

# *Internship Report*

*On*

*“Compliance of the rules & regulation of BAS  
(Bangladesh Accounting Standard) 1 & 30 in  
preparing the financial statements of EXIM Bank  
of Bangladesh Limited”*



# **BRAC University**



## **INTERNSHIP REPORT ON**

### **“Compliance of the rules & regulation of BAS (Bangladesh Accounting Standard) 1 & 30 in preparing the financial statements Of EXIM Bank of Bangladesh Limited”**

An Internship Report Presented to the Faculty of Brac Business School in Partial Fulfillment of the Requirements for the Degree of Bachelor of Business Administration

#### **Supervised To:**

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#### **Date of Submission:**

May 15, 2013

## Letter of Transmittal

15 May, 2013

To

Sharmin Shabnam Rahman  
Senior Lecturer  
BRAC Business School  
BRAC University

Subject: Submission of internship report on “**Compliance of the rules & regulations of BAS (Bangladesh Accounting Standard) 1& 30 in preparing the financial statements of EXIM Bank of Bangladesh Limited.**”

Dear Madam,

This is my great pleasure to submit the internship report of my three months long internship program in the Exim Bank Bangladesh in Mirpur branch. “Compliance of the rules & regulations of Bangladesh Accounting Standard 1& 30 in preparing the financial statements of EXIM Bank of Bangladesh Limited.”. The whole experiences of the internship program enable me to get a feel of the real life situation.

I have put my best effort to make this report a successful one. It has been joyful & enlightening experience for me to work in the organization & prepare this report. However this has been obviously a great source of learning for me to conduct similar types of studies in the future.

I would like to express my sincere gratitude to you for your kind guidance & suggestions in preparing the report. It would be my immense pleasure if you find this report useful & informative to have an apparent perspective on the issue. I shall be happy to provide any further explanation regarding this report if required & please do not hesitate to call me if you have any query on this report or any other relevant matters.

Thanks and best regards,

Israt Jahan

Id: 09104158

## **Acknowledgement**

There is an English proverb “Two heads are better than one”. That is, no one can obtain a noble objective alone. This internship report is an accumulation of many people’s endeavor. But at the beginning I would like to convey my sincere appreciation to the almighty Allah for giving me the strength & the ability to finish the task within the planned time. Then I would like to express my sincere gratitude to everyone who contributed towards preparing & making this study successfully.

First of all I would like to express my Sincere & immense gratitude to my internship supervisor Sharmin Shabnam Rahman Senior Lecturer of BRAC Business School, BRAC University. I am deeply indebted to her whole hearted supervision to me during the Internship Period. Her valuable suggestions & guideline helped me a lot to prepare the report in a well organized manner.

I would also like to thanks Mr. Md. Taslim Hossain, (FAVP) and internee supervisor of EXIM Bank Limited, Mirpur Branch, for giving me some important information about the topic to complete my report.

I am also grateful to the other officials & my all other colleagues in the bank who helped me while preparing the study by giving their suggestions, assistance & supply of information, which were valuable to me. Their helping hand supported me to complete my report successfully. Finally, I want to keep my thanks to my parents who gave special attention to me from the very beginning and during the preparation of report & the internship program.

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## **Executive Summary:**

This report is prepared on the basis of “Compliance of the rules & regulations of BAS (Bangladesh Accounting Standard) 1& 30 in preparing the financial statements of EXIM Bank of Bangladesh Limited.”

Basically in order to complete my Internship program for my graduation, I had a wonderful experience working for a period of three months in the EXIM Bank Bangladesh Limited.

First part of this report is based on the introduction which includes topics like background, significance, scope, objective, methodology, limitation of the study. Basically it defines the way and background of the study to prepare the report. The next part of the report highlights a brief about EXIM Bank Bangladesh Ltd. and its vision, mission, corporate cultures, management, functions, strategies, achievement.

In analysis part I have included two important applications of BAS-1 and BAS-30 which is very helpful to operate EXIM Bank of Bangladesh Limited in preparing the financial statement. The commercial banking activities encompass a wide range of services like accepting deposits, making loans, discounting bills, conducting money transfer and foreign exchange transaction. This report basically deals with “compliance of the rules & regulations of BAS (Bangladesh Accounting Standard) 1 & 30 in preparing the financial statements of EXIM Bank of Bangladesh Limited.

The recommendation part of the report highlights some suggestions, which I believe necessary for further improvement in the future. Most important is Bangladesh Bank should give the permission of all applied rules to the EXIM Bank of Bangladesh Limited for operating proper banking activities.





# CHAPTER 1

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## Introduction

## **1.1 Introduction**

### **1.2 Background of the report:**

The internship program is required to complete in a suitable business organization and submit a report on findings. Knowledge and learning become perfect when it is associated with theory and practice. Theoretical knowledge gets its perfection with practical application. The internship program is generally executed in the last semester & it has got the almost same weight as other courses in the evaluation process. The area of concentration of the report is confined to investigating different aspects of the banking transaction as well as problems and prospects and by this way an endeavor is made to give recommendations for removing the problems.

### **1.3. Objective of the Report:**

#### **1.3.1. Broad Objective:**

The broad objective of the report is to study the “Compliance of the rules and regulations of BAS-1 and BAS-30 in preparing the financial statement of EXIM Bank of Bangladesh Limited.

#### **1.3.2 Specific Objectives:**

The followings specific objectives of the study are identified:

- To understand the rules and regulations of BAS-1 and BAS-30.
- To observe the Compliance of the rules and regulations of BAS-1 and BAS-30 in preparing the financial statement of EXIM Bank Ltd.
- To detect the non-compliance rules and regulations (if any).

