

**EXIM Bank of Bangladesh LTD.**

**Topic: Performance Appraisal of Exim Bank Ltd**

## **PREPARED FOR:**

**Dr. Tanbir Ahmed Chawdhury  
Associate Professor  
Department Of Finance  
East West University**

## **PREPARED BY:**

**Md. Fazleh Elahi  
ID# 2000-3-10-021  
Business Administration Department  
East West University**

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To

Dr. Tanbir Ahmed Chawdhury

Associate Professor

Department Of Finance

East West University

**Subject: Submission of Internship report.**

Dear Sir,

I have the pleasure to submit an elaborate Internship Report. This Internship report focuses on the operating systems of different departments of EXIM Bank Ltd. It also describes the "General Banking and Financial Operations of Export and Import of EXIM Bank Ltd.

This extensive practical work enriched my knowledge a lot about banking sector. I am really grateful to the SVP and Manager of Motijheel Branch and my thanks go to all the officers and employees of the Bank who helped me in progress of my work.

I thank you and request you to accept my report and oblige thereby.

Sincerely Yours,  
*Md. Fazleh Elahi*  
Md. Fazleh Elahi

ID# 2000-3-10-021

Department of Business Administration

East West University.

2<sup>nd</sup> January 2005

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I am also grateful to Mrs. Nasrin Sultana & Ms. Israt (Accounts Opening), Mr. Imran, Mr. Monir, Mr. Jakiul, Mrs. Kaberi (Local Remittance); Mr. Sarowar, Mr. Tauhid, (Clearing); Mr. Apu, Miss Sangita, Mr. Ali, (Import); Mr. Rana, Mr. Mohiuddin, Mr. Nasir, Mr.Miraz (Export); Mr. Shamin (Advance) and many others.

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## EXECUTIVE SUMMARY

Export Import Bank Of Bangladesh Limited has started its journey as a private commercial bank on August 3, 1999. The whole working process of EXIM Bank Ltd is divided into 3 sections- (I) General Banking section, (ii) Credit Section, (iii) Foreign Exchange Section. This report has been presented based on observation from each section, which is consisted of various departments.

General banking is the starting point of all the banking operations. It is the department, which provides day-to-day services to the customers. It opens new accounts, remit funds, issue bank drafts and pay orders etc. The goal of the general banking department is provide the sincere service to the customer.

Foreign exchange department plays various roles through providing different services for the customers. Letters of credit is the key player in the foreign exchange business. Timely payment for exports and quicker delivery of goods is the pre-requisite for successful international trade operations. To ensure this purpose EXIM Bank Ltd transmits L/C through SWIFT (Society for Worldwide Interbank Financial Telecommunication) to the advising bank. EXIM Bank Limited is providing different sorts LC services like L/C opening, lodgment, BLC (bills under letter of credit), Back to back LC etc. Foreign exchange department also provide foreign remittance like traveler's cheque, foreign demand draft, endorsement of US\$ in passport etc.

EXIM Bank Ltd, finance directly on priority basis to agriculture, industry and commerce sector for strength the economic condition of the country. EXIM Bank plays an important role to move the economic wheel of the country. Providing different sorts of credit and schemes like loan against imported merchandise (LIM), Trust Receipt, Bank Guarantee, Industrial Loan, SOD, Consumer Credit scheme, Executives Car Loan, House Finance is the main spring of the credit department.

# CHAPTER-1

## 1.1 INTRODUCTION:

Generally by the word “Bank” we can easily understand that the financial institution deals with money. But there are different types of banks like; Central Banks, Commercial Banks, Savings Banks, Investment Banks, Industrial Banks, Co-operative Banks etc. But when we use the term “Bank” without any prefix, or qualification, it refers to the ‘Commercial banks’. Commercial banks are the primary contributors to the economy of a country. So we can say Commercial banks is a profit-making institution that holds the deposits of individuals & business in checking & savings accounts and then uses these funds to make loans. For this people and the government is very much dependent on these banks as the financial intermediary. As, banks are profit -earning concern; they collect deposit at the lowest possible cost and provide loans and advances at higher cost. The differences between two are the profit for the bank.

Banking sector is expanding its hand in different financial events every day. At the same time the banking process is becoming faster, easier and the banking arena is becoming wider. As the demand for better service increases day by day, they are coming with different innovative ideas & products. In order to survive in the competitive field of the banking sector, all banking organizations are looking for better service opportunities to provide their fellow clients. As a result, it has become essential for every person to have some idea on the bank and banking procedure.

### 1.1.1 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. He had a long experience as a good banker. A group of highly qualified and successful entrepreneurs joined in Exim Bank. Among them, Mr. 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 BEXIM 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 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.

The authorized capital and paid up capital of the bank are Tk. 1000 million and Tk. 253.13 million respectively.

### **1.1.2 Corporate culture:**

This bank is one of the most disciplined Banks with a distinctive corporate culture. Here we believe in shared meaning, shared understanding and shared sense making. Our people can see and understand events, activities, objects and situation in a distinctive way. They mould their manners and etiquette, character individually to suit the purpose of the Bank and the needs of the customers who are of paramount importance to us. The people in the Bank see themselves as a tight knit team/family that believes in working together for growth. The corporate culture we belong has not been imposed, it has rather been achieved through our corporate conduct.

### **1.1.3 Corporate mission:**

- To provide high quality financial services in export and import trade.
- To provide excellent quality Customer service.
- To maintain Corporate and business ethics.
- To become a trusted repository of customers' money and their financial advisor.
- To make our stock superior and rewarding to the customers/share holders.
- To display team spirit and professionalism.
- To have a Sound Capital Base.

### **1.1.4 Social commitment:**

The purpose of our banking business is, obviously, to earn profit, but the promoters and the equity holders are aware of their commitment to the society to which they belong. A chunk of the profit is kept aside and/or spent for socio-economic development through trustee and in patronization of art, culture and sports of the country. We want to make a substantive contribution to the society where we operate, to the extent of our separable resources.

## **1.2 An overview of Exim Bank Ltd.:**

### **1.2.1 Export and Import Trade Handling and Financing:**

As a commercial Bank, Exim Bank Ltd do all traditional Banking business including the wide range of savings and credit scheme products, retail banking with the support of modern technology and professional Excellency. But its main focus is, on export and import trade handling and the development of entrepreneurship of private sectors.

### **1.2.2 The sources and Uses of Fund:**

The composition of sources of banks fund are paid up capital, reserve, customer deposit and call loan from different banks. The bank used major portion of this fund for investment in loans and advance. The bank also invested in securities and shares. The surplus fund was applied in call money market to earn satisfactory returns.

### **1.2.3 Deposit:**

The total deposit of the bank increased to Tk. 15,242.97 million as on December 31, 2003 from Tk. 9945.23 million as at the end of the previous year indicating an increase of 53.27% than the previous year. The EXIM Bank remains committed to increasing its deposit base on lowering the banks over all cost of fund.

### **1.2.4 Loans and Advance in EXIM Bank Ltd.**

During the year 2003, total loans and advances increased by tk.4334.56 million, 54.49% growth over the preceding period. This is due to increased commercial and trade financing, term leading and working capital support. The classified loan position is almost nil. This was achieved by rendering due attention and monitoring high-risk advance. As a result, classified advance is amounted to Tk. 298.03 million in 2003. The bank is trying to operate its credit activities with the target of achieving Zero classified loans.

### **1.2.5 Investment of EXIM Bank Ltd.**

The size of investment portfolio of the bank as on December 31, 2003 stood at Tk. 2377.073 million against Tk. 1419.00 million in the previous year snowing an increase of 67.52%. The notable investment represents deployment in Treasury bills and Snares, Prize bond & others.

### 1.2.6 Import Business

The total import business handled by the Exim Bank during the year 2003 was Tk. 19,260.01 million as compared to Tk. 13,152.50 million in the previous year showing an increased rate of 46.44%. The significant items of imports were industrial raw materials, consumer goods, machinery, Fabrics and accessories etc.

### 1.2.7 Export Business

The total volume of export handled by the bank during 2003 was Tk. 15,124.60 million compared to Tk. 10,088.30 million in the previous year are showing an increased rate of 49.92%. The export trade continuous to be a major growth area for the bank and the bank intends to concentrate in this of business in the coming years.

### 1.2.8 SWIFT Service

The SWIFT services helped the bank in sending and receiving the messages and instructions related to its NOSTRO account operations and L/C related matters. They have brought 8 of its Branches under SWIFT network. Other Branches will come under the network hopefully by the year 2005.

### 1.2.9 Performance of EXIM Bank:

Within a short time period EXIM Bank Ltd has been successful to position itself as a progressive and dynamic financial institution in the country. The Bank widely acclaimed by the business community, from small business/entrepreneurs to large traders and industrial conglomerates, including the top rated corporate borrowers from forward-looking business outlook and innovative financing solutions. The bank achieved satisfactory progress in all areas of its operation and earned an operating profit of Tk. 99.67 million.

Particulars	2003 (Tk in million)	2002 (Tk in million)	2001 (Tk in million)
Authorized Capital	1000.00	1000.00	1000.00
Paid-up Capital	339.9	253.1	225.00
Reserve Fund	228.2	298.4	119.61
Foreign Exchange Business	34619.6	23518.3	16364.7
Deposits	15243.0	9945.2	7256.47
Advances	12289.1	7954.5	5131.5

Investments	2377.0	7954.5	829.06
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Particulars	2003 (Tk in million)	2002 (Tk in million)	2001 (Tk in million)
Earning per share	69.20	79.14	70.25
Loan as a % of total deposit	80.62%	79.98%	70.73%
Total Income	1961.91	1316.55	940.87
Total Expenditure	1399.25	929.76	667.01
Operating Profit	562.7	386.8	273.8
No of foreign correspondent	185	180	175
Fixed Assets	124.01	110.98	94.29

### 1.3 Objectives of the study:

The main objective of this study is to achieve the following objectives:

1. To present an overview of EXIM Bank Limited.
2. To appraise the principle activities of EXIM Bank Limited.
3. To appraise the financial performance of EXIM Bank Limited.
4. To identify the problem of Exim Bank Limited.
5. To suggest policy implication for EXIM Bank Limited.

### 1.4 METHODOLOGY:

This report has been prepared on the basis of experience gathered during the period of internship from 18th September to 18th December 2004. For preparing this report, I have also get information from annual report and website of the Exim Bank Ltd. I have presented my experience and findings by using different chart and table, which are presented in the analysis part.

## 1.5 SOURCE OF DATA:

Two sources of data and information have been used widely.

The “**Primary Sources**” are as follows:

- Face-to-face conversation with the respective officers and staffs of the Branch.
- Practical work experience in the different desks of the departments of the Branch covered.
- Relevant file study as provided by the officers concerned.

The “**Secondary Sources**” of data and information are:

- Annual Report of EXIM Bank Ltd.
- Web site of the Exim Bank
- Various books, articles regarding general banking functions, Foreign exchange operations and credit policies.
- Different ‘Procedure Manual’, published by EXIM bank.
- Different circular sent by Head Office of EXIM Bank and Bangladesh Bank.

## 1.6 LIMITATION:

1. The time, 3 months only, which is insufficient to know all activities of the branch and prepare the report.
2. It was very difficult to collect the information from various personnel for their job constraint.
3. As some of the fields of banking are still not covered by our courses, there was difficulty in understanding some activities.
4. Another limitation of this report is Bank’s policy of not disclosing some data and information for obvious reason, which could be very much useful.
5. Because of the limitation of information, some assumption was made. So there may be some personal mistake in the report.

