

Auditors' Report

balance sheet as of 31 December 2010, profit and loss account, statement of changes in equity, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements of the Bank in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of these financial statements of the Bank that are free from material misstatement, whether due to fraud or error

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements of the Bank in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion the financial statements of the Bank prepared in accordance with the Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the financial position of the Bank as of 31 December 2010 and the results of its financial performance and its cash flows for the year ended 31 December 2010 and comply with the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- 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;
- 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 and proper returns adequate for the purposes of our audit have been received from branches not visited by us; the balance sheet and profit and loss account of the Bank dealt with by the report are in agreement with the books of account and returns; III)
- the expenditure incurred was for the purposes of the Bank's business;
- the financial position of the Bank as of 31 December 2010 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; the financial statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank; adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- the financial statements of the Bank conform to the prescribed standards set in the accounting regulations issued by 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 in the financial statements:
- the information and explanations required by us have been received and found satisfactory. XI)
- we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 2,250 person hours for the audit of the books and accounts of the Bank; and XII)
- the capital adequacy ratio, in compliance with Basel II has been maintained adequately during the year.

Place: Dhaka Date: 28 April 2011

PROPERTY AND ASSETS



31.12.2010

31.12.2009

Balance Sheet As at 31 December 2010

| Cash | 3 | 3,075,372,781 | 2,424,890,972 |
|--|----|------------------|----------------|
| Cash in Hand (including foreign currencies) | | 344,012,334 | 223,468,569 |
| Balance with Bangladesh Bank & Sonali Bank (including | | 2,731,360,447 | 2,201,422,403 |
| foreign currencies) | | | |
| Balance With Other Banks & Financial Institutions | 4 | 2,627,442,164 | 5,906,178,460 |
| In Bangladesh | | 1,992,010,143 | 5,526,479,443 |
| Outside Bangladesh | | 635,432,021 | 379,699,017 |
| Money at Call and Short Notice | 5 | 250,000,000 | 180,000,000 |
| Investments | 6 | 6,676,431,838 | 6,338,729,974 |
| Government | | 6,506,731,752 | 6,239,236,514 |
| Others | | 169,700,086 | 99,493,460 |
| Loans & Advances | 7 | 46,341,513,504 | 29,261,534,342 |
| Loans, Cash Credit & Over Draft etc. | | 43,257,526,832 | 27,226,480,452 |
| Bills Purchased and Discounted | | 3,083,986,672 | 2,035,053,890 |
| Premises and Fixed Assets | 8 | 283,116,626 | 232,655,780 |
| Other Assets | 9 | 2,315,509,761 | 964,326,397 |
| Non-Banking Assets | | : - : | |
| Total Assets | | 61,569,386,675 | 45,308,315,925 |
| LIABILITIES & CAPITAL | | | |
| Borrowings from other banks/financial Institutions and agents | 10 | 2,718,463,342 | 2,875,157,917 |
| Deposits and Other Accounts | 11 | 49,259,600,843 | 34,501,698,265 |
| Current Deposits and Other Accounts | | 4,887,144,405 | 2,504,619,309 |
| Bills Payable | | 597,015,587 | 341,500,758 |
| Savings Bank Deposits | | 1,328,222,087 | 1,165,841,755 |
| | | 40 447 040 760 | 20 400 725 442 |

| Deposits and Other Accounts | 11 | 49,259,600,843 | 34,501,698,265 |
|-------------------------------------|----|----------------|----------------|
| Current Deposits and Other Accounts | | 4,887,144,405 | 2,504,619,309 |
| Bills Payable | | 597,015,587 | 341,500,758 |
| Savings Bank Deposits | | 1,328,222,087 | 1,165,841,755 |
| Fixed Deposits | | 42,447,218,763 | 30,489,736,443 |
| Bearer Certificate of Deposit | | - | |
| Other Deposits | | - | |
| Other Liabilities | 12 | 5,116,886,539 | 4,007,509,285 |
| Total Liabilities | | 57,094,950,724 | 41,384,365,467 |
| Capital / Shareholders' Equity | | | |
| Paid-up Capital | 13 | 1,964,655,000 | 1,455,300,000 |
| Statutory Reserve | 14 | 1,824,692,334 | 1,559,657,251 |
| Other Reserve | 15 | 255,099,831 | 365,550,608 |
| Surplus in Profit and Loss Account | 16 | 429,988,786 | 543,442,599 |
| Total Shareholders' Equity | | 4,474,435,950 | 3,923,950,458 |
| | | | if. |

45,308,315,925 61,569,386,675

Chartered Accountants

16,069,084,644 1,935,585,288

1,492,242,760

54,406,622

11.212.607.231

Syful Skamsul Alam & Co. **Chartered Accountants**

22,161,472,129 5,367,167,387

1,350,964,214

14,482,011,411

Place: Dhaka Date: 28 April 2011

Bills for Collection

OFF-BALANCE SHEET ITEMS

Total Liabilities & Shareholders' Equity

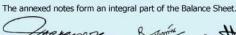
CONTINGENT LIABILITIES: Letters of Guarantee Irrevocable Letters of Credit

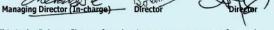
Other Contingent Liabilities OTHER COMMITMENTS: Documentary credit and short term trade-related transactions

Forward assets purchased and forward Deposits placed

Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines and other commitmen Total:

Total Off-Balance Sheet Items including Contingent Liabilities 22,161,472,129 16,069,084,644





This is the Balance Sheet referred to in our separate report of even date. Place: Dhaka Date: 28 April 2011 med Alam & Co.

Profit and Loss Account

For the year ended 31 December 2010

| | Operating Income | | 2.0 | |
|---|---|-------|-----------------|---|
| | Interest Income | 18 | 4,337,044,641 | 3,877,171,227 |
| | Interest paid on Deposits & Borrowings | 19 | (3,033,562,579) | (2,873,969,387 |
| | Net Interest Income | | 1,303,482,062 | 1,003,201,840 |
| | Income from Investment | 20 | 651,524,002 | 761,821,420 |
| | Commission / Fees, Exchange Earnings & Brokerage | 21 | 655,303,829 | 455,223,647 |
| | Other Operating Income | 22 | 476,671,354 | 68,086,553 |
| | TOTAL OPERATING INCOME (A) | | 3,086,981,247 | 2,288,333,460 |
| | Operating Expenses | | | |
| | Salary & Allowances | 23 | 877,127,579 | 455,238,315 |
| | Rent, Taxes, Insurance, Electricity etc. | 24 | 85,968,179 | 70,942,126 |
| | Legal & Professional Expenses | 25 | 4,135,727 | 2,162,708 |
| | Postage, Stamp, Telecommunication etc. | 26 | 27,853,213 | 13,811,507 |
| | Stationery, Printing, Advertisement etc. | 27 | 30,772,319 | 25,194,665 |
| | Managing Director's Salary | 28 | 6,200,000 | 2,089,300 |
| | Directors' Fee | 29 | 1,140,000 | 820,000 |
| | Audit Fee | | 235,125 | 235,125 |
| | Charges on Loan Losses | | - | - |
| | Depreciation of Bank's Assets | 30 | 67,569,180 | 60,190,044 |
| | Repair & Maintenance of Bank's Assets | 31 | 19,823,786 | 13,785,056 |
| | Other Expenses | 32 | 249,105,671 | 75,519,792 |
| | TOTAL OPERATING EXPENSES (B) | | 1,369,930,780 | 719,988,638 |
| | Operating Profit / (Loss) Before Provision (C) = (| (A-B) | 1,717,050,467 | 1,568,344,822 |
| | Provision for Loan & Advances | 33 | 326,277,982 | 178,280,235 |
| | Provision for Off Balance Sheet Exposures | 34 | 65,597,080 | 53,424,350 |
| | Provision for Diminution in Value of Investments | 85.00 | 00/05//000 | 507 12 1/555 |
| | Provision for Protested Bill | | | 14,673,000 |
| | Provision against equity of Grameen IT Park | | - 1 | |
| | Total Provision (D) | | 391,875,062 | 246,377,585 |
| ä | Net Profit / (Loss) before Tax (C - D) | | 1,325,175,405 | 1,321,967,237 |
| | | | | |
| 4 | Provision for Current Tax | | 723,274,196 | 687,365,442 |
| | Provision for Deferred Tax | 36 | (59,035,060) | (14,251,604 |
| | Net Profit / (Loss) after Tax | | 660,936,269 | 648,853,399 |
| | Distribution : | | | |
| | Statutory Reserve | 14 | 265,035,082 | 264,393,447 |
| | General Reserve | | A | - C - C - C - C - C - C - C - C - C - C |
| | Dividend | | 2 | - 2 |
| | Retained Surplus | | 395,901,187 | 384,459,952 |
| | Earning Per Share (EPS) | 39 | 33.64 | 44.59 |
| | | | | |

ng Director (In-cha

The annexed notes form an integral part of the Profit and Loss Account.

This is the Balance Sheet referred to in our separate report of even date



Place: Dhaka Date: 28 April 2011

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2010

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Cash Flow Statement

For the year ended 31 December 2010

| ٨ | Cash Inflows from Operating Activities | <u> така</u> | така |
|-----|--|--|---|
| - 7 | Interest Received in Cash | 4.935.127.321 | 4,698,690,493 |
| | Interest Paid by Cash | (3,044,386,504) | (2,885,115,412) |
| | Dividend Received in Cash | 7,698,339 | 500,000 |
| | Fees and Commission Received in Cash | 655,303,829 | 455,223,647 |
| | Recovery of Loans Previously Written off | 7,570,819 | 665,300 |
| | Cash Paid to Employees | (667,744,406) | (443,562,991) |
| | Cash Paid to Suppliers | (30,772,319) | (25,194,665) |
| | Income Tax Paid | (606,784,827) | (667,041,763) |
| | Received from Other Operating Activities (Item- Wise) | 463,586,389 | 67,421,253 |
| | Paid for Other Operating Activities (Item-Wise) | (388,261,705) | (182,276,314) |
| | Operating Profit before Changes in Operating Assets and Liabilities | 1,331,336,936 | 1,019,309,548 |
| | Changes in Operating Assets and Liabilities: | (3,620,380,967) | (7,029,746,514) |
| | Statutory Deposit | 2,487,494,000 | (677,826,000) |
| | Purchase/sales of Trading Securities | (448,152,641) | (1,171,256,738) |
| | Loans and Advances to Customers | (17,079,979,162) | (1,992,403,162) |
| | Other Assets (Item-Wise) | (1,249,019,373) | (90,513,187) |
| | Deposits from Other Bank | 13,771,000 | (430,000) |
| | Deposits from Customers | 12,256,637,578 | (3,188,283,167) |
| | Other Liabilities (item-wise) | 398,867,631 | 90,965,740 |
| | | | |
| | Net cash flow from Operating Activities | (2,289,044,031) | (6,010,436,966) |
| В | Cash Inflows from Investing Activities | (2,289,044,031) | |
| В | Cash Inflows from Investing Activities Proceeds from Sale of Securities | (2,289,044,031) | 1,656,211,236 |
| В | Cash Inflows from Investing Activities Proceeds from Sale of Securities Cash Payments for Purchase of Securities | | 1,656,211,236 (843,166,691) |
| В | Cash Inflows from Investing Activities Proceeds from Sale of Securities Cash Payments for Purchase of Securities Purchase of Fixed Assets | (118,338,650) | 1,656,211,236 (843,166,691) (64,946,904) |
| В | Cash Inflows from Investing Activities Proceeds from Sale of Securities Cash Payments for Purchase of Securities Purchase of Fixed Assets Sales of Fixed Assets | (118,338,650) 5,822,769 | 1,656,211,236 (843,166,691) (64,946,904) 466,459 |
| В | Cash Inflows from Investing Activities Proceeds from Sale of Securities Cash Payments for Purchase of Securities Purchase of Fixed Assets | (118,338,650) | 1,656,211,236 (843,166,691) (64,946,904) |
| | Cash Inflows from Investing Activities Proceeds from Sale of Securities Cash Payments for Purchase of Securities Purchase of Fixed Assets Sales of Fixed Assets | (118,338,650) 5,822,769 | 1,656,211,236 (843,166,691) (64,946,904) 466,459 |
| | Cash Inflows from Investing Activities Proceeds from Sale of Securities Cash Payments for Purchase of Securities Purchase of Fixed Assets Sales of Fixed Assets Net Cash flow from/(used in) Investing Activities Cash inflows from financing activities Increase/(Decrease) of Long Term Borrowing | (118,338,650) 5,822,769 | 1,656,211,236 (843,166,691) (64,946,904) 466,459 |
| | Cash Inflows from Investing Activities Proceeds from Sale of Securities Cash Payments for Purchase of Securities Purchase of Fixed Assets Sales of Fixed Assets Net cash flow from/(used in) Investing Activities Cash inflows from financing activities Increase/(Decrease) of Long Term Borrowing Payment of Dividend | (118,338,650) 5,822,769 (112,515,881) | 1,656,211,236 (843,166,691) (64,946,904) 466,459 748.564,101 1,166,753,668 |
| | Cash Inflows from Investing Activities Proceeds from Sale of Securities Cash Payments for Purchase of Securities Purchase of Fixed Assets Sales of Fixed Assets Net Cash flow from/(used in) Investing Activities Cash inflows from financing activities Increase/(Decrease) of Long Term Borrowing | (118,338,650) 5,822,769 (112,515,881) | 1,656,211,236 (843,166,691) (64,946,904) 466,459 748,564,101 |
| | Cash Inflows from Investing Activities Proceeds from Sale of Securities Cash Payments for Purchase of Securities Purchase of Fixed Assets Sales of Fixed Assets Net cash flow from/(used in) Investing Activities Cash inflows from financing activities Increase/(Decrease) of Long Term Borrowing Payment of Dividend | (118,338,650) 5,822,769 (112,515,881) | 1,656,211,236 (843,166,691) (64,946,904) 466,459 748.564,101 1,166,753,668 |
| | Cash Inflows from Investing Activities Proceeds from Sale of Securities Cash Payments for Purchase of Securities Purchase of Fixed Assets Sales of Fixed Assets Net cash flow from/(used in) Investing Activities Cash inflows from financing activities Increase/(Decrease) of Long Term Borrowing Payment of Dividend Net cash flow from Financing Activities | (118,338,650) 5,822,769 (112,515,881) (156,694,576) | 1,656,211,236 (843,166,691) (64,946,904) 466,459 748.564.101 1,166,753,668 |
| | Cash Inflows from Investing Activities Proceeds from Sale of Securities Cash Payments for Purchase of Securities Purchase of Fixed Assets Sales of Fixed Assets Net cash flow from/(used in) Investing Activities Cash inflows from financing activities Increase/(Decrease) of Long Term Borrowing Payment of Dividend Net cash flow from Financing Activities Net Increase of Cash and Cash Equivalent (A+B+C) | (118,338,650) 5,822,769 (112,515,881) (156,694,576) | 1,656,211,236 (843,166,691) (64,946,904) 466,459 748.564.101 1,166,753,668 |
| | Cash Inflows from Investing Activities Proceeds from Sale of Securities Cash Payments for Purchase of Securities Purchase of Fixed Assets Sales of Fixed Assets Net cash flow from/(used in) Investing Activities Cash inflows from financing activities Increase/(Decrease) of Long Term Borrowing Payment of Dividend Net cash flow from Financing Activities Net Increase of Cash and Cash Equivalent (A+B+C) Effects of Exchange Rate Changes on Cash and Cash Equivalent | (118,338,650) 5,822,769 (112,515,881) (156,694,576) (2,558,254,488) | 1,656,211,236 (843,166,691) (64,946,904) 466,459 748,564,101 1,166,753,668 (4,095,119,197) |
| | Cash Inflows from Investing Activities Proceeds from Sale of Securities Cash Payments for Purchase of Securities Purchase of Fixed Assets Sales of Fixed Assets Net cash flow from/(used in) Investing Activities Cash inflows from financing activities Increase/(Decrease) of Long Term Borrowing Payment of Dividend Net cash flow from Financing Activities Net Increase of Cash and Cash Equivalent (A+B+C) Effects of Exchange Rate Changes on Cash and Cash Equivalent Opening Cash and Cash Equivalent Closing Cash and Cash Equivalent Note 38 | (118,338,650) 5,822,769 (112,515,881) (156,694,576) (2,558,254,488) 8,511,069,433 | 1,656,211,236 (843,166,691) (64,946,904) 466,459 748,564,101 1,166,753,668 (4,095,119,197) 12,606,188,630 |
| | Cash Inflows from Investing Activities Proceeds from Sale of Securities Cash Payments for Purchase of Securities Purchase of Fixed Assets Sales of Fixed Assets Sales of Fixed Assets Net cash flow from/(used in) Investing Activities Cash inflows from financing activities Increase/(Decrease) of Long Term Borrowing Payment of Dividend Net cash flow from Financing Activities Net Increase of Cash and Cash Equivalent (A+B+C) Effects of Exchange Rate Changes on Cash and Cash Equivalent Opening Cash and Cash Equivalent Closing Cash and Cash Equivalent Note 38 Analysis of Closing Cash and Cash Equivalent | (118,338,650) 5,822,769 (112,515,881) (156,694,576) (2,558,254,488) | 1,656,211,236 (843,166,691) (64,946,904) 466,459 748.564,101 1,166,753,668 (4,095,119,197) 12,606,188,630 8,511,069,433 |
| | Cash Inflows from Investing Activities Proceeds from Sale of Securities Cash Payments for Purchase of Securities Purchase of Fixed Assets Sales of Fixed Assets Net cash flow from/(used in) Investing Activities Cash inflows from financing activities Increase/(Decrease) of Long Term Borrowing Payment of Dividend Net cash flow from Financing Activities Net Increase of Cash and Cash Equivalent (A+B+C) Effects of Exchange Rate Changes on Cash and Cash Equivalent Opening Cash and Cash Equivalent Closing Cash and Cash Equivalent Note 38 | (118,338,650) 5,822,769 (112,515,881) (156,694,576) (2,558,254,488) 8,511,069,433 | 1,656,211,236 (843,166,691) (64,946,904) 466,459 748,564,101 1,166,753,668 (4,095,119,197) 12,606,188,630 |