## **1.4 Methodology:**

The study requires a systematic procedure from selection of the topic to preparation of the final report. The overall process of methodology has been given below:

### **1.4.1. Data Sources:**

#### **1.4.1.1 Primary sources:**

- Face to face conversation with Bank officers.

#### **1.4.1.2 Secondary Sources:**

- Annual Report of EXIM Bank of Bangladesh Limited.
- Bangladesh Financial Reporting Standards (BFRS).
- Bangladesh Accounting Standards (BAS).
- Website Information.

### **1.5. Scope of Information:**

This project will help us to know about the practical observation applied in preparing the financial statement of EXIM Bank of Bangladesh Limited While preparing this report; it was a great opportunity to obtain practical experience about acquiescence of the rules and regulations of BAS-1 and BAS-30 in preparing the financial statement of EXIM Bank of Bangladesh Limited Ltd.

### **1.6. Limitations:**

- Difficulty to have appropriate information from Bank as they maintain strict confidentiality about their financial and other information.
- Duration of this study was too short to have a sound understanding of the overall Banking Scope of my study is so wide that analytical and comprehensive study is not possible.
- Lack of sufficient books, papers and journals etc.
- Web site of the Organization isn't up to date to gather valuable information.

# CHAPTER 2

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## Organizational Overview

## **2.0 Background (Description of the Organization/Company):**

### **2.1 History of EXIM Bank of Bangladesh Limited:**

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

This Bank starts functioning from 3rd August, 1999 with its name as Bengal Export Import Bank Limited. On 16th November 1999, it was renamed as Export Import Bank of Bangladesh Limited with Mr. Alamgir Kabir as the Founder Advisor and Mr. Mohammad Lakiotullah as the Founder Managing Director respectively. Both of them have long experience in the financial sector of our country. By their pragmatic decision and management directives in the operational activities, this bank has earned a secured and distinctive position in the banking industry in terms of performance, growth, and excellent management. The authorized capital and paid up capital of the bank is Tk. 20,000.00 million and Tk 9223.56 million. The Bank has migrated all of its conventional banking operation into Shariah Based Islami Banking since July/2004.

Dr. Mohammed Haider Ali Miah succeeded Mr. Ahmed on July 25, 2012 and has created a new dimension in EXIM history becoming the first ever in-house Managing director and CEO of the Bank. Under his far-sighted leadership, EXIM Bank has not only achieved uppermost level of performance in almost each arena of its activities but also gained confidence to place itself as one of the dynamic banks through delivering transparent and standard banking services to the customer in a compliant manner.

## 2.2 EXIM Bank of Bangladesh Limited at a Glance:

<i>Name:</i>	<b>Export Import Bank of Bangladesh Limited</b>
<i>Essence:</i>	Local Bank Global Network
<i>Nature of Business:</i>	Banking service and Profit oriented
<i>SWIFT Code</i>	EXBKBDH
<i>Registered office:</i>	Printers building (5 <sup>th</sup> Floor) 5, Rajuk Avenue Motijheel Dhaka-1000. Phone # 9566764, 9566418, 9553872, 9561604 Telex: 642527 EXIMHO BJ Fax: 880-2-9556988
<i>Head office(present):</i>	SYMPHONY, Plot# SE (F): 9, Road # 142, Gulshan Avenue, Dhaka- 1212 E-mail: <a href="mailto:eximho@bdonline.com">eximho@bdonline.com</a>
<i>Date of Incorporate:</i>	June 02, 1999
<i>Inauguration of the first branch</i>	August 03, 1999
<i>Chairman</i>	Mr. Md. Nazrul Islam Mazumder
<i>Managing Director</i>	<u>Dr. Mohammed Haider Ali Miah</u>
<i>Number of Branch:</i>	62 (as on 31 December 2011)
<i>Total Manpower:</i>	1724 (as on 31 December 2011)
<i>Authorized Capital:</i>	Taka 20000.00 million (as on 31 December 2011)
<i>Paid up Capital:</i>	Taka 9223.56 million (as on 31 December 2011)
<i>E-mail</i>	<a href="mailto:eximho@bdonline.com">eximho@bdonline.com</a>
<i>Website:</i>	<a href="http://www.eximbankbd.com">www.eximbankbd.com</a>

### **2.3. Vision of EXIM Bank Limited:**

The gist of EXIM Bank vision is ‘Together towards Tomorrow’. Export Import Bank of Bangladesh Limited believes in togetherness with its customers, in its march on the road to growth and progress with service. To achieve the desired goal, there will be pursuit of excellence at all stages with climate of continuous improvement, because, in Exim Bank, They believe, the line of excellence is never ending.

Bank’s strategic plans and networking will strengthen its competitive edge over others in rapidly changing competitive environment. Its personalized quality services to the customers with trend of constant improvement will be the cornerstone to achieve their operational success.

### **2.4. Mission of EXIM Bank Limited:**

The bank has chalked out the following corporate objectives in order to ensure smooth achievement of its goals:

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

#### **Eventually the Bank emphasizes on:**

- Providing high quality financial services in export and import trade.
- Providing efficient customer service.
- Being trusted repository of customer’s money and their financial adviser.
- Making its products superior and rewarding to the customers.
- Sound Capital Base & Enhancement of shareholders wealth.

