

ANNUAL REPORT 2002



**Export Import Bank
Of Bangladesh Limited**

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Of Bangladesh Limited**

HEAD OFFICE, DHAKA
5, Rajuk Avenue, Printers Building
5th, 6th & 10th Floor, Dhaka
Tel : 9566418, 9566764, 9553872, 9553925, 9561604

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*B*oard of Directors

CHAIRMAN

Md. Nazrul Islam Mazumder

DIRECTORS

Md. Nazrul Islam Swapan

Mohammad Abdullah

Md. Altaf Hossain

Md. Faiz Ullah

Md. Mazakat Harun

Md. Fahim Zaman Pathan

Nasima Akhter

Engr. Aminur Rahman Khan

A. K. M. Nurul Fazal Bulbul

Ifat Akhter Alin

Zubayer Kabir

Rizwana K. Riza

Md. Habibullah

Md. Nur Hussain

Anjan Kumar Saha

Md. Abdul Mannan

Farjana Islam

ADVISOR

Alamgir Kabir FCA

MANAGING DIRECTOR

Mohammed Lakiotullah

x e c u t i v e C o m m i t t e e

Md. Nazrul Islam Mazumder
Chairman

Mohammad Abdullah

Md. Faiz Ullah

Md. Altaf Hossain

Md. Mazakat Harun

Engr. Aminur Rahman Khan

A. K. M. Nurul Fazal Bulbul

Md. Abdul Mannan

Anjan Kumar Saha

Zubayer Kabir

Alamgir Kabir FCA
Advisor

Mohammed Lakiotullah
Managing Director



*S*hariah Council for Islami Banking Branches

Dr. A. B. M. Habibur Rahman Chowdhury
Chairman

Professor Moulana Md. Salahuddin
Vice Chairman

Moulana Abul Qasem Muhammad Sefatullah

Moulana Mohammad Sadequl Islam

Hafez Moulana Md. Shahidul Islam

A. S. M. Fakhru'l Ahsan

Md. Nazrul Islam Mazumder

Engr. Aminur Rahman Khan

A. K. M. Nurul Fazal Bulbul

Md. Altaf Hossain

Md. Mazakat Harun

Alamgir Kabir FCA

Mohammed Lakiotullah

Muht. Mubarak Hussein

x e c u t i v e s

MANAGING DIRECTOR

Mohammed Lakiotullah

DEPUTY MANAGING DIRECTOR

Muhd. Mubarak Hussein

SENIOR EXECUTIVE VICE PRESIDENT

Md. Sirajul Islam Bhuiyan

Ekramul Hoque

SENIOR VICE PRESIDENT

Mohammed Haider Ali Miah

Md. Karimuzzaman

VICE PRESIDENT

Md. Akhtar Hossain

Kh. Romy Ehsanul Huq

Sirajul Haque Miah

Fazal Akhter

Md. Fazlur Rahman

Md. Shahjahan Shiraj

Md. Zakaria Faruq

Borhan Uddin Ahmed Chowdhury

Mohd. Alamgir

Md. Anowar Hossain

SENIOR ASSISTANT VICE PRESIDENT

Khondoker Nayeemul Kabir

Mohammad Feroz Hossain

Md. Humayun Kabir

Md. Shahidur Rahman

Md. Muhibbul Abrar Choudhury

Nur Hossain Chowdhury

Md. Muniruzzaman

Md. Shahid Ullah

Shah Md. Abdul Bari

Mohd. Ismail

Sheikh Moyeen Uddin

Shaikh Bashirul Islam

Muniruzzaman Chowdhury

ASSISTANT VICE PRESIDENT

Khorshed Alam Chowdhury

Md. Zoshim Uddin Bhuiyan

Engr. Shamsur Rahman Chowdhury

Md. Anisul Alam

Md. Abduz Zaher

Abu Hena Md. Mohsin

Md. Moidul Islam

S. M. Abu Zaker



*C*orporate Information

COMPANY SECRETARY

Muhd. Mubarak Hussein

AUDITOR

M/s. Rahman Rahman Huq
9, Mohakhali C/A (11th floor)
Dhaka-1212

Date of Incorporation	:	2nd June, 1999
Inauguration of First Branch	:	3rd August, 1999
Authorised Capital	:	Tk. 100.00 Crore
Paid-up Capital	:	Tk. 25.31 Crore
Number of Branches	:	16
Proposed Branches	:	06

REGISTERED OFFICE

Printers Building, (5th, 6th & 10th floor)
5, Rajuk Avenue, Dhaka-1000, Bangladesh
Phone : 9566764, 9566418, 9553872, 9561604, 9553925
Fax : 880-2-9556988, Telex : 642527 EXMHO BJ
E-mail : eximho@bdonline.com, Website : www.eximbd.com
SWIFT address : EXBKBDDH

*N*otice of the fourth Annual General Meeting

The 4th Annual General Meeting of the Shareholders of Export Import Bank Of Bangladesh Limited will be held on Thursday, the 24th April, 2003 at 7.00 p.m. at Head Office of the Bank.

The following agenda will be transacted in the meeting.

01. To confirm the minutes of Third Annual General Meeting held on 18th April, 2002.
02. To receive, consider and adopt the Directors' Report and the Audited Statement of Accounts alongwith the Auditors' Report thereon for the year ended 31st December, 2002.
03. To declare dividend for the year 2002.
04. To elect the Directors in place of the retiring Directors in terms of Articles of Association of the Bank.
05. To appoint Auditors for the year 2003 and fix their remuneration.
06. To transact any other business with the permission of the Chair.

All the Honourable Shareholders of the Company are earnestly requested to make it convenient to attend the meeting accordingly.

By order of the Board of Directors



Muhd. Mubarak Hussein
Company Secretary
&
Deputy Managing Director

Dated : Dhaka 10th April, 2003



On the occasion of opening of Eskaton Branch, Dhaka on August 12, 2002



On the occasion of 3rd Annual General Meeting held on April 18, 2002



A partial view of first Islami Banking Branch, Rajuk Avenue



A partial view of Islami Banking Branch, Uttara



Directors' Report

Dear Shareholders,

The Board of Directors expresses its satisfaction in presenting the 4th Annual Report of the Bank along with the accounts for the year ended 31st December 2002. The overall achievement attained by the bank in a competitive socio-economic environment has been reflected in the report.

Global Economy

The world economy is passing through a slugging period that is proving longer than expected. The US economy, the largest in the world, is on the brink of recession. The economy is faltering with rising unemployment, falling consumer confidence and countries economic uncertainty. This is a scenario fraught with danger for other countries including Bangladesh. The global economy could take a nose-dive at the consequences of war over Iraq. It is estimated that the US may lose at least US\$ 200 billion in the war against Iraq, which may ultimately slow down its already slow economy. According to IMF and World Bank (2002) reports, the growth rates of major economies like US, UK, Japan and Germany may decrease in the current financial year. The attack on Iraq will definitely increase the prices of oil in the International markets and there would be an international economic recession. It will have severe socio-economic implications for the rest of Southeast Asian countries and the whole world. It could have devastating consequences for the fragile economies of the developing nations, particularly those dependent on migrant earnings.

Globalization and liberalization are going to change the world economy. Free market

economy which is essentially a boon of globalization could not bring prosperity for all the developing nations of the world as expected.

Bangladesh Economy

The overall global economic recession has taken a heavy toll on the Bangladesh economy. The gross domestic product (GDP) growth in fiscal 2001-2002 was 4.4 percent compared with 5.3 percent in 2000-2001 and nearly 6.0 percent in 1999-2000.

Despite several impediments after lagging behind for years, Bangladesh made a big bang start with the closure of Adamjee Jute Mills followed by several other relatively small mills which were loss incurring and a burden for economy.

The recessionary trend continues to afflict the economy despite the positive measures announced in the fiscal 2002-2003 budget. The measures included review of the revenue budget, utilization of surplus funds in the banking sector for on-lending to industry for medium and long term investments, issuance of medium term US dollar and taka bonds for non-resident Bangladeshi and streamlining of arrangements for effective use of the Equity and Entrepreneurship Fund (EEF).