The annexed note forms an integral part of the Cash Flow Statement.



This is the Balance Sheet referred to in our separate report of even date



180,000,000 8,511,069,433

Place: Dhaka Date: 28 April 2011

Money at Call and Short Notice

oul Alam & Co.

250,000,000 **5,952,814,945**

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2010

| Particulars | Paid-up Capital | Statutory Reserve | Other Reserve | Profit and Loss | Revaluation Reserve | Loss on revaluation/amor tization of HTM securities | Total |
|--|-----------------|----------------------|------------------|-----------------|------------------------|--|---------------|
| | Taka | Taka | Taka | Taka | Taka | Taka | Taka |
| Balance as of 01 January 2010 | 1,455,300,000 | 1,559,657,251 | 40,000,000 | 543,442,599 | 326,687,076 | (1,136,469) | 3,923,950,457 |
| Net Profit for the Year | | 265,035,082 | 1.0 | 395,901,187 | | | 660,936,269 |
| Revaluation Reserve for Securities | | | 1477 | | (100,118,041) | (10,332,735) | (110,450,776 |
| Adjustment of Revaluation Reserve on Maturity of Securities | * | * | .*. | 5. * | (*) | - | ٠ |
| Transferred to Other Reserve | | | 1973 | | | | 9 |
| Cash Dividend Paid During the Year | | | | | | | 14 |
| Dividend Distribution Tax | | * | 14.1 | | (10) | | |
| Issuance of bonus share | 509,355,000 | | S (2) | (509,355,000) | | | |
| Balance as of 31 December 2010 | 1,964,655,000 | 1.824.692.333 | 40,000,000 | 429,988,786 | 226,569,035 | (11,469,204) | 4,474,435,950 |







Liquidity Statement

(Asset and Liability Maturity Analysis) For the year ended 31 December 2010

| Particulars | Upto 01 month | 1 - 3 months | 3 - 12 months | 1 - 5 years | More than 5 years | Total |
|---|-----------------|----------------|-----------------|----------------|-------------------|----------------|
| Assets: | | | | | | |
| Cash in Hand | 366,613,781 | | | 1.0 | 2,708,759,000 | 3,075,372,781 |
| Balance with Other Banks and Financial Institutions | 1,364,861,683 | 559,852,829 | 547,094,570 | 155,633,082 | | 2,627,442,164 |
| Money at Call on Short Notice | 250,000,000 | | | | | 250,000,000 |
| Investment | 2,177,800 | | 23,035,100 | 5,789,642,061 | 861,576,877 | 6,676,431,838 |
| Loans and Advances | 876,146,801 | 9,047,194,674 | 17,358,786,508 | 15,225,095,477 | 3,834,290,044 | 46,341,513,504 |
| Fixed Assets Including Premises, Furniture and | 21 | | | 200,684,154 | 82,432,472 | 283,116,626 |
| Fixtures | | | | | 343433 | 0.000 |
| Other Assets | * | 740,033,637 | 585,705,459 | 989,770,665 | *: | 2,315,509,762 |
| Non-banking Assets | | | | • | | |
| Total Assets | 2,859,800,065 | 10,347,081,140 | 18,514,621,637 | 22,360,825,439 | 7,487,058,393 | 61,569,386,675 |
| Liabilities: | | | | | | |
| Borrowing from Bangladesh Bank, Other Banks, | | | * | 1,635,481,969 | 1,062,981,373 | 2,718,463,342 |
| Financial Institutions and Agents | 0.400.404.044 | | 25 575 200 570 | 7.000.000 | 27 343 (23 | 40 300 000 044 |
| Deposits & Other Accounts | 9,409,191,011 | 6,634,889,664 | 25,526,200,670 | 7,656,078,867 | 33,240,632 | 49,259,600,844 |
| Provision and Other Liabilities | 200,967,296 | 209,176,469 | 2,854,430,683 | 1,309,140,749 | 543,171,342 | 5,116,886,539 |
| Total Liabilities | 9,610,158,307 | 6,844,066,133 | 28,380,631,353 | 10,600,701,585 | 1,659,393,347 | 57,094,950,724 |
| Net Liquidity Gap | (6,750,358,242) | 3,503,015,007 | (9,866,009,715) | 11,760,123,854 | 5,827,665,046 | 4,474,435,950 |







Highlights on the overall activities of the Bank

| SL | Particulars | 2010 | 2009 |
|----|--|----------------|----------------|
| 1 | Paid up Capital | 1,964,655,000 | 1,455,300,000 |
| 2 | Total Capital | 5,073,072,836 | 4,293,562,623 |
| 3 | Capital Surplus / (Deficit) | 221,442,836 | 1,108,492,823 |
| 4 | Total Assets | 61,569,386,676 | 45,308,315,925 |
| 5 | Total Deposits | 49,259,600,843 | 34,501,698,265 |
| 6 | Total Loans and Advances | 46,341,513,504 | 29,261,534,342 |
| 7 | Total Contingent Liabilities and Commitments | 22,161,472,129 | 16,069,084,644 |
| 8 | Credit - Deposit Ratio | 94.08% | 84.81% |
| 9 | Percentage of Classified Loans against total Loans and Advances | 4.83% | 4.83% |
| 10 | Profit after Tax and Provision | 660,936,270 | 648,853,399 |
| 11 | Amount of Classified Loans and Advances | 2,239,968,230 | 1,412,346,626 |
| 12 | Provision Kept against Classified Loan | 734,544,770 | 523,394,422 |
| 13 | Provision Surplus/ (deficit) | 12/ | 2 |
| 14 | Cost of Fund | 8.13% | 7.58% |
| 15 | Interest Earning Assets | 52,810,422,036 | 40,172,871,716 |
| 16 | Non-interest Bearing Assets | 8,758,964,640 | 5,135,444,209 |
| 17 | Return on Investment (ROI) | 10.01% | 12.67% |
| 18 | Return on Assets (ROA) | 1.24% | 1.41% |
| 19 | Incomes on Investment | 651,524,002 | 761,821,420 |
| 20 | Earnings Per Share (EPS) | 33.64 | 44.59 |
| 21 | Net Income Per Share | 33.64 | 44.59 |
| 22 | Price Earning Ratio | N/A* | N/A* |

Notes to the Financial Statements

for the year ended 31 December 2010

Status of the Bank

The BASIC Bank Limited ("the Bank") was incorporated as a banking company under the Companies Act, 1913. In 2001 the Bank changed its earlier name ' Bank of Small Industries and Commerce Bangladesh Limited' and registered the new name with the Registrar of Joint Stock Companies. Initially the Bank started its operation as a joint venture enterprise of the BCC foundation, a welfare trust in Bangladesh and the Government of People's Republic of Bangladesh. On 4 June 1992 the Government of Bangladesh took over 70% shares held by the than BCIC Foundation and became the sole owner of the bank. It operates with 34 branches in Bangladesh. The registered office of the company is located at 73 Motifheel C/A, Dhaka-1000.

The principal activities of the Bank is unique in blending development financing and commercial banking. The Memorandum and Articles of Association of BASIC Bank Limited stipulate that at least fifty percent of its loanable fund shall be used for financing Small and Medium Scale Industries.

1.2 Significant accounting policies and basis of preparation of financial statements **Basis of accounting** 1.2.1

Statement of compliance

The financial statements of the Bank are made up to 31 December 2010 and are prepared under the historical cost basis, except for the assets and liabilities which are stated at fair value and in accordance with the "First Schedule (Sec-38) of the Bank Companies Act, 1991, BRPD Circular # 14 dated 25 June 2003, BRPD Circular # 15 dated 09 November 2009 and DFIM Circular # 11 dated 23 December 2009, other Bangladesh Bank Circulars, International Accounting Standards and International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Bangladesh titled as "BAS", Companies Act, 1994, the Securities and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges' listing regulations and other laws and rules applicable in Bangladesh. All Inter-branch account balances and

transactions among the head office and the branch have been taken into accounts. The accounting policies and methods of computation used in the preparation of the financial

statements for the year ended 31 December 2010 are consistent with those adopted in Bangladesh.

Use of estimates and judgments In the preparation of the financial statements management required to make judgments, estimates

and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Foreign currency transaction

a) Foreign currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates, i e. the functional currency. The financial statements of the Bank are presented in Taka which is the Bank's functional and presentation currency.

b) Foreign currencies translation

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per BAS-21" The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into taka at weighted average rate of inter bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into Taka equivalent.

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Taka terms at

the rate of exchange rulling on the balance sheet date d) Translation gains and losses

The resulting exchange transaction gains and losses are included in the profit and loss account.

Statement of cash flows Statement of cash flows has been prepared in accordance with the Bangladesh Accounting Standard

7 " Statement of Cash Flows" under direct method as recommended in the BRPD Circular No. 14 dated 25 June 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

The liquidity statement of assets and liabilities as on the reporting date has been prepared on

residual maturity term as per the following basis

i) Balance with other Banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term;

- ii) Investments are on the basis of their respective maturity;
- iii) Loans and advances / investments are on the basis of their repayment schedule;
- iv) Fixed assets are on the basis of their useful lives;
- v) Other assets are on the basis of their realization / amortization;
- vi) Borrowing from other Banks, financial institutions and agents, etc are as per their maturity / repayment terms:
- vii) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors;
- viii) Provisions and other liabilities are on the basis of their payment / adjustments

1.2.7 Reporting period

These financial statements cover one calendar year from 1 January to 31 December 2010.

1.2.8

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability

Assets and basis of their valuation

Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value, and are used by the Bank management for its short

Loans, advances and lease / investments

- a) Loans and advances are stated in the balance sheet on gross basis.
- b) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest on classified loans and advances is kept in suspense account as per Bangladesh Bank instructions and such interest is not accounted for as income until realised from borrowers. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interset amount are kept in seperate
- c) Commission and discounts on bills purchased and discounted are recognized at the
- Provision for loans and advances is made on the basis of year-end review by the management following instructions contained in Bangladesh Bank BCD Circular no. 34 dated 16 November 1989, BCD Circular no. 20 dated 27 December 1994, BCD Circular no. 12 dated 4 September 1995, BRPD Circular no. 16 dated 6 December 1998, BRPD Circular no. 9 dated 14 May 2001, BRPD Circular no. 02 of 15 February 2005, BRPD Circular no. 09 of 20 August 2005, BRPD Circular no. 17 dated 06 December 2005 and BRPD circular no. 32 dated 27 October 2010. The provision rates are given below:

| Particulars | Rate |
|---|------|
| General provision on unclassified general loans and advances | 1% |
| General provision on unclassified small enterprise financing | 1% |
| General provision on unclassified loans for housing finance, loans for professional to set-up business and loans to share business | 2% |
| General provision on unclassified consumer financing other than housing finance, loan for professionals and loans to share business | 5% |
| General provision on special mention account | 5% |
| Specific provision on substandard loans and advances | 20% |
| Specific provision on doubtful loans and advances | 50% |
| Specific provision on bad / loss loans and advances | 100% |

- e) Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery, (ii) and against which legal cases are pending for more than five years as per guidelines of Bangladesh Bank. These write off however will not undermine / affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.
- Amounts receivable on credit cards are included in advances to customers at the amounts expected to be recovered.
- g) As per BRPD circular no. 5 dated 5 June 2006 a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision cannot satisfy the conditions of provision as per IAS 37. At the year end the company has recognized an accumulated general provision of Tk. 1,144 million in the balance sheet under liabilities as per Bangladesh Bank's requirement.

1.3.3 Investments

All investment securities are initially recognised at cost, being fair value of the consideration given, including acquisition charges associated with the investment. Premiums are amortized and discounts accredited, using the effective yield method and are taken to discount income. The valuation method of investments used are:

Held to maturity (HTM)

Investments which have 'fixed or determinable payments', and are intended to be 'held to maturity', other than those that meet the definition of 'held at amortized cost-others' are classified as held to maturity. Investment (HTM)-BHBFC is shown in the financial statements at cost price.