## **2.5. Corporate culture of EXIM Bank:**

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

## **2.6. Functions of the EXIM Bank of Bangladesh Limited:**

- The main task of the EXIM Bank is to accept deposited from various customers through various accounts.
- Provides loans on easy terms and condition.
- It creates loan deposit.
- The bank invest it fund into profitable sector
- It transfers money by Demand Draft (DD), Pay Order (PO) and Telegraphic Transfer etc.
- The bank is doing the transaction of bill of exchange, Cheque etc. on behalf of the clients.
- EXIM Bank assists in the Foreign Exchange by issuing Letter of Credit.
- The bank insures the securities of valuable documents of clients.
- It brings the increasing power of dimension of transaction.

## **2.7. Banking with Shariah Principles:**

Export Import Bank of Bangladesh Limited is the 1st bank in Bangladesh, who has converted all of US operations of conventional banking into shariah-based banking since July, 2004. They offer banking services for Muslims and non-Muslims alike allowing their customers choice and flexibility in their savings and investments. Their products are approved by our Shariah Board comprising of veteran Muslim scholars of our country who are expert in all matters of Islamic finance. The process by which Noriba's investments are designed and executed allows the Bank to offer a combination of Sharia compliance and capital markets expertise that is unique throughout the world.



Noriba is committed to the strict adherence to the requirements of the Sharia as a result of the Bank's sole focus on Sharia-compliant investments and the full supervision of its financial products & transactions by the Noriba Sharia Board.

Noriba experts specifically design each of the Bank's investment vehicles with the approval of the Noriba Sharia Board. Once the given product or transaction has been arranged, the Noriba Sharia Board carefully screens it for compliance before giving final approval for its implementation.

### **2.8. Achievement:**

EXIM Bank has migrated at a time all their branches from its conventional banking operation into shariah based Islamic banking operation without any trouble. Lot of uncertainties and adversities where there into this migration process. The officers and executives of their bank motivated the valued customers by counseling and persuasion in light with the spirit of Islam especially for the non- Muslim customers. Their IT division has done excellent job of converting and fitting the conventional business processes into the processes based on shariah. It has been made possible by following a systematic procedure of migration under the leadership of their honorable managing director.

## CHAPTER 3

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### Internship Experience

### **3.1. Job Description:**

In order to complete my graduation from BRAC University, I have done my internship in EXIM Bank (Mirpur Branch) under three departments Customer Service, Foreign exchange and Investment department. During my internship period I was assigned to do so many things but especially at customer service section I was assigned to provide account opening information to the customers and input the customer's information to the software where I worked at 1.5 months.

### **3.2. Different aspect of Job Performance:**

During my internship period, I have performed the following activities:

- **Balancing of different registers, such as Back-to-Back L/C register, FDBP register etc.**
- **Registering data into different registers, like Back-to-Back L/C register, FDBP register, EXP register, Acceptance Register etc.**
- **Registering SWIFT (Society for Worldwide Interbank Financial Telecommunication) incoming & outgoing**
- **Fill upping necessary documents of the L/C files**
- **Customer verification process for opening an account.**
- **Demand Deposit Account Opening Procedure.**
- **Documentation related to accounts opening.**

- **MUDARABA Term Deposit Account Opening Procedure.**
- **How to check the balance of the customers**
- **How to input customers information, picture and signature in EXIM Bank core software and get the account number for the customer**
- **How to change a customer's Signature/ Picture/ Address/Phone number/ Nominee if he provide application to do that.**
- **Counting Debit Vouchers & Credit Vouchers.**

# CHAPTER 4

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## Project Analysis & Findings

#### **4.1. Introduction of the Topic:**

In Bangladesh, the ICAB (the Institute of Chartered Accountants of Bangladesh) regulates the practice of financial accounting. The Institute of Chartered Accountants of Bangladesh is a professional accountancy body in the Bangladesh. It is the sole organization in the Bangladesh with the right to award the Chartered Accountants designation. The ICAB is a member of IASB and it has adopted several IAS as BAS (Bangladesh Accounting Standards) and also accepted some IFRS as BFRS (Bangladesh Financial Reporting Standards). Like other financial institution EXIM Bank is also following BAS1 & BAS30 which is the basic regulations as well. This project will analyze to what extent EXIM Bank is following BAS (Bangladesh Accounting Standard) 1 & 30 in preparing financial statements.

#### **4.2. The Necessity of BAS1 & BAS30:**

These standards reflect the culture, history and the characteristics of accounting problems facing that country. In some countries, the professional bodies formulate the financial accounting standards, while in many others governments and regulators establish these standards. As a result much of the 20<sup>th</sup> century had witnessed a high degree of variation in the international accounting practices. It is very necessary for every financial institution to follow same standards as it has the worldwide applicability. International Accounting Standards as adopted in Bangladesh in order to infer the quality of regulation and self-regulation in Bangladesh and to determine whether membership with Big 4 accounting firms, which provide superior technology, training and quality control, leads to higher quality as measured by compliance with disclosure requirements. Foreign investment dependence has necessitated the compliance with accounting standards, in particular with international accounting standards by the companies, more explicitly, financial institutions, of Bangladesh. To ensure the quality of reporting and step ahead with international accounting standards financial institution of Bangladesh should have to follow BAS (Bangladesh accounting standard) 1 & 30. To honor the letters of credit (LCs) for import or export, it is essential to understand the strengths, of a local bank by the corresponding foreign bank. To assess such strength the foreign bank needs to review the financial statements of local banks and that can only be possible when the financial statements are prepared in compliance with BASs which is standardize according to IAS.

