



Annual Report

2003



**Export Import Bank
of Bangladesh Limited**
Shariah Based Islami Bank

ANNUAL REPORT 2003



Export Import Bank of Bangladesh Limited

HEAD OFFICE, DHAKA

5, Rajuk Avenue, Printers Building, 5th, 6th, 10th & 13th Floor, Dhaka

Tel : 9561604, Fax : 880-2-9556988, Telex : 642527 EXMHO-BJ

Email : eximho@bdonline.com, Website : www.eximbd.com

SWIFT : EXBKBDDH.



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BOARD 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

Zubayer Kabir

Rizwana K. Riza

Md. Habibullah

Md. Nur Hussain

Anjan Kumar Saha

Md. Abdul Mannan

MANAGING DIRECTOR

Mohammed Lakiotullah



EXECUTIVE COMMITTEE

Md. Nazrul Islam Mazumder
Chairman

Md. Nazrul Islam Swapan

Md. Altaf Hossain

Nasima Akhter

A. K. M. Nurul Fazal Bulbul

Zubayer Kabir

Md. Fahim Zaman Pathan

Md. Abdul Mannan

Anjan Kumar Saha

Md. Mazakat Harun

Engr. Aminur Rahman Khan

Md. Nur Hussain

Mohammad Abdullah

Mohammed Lakiotullah
Managing Director



SHARIAH COUNCIL FOR ISLAMI BANKING BRANCHES

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

Professor Moulana Mohammad Salah Uddin
Vice Chairman

Professor Moulana Abul Qasem Muhammad Sefatullah

Moulana Mohammad Sadequl Islam

Professor H. M. Shahidul Islam Barakaty

A. S. M. Fakhurul Ahsan

Md. Nazrul Islam Mazumder

Md. Nazrul Islam Swapan

Mohammad Abdullah

Md. Nur Hussain

Mohammed Lakiotullah

Muhd. Mubarak Hussein - Member Secretary



EXECUTIVES

MANAGING DIRECTOR

Mohammed Lakiotullah

DEPUTY MANAGING DIRECTOR

Muhd. Mubarak Hussein
Ekramul Hoque
Md. Sirajul Islam Bhuiyan



SENIOR VICE PRESIDENT

Mohammed Haider Ali Miah
Md. Karimuzzaman

VICE PRESIDENT

Md. Akhtar Hossain
Kh. Rummy 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
Md. Golam Mahbub

SENIOR ASSISTANT VICE PRESIDENT

Khondoker Nayeemul Kabir
Mohammad Feroz Hossain
Md. Humayun Kabir
Md. Shahidur Rahman
Md. Muhibbul Abrar Chowdhury
Md. Muniruzzaman
Md. Shahid Ullah
Shah Md. Abdul Bari
Sheikh Moyeen Uddin
Shaikh Bashirul Islam
Muniruzzaman Chowdhury
Md. Anisul Alam
Mohammad Hanif

ASSISTANT VICE PRESIDENT

Khorshed Alam Chowdhury
Md. Zoshim Uddin Bhuiyan
Engr. Shamsur Rahman Chowdhury
Md. Abdul Zaher
S.M. Abu Zaker
Abu Hena Md. Mohsin
Md. Moidul Islam
Mosharraf Hossain Mazumder



CORPORATE INFORMATION

COMPANY SECRETARY

Md. Golam Mahbub

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. 31.39 Crore
Number of Branches	:	19
Proposed Branches	:	05

REGISTERED OFFICE

Printers Building, (5th, 6th, 10th & 13th floor)

5, Rajuk Avenue, Dhaka-1000, Bangladesh

Tel : 9561604

Fax : 880-2-9556988, Telex : 642527 EXMHO-BJ

Email : eximho@bdonline.com, Website : www.eximbd.com

SWIFT address : EXBKBDDH.



NOTICE OF THE FIFTH ANNUAL GENERAL MEETING

The 5th Annual General Meeting of the Shareholders of Export Import Bank of Bangladesh Limited will be held on Tuesday, the 17th August, 2004 at 10.00 a.m. at Head Office, 10th floor, Printers Building, 5 Rajuk Avenue, Dhaka-1000.

The following agenda will be transacted in the meeting.

01. To confirm the minutes of Fourth Annual General Meeting held on 24.4.2003.
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, 2003.
03. To declare dividend for the year 2003.
04. To elect the Directors in place of the retiring Directors.
05. To appoint Auditors for the term untill the Annual General Meeting and fixation of their remuneration.
06. To transact any other business with the permission of the Chair.

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

By order of the Board of Directors

A handwritten signature in black ink, appearing to read "Md. Golam Mahbub".

Md. Golam Mahbub
Company Secretary

Dated : Dhaka 3rd August, 2004



Partial view of Managers' conference-2003 held on January 27, 2003 at Pan Pacific Sonargaon



On the occasion of 4th Annual General Meeting held on April 24, 2003

DIRECTORS' REPORT

Dear Shareholders,

Assalamu Alaikum

On behalf of The Board of Directors, it is my pleasure to welcome you all to the 5th Annual General Meeting of the Bank. I also take the privilege to present the Annual Report of the Bank along with Auditors' report and financial statements of the Bank for the year ended December 31, 2003. The operating performance along with world economy and Bangladesh economic trends is also presented here.

Bangladesh Economy

Bangladesh faces the challenge of achieving accelerated economic growth and alleviating the massive poverty that afflicts nearly two-fifths of its 135 million people. To meet this challenge, market oriented liberalizing policy reforms were initiated in the mid-1980s and were pursued much more vigorously in the 1990s. These reforms were particularly aimed at moving towards an open economic regime and integrating with the global economy.

Poverty is the most formidable economic problem of Bangladesh and the real challenge in poverty reduction is to create condition largely in rural areas and also among the urban poor so that those afflicted by poverty can steadily make gains in the form of creation of assets increased income opportunities or higher income from their existing activities and more significantly, hold on to their gains.

The government has already identified the agriculture as a priority sector to alleviate poverty through creation of employment opportunities in the rural areas.

GDP growth for Fiscal Year 2003 is provisionally estimated to have strengthened to 5.3% from 4.4% in the Fiscal Year – 2002. Faster growth was initiated by a recovery in agriculture and a pickup in industry. The increase in agriculture output 3.3% in Fiscal Year 2003 from near stagnation a year earlier – was due mainly to a rebound in foodgrain production, which rose by 3% following a 3.2% decline the previous year. The rebound reflected favourable weather, on expansion in area of high yield variety rice cultivated and higher domestic rice prices.

Growth in industrial output rose to 7.3% from 6.5% in Fiscal Year 2002 on account of more robust manufacturing activity. The rise in growth from 4.6% to 6% in medium and large scale manufacturing output was underpinned by a recovery in the export oriented chemical processed foods, and Knitwear and garment subsections. The output of domestic market-oriented small scale manufacturing manifested also strong growth while the power, gas and water supply subsections rose significantly, growth in construction, however, slowed marginally to 8.3% from 8.6% due to an ongoing oversupply of commercial buildings and apartments. Higher export oriented manufacturing and food grain production led to increases in wholesale and retail trade, and transport, storage and communication activities boosting growth in overall services sector activity to 5.8% from 5.4% in Fiscal Year-2002.

The private investment did not pick up even though cost of credit had been lowered and imports of capital goods registered a fall. All these demonstrated investors weak confidence and lukewarm entrepreneurial initiative due to deteriorating law and order situation.

The rate of inflation as measured 5.35% in December 2003 from 3.73 in December 2002. This increase was largely the result of higher food prices and the slowdown in the production in the real sectors.

While most low-income countries depend largely on the export of primary commodities, Bangladesh has made the transition from being primarily a Jute-exporting country to a garment exporting one. Now Bangladesh needs to strengthen its domestic economy, creating jobs, markets at home and improvement of law and order situation.

World Economy

The global economic scenario continued to show moderate recovery in 2003. IMF, in their world economic outlook of September 2003 projected a marginal increase in global output growth of 3.20% against 3% of 2002. The developing countries are projected to attain higher output and trade growth rates than the advanced countries as a group. Amongst the advanced economics, a brisk growth rate increase is projected from 2.40% of 2002 to 2.60% for USA in 2003. Among the developing countries, China is projected to reduce the growth rate from 8% to 7.50% in 2003. South Asia's (Bangladesh, India, Pakistan, Srilanka) growth rate is projected to increase from 4.60 in 2002 to 5.50 in 2003.

The 2003 immoral war in Iraq imposed significant costs on manufacturers, shippers, wholesalers and retailers stemming from supply chain disruptions, blockages of vital sea routes, and delays in shipments. This was especially true for manufacturers linking factories in Asia with markets in North America and Europe.