Held for trading (HFT)

Investments classified in this category are acquired principally for the purpose of selling or repurchasing -in short-trading or if designated as such by the management. After initial recognition, investments are measured at fair value and any change in the fair value is recognised in the statement of income for the period in which it arises. These investments are subsequently revalued at current market value on weekly basis as per Bangladesh Bank Guideline. Revaluation gain has been shown in revaluation reserve account & revaluation loss has been shown in Profit & Loss account.

| Items | Applicable accounting value |
|--|--|
| Government treasury bonds-HTM | Amortized value |
| Government treasury bonds-HFT | Market value |
| Prize bond | At cost |
| House Building Finance Corporation Debenture | At redeemable value |
| Shares (private) | At cost or market value at the Balance Sheet date whichever is lower |

These securities are bought and held primarily for the purpose of selling them in future or hold for dividend income. These are reported at cost. Unrealized gains are not recognized in the profit and loss account. But provision for dimunition in value of

Investment in unquoted securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of

Other investments like HBFC debenture & prize bond are also eligible for SLR, HBFC debentures are valued at redeemed value & prize bond are shown at purchase value or

As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment. As such the company measures and recognizes investment in quoted and unquoted shares at cost if the year end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. At the year-end the company's market value and book value of quoted and unquoted shares was higher than cost price by Tk. 36.93 crore. However as per requirements of BAS 39 investment in shares falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the year-end is taken to

profit and loss account or revaluation reserve respectively.

According to DOS circular no. 05 dated 26 May 2008 and subsequent clarification in DOS circular no. 05 dated 28 January 2009 loss on revaluation of Government securities (Tbill/T-bond) should be charged in profit and loss account, and gain on such revaluation should be recorded under Revaluation Reserve Account. At the year end the company has accumulated revaluation gain for T-bonds. However as per requirement of BAS 39, such T-bills and T-bonds will fall under the category of "held for trading" and "held to maturity" where any change in the fair value of held for trading is recognized in profit and loss account, and amortized cost method is applicable for held to maturity using an effective interest rate.

Property, plant and equipment

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Bank and the cost of the assets can be reliably

- All fixed assets are stated at cost less accumulated depreciation as per BAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working
- b) The Bank recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the
- c) Depreciation is charged for the year at the following rates on reducing balance method on all fixed assets other than vehicles, software and all fixed assets of ATM related on which straight line depreciation method is followed and no depreciation is cha

| Category of fixed assets | Rate | Method of Depriciation |
|--------------------------|------|--|
| Furniture and fixtures | 10% | Reducing balance method |
| Machinery and Equipment | 20% | Reducing balance method |
| Computer and Copier | 20% | Straight line method |
| Vehicles (straight line) | 25% | Straight line method |
| Leasehold buildings | | Straight line method over the lease hold period |

- d) For additions during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charged up to the date of disposal.
- e) On disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets
- g) Leasehold floor area in Sholoshahar, Chittagong are treated as operating lease as the legal title of the floor area will not passes to the Bank at the end of the lease term thus the Bank has charged rentals to the income statement on a straight line basis over the lease term as per BAS 17.

- a) An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can
- b) Software represents the value of computer application software licensed for use of the Bank, other than software applied to the operation software system of computers. Intangible assets are carried at its cost, less accumulated amortization and any impairment losses.

Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditure that are incurred in customizing the software for its intended

- c) Expenditure incurred on software is capitalized only when it enhances and extends the economic benefits of computer software beyond their original specifications and lives and such cost is recognized as capital improvement and added to the original cost of
- d) Software is amortized using the straight line method over the estimated useful life of 5 (five) years commencing from the date of the application software is available for use over the best estimate of its useful economic life.

1.3.7 Other assets

Other assets include all balance sheet accounts not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the Bank.

1.3.9

Receivables are recognised when there is a contractual right to receive cash or another financial asset from another entity.

1.3.10 Inventories

Inventories measured at the lower of cost and net realizable value.

1.3.11 Leasing

Leases are classified as finance leases whenever the 'terms of the lease' transfer substantially all the risks and rewards of ownership to the lessee as per BAS-17 " Leases". All other leases are classified as operating leases as per BAS-17 "Leases". Operating lease are rental agreements and all instalments are charged to the income statement.

1.3.12 Non-banking assets:

There are no assets acquired in exchange for loan during the period of financial

1.3.13 Reconciliation of inter-bank and inter-branch account

Accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences which may affect the financial statements

Un-reconciled entries / balances in the case of inter-branch transactions as on the reporting date are not material

1.4

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

1.5 Bank Companies Act, 1991 requires the Bank to transfer 20% of its current year's profit

before tax to reserve until such reserve equals to its paid up capital.

1.7

Deposits by customers and banks are recognised when the Bank enters into contractual provisions of the arrangements with the counterparties, which is generally on trade date, and initially measured at the consideration received.

Borrowings from other banks, financial institutions and agents

Borrowed funds include call money deposits, borrowings, re-finance borrowings and other term borrowings from banks. They are stated in the balance sheet at amounts payable. Interest paid / payable on these borrowings is charged to the income statements.

Basis for valuation of liabilities and provisions

Provision for current taxation

Provision for current income tax has been made as per prescribed rate in the Finance Ordinance, 2010 on the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with BAS-12 " Income Taxes".

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences.

Benefits to the employees

The retirement benefits accrued for the employees of the Bank as on reporting date have been accounted for in accordance with the provisions of Bangladesh Accounting Standard-19, "Employee Benefit". Bases of enumerating the retirement benefit schemes operated by the Bank are outlined below:

STATE OWNED SCHEDULED BANK

a) Provident fund

Provident fund benefits are given to the permanent employees of the Bank in accordance with Bank's service rules. Accordingly a trust deed and provident fund rules were prepared. The Commissioner of Income Tax, Taxes Zone - 8, Dhaka has approved the Provident Fund as a recognized provident fund within the meaning of section 2(52), read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from 30 September 1995. The Fund is operated by a Board of Trustees consisting at least five members. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription to the Fund. The Bank also contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on yearly basis.

The Bank made a provision of gratuaty fund at the descretion of the management to provide an employee with financial benefit on his ceasing the Bank's service or in the event of his death to his legal heirs/nominees or successors, in respect of which provision is made annually covering all its permanent eligible employees.

The benevolent fund is subscribed by monthly contribution of the employees. The Bank also contributes to the fund @ 0.5% of profit at the end of the year. The fund is established to sanction grant in the event of death on duty, permanent disabilities of the employees and to provide financial assistance for marriage of his/her dependants.

The Bank operates a contributory superannuation fund to give benefit to employees at the

time of retirement and also cover group term life insurance. Employees are contributing to the fund monthly and the Bank also contributes a lump sum amount from the profit at the

The Bank has been maintaining a welfare fund from profit each year. Proposed contribution towards this fund from profit for the year 2010 is BDT 100 lac. This fund is

utilized for various social activities as part of corporate social responsibility of the Bank. A provision is recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit

will be required to settle the obligations, in accordance with the BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Provision for Off-balance sheet exposures Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines. As per BRPD Circular # 10 dated 18 September 2007, banks are advised to maintain provision @1% against off-balance sheet exposures (L/C and Guarantee) in addition to the existing provisioning arrangement.

Provision for nostro accounts

As per instructions contained in the circular letter no. FEPD (FEMO) / 01 / 2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, Bank are required to make provision regarding the un-reconciled debit balance of nostro account over more than 3 months as on the reporting date in these financials. Since there is no unreconciled entries which are outstanding more than 3 months then Bank's are not required to make provision.

1.10 Revenue recognition

1.10.1 Interest income

In terms of the provisions of the BAS-18 "Revenue", the interest income is recognised on accrual basis. Interest on loans and advances ceases to be taken into income when such advances are classified. It is then kept in interest suspense. After the loans is classified as bad, interest ceases to apply and recored in a memorandum account. Interest on classified advances is accounted for on a cash receipt basis.

1.10.2 Investment income

Interest income on investments is recognised on accrual basis. Capital gain on investments in shares is also included in investment income. Capital gain is recognised

1.10.3 Fees and commission income

Fees and commission income arising on services provided by the Bank are recognised on a cash basis. Commission charged to customers on letters of credit and letters of quarantee is credited to income at the time of effecting the transactions.

1.10.4 Dividend income on shares Dividend income on shares is recognised during the period in which it is declared and

ascertained.

1.10.5 Interest paid and other expenses In terms of the provisions of BAS-1 "Presentation of Financial Statements" interest and

other expenses are recognised on accrual basis. 1.10.7 Dividend payments

The proposed dividend for the year 2010 has not been recognized as a liability in the

balance sheet in accordance with the BAS-10: Events After the Balance Sheet Date. Dividend payable to the Bank's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive payment

Risk management

The risk of BASIC Bank Limited is defined as the possibility of losses, financial or otherwise. The risk management of the Bank covers core risk areas of banking viz. credit risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk, equity risk, operational risk and reputation risk arising from money laundering incidences. The prime objective of the risk management is that the Bank evaluates and takes well calculative business risks and thereby safeguards the Bank's capital, its financial resources and profitability from various business risks through its own measures and through implementing Bangladesh Bank's guidelines and following some of the best practices as

It arises mainly from lending, trade finance, leasing and treasury businesses. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. The failure may result from unwillingness of the counter party or decline in his / her financial condition. Therefore, the Bank's credit risk management activities have been designed to address all these issues

The Bank has segregated duties of the officers / executives involved in credit related activities. A separate Corporate Division has been formed at Head Office which is entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities, etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. A separate credit division has been formed at head office since the inception of the Bank, which is assigned with duties of marketing and assessment of credit products, maintaining effective relationship with the customer and exploring new business opportunities. Another division naming Credit Administration Division (CAD) has also been established to oversee mainly documentation facilities. In line with Bangladesh Bank guidelines the Bank has segregated marketing, approval and monitoring/recovery functions. The credit risk management includes borrower risk analysis, financial statement analysis, industrial analysis, historical performance of the customer, security of the proposed credit facility and market reputation of the borrower etc.

The Bank takes its lending decision based on the credit risk assessment report by appraisal team. In determining Single borrower / Large loan limit, the



instructions of Bangladesh Bank are strictly followed. Internal audit is conducted at periodical intervals to ensure compliance of Bank's and Regulatory polices. Loans are classified as per Bangladesh Bank's guidelines. Concentration of single borrower / large loan limit is shown in the notes to the financial statements.

1.11.2 Liquidity risk

The object of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Bank is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance. Management of liquidity and funding is carried out by Treasury Department under approved policy guidelines. Treasury front office is supported by a very structured Mid office and Back office. The Liquidity management is monitored by Asset Liability Committee (ALCO) on a regular basis. A written contingency plan is in place to manage extreme situation.

1.11.3 Market risk

The exposure of market risk of the Bank is restricted to foreign exchange risk, interest rate risk and equity risk.

Foreign exchange risk

Foreign exchange risk is defined as the potential change in earnings due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. No foreign exchange dealing on Bank's account was conducted during the year.

Treasury Department independently conducts the transactions and the back office of treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by Bangladesh Bank at the month-end. All Nostro accounts are reconciled on a monthly basis and outstanding entry beyond 30 days is reviewed by the management for its settlement. The position maintained by the bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

Interest rate risk may arise either from trading portfolio or non-trading portfolio. The short-term movement in interest rate is negligible or nil. Interest rate risk of non-trading business arises from mismatches between the future yield of an asset and its funding cost. Asset Liability Committee (ALCO) monitors the interest rate movement on a regular

Equity risk

sheet date.

Equity risk arises from movement in market value of equities held. The risks are monitored by Invesstment Committee under a well designed policy framework. The market value of equities held was however higher than the cost price at the balance

1.11.4 Reputation risk arising from money laundering incidences

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. Money laundering has been identified as a major threat to the financial services community, the management of the Banks have taken prevention of money laundering as part of their risk management strategies. Anti-Money laundering Guideline of the Bank was approved by the board of directors of the Bank in its 188th meeting held on 31 January 2006. For mitigating the risks, the Bank has established a Central Anti-Money Laundering Compliance Unit (CCU). General Manager (Administration) is acting as Chief Anti-Money Laundering Compliance Officer (CAMLCO) and Deputy General Manager of Branch Control & Establishment Division is working as a head of CCU who works under direct supervision CAMLCO. CCU continuously monitoring and reviewing all anti-money laundering issues. A senior level executive from each branch is working as a Branch Anti-Money Laundering Compliance Officer (BAMLCO). Sound Know Your Customer (KYC) and Transaction Monitoring Policies are in place to recognize the risk associated with accounts.

A detailed work plan has been formulated to complete KYC procedures for the accounts commenced prior to 30 April 2002. It is the requirement of Bangladesh Bank to report cash transaction of BDT 5 Lac in a single day in a single account and suspicious transaction as and when detected. ICT division of the Bank has developed software to report the same to Bangladesh Bank. Internal Control and Compliance policies have been implemented to check that an effective Anti-Money Laundering system is in force. Training is continuously given to all the category of Officers and Executives for developing vareness and skill for identifying suspicious activities / transactions.

1.11.5 Operational risk

Operational risk may arise from error and fraud due to lack of internal control and compliance. Management through Internal Control and Compliance Division controls operational procedure of the Bank, Internal Control and Compliance Division undertakes periodical and special audit of the branches and departments at the Head Office for review of the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the Internal Control and Compliance

Asset Liability management

Asset Liability Management (ALM) is a risk management technique designed to earn an adequate return while maintaining a comfortable surplus of assets beyond liabilities. The scope of ALM function can be described as liquidity risk management, management of market risks, trading risk management, funding and capital planning and profit planning and growth projection etc. Risks in ALM are:

Interest Rate Risk: It is the risk of having a negative impact on a bank's future earnings and on the market value of its equity due to changes in interest rates.

Liquidity Risk: It is the risk of having insufficient liquid assets to meet the liabilities at a

Foreign Exchange Risk: It is the risk of having losses in foreign exchange assets and liabilities due to exchanges in exchange rates among multi-currencies under

The ALM committee usually makes decisions on financial direction of the Bank. The ALCO's goal is to manage the sources and uses of funds, identify balance sheet management issues like balance sheet gap, interest rate gap etc. ALCO also reviews liquidity contingency plan and implements liability pricing strategy for the Bank.

1.12 ICT Risk Management

ICT risk refers to the potential of ensuring harmful effects that an organization might suffer from intentional or unintentional threats to information and information technology systems. Managing ICT risk is part of running regular operation of the Bank now a day. Failure to manage ICT risk may lead to serious security breaches, financial losses and even business discontinuity. Hence, it is imperative that there should be a mechanism to identify, assess and mitigate ICT risk. BASIC Bank Lmited, with the approval of the board, has adopted an ICT policy covering various aspects of ICT risk management. Based on the policy the Bank has taken necessary measures for mitigating ICT risk and impending hazards through implementing proper strategies and processes of identifying, appreciating, analyzing and assessing the same.