### **4.3. Benefits & Challenges of following BAS & BAS30:**

The Companies Act 1994 legislates for companies operating in Bangladesh to prepare financial statements which show a “true and fair view” and the Laws on Securities and Exchange provide some guidelines for listed companies, the lack of accounting standards to guide the preparation of these reports has always been a problematic issue. The lack of accounting standards has made international lending/donor agencies very uneasy to the extent that, in recent times, these agencies have put the Government of Bangladesh under immense pressure to standardize financial reporting practices in the country. For preparing financial statements every institution should follow one common rules and regulations. BAS (Bangladesh Accounting Standard) 1 & 30 guides to include minimum requirements to prepare financial statements. It also helps our Central bank Bangladesh Bank to audit other banks information which is following similar standards. .In an effort to generate comparability and reliability in accounting information to help investors, creditors and others each country has developed its own national financial accounting standards. The objective of issuing such IAS as BAS is to ensure global and local convergence of accounting and financial reporting system. For preparing financial statements, convergence around the world has become important. Particularly for a country like Bangladesh, it is essential to ensure such convergence. For the economic development facilities through inflows of foreign direct investment (FDI) and improved worldwide banking channel, participation in global accounting convergence is all the more essential. To make the foreign investors understand the strength, capability, payback period, returns on investment etc., of a company/industry through financial statements, it is required to prepare those statements, in such a manner so that the foreign investors can understand them easily.

The main challenges for following BASs are, first of all, the shortage of knowledgeable personnel. In Bangladesh, the number of professional accountants is very limited. It is not possible to appoint professional accountants for all the companies, which are big in volume. Due to lack of an adequate number of professional accountants, the person

responsible for the preparation of financial statement is not capable enough to understand the contents of IFRS and implement those while preparing the financial statements. There are other challenges, too. There is, thus, a lack of adequate expertise to measure the value of different elements such as fair value of financial instruments, present value of retirement benefit etc. Due to lack of such expertise, in some cases it may not be possible to prepare the financial statements complying with the BASs.

#### 4.4. Data Analysis:

The following table mainly focuses on the compliance of some relevant rules and regulations under BAS (Bangladesh Accounting Standard) 1 in preparing the financial statement of EXIM Bank of Bangladesh Limited.

##### 4.4.1. Compliance with BAS-1: Presentation of Financial Statements:

- **BAS (Bangladesh Accounting Standard 1.9:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Objective of Financial Statement	<ul style="list-style-type: none"> <li>• Assets</li> <li>• Liabilities</li> <li>• Equity</li> <li>• Income and Expenses (Including gain and losses)</li> <li>• Contributions by and distributions to owners</li> <li>• Cash flows.</li> </ul>	Complied all the particulars in preparing the entities of financial statements.

The objective of financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. To meet this objective, financial statements



provide information about an entity's above particulars and EXIM Bank has fulfilled all the requirements.

- **BAS (Bangladesh Accounting Standard) 1.10:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Components of Financial Statement	a) A Statement of Financial Position b) A Statement of Comprehensive Income c) A Statement of Changes in Equity d) A Statement of Cash flows e) Notes.	Not fully complied. They use the following names: <ul style="list-style-type: none"> <li>➤ Balance sheet</li> <li>➤ Profit-Loss Account</li> <li>➤ Statement of Changes in Equity</li> <li>➤ Cash flow Statement</li> <li>➤ Notes.</li> </ul>

A complete set of financial statements comprises all the above particulars but EXIM Bank is not following the similar components.

- **BAS (Bangladesh Accounting Standard) 1.25:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Going Concern	The Financial Statements should be prepared on a going concern basis.	Complied as mentioned in the note, page no: 131, point-1.7, of the annual report.

The company reported a loss during the year as it was within the initial years of trading and the customer base has not yet been fully established. Overheads were higher as

expected in relation to the launch of a new venture in relation to expected income. The results are the directors consider that the company will be able to rely upon sufficient additional support from the parent undertaking for at least the next 12 months, to be able to meet all its commitments as they fall due.

- **BAS (Bangladesh Accounting Standard) 1.29:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Materiality and Aggregation	Each material class of similar items must be presented separately.	Complied as mentioned in the notes.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements is sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

- **BAS (Bangladesh Accounting Standard) 1.32:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Off-setting	Assets and Liabilities, and Income and Expenses are shown in the Financial Statement separately.	Complied as mentioned in the balance sheet and profit-loss income in the financial statement

As EXIM Bank is not fully complied with BAS1.10 for this reason they represent assets and liabilities in the balance sheet and income and expenses in profit-loss income.

**BAS (Bangladesh Accounting Standard) 1.36:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Reporting Period	Financial Statements will be prepared at least annually.	Complied in preparing the Financial Statements cover one calendar year from 1st January 2011 to 31st December 2011.

• **BAS (Bangladesh Accounting Standard) 1.38:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Comparative Information	Information shall be disclosed in respect of previous period for all amounts both face of Financial Statements and Notes.	Complied as mentioned in the note from page no: 74-99 of the annual report.

An entity disclosing comparative information shall present, as a minimum, two statements of financial position, two of each of the other statements, and related notes. As this project part is been analyzed on Annual report-2011 of EXIM Bank here the final statement and notes of year 2010 is been included.

• **BAS (Bangladesh Accounting Standard) 1.45:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
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Consistency of Presentation	Presentation and classification of items in the financial statements shall be retained from one period to the next.	Complied in preparing the Financial Statement.
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- BAS (Bangladesh Accounting Standard) 1.54:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Statement of Financial Position	Present a classified statement of financial separating Position, separating, Current and Non-current assets and liabilities.	Complied in the balance sheet of EXIM Bank of Bangladesh Limited.