## Chapter-2

### 2.1 Trends of Branch Expansion:

Exim Bank performance and acceptability is better than other financial institutions. Branch expansion of Exim Bank Ltd. reflects its success. Branch expansions of the bank for different years are shown below:

Year	2000	2001	2002	2003	2004
No of Branch	8	10	16	19	24

Source: Annual report and Prospectus 2000-2005

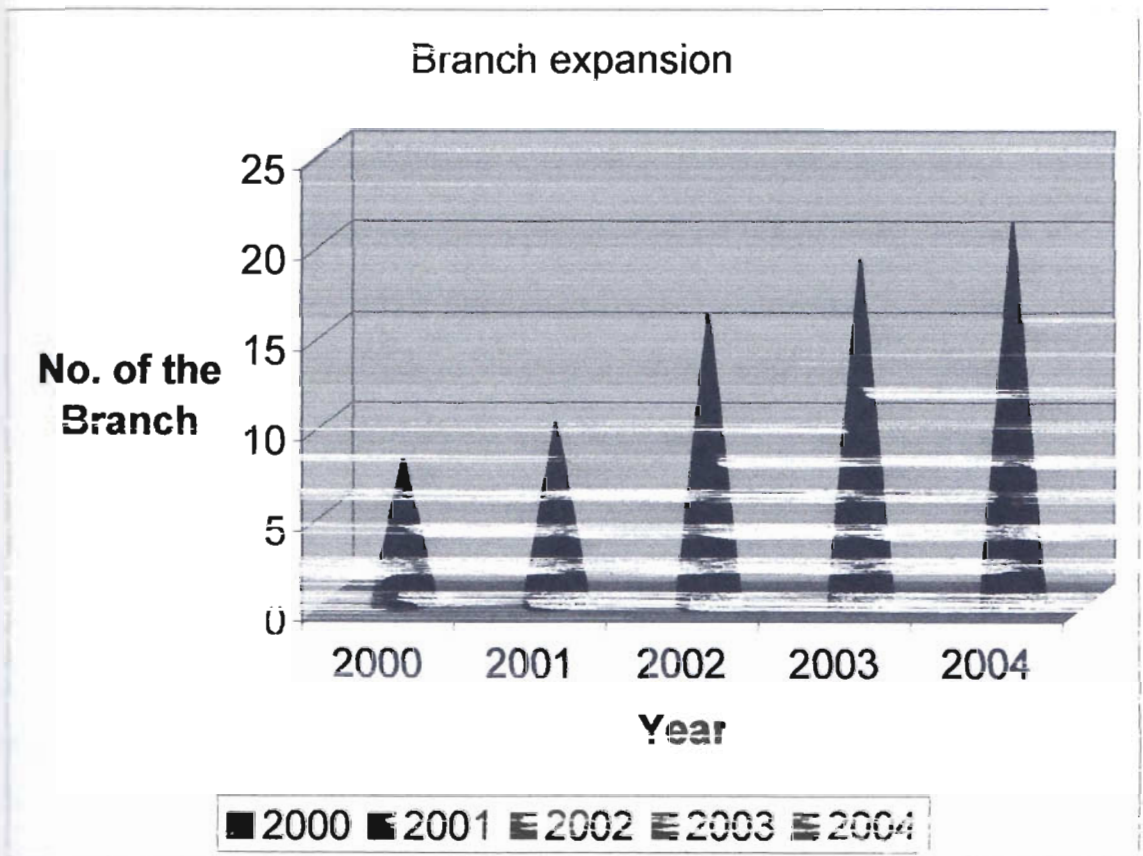


Fig: Branch expansion of the bank from the year 2000 to 2004.

In the year 2000 they had only 8 branches, but now a days they continuing their activities on 24 branches.

### 2.2 Trends of number of employees:

As the bank expands their branches and function of investment, for maintaining those they also expand their employees. By expanding the employees the helps to reduce the countries unemployment rate. Employment generation of the bank for different year are shown below:

Year	2000	2001	2002	2003
Employees	237	356	500	590

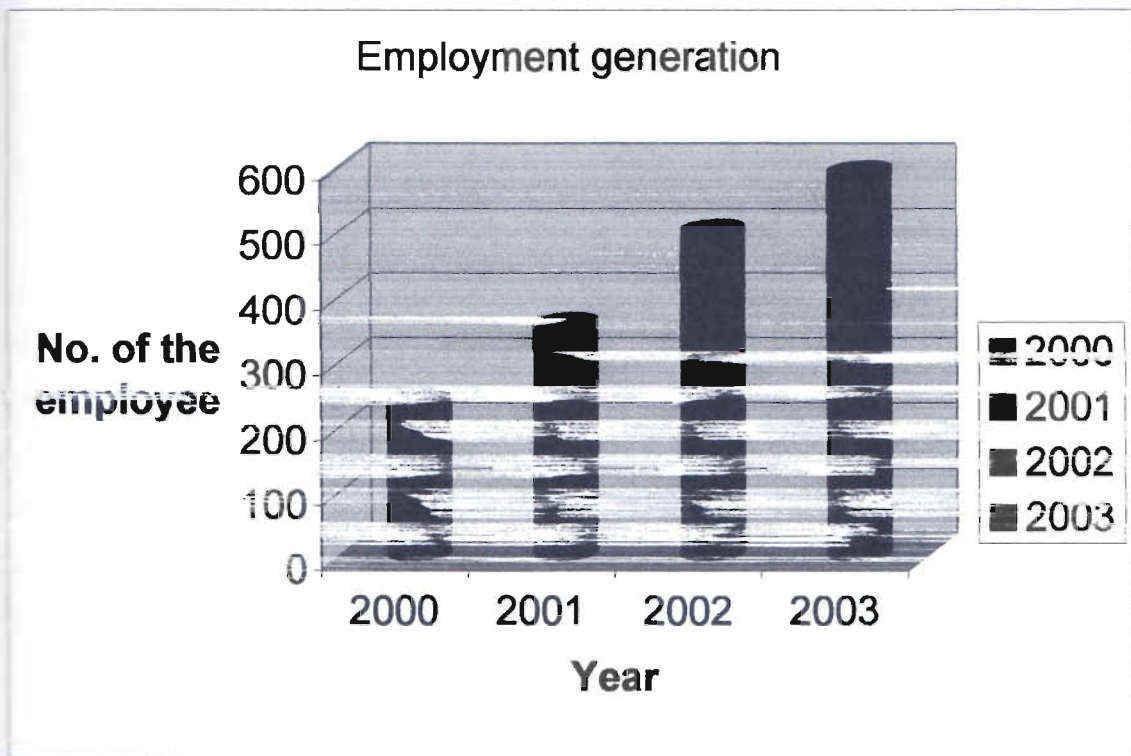


Fig: Employment of the bank from the year 2000 to 2003.

The graph shows the no. of employees are expand in different time period of the Exim Bank. In the year 2000 when they start their venture at that time they had only 237

employees. After that by expanding their activities they also expand there no of employees. Now they have 627 employees.

### **2.3.1 General Banking Division (Deposit):**

General banking department is the heart of all banking activities. This is the important department of a branch, because funds are mobilized, cash transactions are made; clearing, remittance and accounting activities are done here.

In EXIM Bank LTD Principal Branch, the following Departments are under general banking section:

- 1) Account opening section
- 2) Deposit section
- 3) Cash section
- 4) Remittance section
- 5) Clearing section
- 6) Accounts section

### **2.3.2 ACCOUNT OPENING SECTION:**

Account opening is the gateway for clients to enter into business with bank. It is the foundation of banker customer relationship. This is one of the most important sections of a branch, because by opening accounts bank mobilizes funds for investment. Various rules and regulations are maintained and various documents are taken while opening an account. A customer can open different types of accounts through this department. Such as:

1. Al-Wadia Current Deposit.
2. Mudaraba Savings Deposit.
3. Mudaraba Short-term deposit (SND)



## ► Types Of Accounts With Terms And Conditions:

### **Al-Wadia Current Deposit:**

Al-Wadia Current Deposit is purely a demand deposit account. There is no restriction on withdrawing money from the account. It is basically justified when funds are to be collected and money is to be paid at frequent interval.

Some Important Points are as follows-

- ❖ Minimum opening deposit of TK.1000/- is required;
- ❖ There is no withdrawal limit.
- ❖ No interest is given upon the deposited money;
- ❖ Minimum Tk.1000/= balance must always maintain all the time;

### **Mudaraba Savings Deposit:**

This deposit is primarily for small-scale savers. Hence, there is a restriction on withdrawals in a month. Heavy withdrawals are permitted only against prior notice. Some Important Points are as follows-

- ❖ Minimum Tk. 1000/= balance must always maintain all the time;
- ❖ Withdrawal amount should not be more than  $1/4^{\text{th}}$  of the total balance at a time and limit twice in a month.
- ❖ If withdrawal amount exceed  $1/4^{\text{th}}$  of the total balance at a time no interest is given upon the deposited money for that month.

### **Mudaraba Short-term deposit (SND):**

Normally various big companies, organizations, Government Departments keep money in SND account. Frequent withdrawal is discouraged and requires prior notice. The deposit should be kept for at least seven days to get interest. The interest offered for SND is less than that of savings deposit. Interest is calculated based on daily minimum product and paid two times in a year. Interest rate is 6.00%.

### **Account Opening procedure:**

The account should be properly introduced by Any one of the following:

- An existing Current Account holder of the Bank.
  - Officials of the Bank not below the rank of an Assistant officer.
  - A respectable person of the locality well known to the Manager/Sub-Manager of the Branch concerned.
- Step 1
- Step 2 Receiving filled up application in bank's prescribed form mentioning what type of account is desired to be opened
- The form is filled up by the applicant himself / herself
  - Two copies of passport size photographs from individual are taken, in case of firms photographs of all partners are taken
- Step 3
- Applicants must submit required documents
  - Introducer's signature and accounts number – verified by legal officer
- Step 4 Authorized Officer accepts the application
- Step 5 Minimum balance is deposited – only cash is accepted
- Step 6 Account is opened and a Cheque book and pay-in-slip book is given

### **► Documents required for opening account**

#### **□ Individual / Joint Account:**

1. Introduction of the account.
2. Two photographs of the signatories duly attested by the introducer.
3. Identity (copy of passport).
4. Joint Declaration Form (For joint a/c only).
5. Employee's Certificate (in case of service holder).

#### **□ Partnership account:**

1. Introduction of the account.
2. Two photographs of the signatories duly attested by the introducer.
3. Partnership letter duly signed by all partners (Sign should be similar as stated in Partnership Deed).
4. Partnership Deed duly certified by Notary public.

5. Registration (If any).
6. Updated Trade license.

□ **Proprietorship account:**

1. Introduction of the account.
2. Two photographs of the signatories duly attested by the introducer.
3. Valid copy of Trade License.
4. Rubber stamp.
5. TIN number certificate.
6. Identity (Copy of passport).
7. Permission letter from DC/ Magistrate (in case of newspaper)

□ **Limited company:**

1. Introduction of the account.
2. Two photographs of the signatories duly attested by the Introducer.
3. Valid copy of Trade License.
4. Board resolution of opening A/C duly certified by the Chairman/Managing Director.
5. Certificate of Incorporation.
6. Certificate of Commencement (In case of Public limited company).
7. Certified (joint stock) true copy of the Memorandum and Article of Association of the Company duly attested by Chairman or Managing Director.
8. List of directors along with designation & specimen signature.
9. Latest certified copy of Form – xii (to be certified by register of joint stock companies) (In case of Directorship change).
10. Rubber Stamp (Seal with designation of each person)
11. Certificate of registration (In case of **Insurance Company** – Obtained from department of Insurance from the Peoples Republic of BD).

□ **Club / societies account:**

1. Introduction of the account.
2. Two photographs of the Signatories duly attested by the introducer.
3. Board Resolution for Opening A/C duly certified by President/ Secretary.
4. List of Existing Managing Committee.
5. Registration (if any).
6. Rubber Stamp.
7. Permission letter from Bureau of N.G.O. (In case of N.G.O. A/C).