1.13 Earnings per share

Basic earnings per share

Basic earnings per share has been calculated in accordance with BAS 33 "Earnings per Share" which has been shown on the face of the profit and loss account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

Calculation of weighted earnings per share

The Bank issued bonus shares to existing shareholders. In order to reflect the bonus element, the number to be used in calculating basic earnings per share, for all periods prior to the bonus issue, is the number of ordinary shares outstanding prior to the bonus issue (time apportioned if necessary) and multipled by adjusting factor.

Events after the balance sheet date

Where necessary, all the material events after the reporting period have been considered and appropriate adjustment / disclosures have been made in the financial statements.

1.15 Directors' responsibility on statement

The board of directors takes the responsibility for the preparation and presentation of

these financial statements.

Memorandum items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal commitment. Stock of travelers cheques, savings certificates, wage earners bonds and other fall under the memorandum items.

Capital Expenditure Commitment

There was no capital expenditure contracted but incurred or provided for at 31 December 2010 besides, there was no material capital expenditure authorized by the board but not contracted for at 31 December 2010.

There is no other significant event occurred between the Balance Sheet date and the date when the financial statements were authorized for issue by the Board of Directors.

1.17 Related party transaction

Related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged.

Compliance report on Bangladesh Accounting Standards (BAS) and 1.18 Bangladesh Financial Reporting Standards (BFRS)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). While preparing the financial statements, Prime Bank applied all the applicable of IAS and IFRS as adopted by ICAB. Details are given below:

| Name of the BAS | BAS no | Status |
|--|--------|---------|
| Presentation of Financial | 1 | Applied |
| Inventories | 2 | Applied |
| Statement of Cash Flows | 7 | Applied |
| Accounting Policies, Changes in Accounting Estimates and Errors | 8 | Applied |
| Events after the balance sheet | 10 | Applied |
| Construction Contracts | 11 | N/A |
| Income Taxes | 12 | Applied |
| Property, Plant and Equipment | 16 | Applied |
| Leases | 17 | Applied |
| Revenue | 18 | Applied |
| Employee Benefits | 19 | Applied |
| Accounting for Government Grants | 20 | N/A |
| The Effects of Changes in Foreign Exchange Rates | 21 | Applied |
| Borrowing Costs | 23 | N/A |
| Related Party Disclosures | 24 | Applied |
| Accounting and Reporting by | 26 | Applied |
| Consolidated and Separate Financial Statements | 27 | N/A |
| Investments in Associates | 28 | N/A |
| Interests in Joint Ventures | 31 | N/A |
| Earnings per share | 33 | Applied |
| Interim Financial Reporting | 34 | Applied |
| Impairment of Assets | 36 | Applied |
| Provisions, Contingent Liabilities and Contingent Assets | 37 | Applied |
| Intangible Assets | 38 | Applied |
| Financial Instruments: Recognition and Measurement | 39 | N/A |
| Investment Property | 40 | N/A |
| Agriculture | 41 | N/A |

We followed Bangladesh Bank Guidelines instead of BAS-39

| Name of the BFRS | BFRS no. | Status |
|-----------------------------------|----------|---------|
| Share Based Payment | 2 | N/A |
| Business Combinations | 3 | N/A |
| Non-current Assets Held for Sale | 5 | N/A |
| Exploration for and Evaluation of | 6 | N/A |
| Financial Instruments: Disclusure | 7 | Applied |
| Operating Segments | 8 | Applied |

Members of the Audit Committee of the Board of Directors

| Name | Status with the Committee | Educational Qualification | |
|-----------------------------|---------------------------------------|------------------------------|--|
| Mr. Shakhwat Hossain | Convener | MA in Economics | |
| Mr. Bijoy Bhattacharjee | Member (Retired on 30 September 2010) | M Com in Management | |
| Mr. Md. Anwarul Islam, FCMA | Member | M Com, MBA, FCMA | |
| Mr. Fakhrul Islam | Member (Since 30 September 2010) | MSS in Economic | |

Audit Committee Meeting held during 2010

34th Meeting of Audit Committee held on 16 May 2010 35th Meeting of Audit Committee held on 18 July 2010

36th Meeting of Audit Committee held on 06 October 2010

As per guidelines enunciated in BRPD Circular No. 12 dated 23 December 2002 of Bangladesh Bank the Audit Committee of the Board of Directors of the Bank has been playing an important role with regard to the process of publication of financial statements and development of internal control systems for conducting banking operations effeciently and in a disciplined manner. Besides, pursuant to the instructions of the said circular the audit committee is placing its report to the board of directors of the bank on its findings and recomendations acknowledging the background and purpose of constitution of the committee

Approval of financial statements 1.20

The financial statements were approved by the Board of directors on 28 April 2011

2

- a) These financial statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to
- b) The expenses, irrespective of capital or revenue nature, accrued / due but not paid have been provided for in the books of the Bank.
- c) Figures of previous year have been rearranged whenever necessary to conform to current years presentation.

| | | | 31.12.2010 Taka | 31.12.2009 Taka |
|----|--|----------|--------------------|--------------------|
| 3. | Cash | | 1 | |
| | Cash in Hand (including foreign currencies) | Note 3.1 | 344,012,334 | 223,468,569 |
| | Balance with Bangladesh Bank | Note 3.2 | 2,731,360,447 | 2,201,422,403 |
| | A CONTRACTOR OF THE CONTRACTOR | | 3 075 372 781 | 2 424 890 972 |

3.1 Cash in Hand (including foreign currencies) In Local Currency

341.115.137 218.516.712 In Foreign Currencies 2,897,197 4,951,856 344,012,334 223,468,569

3.2 Balance with Bangladesh Bank and its Agent bank (s)

In Local Currency 2,687,277,987 1,955,218,651 In Foreign Currencies 44.082.460 246,203,752 Note 3.2.2 2,201,422,403 2,731,360,447

3.2.1 In Local Currency

Bangladesh Bank Sonali Bank (acting as agent of Bangladesh Bank)

| 2,687,277 | ,987 | 1,955,218,651 |
|-----------|-------|---------------|
| 91,66 | 8,069 | 43,926,663 |
| 2,595,609 | | 1,911,291,988 |

1,057,819

122,973

3.2.2 In Foreign Currencies

Bangladesh Bank - US\$ 37,520,761 245,022,959 Bangladesh Bank - UKP 5,043,495 Bangladesh Bank -EURO 1,518,204 44,082,460 246,203,752

Reason of Difference between balance with Bangladesh Bank and DB-5:

The reason of difference between balance with Banladesh Bank and DB-5 is that the balance of foreign currency clearing account is not shown in DB-5 statement. There were some entries passed by Bangladesh Bank on year ending date but we passed corresponding entries on later date after receiving advice from Bangladesh Bank.

3.3 Statutory Deposits

Cash Reserve Ratio and Statutory Liquidity Ratio have been calculated and maintained as per Section 33 of the Bank Companies Act 1991 and BCD Circular No.13 dated 24 May 1992, BRPD Circular No.12 dated 20 September 1999 & BRPD Circular No.22 dated 06 November 2003 and BRPD Circular No. 05 dated 21.07.2004 and BRPD Circular No. 11 dated 25.08.2005

2 700 750 000

6.867,263,000

8,577,737,000 19,00% 9,607,488,000

26.934.326

14,521,858

620,349

2,002,775

44,079,307

25.871.020

3,578,289

12,314,069

42,297,753

155,633,082

526,712

6,512,244,000

6,090,243,000 18.00%

8,246,692,000

38.079.656

7,507,863

7,299,036

3,300,456

56,187,011

209.365.956

17,440,255

37,219,322

264,059,350

156,233,082

5,526,479,443

26,376

7,440

3.3.1 Cash Reserve Ratio (CRR)

(6% & 5% of Average Demand & Time Liabilities)

| | Required Reserve | 2,708,759,000 6.00% | 1,691,734,000 5.00% |
|-------|---|------------------------|------------------------|
| | Maintained | 2,740,225,000 6.07% | 1,734,448,000 5.13% |
| 3.3.2 | Statutory Liquidity Reserve (SLR) | | |
| | (13% of Average Demand & Time Liabilities) | | |
| | Required Reserve | 5,868,978,000 13% | 4,398,509,000 13% |

| Balance With Other Banks & Financi | ial Institution | s | |
|--------------------------------------|-----------------|----------------------------------|-------------------------------------|
| In Bangladesh | Note 4.1 | 1,992,010,143 | 5,526,479,443 |
| Outside Bangladesh (Nostro Accounts) | Note 4.2 | 635,432,021 2.627.442.164 | 379,699,017 5,906,178,460 |

4.1 In Bangladesh Form of Deposits

Maintained

Required

Maintained

3.3.3 Total Amount of CRR & SLR

Current Account Sonali Bank Ltd Agrani Bank Ltd. Rupali Bank Ltd. Janata Bank Ltd.

STD Account Sonali Bank Ltd. Bangladesh Krishi Bank Trust Bank Ltd. Rupali Bank Ltd Agrani Bank Ltd.

Other Deposit Receivable from ICB Islami Bank Fixed Deposit Account

| | 1,750,000,000 | 5,050,000,000 |
|--------------------------------------|---------------|---------------|
| First Security Bank | - | 350,000,000 |
| Bangladesh Krisi Bank | | 850,000,000 |
| BRAC Bank Ltd | 300,000,000 | 400,000,000 |
| United Commercial Bank Ltd | | 200,000,000 |
| Jamuna Bank Ltd. | 400,000,000 | 100,000,000 |
| Exim Bank Ltd. | 141 | 500,000,000 |
| Southeast Bank Ltd. | 540 | 400,000,000 |
| Investment Corporation of Bangladesh | 190 | 500,000,000 |
| International Leasing and Finance | 150,000,000 | 150,000,000 |
| Union Capital | 50,000,000 | 100,000,000 |
| NHFI Limited | 50,000,000 | 1.73 |
| Phonix Leasing and Finance | 200,000,000 | 100,000,000 |
| Peoples Leasing | 150,000,000 | 100,000,000 |
| Lanka Bangla Finanace | 100,000,000 | 200,000,000 |
| Uttara Finace and Investment | 100,000,000 | 100,000,000 |
| MIDAS | | 50,000,000 |
| Hajj Finance Company Ltd. | 50,000,000 | 5.0 |
| BIFC | 100,000,000 | 100,000,000 |
| Prime Finance and Investment | 124 | 150,000,000 |
| Premier Leasing | 740 | 50,000,000 |
| IIDFC | * i= | 200,000,000 |
| BFIC | 100,000,000 | 200,000,000 |
| IDLC | 185 | 100,000,000 |
| Bangladesh Commerce Bank Ltd. | | 150,000,000 |

Most of the Fixed deposits are placed for short term maturities up to a period of 3 months and some fixed deposits are for the period of 6 months and 1 year at the approximate

1,992,010,143

4.2 Outside Bangladesh (Nostro Accounts and Term Placement)

Sub-Total

| | Total of Nostro Account | 588,337,452 | 335,129,867 |
|-----|------------------------------------|-------------|-------------|
| | Arif Habib Rupali Bank | 311,112 | 4,826,332 |
| | Wachovia Bank N.Y. | 954,569 | 10,765,842 |
| | AMEX Frankfurt | | 2,812,038 |
| | Banque de Commerce, Geneva | 1,323,321 | 318,886 |
| | HSBC New York | 52,563,811 | 115,545,353 |
| | ICICI Bank Ltd. | 12,118,510 | 7,805,194 |
| | Standard Chartered Bank Frankfurt | 40,394,836 | - |
| | Standard Chartered Bank Mumbai | 12,233,973 | 9,065,804 |
| | Standard Chartered Bank London | - | 13,304,350 |
| | Standard Chartered Import New York | 10,823,668 | 45,761,118 |
| | CITI Bank New York (Export) | 298,878,420 | 21,602,712 |
| | Bank of Ceylon | 3,759,917 | 474,983 |
| | Sonali Bank London(UKP) | 4,255,423 | 170 |
| | Sonali Bank London | 7,048,519 | - |
| | Sonali Bank Kolkata-EURO | 641,133 | 242,930 |
| | Sonali Bank Kolkata | 47,162,876 | 27,380,940 |
| | CITI Bank Mumbai | 304,180 | 1,402,088 |
| | Mashreq Bank India | 10,064,753 | - |
| | Mashreq Bank New York | 61,206,806 | 35,148,238 |
| | Bank of Tokyo Mitsubishi Japan | 21,197,036 | 8,092,502 |
| | Bank of Tokyo-Mitsubishi London | 3,094,589 | 30,580,557 |
| nte | rest-bearing Accounts | | |
| | | | |

(Annexure - A may kindly be seen for details)

Term Placement Citi bank N A New York-Term Commercial Bank of Ceylon-Dhaka-Term Eastern Bank Term(USD) Commercial Bank of Cevlon-Term Commercial Bank of Ceylon-Tokyo-Term

Total Term Placement

| ıt) 🏻 | 635,432,021 | 5,432,021 379,699,017 | |
|-------|-------------|-----------------------|--|
| | 47,094,570 | 44,569,150 | |
| L | • | 10,312,350 | |
| | 21,224,910 | 20,490,000 | |
| | 11,719,720 | | |
| | 14,149,940 | 13,700,800 | |

Grand total (Nostro and Term Placemen 4.3 Maturity grouping of balances with oth

| On demand | 632,4 |
|---|--------|
| Upto 1 month | 732,44 |
| Over 1 month but not more than 3 months | 559,85 |
| Over 3 months but not more than 1 year | 547,09 |
| Over 1 year but Inot more than 5 years | 155,63 |
| Over 5 years | |

| 2,627,442,164 | 5,906,178,460 |
|---------------|---------------|
| • | (*) |
| 155,633,082 | 156,233,082 |
| 547,094,570 | 1,610,312,350 |
| 559,852,829 | 2,087,826,150 |
| 732,444,924 | 1,660,490,000 |
| 632,416,759 | 391,316,878 |