- BAS (Bangladesh Accounting Standard) 1.66:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Current Assets	Cash, cash equivalent; assets held for collection, sale, or consumption within the entity's normal operating cycle, or assets.	Complied in the balance sheet.

All the particulars of current assets included in the balance sheet.

- BAS (Bangladesh Accounting Standard) 1.69:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
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Current Liabilities	All the current and non-current liabilities.	Complied in the balance sheet.
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All the particulars of current liabilities included in the balance sheet.

- **BAS (Bangladesh Accounting Standard) 1.111:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Statement of Cash flow	Provide financial statement with a basis to assess the ability to generate cash and cash equivalent.	Complied in preparing the cash flow statements of EXIM Bank of Bangladesh Limited.

- **BAS (Bangladesh Accounting Standard) 1.137:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Disclosures about Dividends	Dividends proposed or declared before the financial statements were authorized.	Complied as mentioned in the notes with the financial statement page no: 103, point- 48(a) of the annual report.

The board of directors of the company in its 78<sup>th</sup> Board Meeting held on 10<sup>th</sup> May 2012 has recommended for declaration of stock dividend @14% (Bonus Shares) for the year ended 31<sup>st</sup> December 2011 subject to approval of the Shareholders in the ensuing 13<sup>th</sup> Annual General Meeting of the company.

#### 4.4.2. Compliance with BAS (Bangladesh Accounting Standard) -30:

##### Disclosure in Financial Statement of Banks and Similar Financial Institution

- BAS (Bangladesh Accounting Standard) 30.9:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Income Statement	Bank's income statement should group income and expenses by nature.	Complied in the preparing profit-loss statement.

- BAS (Bangladesh Accounting Standard) 30.19:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Balance Sheet	<p>Assets:</p> <ul style="list-style-type: none"> <li>Cash and balances with the central bank</li> <li>Treasury bills and other bills eligible for rediscounting with the central bank</li> <li>Government and other securities held for dealing purposes</li> <li>Placements with, and loans and advances to, other banks</li> <li>Other money market placements</li> <li>Loans and advances to customers.</li> </ul> <p>Liabilities:</p> <ul style="list-style-type: none"> <li>Deposits from other banks</li> <li>Other money market deposits</li> <li>Amount owed to other</li> </ul>	<p>Assets:</p> <ul style="list-style-type: none"> <li>Cash in hand</li> <li>Cash balance with Bangladesh Bank (BB) and its agent banks</li> <li>Balance with other banks and financial institutions (in/outside) in Bangladesh</li> <li>Investment in government securities</li> <li>Investment in others</li> <li>Bills purchased and discounted</li> <li>Fixed assets.</li> </ul> <p>Liabilities:</p> <ul style="list-style-type: none"> <li>Placement from other banks, financial</li> </ul>

	depositors <ul style="list-style-type: none"> <li>• Certificates of deposits</li> <li>• Promissory notes and other liabilities</li> <li>• Other borrowed funds.</li> </ul>	institutions <ul style="list-style-type: none"> <li>• Deposits and other accounts:             <ul style="list-style-type: none"> <li>→ Mudaraba savings deposits</li> <li>→ Mudaraba term deposits</li> <li>→ Other Mudaraba deposits,</li> <li>→ Bills payable</li> </ul> </li> </ul>
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• **BAS (Bangladesh Accounting Standard) 30.24:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Financial Instruments: Disclosure and presentation.	Disclose the fair values of each class of its financial assets and financial liabilities.	Not complied in the annual report.

• **BAS (Bangladesh Accounting Standard) 30.25:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Financial Instruments: Disclosure and presentation of financial Assets.	According to BAS-39, the four classifications of financial assets are: <ul style="list-style-type: none"> <li>• Loans and receivables,</li> <li>• Held to maturity investment,</li> <li>• Financial assets held for trading, and</li> <li>• Available for sale financial assets.</li> </ul>	EXIM Bank follows some of the classifications.

- BAS (Bangladesh Accounting Standard) 30.30:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Maturities of Assets and Liabilities.	An analysis of assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.	<p>EXIM Bank maintained the section by disclosing the following groups:</p> <ul style="list-style-type: none"> <li>• On demand,</li> <li>• Less than three months,</li> <li>• More than three months but less than one year,</li> <li>• More than one year but less than five years,</li> <li>• More than five years.</li> </ul>

- BAS (Bangladesh Accounting Standard) 30.40:**

Title Name	Particulars	Compliance of EXIM Bank of Bangladesh Limited.
Concentrations of Assets, Liabilities and Off Balance Sheet Items.	Any significant concentration of assets, liabilities and off balance sheet items should be disclosed. Such disclosures should be made in terms of geographical areas, customer or industry groups or other concentration of risk.	EXIM Bank adopts the standard as per necessary.