**Closing of an account:**

A customer may close his/her account any time by submitting an application to the branch. The customer should be asked to draw the final check for the amount standing to the credit of his/her account less the amount of closing charge and surrender the unused check leaves. The account should be debited for the account closing charge etc. and the authorized officer of the bank should destroy unused check. In case of joint account the application for closing the account should be signed by the joint account holder. The fee for closing of an account is Tk.50.

**2.3.3 DEPOSIT SECTION:**

Deposit is the lifeblood of a bank. From the history and origin of the banking system we know that deposit collection is the main function of a bank.

**Accepting deposits**

The deposits that are accepted by EXIM Bank like other banks may be classified in to, —

- a) Demand Deposits
- b) Time Deposits

**Demand deposits:**

These deposits are withdrawn able without notice, e.g. current deposits. EXIM Bank accepts demand deposits through the opening of:

- a) Current account
- b) Savings account
- c) Call deposits from the fellow bankers

**Time deposits:**

A deposit which is payable at a fixed date or after a period of notice is a time deposit. EXIM Bank accepts time deposits through Fixed Deposit Receipt (FDR), Short Term Deposit (SND) and Bearer Certificate Deposit (BCD) etc.

**2.3.4 LOCAL REMITTANCE:**

Carrying cash money is risky. That's why money can be transferred from one place to another through banking channel. This is called remittance. Remittances of funds are one of the most important services for customer provide by the commercial bank.

The main instruments used by the EXIM Bank of remittance of funds are

- Payment order ( PO)
- Demand Draft ( DD)
- Telegraphic Transfer (TT)

So the basic three types of local remittances are discussed below

Points	Pay Order	Demand Draft	TT
Explanation	Pay Order gives the payee the right to claim payment from the issuing bank	Demand Draft is an order of issuing bank on another branch of the same bank to pay specified sum of money to payee on demand.	Issuing branch requests another branch to pay specified money to the specific payee on demand by Telegraph /Telephone
Payment from	Payment from issuing branch only	Payment from ordered branch	Payment from ordered branch

Generally used to Remit fund	Within the clearinghouse area of issuing branch.	Outside the clearinghouse area of issuing branch.	Anywhere in the country
Payment Process of the paying bank	Payment is made through clearing	1. Confirm with sent advice 2. Check the 'Test Code' 3. Make payment	1. Confirm issuing branch 2. Confirm Payee A/C 3. Confirm amount 4. Make payment 5. Receive advice
Charge	Only commission	Commission + telex charge	Commission + Telephone

- **Test – key Arrangement:** Test key arrangement is a secret code maintained by the banks for the authentication for their telex messages. It is a systematic procedure maintain by issuing bank and payee bank.
- **Commission for PO:** EXIM Bank charges different amount of commission on the basis of Payment order amount. The bank charges for pay order are given in the following chart:

Total amount of PO	Commission	VAT
Up to TK. 10,000.00	TK. 15.00	Tk.3
TK. 10,001.00 - TK. 1,00,000.00	TK. 25.00	Tk 4
TK. 1,00,001.00 - TK. 5,00,000.00	TK. 50.00	Tk 8
TK. 5,00,001.00 and above	TK. 100.00	Tk 15

## FIXED DEPOSIT:

The Local Remittance section of EXIM Bank Motijheel Branch also issues FDR. They are also known as time deposit. These deposits are made the bank for a fixed period. The bank need not maintain cash reserves against these deposits and therefore, the bank offers higher of interest on such deposits.

- **Opening of fixed Deposit Account:** The depositor has to fill an account form where in the mentions the amount of deposit, the period for which deposit is to be made and name/names is which the fixed deposit receipt is to be issued. In case of a Joint name EXIM Bank also takes the instructions regarding payment of money on maturity of the deposit. The banker also takes specimen signatures of the depositors. It also contains the rate of interest and the date on which the deposit will fall due for payment.
- **Term Deposits:** These rates are not negotiable. In this table we can find out the percentage that is given by the bank for specific period of time to the customer.

Fixed deposit 3 (three) months:

SL no.	Range of amount	Rate of Interest
01	TK 500000.00-Above	8.75%

Fixed deposit 6 (six) months:

SL no.	Range of amount	Rate of Interest
01	TK 500000.00-Above	9.00%

Fixed deposit: 12 (twelve) month

SL no.	Range of amount	Rate of Interest
01	TK 500000.00-Above	9.25%

- **Payment of interest:** It is usually paid on maturity of the fixed deposit. EXIM Bank calculates interest at each maturity date.

- **Encashment of FDR:** In case of premature FDR EXIM Bank is not bound to accept surrender of the deposit before its maturity date. If it is allowed then cut a certain percentage of the agreed rate.
- **Renewal of FDR:** In EXIM Bank, the instrument is automatically renewed within seven days after the date of its maturity if the customer does not come to encash the FDR. The period for renewal is determined as the previous one.

### 2.3.5 CLEARING SECTION:

Cheque, Pay Order (P.O), Demand Draft (D.D.) Collection of amount of other banks on behalf of its customer is a basic function of a Clearing Department.

- **Clearing:** Clearing is a system by which a bank can collect customers fund from one bank to another through clearing house.
- **Clearing House:** Clearing House is a place where the representatives of different banks get together to receive and deliver cheque with another banks.
- Normally, Bangladesh Bank performs the Clearing House in Dhaka, Chittagong, Rajshahi, Khulna, & Bogra. Where there is no branch of Bangladesh Bank, Sonali bank arrange this function.

### Types of Clearing:

- A) Outward Clearing:** When the Branches of a Bank receive cheque from its customers drawn on the other Banks within the local clearing zone for collection through Clearing House, it is Outward Clearing.
- B) Inward Clearing:** When the Banks receive cheque drawn on them from other Banks in the Clearing House, it is Inward Clearing.



**Precaution at the time of cheque receiving for Clearing, Collection of LBC, OBC & Transfer:**

- 1) Name of the account holder same in the cheque & deposit slip.
- 2) Amount in The cheque & deposit slip must be same in words & in figure
- 3) Date in the cheque may be on or before (but not more than six months back) clearing house date.
- 4) Bank & Branch name of the cheque, it's number & date in the Deposit slip.
- 5) Cheque must be signed.
- 6) Signature for confirmation of date, amount in words / in figure Cutting & Mutilation of cheque.
- 7) Cheque should be crossed (not for bearer cheque).
- 8) Account number in the deposit slip must be clear.
- 9) Depositor's signature in the deposit slip.

**Cheque may be dishonored for any one of the following reasons:**

- 1) Insufficient fund.
- 2) Amount in figure and word differs.
- 3) Cheque out of date/ post- dated.
- 4) Payment stopped by the drawer.
- 5) Payee's endorsement irregular / illegible / required.
- 6) Drawer's signature differ / required.
- 7) Crossed cheque to be presented through a bank.

The dishonor cheque entry in the Return Register & the party is informed about it. Party's signature required in the return register to deliver the dishonor cheque. After duration, the return cheque is sent to the party's mailing address with Return Memo.

**If the cheque is dishonored due to insufficiency of funds than EXIM Bank charges TK. 25/= as penalty.**

## **Responsibility of the concerned officer for the Clearing Cheque:**

- 1) Crossing of the cheque.
- 2) (Computer) posting of the cheque.
- 3) Clearing seal & proper endorsement of the cheque.
- 4) Separation of cheque from deposit slip.
- 5) Sorting of cheque 1st bank wise and then on branch wise.
- 6) Computer print 1<sup>st</sup> branch wise & then bank wise.
- 7) Examine computer validation sheet with the deposit slip to justify the computer posting
- 8) Copy of computer posting in the floppy disk.

## **Bills Collection:**

Commercial bank's duty is to collect bills on behalf of their customer.

### Types of Bills for Collection

- i. Outward Bills for Collection (OBC).
- ii. Inward Bills for Collection (IBC).

## **What is OBC?**

OBC means Outward Bills for Collection .OBC exists with different branches of different banks outside the local clearinghouse. Normally two types of OBC:

- 1) OBC with different branches of other banks
- 2) OBC with different branches of the same bank

## **Procedure Of OBC:**

- 1) Entry in the OBC register.
- 2) Put OBC number in the cheque.
- 3) "Crossing seal" on the left corner have the cheque & " payees account will be credited on realization " seal on the back of the cheque with signature of the concerned officer.
- 4) Desk passes the OBC cheque with forwarding.

- 5) Reserve the photocopy of the cheque, carbon copy of the forwarding and deposit slip of the cheque in the OBC file.

**Commission for collection:**

Up to 1 lac -----	0.15%
Above 1 lac-----	0.10%
Above 5lac -----	0.05%

**Inward bills for collection (IBC)**

When the banks collect bills as an agent of the collecting branch, the system is known as IBC. In this case the bank will work as an agent of the collection bank. The branch receives a forwarding letter and the bill.

**Procedure of IBC:**

1. IBC against OBC: To receive the OBC cheque first we have to give entry in the IBC Register .The IBC number should put on the forwarding of the OBC with date.
2. Deposit of OBC amount: OBC cheque amount is put into the “sundry deposit-sundry Creditors account”, prepare debit & credit voucher of it. If the OBC cheque is honored, send credit advice (IBCA) with signature & advice number of the concern branch for the OBC amount.
3. If the OBC cheque is dishonored, the concerned branch is informed about it.
4. Again place in the clearing house or send the OBC cheque with Return Memo to the issuing branch according to their information.

**2.3.6 ACCOUNTS SECTION:**

Accounts Department is called as the nerve Centre of the bank. In banking business, transactions are done every day and these transactions are to be recorded properly and systematically as the banks deal with the depositors’ money. . Improper recording of transactions will lead to the mismatch in the debit side and in the credit side. To avoid

these mishaps, the bank provides a separate department; whose function is to check the mistakes in passing vouchers or wrong entries or any fraud. This department is called as Accounts Department. If any discrepancy arises regarding any transaction this department report to the concerned department.

Besides these, the branch has to prepare some internal statements as well as some statutory statements, which are to be submitted to the Central Bank and the Head Office. This department prepares all these statements.

**Workings of this department:**

- Recording the transactions in the cashbook
- Recording the transactions in general and subsidiary ledger.
- Preparing the daily position of the branch comprising of deposit and cash.
- Preparing the daily Statement of Affairs showing all the assets and liability of the branch as per General Ledger and Subsidiary Ledger separately.
- Making payment of all the expenses of the branch.
- Recording inters branch fund transfer.
- Preparing the monthly salary statements for the employees.
- Preparing the weekly position for the branch which is sent to the Head Office to maintain Cash Reserve Requirement (C.R.R)
- Preparing the monthly position for the branch which is sent to the Head Office to maintain Statutory Liquidity Requirement (S.L.R)
- Make charges for different types of duties
- Preparing the budget for the branch by fixing the target regarding profit and deposit so as to take necessary steps to generate and mobilize deposit.
- Checking of Transaction List
- Recording of the vouchers in the Voucher Register.

## 2.4.1 Product Information of EXIM Bank:



Education  
Scheme



Savings  
Multiplus Savings



Smart Saver



Super Savings Scheme



Monthly Savings Scheme



Monthly Income Scheme

### Savings Scheme:

- Education Savings Scheme
- Multiplus Savings
- Smart saver
- Super Saving Scheme
- Monthly Savings Scheme (Money Grower)
- Monthly Income Scheme

**Foreign Exchange:**

- Import
- Export
- Foreign Remittance

**Finance/Loans:**

- Corporate Finance
- Industrial Finance
- Lease Finance
- Hire Purchase Finance
- Commercial Loans
- Project Finance
- Syndicate Loans
- Retail Loans
- Mortgage Loans
- Loan against Share and Securities

## Briefly Discussion about the products of Exim Bank:



### 2.4.1.1 Education Savings Scheme

EXIM Bank offers “Education Savings Scheme” to support customer in financial planning well ahead in time for customer children’s higher education.