An overview of the Bank

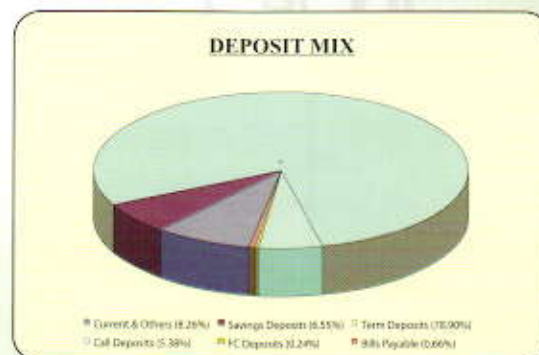
EXIM Bank has been achieving a continuous growth rate in all the areas of operations during the year 2003 and earned pre-tax profit of Tk.478.51 Million registering an annual growth of 41.56% over that of the previous year. The Bank through its 19 Branches successfully mobilized Tk.15242.97 million deposit from depositors and deployed Tk.12289.12 million as loan and advances to 6226 accounts as on 31st December, 2003. For the year 2003, total Income of the Bank was Tk. 1961.91 million and total expenditure was Tk.1399.25 million. The return on assets (ROA) was 3.15% well above the industry average. The achievements were possible because of the service excellence of management team with support from a very resourceful and skilled workforce who are rendering efficient and specialised services.

Capital and Reserve Fund

EXIM Bank started its journey in the year of 1999 with an Authorised Capital of Tk. 1000 million and Paid up Capital Tk.225.00 million. Capital and reserve of the Bank as on 31st December, 2003 stood at Tk.871.77 million. The Bank also made a 1% general provision on unclassified advances of the Bank which amounted to Tk.119.29 million.

Deposit

As of December 2003 total deposits of the Bank stood at Tk.15242.97 million as against Tk.9945.22 million of the previous year which is an increase of 53.27%. This growth rate might be termed as a remarkable achievement for the Bank. The present strategy is to increase the deposit base through maintaining competitive interest rates and having low cost of funds that would ensure a better spread with a moderate lending rate.



Asset and Liability

For better management of Asset and liability a committee (ALCO) has been formed at Head Office. The Committee designed the strategy for liquidity management, reduction of interest rate risk, market risk and

maturity gap. Moreover, ALCO provides the Bank continued access to different funds including inter bank fund so that liquidity risk is low. The pricing policy for different kinds of liability and asset is also determined by this committee. The bank ensures its available funds to meet obligation of maintaining Statutory Liquidity Requirement (SLR) and investment of liquid asset in a profitable manner.

Loans and Advances

Loans and Advances of the Bank stood at Tk.12289.12 million as on 31-12-2003 as against Tk.7954.56 million as on 31-12-2002 showing an increase of Tk.4334.56 million with growth rate of 54.49%.

Loans and Advances are the core asset of a Bank. The Bank gives emphasis to acquire quality assets and does appropriate lending risk analysis while approving commercial and trade loans to clients.



Investment

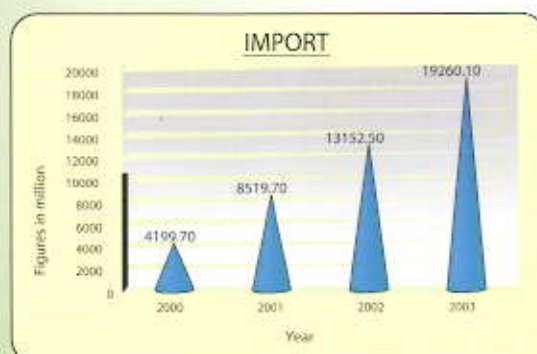
The size of the investment portfolio in 2003 is at Tk.2377.07 million from Tk.1419.00 million in 2002 indicating an increase of 67.52%. The portfolio comprises Treasury Bill, Shares and Prize Bonds. Bank also participated recently floated IPOs of different Banks.

Treasury

Treasury operations are conducted by two wings in local and Foreign Currency, Local currency deals with the call money market and maintains the Statutory Liquidity Reserve (SLR) and Cash Reserve Ratio (CRR) with the Central Bank. Installation of Reuter connectivity coupled with other technology solution, treasury is expected to provide expert services and products tailored to meet the customers needs and also plays a major role in raising Bank's income.

Import Business

Import Business is an important segment of Foreign exchange business. During the year the Bank opened 12692 import letter of credit and the import volume stood at Tk.19260.10 million with a growth of 46.44% comparison with previous year.



Export Business

The export Business of the bank increased from that of the corresponding period. The export business during the year 2003 reached Tk.15124.60 million against Tk.10088.30 million of the previous year. The growth in export business was 49.92%.



Launching of Islami Banking

EXIM Bank is operating business on both conventional Banking and Islamic Shariah Principle based Banking. It is a great news for us that the bank is turning fully shariah principle banking very soon. The performance of our Islami Banking Branches during the year 2003 is given below :

1. Deposit - Tk. 1153.31 Million
2. Investment - Tk. 851.66 Million
3. Profit - Tk. 32.95 Million
4. Foreign Exchange Business - Tk. 1690.27 Million
5. No. of Employee - 57

Balance sheet and profit and loss accounts of our Islami Banking Branches as on 31-12-2003 are given below :

Islami Banking Branches **Balance Sheet as at 31-12-2003**

	31-12-2003	31-12-2002
Assets		
Cash & Bank Balance	22,489,879	6,942,674
Investments	851,663,023	137,290,260
Fixed Assets	12,623,866	8,035,813
Other Assets	352,303,060	403,015,858
Total Assets	1,239,079,828	555,284,605
Liabilities		
Deposits	1,153,311,205	540,036,805
Bills Payable	15,563,022	1,202,559
Other Liabilities	37,255,107	13,349,663
Net profit for the Year	32,950,494	796,578
Total Liabilities	1,239,079,828	555,284,605
Off Balance Sheet Items		
Contingent liabilities :		
Acceptance & endorsements-		
Letters of guarantee	24,636,890	1,383,900
Irrevocable letters of credit	315,667,175	52,540,335
Bills for collection	128,056,472	966,000
Other contingent liabilities	159,976,025	1,099,030
Total contingent liabilities	628,336,562	55,989,265
Other commitments	-	-
Total Off Balance Sheet items	628,336,562	55,989,265

Islami Banking Branches

Profit and Loss Account for the year ended 31 December 2003

Income	31-12-2003	31-12-2002
Income from investment	112,963,149	23,431,255
Commission and exchange income	9,072,409	995,644
Other income	1,576,748	246,509
Total Income	123,612,306	24,673,408
Expenses		
Profit paid on deposit	77,491,260	16,908,776
Salaries and allowances	6,807,288	2,748,975
Rent, taxes, insurance, lighting etc.	3,202,278	2,480,182
Postage, telegram and telephone	236,221	168,820
Depreciation and repairs	1,201,261	488,025
Stationery and advertisement	502,308	381,921
Other expenses	1,221,196	700,131
Total Expenses	90,661,812	23,876,830
Net profit for the year	32,950,494	796,578

Technology

The present world depends on technology without modern technology a bank can not provide optimum service to his clients. In line with the above concept, we have computerized all of our Branches from day one of its opening. We have already installed SWIFT, Reuter and connectivity with CDBL for better service to our clients. In order to provide round the clock and current information on the Bank to the business community world wide, we have a web page which can be accessed under the domain name www.eximbd.com. The online banking is going to be introduced very soon. We need high performance scalable online banking software so that customer service can be rendered more efficiently and new products can be deployed with little loss of time.

Branch Expansion

3 New Branches have been opened during the year 2003 raising the total number of Branches to 19 from 16 of the previous year. The Bank plans to gradually open more branches covering important commercial places both in urban and rural areas.

The Branches have been opened in the under noted places :

Sl. No.	Name of the Branch	Date of Opening
1	Mirpur Branch	16-06-2003
2	Jubilee Road Branch	07-09-2003
3	Islami Banking Branch, Elephant Road	28-12-2003

Audit and Inspection

Supervision of Banking operations of the Branches/Head Office divisions of the Bank is a vital part of the corrective measures taken by the Audit & Inspections under the yearly program. Audit and Inspection division has completed the inspection of all the Branches of the Bank in the year 2003. Pursuant to Bangladesh Bank circular, the Board has also formed a Board Audit Committee to undertake examination of various inspection reports at regular interval. The committee also reviews audit objections and its compliance with the rules and regulations of Bangladesh Bank.

Correspondent Banking

Correspondent banks are the trade partners of international trade. EXIM Bank has achieved tremendous success in foreign exchange business. The Bank has established correspondent relationship with 187 banks covering 69 countries across the world.