## 4.5. Major Findings:

1. EXIM Bank of Bangladesh Limited follows Objectives of financial statement, Component of financial statement, Going concern, Materiality and Aggregation, Off-sitting, Reporting period, Comparative information, Consistency of presentation, Statement of financial position, Current assets, Current liabilities, Statement of cash flow and Disclosures about dividends etc. of BAS-1.
2. Under BAS-1.10 EXIM Bank of Bangladesh Limited does not fully comply the components of Financial Statement.
3. EXIM Bank of Bangladesh Limited prepared Cash flow Statement from operating activities in direct method.
4. EXIM Bank of Bangladesh Limited also follows Income statement, Balance sheet, financial instruments disclosure and presentation, Maturities of assets and liabilities and Concentrations of assets, liabilities and off balance sheet items etc. of BAS-30.
5. EXIM Bank of Bangladesh Limited follows the Minimum requirements for Balance Sheet items according to BAS-30 (Para 19) but the names of the headings are slightly different from the requirements.
6. Under BAS-30.24 EXIM Bank of Bangladesh Limited does not comply the fair value of each class of its financial assets and financial liabilities.
7. EXIM Bank disclosed off-balance sheet contingencies items but it does not follow the commitments items.
8. EXIM Bank of Bangladesh Limited follows some of the classifications according to BAS-39 such as held to maturity investment and held for trading.
9. EXIM Bank of Bangladesh Limited adopts BAS-30.40 for assets, liabilities and off-balance sheet items in terms of geographical areas, customer or industry groups.
10. Bangladesh Bank does not give permission of all applied rules to the EXIM bank of Bangladesh Limited as it is a shariah based Islamic bank than the other traditional banks.

# CHAPTER 5

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## Recommendation & Conclusion

## 5.1 Recommendations:

1. EXIM Bank of Bangladesh Limited should disclose the fair value of its financial assets and financial liabilities clearly that will be helpful for the people.
2. EXIM Bank of Bangladesh Limited should disclose commitments items of Off-Balance Sheet items for maintain the proper international rules.
3. EXIM Bank of Bangladesh Limited should give all notes to the financial statement.

## 5.2 Conclusion:

EXIM bank has become one of the leading and most successful bank not only among the third generation bank but also it superseded many other banks and financial institution belonging to second and even first generation banks from the point of view of its excellence business performance. This bank is one of the most disciplined banks with a distinctive corporate culture. Here they believe in shared meaning, shared understanding and shared sense making. The main task of the EXIM Bank is to accept deposited from various customers through various accounts EXIM Bank provides loans on easy terms and condition. It creates loan deposit. The bank invest it fund into profitable sector. It transfers money by Demand Draft (DD), Pay Order (PO) and Telegraphic Transfer etc. The bank is doing the transaction of bill of exchange, Cheque etc. on behalf of the clients. EXIM Bank assists in the Foreign Exchange by issuing Letter of Credit. The bank insures the securities of valuable documents of clients. It brings the increasing power of dimension of transaction.

BAS are very important to all organizations. EXIM Bank observes some relevant rules and regulations of BAS-1 and BAS-30 in preparing the financial statement. It is said that they complete almost everything of the observed rules and regulations of BAS-1 and BAS-30. Only BAS-30.24 is not complied by EXIM Bank in preparing the financial statement of 2011. So, it is expected that they should provide the fair value of financial assets and financial liabilities clearly that will be helpful for the people.

# CHAPTER 6

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## Bibliography & Appendix

## **6.1 Bibliography**

- EXIM Bank of Bangladesh Limited Web site <http://www.eximbank.com/>
- **Annual Report of EXIM Bank of Bangladesh Limited-2011.**
- Document of FAD section from Head Office of EXIM Bank of Bangladesh Limited.
- **Bangladesh Accounting Standards (BAS)**  
**Volume-2 (BAS 1- BAS 27)**
- Bangladesh Accounting Standards (BAS)  
**Volume-3 (BAS 28- BAS 41)**
- **The Daily Star News Paper website**  
<http://archive.thedailystar.net/newDesign/news-details.php?nid=211933>

## 6.2 Appendix:

### Financial Statement of EXIM Bank of Bangladesh Limited:

#### Balance Sheet:

**EXIM Bank of Bangladesh Limited**  
**Balance Sheet**  
**As at 31<sup>st</sup> December 2011**

	Notes	Taka	
		2011	2010
<b>PROPERTY &amp; ASSETS</b>			
<b>Cash</b>	3		
In hand (including foreign currency)		939,991,945	731,845,420
With Bangladesh Bank and its Agent Banks (including foreign currency)		13,964,278,341	9,346,699,826
		<b>14,904,270,286</b>	<b>10,078,545,246</b>
<b>Balance with other banks and financial institutions</b>	4		
In Bangladesh		3,882,017,395	539,356,997
Outside Bangladesh		1,400,339,005	842,791,498
		<b>5,282,356,400</b>	<b>1,382,148,495</b>
<b>Placement with banks &amp; other financial institutions</b>	5		
		-	-
<b>Investments in shares and securities</b>	6		
Government		2,763,708,330	2,756,000,000
Others		4,890,056,290	2,836,289,639
		<b>7,653,764,620</b>	<b>5,592,289,639</b>
<b>Investments</b>	7		
General investments etc.		95,700,620,485	89,551,968,896
Bills purchased and discounted		3,999,007,171	3,744,679,959
		<b>99,699,627,656</b>	<b>93,296,648,855</b>
<b>Fixed assets including premises</b>	8		
		467,981,225	463,743,339
<b>Other assets</b>	9		
		1,866,423,976	2,257,606,314
<b>Non-banking assets</b>			
		-	-
<b>Total assets</b>		<b>129,874,424,163</b>	<b>113,070,981,888</b>
<b>LIABILITIES &amp; CAPITAL</b>			
<b>Liabilities</b>			
Placement from banks & other financial institutions	11	3,450,000,000	1,652,267,933
<b>Deposits and other accounts</b>	12		
Mudaraba savings deposits		5,461,081,193	4,736,853,655
Mudaraba term deposits		66,067,864,576	59,412,512,711
Other Mudaraba Deposits		21,697,201,006	16,974,377,239
Al wadeeah current and other deposit accounts		13,733,096,041	12,673,205,230
Bills payable		921,963,085	1,152,451,234
		<b>107,881,205,901</b>	<b>94,949,400,069</b>
<b>Other liabilities</b>	13		
		4,058,993,415	3,994,461,881
<b>Total liabilities</b>		<b>115,390,199,316</b>	<b>100,596,129,883</b>
<b>Capital/shareholders' equity</b>			
Paid up capital	14	9,223,562,860	6,832,268,790
Statutory reserve	15	3,849,775,919	3,154,763,651
Other reserve	16	62,775,000	62,775,000
Retained earnings	18	1,348,111,068	2,425,044,564
<b>Total shareholders' equity</b>		<b>14,484,224,847</b>	<b>12,474,852,005</b>
<b>Total liabilities and shareholders' equity</b>		<b>129,874,424,163</b>	<b>113,070,981,888</b>