#### Terms and conditions of the scheme

1. Deposit of Tk. 25,000.
2. The instrument shall be issued for 7 years, 10years, 15 years or 20 years term.
3. The deposit is payable at maturity with benefit either in lump sum or on monthly basis as education allowance for 6 (six) years starting after the completion of respective term. (See example table).
4. Normally, no withdrawal will be allowed before maturity. But, if any depositor intends to withdraw his deposit before maturity, the following rules will be applicable:
  - If withdrawal is made before seven years, interest will be calculated and paid as per prevailing savings rate.
  - If withdrawal is made at any time after seven years, the total amount payable at maturity of the immediate preceding term will be paid along with interest for the fraction period at prevailing saving rate.
5. The depositor can avail loan up to 80 % under this scheme.

6.

- In case of death of the depositor the proceeds will be paid to the nominee of the depositor or in absence of nomination to the legal successor/s of the depositor on production of Succession Certificate.
- If, after death of depositor the nominee intends to continue the deposit to get monthly educational allowance for years as admissible under the rules of the scheme.

7. In case of issuing a duplicate deposit receipt the rules of issuing duplicate receipt of Term Deposit will be applicable.

**Example Table –1**

Terms	Initial Deposit (Tk.)	Amount Payable at maturity (Tk.)	Education allowance per month (Tk.)
7 yrs	1,00,000/-	2,20,000/-	4,000/-
10 yrs.	1,00,000/-	3,08,000/-	6,000/-
15 yrs.	1,00,000/-	5,44,000/-	10,000/-

**Example Table – 2**

Terms	Initial Deposit (Tk.)	Amount Payable at maturity (Tk.)	Education allowance per month (Tk.)
7 yrs.	25,000/-	55,000/-	1,000/-
10 yrs.	25,000/-	77,000/-	1,500/-
15 yrs.	25,000/-	1,36,000/-	2,500/-
20 yrs.	25,000/-	2,40,000/-	4,500/-

**\* For Islamic Banking, payable amounts shall be treated as estimated and at the year-end may be more or less.**





#### 2.4.1.2 Multiplus Savings

Savings helps to build up capital and capital is the prime source of business investment in a country. Investment takes the country towards industrialization, which eventually creates wealth. That is why savings is treated as the very foundation of development. To create more awareness and motivate people to save, Exim Bank offers **MULTIPLUS SAVINGS** Scheme.

##### **Terms and conditions of the scheme**

1. Any individual, company, educational institution, government organization, NGO, trust, society etc may invest their savings under this scheme.
2. The deposit can be made in multiples of Tk. 10,000.00
3. The period of deposit is 10 years. **But the deposit can be withdrawn at any year with interest.** As an example, if deposit is withdrawn after completion of 1 year but before 2 years then deposit with interest will be paid for 1 year only. The same rule will apply for other years. If deposit is withdrawn before 1st year then no interest will be paid.
4. Any customer can open more than one account in a branch in his name or in joint names. A deposit receipt will be issued at the time of opening the account.
5. The depositor can avail loan upto 80% of the deposit under this scheme.
6. In case of issuing duplicate receipt the rules of issuing a duplicate receipt of Term Deposit will be applicable.

7.

- In case of death of depositor before the term, the deposit (with interest at savings rate) will be given to the nominee. In the absence of nominee, the heirs/ successors will be paid on production of succession certificate.
- The nominee may, at his option continue the scheme for the full term.

**Some examples are given in the table below. Any amount can be deposited in multiples of Tk. 10,000**

Amount	10,000	20,000	50,000	1,00,000
Year	Year wise payable to customers			
1	10,910	21,820	54,550	109,100
2	12,012	24,024	60,061	120,122
3	13,346	26,693	66,732	133,463
4	14,952	29,904	74,761	149,522
5	16,714	33,429	83,572	167,144
6	18,765	37,530	93,824	187,649
7	21,499	42,998	107,496	214,992
8	25,116	50,231	125,578	251,156
9	28,270	56,540	141,351	282,702
10	31,872	63,744	159,361	318,721

- **For Islami Banking, payable amounts shall be treated as estimated and at the year-end may be more or less.**



### 2.4.1.3 Smart Saver

#### What is Smart Saver?

Smart Saver is a high return investment plan, which helps a customer build up sizeable amount in a period of 5 years. This scheme offers a customer to buy Smart Saver Term Deposit 5 times the invested amount. Smart Saver is a 5-year term deposit scheme.

#### Terms and conditions

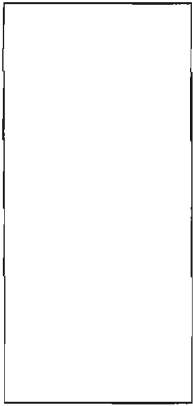
1. One unit of Smart Saver Term Deposit is Tk. 25,000.
2. During the tenure of the loan the Term Deposit will be kept in the Bank as security.
3. The customer will have to open an account and monthly installment of loan will be debited from the account commencing from 30 days after opening loan account.
4. Within the 1st year if the customer fails to repay 3 consecutive installments then only the principal amount of Smart Saver Term Deposit will be encashed and the loan will be liquidated inclusive of accrued interest and balance paid to the customer. After completion of 1 year, Savings rate will be added to the principal amount of Smart Saver Term Deposit. In both cases closing charge will be Tk. 500.

5. For missed installments on due date customer will be charged Tk. 25 per unit per month.
6. In the event of death of the customer, the bank shall be entitled to encash the Term Deposit and adjust the dues first before any refund is made to the nominees/successors.

The bank reserves the right to amend the rules and rates as and when deemed necessary.

**Calculation of the scheme is given below:**

Unit	1 Unit	2 Unit	10 Unit	50 Unit	100 Unit	200 Unit	300 Unit	400 Unit
Smart Saver Term Deposit	25,000	50,000	2,50,000	12,50,000	25,00,000	50,00,000	75,00,000	1,00,00,000
Down payment (20%)	5,000	10,000	50,000	2,50,000	5,00,000	10,00,000	15,00,000	20,00,000
Bank loan (80%)	20,000	40,000	2,00,000	10,00,000	20,00,000	40,00,000	60,00,000	80,00,000
Monthly installment	490	980	4,900	24,500	49,000	98,000	1,47,000	1,96,000
Customer is paid (after 5 years)	45,000	90,000	4,50,000	22,50,000	45,00,000	90,00,000	1,35,00,000	1,80,00,000



#### **2.4.1.4 Super Savings Scheme**

Savings helps to build up capital and capital is the prime source of business investment in a country. Investment takes the country towards industrialization, which eventually creates wealth. That is why savings is treated as the very foundation of development. To create more awareness and motivate people to save, Exim Bank offers **SUPER SAVINGS** Scheme.

##### **Terms and conditions of the scheme**

1. Any individual, company, educational institution, government organization, NGO, trust, society etc may invest their savings under this scheme.
2. The deposit can be made in multiples of Tk 10,000.
3. The period of deposit is for six years.
4. Any customer can open more than one account in a branch in his name or in joint names.
5. If the deposit is withdrawn before six years term, then savings interest rate +1% will be applied before payment is made.
6. A depositor can avail loan up to 80% of the deposited amount under this scheme.
7. In case of death of the depositor, before the term, the deposit (with interest<sup>5</sup> at savings rate +1%) will be given to the nominee.

In case of issuing a duplicate deposit receipt the rules of issuing duplicate receipt of Term Deposit will be applicable.



### **2.4.1.5 MONEYGROWER**

#### **Savings period and monthly installment rate**

The savings period is for 5, 8, 10 or 12 years. Monthly installment rate is Tk. 500/-, 1,000/-, 2,000/- or 5,000/-

#### **Monthly installment deposit**

- The savings amount is to be deposited within the 10th of every month. In case of holidays the deposit amount is to be made on the following day.
- The deposits may also be made in advance.
- The depositor can have a separate account in the bank from which a standing instruction can be given to transfer the monthly deposit in the scheme's account.
- In case the depositor fails to make the monthly installment in time, then 5% on overdue installment amount will be charged. The charge will be added with the following month(s) installment and the lowest charge will be Tk. 10/-

#### **Withdrawal**

- Generally, withdrawal is not advised before a 5-year term, but if it is withdrawn before the above term, then interest will be paid at savings rate. However, no

interest will be paid if the deposit is withdrawn within 1 year of opening the account.

- In case the depositor wishes to withdraw between the 5, 8, 10 or 12-year period then full interest will be paid for a completed term and savings rate will be applicable for the fractional period.

### **Loan Advantage**

After three years of savings in this scheme the depositor (if an adult) is eligible for a loan up to 80% of his deposited amount. In that case, interest rates on the loan will be applicable as per prevailing rate at that time.

### **Reasons for disqualification from this scheme**

- If the depositor fails to pay 3 installments in a row, then he will be disqualified from this scheme and interest will be applicable as mentioned in withdrawal clause.
- If a depositor fails to pay 5 installments in a row after completion of 5-year term, then the Bank reserves the right to close the account and interest will be paid as mentioned in withdrawal clause.
- In case of death of the depositor the scheme will cease to function. The amount will be handed over to the nominee of the deceased depositor. In case of absence of the nominee the bank will handover the accumulated amount to the successor of the deceased.

	Monthly Installment			
	500/-	1,000/-	2,000/-	5,000/-
5 Years	41,400/-	82,800/-	1,65,000/-	4,14,000/-
8 Years	81,400/-	1,63,600/-	3,27,200/-	8,18,000/-

10 Years	1,18,450/-	2,36,400/-	4,72,800/-	11,84,500/-
12 Years	1,65,993/-	3,31,986/-	6,63,973/-	16,59,932/-

### Rules

- A form has to be filled at the time of opening the account. No introduction is needed but attested photographs are advised.
- The depositor can select any of the installment amounts, which cannot be subsequently changed.
- In case of minors the guardians may open and supervise the account in his favor.
- A single person can open more than one account for saving under several installment rates.
- The accumulated deposit with interest will be returned within one month of completion of a term.
- The depositor should notify the bank immediately on any change of address.
- The government tax will be deducted from the interest accumulated in this scheme.
- If necessary, at the request of the depositor, the scheme can be transferred to a different branch of the same Bank.

The Bank reserves the right to change the rules and regulations of the scheme as and when deemed necessary.





### 2.4.1.6 Monthly Income Scheme

#### Highlights of the Scheme

1. Minimum deposit Tk. 25,000/-
2. Higher monthly income for higher deposit.
3. The scheme is for a 5-year period.

Monthly income will be credited to the depositor's account on the 5th of each month.

Deposit Amount	Income
Tk. 25,000/-	Tk. 250
Tk. 50,000/-	Tk. 500
Tk. 1,00,000/-	Tk. 1000
Tk. 2,00,000/-	Tk. 2000
Tk. 5,00,000/-	Tk. 5000
Tk. 10,00,000/-	Tk. 10,000

## **Objectives of the Scheme**

- An account is to be opened by filling up a form.
- The Bank will provide to the customer a deposit receipt after opening the account. This receipt is non-transferable.
- If the deposit is withdrawn before a 5-year term, then saving interest rate will be applicable and paid to the depositor. However, no interest will be paid if the deposit is withdrawn within 1 year of opening the account and Monthly Income paid to the customer will be adjusted from the principal amount.

A depositor can avail loan upto 80% of the deposit amount under this scheme. In this case, interest will be charged against the loan as per Bank's prevailing rate.

### **2.4.2 Foreign Exchange:**

Foreign Exchange Department (FED) is the international department. Bangladesh Bank issues license to scheduled banks to deal with foreign exchange. These banks are known as Authorized Dealers. If the branch is authorized dealer in foreign exchange market, it can remit foreign exchange from local country to foreign countries. EXIM Bank, Principal branch is an authorized dealer.