Although macroeconomic fundamentals have improved, the investment climate continues to remain weak. Without further improvement in the investment climate through accelerated structural and policy reforms, our economy can not graduate from the current 4.4 to 5.0 plus percent annual growth rate to the 6.5 to 7.0 percent needed to achieve the national poverty reduction target.

In agriculture, the targeted food production of 28.08 MT in fiscal 2002-2003 may not be achieved. Aman production is projected to increase by 6.8 percent and that of Boro by 10.7 percent during FY2003. During the first half of the current fiscal, foodgrain production faced difficulties in availability and distribution of seed, excessive rainfall and chilly weather which may cause a decline in production relative to target. Agricultural production will suffer because of a rise in the administered price of fuel, which is an essential input in agricultural production.

The index of industrial production, which fell to an all time low level in the third quarter of fiscal 2001-2002, has started improving, although slowly. The quantum index of industrial production rose by 5.3 percent in July-September 2002 against 0.7 percent in July-September 2001, and 13.8 percent in July-September 2000. The performance of the manufacturing sector, measured by the quantum index of production during July-September of 2002, was not satisfactory. The condition in Jute, Cotton, Textile, Garments and Leather sectors were worse, depicting a negative growth, only in electricity and mining, there was a growth in the first quarter of the current fiscal.

The service sectors may not also register sufficient growth either high fuel price could adversely affect the transport sector. The rise in the administered prices of electricity, gas and water may increase production cost in manufacturing and service sectors.

About the balance of payments, there was however, a further improvement in the current account so far, in the current fiscal, reflecting a substantial increase in remittances. Apart from strong remittance growth, the revival of export growth and stagnant level of imports also helped the improvement in current account balance.

About the Bank

EXIM Bank started its operation on 3rd August 1999 as a scheduled commercial bank as per

rules and regulations of Bangladesh Bank. At present the bank has 16 Branches across the country. It renders all types of commercial banking operations to its customers within the purview of the Bank Companies Act, 1991 and in line with the directives and policy guidelines laid down by Bangladesh Bank.

In its 4th year of operation, 2002, EXIM Bank has made substantial headway in terms of business growth, profitability and establishing its image as one of the leading private sector Bank.

The bank is widely acclaimed by the business community, starting from small businessmen, entrepreneurs to big merchants / Industrial groups including the rated corporate clients who hold pragmatic outlook and innovative financial schemes

We have achieved success in all sectors and ended up with the highest ever operating profit, which is 42% higher than that of the preceding year. The profound achievement has been possible because of the able leadership, dedicated and committed services provided by all levels of management and staff and above all the trust and confidence that our valued client had reposed in us. For EXIM Bank, the days ahead will see this institution to achieve greater heights of glory.

Capital and Reserve Fund

The authorised capital of the bank is Tk.1000 million and the paid up capital of the bank is Tk.253.13 million as of December 31, 2002. The Bank raised its reserve from Tk.119.61 million to Tk.298.39 million, which is quite significant, compared to the position of the previous year. On close of business on December 31, 2002, the capital adequacy ratio was maintained as per Bangladesh Bank guidelines.

Deposit

Total deposit increased to Tk.9945.23 million as on December 31, 2002 from Tk.7255.02 million as at the end of the previous year indicating an



increase of 37.08% than the previous year. We remain committed to increasing our deposit base by growing low cost personal and business accounts, and thereby lowering our overall cost of fund.

Loan and Advances

During the year 2002, credit experienced vibrant activities with significant growth. Total loans and advances at the end of the year increased by Tk.2823.01 million, 55.01% growth over the preceding period. This is due to increased commercial and trade financing, term lending and working capital support. The classified loan position is almost nil. This was achieved by rendering due attention and monitoring high-risk advances. As a result, classified advance is amounted to Tk.7.63 million, which is only 0.09% of total loans and advances. The Bank is trying to operate its credit activities with the target of achieving Zero classified loans.

Launching of Islami Banking

Considering the inherent desire of the religious muslims, EXIM Bank has launched Islami Banking system and inaugurates two Islami Banking Branches in the year-2002. The Islami Banking Branches perform their activities under the guidance and supervision of a body called "SHARIAH COUNCIL".

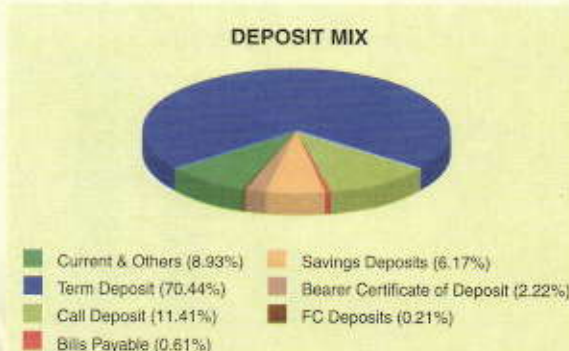
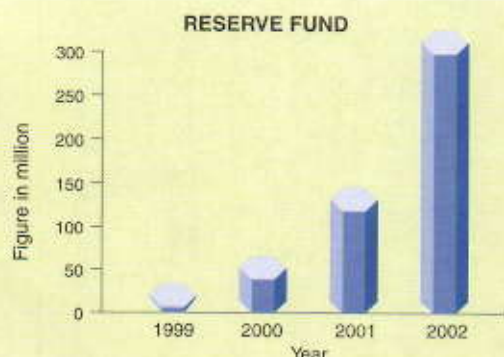
Balance Sheet and Profit & Loss Account of our Islami Banking Branches as on 31st December 2002 are given below:

Islami Banking Branches Balance Sheet As at 31st December 2002

Assets	31-12-2002	31-12-2001
Cash & Bank Balance	6,942,674	-
Investments	137,290,260	-
Fixed Assets	8,035,813	-
Other Assets	403,015,858	-
Total Assets	555,284,605	-
Liabilities		
Deposits	540,036,805	-
Bills Payable	1,101,559	-
Other Liabilities	13,349,663	-
Net profit for the year 2002	796,578	-
Total Liabilities	555,284,605	-
Off Balance Sheet items		
Contingent liabilities:		-
Acceptance & endorsements-		-
Letters of guarantee	1,383,900	-
Irrevocable letters of credit	52,540,335	-
Bills for collection	966,000	-
Other contingent liabilities	1,099,030	-
Total contingent liabilities	55,989,265	-
Other commitments	-	-
Total Off Balance Sheet items	55,989,265	-

Profit and Loss Account for the year ended 31st December 2002

Income	31-12-2002	31-12-2001
Income from investment	23,431,255	-
Commission and exchange income	995,644	-
Other income	246,509	-
Total Income	24,673,408	-
Expenses		
Profit paid on deposit	16,908,776	-
Salaries and allowances	2,748,975	-
Rent, taxes, insurance, lighting etc.	2,480,182	-
Postage, telegram and telephone	168,820	-
Depreciation and repairs	488,025	-
Stationery and advertisement	381,921	-
Other expenses	700,131	-
Total Expenses	23,876,830	-
Net profit for the year	796,578	-



The deposit products and the rate of profit declared for the year-2002 are appended in table below:

Deposit Type	Provisional profit rate
Al-wadeeah Current Deposit	—
Mudaraba Savings Deposit	8.26%
Mudaraba STD	6.82%
Mudaraba Term Deposits	
M.T.D.R. 1Month	9.14%
M.T.D.R. 3 Months	9.69%
M.T.D.R. 6 Months	10.13%
M.T.D.R. 12 Months	10.57%
M.T.D.R. 24 Months	10.79%
M.T.D.R. 36 Months	11.01%
Money Grower (Monthly Savings)	
5 years	12.77%
8 years	12.88%
10 years	12.99%
12 years	13.10%
Steady Money (Monthly Income)	12.66%
Multiplus Savings Scheme	12.88%
Education Savings Scheme	12.55%
Super Savings Scheme	12.88%