3,834,290,044

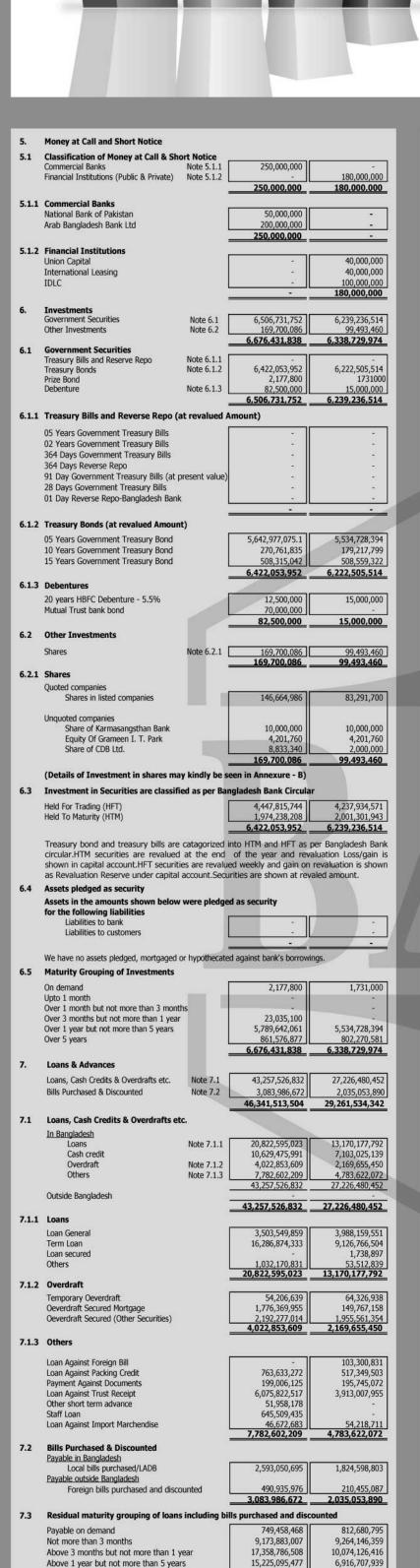
46,341,513,504

2,193,872,832

29,261,534,342

Above 5 years





| | | | BASIC | |
|--------------|--|--|---|-------|
| | | | | |
| 7.4 | Loans on the basis of significant concentration in | ncluding bills purchas | sed & discounted | |
| | a. Advances to Directors b. Advances to Managing Director and other Senior Executives c. Advances to Customers group d. Advances to Industrial sector | 645,509,435 17,918,111,069 27,777,893,000 46,341,513,504 | 558,958,815 10,877,175,526 17,825,400,000 29,261,534,342 | |
| 7.4.1 | Advances to Industrial sector | | Amount in lac taka | |
| | Food and Allied Ind. Textile ERGM Accessories Jute Prod. and Allied Ind. | 35,433.58 63,136.15 32,304.31 10,182.19 33,892.45 | 21,903.20 36,953.92 19,076.86 8,936.97 21,131.14 | |
| | Forest Prod. and Allied Ind. Paper, Board, Printing, Pub. and Packaging Tannery Leather and Rubber Prod. Chem. Pharm. and Allied Ind. Glass, Crmc. and Other non Metal. Pr. | 661.08 9,941.15 9,274.98 14,783.63 1,607.43 | 657.47 6,573.84 6,391.99 10,218.53 1,475.25 | |
| | Engineering Electrical and Electronics Ind, Service Ind, Misc. Industries Ind. Not Elsewhere Classified | 12,894.87 5,677.46 28,097.49 8,225.14 11,667.01 | 22,803.52 558.93 14,495.48 2,351.37 4,725.42 | |
| 7.5 | Loans and advances allowed to each customer e | 277,779 exceeding 10% of Bar | 178,254 nk's total Equity | |
| | Number of Customers Amount of outstanding loans* Classified amount thereon Amount of recovery *Loans and Advances allowed to customers' grou | 6,746,500,000 | 5,599,000,000 - - | ı |
| | fund which is computed of Tk.50.72 crore of the | | | ı |
| 7.6 | (Details are given in Annexure - C) Geographical Location - wise Loans and Advance | 25; | | |
| | Inside Bangladesh Dhaka Division Chittagong Division Khulna Division | 32,284,507,161 7,417,262,754 1,894,406,322 | 19,822,276,416 4,611,071,589 1,418,373,631 | Ì |
| | Rajshahi Division Sylhet Division Barisal Division Rangpur Division | 2,454,413,284 871,131,043 132,804,599 1,286,988,340 46,341,513,504 | 2,694,580,494 604,185,591 111,046,621 - 29,261,534,342 | |
| | Outside Bangladesh | 46,341,513,504 | <u> </u> | |
| 7.7 | Distribution of Loans and advances according to Unclassified loan | | | 200 |
| | Standard SMA Classified loan: | 43,848,867,094 252,678,180 44,101,545,274 | 27,617,360,130 231,827,585 27,849,187,715 | |
| | Sub-standard Doubtful Bad and loss | 296,593,990 282,520,660 1,660,853,580 2,239,968,230 | 218,761,270 195,694,737 997,890,619 1,412,346,626 | |
| 7.8 | Provision required for loans and advances | 46,341,513,504 | 29,261,534,341 | |
| | Status Base for Provision Rate % Unclassified-General provision 703,422,000 5 Agro based and Micro Credit 703,422,000 5 SMA 245,838,000 5 Others (excluding staff loan) 43,145,444,360 1 & 2 | Required 35,171,100 12,291,910 446,722,360 494,185,370 | Provision 39,113,312 11,384,125 328,560,298 379,057,735 | |
| | Classified-specific provision 5 & 20 Sub-standard 160,250,920 5 & 20 Doubtful 184,378,980 50 Bad/Loss 610,305,100 100 | 32,050,180 92,189,490 610,305,100 734,544,770 | 18,255,722 45,842,009 459,296,691 523,394,422 | |
| | Required provision for loans & advances Total provision maintained | 1,228,730,140 1,228,730,140 | 902,452,157 902,452,157 | 200 |
| | Excess / short provision as at 31 December Details of provision may kindly be seen in Note 1 | | | 6 |
| 7.9 | Listing of Assets Pledge as Security/Collaterals Nature of the secured assets | s | 47 | |
| | Fixed Assets Cash and quasi-cash | 46,806,776,650 2,876,366,941 | 32,314,397,872 2,114,768,264 | |
| 7.10 | Others Particulars of Loans and Advances: | 10,437,380,996 60,120,524,587 | 7,671,621,319 42,100,787,455 | |
| 7.10 | (i) Debts considered good in respect of which thebanking company is fully secured. (ii) Debts considered good for which the banking company holds no other security other than | 40,550,640,918 | 24,648,761,204 | |
| | debtor's personal security. (iii) Debts considered good secured by personal liabilities of one or more parties in addition to the personal security | 4,227,149,511 | 3,414,696,595 | ı |
| | of the debtors. (iv) Debts considered doubtful or bad not provided for. | 1,563,723,075 | 1,198,076,543 | ı |
| | | 46,341,513,504 | 29,261,534,342 | 02000 |
| | (v) Debts due by directors and officers of the banking company or any of them either severally or jointly with any other person.* (vi) Debts due by companies or firms in which the directors of the banking company are interested as | 645,509,435 | 558,958,815 | ۱ |
| | directors, partners or managing agents or in the case of private companies, as members. (vii) Maximum total amount of advances including temporary advances made at any time during the year to the directors or managers or officers of the | | | |
| | banking company or any of them either severally or jointly with any other person.* (viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of | 645,509,435 | 606,788,312 | ı |
| | the banking company are interested as directors, partners or managing agents or in the case of private company (ix) Due from banking companies. Amount of classified debts on which interest has not | 2 200 200 200 | 1 112 11 | |
| | been credited to income* (a-i) (Decrease)/ Increase in provision (a-ii) Amount realized against loan previously written off (b) Amount of provision kept against loan | 2,239,968,230 97,606,429 7,570,819 | 1,412,346,626 (106,730,207) 665,300 | |
| | classified as bad/loss x) Cumulative amount of Classified Loans Which is Written off xi) Classified Loans Which is Written off for current Year | 610,305,100 587,707,402 | 459,296,691 587,707,402 | |
| 7.11 | Classified Loans Which is Written off for current Year * There is no loans in the name of existing Directors. This Bills Purchased and Discounted | s amount represents loar | n to officers of the bank. | |
| | Payable in Bangladesh | 2,593,050,695 | 1,824,598,803 | |
| essergation. | Payable outside Bangladesh | 490,935,976 3,083,986,671 | 210,455,087 2,035,053,890 | 10.00 |
| 7.11. | 1 Maturity grouping of bills purchased & discounte Not more than 01 months | 472,554,509 | 411,674,695 | |
| | Above 01 months but not more than 03 months Above 03 months but not more than 06 months Above 06 months | 1,408,796,305 1,201,281,283 1,354,574 3,083,986,671 | 906,176,420 715,234,009 1,968,766 2,035,053,890 | |
| | | | | |

7.12 The following borrowers' accounts considered as marginal/watch list loans and advances due to the fact that the

movements and transactions and recovery are not satisfactory. The Bank management is closely monitoring those accounts and if no satisfactory movement is made with in 30 June 2011, In that case the Bank

management will take necessary action against the borrowers according to the guideline of Bangladesh Bank.

11.2.1 Savings Bank Deposits

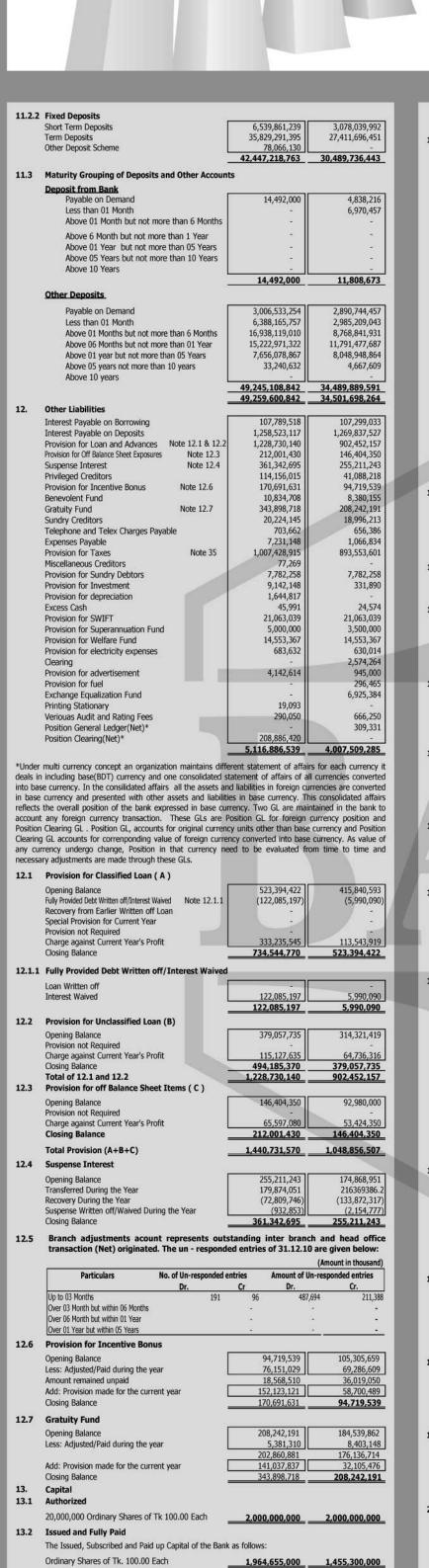
Savings Account

| Trving people for progress STATE OWNED SCHEDULED BANK | | | | |
|---|--|----------------------------|--|---|
| | | | | |
| | Name of the Borrower | Bran | ch Name | Outstanding on 31 December 2010 (BD Taka) |
| | Shah Amanat Shipping | Dhanmondi | | 115,551,298 |
| | City Communication City Heart Mobile Centre | Dhanmondi Dhanmondi | | 73,370,032 57,504,553 |
| 8. | Premises and Fixed Assets Own Assets | | | |
| | Furniture and Fixtures Equipment and Computer | | 135,924,255 370,490,285 | 117,150,935 317,802,601 |
| | Vehicles | | 134,832,794 641,247,334 | 101,361,369 536,314,905 |
| | Less: Accumulated depreciation | | 361,578,983 279,668,350 | 307,153,378 229,161,527 |
| | Leased Assets Leasehold Assets | | 4,000,000 | 4,000,000 |
| | Less: Accumulated depreciation | | 551,724 3,448,276 | 505,747 3,494,253 |
| | A Schedule of Fixed Assets is | aiven in Annevu | 283,116,626 | 232,655,780 |
| 9. | Other Assets | given in Annexu | C-D 1 | |
| | a) Investment in Shares of subs 1 In Bangladesh | idiary companies; | | |
| | Outside Bangladesh Stationery, stamps, printing in | materials etc. | 12,700,404 | 14,950,049 |
| | Advance rent; Income receivable | Note 9.2 | 44,257,894 327,494,741 | 34,586,100 281,751,758 |
| | e) Advance income tax f) Security deposits | Note 9.1 | 344,587,168 1,108,666 | 347,201,223 6,425,332 |
| | g) Suspense account h) Other prepayments | Note 9.3 | 11,622,523 940,517 | 616,268 56,818 |
| | Advances/expenditures incurred against p Advance for space of HO and | Main Branch | 163,045,080 400,000,000 | |
| | Balance with Fakrul Islam see j) Branch adjustment account | | 2,696,172 383,828,289 | 400,225 |
| | k) Sundry debtorsl) Subs fees of Dun Breadstreet | | 240,176,756 3,341,176 | 164,936,468 3,341,351 |
| | m) Deferred Tax Assets n) Position Clearing(Net) | Note 36 | 168,821,619 | 109,786,558 |
| | o) Position General Ledger(Net) | | 210,888,757 2,315,509,761 | 274,249 964,326,397 |
| 9.1 | Security deposits | er propaure et | nade to ctab terms. | thorities other |
| | Security deposits, rent and oth institutions and individuals are | considered good. | naue to statutory aut | nonues, other |
| 3000000 | Income receivable Income receivable consists of i | nterest income re | ceivable from variou | s investments have |
| | been verified and considered g | | ecivable from variou | 3 IIIVesalielles liave |
| 9.3 | Suspense account consists of D | DD paid without a | dvice, clearing, pett | y cash etc. |
| 9.4 | Sundry Debtors | | | 22 |
| | Protested bill, Main branch Protested bill, Khatungonj branch | | 6,535,881 244,800 | 6,535,881 244,800 |
| | Protested bill, Khulna branch BCCI-Bombay | | 416,367 1,399,580 | 416,367 584,884 |
| | BCCI-London Protested bill, SWIFT charges | | 611 20,244,921 | 326 20,244,921 |
| | Others | _ | 28,842,160 211,334,596 | 28,027,179 136,909,289 |
| Full pr | ovision for the protested bill of BC | CI and SWIET cham | 240,176,756 | 164,936,468 |
| include | ed encashment of Sanchaypatras am | ount which will be a | djusted after receiving E | Bangladesh Bank advice. |
| 10 | Borrowing from other banks In | | the state of the state of | |
| | In Bangladesh Outside Bangladesh | Note 10.1 Note 10.2 | 1,391,196,871 1,327,266,471 2,718,463,342 | 1,743,681,616 1,131,476,301 2,875,157,917 |
| 10.1 | In Bangladesh(a+b) | | 2,710,403,342 | 2,073,137,317 |
| | a) Money at call and on short | notice | | 300,000,000 |
| | Agrani Bank Ltd Sonali Bank Ltd Sub total | | | 200,000,000 |
| | b) Other borrowing: | | | 300,000,000 |
| | Bangladesh bank Clearing Account Sub-total | | 106,073,028 106,073,028 | - |
| | b) Term Borrowing | | 2 | |
| | Long term loan from Bangladesh E Bangldesh Bank Refinance Loan fo | r Housebuilding | 82,978,000 118,467,939 | 110,637,000 84,890,709 |
| | Loan from Bangladesh Bank under Government Placement for Agro b | | 696,531 1,082,981,373 | 1,048,153,907 |
| | Sub-total Grand total | | 1,285,123,843 1,391,196,871 | 1,243,681,616 1,743,681,616 |
| 10.2 | Outside Bangladesh | | | |
| | Term Borrowing Loan for Micro Credit and Small Scale Indust | | 184,742,670 | 170,356,779 |
| | Agro business Development Project | t of ADB | 1,142,523,802 1,327,266,471 | 961,119,522 1,131,476,301 |
| | Secured and unsecured borrow | | anks | |
| | Secured (Assets pledged as securit Unsecured | ty for liabilities) | 2,718,463,342 | |
| 10.3 | Overall transaction of Repo an | d Reverse Pener | 2,718,463,342 | 2,875,157,917 |
| 10.5 | | um outstanding | Maximum outstanding | Daily average |
| | | ring the year | during the year | outstanding during the year |
| | Securities sold under repo: i) with Bangladesh Bank | 850,000,000 | 208,899,881 | 2,941,389 |
| 11. | ii) with other banks &FIs Deposits & Other Accounts | 439,363,001 | 286,120,911 | 6,111,313 |
| | Non-Interest bearing Accounts Interest bearing Account | Note 11.1 Note 11.2 | 5,484,159,992 43,775,440,851 | 2,846,120,067 31,655,578,198 |
| | and est bearing recount | 11000 1112 | 49,259,600,843 | 34,501,698,265 |
| 11.1 | Non-Interest bearing Accounts | | 4 997 144 405 | 2 504 619 309 |
| | Current and Other Accounts Bills Payable | Note 11.1.1 Note 11.1.2 | | 2,504,619,309 341,500,758 2846120067 |
| 11.1.1 | Current and Other Accounts | | 3,404,133,332 | 2040120007 |
| | Current Account Sundry Deposit | | 1,775,489,401 3,111,655,004 | 1,021,964,720 1,482,654,589 |
| 11.1.2 | Bills Payable | | 4,887,144,405 | 2,504,619,309 |
| | Payment Order | | 531,468,666 | 291,598,824 |
| 0,440,000 | Demand Draft | | 65,546,921 597,015,587 | 49,901,934 341,500,758 |
| 11.2 | Interest bearing Account Savings Bank Deposits | Note 11.2.1 | 1,328,222,087 | 1,165,841,755 |
| | Fixed Deposits | Note 11.2.1 Note 11.2.2 | 42,447,218,763 43,775,440,851 | 30,489,736,443 31,655,578,198 |
| | | | | |