There are three kinds of foreign exchange transaction:

1. Import
2. Export
3. Remittance.

### 2.4.2.1 IMPORT:

In an international business environment, buyers and sellers are generally unknown to each other. So seller of goods always seeks security for the payment of his exported goods. Bank gives export guarantee that it will pay for the goods on behalf of the buyer if the buyer does not pay. This guarantee is called Letter of Credit. Thus the contract between importer and exporter is given a legal shape by the banker by 'Letter of Credit'.

#### Letter of Credit:

A letter of credit is a letter issued by a bank (known as the opening or the issuing bank) at the instance of its customer (known as the opener) addressed to a person (beneficiary) undertaking that the bills drawn by the beneficiary will be duly honored by it (opening bank) provided certain conditions mentioned in the letter have been complied with.

#### Parties to the L/C:

Importer	Who applies for L/C
Issuing Bank	It is the bank which opens/issues a L/C on behalf of the importer.
Confirming Bank	It is the bank, which adds its confirmation to the credit and it, is done at the request of issuing bank.
Advising or Notifying Bank	It is the bank through which the L/C is advised to the exporters. This bank is actually situated in exporter's country.
Negotiating Bank	It is the bank, which negotiates the bill and pays the amount of the beneficiary. The advising bank and the negotiating bank may or may not be the same.
Accepting Bank	It is the bank on which the bill will be drawn (as per condition of the credit). Usually it is the issuing bank.
Reimbursing Bank	It is the bank, which would reimburse the negotiating bank after getting payment – instructions from issuing bank.

## **Steps for import L/C Operation – 8 steps operation:**

### **Step 1 - Registration with CCI&E:**

- For engaging in international trade, every trader must be first registered with the Chief Controller of Import and Export.
- By paying specified registration fees to the CCI&E. the trader will get IRC/ERC (Import/Export Registration Certificate), to open L/C with bank, this IRC is must.

### **Step 2 - Determination terms of credit:**

- The terms of the credit specify the amount of credit, name and address of the beneficiary and opener, tenor of the bill of exchange, period and mode of shipment and of destination, nature of credit, expiry date, name and number of sets of shipping documents etc.

### **Step 3 -Proposal for Opening of L/C:**

To have an import LC limit an importer submits an application to department to EXIM Bank. The proposal contains the following particulars:

- Full particulars of the bank account
- Nature of business
- Required amount of limit
- Payment terms and conditions
- Goods to be imported
- Offered security
- Repayment schedule

### **Step 4 - Application by importer to the banker to open letter of credit:**

- For opening L/C, the importer is required to fill up a prescribed application form provided by the banker along with the following documents:

1. L/C Application form	5.Import registration certificate
2. Filled up LCA form	6. Filled up amendment request Form
3. Tax Identification number	7. IMP form
4. Pro-forma invoice	8. Insurance cover note and money receipt.

**Step 5 - Opening of L/C by the bank for the opener:**

- Taking filled up application form from the importer.
- Collects credit report of exporter from exporter’s country through his foreign correspondence there.
- Opening bank then issues credit by air mail/TELEX/SWIFT followed by L/C advice as asked by the opener through his foreign correspondent. The advising bank advises the L/C to the beneficiary.

**Step 6 – Shipment of goods and lodgment of documents by exporter:**

- Then exporter ships the goods to the destination of the importer country
- Sends the documents to the L/C opening bank through his negotiating bank.

Generally the following documents are sent to the Opening Banker with L/C:

1. Bill of Exchange	6. Packing List
2. Bill of Lading	7. Advice Details of Shipment
3. Commercial Invoice	8. Pre-shipment Inspection Certificate
4. Certification of Origin	9. A certificate stating that each packet contains the description of goods over the packet.
5. Shipment Certificate	

### **Step 7 - Lodgment of Documents by the opening Bank from the negotiating bank:**

After receiving the documents, the opening banker check the documents. If any discrepancy found, it informs the importer. If importer accepts the fault, then opening bankers call importer retiring the document. At this time many thing can happen. These are indicated in the following:

- **Discrepancy found but the importer accepts** - no problem occurs in lodgment.
- **Discrepancy found and importer not agreed to accept** - In this case, importer protest and send back all the documents to the exporter and request his to make in the specified manner. Here banker is not bound to pay because the documents send by exporter is not in accordance with the terms of L/C.
- **Documents are OK but importer is willing to retire the documents** - In this case bank is obligated to pay the price of exported goods. Since importer did not pay for bill of exchange, this payment by bank is one kind of credit to the importer and this credit in banking is known as **PAD**.
- **Everything is O.K. but importer fails to clear goods from the port and request bank to clear** - In this case banks clear the goods and takes delivery of the same by paying customs duty and sales tax etc. So, this expenditure is debited to the importer's account and in banking it is called **LIM**.

### **Step 8 - Retirement:**

The importer gives necessary instruction to the bank for retirement of the import bills or for the disposal of the shipping document. The importer may instruct the bank to retire the documents by debiting his account with the bank or may ask for LTR (Loan against Trust Receipt).

#### **2.4.2.2 EXPORT:**

The export trade of the country is regulated by the Imports and Exports (control) Act, 1950. There are some formalities, which an exporter has to fulfill before and after shipment of goods. No exporter is allowed to export any commodity from Bangladesh unless he is registered with CCI & E and holds valid Export Registration Certificate (ERC). The ERC is required to be renewed every year.

The formalities and procedure are as follows:

1. **Obtaining exports LC:** To get export LC form exporter issued by the importer.
2. **Submission of export documents:** Exporter has to submit all necessary documents to the collecting bank after shipping of goods
3. **Checking of export documents:** After getting the documents banker used to check the documents as per LC terms
4. **Negotiation of export documents:** If the bank accepts the document and pays the value draft to the exporter and forward the document to issuing bank that is called a negotiating bank. If the bank does buy the LC then the bank normally act as collecting bank.
5. **Realization of proceeds:** this is the period when the issuing bank has realized the payment.
6. **Reporting to the Bangladesh bank:** As per instruction by Bangladesh bank the bank has to report to respective department of Bangladesh bank by mentioning latest payment.

#### **Export operation:**

Export L/C operation is just reverse of the import L/C operation. For exporting goods by the local exporter, bank may act as advising banks and collecting bank (negotiable bank) for the exporter.

### **As an advising bank**

It receives documents from the foreign importer and hands it over to the exporter. Sometimes it adds confirmation on the L/C on request from the Opening Bank. By adding confirmation, it assumes the responsibility to make payment to the exporter.

### **As Negotiating Bank**

Collection proceed from the export bill is deposited in the bank's **NOSTRO** account in the importer's country. Sometimes the bank purchases the bills at discount and waits until maturity of the bill. When the bill matures, bank presents it to the drawee to encash it.

In our country, Export and Import operation of bank is very much related with one another because of use of Back to Back and maturity of payment for Back-to-Back L/C is set after export proceeds. .

#### **► Back-To-Back L/C:**

Back-to-Back mechanism involves two separate L/Cs. One is master Export L/C and another is Back-to-Back L/C. On the strength of Master Export L/C bank issues Back-to-Back L/C. Back-to-Back L/C is commonly known as Buying L/C & Master Export L/C is known as Selling L/C.

#### **Features of Back-to-Back L/C:**

- An Import L/C to procure goods /raw materials for further processing.
- It is opened based on Export L/C.
- Export L/C is at Sight but back to Back L/C is at Usance.
- No margin is required to open Back to back L/C
- Applicant is registered with CCI&E
- Applicant has bonded warehouse license.
- Usance period will be up to 180 days.
- The import L/C is opened for 75% of the value of Export L/C.
- Here L/C issued against the lien of export L/C.



### **Documents Required for Opening a Back-to-back L/C:**

In EXIM Bank Principal Branch, following papers/ documents are required for opening a back-to-back L/C-

1. Master L/C
2. Valid Import Registration Certificate (IRC) and Export Registration Certificate (ERC)
3. L/C Application and LCAF duly filled in and signed
4. Proforma Invoice or Indent
5. Insurance Cover Note with money receipt
6. IMP Form duly signed

In addition to the above documents, the followings are also required to export oriented garment industries while requesting for opening a back-to-back L/C –

1. Textile Permission
2. Valid Bonded Warehouse License
3. Quota Allocation Letter issued by the Export Promotion Bureau (EPB) in favor of the applicant for quota items.

### **Payment of back-to-back L/C:**

In case back to back as 60-90-120-180 days of maturity period, deferred payment is made. Payment is given after realizing export proceeds from the L/C issuing bank.

### **Negotiation of exports documents:**

After the shipment of the goods, the exporter submits the relative documents to the branch for negotiation. The documents are to submit within the period mentioned in the L/C. after approval of negotiation of the bill the documents are sent to the L/C opening branch with a forwarding letter. The branch claim reimbursement from the issuing bank.

If documents are in order, EXIM Bank purchases (negotiates) the same on the basis of banker- customer relationship. This is known as Foreign Documentary Bill Purchase (FDBP).

If the bank is not satisfied with the documents submitted to EXIM Bank gives the exporter reasonable time to remove the discrepancies or sends the documents to L/C opening bank for collection. This is known as Foreign Documentary Bill for Collection (FDBC)

### **Presentation of exports documents for negotiation/Purchase:**

After shipment, exporter submits the following documents to EXIM Bank for negotiation.

- Bill of exchange
- Bill of Lading
- Invoice
- Insurance Policy/Certificate
- Certificate of Origin
- Inspection Certificate
- Packing List
- Quality Control Certificate

### **Settlement of Local Bills:**

The settlement of local bills is done in the following ways:

1. The customer submits the L/C to EXIM Bank along with the documents to negotiate
2. EXIM Bank official check the documents to ensure the conformity with the terms and conditions.
3. The documents are then forwarded to the L/C opening bank.
4. The L/C issuing bank gives the acceptance and forwards an acceptance letter.
5. Payment is given to the customer on either by collection basis or by purchasing the document.

### **2.4.2.3 FOREIGN REMITTANCE:**

This bank is authorized dealer to deal in foreign exchange business. As an authorized dealer, a bank must provide some services to the clients regarding foreign exchange and this department provides these services. The basic function of this department are outward and inward remittance of foreign exchange from one country to another country.

#### **There are two types of remittance:**

1. Inward remittance
2. Outward remittance.

**1. Inward Foreign Remittance:** Inward remittance covers purchase of foreign currency in the form of foreign T.T., D.D, and bills, T.C. etc. sent from abroad favoring a beneficiary in Bangladesh.

**2. Outward Foreign Remittance:** Outward remittance covers sales of foreign currency through issuing foreign T.T. Drafts, Travelers Check etc. as well as sell of foreign exchange under L/C and against import bills retired.

#### **Working of this department:**

1. Issuance of TC, Cash Dollar /Pound
2. Issuance of FDD, FTT & purchasing, Payment of the same.
3. Passport endorsement.
4. Encashment certificate.
5. F/C Account opening & filing.
6. Maintenance of ledger of Cash Dollar, FC Deposit A/C & TC.
7. Maintain FBC register & follow up FBC.
8. Opening of Student file & Maintain.
9. Preparation of all related statement, Voucher & posting.
10. Preparation of Weekly, Monthly, Yearly Statement for Bangladesh Bank returns timely.
11. Attending all related correspondence to other Bank or Institutions.