Deposit mix of Islami Banking Branches

Deposit Type	(in million) Taka
Al-wadeeah Current Deposit	11.16
Mudaraba Savings Deposit	154.95
Mudaraba STD	36.73
Mudaraba Term Deposit	257.86
Sundry Deposit	15.86
Other Deposit Under Scheme	63.68
Total	540.04

Investment mix of Islami Banking Branches

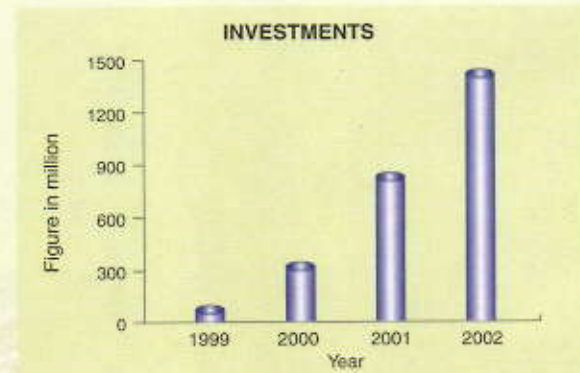
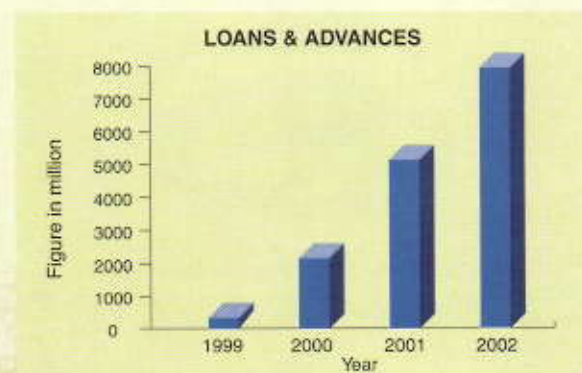
Investment Type	(in million) Taka
Murabaha	2.96
Murabaha Post Import	1.65
Bai Muazzal	17.53
Murabaha Import Bills	62.41
Murabaha T. R.	28.32
Hire Purchase M. M.	9.18
Hire Purchase (staff)	4.26
Quard General	9.08
Quard Against T D R	0.03
Local Doc. Bills Purchased	1.87
Total	137.29

Investment Portfolio

The total investment of the Bank stood at Tk.1419.00 million as on 31-12-2002 as against Tk.829.06 million in the previous year showing an increase of 71.15%. The notable investment represents deployment in Treasury bills, Shares, Prize Bond and Others.

Call Money Market

In the year 2002, Call money market was comparatively much nimble. Average call rate mostly remained above the Bank rate. Nationalized Commercial Banks having countrywide network as well as some first generation private Commercial Banks swell idle money and invested in the call market for easy earning whereas some commercial banks suffered liquidity crisis. EXIM, as a new player in





the market was also very much active both in terms of taking and placement of funds in the call money market and earned a profit of Tk.35.97 million in the Year – 2002.

Import Business

The total Import business handled by the Bank during 2002 was Tk.13152.50 million compared to Tk.8519.70 million in the previous year showing an increased rate of 54.37%.

Export Business

The total export business handled by the Bank during 2002 was Tk.10088.30 million compared to Tk.7442.20 million in the previous year showing an increased rate of 35.55%.

SWIFT Service

The SWIFT services helped us in sending and receiving the messages and instructions related to our NOSTRO account operations and L/C related matters. We have brought 6 of our Branches under SWIFT network. Other Branches will come under the network hopefully by the year – 2003. Besides we have BKE arrangements with 430 Bank Branches in 100 countries.

Branch Expansion

In 2002, EXIM Bank has opened 6 new Branches. We hope to open more 6 Branches within the year-2003 in prime locations across the country.

Audit and Inspection

During the year 2002, Bank's internal audit team conducted thorough inspection of all the Branches. Bangladesh Bank also carried out inspection at Head Office and Branches during the year.

Correspondent Relationship

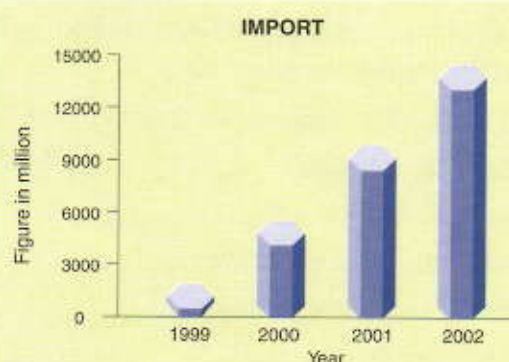
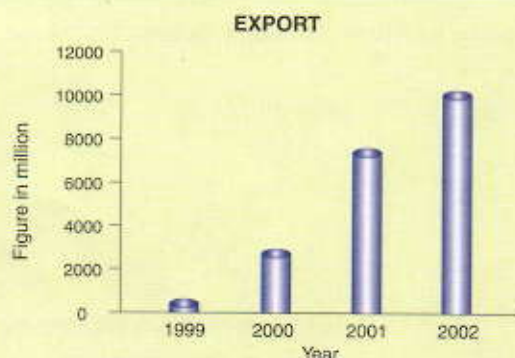
We have correspondent Banking relationships with over 78 Banks spread across 68 countries to facilitate cross border trade and payment related services. So far our total correspondents is 180.

Office Automation

From the very first day of operation the bank is fully automated with computer. The Bank is capable of generating the relevant financial statements at the end of the day. Bank has also launched a Web Page of its own to take a place in the World Wide Web. Online banking and credit card is going to be introduced very soon.

Human Resources

Quality human resources denotes an organisation worthy, knowing of one's job and having interest in it, is a precondition of good functioning. With this view in mind, we have trained our Executives and Officers home and abroad. Apart from these with a view to improving efficiency of human resources appointment of fresh and enthusiastic youths who have completed their studies from



universities, directly as officers through competitive examination is being continued as before.

As on 31-12-2002 the total manpower of the Bank in different grades was as under :-

a) Executives	37	7.40%
b) Officers	288	57.60%
c) Staff	84	16.80%
d) Casual and Others	91	18.20%
	500	100.00%

Board Meeting

To take decision and formulate policies with regard to different banking affairs 9 meetings of the Board of Directors and 77 meetings of the Executive Committee of the Board of Directors were held during the year under review.

Appointment of Auditors

M/S Rahman Rahman Huq, Chartered Accountants were appointed as Auditors of the Bank for the year 2002 in the 3rd Annual General Meeting of the shareholders. The auditors have conducted audit and submitted auditors report for the year ended 31st December, 2002. They are eligible for reappointment for the next year subject to the approval in the Annual General Meeting.

Directors

The following Directors of the company retired from the Board of Directors by rotations as per Articles of the company and being eligible have offered themselves for re-election:

01. Mr. Md. Nazrul Islam Mazumder
02. Mr. Md. Faiz Ullah
03. Mrs. Nasima Akhter
04. Mr. Anjan Kumar Saha
05. Mr. Md. Abdul Mannan
06. Mrs. Farjana Islam

Dividend

EXIM Bank is continuously upgrading itself with a view to be competitive and to remain the leader of the Banking industry. Our Board of Directors always believe in long term goals maintaining a healthy reserve and sound capital base. Considering the major objective of shareholders, future performance, growth and position, the Board of Directors recommended a cash dividend of 8% and stock dividend of 24% to the shareholders.

Conclusion

EXIM Bank has been able to continue its overall progress for the accounting year 2002. This success has been made possible due to dynamic leadership of the Bank Management, including Board of Director's proper conduct, devotion and sincerity of all categories of officers and employees of the Bank.

The Board of Directors likes to place on record its sincere thanks to the government of People's Republic of Bangladesh and the Bangladesh Bank for their support throughout the year with guidelines, advice, co-operation and assistance.

The Board of Directors very sincerely expresses its thankfulness and good wishes to all clients, shareholders, well wishers and patrons for their extending support, co-operation, assistance and also good counsel. For performing all works with honesty, devotion and dedication the Board of Directors very sincerely expresses its deep sense of gratitude with appreciation to the Executives, Officers and employees of all tiers.