IAS 1.113

IAS 1.55

IAS 37.28

**Off balance sheet items**

**Contingent liabilities:**

Acceptance and endorsements -

Letters of guarantee

Irrevocable letters of credit

Bills for collection

Other contingent liabilities

**Total contingent liabilities**

Other commitments

**Total off balance sheet items**

Notes	TAKA	
	2011	2010
20		
20.1	3,923,644,884	2,843,764,312
20.2	15,239,815,112	24,659,729,822
20.3	2,590,679,299	2,101,115,742
20.4	33,175,780,264	25,493,754,496
	<b>54,929,919,559</b>	<b>55,098,364,372</b>
	-	-
	<b>54,929,919,559</b>	<b>55,098,364,372</b>

The annexed notes 1 to 48 and annexures A-D form an integral part of these financial statements.

  
Chairman

  
Director

  
Director

  
Managing Director

Signed in terms of our separate report of even date

Dhaka,  
Date : 13. 05. 2012

  
**PINAKI & COMPANY**  
Chartered Accountants



## Cash Flow Statement of EXIM Bank of Bangladesh Limited.

### EXIM Bank of Bangladesh Limited Cash Flow Statement As at 31<sup>st</sup> December 2011

IAS 1.10 (d),  
IAS 1.51 (c)

#### Cash Flow Statement for the year ended 31 December 2011

IAS 1.38, 39

Particulars	Taka	
	2011	2010
<b>A) Cash flows from operating activities</b>		
Investment income receipts	13,158,209,380	9,690,621,080
Profit paid on deposits, borrowings, etc.	(8,905,481,089)	(6,259,323,757)
Dividend receipts	33,451,300	15,550,102
Fees and commission receipts	1,831,245,268	1,809,572,534
Cash payments to employees	(1,334,159,395)	(1,010,134,531)
Cash payments to suppliers	(6,026,011)	(1,350,950)
Income tax payments	(1,827,695,208)	(1,265,031,769)
Receipts from other operating activities	748,345,211	2,163,837,766
Payments for other operating activities	(1,026,177,126)	(691,187,956)
<b>Cash flows before changes in operating assets and liabilities</b>	<b>2,671,712,330</b>	<b>4,452,552,519</b>
<b>Changes in operating assets and liabilities:</b>		
(Increase)/decrease in operating assets:		
Statutory deposits		
Trading security - shares	(2,051,093,638)	(2,648,706,098)
Investments to other banks	-	-
Investments to customers	(6,585,924,239)	(24,694,297,385)
Other assets	418,881,349	(814,480,464)
Increase/(decrease) in operating liabilities:		
Deposits from other banks	(1,665,783,773)	1,499,593,306
Deposits from customers	14,145,303,564	19,853,614,598
Liabilities on account of customers	-	-
Trading liabilities (borrowing)	1,797,732,067	1,650,969,433
Other liabilities	128,451,715	74,252,460
<b>Net cash from operating activities</b>	<b>8,859,279,375</b>	<b>(626,501,631)</b>
<b>B) Cash flows from investing activities:</b>		
Receipts from sale of securities - BGIB	-	-
Payment for purchase of securities	(1,708,330)	(750,000,000)
Purchase of fixed assets	(132,195,816)	(188,769,729)
Sale proceeds of fixed assets	557,716	2,509,425
Purchase of Subsidiaries	-	-
<b>Net cash from investing activities</b>	<b>(133,346,430)</b>	<b>(936,260,304)</b>
<b>C) Cash flows from financing activities</b>		
Receipts from issue of Debt Instruments	-	-
Payment for redemption of Debt Instruments	-	-
Receipts from issue of Ordinary Share/Rights Share	-	2,277,422,930
Dividend paid in Cash	-	-
<b>Net cash from financing activities</b>	<b>-</b>	<b>2,277,422,930</b>
<b>D) Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>8,725,932,945</b>	<b>714,660,995</b>
<b>E) Effect of Exchange rate changes on cash and cash equivalent</b>	<b>-</b>	<b>-</b>
<b>F) Cash and cash equivalents at beginning of the year</b>	<b>11,460,693,741</b>	<b>10,746,032,746</b>
<b>G) Cash and cash equivalents at end of the year (D + E + F)</b>	<b>20,186,626,686</b>	<b>11,460,693,741</b>
<b>H) Cash and cash equivalents</b>		
Cash	14,904,270,286	10,078,545,246
Balance with other banks and financial institutions	5,282,356,400	1,382,148,495
	<b>20,186,626,686</b>	<b>11,460,693,741</b>