Training and Human Resources Development

Human resources development through training is vital for any organisation specially service oriented industry like a bank. The bank has already established a training centre of its own to train the officers to equip themselves in the challenges of 21st century. During the year bank has provided training as many as 260 Participants at home and abroad our recruitment process is very rigid and policy oriented but fully transparent. We aimed at recruitment of only competent work force.

As on 31-12-2003 the total manpower of the bank in different grade was as under:

(a) Executives	38	6.06 %
(b) Officers	452	72.09 %
(c) Staff	35	5.58 %
(d) Casual and Others	102	16.27 %
Total	627	100.00 %

Board Meeting

There were 8 meetings of the Board of Directors and 84 meeting of Executive Committee during the year. The audit committee of the Board also held 4 meeting in the year 2003.

Appointment of Auditors

In the 4th Annual General Meeting M/s Rahman Rahman Huq was appointed as external auditor of the Bank for the year 2003. They have completed two years as external auditor of the Bank and as per existing rules they are eligible for reappointment for the 3rd term. Accordingly they have offered themselves to be re-elected as Auditor.

Retirement of Directors

The present Directors of the Bank are named at page 3 on the report. At the 5th Annual General Meeting the following Directors are to retire as per rotation :

1. Md. Nazrul Islam Swapan
2. Md. Altaf Hossain
3. Mohammad Abdullah
4. Md. Mazakat Harun
5. Md. Fahim Zaman Pathan

Since the number of Directors shall have to be reduced to 13 (Thirteen) in compliance with the provision of section 15KAKA of the bank Company's amendment Act, 1991 and BRPD circular No. 8 and 12 dated 26-03-2003 issued by the Bangladesh Bank Mr. Md. Mazakat Harun, Mr. Md. Fahim Zaman Pathan and Mr. Mohammad Abdullah have not been re-elected. Mr. Md. Nazrul Islam Swapan and Mr. Md. Altaf Hossain have been re-elected and thereby the number of Directors of reconstituted Board Stands at 13.

Dividend :

The Board of Directors of EXIM Bank Ltd. recommends 40% Cash dividend for the year ended December 2003 subject to approval from Bangladesh Bank.

Appreciation

The Board of Directors expresses its gratitude to the Almighty Allah for enabling the bank to achieve remarkable progress in all respect during the year 2003. The Board extends thanks to the Ministry of Finance, the Bangladesh Bank and other government agencies for providing assistance, support and co-operation. The Board of Directors also extends compliments to all shareholders, clients and well wishers for their valuable support and confidence reposed in the Bank.

The Board of Directors also expresses its great appreciation and thanks to all officials of the Bank for their untiring efforts and dedication in bringing about better result during the year under report. The Board also hopes that they shall continue to strive hard to attain a much better result in the coming year.

On behalf of 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 31 December 2003 and the related profit and loss account, statement of cash flow, statement of changes in equity and statement of liquidity for the year then ended. These financial statements are the responsibility of the Bank'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.

Subject to the financial consequences of note 11.4 particularly potential liability in respect of additional tax of Tk 51.12 million, 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 Bank's affairs as of 31 December 2003 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 Bank so far as it appeared from our examination of those books;
- iii) the Bank'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 Bank's business;
- v) subject to the financial consequences of note 11.4 particularly potential liability in respect of additional tax of Tk 51.12 million, the financial position of the Bank at 31 December 2003 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.

Dhaka, 31 May, 2004


Rahman Rahman Huq
 Chartered Accountants

BALANCE SHEET

at 31 December, 2003

	Notes	2003 Taka	2002 Taka
PROPERTY AND ASSETS			
Cash:	3		
In hand (including foreign currencies)		129,871,767	163,672,719
With Bangladesh Bank and Sonali Bank (including foreign currencies)		563,793,875	440,885,038
		693,665,642	604,557,757
Balance with other banks and financial institutions	4		
In Bangladesh		805,135,395	524,993,436
Outside Bangladesh		319,241,380	25,997,751
		1,124,376,775	550,991,187
Money at call and short notice	5	605,000,000	360,000,000
Investment:	6		
Government securities		2,200,360,200	1,230,641,100
Others		176,713,581	188,360,191
		2,377,073,781	1,419,001,291
Loans and advances:	7		
Loans, cash credits, overdrafts, etc.		11,324,591,109	7,481,509,504
Bills discounted and purchased		964,529,067	473,052,532
		12,289,120,176	7,954,562,036
Fixed assets	8	127,724,487	110,983,041
Other assets	9	671,696,525	374,607,103
Non-banking assets		-	-
Total assets		17,888,657,386	11,374,702,415

BALANCE SHEET

at 31 December, 2003

LIABILITIES AND CAPITAL	Notes	2003 Taka	2002 Taka
Liabilities:			
Borrowing from other banks, financial institutions and agents		-	-
Deposits and other accounts	10		
Current deposits and other accounts		1,258,920,268	888,422,787
Bills payable		101,050,630	60,615,707
Savings bank deposits		998,239,535	613,662,425
Bearer certificate of deposits		-	221,054,432
Term deposits		12,027,460,890	7,005,226,249
Call deposits		820,000,000	1,135,000,000
Foreign currency deposits		37,297,082	21,244,932
		<u>15,242,968,405</u>	<u>9,945,226,532</u>
Other liabilities	11	1,897,414,904	878,143,962
Total liabilities		<u>17,140,383,309</u>	<u>10,823,370,494</u>
Capital/shareholders' equity:			
Paid up capital	12	313,875,000	253,125,000
Proposed issue of bonus shares	13	-	60,750,000
Share premium	14	82,575,000	82,575,000
Statutory reserve	15	228,202,241	132,500,740
Proposed cash dividend		-	20,250,000
Retained earnings	16	123,621,836	2,131,181
Total shareholders' equity		<u>748,274,077</u>	<u>551,331,921</u>
Total liabilities and shareholders' equity		<u>17,888,657,386</u>	<u>11,374,702,415</u>
OFF BALANCE SHEET ITEMS			
Contingent liabilities:			
Acceptance and endorsements -	17		
Letters of guarantee		521,386,572	208,788,385
Irrevocable letters of credit		2,383,041,275	2,249,814,615
Bills for collection		536,126,303	220,107,612
Other contingent liabilities		4,457,007,820	1,931,507,631
Total contingent liabilities		<u>7,897,561,970</u>	<u>4,610,218,243</u>
Other commitments		-	-
Total off balance sheet items		<u>7,897,561,970</u>	<u>4,610,218,243</u>

The annexed notes 1 to 33 form an integral part of these financial statements.



Managing Director



Director



Director



Director



Chairman

As per our annexed report of same date.



Auditors

Dhaka, 31 May 2004

PROFIT AND LOSS ACCOUNT

for the year ended 31 December, 2003

	Notes	2003 Taka	2002 Taka
Interest income	18	1,396,081,422	932,241,186
Interest paid on deposits, borrowings, etc.	19	(1,121,309,068)	(728,365,599)
Net interest income		274,772,354	203,875,587
Income from investment	20	121,535,735	68,974,876
Commission, exchange and brokerage	21	379,929,474	272,673,777
Gain on sale of investment in shares		9,669,915	7,615,723
Other operating income	22	54,696,256	35,049,507
Total operating income		840,603,734	588,189,470
Salaries and allowances	23	134,004,574	95,627,987
Rent, taxes, insurance, lighting, etc.	24	41,076,938	29,607,526
Legal expenses	25	522,184	168,084
Postage, stamp, telegram and telephone	26	14,677,332	13,694,330
Audit fees		156,750	150,000
Stationery, printing, advertisement, etc.	27	13,299,014	11,138,022
Managing Director's remuneration		2,184,000	2,006,710
Managing Director's fees		292,500	260,000
Directors' fees	28	2,613,672	2,462,500
Depreciation on and repairs to Bank's property	29	19,733,147	16,053,632
Other expenses	30	49,381,699	30,223,666
Total operating expense		277,941,810	201,392,457
Profit before provisions		562,661,924	386,797,013
Provisions			
For loans and advances	31	84,154,418	29,080,970
For diminution in value of investment in shares	32	-	19,693,258
Total provisions		84,154,418	48,774,228
Profit before tax		478,507,506	338,022,785
Provision for tax		223,715,350	136,600,000
Profit after tax		254,792,156	201,422,785
Retained earnings brought forward		2,131,181	17,226,625
Adjustment for (under)/over provision for tax made in earlier years		(37,600,000)	(1,088,672)
		(35,468,819)	16,137,953
Profit available for appropriation		219,323,337	217,560,738
Appropriations:			
Statutory reserve		95,701,501	67,604,557
Proposed cash dividend		-	20,250,000
Proposed issue of bonus shares		-	60,750,000
Share premium on bonus share	13	-	66,825,000
		95,701,501	215,429,557
Retained earnings carried forward		123,621,836	2,131,181
Earnings per ordinary share		69.20	79.14

The annexed notes 1 to 33 form an integral part of these financial statements.