**Modes:**

The remittance process involves the following four modes

Cash Remittance	Sell	Bank sell Dollar / Pound for using in abroad by the purchaser.
Dollar/ Pound	Purchase	Bank can purchase dollar from resident and non – resident Bangladeshi and Foreigner.
Traveler's Cheque (TC)	Issue of TC	TC is useful to traveler abroad. Customers can encash the TC in abroad from the drawee bank.
	Buying Of TC	If any unused leaf of TC is surrendered, bank buys it from the customer. All payments are made in local currency.
Telex Transfer	Outward TT	It remits fund by tested TT via its foreign correspondence bank in which it is maintaining its NOSTRO Account.
	Incoming TT	It also makes payment according to telegraphic message of its foreign correspondence bank from the corresponding VOSTRO Account.
Foreign Demand Draft		Bank issue Demand Draft in favor of purchaser or any other according to instruction of purchaser. The payee can collect it for the drawee bank in which the Issuing bank of Demand Draft holds its NOSTRO Account. Bank also makes payment on DD drawn on this bank by its foreign correspondence bank through the VOSTRO Account.

In these processes of remittance, bank must have to make profit as a business institution.

Profit is made in two ways:

1. Commission charged
2. Difference in the buying and selling rate.

### **Miscellaneous Services By This Department:**

- **Student File:** Students who are desire to study abroad can open file in the Bank. By opening this file, bank assures the remittance of funds in abroad for study.
- **F.C Accounts:** Foreign Currency Accounts opened in the names of Bangladeshi nationals, employed abroad can maintained as long as the account holders desires.
- **RFCA:** Stands for Resident Foreign Currency Accounts. Person's ordinary resident in Bangladesh may maintain foreign currency accounts with foreign exchange brought in at abroad. Balance of such accounts is freely remittable abroad.

### **Formalities for opening foreign currency (FC) Account:**

The AD may without prior approval of the Bangladesh Bank open Foreign Currency (FC) account in the name of:

1. Bangladesh national residing abroad.
2. Foreign nationals residing abroad/ in Bangladesh and also foreign firms
3. Resident of Bangladesh nationals working with the foreign / international organization operating in Bangladesh provided their salary in paid in foreign currency.

### **Papers required:**

- Application duly billed in and signed.
- Photograph (two copies).
- Passport photocopy.
- Work permit from board investment. (In case of foreign nationals).

### **2.4.3.1 LENDING PRINCIPLES:**

There are different types of lending principles:

- 1. Safety**
- 2. Security**
- 3. Liquidity**
- 4. Diversity**

**1. Safety:** Safety should get the prior importance in the time of sanctioning the loan. At the time of maturity the borrower may not will or may unable to pay the loan amount. Therefore, in the time of sanctioning the loan securities should be taken from the borrowers to recover the loan. Banker should not sacrifice safety for profitability.

EXIM Bank Ltd. exercises the lending function only when it is safe. Safety depends upon:

- a) The security offered by the borrower; and
- b) The repaying capacity and willingness of the debtor to repay the loan with interest.

**2. Liquidity:** Banker should consider the liquidity of the loan in time of sanctioning it. Liquidity is necessary to meet the consumer need.

**3. Security:** Banker should be careful in the selection of security to maintain the safety of the loan. Banker should properly evaluate the proper value of the security. If the estimated value is less than or equal to loan amount, the loan should be given against such securities.

**4. Diversity:** Banker should minimize the portfolio risk by putting its fund in the different fields. If Bank put its entire loan able fund in one sector it will increase the risk. Banker should distribute its loan able fund in different sectors. So if it faces any problem in any sector it can be covered by the profit of another sector.

### 2.4.3.2 REASON FOR LOAN DEFAULT:

There are many reasons for loan default. The principle reasons are:

<p><b>Sick management</b>            Integrity            Financial/Marketing knowledge            Technical knowledge/Experience.            Judgment</p> <p><b>Sick market</b>            Freedom            Growth            Stability</p> <p><b>Sick product</b>            Quality            Competitiveness            Demand            Durability</p>	<p><b>Sick operation</b>            Efficient machinery's            Skilled labor/supervision            Good labor relation            Utilities of raw materials</p> <p><b>Sick finance</b>            Working capital            Repayment period            Flexible rate of interest            Assets matching to liabilities            Collateral's            Capital market</p> <p><b>Other reasons</b>            Reputation            Analysis of balance sheet            Lending risk analysis</p>
---	--

### 2.4.3.3 PROCESS OF LOAN:

Heads	Characteristics
Application	Applicant applies for the loan in the prescribed form of the bank describing the types and purpose of loan.
Sanction	<ol style="list-style-type: none"> <li>1. Collecting credit information about the applicant to determine the credit worthiness of the borrower.</li> <li>2. <b>Sources of information:</b> Personal Investigation, Confidential Report from other bank, Head Office/Branch/Chamber of Commerce.</li> </ol>

	<p>3. CIB (Credit Information Bureau) report from Central Bank.</p> <p>a) Evaluation of compliance with its lending policy.</p> <p>b) Evaluating the proposed security.</p> <p>4. LRA is must for the loan exceeding one crore – as ordered by Bangladesh Bank.</p> <p>5. If everything is in accordance the loan is sanctioned</p>
Documentation	<p>Then bank prepare a loan proposal which contains terms and conditions of loan for approval of H.O. or Manager.</p> <p>Takes the necessary papers and signatures from borrower</p>
Disbursement	<p>A loan Account is opened. Where customer A/C-----Dr.</p> <p>Respective Loan A/C -----Cr.</p>

#### 2.4.3.4 TYPES OF LOANS AND ADVANCES:

The different types of loans and advances that EXI M Bank offers are as follows:

1. Secured Overdraft (SOD)
2. Murabaha Post Import (LIM)
3. Murabaha Trust Receipt (LTR)
4. Murabaha Import Bill (PAD)
5. House Building Loan
6. House Building Loan (staff)
7. Term Loan.
8. Loan (general)
9. Musharaka Pre-shipment (ECC)
10. Murabaha (CCP)
11. Bai Muazzal (CCH)
12. Foreign Documentary Bill Purchase (FDBP)
13. Local Documentary Bill Purchase (LDBP)



### **1. Secured Overdraft (SOD):**

It is a continues advance facility. By this agreement, the banker allows his customer to overdraft his current account up to his credit limits sanctioned by the bank. The interest is charged on the amount, which he withdraws, not on the sanctioned amount. EXIM Bank sanctions SOD against different security.

### **2. Murabaha Post Import (LIM):**

Advances allowed for retirement of shipping documents and release of goods imported through L/C taking effective control over the goods. This is also a temporary advance connected with import, which is known as post-import financing.

### **3 Murabaha Trust Receipt (LTR):**

Advance allowed for retirement of shipping documents, release of goods imported through L/C. The bank has no control over the goods and loan sanction under trust. This is also a temporary advance connected with import, which is known as post-import financing.

### **4. Murabaha Import Bill (PAD):**

Payment made by the Bank against lodgment of shipping documents of goods imported through L/C falls under this head. This loan is created very short period of time. Party should give payment within few days for retirement of the documents and release of imported goods from the custom's authority.

### **5. House building Loan (General):**

Loans allowed to individual/ enterprise construction of house (residential or commercial) fall under this of advance. The amount is repayable by monthly installment within a specified period, advances are known as Loan (HBL-GEN).

### **6. House building loans (staff):**

Loans allowed to the Bank employees for purchase/construction of house shall be known as Staff Loan (HBFC-STAFF).

## **7. Term Loan:**

EXIM Bank considers the loans, which are sanctioned for more than one year as term loan. Under this facility, an enterprise is financed from the starting to its finishing, i.e. from installation to its production.

## **8. Loan (general):**

Short term and long-term loans allowed to individual/ firms / industries for a specific purpose but a definite period and generally repayable by the installments fall under this head.

- a) Large and Medium Scale Industries.
- b) Small and Cottage Industries, Very often term financing for agriculture and others are also included here.

## **09. Musharaka Pre-shipment (ECC):**

Financial accommodation allowed to customer for exports of goods falls under this head is categorized as "Export Credit ". The advances must be liquidated out of export proceeds within 180 days.

## **10. Murabaha (CCP):**

The mortgage of movable property for securing loan is called hypothecation. Hypothecation is a legal transaction whereby goods are made available to the lending banker as security for a debt without transferring either the property in the goods or either possession. The banker has only equitable charge on stocks.

## **11 Bai Muazzal (CCH):**

In case of pledge, the bank acquire the possession of the goods or a right to hold goods until the repayment for credit with a special right to sell after due notice to the borrower in the event of non-repayment.

## **12. Foreign Documentary Bill Purchased (FDBP):**

Payment made to a customer through purchase/ negotiation of a foreign documentary bills falls under this head. This temporary advance is adjustable from the proceeds of the shipping/export documents. Its falls under the category “Export Credit”

## **13. Local Documentary Bill Purchased (LDBP):**

Payment made against documents representing sell of goods to local export oriented industries, which are denominated in Local currency/ foreign currency falls under this head. The bill of exchange is held as the primary security. The client submits the usance bill and the bank discounts it. This temporary liability is adjustable from the proceeds of the bills.

### **2.4.3.5 LOAN CLASSIFICATION:**

Like other banks, all types of loans of EXIM Bank fall into following four scales:

- **Unclassified:** Repayment is regular.
- **Substandard:** Repayment is stopped or irregular but has reasonable prospect of improvement.
- **Doubtful debt:** Unlikely to be repaid but special collection efforts may result in partial recovery.
- **Bad/ Loss:** Very little chance of recovery.

### **2.4.3.6 SECURITIES:**

To make the loan secured, charging sufficient security on the credit facilities is very important. EXIM Bank charges the following two types of security, -

1. **Primary security:** These are the security taken by the ownership of the items for which bank provides the facility.
2. **Collateral security:** Collateral securities refer to the securities deposited by the third party to secure the advance for the borrower.

## Chapter-3

### 3. Performance Evaluation:

Exim Bank started its operation on 3<sup>rd</sup> August 1999 as scheduled commercial bank as per rules and regulations of Bangladesh Bank. At present the bank has twenty-one branches across the country. Exim bank achieved success in all sectors. The total investment of the bank stood at TK. 2377.073 million as on 31-12-2003 as against Tk. 1419 million in the previous year showing an increase of 67.52%. This achievement has been possible because of the able leadership, committed services provided by all levels of management and staff.

#### 3.1 Capital & Reserve Fund in EXIM Bank:

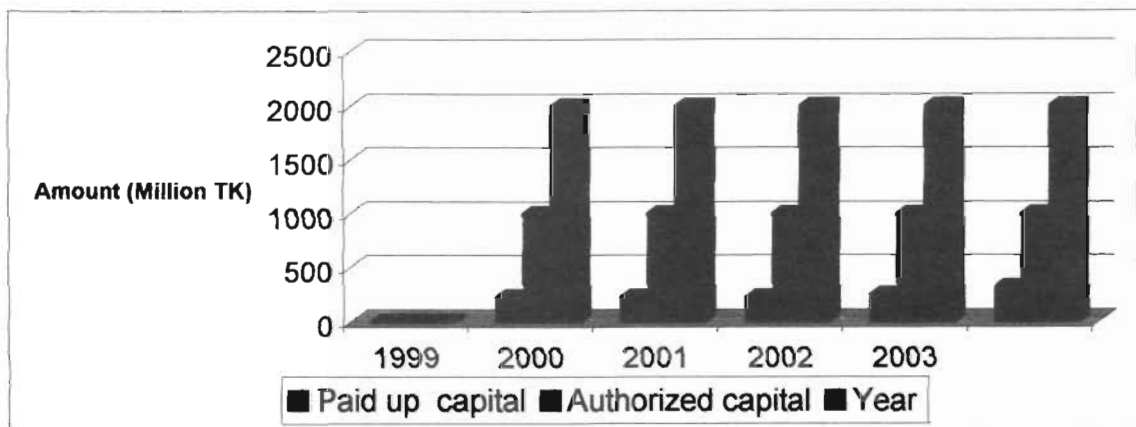
The authorized capital of the bank is Tk. 1,000.00 million. Total shareholders equity at the end of December 2003, stood at TK. 748.27 million. The paid up capital represents the face value of 3,138,750 ordinary shares of TK. 100/- each fully paid by the sponsor shareholders. In the year 2002 the Bank raised its reserve from TK. 119.61 million to TK. 298.39 million.