1,165,841,755 1,165,841,755

1,328,222,087 1,328,222,087





| The Government of People's Republic of Bangledoch is the Sole Owner Shareholder of the Besix and all the Ordinary Stores Are Vected with the Ministry of Prisance. 1.3. Calculated as par BRO Consist No. 10 dated 25 Newmber 2002 and sucception amended Circulate No. 10 based 19 New 2004 and BRPO Circulate No. 30 dated 14 no. 50.0007 respectively issued by Rerupticesh Brace 1 1,964,655,000 11,455,300,000 14,555,300,000 14,555,300,000 14,555,300,000 14,555,300,000 14,555,300,000 15,550,000 16,5 | | | | | BASIC | Ī |
|--|--------|---|----------------------------|--|--|--------------|
| Sook and all the Collansy Shares Are Vested with the Menstry of Prancus Carlos Accord Calculated as per IRRPO Circles No. 10 dated 2 Showmber 2002 and subsecent amended cannot be considered to the Collans No. 10 dated 2 Showmber 2002 and subsecent amended cannot be considered to the Collans No. 10 dated 2 Showmber 2002 and subsecent amended cannot cannot be considered to the Collans No. 10 dated 2 Showmber 2002 and subsecent amended cannot cannot cannot be considered to the Collans No. 10 dated 2 Showmber 2002 and subsecent amended cannot ca | | | | | | A |
| Sook and all the Collansy Shares Are Vested with the Menstry of Prancus Carlos Accord Calculated as per IRRPO Circles No. 10 dated 2 Showmber 2002 and subsecent amended cannot be considered to the Collans No. 10 dated 2 Showmber 2002 and subsecent amended cannot be considered to the Collans No. 10 dated 2 Showmber 2002 and subsecent amended cannot cannot be considered to the Collans No. 10 dated 2 Showmber 2002 and subsecent amended cannot cannot cannot be considered to the Collans No. 10 dated 2 Showmber 2002 and subsecent amended cannot ca | ۰ | | | | | |
| 1.3.8 Risk-weighted Assets and Capital Ratio as Defined by the Based Capital Accord Cacladated are per RPO Circuit on 1.0 dead of 5 Newport 2022 and subcopret amended Cacladated are per RPO Circuit on 1.0 dead of 5 Newport 2022 and subcopret amended Cacladated are per RPO Circuit on 1.0 dead of 5 Newport 2022 and subcopret on amended Cacladated are per RPO Circuit on 1.0 dead of 5 Newport 2022 and subcopret on amended Cacladated are per RPO Circuit on 1.0 dead of 5 Newport 2022 and subcopret 2022 and | - | The Government of People's Republic | of Banglad | lesh is the Sole Owner | -Shareholder of the | 1 |
| Sandaro Pisserve General Reserve Cytall Reserve General Reserve Cytall Reserve General Reserve Cytall Reserve General Reserve Cytall Cifer - 2) General Prosono Plantaned against Unclassified Lean Exchange Equalization Revolution Reserve of ITM and PTS Sourbles Exchange Equalization Revolution Reserve of ITM and PTS Sourbles Exchange Equalization Revolution Reserve of ITM and PTS Sourbles A Total Rights Explain Cifer - 1 + Tier - 2) 9.172-172-1725 A Total Rights Explain Cifer - 1 + Tier - 2) 9.172-172-1725 B. Risk Weighted Assets Office Inshare Sheet Business General Reserve Occupital (Tier-1) Total Cipital Reserve (Tier-1) Septementery Coulif (Tier-11) Sept | 13.3 | Risk-weighted Assets and Capital Ra Calculated as per BRPD Circular No. Circular No. 03 Dated 09 May 2004 a issued by Bangladesh Bank. | tios as Defi 10 dated 2 | ined by the Basel Cap 5 November 2002 and | ital Accord d subseqent amended | |
| Supplementary Capital (Tier - 2) Green of Provision for Off Robusts Applications of Part Securios (1991) (1992) (1993) (| | Statutory Reserve General Reserve/Capital Reserve | | 1,824,692,334 40,000,000 429,988,786 | 1,559,657,251 40,000,000 543,442,599 | |
| Provision for Off-Balance Sheet Items Earchange Equalization Penalusticon Reserved (14th and 18°T Securities Penalusticon Reserved (14th and 18°T Securities Penalusticon Reserved (14th and 18°T Securities Penalusticon Reserve (14th and 18°T Securities Penalusticon Reserve (14th and 18°T Securities Belance Sheet Balances Deline Sheet Sheet Sheet Sheet Sheet Sheet Penalusticon Reserved (14th and 18°T Securities Companies (14th Annual 18°T Securities) Companies (14th C | | Supplementary Capital (Tier - 2) | | 4,259,336,120 | 3,598,399,850 | 8 |
| B. Risk velophed Assets Balance Sheet Business Off Statusc Sheet Business Total Risk velophed Assets Off Statusch Sheet Business Total Risk velophed Assets Off Statusch Sheet Business Off Statusch Sheet Business Total Risk velophed Assets Off Statusch Sheet Business Captal Register (Short Risk) Captal Register (Short Risk) Captal Register (Short Risk) Supplementary Captal (Ter - II) Supplementary Captal (Ter - III) Supplementary Captal (Ter - IIII) Supplementary Captal (Ter - IIII) | | Provision for Off -Balance Sheet Items Exchange Equalization | | 212,001,430 - 107,549,915 | 146,404,350 6,925,384 162,775,304 | |
| Bilatine Sheet Business 19,77,90,000 2,24,29,39,000 19,24,29,39,000 2,24,29,39,00 | | | er-2) | | | |
| (9% on Toda Risk Weighted Assets) D. Capital Respirals / (Rohreft) (A-C) Total Capital Ratio (%) Capital Requirement Core Capital (Tier-1) Total Supplementary Opinal (Tier-11) Total 14. Statutory Reserve Opening Relatince at the Beginning of the Year Opening Relatince at the Region of the Year Opening Relatince at the R | | Balance Sheet Business Off- Balance Sheet Business | | 4,929,100,000 | 2,421,259,000 | |
| Total Capital Ratio (%) Capital Requirement Con Capital (Tipe-1) Contenting (uplant) | | (9% on Total Risk Weighted Assets) | | | | |
| 1.00 | | Total Capital Ratio (%) | | 9.41 | 13.48 | a Caracaga A |
| 1.5 Statutory Reserve Copening Balance at the Beginning of the Year Add: Addition During the Year (20% of pre-tax Profit) 1.559,657,732 2.255,263,394 2.433,442 1.259,637,252 As per section 24 of Bank Companies Act 1991, 20% of pre-tax profit has been transferred to Statutory Reserve Account. 1.5 Other Reserve Corner Reserve Note 15.1 40,000,000 40,000,000 215,099,831 355,359,668 1.559,657,252 2.559,698,831 2 | | Core Capital (Tier-I) Supplementary Capital (Tier - II) | | 7.90 1.51 | 11.30 2.18 | |
| As per section 24 of Bank Companies Act 1991, 20% of pre-tax profit has been transferred to Statutory Reserve Account. 15 Other Reserve General Reserve General Reserve Note 15.2 Interestinate Revaluation Reserve (Treasury Bills & Treasury Bonds) Revaluation Reserve (Treasury Bills & Treasury Bonds) Revaluation Reserve (Treasury Bills & Treasury Bonds) Revaluation Reserve for Revaluation Reserve (Treasury Bills & Treasury Bonds) Revaluation Reserve for Held to Maturity (HTM) Opening Banker at the Reginning of the Year Acti. Addition During the Poar Loss of Reserve for Held to Maturity (HTM) Opening Banker at the Reginning of the Year Acti. Addition During the Year Transferred to Other Breat Section of the Year Acti. Addition During the Year A | 14. | Statutory Reserve Opening Balance at the Beginning of the Add: Addition During the Year (20% of pr | | 1,559,657,252 265,035,082 | 1,295,263,804 264,393,447 | |
| Central Reserve | 15 | As per section 24 of Bank Companies to Statutory Reserve Account. | Act 1991, | | | 1000000 |
| Opening Balance at the Enginning of the Year Addi-Addition During the Year Closing Balance at the End of the Year The Bank has been maintaining this reserve as venture capital fund since 1999 for equity support to innovative but risky project. 15.2 Investment Revoluation Reserve (Treasury Bills & Treasury Bonds) Revoluation Reserve for: Hed to Maturity (HTM) Note 15.2.2 15.2.1 Revoluation Reserve for Held to Maturity (HTM) Opening Balance at the Beginning of the Year Addi-Addition During the Year Closing Balance at the Beginning of the Year Addi-Addition During the Year Closing Balance at the Beginning of the Year Addi-Addition During the Year Closing Balance at the Beginning of the Year Addi-Addition During the Year Addi-Addition During the Year Closing Balance at the Enginning of the Year Addi-Addition During the Year Closing Balance at the Enginning of the Year Addi-Addition During the Year Addi-Addition During the Year Addi-Addition During the Year Addi-Addition During the Year Closing Balance at the Beginning of the Year Addi-Addition During the Year Addi-Addition During the Year During Balance as on 1st, Banasay Closing Balance as the Beginning of the Year Addi-Addition During the Year During Balance as the Beginning of the Year Addi-Addition During the Year During Balance as an 1st, Banasay Closing Balance as the Beginning of the Year Addi-Addition During the Year During Balance as an 1st, Banasay Closing Balance as the Beginning of the Year Transferred to Other Reserve Cash Divided Pala During the Year During Balance as an 1st, Banasay Closing Balance as the Beginning of the Year Transferred to Other Reserve Cash Divided Pala During the Year During Balance as an 1st, Banasay During Balance as the Beginning of the Year Transferred to Other Reserve Cash Divided Pala During State Addition Note Balance Addinated Pala During State Addition Note Addition State | | General Reserve Investment Revaluation Reserve | | 215,099,831 | 325,550,608 | |
| The Bank has been maintaining this reserve as venture capital fund since 1999 for equity support to innovative but risky project. 15.2 Investment Revaluation Reserve for: Heid to Maturity (HTM) Heid for Trading Loss Profession of HTM Scartles 15.2.1 Revaluation Reserve for Heid to Maturity (HTM) Opening Balance at the Beginning of the Year Adif, Addition During the Year Closing Balance at the End of the Year Adif, Addition During the Year Closing Balance at the End of the Year Adif, Addition During the Year Closing Balance at the End of the Year Adif, Addition During the Year Closing Balance at the End of the Year Adif, Addition During the Year Closing Balance at the End of the Year Adif, Addition During the Year Closing Balance at the End of the Year Adif, Addition During the Year Closing Balance at the End of the Year Closing Balance at the End of the Year Adif, Addition During the Year Closing Balance at the End of the Year Closing Balance Closing Balance Advances Administr | 15.1 | Opening Balance at the Beginning of the N Add: Addition During the Year | /ear | - | | 3 |
| 15.2 Investment Revaluation Reserve (Treasury Bills & Treasury Bonds) Revaluation Reserve for: Held to Maturity (HTM) Hote 15.2.1 Held for Trading Loss orientation-inventation of HTM Searthies 15.2.1 (1.469.264) 15.2.1 (1.469.264) 15.2.2 (2.5569.035) 16.165.469) 15.2.3 (1.469.264) 15.2.3 (1.469.264) 15.2.4 (1.469.264) 15.2.5 (1.469.264) 15.2.6 (1.469.264) 15.2.6 (1.469.264) 15.2.7 (1.469.264) 15.2.7 (1.469.264) 15.2.8 (1.469.264) 15.2.9 (1.469.264) 15.2.1 (1.469.264) 15.2.2 (1.469.264) 15.2.3 (1.469.264) 15.2.3 (1.469.264) 15.2.3 (1.469.264) 15.2.4 (1.469.264) 15.2.5 (1.469.264) 15.2.5 (1.469.264) 15.2.6 (1.469.264) 15.2.6 (1.469.264) 15.2.7 (1.469.264) 15.2.7 (1.469.264) 15.2.8 (1.469.264) 15.2.9 (1.469.264) 15.2.9 (1.469.264) 15.2.1 (1.469.264) 15.2.1 (1.469.264) 15.2.2 (1.469.264) 15.2.3 (1.469.264) 15.2.3 (1.469.264) 15.2.4 (1.469.26 | | The Bank has been maintaining this | | | | |
| Held for Trading Loss on reliable planetation of HM Securities 215,099,831 325,650,608 | 15.2 | Investment Revaluation Reserve (Tre | | & Treasury Bonds) | | i |
| 15.2.1 Revaluation Reserve for Held to Maturity (HTM) Opening Balance at the Beginning of the Year Add: Addition During the Year Les: Adjustment (Los on revalaton/anorization) during the year Cosing Balance at the End of the Year Add: Addition During the Year Les: Adjustment (Los on revalaton/anorization) during the year Cosing Balance at the Beginning of the Year Add: Addition During the Year Les: Adjustment (Los on revalaton/anorization) during the year Cosing Balance at the Beginning of the Year Add: Addition During the Year Les: Adjustment (Los on revalator/anorization) during the year Cosing Balance at the End of the Year Add: Addition During the Year Les: Adjustment (Los on revalator/anorization) during the year Cosing Balance at the End of the Year Les: Adjustment (Los on revalator/anorization) during the year Cosing Balance as on 1st January Change in Accounting Policy (Deferred tax effect upto 2004) Profit During the Year Insurance of Borus Share Les: Adjustment (Los on revalator) during the Year Issuance of Borus Share Les: Adjustment (Los on revalator) during the Year Los Dividend Paid During the Year Issuance of Borus Share Les: Adjustment (Los on revalator) during the Year Los Dividend Paid During | | Held for Trading | | (11,469,204) | (1,136,469) | |
| Add: Addition During the Year | 15.2.1 | Revaluation Reserve for Held to Matu | urity (HTM) | 215,099,831 | | |
| 15.2.2 Revaluation Reserve for Held for Trading (HFT) Opening Balance at the End of the Year Add: Addition During the Year Add: Addition During the Year Add: Addition During the Year Cosing Balance at the End of the Year Add: Addition During the Year Cosing Balance at the End of the Year 22,559,603 23,328,8130 212,767,649 201,141,733 236,687,077 21,769,043 236,687,077 235,569,035 236,687,077 236,569,035 236,687,077 236,569,035 236,687,077 236,569,035 236,687,077 236,569,035 236,687,077 236,569,035 236,687,077 236,569,035 236,687,077 236,569,035 236,687,077 236,569,035 236,687,077 236,569,035 236,687,077 237,676,891 237,676,991 237,676,991 237,676,991 237,676,991 237,676,991 237,676,991 237,472,599 237,576,991 237,472,599 238,442,599 248,393,580 248,393,580 248,393,580 248,393,580 251,556,290 | | Add: Addition During the Year | | : | 22,301,347 | |
| Sas. Adjustment (Joss on revaluation) during the year Closing Balance at the End of the Year 226,569,035 326,687,077 | 15.2.2 | Closing Balance at the End of the Year Revaluation Reserve for Held for Trad | ding (HFT) | 326,687,077 | | |
| 16. Surplus in Profit and Loss Account Balance as on 1st January Change in Accounting Policy (Deferred tax effect upto 2004) Profit During the Year Transferred to Other Reserve Cash Dividend Paid During the Year Issuance of Bonus Share 16.1 Item-Wise Profit and Loss Account Income: Interest, Discount and Similar Income Dividend Income Press, Commission and Brokerage Gains Jess Josses Arising from Dealing in Foreign Circuits Income from Mon-Banking Assets Other Operating Income Coher Dividend Paid During Sant Sant Sant Sant Sant Sant Sant Sant | | | uring the year | 354,246,684 | 533,828,810 | |
| Change in Accounting Policy (Deferred tax effect upto 2004) Profit During the Year Transferred to Other Reserve Cash Dividend Paid During the Year Issuance of Bonus Share Issuance of Bonus Share Issuance of Bonus Share Interest, Discount and Similar Income Dividend Income Interest, Discount and Similar Income Dividend Income Fees, Commission and Brokerage Gains Jess Losses Arising from Dealing in Foreign Crencies Income from Non-Banking Assets Other Operating Income Losses on Loans and Advances Administrative Expenses Other Operating Expenses Other Operating Assets Other Operating Sepenses Other Operating Septenses Other Operation Septenses Other Operating Septenses Other Operation | 16. | Closing Balance at the End of the Year Surplus in Profit and Loss Account | | | | |
| Cash Dividend Paid During the Year Issuance of Bonus Share (509,355,000) (145,530,000) | | Change in Accounting Policy (Deferred tax effect Profit During the Year | ct upto 2004) | / | - | |
| Income: Income: Income: Income: Income: Income: Interest, Discount and Similar Income Income: Inco | | Cash Dividend Paid During the Year | | | | 3 |
| Dividend Income 7,698,339 203,661,357 203,661,357 368,223,009 217,060,000 251,562,290 276,671,354 68,086,553 6,120,543,826 5,162,302,847 68,086,553 6,120,543,826 5,162,302,847 68,086,553 6,120,543,826 5,162,302,847 68,086,553 6,120,543,826 5,162,302,847 68,086,553 6,120,543,826 5,162,302,847 68,086,553 6,120,543,826 5,162,302,847 747,1113,147 747,675,1354 747,1113,147 747,675,1354 747,113,147 747,675,1354 747,113,147 747,1355 747,113,147 747,1355 747,113,147 747,1355 747,113,147 747,1355 747,113,147 747,1355 747,1 | 16.1 | Income: | | | | |
| Other Operating Income 476,671,354 68,086,553 6,120,543,826 5,162,302,847 | | Dividend Income Fees, Commission and Brokerage Gains <u>less</u> Losses Arising from Dealing in Fore | eign Crrencies | 7,698,339 287,080,821 | 500,000 203,661,357 | |
| Losses on Loans and Advances Administrative Expenses 883,327,579 471,113,147 Other Operating Expenses 419,034,020 207,470,980 60,190,043 4,403,493,358 3,612,743,557 1,717.050,467 1,549,559,290 17. Contingent Liabilities | | Other Operating Income | | | | |
| Other Operating Expenses Depreciation on Banking Assets Depreciation on Banking Assets | | Losses on Loans and Advances | | 7 | | CE. |
| 17. Contingent Liabilities Letters of Guarantee Note 17.1 1,350,964,214 37,471,365 272,959,186 Foreign Bills for Collection 874,240,877 1,101,283,556 7,367,167,387 1,935,585,288 Letters of Credit 13,485,802,046 10,651,469,367 896,209,365 561,137,865 561,137,865 7,406,100 7,406, | | Other Operating Expenses | | 419,034,020 67,569,180 | 207,470,980 60,190,043 | |
| Local Bills for Collection 37,471,365 874,240,877 1,101,283,556 Acceptances 5,367,167,387 1,935,585,288 Letters of Credit 5,367,167,387 1,935,585,288 10,651,469,367 Back to Back L/C 996,209,365 561,137,865 Travellers Cheques Stock Value of Wage Earners Bond in Hand and others 49,150,203 522 22,161,472,129 16,069,084,643 17.1 Letters of guarantee A. Claim against the Bank which is not recognized as Loan B. Money for which the Bank is contingently liable in respect of guarantees favouring: Directors Government 9,025,175 39,145,455 0thers 1,341,939,039 941,816,957 1,350,964,214 1,492,242,760 1,492,242,760 1,492,242,760 1,492,242,760 1,492,242,760 1,492,242,760 1,492,242,760 1,492,242,760 1,492,242,760 1,492,242,760 1,492,242,760 1,492,242,760 1,445,754 1,445,756 1,445,75 | 17. | Contingent Liabilities | Note 17.1 | | | ł |
| Letters of Credit Back to Back L/C Travellers Cheques Stock Value of Wage Earners Bond in Hand and others 17.1 Letters of guarantee A. Claim against the Bank which is not recognized as Loan B. Money for which the Bank is contingently liable in respect of guarantees favouring: Directors Government Bank and Other Financial Institutions Others 1.350,964,214 1.492,242,760 18. Interest Income Interest on Loans/from Clients Interest from Banks and Financial Institutions Interest from Foreign Banks 1.459,129,838 1.100,708 1.22,085,197 1.22,091,115 1.22,091,11 | | Local Bills for Collection Foreign Bills for Collection | Note 17.1 | 37,471,365 874,240,877 | 272,959,186 1,101,283,556 | |
| 17.1 Letters of guarantee | | Letters of Credit Back to Back L/C | | 13,485,802,046 996,209,365 | 10,651,469,367 561,137,865 | ı |
| B. Money for which the Bank is contingently liable in respect of guarantees favouring: Directors Government Bank and Other Financial Institutions Others 1,341,939,039 941,816,957 1,341,939,039 941,816,957 1,350,964,214 1,492,242,760 18. Interest Income Interest on Loans/from Clients Interest from Banks and Financial Institutions Interest from Foreign Banks Financial Institutions Interest Waiver Financial Institutions Financial Insti | 17.1 | | d others | | | 4 |
| 1,341,939,039 941,816,957 1,350,964,214 1,492,242,760 1,350,964,214 1,492,242,760 1,350,964,214 1,492,242,760 1,350,964,214 1,492,242,760 1,350,964,214 1,492,242,760 1,350,964,214 1,492,242,760 1,360,708 3,340,533 1,360,708 3,354,258 1,360,708 3,354,258 1,360,708 3,354,258 1,220,855,197 1,227 1,220,855,197 1,220, | | B. Money for which the Bank is contingent Directors | | | | |
| Interest on Loans/from Clients 3,925,746,571 3,140,512,336 1 3,324,258 533,322,559 733,304,633 60,708 3,354,258 | 10 | Others | s | 1,341,939,039 | 941,816,957 | |
| Less: Interest Waiver 122,085,197 - 4,337,044,641 3,877,171,227 19. Interest Paid on Deposits & Borrowings On Fixed Deposit 2,560,949,329 2,507,051,668 On Short Term Deposit 236,670,324 223,091,115 On Savings Bank Deposit 60,288,273 52,940,107 Other Deposit schemes 3,517,685 72,940,107 On Borrowing from Bangladesh Bank and Other Financial Institutions 172,136,968 90,886,497 20. Income from Investment On Government Treasury Bill and Bond Note 20.1 642,379,909 759,875,664 On Debentures 1,445,754 1,445,756 | | Interest on Loans/from Clients Interest from Banks and Financial Institution | s | 533,322,559 60,708 | 733,304,633 3,354,258 | |
| On Fixed Deposit On Short Term Deposit On Savings Bank Deposit On Savings Bank Deposit Other Deposit schemes On Borrowing from Bangladesh Bank and Other Financial Institutions Tr2,136,968 On Government Treasury Bill and Bond Note 20.1 On Debentures 2,560,949,329 2,507,051,668 236,670,324 223,091,115 60,288,273 3,517,685 172,136,968 90,886,497 2,873,969,387 2,873 | | | ine | 122,085,197 | • | |
| Other Deposit schemes 0.7517,685 0.72,136,968 0.72,136,96 | | On Fixed Deposit On Short Term Deposit | ys. | 236,670,324 | 223,091,115 | |
| 20. Income from Investment On Government Treasury Bill and Bond Note 20.1 642,379,909 759,875,664 On Debentures 1,445,754 1,445,756 | | Other Deposit schemes | al Institutions | 3,517,685 172,136,968 | 90,886,497 | |
| | | On Government Treasury Bill and Bond N On Debentures | lote 20.1 | 642,379,909 1,445,754 | 759,875,664 1,445,756 | |