Managing Director



Director



Director

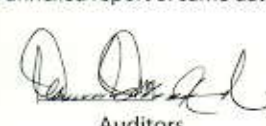


Director



Chairman

As per our annexed report of same date.



Auditors

Dhaka, 31 May, 2004

STATEMENT OF CASH FLOW

for the year ended 31 December, 2003

	2003 Taka	2002 Taka
A) Cash flows from operating activities:		
Interest receipts	1,505,117,977	983,639,141
Interest payment	(1,121,309,068)	(728,365,599)
Dividend receipts	12,499,180	17,576,921
Fees and commission receipts	379,929,474	272,673,777
Recoveries on loans previously written off	-	-
Cash payment to employees	(136,188,574)	(97,634,697)
Cash payment to suppliers	399,052	(872,804)
Income tax payments	(212,463,399)	(153,924,085)
Receipts from other operating activities	54,696,256	36,198,958
Payments for other operating activities	(124,374,642)	(89,290,153)
Cash flows before changes in operating assets and liabilities	<u>358,306,256</u>	<u>240,001,459</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in operating assets:		
Statutory deposit	-	-
Trading security - shares	11,646,610	(109,886,192)
Fund advanced to other banks	-	-
Fund advanced to customers	(4,334,558,140)	(2,823,014,633)
Other assets	(85,025,075)	86,628,320
Increase/(decrease) in operating liabilities:		
Deposits from other banks	1,412,198,000	(1,234,390,000)
Deposits from customers	3,885,543,873	3,924,600,269
Liabilities on account of customers	-	-
Trading liabilities (borrowing)	-	-
Other liabilities	673,801,174	318,617,293
Net cash from operating activities	<u>1,921,912,698</u>	<u>402,556,516</u>
B) Cash flows from investing activities:		
Receipts from sale of securities	780,000,000	970,000,000
Payment for purchase of securities	(1,750,000,000)	(1,450,000,000)
Purchase of fixed assets	(35,232,540)	(35,207,043)
Sale proceeds of fixed assets	1,112,500	2,897,157
Gain on sale of investment in shares	9,669,915	7,615,723
Net cash from investing activities	<u>(994,450,125)</u>	<u>(504,694,163)</u>
C) Cash flows from financing activities:		
Issue of ordinary share	-	-
Dividend paid in cash	(20,250,000)	(56,250,000)
Net cash from financing activities	<u>(20,250,000)</u>	<u>(56,250,000)</u>
D) Net increase in cash and cash equivalents (A+B+C)	907,212,573	(158,387,647)
E) Cash and cash equivalents at beginning of the year	1,516,190,044	1,674,577,691
F) Cash and cash equivalents at end of the year (D+E)	<u>2,423,402,617</u>	<u>1,516,190,044</u>
Cash and cash equivalents:		
Cash	693,665,642	604,557,757
Balance with other banks and financial institutions	1,124,376,775	550,991,187
Money at call and short notice	605,000,000	360,000,000
Prize bonds	360,200	641,100
	<u>2,423,402,617</u>	<u>1,516,190,044</u>

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December, 2003

	Paid up capital Taka	Proposed issue of bonus shares Taka	Statutory reserve Taka	Proposed dividend Taka	Retained earnings Taka	Total Taka
Balance at 1 January 2003	253,125,000	60,750,000	132,500,740	20,250,000	2,131,181	468,756,921
Profit for the year	-	-	-	-	254,792,156	254,792,156
Prior year's adjustment	-	-	-	-	(37,600,000)	(37,600,000)
Dividend paid	-	-	-	(20,250,000)	-	(20,250,000)
Movement during the year: Bonus shares for 2002 issued	60,750,000	(60,750,000)	-	-	-	-
Transfer to statutory reserve	-	-	95,701,501	-	(95,701,501)	-
Balance at 31 December 2003	<u>313,875,000</u>	-	<u>228,202,241</u>	-	<u>123,621,836</u>	<u>665,699,077</u>

STATEMENT OF LIQUIDITY
(Maturity Analysis of Assets and Liabilities)
for the year ended 31 December, 2003

	Within one month Taka	Within one to three months Taka	Within three to twelve months Taka	Within one to five years Taka	More than five years Taka	Total Taka
ASSETS:						
Cash	693,665,642	-	-	-	-	693,665,642
Balance with other banks and financial institutions	337,941,870	736,434,905	50,000,000	-	-	1,124,376,775
Money at call and short notice	605,000,000	-	-	-	-	605,000,000
Investment	177,073,781	-	50,000,000	2,150,000,000	-	2,377,073,781
Loans and advances	680,109,953	3,038,487,047	5,474,845,211	2,155,853,212	939,824,753	12,289,120,176
Fixed assets	-	-	-	-	127,724,487	127,724,487
Other assets	33,905,350	141,424,461	6,682,218	451,883,681	37,800,815	671,696,525
Non-banking assets	-	-	-	-	-	-
Total assets	2,527,696,596	3,916,346,413	5,581,527,429	4,757,736,893	1,105,350,055	17,888,657,386
LIABILITIES:						
Borrowing from other banks, financial institutions and agents	-	-	-	-	-	-
Deposits and other accounts	3,906,735,831	2,884,146,000	1,358,675,574	3,248,652,000	3,844,759,000	15,242,968,405
Provisions and other liabilities	-	13,242,845	1,709,023,959	175,148,100	-	1,897,414,904
Total liabilities	3,906,735,831	2,897,388,845	3,067,699,533	3,423,800,100	3,844,759,000	17,140,383,309
Net liquidity difference	(1,379,039,235)	1,018,957,568	2,513,827,896	1,333,936,793	(2,739,408,945)	748,274,077

HIGHLIGHTS ON THE OVERALL ACTIVITIES

as at 31 December, 2003

	<u>2003</u> <u>Taka</u>	<u>2002</u> <u>Taka</u>
1 Paid up capital	313,875,000	253,125,000
2 Total capital	748,274,077	551,331,921
3 Surplus/(shortage) of capital	(210,651,066)	56,000
4 Total assets	17,888,657,386	11,374,702,415
5 Total deposits	15,242,968,405	9,945,226,532
6 Total loans and advances	12,289,120,176	7,954,562,036
7 Total contingent liabilities and commitments	7,897,561,970	4,610,218,243
8 Ratio on loans and deposits	80.62%	79.98%
9 Ratio on classified loans and total loans and advances	2.43%	0.10%
10 Profit after tax and provisions	254,792,156	201,422,785
11 Classified loans for the year	298,030,853	7,629,311
12 Provision held against classified loans	45,040,317	1,070,000
13 Surplus/(shortage) of provision	-	-
14 Cost of fund	9.26%	9.29%
15 Interest earning assets	15,879,601,428	10,095,448,919
16 Non-interest bearing assets	2,009,055,958	1,279,253,496
17 Return on investment	5.52%	5.40%
18 Return on assets	3.15%	3.40%
19 Income on investment	131,205,650	76,590,599
20 Earnings per share	69.20	79.14
21 Profit per share	69.20	79.14
22 Price earning ratio	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2003

1. 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 nineteen branches (including three branches operating as per Islamic Shariah) in the country.

2. 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, Statement of Cash Flow 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

Fixed assets are stated at cost less accumulated 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:

Assets category	Rate of depreciation %
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 @ 45% as per Finance Act 2003.