On behalf of the Board of Directors,



Md. Nazrul Islam Mazumder
Chairman

Auditors' Report to the Shareholders of EXPORT IMPORT BANK OF BANGLADESH LIMITED

We have audited the accompanying **Balance Sheet** of **EXPORT IMPORT BANK OF BANGLADESH LIMITED** as of **December 31, 2002** and the related **Profit and Loss Account, Statement of Cash Flows** and **Statement of Changes in Equity** for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as of **December 31, 2002** and of the results of its operations and its cash flow for the year then ended and comply with the Bank Company Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act. 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that :

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- iii) the company's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditure incurred was for the purposes of the company's business;
- v) the financial position of the Bank at **December 31, 2002** and the profit for the year then ended have been properly reflected in the financial statements; and the financial statements have been prepared in accordance with the generally accepted accounting principles;
- vi) the financial statements have been drawn up in conformity with the Bank-Company Act' 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank.
- vii) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- viii) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements; and
- x) the information and explanations required by us have been received and found satisfactory.



Rahman Rahman Huq
Chartered Accountants

Dated : Dhaka 22 April, 2003

BALANCE SHEET *at 31 December 2002*

	Notes	31-12-2002 Taka	31-12-2001 Taka
PROPERTY AND ASSETS			
cash :	3		
In hand (including Foreign Currencies)		163,672,719	111,753,063
With Bangladesh Bank and Sonali Bank (including Foreign Currencies)		440,885,038	294,352,502
		604,557,757	406,105,565
Balance with other banks and Financial Institutions	4		
In Bangladesh		524,993,436	681,916,761
Outside Bangladesh		25,997,751	90,972,665
		550,991,187	772,889,426
Money at call and short notice	5	360,000,000	495,000,000
Investment :	6		
Government securities		1,230,641,100	750,582,700
Others		188,360,191	78,473,999
		1,419,001,291	829,056,699
Loans and advance :	7		
Loans, Cash Credits, Overdrafts etc.		7,481,509,504	4,687,785,472
Bills discounted and purchased		473,052,532	443,761,931
		7,954,562,036	5,131,547,403
Fixed Assets	8	110,983,041	94,290,213
Other Assets	9	374,607,103	306,438,534
Non-banking Assets		—	—
Total Assets		<u>11,374,702,415</u>	<u>8,035,327,840</u>

BALANCE SHEET at 31 December 2002

	Notes	31-12-2002 Taka	31-12-2001 Taka
LIABILITIES & CAPITAL			
Liabilities			
Borrowing from other Banks, Financial Institutions and Agents		-	-
Deposits and Other Accounts			
Current deposits and other accounts	10	888,422,787	653,227,167
Bills payable		60,615,707	45,118,528
Savings bank deposits		613,662,425	243,189,572
Bearer certificate of deposits		221,054,432	198,199,391
Term deposits		7,005,226,249	5,029,614,010
Call deposits		1,135,000,000	1,050,000,000
Foreign currency deposits		21,244,932	35,667,595
		9,945,226,532	7,255,016,263
Other liabilities	11	878,143,962	373,063,769
Total Liabilities		10,823,370,494	7,628,080,032
Capital/Shareholders' Equity			
Paid-up capital	12	253,125,000	225,000,000
Proposed issue of bonus shares	13	60,750,000	28,125,000
Share premium	14	82,575,000	15,750,000
Statutory reserve	15	132,500,740	64,896,183
Proposed cash dividend		20,250,000	56,250,000
Retained earnings		2,131,181	17,226,625
Total shareholders' equity		551,331,921	407,247,808
Total liabilities and shareholders' equity		11,374,702,415	8,035,327,840
OFF BALANCE SHEET ITEMS			
Contingent liabilities :			
Acceptance and endorsements-			
Letters of guarantee	16	208,788,385	145,981,048
Irrevocable letters of credit		2,249,814,615	911,504,043
Bills for collection		220,107,612	135,143,108
Other contingent liabilities		1,931,507,631	1,689,894,975
Total contingent liabilities		4,610,218,243	2,882,523,174
Other commitments		-	-
Total off balance sheet items		4,610,218,243	2,882,523,174

The annexed notes 1 to 34 form an integral part of these financial statements.

 Managing Director
  Director
  Director
  Director
  Chairman

As per our annexed report of same date.



Auditors

Dhaka, 22 April 2003

PROFIT & LOSS ACCOUNT *for the year ended 31 December, 2002*

	Notes	31-12-2002	31-12-2001
		Taka	Taka
Interest Income	17	932,241,186	621,331,681
Interest paid on deposits, borrowing etc.	18	(728,365,599)	(521,318,709)
Net Interest Income		203,875,587	100,012,972
Income from Investment	19	68,974,876	54,282,759
Commission, exchange and brokerage	20	272,673,777	211,864,118
Gain on sale of investment in shares		7,615,723	28,761,610
Other operating income	21	35,049,507	24,626,157
Total Operating Income		588,189,470	419,547,616
Salaries and allowances	22	95,627,987	67,230,971
Rent, taxes, insurance, lighting etc.	23	29,607,526	18,117,596
Legal expenses	24	168,084	125,430
Postage, Stamps, Telegram & Telephones	25	13,694,330	9,349,125
Audit Fees		150,000	100,000
Stationery, Printing, Advertisement etc.	26	11,138,022	10,074,490
Managing Director's remuneration		2,006,710	1,710,000
Managing Director's Fees		260,000	212,500
Directors' Fees	27	2,462,500	2,081,148
Depreciation on and repairs to Bank's property	28	16,053,632	12,219,677
Other Expenses	29	30,223,666	24,472,846
Total Operating Expense		201,392,457	145,693,783
Profit before provisions		386,797,013	273,853,833
Provisions			
For classified loans and advances		1,070,000	—
For unclassified loans and advances	30	28,010,970	29,598,850
For diminution in value of investment in shares	31	19,693,258	—
Total provisions		48,774,228	29,598,850
Profit before tax		338,022,785	244,254,983
Provisions for tax		136,600,000	86,197,350
Profit after tax		201,422,785	158,057,633
Retained earnings brought forward		17,226,625	590,373
Adjustment for (under)/over provision for tax made in earlier years		(1,088,672)	7,554,616
		16,137,953	8,144,989
Profit available for appropriation		217,560,738	166,202,622
Appropriations			
Statutory reserve		67,604,557	48,850,997
Proposed cash dividend (gross) @8% (2001 : 25%)		20,250,000	56,250,000
Proposed issue of bonus shares @6 shares per			
25 shares held (2001 : 1 share per 8 shares held)		60,750,000	28,125,000
Share premium on bonus share		66,825,000	15,750,000
		215,429,557	148,975,997
Retained earnings carried forward		2,131,181	17,226,625
Earnings per ordinary share		79.14%	62.44%

The annexed notes 1 to 34 form an integral part of these financial statements.


Managing Director


Director


Director


Director


Chairman

As per our annexed report of same date.