  
Chairman

  
Director

  
Director

  
Managing Director

## Profit & Loss Account of EXIM Bank of Bangladesh Limited.

### EXIM Bank of Bangladesh Limited.

#### Profit & Loss Account As at 31<sup>st</sup> December 2011

IAS 1.10 (b),  
IAS 1.51 (c)

#### Profit and Loss Account for the year ended 31 December 2011

IAS 1.113  
IAS 1.38, 39

Particulars	Notes	Taka	
		2011	2010
Investment income	23	13,122,774,352	9,606,185,898
Profit paid on deposits, borrowings, etc.	24	(9,357,767,130)	(6,020,054,097)
<b>Net investment income</b>		<b>3,765,007,222</b>	<b>3,586,131,801</b>
Income from investment in shares/securities	25	99,232,341	143,927,878
Commission, exchange and brokerage	26	1,831,245,268	1,809,572,534
Gain on sale of investment in shares		-	1,292,104,250
Other operating income	27	748,628,692	872,161,614
<b>Total operating income</b>		<b>6,444,113,523</b>	<b>7,703,898,077</b>
<b>Operating expenses</b>			
Salary and allowances	28	1,325,173,260	1,000,248,831
Rent, taxes, insurance, electricity etc.	29	203,398,519	160,671,619
Legal expenses	30	8,931,521	5,147,806
Postage, stamp, telegram, telephone etc	31	66,389,857	56,305,846
Auditor's fees	32	500,000	805,750
Stationery, printing, advertisement etc.	33	102,561,637	69,388,322
Managing Director's remuneration		8,986,135	9,885,700
Managing Director's fees		-	-
Directors' fees and expenses	34	2,290,190	2,206,353
Shariah Supervisory Committee's Fees & Expenses	35	308,611	226,881
Charges on Investment Losses		-	-
Depreciation on and repairs to Bank's property	36	147,107,703	119,178,863
Zakat expenses		83,883,260	55,897,642
Other expenses	37	538,759,781	330,145,076
<b>Total operating expenses</b>		<b>2,488,290,474</b>	<b>1,810,108,689</b>
<b>Profit before provisions</b>		<b>3,955,823,049</b>	<b>5,893,789,388</b>
Provision for investments	38	167,805,718	266,799,721
Provision for off balance sheet exposure	39	17,888,196	238,752,000
Provision for diminution in value of shares		295,067,797	79,291,061
<b>Profit before tax</b>		<b>3,475,061,338</b>	<b>5,308,946,606</b>
Provision for tax	13.3.1	1,465,688,496	1,832,938,651
Deferred tax		-	-
<b>Profit after tax</b>		<b>2,009,372,842</b>	<b>3,476,007,955</b>
Retained earnings brought forward		2,425,044,564	1,187,502,441
Transfer from Exchange Equalization Account		-	4,209,449
		2,425,044,564	1,191,711,890
<b>Profit available for appropriation</b>		<b>4,434,417,406</b>	<b>4,667,719,845</b>
<b>Appropriations:</b>			
Statutory reserve		695,012,268	1,061,789,321
Issue of bonus shares		2,391,294,070	1,180,885,960
		3,086,306,338	2,242,675,281
<b>Retained earnings carried forward</b>		<b>1,348,111,068</b>	<b>2,425,044,564</b>
<b>Earnings per ordinary share</b>	40	<b>2.18</b>	<b>3.77</b>

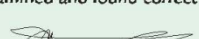
The annexed notes 1 to 48 and annexures A-D form an integral part of these financial statements.

*Examined and found correct*

  
Chairman

  
Director

  
Director

  
Managing Director

Dhaka, 13. 05. 2012

  
**PINAKI & COMPANY**  
Chartered Accountants

## Statement of Changes in Equity of EXIM Bank of Bangladesh Limited.

### EXIM Bank of Bangladesh Limited Statement of Changes in Equity As at 31<sup>st</sup> December 2011

Particulars	Paid up Capital Taka	Statutory Reserve Taka	General/ Other reserves* Taka	Retained earnings Taka	Total Taka
Balance at 1 January 2011	6,832,268,790	3,154,763,651	62,775,000	2,425,044,564	12,474,852,005
Changes in accounting policies	-	-	-	-	-
Restated Balance	6,832,268,790	3,154,763,651	62,775,000	2,425,044,564	12,474,852,005
Surplus/(Deficit) on Account of Revaluation Properties	-	-	-	-	-
Surplus/(Deficit) on Account of Revaluation of Investment	-	-	-	-	-
Currency translation difference	-	-	-	-	-
Net Gain and Losses not recognized by in the income statement	-	-	-	-	-
Profit for the year	-	-	-	2,009,372,842	2,009,372,842
Stock Dividend paid during the year	2,391,294,070	-	-	(2,391,294,070)	-
Transferred to statutory reserve	-	695,012,268	-	(695,012,268)	-
<b>Total Shareholders Equity as on 31 December 2011</b>	<b>9,223,562,860</b>	<b>3,849,775,919</b>	<b>62,775,000</b>	<b>1,348,111,068</b>	<b>14,484,224,847</b>
Add: General Provision for Unclassified Investment					1,076,032,148
Add: Provision for Off balance sheet Exposures					549,299,196
<b>Total Equity as on 31 December 2011</b>					<b>16,109,556,191</b>

*General Reserve/Other Reserve	2011	2010
General Reserve	-	-
Dividend Equalization Account	62,775,000	62,775,000
<b>Total</b>	<b>62,775,000</b>	<b>62,775,000</b>

  
Chairman

  
Director

  
Director

  
Managing Director