3. Cash

	2003 Taka	2002 Taka
In hand:		
Local currency	129,176,446	163,669,817
Foreign currencies	695,321	2,902
	<u>129,871,767</u>	<u>163,672,719</u>
Balance with Bangladesh Bank and Sonali Bank:		
Local currency	530,996,034	365,056,788
Foreign currencies	32,797,841	75,828,250
	<u>563,793,875</u>	<u>440,885,038</u>
	<u>693,665,642</u>	<u>604,557,757</u>

3.1 The Cash Reserve Requirement (CRR) and the Statutory Liquidity Requirement (SLR) and deposits thereagainst with Bangladesh Bank at 31 December 2003 are as follows:

3.1.1 Cash Reserve Requirement (CRR): 4% of Average Demand and Time Liabilities:

Required reserve	496,107,000	312,955,000
Actual reserve held with Bangladesh Bank	<u>522,184,000</u>	<u>345,026,000</u>
Surplus/(deficit)	<u>26,077,000</u>	<u>32,071,000</u>

3.1.2 Statutory Liquidity Requirement (SLR): 12% and 16% for 2003 and 2002 respectively of Average Demand and Time Liabilities:

Required reserve	1,488,320,000	1,251,819,000
Actual reserve held with Bangladesh Bank	<u>2,372,135,000</u>	<u>1,491,230,000</u>
Surplus/(deficit)	<u>883,815,000</u>	<u>239,411,000</u>
Total surplus/(deficit)	<u>909,892,000</u>	<u>271,482,000</u>

4. Balance with other banks and financial institutions

In Bangladesh (Note 4.1)	805,135,395	524,993,436
Outside Bangladesh (Note 4.2)	<u>319,241,380</u>	<u>25,997,751</u>
	<u>1,124,376,775</u>	<u>550,991,187</u>

4.1 In Bangladesh

Sonali Bank (STD)	21,043,340	44,626,709
Prime Bank Ltd. (STD)	62,944,193	8,118,298
The Oriental Bank Ltd. [former Al-Baraka Bank (BD) Ltd.] (STD)	692,146	659,308
Social Investment Bank Ltd. (FDR)	100,000,000	100,000,000
National Credit & Commerce Bank Ltd. (STD)	275,593	264,445
National Bank Ltd. (STD)	94,815,165	27,306,176
Citibank, N.A. (FDR)	-	62,300,000
Social Investment Bank Ltd. (MSD)	118,550,638	206,056,250
Shahjalal Bank Ltd. (MSD)	1,297,079	20,662,250
Sonali Bank (CD)	2,817,241	-
Janata Bank (CD)	2,700,000	-
Bay Leasing and Investment Ltd. (FDR)	30,000,000	30,000,000
VANIK Bangladesh Ltd. (FDR)	20,000,000	20,000,000
Bangladesh Industrial Finance Co. Ltd. (FDR)	-	5,000,000
Jamuna Bank Ltd. (FDR)	100,000,000	-
Investment Corporation of Bangladesh (FDR)	<u>250,000,000</u>	<u>-</u>
	<u>805,135,395</u>	<u>524,993,436</u>

4.2 Outside Bangladesh

		2003			2002		
	Currency	Amount in foreign currency	Conversion rate per unit F.C.	Amount Taka	Amount in foreign currency	Conversion rate per unit F.C.	Amount Taka
In demand deposit accounts (interest bearing) with:							
Standard Chartered Bank, N.Y.	USD	697,556.22	58.4375	40,763,442	185,551.00	58.5875	10,870,953
Mashreq Bank, PSC, N.Y.	USD	544,399.56	58.4375	31,813,349	318,087.00	58.5875	18,635,903
Citibank, N.A., N.Y.	USD	406,702.92	58.4375	23,766,702	68,545.00	58.5875	4,015,902
BOT Mitsubishi Ltd, N.Y.	USD	2,631,027.35	58.4375	153,750,661	(507,342.00)	58.5875	(29,723,902)
UBAF Bank, Tokyo	JPY	17,510.00	0.5515	9,657	(4,439,337.00)	0.4904	(2,177,051)
				250,103,811			1,621,805

In demand deposit accounts (non-interest bearing) with:

American Express Bank, N.Y.	USD	637,499.35	58.4375	37,253,868	35,324.00	58.5875	2,069,524
Amex Bank, Tokyo	JPY	31,680.00	0.5515	17,472	6,513,994.00	0.4904	3,194,463
Habib Bank, AG, Zurich	CHF	7,545.15	46.7106	352,438	43,585.00	42.0812	1,834,118
Standard Chartered Bank, London	GBP	785.13	104.0651	81,705	6,518.00	94.1659	613,764
Amex Bank Ltd, Kolkata	ACU	23,281.67	58.4375	1,360,523	(1,751.00)	58.5875	(102,570)
BOT Mitsubishi Ltd, Kolkata	ACU	-	-	-	(203,613.00)	58.5875	(11,929,160)
NIB Limited, Pakistan (former IFIC Bank Ltd.)	ACU	7,711.90	58.4375	450,664	55,628.00	58.5875	3,259,087
AB Bank Ltd, Mumbai, India	ACU	9,973.50	58.4375	582,826	7,349.00	58.5875	430,554
Commerzbank, AG, Frankfurt, Germany	EURO	240,167.28	72.7609	17,474,787	47,363.00	61.3774	2,907,011
Union Bank Ltd. (former Mashreq Bank PSC), Sri Lanka	ACU	5,511.88	58.4375	322,100	18,786.00	58.5875	1,100,601
Nepal Bangladesh Bank, Nepal	ACU	336.50	58.4375	19,664	437.00	58.5875	25,573
Standard Chartered Bank, Kolkata	ACU	25,379.60	58.4375	1,483,120	278,563.00	58.5875	16,320,331
Hypo Vereinsbank, Germany	EURO	48,020.74	72.7609	3,494,032	60,149.00	61.3774	3,691,815
Citibank, N.A., Mumbai	ACU	67,730.46	58.4375	3,957,999	16,400.00	58.5875	960,835
Union Bank of Switzerland, AG	CHF	33,955.00	46.7106	1,586,058	-	-	-
HSBC, Mumbai, India	ACU	11,984.00	58.4375	700,313	-	-	-
			<u>69,137,569</u>				<u>24,375,946</u>
			<u>319,241,380</u>				<u>25,997,751</u>

4.3 Balance with other banks and financial institutions (according to maturity grouping)

	2003 Taka	2002 Taka
On demand	337,941,870	50,937,187
Not more than three months	736,434,905	445,054,000
More than three months but not more than one year	50,000,000	55,000,000
	<u>1,124,376,775</u>	<u>550,991,187</u>

5. Money at call and short notice

Investment Corporation of Bangladesh	370,000,000	360,000,000
Union Capital Limited	20,000,000	-
Jamuna Bank Limited	115,000,000	-
GSP Finance Company (Bangladesh) Limited	30,000,000	-
Bangladesh Industrial Finance Co. Ltd.	20,000,000	-
National Housing Finance and Investment Limited	50,000,000	-
	<u>605,000,000</u>	<u>360,000,000</u>

6. Investment

	2003 Taka	2002 Taka
Government securities:		
Treasury bills	2,200,000,000	1,230,000,000
Prize bonds	360,200	641,100
	<u>2,200,360,200</u>	<u>1,230,641,100</u>
Others:		
Shares (Note 6.1)	176,713,581	188,360,191
	<u>2,377,073,781</u>	<u>1,419,001,291</u>

6.1 Shares

Name of company	2003			2002	
	Face value per share Taka	No. of shares	Acquisition cost Taka	No. of shares	Acquisition cost Taka
Quoted companies:					
Southeast Bank Ltd.	100	383,875	93,766,799	407,225	103,509,550
Chittagong Cement Clinker Grinding Co. Ltd.	100	-	-	5,000	6,282,796
NCC Bank Ltd.	100	254,445	57,915,763	221,250	54,596,263
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	30,000	6,730,682
Keya Cosmetics Ltd.	10	80,000	1,323,500	80,000	1,323,500
Eastern Cables Ltd.	100	27,840	6,051,837	30,000	6,521,377
Dhaka Bank Ltd.	100	50	5,000	-	-
Standard Bank Ltd.	100	400	40,000	-	-
One Bank Ltd.	100	400	40,000	-	-
			<u>165,873,581</u>		<u>188,360,191</u>
Unquoted companies:					
Bank Asia Ltd.	100	17400	1,740,000	-	-
Mercantile Bank Ltd.	100	61000	6,100,000	-	-
Central Depository Bangladesh Ltd.	1,000,000	3	3,000,000	-	-
			<u>10,840,000</u>		<u>-</u>
			<u>176,713,581</u>		<u>188,360,191</u>

6.2 Valuation of investment

	Cost	Market value
	Taka	at 31 Dec. 2003
	Taka	Taka
Government securities:		
Treasury bills	2,200,000,000	2,200,000,000
Prize bonds	360,200	360,200
Others:		
Quoted shares in -		
Southeast Bank Ltd.	93,766,799	92,841,660
NCC Bank Ltd.	57,915,763	48,453,961
Apex Tannery Ltd.	6,730,682	6,300,000
Keya Cosmetics Ltd.	1,323,500	1,140,000
Eastern Cables Ltd.	6,051,837	5,858,071
Dhaka Bank Ltd.	5,000	12,565
Standard Bank Ltd.	40,000	70,124
One Bank Ltd.	40,000	75,640
Unquoted shares in -		
Bank Asia Ltd.	1,740,000	1,740,000
Mercantile Bank Ltd.	6,100,000	6,100,000
Central Depository Bangladesh Ltd.	3,000,000	3,000,000
	2,377,073,781	2,365,952,221