Auditors

Dhaka, 22 April 2003

CASH FLOW STATEMENT *for the Year ended 31 December, 2002*

	Notes	31-12-2002 Taka	31-12-2001 Taka
A) Cash Flows from Operating Activities			
Interest and commission receipts		1,204,914,963	833,195,799
Interest payment		(728,365,599)	(521,318,709)
Receipts from other operating activities		36,198,958	24,626,157
Cash payment to employees		(97,634,697)	(68,940,971)
Payments for other operating activities		(89,290,153)	(65,973,289)
<i>Operating profit before changes in operating assets and liabilities</i>	32	325,823,472	201,588,987
(Increase)/Decrease in operating assets			
Treasury bills		(480,000,000)	(430,000,000)
Exchange equalization reserve		588,037	1,506,571
Funds advanced to customers		(2,823,014,633)	(2,961,012,548)
Other assets		85,755,516	227,406,896
Increase/(Decrease) in operating liabilities			
Deposits from customers		2,667,355,228	3,346,294,630
Bearer certificate of deposits		22,855,041	24,044,385
Other liabilities		318,029,256	119,895,263
<i>Net cash from operating activities before income tax</i>		117,391,917	529,724,184
Income tax payments		(153,924,085)	(75,615,581)
Net cash from operating activities		(36,532,168)	454,108,603
B) Cash flows from investing activities			
Dividend receipts		17,576,921	14,811,887
Interest receipts		51,397,955	39,470,872
Purchase of fixed assets		(35,207,043)	(55,452,675)
Sale proceed of fixed assets disposed of		2,897,157	—
Purchase of shares		(109,886,192)	(77,113,999)
Gain on sale of investment in shares		7,615,723	28,761,610
Net cash from investing activities		(65,605,479)	(49,522,305)
C) Cash flows from financing activities			
Issue of share capital		—	—
Dividend paid		(56,250,000)	(31,500,000)
Decrease in borrowings		—	—
Net cash from financing activities		(56,250,000)	(31,500,000)
D) Net increase in cash and cash equivalents (A+B+C)		(158,387,647)	373,086,298
E) Cash and cash equivalents at beginning of the year		1,674,577,691	1,301,491,393
F) Cash and cash equivalents at end of the year (D+E)	33	1,516,190,044	1,674,577,691

STATEMENT OF CHANGES IN EQUITY *for the year ended 31 December, 2002*

	Paid up capital	Proposed Issue of bonus share	Share premium	Statutory reserve	Proposed cash dividend	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance at 1 January 2002	225,000,000	28,125,000	15,750,000	64,896,183	56,250,000	17,226,625	407,247,808
Profit for the year	—	—	—	—	—	201,422,785	201,422,785
Prior years adjustment	—	—	—	—	—	(1,088,672)	(1,088,672)
Appropriations during the year	—	60,750,000	66,825,000	67,604,557	20,250,000	(215,429,557)	—
Issue of bonus shares	28,125,000	(28,125,000)	—	—	—	—	—
Dividend paid	—	—	—	—	(56,250,000)	—	(56,250,000)
Balance at 31 December 2002	<u>253,125,000</u>	<u>60,750,000</u>	<u>82,575,000</u>	<u>132,500,740</u>	<u>20,250,000</u>	<u>2,131,181</u>	<u>551,331,921</u>

NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2002*

1.0 The Bank and its activities

Export Import Bank of Bangladesh Limited is a scheduled commercial bank in the private sector established under the Bank Company Act 1991 and incorporated in Bangladesh as a public limited company under the Companies Act 1994 to carry out banking business in Bangladesh. The Bank carries its banking activities through sixteen branches (including two branches operating as per Islamic Shariah) in the country. Another branch at Mirpur is yet to commence its operation.

2.0 Significant accounting policies

2.1 Basis of preparation of the financial statements

Accounts of the Bank are prepared on a going concern basis under historical cost convention and in accordance with International Accounting Standards, including the ones so far adopted by the Institute of Chartered Accountants of Bangladesh. Wherever appropriate, such principles are explained in succeeding notes. The Balance Sheet, Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity have been drawn as per proformas prescribed by Bangladesh Bank.

2.2 Consolidation

A separate set of records for consolidating the statement of affairs and income and expenditure statements of the branches were maintained at the Corporate Office of the Bank in Dhaka based on which these financial statements have been prepared.

2.3 Fixed assets and depreciation

Depreciation is charged at the following rates on reducing balance method on all fixed assets other than motor vehicles which are depreciated on a straight line basis :

<u>Assets category</u>	<u>Rate of depreciation</u>
	%
Furniture and fixtures	10
Office equipment	15
Interior decoration	10
Vehicles	20
Books	20

2.4 Conversion of transactions in foreign currencies and gains or losses thereon

Transactions in foreign currencies are translated into Bangladeshi Taka at the exchange rates (mid rates) prevailing on the respective dates of transaction.

In conformity with instructions of Bangladesh Bank, all gains or losses on conversion of foreign currencies to local currency upon refixation of rate(s) are kept in equivalent Taka in a separate fund account called 'Exchange Equalisation Account' and placed in the Balance Sheet under the head 'Other liabilities'.

2.5 Provision for loans and advances

Provision for loans and advances is made on the basis of year-end review by the management and in compliance with instructions contained in Bangladesh Bank Circulars.

2.6 Retirement benefit schemes

The Bank operates a contributory provident fund, a superannuation fund. The bank also maintains a gratuity plan.

2.7 Provision for corporate tax

Provision for corporate tax has been made in the accounts @40% of taxable income and further provision for tax @15% on excess profit has been made as per Finance Act 2002.

3.0 Cash

	2002	2001
In hand :		
Local currency	163,669,817	111,456,749
Foreign currencies	2,902	296,314
	163,672,719	111,753,063
Balance with Bangladesh Bank and Sonali Bank :		
Local currency	365,056,788	217,202,630
Foreign currencies	75,828,250	77,149,872
	440,885,038	294,352,502
	604,557,757	406,105,565

4.0 Balance with other banks and financial institutions

	2002	2001
In Bangladesh :	<u>Taka</u>	<u>Taka</u>
Sonali Bank (STD)	44,626,709	120,304
Prime Bank Ltd. (STD)	8,118,298	10,000,996
Al-Baraka Bank (BD) Ltd. (STD)	659,308	627,598
Social Investment Bank Ltd. (FDR)	100,000,000	100,000,000
National Credit & Commerce Bank Ltd. (STD)	264,445	255,542
National Bank Ltd. (STD)	27,306,176	1,549,821
Citibank, N.A. (FDR)	62,300,000	62,300,000
Social Investment Bank Ltd. (MSD)	206,056,250	—
Shahjalal Bank Ltd. (MSD)	20,662,250	—
Standard Chartered Bank, Dhaka	—	57,062,500
Investment Corporation of Bangladesh	—	450,000,000
Bay Leasing and Investment Ltd.	30,000,000	—
VANIK Bangladesh Ltd. (FDR)	20,000,000	—
Bangladesh Industrial Finance Co. Ltd.	5,000,000	—
	524,993,436	681,916,761

Outside Bangladesh :	2002 Taka	2001 Taka
American Express Bank, N. Y.	2,069,524	2,753,478
Standard Chartered Bank, N. Y.	10,870,953	34,591,470
Mashreq Bank, PSC, N. Y.	18,635,903	24,885,644
Amex Bank, Frankfurt, Germany	—	5,399
Amex Bank Ltd. Tokyo	3,194,463	5,395,497
Habib Bank, AG, Zurich	1,834,118	310,315
Standard Chartered Bank, London	613,764	1,313,707
Amex Bank Ltd., Kolkata	(102,570)	(2,587,028)
BOT, Mitsubishi Ltd., Kolkata	(11,929,160)	2,909,623
IFIC Bank Ltd., Karachi, Pakistan	3,259,087	1,341,267
AB Bank Ltd., Mumbai, India	430,554	581,975
Citibank, N. A., N. Y.	4,015,902	14,428,414
Commertz Bank, AG, Frankfurt, Germany	2,907,011	3,446,446
Mashreq Bank, PSC, Colombo, Sri Lanka	1,100,601	948,128
Nepal Bangladesh Bank, Nepal	25,573	243,115
Bank of Tokyo Mitsubishi, New York	(29,723,902)	—
Standard Chartered Bank, Kolkata	16,320,331	(100,961)
UBAF Bank Tokyo	(2,177,051)	—
Hypo Verens Bank, Germany	3,691,815	506,176
Citibank, N. A., Mumbai	960,835	—
	<u>25,997,751</u>	<u>90,972,665</u>
	<u>550,991,187</u>	<u>772,889,426</u>

5.0 Money at call and short notice

Investment Corporation of Bangladesh	360,000,000	400,000,000
Union Capital Ltd.	—	20,000,000
VANIK Bangladesh Ltd.	—	20,000,000
Bay Leasing and Investment Ltd.	—	20,000,000
Bangladesh Industrial Finance Ltd.	—	5,000,000
Phoenix Leasing Company Ltd.	—	30,000,000
	<u>360,000,000</u>	<u>495,000,000</u>