On Other Investment

| ST | ATE OWNED SCHE | DULED | BANK |
|-------|--|--|--|
| | | | |
| 20.1 | On Government Treasury Bill and Bond Interest on GT bill | (4) | 33,274,726 |
| | Interest on GT bond Interest on Reverse repo | 639,575,994 2,803,915 | 616,741,965 |
| | Gain on sale of security Gain on portfolio transfer Total | 642,379,909 | 87,986,094 21,872,879 759,875,664 |
| 21. | Commission / Fees, Exchange Earnings & Brokerage Foreign bill purchased | 1,601,656 | 1,059,225 |
| | Local Bill Purchased Remittance | 5,540,246 6,381,465 | 8,574,134 7,458,290 |
| | Letter of Guarantee Letter of Credit Bills for Collection | 31,097,957 165,695,180 7,981,691 | 24,250,749 132,433,042 13,919,101 |
| | Acceptances Export Bill | 48,111,472 4,896,568 | 10,595,355 2,011,099 |
| | Miscellaneous (includes commission on sale of PSP,TC) Exchange Gain | 15,774,585 287,080,821 | 3,360,362 203,661,357 |
| 22. | Profit on Exchange Trading Other Operating Income | 368,223,009 655,303,829 | 251,562,290 455,223,647 |
| 22. | Various Fees Rent (Go-down and locker) | 5,558,258 712,150 | 476,200 |
| | Postage Charges Telephone and Cable Charges | : | 11,261,414 26,885 |
| | Miscellaneous/ Recovery of Telex/ swift Charges Service Charges Recoveries of Loan Priviously Write Off | 34,471,681 28,434,459 7,570,819 | 17,242,445 12,205,531 665,300 |
| | Recoveries and miscellaneous earnings Profit on Repo trading | 126,714,724 | 26,208,778 |
| | Profit on Sale of Fixed Assets Extra ordinary gain (Exchange equalization) Miscellaneous income | 5,514,146 6,925,384 22,637,164 | |
| | Non-operating income Profit on sale of share trading | 238,132,569 | |
| 23. | Salary and Allowances Salaries | 476,671,354 | 68,086,553 155,479,732 |
| | Allowances Provident Fund | 235,246,344 273,298,328 19,367,663 | 155,479,732 159,424,273 12,747,017 |
| | Pension Fund Benevolent Fund | 34,805 10,834,708 | 54,385 8,380,155 |
| | Gratuity Fund Bonus Superannuation Fund | 141,171,598 192,174,133 5,000,000 | 32,105,476 83,547,278 3,500,000 |
| 24. | Rent, Taxes, Insurance, Lighting Etc. | 877,127,579 | 455,238,315 |
| | Rent Rates, Taxes and VAT Electricity and Heating | 64,498,830 1,324,134 13,803,033 | 45,562,913 1,697,817 11,362,066 |
| 10000 | Insurance | 6,342,182 85,968,179 | 12,319,330 70,942,126 |
| 25. | Legal & Professional Expenses Professional Fees | 431,334 | 1,993,410 |
| 26. | Stamps and Court Fees Postage, Stamps, Telecommunication Etc. | 3,704,393 4,135,727 | 2,162,708 |
| 7.72 | Postage Telephone | 95,739 7,169,015 | 375,692 6,401,483 |
| | Fax Stamp Internet and E-mail | 31,148 70,480 10,221,916 | |
| | Courier Services Swift Subscription and cable Charges | 5,728,392 4,536,523 | 5,787,715 1,246,616 |
| 27. | Stationery, Printing, Advertisement Etc. Security Stationery | 27,853,213 | 1,038,652 |
| | Printing Stationery Other Stationery | 7,506,601 8,468,700 | 8,178,637 8,076,237 |
| 20 | Publicity, Advertisement and publication | 12,709,991 30,772,319 | 7,901,138 25,194,665 |
| 28. | Managing Director's Salary Basic Salary Allowances | 2,400,000 2,400,000 | 612,300 1,385,000 |
| V | Bonus | 1,400,000 6,200,000 | 92,000 2,089,300 |
| 29. | Directors' Fees & Meeting Expenses Board meeting and audit committee meeting Other meeting fees/fees/fee | 1,140,000 | 664,000 |
| 30. | Other meeting fees/benefits Depreciation of Bank's Assets | 1,140,000 | 156,000 820,000 |
| 0.000 | Depreciation on own Assets Furniture and Fixture | 7,599,942 | 6,963,122 |
| | Machinery and Equipment Vehicles | 46,627,172 13,296,089 | 40,049,012 13,131,933 |
| | Depreciation on Leased Assets Lease Equipment/ Assets | 67,523,203 45,977 | 60,144,067 45977 |
| 31. | Repair & Maintenance of Bank's Assets Furniture and Fixture | 67,569,180 1,152,324 | 1,369,007 |
| | Machinery and Equipment Vehicles | 9,776,365 5,142,875 | 5,244,812 3,788,017 |
| 32. | Rented Premises Other Expenses | 3,752,222 19,823,786 | 3,383,220 13,785,056 |
| | Discount Commission and Brokerage | 2,723 448,166 | 26,907 870,890 |
| | Entertainment Car Expenses Carbonistics | 18,355,550 11,897,174 | 17,472,007 10,169,546 |
| | Subscription Travelling Cartage and Freight | 2,337,766 7,636,017 | 1,659,701 7,280,212 178,966 |
| | Computer Expenses ITC expenses | 9,578,035 10,261,500 | 5,610,097 |
| | Staff Training and HR development Expenses Donation Management Fees | 4,651,019 20,156,000 | 3,026,925 605,000 6,000 |
| | Welfare Fund Loss on revaluation of HFT securities | 10,000,000 116,732,662 | 5,000,000 14,302,623 |
| | Other Audit Fee Loss on exchange Trading Price erosion of shares | 25,675 12,727,037 8,810,258 | 391,425 35,102 |
| | Verious Committee Members Fees and Allowances Miscellaneous | 235,500 6,087,806 | 2,964,220 5,920,172 |
| | Non-operating loss(loss on sale of investment and fixed assets) | 9,162,783 249,105,671 | 75,519,792 |
| 33. | No item of the miscellaneous expenses exceeds 1 per Provision for Loans & Advances On Classified Loans & Advances As Per Bangladesh Bank Circular Note 12.01 | cent of the total revenue | expenses. 113,543,919 |
| 34. | On Unclassified Loans & Advances Note 12.02 Provision for Off Balance Sheet Exposures | 115,127,635 448,363,180 | 64,736,316 178,280,235 |