6.3 Maturity grouping of investment

	2003	2002
	Taka	Taka
On demand	360,200	641,100
More than three months but less than one year	50,000,000	-
More than one year but less than five years	2,150,000,000	1,230,000,000
More than five years	176,713,581	188,360,191
	2,377,073,781	1,419,001,291

7. Loans and advances**Loans, cash credits, overdrafts, etc.:****In Bangladesh:**

Loans:		
General	2,513,807,664	1,364,026,626
LTR	1,735,971,448	861,738,156
PAD	680,109,953	795,378,291
LIM	341,929,182	171,915,227
Packing credits	223,459,759	163,918,224
House Building	192,984,409	118,793,106
Hire purchase	309,734,414	246,827,661
Lease finance	18,677,546	41,210,677
To employees	61,958,541	36,212,033
Consumer credit scheme	8,904,216	1,299,652
Against alternative cash assistance	48,814,772	11,888,107
Cash credits	3,640,387,916	2,250,373,425
Overdrafts	1,547,851,289	1,417,928,319
Outside Bangladesh	11,324,591,109	7,481,509,504
	11,324,591,109	7,481,509,504

Bills discounted and purchased (Note 7.7) :

	2003 Taka	2002 Taka
In Bangladesh	766,614,884	293,345,456
Outside Bangladesh		
	197,914,183	179,707,076
	964,529,067	473,052,532
	<u>12,289,120,176</u>	<u>7,954,562,036</u>

7.1 Maturity grouping of loans and advances

On demand	680,109,953	2,828,877,085
Less than three months	3,038,487,047	1,829,031,854
More than three months but less than one year	5,474,845,211	1,492,256,883
More than one year but less than five years	2,155,853,212	1,429,275,094
More than five years	939,824,753	375,121,120
	<u>12,289,120,176</u>	<u>7,954,562,036</u>

7.2 Concentration of loans and advances

Advances to directors and others	-	-
Advances to Managing Director	3,024,415	1,630,000
Advances to other senior executives	41,610,545	18,458,619
Loans and advances favouring various client groups (Note 7.2.1)	2,117,859,213	2,682,175,161
Others	10,126,626,003	5,252,298,256
	<u>12,289,120,176</u>	<u>7,954,562,036</u>

7.2.1 Loans and advances favouring various client groups

Abul Khair Group	262,700,000	397,619,598
Nitol Group	293,125,462	368,011,369
S. Alam Group	356,244,999	356,425,248
Shamsul Alamin Group	326,128,000	251,750,616
Shah Sharif Group	152,586,000	250,130,354
Imam Group	145,228,000	227,253,960
KDS Group	126,385,000	215,601,732
Nurul Alam Master Group	63,793,054	162,476,747
PHP Group	131,711,443	140,354,822
SMAH Group	103,145,000	123,023,260
Amtranet Group	25,576,219	99,320,218
Wills Group	68,515,163	90,207,237
AKH Group	62,720,873	-
	<u>2,117,859,213</u>	<u>2,682,175,161</u>

7.2.2 Loans and advances above 15% of total capital of the bank

Number of clients	45	56
Amount of outstanding advances:		
Funded	5,290,399,977	3,803,583,894
Non-funded	2,750,536,787	2,107,900,000
	8,040,936,764	5,911,483,894
Amount of classified advances	-	-
	<u>8,040,936,764</u>	<u>5,911,483,894</u>

2003
Taka
2002
Taka
7.3 Sector-wise allocation of loans and advances

Agriculture, fishing, forestry and dairy firm	45,652,000	37,638,348
Industry (jute, textiles, garments, chemicals, cement etc.)	1,703,016,000	755,256,252
Working capital financing	2,080,454,000	1,352,442,919
Construction	192,433,970	85,414,974
Transport and communication	378,149,660	217,412,669
Trade	6,006,318,000	3,651,904,831
Housing	245,992,200	213,595,084
Miscellaneous	1,637,104,346	1,640,896,959
	<u>12,289,120,176</u>	<u>7,954,562,036</u>

7.4 Allocation of loans and advances according to administrative zones

Dhaka division	8,655,823,378	5,314,459,818
Chittagong division	3,597,530,114	22,726,785
Sylhet division	35,766,684	2,617,375,433
	<u>12,289,120,176</u>	<u>7,954,562,036</u>

7.5 Classification of loans and advances

Unclassified	11,991,089,323	7,946,932,725
Substandard	271,057,379	7,629,311
Doubtful	5,756,527	-
Bad/loss	21,216,947	-
	<u>12,289,120,176</u>	<u>7,954,562,036</u>

7.6 Particulars of loans and advances

i) Debts considered good in respect of which the bank is fully secured	11,820,966,770	7,223,112,036
ii) Debts considered good for which the bank holds no other security than the debtors' personal security	468,153,406	731,450,000
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>12,289,120,176</u>	<u>7,954,562,036</u>
v) Debts due by directors or officers of the bank or any of them either severally or jointly with any other persons	61,958,541	36,211,713
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	-	-
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	59,179,711	36,211,713
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
ix) Due from other banking companies	-	-
x) Classified loan against which interest/profit not charged:	21,216,947	-

	2003 Taka	2002 Taka
a) Increase/(decrease) of provision (specific)	84,154,418	29,080,970
Amount of written off debt	-	-
Recovery against the debt which was previously written off	-	-
b) Provision against the debt classified as bad/loss at the date of balance sheet	17,149,514	-
c) Amount of interest charged in suspense account	10,816,475	429,182
xi) Loans written off:		
Current year	-	-
Cumulative to date	2,016,649	2,016,649
Suit filed to recover written off loan	2,016,649	-

7.7 Maturity grouping of bills discounted and purchased

Within one month	425,155,179	216,874,476
More than one month but less than three months	423,801,888	219,041,391
More than three months but less than six months	114,468,681	37,004,248
More than six months	1,103,319	132,417
	<u>964,529,067</u>	<u>473,052,532</u>

8. Fixed assets

Category of assets	Cost				Rate of dep. %	Depreciation				Written down value at 31 December 2003 Taka
	Balance at 1 January 2003 Taka	Additions during the year Taka	Disposals during the year Taka	Balance at 31 December 2003 Taka		Balance at 1 January 2003 Taka	Charged for the year Taka	adjustments for disposals Taka	Balance at 31 December 2003 Taka	
Furniture and fixtures	22,060,884	3,228,894	(155,111)	25,134,667	10	4,351,494	1,937,140	(28,083)	6,260,551	18,874,116
Office equipment	45,482,251	16,893,627	-	62,375,878	15	10,075,511	6,676,146	-	16,751,657	45,624,221
Interior decoration	63,453,523	12,871,914	-	76,325,437	10	9,752,212	6,609,382	-	16,361,594	59,963,843
Vehicles	7,160,128	2,213,574	(2,431,770)	6,941,932	20	3,168,483	1,809,865	(1,184,687)	3,793,661	3,148,271
Books	233,070	24,531	(66,827)	190,774	20	59,115	20,900	(3,277)	76,738	114,036
	<u>138,389,856</u>	<u>35,232,540</u>	<u>(2,653,708)</u>	<u>170,968,688</u>		<u>27,406,815</u>	<u>17,053,433</u>	<u>(1,216,047)</u>	<u>43,244,201</u>	<u>127,724,487</u>
At 31.12.2002	110,025,514	35,207,043	(6,842,701)	138,389,856		15,735,301	14,467,607	(2,796,093)	27,406,815	110,983,041

9. Other assets

Stationery and stamps	5,049,638	5,448,690
Advances and deposits (note 9.1)	490,972,266	278,126,832
Suspense account (note 9.2)	123,777,069	80,925,347
Interest receivable	17,647,392	7,907,825
Prepaid expenses	344,810	498,988
Other receivables	33,905,350	1,699,421
	<u>671,696,525</u>	<u>374,607,103</u>

9.1 Advances and deposits

	2003 Taka	2002 Taka
Advances:		
Office rent	32,101,843	31,658,816
Godown rent	3,842,992	4,451,064
Insurance premium	1,287,770	774,370
Corporate tax	451,883,681	239,420,282
	<u>489,116,286</u>	<u>276,304,532</u>
Deposits:		
Telephone deposit	1,855,980	1,822,300
	<u>490,972,266</u>	<u>278,126,832</u>

9.2 Suspense account

EDF loan receivable from Bangladesh Bank	113,053,884	70,289,578
Advance against new branches	3,157,505	9,049,805
Advance against salary	11,000	82,750
Non-performing assets:		
Preliminary expense	127,602	-
Suspense account ID (Note 9.2.1)	2,590,561	-
	<u>2,718,163</u>	<u>-</u>
Others	4,836,517	1,503,214
	<u>123,777,069</u>	<u>80,925,347</u>

9.2.1 Suspense account ID

Tk 2,590,561 represents outstanding unreconciled balances of Nostro Accounts.