6.0 Investment

Government securities :

Treasury bills (Note 6.1)	1,230,000,000	750,000,000
Prize bonds	641,100	582,700
	<u>1,230,641,100</u>	<u>750,582,700</u>

Others :

Shares (Note 6.2)	188,360,191	78,473,999
	<u>1,419,001,291</u>	<u>829,056,699</u>

	2002 Taka	2001 Taka
6.1 Maturity grouping of treasury bills		
Not more than three months	—	—
More than three months but not more than one year	—	10,000,000
More than one year but not more than five years	1,230,000,000	740,000,000
More than five years	—	—
	<u>1,230,000,000</u>	<u>750,000,000</u>

6.2 Shares

Name of company	Face value per share Taka	2002		2001	
		No. of shares	Acquisition cost Taka	No. of shares	Acquisition cost Taka
Southeast Bank Ltd.	100	407,225	103,509,550	215,850	69,899,715
Chittagong Cement Clinker					
Grinding Co. Ltd.	100	5,000	6,282,796	5,000	6,282,796
NCC Bank Ltd.	100	221,250	54,596,263	11,200	2,291,488
Prime Insurance Co. Ltd.	100	27,500	3,786,838	—	—
ACI Limited	10	100,000	5,609,185	—	—
Apex Tannery Ltd.	100	30,000	6,730,682	—	—
Keya Cosmetics Ltd.	10	80,000	1,323,500	—	—
Eastern Cables Ltd.	100	30,000	6,521,377	—	—
			<u>188,360,191</u>		<u>78,473,999</u>

7.0 Loans and advances

Loans, cash credits, overdrafts, etc.

In Bangladesh :

Loans :

	2002 Taka	2001 Taka
General	1,364,026,626	954,002,294
LTR	861,738,156	634,825,956
PAD	795,378,291	185,028,902
LIM	171,915,227	223,069,212
Packing credits	163,918,224	227,429,741
House Building	118,793,106	98,503,036
Hire purchase	246,827,661	203,086,371
Lease finance	41,210,677	57,411,906
To employees	36,212,033	21,923,751
Consumer credit scheme	1,299,652	357,333
Against alternative cash assistance	11,888,107	23,690,735
Cash credits	2,250,373,425	1,379,048,530
Overdrafts	1,417,928,319	679,407,705
	<u>7,481,509,504</u>	<u>4,687,785,472</u>
Outside Bangladesh	—	—
	<u>7,481,509,504</u>	<u>4,687,785,472</u>

	2002 Taka	2001 Taka
Bills discounted and purchased :		
In Bangladesh	293,345,456	338,715,235
Outside Bangladesh	179,707,076	105,046,696
	<u>473,052,532</u>	<u>443,761,931</u>
	<u>7,954,562,036</u>	<u>5,131,547,403</u>
7.1 Maturity grouping of loans and advances		
On demand	2,828,877,085	1,634,870,808
On Maturity :		
Not more than three months	1,829,031,854	1,042,924,068
More than three months but not more than one year	1,492,256,883	1,118,785,121
More than one year but not more than five years	1,429,275,094	1,047,658,040
More than five years	375,121,120	287,309,366
	<u>5,125,684,951</u>	<u>3,496,676,595</u>
	<u>7,954,562,036</u>	<u>5,131,547,403</u>
7.2 Concentration of loans and advances		
Advances to directors and others	—	11,697,000
Advances to Managing Director	1,630,000	2,503,000
Advances to other senior executives	18,458,619	9,476,528
Loans and advances favouring various client groups (Note 7.2.1)	2,682,175,161	1,376,752,752
Others	5,252,298,256	3,731,118,123
	<u>7,954,562,036</u>	<u>5,131,547,403</u>
7.2.1 Loans and advances favouring various client groups		
Abul Khair Group	397,619,598	254,307,548
Legend Group	—	91,490,062
Nitol Group	368,011,369	—
S. Alam Group	356,425,248	176,093,760
Shamsul Alamin Group	251,750,616	119,716,610
Shah Sharif Group	250,130,354	208,847,125
Imam Group	227,253,960	99,462,285
KDS Group	215,601,732	122,668,344
Nurul Alam Master Group	162,476,747	48,862,009
PHP Group	140,354,822	96,100,000
SMAH Group	123,023,260	159,205,009
Amtranet Group	99,320,218	—
Wills Group	90,207,237	—
	<u>2,682,175,161</u>	<u>1,376,752,752</u>

	2002 Taka	2001 Taka
7.3 Sector-wise allocation of loans and advances		
Agriculture, fishing, forestry and dairy firm	37,638,348	38,807,596
Industry (jute, textiles, garments, chemicals, cement etc.)	755,256,252	848,872,109
Working capital financing	1,352,442,919	1,086,026,132
Construction	85,414,974	89,754,958
Transport and communication	217,412,669	146,016,747
Trade	3,651,904,831	2,324,753,162
Housing	213,595,084	11,107,133
Miscellaneous	1,640,896,959	586,209,566
	<u>7,954,562,036</u>	<u>5,131,547,403</u>
7.4 Classification of loans and advances		
Unclassified	7,946,932,725	5,131,547,403
Substandard	7,629,311	—
Doubtful	—	—
Bad	—	—
	<u>7,954,562,036</u>	<u>5,131,547,403</u>
7.5 Particulars of loans and advances		
i) Debts considered good in respect of which the bank is fully secured	7,223,112,036	4,832,047,403
ii) Debts considered good for which the bank holds no other security than the debtors' personal security	731,450,000	299,500,000
iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	—	—
iv) Debts considered doubtful or bad, not provided for	—	—
	<u>7,954,562,036</u>	<u>5,131,547,403</u>
v) Debts due by directors or officers of the bank or any of them either severally or jointly with any other persons	36,211,713	21,923,750
vi) Debts due by companies or firms in which the directors or officers of the bank are interested as directors, partners or managing agents or, in case of private companies, as members	—	11,697,000
vii) Maximum total amount of advances, including temporary advances, made at any time during the year to directors or managers or officers of the bank or any of them either severally or jointly with any other persons	36,211,713	24,408,917
viii) Maximum total amount of advances, including temporary advances, granted during the year to companies or firms in which the directors of the bank are interested as directors, partners or managing agents or, in case of private companies, as members	5,071,000	13,675,000
ix) Due from other banking companies	—	—
x) Classified loan for which interest/profit not charged	—	—

8.0 Fixed Assets

Category of assets	Cost				Rate of dep. %	Depreciation				Written down value at 31 Dec.2002 Taka
	Balance at 1 January 2002 Taka	Additions during the year Taka	Disposals during the year Taka	Balance at 31 December 2002 Taka		Balance at 1 January 2002 Taka	Charged for the year Taka	Adjustments for disposals Taka	Balance at 31 Dec. 2002 Taka	
Furniture and fixtures	15,935,795	7,775,089	(1,650,000)	22,060,884	10	2,632,263	2,088,022	(368,791)	4,351,494	17,709,390
Office equipment	34,261,313	11,646,438	(425,500)	45,482,251	15	4,824,896	5,405,246	(154,631)	10,075,511	35,406,740
Interior decoration	49,591,294	13,862,229	—	63,453,523	10	4,569,543	5,182,669	—	9,752,212	53,701,311
Vehicles	10,004,042	1,923,287	(4,767,201)	7,160,128	20	3,670,056	1,771,098	(2,272,671)	3,168,483	3,991,645
Books	233,070	—	—	233,070	20	38,543	20,572	—	59,115	173,955
	<u>110,025,514</u>	<u>35,207,043</u>	<u>(6,842,701)</u>	<u>138,389,856</u>		<u>15,735,301</u>	<u>14,467,607</u>	<u>(2,796,093)</u>	<u>27,406,815</u>	<u>110,983,041</u>
At 31 Dec. 2001	<u>54,572,839</u>	<u>55,452,675</u>	<u>—</u>	<u>110,025,514</u>		<u>4,955,778</u>	<u>10,779,523</u>	<u>—</u>	<u>15,735,301</u>	<u>94,290,213</u>