#### Authorized and Paid-up capital of EXIM Bank:

Authorized Capital (TK)	Year	Paid –up Capital (TK)
1000 Million	2003	313.88 Million
1000 Million	2002	253.13 Million
1000 Million	2001	225.00 Million
1000 Million	2000	225.00 Million
1000 Million	1999	225.00 Million

Source: Annual Report-2000-2003 & Website

#### Graph:



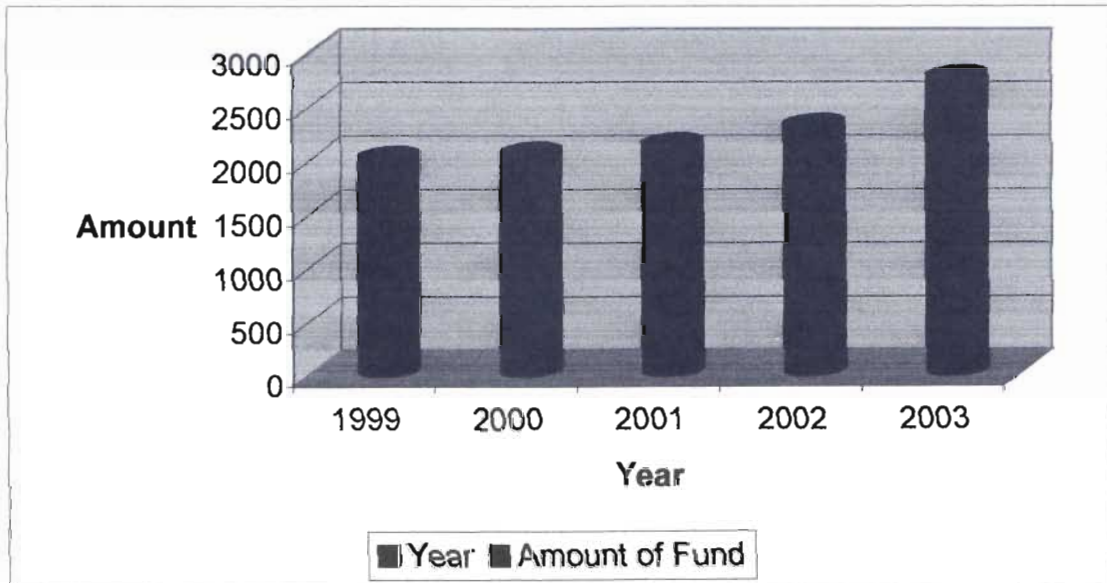
The graph shows that the capital position of Exim Bank in different time period. In the year 2001 the paid up capital was 225 million TK. In next year it was increased by 28.13 million TK. And in 2003 it is increase by 60.75 million TK. But the authorized capital is always carries same amount

**Reserve Funds in the Exim Bank:**

Year	Funds (Million)
2003	748.27
2002	298.39
2001	119.61
2000	39.66
1999	2.90

Source: Annual Report-2000-2003 & Website

**Graph:**



The graph shows that the amounts of reserve fund are available in different time period. In the year 2003 Exim Bank reserve highest number of amount 748.27 million Tk. Than the previous four years. The rate of reserve fund is increasing year after year. That's a positive sign for any bank.

### 3.2 Deposit Mobilization:

A strong deposit base is necessary for the success of a Bank. By realizing this truth Exim Bank arrange a strong deposit background. Like during the year 2003 the Exim Bank mobilized a substantial amount of deposits from mid-level income group people under Deposit Savings Scheme. Total Deposit of TK. 15,242.97 million as at December 31, 2003, which is increase of 53.27% in comparison with TK. 9,945.23 million as at December 31, 2002. As of December 31, 2001 the bank mobilized total deposit of TK. 7255.02 million as against total deposit of TK. 3934.47 million of proceeding year. The rate of increased was 85%. The deposit scheme of the bank attracted a large number of small and medium savers.

#### The deposits position of Exim Bank:

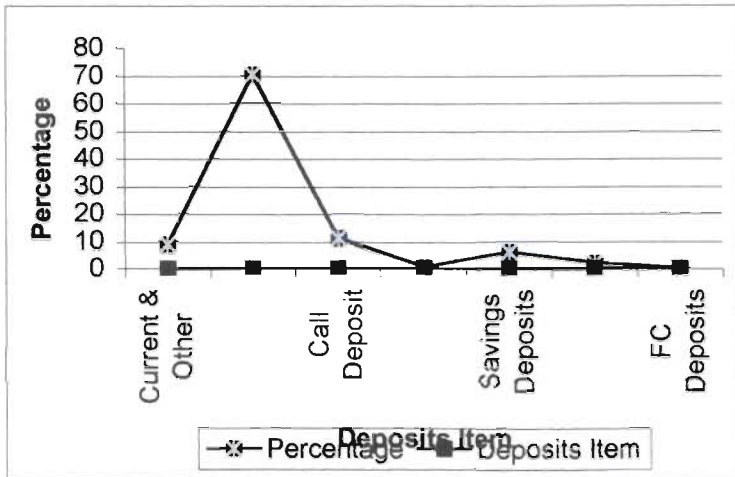
Year	Deposit (Million)
2003	15,242.97
2002	9,945.23
2001	7,255.02
2000	3934.47

**Source: Annual Report-2000-2003 & Website**

#### Deposit Mix of Exim Bank:

Items	Percentage (%)
Current & Others	8.93
Term Deposit	70.44
Call Deposit	11.41
Savings Deposits	6.17
Bearer Certificate of Deposit	2.22
FC Deposits	0.21

**Source: Annual Report-2000-2003 & Website**



The graph shows the different percentage of deposit items. By using these deposit items Exim Bank earn their total deposit amounts. Here term deposit earns highest deposit amount after that call deposit, current & others and savings deposits basically fulfill their deposit needs.

### 3.3 Total Income of the Exim Bank Ltd:

A comparative income position of the Exim Bank for the Years-ended 31December 2003,2002,2001 and 2000 are as follows:

Description	2003	2002	2001	2000
Interest Income	1,396,081,422	932,241,186	621,331,681	250,134,948
Income from Investment	121,535,735	68,974,876	54,282,759	17,459,358
Commission, Exchange & Brokerage	379,929,474	272,673,777	211,864,118	84,929,981
Gain on Sale of investment in shares	9,669,915	7,615,723	28,761,610	18,886,539
Other operating income	54,696,256	35,049,507	24,626,157	7,320,335
<b>Total income</b>	<b>1,961,912,802</b>	<b>1,316,555,069</b>	<b>940,866,325</b>	<b>378,731,161</b>

Source: Annual Report-2000-2003 & Website

### 3.4 Total Expenditure of the Exim Bank Ltd:

A comparative operating expense position of the company for the years ended 31 December 2003, 2002, 2001, 2000 are as follows:

Description	2003	2002	2001	2000
Interest paid on deposits, Borrowing, etc	1,121,309,068	728,365,599	521,318,709	191,350,182
Sales, Allowances and provident fund	134,004,574	95,627,987	67,230,971	37,092,646
Directors Fees	2,613,672	2,462,500	2,081,148	1,387,500
Rent, Taxes, Insurance, Lighting, etc.	41,076,938	29,607,526	18,117,596	12,241,805
Legal Expense	522,184	168,084	125,430	
Postage, Stamp, Telegrams and Telephone	14,677,32	13,694,330	9,349,125	4,121,427
Audit Fees	156,750	150,000	100,000	75,000
Depreciation on and repairs to Bank's property	19,733,147	16,053,632	12,219,677	4,872,162
Stationary, printing, Advertisement, etc	13,299,014	11,138,022	10,074,490	5,515,467
Other Expenditure	49,381,699	30,223,666	24,472,846	16,847,609
Managing Director's Fees	292,500	260,000	212,500	175,000
Managing Director's remuneration	2,184,000	2,006,710	1,710,000	



remuneration				
Total Expenses	1,399,250,878	929,758,056	667,012,492	273,678,798

Source: Annual Report-2000-2003 & Website

**3.5 Operating Income:**

Year	Amount
2003	840,603,734
2002	588,189,470
2001	419,547,616
2000	187,380,979

Source: Annual Report-2000-2003 & Website

**3.6 Operating Expenditure:**

Year	Amount
2003	277,941,810
2002	201,392,457
2001	145,693,783
2000	87,713,691

Source: Annual Report-2000-2003 & Website

### 3.7 Operating Profit:

Year	Amount (Crore TK)
2003	56.27
2002	38.68
2001	27.38
2000	9.97

Source: Annual Report-2000-2003 & Website

The chart shows the operating profit of Exim Bank of last four years. From the above chart I can say that the Bank is continuing its activities and increase its operating income. In the Year 2003 the bank earn highest amount of profit of 56,27,00000 TK., which is more than 17,59,00000 TK. than the preceding year.

### 3.8 Net Income after Tax of the Exim Bank:

Year	Amount
2003	254,792,152
2002	201,422,785
2001	158,057,633
2000	48,135,559

Source: Annual Report-2000-2003 & Website

The chart shows the net income of Exim Bank of last four years. From the above chart I can say that the Bank is continuing its activities by satisfying its customer and also increasing its profitability. In the Year 2003 they earn highest amount of 254,792,156 TK., which is more than 53,369,371 TK. than the preceding year.

### 3.9 No. Of Share Outstanding of the Exim Bank:

Year	Number of
2003	3,138,750
2002	2,531,250
2001	2,250,000
2000	2,225,000

**Source: Annual Report-2000-2003 & Website**

### 3.10 Earning Per Share:

Year	Amount
2003	69.20
2002	79.14
2001	70.25
2000	21.39

**Source: Annual Report-2000-2003 & Website**

The chart shows the Earning per Share of the Exim Bank of last four years. In the year 2002 the Earning Per Share is the highest then the previous and next year. The Earning Per Share is decrease in 2003 from 2002, which is 99,40,000, and increase in year 2002 is 88,90,000 from the preceding year.

### 3.11 Fixed Assets of the Exim Bank:

The fixed assets positions of Exim Bank are described through the chart and graph, as bellow:

Item	Year	Amount (million TK)
Fixed Asset (Land, furniture and others)	2003	124.01
	2002	110.98
	2001	94.29
	2000	49.62

Source: Annual Report-2000-2003 & Website

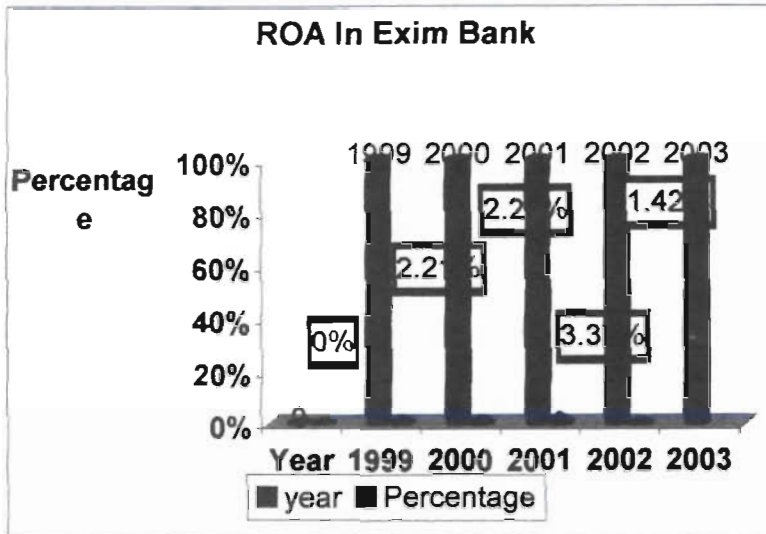
### 3.12 Return On Assets in Exim Bank:

ROA is an indicator of managerial efficiency of any organization. We can easily realize the managerial efficiency of Exim Bank Ltd. from the following ROA chart & Graph:

Year	Percentage
1999	0%
2000	2.21%
2001	2.20%
2002	3.37%
2003	1.42%

Source: Annual Report of 2000-2003 & Website

**Graph:**



The graph represents the ROA position of the Exim Bank. In the year 2003 the management of the Bank were fail to convert their asset into net earning more than previous year. It is much lower than the previous three years. In the year 2002 they have done excellent job. At that time the percentage of ROA was 3.37%.