10. Deposits and other accounts

Deposits from banks	1,928,123,000	1,650,925,000
Deposits from other than banks	13,314,845,405	8,294,301,532
Unclaimed deposits	-	-
	<u>15,242,968,405</u>	<u>9,945,226,532</u>

10.1 Maturity grouping of deposits

a) From banks:		
Payable on demand	840,802,870	1,147,714,130
Not more than one month	287,320,130	103,210,870
More than one month but not more than six months	800,000,000	400,000,000
More than six months but not more than one year	-	-
More than one year but not more than five years	-	-
More than five years but not more than ten years	-	-
	<u>1,928,123,000</u>	<u>1,650,925,000</u>

	2003 Taka	2002 Taka
b) From other than banks:		
Payable on demand	1,486,271,460	1,025,072,162
Not more than one month	1,292,341,371	1,064,218,700
More than one month but not more than six months	2,084,146,000	1,291,832,238
More than six months but not more than one year	1,358,675,574	1,209,749,432
More than one year but not more than five years	3,248,652,000	1,618,222,000
More than five years but not more than ten years	3,844,759,000	2,085,207,000
	<u>13,314,845,405</u>	<u>8,294,301,532</u>
	<u>15,242,968,405</u>	<u>9,945,226,532</u>

11. Other liabilities

Provision for classified loans and advances (note 11.1)	45,040,317	1,070,000
Provision for unclassified loans and advances (note 11.2)	119,291,308	79,107,207
Interest suspense account (note 11.3)	10,816,475	429,182
Provision for employees social securities-superannuation fund	1,000,000	1,000,000
Expenses for EXIM Bank Foundation	12,127,640	-
Provision for incentive bonus	18,659,454	15,092,246
Provision for corporate tax (note 11.4)	509,737,129	248,421,779
Provision for audit fees	150,000	150,000
Provision for diminution in value of shares	11,121,560	19,693,258
Interest payable	220,259,816	143,079,758
Profit payable on investment	21,804,076	5,412,752
Advance interest on treasury bills	517,610,145	292,382,008
Accrued expenses payable	1,377,272	1,277,031
Exchange equalisation account	4,209,449	4,209,449
Tax/VAT deducted at source	13,242,845	7,301,981
Interbranch adjustment account	383,868,455	42,204,926
Excise duty	6,829,825	4,584,292
Compensation realisation account	269,138	-
Others	-	12,728,093
	<u>1,897,414,904</u>	<u>878,143,962</u>

11.1 Provision for classified loans and advances

Balance at 1 January	1,070,000	-
Fully provided advances written off during the year	-	-
Realisation of advances previously written off	-	-
Specific provision for the year	43,970,317	1,070,000
Provision no more required for advances realised	-	-
Net charge in profit and loss account	-	-
Balance at 31 December	<u>45,040,317</u>	<u>1,070,000</u>

11.2 Provision for unclassified loans and advances

Balance at 1 January	79,107,207	51,096,237
1% General provision for the year	40,184,101	28,010,970
Balance at 31 December	<u>119,291,308</u>	<u>79,107,207</u>

11.3 Interest suspense account

Balance at 1 January	429,182	-
Interest credited during the year to suspense account	10,387,293	429,182
Balance at 31 December	<u>10,816,475</u>	<u>429,182</u>

2003
Taka**2002**
Taka**11.4 Provision for corporate tax**

Balance at 1 January	248,421,779	110,733,107
Provision made for the year	223,715,350	136,600,000
Adjustment for short/(excess) provisions made in earlier years	37,600,000	1,088,672
Balance at 31 December	<u>509,737,129</u>	<u>248,421,779</u>

Assessments for the years 2000 (assessment year 2001-2002) and 2001 (assessment year 2002-2003) are under appeal with the Taxes Appellate Tribunal preferred by the bank. The disputed tax aggregating to Tk 20.44 million in respect of the years 2000 and 2001 represents tax on 1% general provision on unclassified loans and advances which was claimed as allowable expenses by the bank.

Similarly the bank has claimed 1% general provision on unclassified loans and advances as allowable expenses for the years 2002 and 2003 resulting in reduced provision for tax by Tk 30.68 million.

In case 1% general provision on unclassified loans and advances is ultimately disallowed by the Tax Authority that will result in additional tax liability of Tk 51.12 million for the years 2000 to 2004.

12. 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:

2,531,250 (2002: 2,250,000) ordinary shares of Tk 100 each issued for cash	253,125,000	225,000,000
607,500 (2002: 281,250) ordinary shares of Tk 100 each issued as bonus shares	60,750,000	28,125,000
<u>3,138,750</u>	<u>313,875,000</u>	<u>253,125,000</u>

12.3 Capital adequacy

Total assets of the bank	<u>25,097,849,000</u>	<u>15,013,167,000</u>
Total risk weighted assets	<u>12,026,945,000</u>	<u>7,679,276,000</u>
Required capital @ 9% of risk weighted assets (2002: 8%)	1,082,426,000	614,342,000
Capital held:		
Core capital	748,274,177	531,082,000
Supplementary capital	123,500,757	83,316,000
	<u>871,774,934</u>	<u>614,398,000</u>
Surplus/(deficit)	<u>(210,651,066)</u>	<u>56,000</u>
Percentage of capital held against risk weighted assets	<u>7.25%</u>	<u>8.00%</u>

13. Proposed issue of bonus shares

	2003 Taka	2002 Taka
Balance at 1 January	60,750,000	28,125,000
Issue of bonus shares proposed during the year	-	60,750,000
Bonus shares issued during the year	(60,750,000)	(28,125,000)
Balance at 31 December	-	60,750,000

14. Share premium

Balance at 1 January	82,575,000	15,750,000
Premium @ Tk 110 per share on 607,500 bonus shares issued in 2002 out of the profit for 2002 and retained earnings of 2001		
Out of profit for the year 2002	-	51,729,556
Out of retained earnings at 31 December 2001	-	15,095,444
	-	66,825,000
Balance at 31 December	82,575,000	82,575,000

15. Statutory reserve

Balance at 1 January	132,500,740	64,896,183
Addition during the year (20% of pre-tax profit)	95,701,501	67,604,557
Balance at 31 December	228,202,241	132,500,740

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

16. Retained earnings

Balance brought forward	2,131,181	17,226,625
Adjustment for (under)/over provision for tax made in earlier years	(37,600,000)	(1,088,672)
Transfer to share premium for bonus shares issued in 2001 and 2002	-	(66,825,000)
Profit for the year	254,792,156	201,422,785
Transfer to statutory reserve	(95,701,501)	(67,604,557)
Proposed bonus shares	-	(60,750,000)
Proposed dividend	-	(20,250,000)
Balance carried forward	123,621,836	2,131,181

17. Contingent liabilities and commitments**a) Claims against the bank not acknowledged as debts**

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

Directors	-	-
Government	-	-
Bank and other financial institutions	-	150,000
Others	521,386,572	208,638,385
	521,386,572	208,788,385

b) Commitments

	2003 Taka	2002 Taka
i) Documentary credit and short term business transactions	2,383,041,275	2,249,814,615
ii) Forward assets purchased and forward deposits	-	-
iii) Existing facilities, loans facilities and other commitments not accounted for:		
Less than one year	-	-
One or more than one year	-	-
iv) Spot and forward foreign exchange contract	-	-
v) Contract for other exchange	-	-
	<u>2,383,041,275</u>	<u>2,249,814,615</u>

18. Interest income

Interest on loans and advances	1,309,309,272	879,395,105
Interest on placement with other banks	81,610,102	46,343,760
Interest on foreign currency balances	5,162,048	6,502,321
	<u>1,396,081,422</u>	<u>932,241,186</u>

19. Interest paid on deposits, borrowings, etc.

Interest on deposits	1,047,241,571	646,949,124
Interest on call borrowings	72,196,171	81,416,475
Interest paid on repo	1,871,326	-
	<u>1,121,309,068</u>	<u>728,365,599</u>

20. Income from investment

Interest on treasury bills	108,978,863	51,397,955
Dividend on shares	6,379,680	12,525,038
Nominal value of bonus shares received	6,119,500	5,051,883
Interest on reverse repo	57,692	-
	<u>121,535,735</u>	<u>68,974,876</u>

21. Commission, exchange and brokerage

Commission	185,631,210	127,926,166
Exchange	194,298,264	144,747,611
	<u>379,929,474</u>	<u>272,673,777</u>