	2002 Taka	2001 Taka
9.0 Other Assets		
Stationery and stamps	5,448,690	4,575,886
Advances and deposits (Note 9.1)	278,126,832	126,245,831
Suspense account (Note 9.2)	80,925,347	14,094,075
Interest receivable	7,907,825	12,607,395
Prepaid expenses	498,988	101,375
Inter-branch adjustment account	—	54,777,961
Other receivables	1,699,421	94,036,011
	<u>374,607,103</u>	<u>306,438,534</u>

9.1 Advances and deposits

Advances :

Office rent	31,658,816	34,352,505
Godown rent	4,451,064	4,534,776
Insurance premium	774,370	404,928
Corporate tax	239,420,282	85,496,197
	<u>276,304,532</u>	<u>124,788,406</u>

Deposits :

Telephone deposit	1,822,300	1,457,425
	<u>278,126,832</u>	<u>126,245,831</u>

		2002 Taka	2001 Taka	
9.2	Suspense account			
	EDF loan receivable from Bangladesh Bank	70,289,578	6,123,414	
	Advance against new branches	9,049,805	2,988,287	
	Advance against salary	82,750	149,500	
	Others	1,503,214	4,832,874	
		<u>80,925,347</u>	<u>14,094,075</u>	
10.0	Deposits and other accounts			
	Payable on demand :			
	From banks	115,583,000	1,050,000,000	
	From other than banks	2,884,145,532	758,332,248	
		<u>2,999,728,532</u>	<u>1,808,332,248</u>	
	Payable on maturity (Note 10.1) :			
	From banks	400,342,000	700,315,000	
	From other than banks	6,545,156,000	4,746,369,015	
		<u>6,945,498,000</u>	<u>5,446,684,015</u>	
		<u>9,945,226,532</u>	<u>7,255,016,263</u>	
10.1	Payable on maturity			
		From banks Taka	From other than banks Taka	Total Taka
	Based on date of expiry and issue of notice			
	Not more than three months	342,000	621,268,000	621,610,000
	More than three months but not more than one year	400,000,000	2,501,248,000	2,901,248,000
	More than one year but not more than five years	—	1,618,222,000	1,618,222,000
	More than five years	—	1,804,418,000	1,804,418,000
		<u>400,342,000</u>	<u>6,545,156,000</u>	<u>6,945,498,000</u>
11.0	Other liabilities			
		2002 Taka	2001 Taka	
	Provision for classified loans and advances (Note 11.1)	1,070,000	—	
	Provision for unclassified loans and advances (Note 11.2)	79,107,207	51,096,237	
	Interest suspense account (Note 11.3)	429,182	—	
	Provision for employees social securities-superannuation fund	1,000,000	1,000,000	
	Provision for incentive bonus	15,092,246	8,969,710	
	Provision for corporate tax (Note 11.4)	248,421,779	110,733,107	
	Provision for audit fees	150,000	100,000	
	Provision for diminution in value of shares	19,693,258	—	
	Interest payable	143,079,758	125,872,561	
	Profit payable on investment	5,412,752	—	
	Advance interest on treasury bills	292,382,008	60,137,100	
	Accrued expenses payable	1,277,031	2,879,164	
	Exchange equalisation account	4,209,449	3,621,412	
	Tax/VAT deducted at source	7,301,981	5,883,002	
	Interbranch adjustment account	42,204,926	—	
	Excise duty	4,584,292	2,771,476	
	Others	12,728,093	—	
		<u>878,143,962</u>	<u>373,063,769</u>	

	2002 Taka	2001 Taka
11.1 Provision for classified loans and advances		
Balance at 1 January	—	—
Provision made during the year	1,070,000	—
Balance at 31 December	<u>1,070,000</u>	<u>—</u>
11.2 Provision for unclassified loans and advances		
Balance at 1 January	51,096,237	21,497,387
1% General provision for the year	28,010,970	29,598,850
Balance at 31 December	<u>79,107,207</u>	<u>51,096,237</u>
11.3 Interest suspense account		
Balance at 1 January	—	—
Interest credited during the year to suspense account	429,182	—
Balance at 31 December	<u>429,182</u>	<u>—</u>
11.4 Provision for corporate tax		
Balance at 1 January	110,733,107	32,090,373
Provision made for the year	136,600,000	86,197,350
Adjustment for short/(excess) provisions made in earlier years	1,088,672	(7,554,616)
Balance at 31 December	<u>248,421,779</u>	<u>110,733,107</u>

Assessment for the year 2001 (assessment year 2002-2003) is under appeal preferred by the bank against tax department's demand for additional tax of Tk.33.20 million.

12.0 Share capital

12.1 Authorised :

<u>10,000,000</u> ordinary shares of Tk.100 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
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12.2 Issued, subscribed and paid up :

2,250,000 ordinary shares of Tk.100 each issued for cash	225,000,000	225,000,000
281,250 ordinary shares of Tk.100 each issued as bonus shares	28,125,000	—
<u>2,531,250</u>	<u>253,125,000</u>	<u>225,000,000</u>

13.0 Proposed issue of bonus shares

The amount shown under the above head represents 607,500 ordinary shares of Tk.100 each proposed to be issued @6 shares per 25 shares held (2001 : @1 share per 8 shares held).

14.0 Share premium

Balance at 1 January	15,750,000	—
Premium @Tk.56 per share on 281,250 bonus shares issued in 2002 out of the profit for 2001	—	15,750,000
Premium @Tk.110 per share on 607,500 bonus shares proposed to be issued :		
Out of profit for the year 2002	51,729,556	
Out of retained earnings at 31 December, 2001	15,095,444	
	<u>66,825,000</u>	
Balance at 31 December	<u>82,575,000</u>	<u>15,750,000</u>

	2002	2001
	<u>Taka</u>	<u>Taka</u>
15.0 Statutory reserve		
Balance at 1 January	64,896,183	16,045,186
Addition during the year	67,604,557	48,850,997
Balance at 31 December	<u>132,500,740</u>	<u>64,896,183</u>

This reserve is being created by transferring 20% of net profit before tax for the year.

16.0 Letters of guarantee

Money for which the Bank is contingently liable in respect of guarantees given favouring :

Directors	—	—
Government	—	—
Bank and other financial institutions	150,000	150,000
Others	208,638,385	145,831,048
	<u>208,788,385</u>	<u>145,981,048</u>

17.0 Interest income

Interest on loans and advances	879,395,105	497,171,927
Interest on placement with other banks	46,343,760	110,118,278
Interest on foreign currency balances	6,502,321	14,041,476
	<u>932,241,186</u>	<u>621,331,681</u>

18.0 Interest paid on deposits, borrowings, etc.

Interest on deposits	646,949,124	440,587,580
Interest on call borrowings	81,416,475	80,731,129
	<u>728,365,599</u>	<u>521,318,709</u>

19.0 Income from investment

Interest on treasury bills	51,397,955	39,470,872
Dividend on shares	12,525,038	11,121,250
Nominal value of bonus shares received	5,051,883	3,690,637
	<u>68,974,876</u>	<u>54,282,759</u>

20.0 Commission, exchange and brokerage

Commission	127,926,166	88,244,074
Exchange	144,747,611	123,620,044
Brokerage	—	—
	<u>272,673,777</u>	<u>211,864,118</u>

21.0 Other operating income

Service and other charges	26,933,085	18,036,865
Non-operating income	8,116,422	6,589,292
	<u>35,049,507</u>	<u>24,626,157</u>