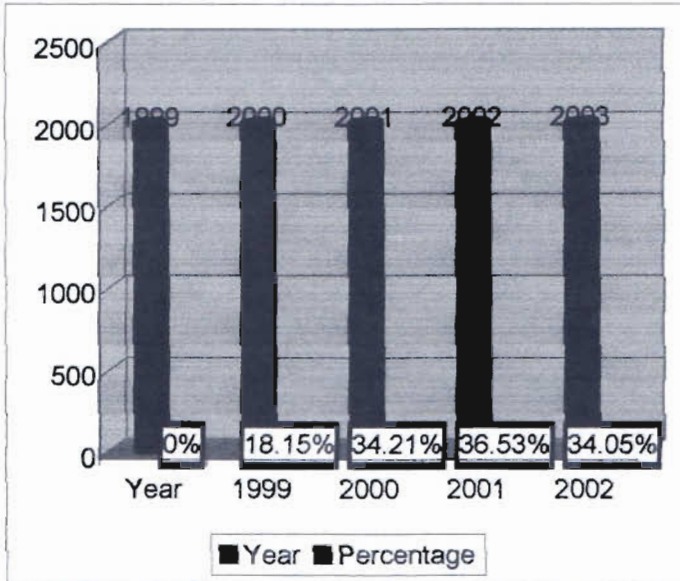
**3.13 Return on Equity in Exim Bank:**

In the Year 2003 return on Equity of the Exim Bank is decrease from previous years. The following graph and chart shows in details:

Year	Exim Bank Ltd
1999	0%
2000	18.15%
2001	34.21%
2002	36.53%
2003	34.05%

**Source: Annual Report & Prospectus 2000-2003**

## Graph



The graph shows that the total REO of the Exim Bank. In the year 2002 the bank paid the highest percentage of equity (36.53%). But in the recent year 2003 it just reduced 2048% than the previous year. Generally it's a bad news for the shareholders.

### 3.14 BOARD OF DIRECTORS:

#### Chairman:

Md. Nazrul Islam Mazumder

#### Directors:

- Mr.Md. Nazrul Islam Swapan
- Mr. Mohammad Abdullah
- Mr.Md. Altaf Hossain
- Mr.Md. Faiz Ullah
- Mr.Md. Mazakat Harun
- Mr.Md. Fahim Zaman Pathan
- Mrs. Nasima Akhter
- Engr.Mr.Md. Aminur Rahman Khan
- Mr. A.K.M. Nurul Fazal Bulbul

- Mr.Md. Zubayer Kabir
- Mrs. Rizwana K. Riza
- Mr.Md. Habibullah
- Mr.Md. Nur Hussain
- Mr. Anjan Kumar Saha
- Mr. Md. Abdul Mannan

**Advisor**

Alamgir Kabir, FCA

**Managing Director**

Mohammed Lakiotullah

**3.15 Management Of Exim Bank:**

	<b>Designation</b>	<b>Place of Posting</b>
Mr. Mohammed Haider Ali Miah (MBA)	EVP	Motijheel Branch, Dhaka
Mr. Karimuzzaman	EVP	Audit & Inspection Division, Head Office
Mr. Sirajul Haque Miah	SVP	Panthapath Branch, Dhaka
Mr. Fazal Akhter	SVP	Gulshan Branch, Dhaka
Mr.Md. Fazlur Rahaman	SVP	Narayangonj Branch
Mr. Md. Akhtar Hossain	SVP	RMG Division, Head Office
Mr. Khondoker Rummy Ehsanul Haq	SVP	New Esakaton Branch, Dhaka
Mr. Mohd. Alamgir	VP	Agrabad Branch, Chittagong
Mr. Shah Md. Abdul Bari	VP	Human Resources Division, Head Office
Mr. Md. Zakaria Faruq	VP	IBB, Elephant Road, Dhaka
Mr. Md. Golam Mahbub	VP	Board Secretariat, Head Office
Mr. Md. Muniruzzaman	VP	IBB, Rajuk Avenue, Dhaka
Mr. Md Shahid Ullah	VP	Khatungonj Branch, Chittagong
Mr. Khondoker Nayeemul Kabir	VP	Mirpur Branch, Dhaka
Mr. Md. Feroz Hossain	VP	Motijheel Branch, Dhaka

Mr. Md. Humayun Kabir	VP	Financial Administration Div. Head Office
Mr. Md. Shahjahan Shiraj	VP	IBB, Uttara, Dhaka
Mr. Shahidur Rahman	VP	Motijheel Branch, Dhaka
Mr. Md. Muhibbul Abrar Choudhury	VP	Jublee Road Branch, Chittagong
Mr. Sheik Moyeen Uddin	VP	Motijheel Branch, Dhaka
Mr. Muniruzzaman Chowdhury	VP	Sylhet Branch
Mr. Shaikh Bashirul Islam	VP	International Division, Head Office
Mr. Md. Anisul Alam	SAVP	Law & Recovery Division, Head Office
Mr. Mohammad Hanif	SAVP	Agrabad Branch, Chittagong
Mr. Khorshed Alam Chowdhury	SAVP	New Eskaton Branch, Dhaka
Mr. Md. Zoshim Uddin Bhuiyan	SAVP	Motijheel Branch, Dhaka
Engr. Shamsur Rahman Chowdhury, MBA	SAVP	Information Technology Division, Head Office
Mr. Md. Mosharraf Hossain Mazumder	SAVP	Audit & Inspection Division, Head Office
Mr. Md. Abdus Zaher	AVP	Imamganj Branch, Dhaka
Mr. S.M. Abu Zaker	AVP	Khatungonj Branch, Chittagong
Mr. Abu Hena Md. Mohsin	AVP	Shimrail Branch, Narayangonj, Dhaka
Mr. Md. Moidul Islam	AVP	IBB, Uttara
Mr. Md Mozaffor Hossain	AVP	Bogura Branch (Proposed)
Mr. M. Sakhawat Hossain	AVP	Gulshan Branch
Mr. Abdul Jobbar Chowdhury	AVP	Gazipur Chowrasta Br.
Mr. Tariqul Islam Choudhury	AVP	Audit & Inspection Division



### 3.16 EXIM Bank at a Glance

Figure in crore taka*					
Sl. No.	Particulars	2000	2001	2002	2003
01.	Paid-up Capital	22.50	22.50	25.31	31.39
02.	Equity	26.52	46.20	53.13	74.83
03.	Total Deposits	393.45	738.95	994.52	1,524.30
	a) Demand Deposits	89.56	181.70	299.97	232.71
	b) Time deposits	303.89	557.25	694.55	1291.59
04.	Loans & advances	217.05	513.16	795.46	1,228.91
05.	Foreign Exchange Business	<b>710.73</b>	<b>1636.47</b>	<b>2551.83</b>	<b>3461.93</b>
	a) Import Business	419.97	851.97	1315.25	1,926.01
	b) Export Business	279.73	744.22	1008.82	1,512.42
	a) Remittance	11.03	40.28	27.76	23.5
06.	Gross Income	18.74	41.95	58.82	84.06
07.	Gross Profit	9.97	27.39	38.68	56.27
08.	Net Profit After Tax	4.81	15.81	20.14	25.48
09.	Number of Employees	237	356	500	627
10.	Number of Branches	8	10	16	19
11.	Salary & allowance	3.70	6.89	9.56	13.40
12.	Earning Assets	361.37	722.85	1028.46	1639.56

# Chapter-4

## 4.1 Problems Of Exim Bank:

### General Banking department

- In general banking department they follow the traditional banking system. The entire general banking procedure is not fully computerized.
- They are not using Data Base Networking in Information Technology (IT) Department. So they have to transfer data from branch to branch and branch to head office by using floppy disk and sure it is not a good system.
- According to some clients opinion introducer is one of the problems to open an account. If a person who is new of the city wants to open account, it is a problem for him/her to arrange an introducer of SB or CD accounts holder.

### Loans and Advances Department:

- Political influence is one of the major problems in Bangladesh. Due to political intervention the bank becomes obliged to provide loans in most of the cases, which are rarely recovered. Bank has to face this in convenience situation almost every year.
- Sometimes the employee to unlawfully help the client deliberately overvalues the securities taken against the loan. As a result if the client fails to repay the loan the bank authority cannot collect even the principal money invested by the selling those assets. It is also a very important factor that leads to loan default.
- CIB report is not readily available from Bangladesh Bank.

### Foreign Exchange Department:

- In foreign exchange department it is required to communicate with foreign banks and International Division of Exim Bank frequently and quickly. To make the process easily modern communication media for example e-mil, Fax, Internet etc. Should be used. But the bank has not so much practice of using these media.
- Modern technical equipment such as computer is not sufficient in foreign exchange department. As a result the exchange process makes delay and it is also complicated.

### Other Problem:

- Exim Bank doesn't give their attention on advertisement. As a competition market it is too much important for any organization to increasing their advertisements procedure.

## **4.2 Recommendation:**

### **General Banking Department:**

- If the enter general Banking system is fully computerized then they satisfy the customer by provide fast service.
- If they establish networking system with their branches then it can easily transfer data within short time.
- If they cancel the introducer system then they can collect more deposit through new account and it also satisfied the customer.

### **Loan and Advance Department:**

- Try to avoid giving loan the political person who had bad reputation of loan repaying.
- Evaluate the securities value properly to avoid the risk of loan recovery. The punishment system should be established to discourage the unlawful activities of employee.
- Bangladesh Bank should more active to provide CIB report.

### **Foreign Exchange Department:**

- In Foreign Exchange Department it is require communicating with foreign bank frequently and quickly. To make the process easy and quick the whole system should be computerized and modern communication media for example e-mail, fax, Internet should be used.

### **Other Problem:**

- Exim Bank should give more attention to advertisement to create more attraction among their customer, which is collect, more deposit and increase investment scope.

## 4.3 Conclusion:

As an internee of Exim Bank Ltd. I have truly enjoying my internship from the learning and experience viewpoint. I am confident that this three months internship program at Exim Bank will definitely help me to realize my further carrier in the job market.

EXIM bank has converted all of their system and policy of traditional banking to Islami Banking. I think which is a very practical and bold decision. As there are lots of local and foreign banks in Bangladesh the Exim Bank Ltd. is promising commercial Bank among them. In this competitive market Exim Bank has to compete not only the others commercial banks but also with the public Bank. Exim Bank Ltd. is more capable of contributing towards economic development as compared with other bank. Exim Bank Ltd. invested more funds in export and import business. It is obvious that the right thinking of this bank including establishing a successful network over the country and increasing resources will be able to play a considerable role in the portfolio of development. Success in the banking business largely depends on effective lending. Less the amount of loan losses, the more the income will be from Credit operations the more will be the profit of the EXIM Bank Limited and here lies the success of Credit Financing.

During the course of my practical orientation I have tried to learn the practical banking activities to realize it with my theoretical knowledge, which I have greathearted and going to acquire from various courses of my BBA program.

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