22. Other operating income

Service and other charges	54,678,753	26,933,085
Non-operating income	17,503	8,116,422
	<u>54,696,256</u>	<u>35,049,507</u>

23. Salaries and allowances

	2003 Taka	2002 Taka
Basic salary	57,035,343	38,082,609
Allowances	45,947,231	32,602,818
Provident fund	3,698,396	3,349,087
Bonus and exgratia	27,323,604	21,593,473
	<u>134,004,574</u>	<u>95,627,987</u>

24. Rent, taxes, insurance, lighting, etc.

Rent and taxes	27,281,301	21,127,622
Insurance	7,471,741	4,052,832
Utilities	6,323,896	4,427,072
	<u>41,076,938</u>	<u>29,607,526</u>

25. Legal expenses

Legal expenses	305,429	63,584
Other professional fees	216,755	104,500
	<u>522,184</u>	<u>168,084</u>

26. Postage, stamp, telegram and telephone

Telephone bill - Office	3,700,805	2,940,689
Telephone bill - Residence	402,936	398,507
Courier charge	7,305,986	5,634,551
Telex bill	620,906	4,562,948
SWIFT charge	2,538,264	32,720
Fax charge	6,361	1,575
Internet charge	26,248	32,670
Postage charge	75,826	90,670
	<u>14,677,332</u>	<u>13,694,330</u>

27. Stationery, printing, advertisement, etc.

Stationery and printing	5,528,160	3,765,093
Computer consumable stationery	1,407,348	983,167
Books and periodicals	264,820	287,428
Advertisement	6,098,686	6,102,334
	<u>13,299,014</u>	<u>11,138,022</u>

28. Directors' fees

Directors' fees (@ Tk 2,500 per meeting)	2,347,500	2,462,500
Directors' travelling expenses	266,172	-
	<u>2,613,672</u>	<u>2,462,500</u>

29. Depreciation on and repairs to Bank's property

	2003 Taka	2002 Taka
Depreciation:		
Furniture and fixtures	1,937,140	2,088,022
Office equipment	6,676,146	5,405,246
Interior decoration	6,609,382	5,182,669
Vehicles	1,809,865	1,771,098
Books	20,900	20,572
	<u>17,053,433</u>	<u>14,467,607</u>
Repairs and maintenance	2,679,714	1,586,025
	<u>19,733,147</u>	<u>16,053,632</u>

30. Other expenses

Exchange loss	9,827,943	9,173,613
Discount and commission paid	166,797	523,396
Charges of banks	352,281	400,480
Security services	4,751,839	3,891,813
Entertainment	4,403,046	2,732,389
Car expenses	5,132,477	4,527,304
Subscription	1,154,815	946,988
Expenses for ESSS fund	1,000,000	1,000,000
Expenses for EXIM Bank Foundation	12,127,640	-
Donation	176,000	158,000
Travelling expenses	1,767,366	1,353,219
Conveyance, cartage, freight and labour	886,539	736,597
Business development	2,300,302	1,160,475
Welfare and recreation	247,977	-
Training and internship expenses	1,130,589	578,716
Liveries and uniform	184,690	223,600
Medical expenses	90,779	164,012
Miscellaneous expenses	2,193,292	1,755,719
Meeting expenses	1,162,166	897,345
Loss from sale of assets	325,161	-
	<u>49,381,699</u>	<u>30,223,666</u>

31. Provision for loans and advances

Provision for classified loans and advances (Note 31.1)	43,970,317	1,070,000
Provision for unclassified loans and advances (Note 31.2)	40,184,101	28,010,970
	<u>84,154,418</u>	<u>29,080,970</u>

31.1 Provision for classified loans and advances

	2003 Taka	2002 Taka
Bad/loss	21,216,947	-
Doubtful	5,756,527	-
Substandard	271,057,379	7,629,311
	<u>298,030,853</u>	<u>7,629,311</u>
Provision required	45,040,317	1,070,000
Less: Provision made earlier	1,070,000	-
Provision made during the year	<u>43,970,317</u>	<u>1,070,000</u>

31.2 Provision for unclassified loans and advances

Total loans and advances	12,289,120,176	7,954,562,036
Less: Classified	298,030,853	7,629,311
	<u>11,991,089,323</u>	<u>7,946,932,725</u>
Less: Staff loan	61,958,541	36,212,033
Base for provision for unclassified loan	<u>11,929,130,782</u>	<u>7,910,720,692</u>
1% provision required	119,291,308	79,107,207
Less: Provision made earlier	79,107,207	51,096,237
Provision made during the year	<u>40,184,101</u>	<u>28,010,970</u>

32. Diminution in value of investment in shares

Provision for diminution in value of shares as maintained earlier is adequate to cover the differences between cost and market value of investments. Hence no provision is considered necessary for the year 2003.

33. General**33.1 Post balance sheet events**

No material events had occurred after the balance sheet date to the date of issue of these financial statements, which could affect the values stated in the financial statements.

33.2 Reconciliation of books of accounts

Books of accounts in regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled and there were no material differences which may affect the financial statements significantly.

33.3 Figures have been rounded off to the nearest taka.**33.4 Previous year's figures have been rearranged, where necessary, to conform to current year's presentation.**

LIST OF BRANCHES

- | | |
|--|--|
| <p>01. Motijheel Branch
Sharif Mansion
56-57 Motijheel C/A, Dhaka
Tel. 9568093, 9568534, 9552800
Fax : 880-2-9569983
Tlx : 642506 BXMJH BJ</p> <p>02. Panthapath Branch
19/2 West Panthapath
North Dhanmondi, Dhaka
Tel. 8124261
Fax : 880-2-8126191
Tlx : 642538 BXMPP BJ</p> <p>03. Agrabad Branch
Mowla Chamber
6 Agrabad C/A, Chittagong
Tel. 715796 (D), 715795
Fax : 031-715796, Tlx : 676473</p> <p>04. Khatungonj Branch
Union Square Building
1078 Ramjoy Mohajan Lane
Khatungonj, Chittagong
Tel. 031-610711 (Gr. flr)
031-615544 (1st flr & fax)</p> <p>05. Gazipur Chowrashta Branch
Nasir Super Market
1st floor, Gazipur
Tel. 0681-56492, 0681-56493</p> <p>06. Imamgonj Branch
Haji Abdul Kader Mansion
1st & 2nd floor
139 Chawak Mugaltoli
Imamgonj, Dhaka
Tel. 7315527-30</p> <p>07. Gulshan Branch
75 Gulshan Avenue
CWSA-10, Gulshan, Dhaka
Mobile : 018-240830, 0171-544621</p> <p>08. Sonaimuri Branch
Mohammadia Super Market
Sonaimuri Bazar, Noakhali
Mobile : 0171-885754, 0171-750610</p> <p>09. Sylhet Branch
Al-Hamra Shopping City
Zindabazar, Sylhet
Tel : 0821-722457-8, 724413
Fax : 0821-724413</p> <p>10. Nawabpur Branch
198/1, Nawabpur Road, Dhaka
Tel : 7125306-7
Fax : 880-2-7125308</p> | <p>11. Narayangonj Branch
14/1, S. M. Maleh Road
Tan Bazar, Narayangonj
Tel : 7610213-4, 7610215
Fax : 7610215</p> <p>12. Shimrail Branch
Al-Haj A Rahman Super Market & Shopping Tower
Chittagong Road Chowrasta
Shimrail, Shiddirgonj, Narayangonj
Tel : 7401530
Mobile : 018-253283</p> <p>13. Islami Banking Branch
9 DIT Avenue, Motijheel C/A
Dhaka-1000
Tel : PABX 9565397, 9556884
Fax : 9555132</p> <p>14. Eskaton Branch
27/1, New Eskaton Road, Dhaka.
Tel : PABX 8314435, 8314159
Tlx : 632258 EXESK BJ
Fax : 9349196</p> <p>15. Islami Banking Branch
House # 61/A, Road # 7, Sector # 4
Uttara Model Town, Dhaka
Tel : PABX 8919785, 895237, 8952847
Fax : 8952838</p> <p>16. Laksham Branch
Daulatgonj Bazar
Laksham, Comilla
Tel : 08032-333
Mobile : 0171-726302, 0171-340109</p> <p>17. MIRPUR BRANCH
Shreyasi Tower, 10 No. Crossing. Mirpur,
Dhaka-1212</p> <p>18. Jubile Road Branch
63-64, Jubilee Road
Enayet Bazar, Chittagong
Phone : 611170
Mobile : 018-316868</p> <p>19. Islami Banking Branch
218, Elephant Road
Bata Signal, Dhaka-1205
Phone : 9667097-8, 9667275
Mobile 0189-244534</p> |
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