	2002 Taka	2001 Taka
22.0 Salaries and allowances		
Basic salary	38,082,609	28,482,245
Allowances	32,602,818	23,380,253
Provident fund	3,349,087	2,130,930
Bonus and exgratia	21,593,473	13,237,543
	<u>95,627,987</u>	<u>67,230,971</u>
23.0 Rent, taxes, insurance, lighting, etc.		
Rent and taxes	21,127,622	13,003,432
Insurance	4,052,832	2,310,301
Utilities	4,427,072	2,803,863
	<u>29,607,526</u>	<u>18,117,596</u>
24.0 Legal expenses		
Legal expenses	63,584	40,430
Other professional fees	104,500	85,000
	<u>168,084</u>	<u>125,430</u>
25.0 Postage, stamp, telegram and telephone		
Telephone bill – Office	2,940,689	2,670,475
Telephone bill – Residence	398,507	363,203
Courier charge	5,634,551	3,777,652
Telex bill	4,562,948	2,302,301
Local area network charges	–	108,000
SWIFT charge	32,720	30,290
Fax charge	1,575	2,899
Internet charge	32,670	14,665
Postage charge	90,670	79,640
	<u>13,694,330</u>	<u>9,349,125</u>
26.0 Stationery, printing, advertisement, etc.		
Stationery and printing	3,765,093	3,141,228
Computer consumable stationery	983,167	685,603
Books and periodicals	287,428	202,255
Advertisement	6,102,334	6,045,404
	<u>11,138,022</u>	<u>10,074,490</u>
27.0 Directors' fees		
Directors' fees	2,462,500	1,640,000
Directors' travelling expenses	–	441,148
	<u>2,462,500</u>	<u>2,081,148</u>

	2002 <u>Taka</u>	2001 <u>Taka</u>
28.0 Depreciation on and repairs to Bank's property		
Depreciation :		
Furniture and fixtures	2,088,022	1,475,918
Office equipment	5,405,246	3,672,524
Interior decoration	5,182,669	3,573,894
Vehicles	1,771,098	2,030,033
Books	20,572	27,154
	<u>14,467,607</u>	<u>10,779,523</u>
Repairs and maintenance	1,586,025	1,440,154
	<u>16,053,632</u>	<u>12,219,677</u>
 29.0 Other expenses		
Exchange loss	9,173,613	7,173,827
Discount and commission paid	523,396	978,499
Charges of banks	400,480	492,990
Security services	3,891,813	2,688,145
Entertainment	2,732,389	2,223,182
Car expenses	4,527,304	4,502,872
Subscription	946,988	1,177,762
Expenses for ESSS fund	1,000,000	1,000,000
Donation	158,000	23,000
Travelling expenses	1,353,219	978,241
Conveyance, cartage, freight and labour	736,597	590,544
Business development	1,160,475	119,258
Training and internship expenses	578,716	358,590
Liveries and uniform	223,600	142,178
Medical expenses	164,012	28,931
Miscellaneous expenses	1,755,719	1,156,627
Meeting expenses	897,345	838,200
	<u>30,223,666</u>	<u>24,472,846</u>
 30. Provision for unclassified loans and advances		
Total loans and advances	7,954,562,036	5,131,547,403
Less : Classified	<u>7,629,311</u>	<u>-</u>
	7,946,932,725	5,131,547,403
Less : Staff loan	<u>36,212,033</u>	<u>21,923,751</u>
Base for provision for unclassified loan	<u>7,910,720,692</u>	<u>5,109,623,652</u>
 1% provision	79,107,207	51,096,237
Less : Last year's provision	<u>51,096,237</u>	<u>21,497,387</u>
	<u>28,010,970</u>	<u>29,598,850</u>

31.0 Diminution in value of investment in shares

<u>Name of companies</u>	<u>Acquisition cost of shares</u>	<u>Market value of shares at 31 Dec. 2002</u>	<u>Diminution in the value of investment in shares</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Southeast Bank Ltd.	103,509,550	97,351,208	6,158,342
Chittagong Cement Clinker Grinding Co. Ltd.	6,282,796	3,340,050	2,942,746
NCC Bank Ltd.	54,596,262	45,086,325	9,509,937
Prime Insurance Company Ltd.	3,786,838	3,556,850	229,988
ACI Ltd.	5,609,185	5,586,000	23,185
Apex Tannery Ltd.	6,730,683	6,309,600	421,083
Keya Cosmetics Ltd.	1,323,500	1,265,600	57,900
Eastern Cables Ltd.	6,521,377	6,171,300	350,077
	<u>188,360,191</u>	<u>168,666,933</u>	<u>19,693,258</u>

32.0 Operating profit before changes in operating assets and liabilities

	2002	2001
	<u>Taka</u>	<u>Taka</u>
Net profit before tax	338,022,785	244,254,983
Adjustments for non-cash items and non-operating activities :		
Depreciation	14,467,607	10,779,523
Provision for loans and advances	29,080,970	29,598,850
Provision for diminution in value of investment in shares	19,693,258	—
Loss on sale of fixed assets	1,149,451	—
Income from investment	(68,974,876)	(54,282,759)
Gain on sale of investment in shares	(7,615,723)	(28,761,610)
	<u>325,823,472</u>	<u>201,588,987</u>

33.0 Cash and cash equivalents at end of the year

Cash	604,557,757	406,105,565
Balance with other banks and financial institutions	550,991,187	772,889,426
Money at call and short notice	360,000,000	495,000,000
Prize bonds	641,100	582,700
	<u>1,516,190,044</u>	<u>1,674,577,691</u>

34.0 General

34.1 Figures have been rounded off to the nearest taka.

34.2 Previous year's figures have been rearranged, where necessary, to conform to current year's presentation.

LIST OF BRANCHES

01. **Motijheel Branch**
Sharif Mansion
56-57 Motijheel C/A, Dhaka
Tel. 9568093, 9568534, 9552800
Fax : 880-2-9569983
Tlx : 642506 BXMJH BJ
02. **Panthapath Branch**
19/2 West Panthapath
North Dhanmondi, Dhaka
Tel. 8124261
Fax : 880-2-8126191
Tlx : 642538 BXMPP BJ
03. **Agrabad Branch**
Mowla Chamber
6 Agrabad C/A, Chittagong
Tel. 715796 (D), 715795
Fax : 031-715796, Tlx : 676473
04. **Khatungonj Branch**
Union Square Building
1078 Ramjoy Mohajan Lane
Khatungonj, Chittagong
Tel. 031-610711 (Gr. flr)
031-615544 (1st flr & fax)
Tlx : 610711
05. **Gazipur Chowrashta Branch**
Nasir Super Market
1st floor, Gazipur
Tel. 0681-56492, 0681-56493
06. **Imamgonj Branch**
Haji Abdul Kader Mansion
1st & 2nd floor
139 Chawak Mugaltoli
Imamgonj, Dhaka
Tel. 7315527-30
07. **Gulshan Branch**
75 Gulshan Avenue
CWSA-10, Gulshan, Dhaka
Mobile : 018-240830, 017-544621
08. **Sonaimuri Branch**
Mohammadia Super Market
Sonaimuri Bazar, Noakhali
Mobile : 0171-885754, 0171-750610
09. **Sylhet Branch**
Al-Hamra Shopping City
Zindabazar, Sylhet
Tel : 0821-722457-8, 724413
Fax : 0821-724413
10. **Nawabpur Branch**
198/1, Nawabpur Road, Dhaka
Tel : 7125306-7
Fax : 880-2-7125308
11. **Narayangonj Branch**
14/1, S. M. Maleh Road
Tan Bazar, Narayangonj
Tel : 7610213-4, 7610215
Fax : 7610215
12. **Shimrail Branch**
Al-Haj A Rahman Super Market &
Shopping Tower
Chittagong Road Chowrasta
Shimrail, Shiddirgonj, Narayangonj
Tel : 7401530
Mobile : 018-253283
13. **Islami Banking Branch**
9 DIT Avenue, Motijheel C/A
Dhaka-1000
Tel : PABX 9565397, 9556884
Fax : 9555132
14. **Eskaton Branch**
27/1, New Eskaton Road, Dhaka.
Tel : PABX 8314435, 8314159
Tlx : 632258 EXESK BJ
Fax : 9349196
15. **Islami Banking Branch**
House # 61/A, Road # 7, Sector # 4
Uttara Model Town, Dhaka
Tel : PABX 8919785, 8952837, 8952847
Fax : 8952838
16. **Laksham Branch**
Daulatgonj Bazar
Laksham, Comilla
Tel : 08032-333
Mobile : 0171-726302, 0171-340109