34. Provision for Off Balance Sheet Exposures

Add: Propvision made for current years tax

Less: Adjustment made during the year

Provision for Tax

Opening balance

Closing balance

Deferred Tax

36.

651,524,002

761,821,420

A provision of Tk. 212,001,430 has been made @ 1,00% on off balance sheet exposure

(Acceptance & Endorsement, Letter of Credit & Letter of Guarantee) of which Tk. 65,597,080 made

provision from current year profit as per BRPD Circular # 10 dated 18 September 2007. The total amount of provision of Tk. 212,001,430 will be treated as Supplementary Capital of the Bank.

893,553,601

723,274,196

1,616,827,797

1,007,428,915

813,301,889

687,365,442

893,553,601

1,500,667,331





NOSTRO Accounts - Outside Bangladesh

| | | | | | 2010 | | | 2009 | | | |
|------------------|---------------------------------|--------------------------------------|--------|------------------------|---------|-----------------------------------|---------------|---------------|--------------|------------------------------|---------------|
| Name of the Bank | | e of the Bank A/C Type Currency name | | of the Bank A/C IVDE | | ne Bank A/C IVDP CONV. Rate | | Amount in BDT | Amount in FC | Conv. Rate per unit FC | Amount in BDT |
| 1 | BOTM, London | (D | GBP | 28,197.51 | 109.75 | 3,094,589 | 276,000.30 | 110.80 | 30,580,557 | | |
| 2 | Arif Habib(Rupali) Bank Karachi | CD | ACU\$ | 4,397.36 | 70.75 | 311,112 | 69,677.52 | 69.27 | 4,826,332 | | |
| 3 | BOTM, Tokyo | CD | JAPY | 24,398,061.80 | 0.8688 | 21197036 | 10,314,174.78 | 0.79 | 8,092,502 | | |
| 4 | Mashreq Bank, NY | CD | USD | 865,117.54 | 70.7497 | 61206806 | 507,433.41 | 69.27 | 35,148,238 | | |
| 5 | CITI Bank Mumbai | CD | ACU\$ | 4,299.38 | 70.7497 | 304179.8452 | 20,241.88 | 69,27 | 1,402,088 | | |
| 6 | Sonali Bank, Kol. | CD | ACUS | 666,615.92 | 70.75 | 47,162,876 | 395,297.31 | 69.27 | 27,380,940 | | |
| 7 | Bank of Ceylon | CD | ACU\$ | 53,143.93 | 70.75 | 3,759,917 | 6,857.31 | 69.27 | 474,983 | | |
| 8 | Citibank NA, NY(Exp) | CD | USD | 4,224,447.88 | 70.75 | 298,878,420 | 311,877.31 | 69.27 | 21,602,712 | | |
| 9 | SCB, Newyork | (D | USD | 152,985.35 | 70.75 | 10,823,668 | 660,651.05 | 69.27 | 45,761,118 | | |
| 10 | SCB, London | CD | EURO | | | | 131,438.63 | 101.22 | 13,304,350 | | |
| 11 | SCB, Mumbai | CD | ACU\$ | 172,919.08 | 70.75 | 12,233,973 | 130,882.57 | 69.27 | 9,065,804 | | |
| 12 | BCP, Geneva | (D | CHF | 17,630.65 | 75.06 | 1,323,321 | 4,691.33 | 67.97 | 318,886 | | |
| 13 | AMEX Frankfurt | CD | EURO | 7 | | 1,0 | 27,781.17 | 101.22 | 2,812,038 | | |
| 14 | Wachovia Bank,NY | CD | USD | 13,492.20 | 70.75 | 954,569 | 155,425.94 | 69.27 | 10,765,842 | | |
| 15 | HSBC Newyork | CD | USD | 742,954.54 | 70.75 | 52,563,811 | 1,668,122.68 | 69.27 | 115,545,353 | | |
| 16 | ICICI Mumbai | (D) | ACUS | 171,287.08 | 70.75 | 12,118,510 | 112,683.21 | 69.27 | 7,805,194 | | |
| 17 | Sonali Bank Kol ACUEUR | CD | ACUEUR | 6,847.50 | 93.63 | 641,133 | 2,400.00 | 101.22 | | | |
| 18 | Mashreg Bank, Mumbai | CD | ACUS | 142,258.59 | | | | • | 100 | | |
| 19 | SCB Frankfurt | CD | EURO | 431,429.58 | | | | • | // (8 | | |
| 20 | Sonali, London EUR | CD | EURO | 75,280,40 | | | - 3 | - 6 | 1 14 | | |
| 21 | Sonali Bank London | CD | GBP | 38,774.88 | | | - 4 | | | | |
| 22 | Commercial Bank of Ceylon (TD) | Term Deposit(FDR) | USD | 300,000.00 | | | 300,000.00 | 68.30 | 20,490,000 | | |
| 32 | | Term Description) | | 212.000.00 | | | 212.000.00 | | | | |

As per Bangladesh Bank Circular No. FEPD(FEMO)/01/2005-677 dated 13th September 2005, the books of accounts of Nostro account are reconciled and there exist no un-reconciled entries that may affect financial statements significantly.

Detail of information on advances more than 10% of bank's total capital (funded & non-funded):

Annexure-C (Taka in Lac)

| SI. | Name of the Client | Outstandi | Outstanding as | | | |
|-----|--------------------------------------|-----------|----------------|--------|---------------|---------|
| No. | Name of the Client | Funded | Non funded | Total | on 31.12.2009 | Remarks |
| 1 | Mithun Tallu Group | 4,595 | 2,262 | 6,857 | 6,656 | 534 |
| 2 | United Group | 5,858 | 5,059 | 10,917 | 6,623 | 10 |
| 3 | A. H. Jute Spinning and Belting Ltd. | 6,980 | 19 | 6,999 | 5,105 | |
| 4 | Abulkhair Steel and Power Ltd. | | | | 5,442 | |
| 5 | Usha and Paragon allied | 5,149 | 2,867 | 8,016 | 4,842 | |
| 6 | Anwar Jute | 6,161 | 80 | 6,241 | 4,701 | 1 |
| 7 | National Tubes Ltd | 5,484 | 2,242 | 7,726 | | 1 |
| 8 | Sanji-Well Group | 10,899 | 3,615 | 14,514 | 11,370 | 1 |
| 9 | M M Spinning Mills Ltd | 4,332 | 1,863 | 6,195 | 4,550 | 1 |
| 10 | Ananda Shipyard Group | | | | 6,701 | 1 |
| | Total | 49 458 | 18 007 | 67 465 | 55 990 | 1 |

Investment in Shares as at 31 December 2010

| SI. | Particulars | Date of Purchase | No. Of Shares | Face Value (InTaka) | Cost Price (In Taka) | Market Value as at 31.12.2010 (In Taka) | Provision Exists in the accounts (In Taka) | Dividend received in 2010 (I Taka) |
|-----|-----------------------------------|---------------------|------------------|---------------------|--------------------------|---|--|---|
| 1 | FIRST JANATA BANK MUTUAL FUND | 22-Dec-10 | 119,000 | 1,190,000 | 1,514,279.25 | 1,547,000 | | K: |
| 2 | ARAB BANGLADESH (AB) BANK LTD. | 1-Dec-10 | 500 | 50,000 | 732,190.00 | 790,250 | 983 | |
| 3 | BEACON PAHARMACEUTICALS LTD. | 22-Dec-10 | 25,000 | 250,000 | 2,150,131.10 | 1,717,500 | 432,631 | 1.5 |
| 4 | BEXIMCO LIMITED | 20-Nov-10 | 20,000 | 200,000 | 6,380,757.60 | 6,230,000 | 150,758 | |
| 5 | BEXTEX LIMITED | 22-Dec-10 | 85,000 | 850,000 | 7,288,416.86 | 6,485,500 | 802,917 | |
| 6 | BRAC BANK LTD. | 8-Dec-10 | 2,000 | 200,000 | 1,725,260.60 | 1,712,500 | 12,761 | |
| 7 | BEXIMOO PHARMACEUTICALS LTD. | 23-Dec-10 | 38,000 | 380,000 | 5,568,605.85 | 5,133,800 | 434,806 | |
| . 8 | DHAKA ELECTRIC SUPPLY CO. LTD. | 8-Dec-10 | 1,500 | 150,000 | 3,233,421.25 | 3,047,250 | 186,171 | |
| 9 | EXEM BANK OF BANGLADESH LTD. | 1-Nov-10 | 75,000 | 750,000 | 4,567,915.00 | 4,552,500 | 15,415 | |
| 10 | FIRST SECURITY ISLAME BANK LTD. | 25-Nov-10 | 60,000 | 600,000 | 2,457,271.41 | 2,436,000 | 21,271 | |
| 11 | GOLDEN SON LTD. | 22-Dec-10 | 37,000 | 370,000 | 1,110,000.00 | 3,785,100 | 141 | 100 |
| 12 | GRAMEEN PHONE LTD. | 21-Dec-10 | 2,000 | 20,000 | 452,639.50 | 491,600 | (+) | 16 |
| 13 | HEIDELBERG CEMENT BD. LTD. | 8-Dec-10 | 1,100 | 110,000 | 4,202,810.92 | 4,025,175 | 177,636 | 14,000 |
| 14 | IPDC | 5-Dec-10 | 1,000 | 100,000 | 723,912.88 | 687,750 | 36,163 | |
| 15 | KHULNA POWER COMPANY LTD. | 22-Nov-10 | 77,200 | 772,000 | 11,125,662.31 | 8,522,880 | 2,602,782 | |
| 16 | M. I. CEMENT FACTORY LTD. | 30-Nov-10 | 32,338 | 323,380 | 3,608,920.80 | 3,608,921 | (*) | |
| 17 | MEGHNA PETROLEUM LTD. | 23-Nov-10 | 10,000 | 100,000 | 2,828,640.54 | 2,371,000 | 457,641 | 8.5 |
| 18 | NAVANA CNG LIMITED | 31-Oct-10 | 19,000 | 190,000 | 4,652,465.65 | 3,857,000 | 795,466 | |
| 19 | NATIONAL BANK LTD. | 26-Dec-10 | 5,000 | 50,000 | 788,869.00 | 958,000 | 12.0 | 15. |
| 20 | N C C BANK LTD. | 26-Dec-10 | 8,250 | 82,500 | 524,902.50 | 567,600 | 1.0% | |
| 21 | POWER GRID CO. OF BANGLADESH LTD. | 2-Dec-10 | 1,000 | 100,000 | 1,125,366.00 | 915,750 | 209,616 | - 0 |
| 22 | THE PREMIER BANK LTD. | 25-Nov-10 | 10,000 | 100,000 | 590,856.00 | 644,000 | | |
| 23 | PRIME FINANCE & INVESTMENT LTD. | 9-Nov-10 | 8,000 | 80,000 | 3,975,892.00 | 3,727,200 | 248,692 | |
| 24 | RAK CERAMICS (BANGLADESH) LTD. | 31-Oct-10 | 14,600 | 146,000 | 3,142,444.16 | 2,505,360 | 637,084 | - 1 |
| 25 | SHINEPUKUR CERAMICS LTD. | 22-Nov-10 | 3,000 | 30,000 | 256,599.20 | 328,500 | 740 | 1.5 |
| 26 | SQUARE PHARMACEUTICALS LTD. | 23-Dec-10 | 2,200 | 220,000 | 8,252,218.61 | 7,748,400 | 503,819 | ¥: |
| 27 | STANDARD BANK LTD | 2-Dec-10 | 500 | 50,000 | 232,059.76 | 323,000 | (+) | |
| 28 | SUMMET POWER LTD. | 8-Dec-10 | 35,000 | 350,000 | 5,220,113.50 | 4,903,500 | 316,614 | |
| 29 | TITAS GAS TRANSMISSION & D.C.L. | 26-Dec-10 | 9,500 | 950,000 | 10,475,407.23 | 9,490,500 | 984,907 | 100 |
| 30 | UNITED AIRWAYS (BD) LIMITED | 5-Dec-10 | 50 | 5,000 | 30,040.78 | 36,850 | | |
| 31 | EASTERN BANK LTD. | 27-Apr-93 | 2,860,660 | 28,606,600 | 20,367,899.20 | 370,169,404 | | 7,416,880 |
| 32 | ICB ISLAMIC BANK LTD. | 29-May-08 | 2,684,000 | 26,840,000 | 26,840,000.00 | 52,069,600 | (4) | |
| 33 | TAMBUDOIN TEXTILE MILLS LTD. | 2-Jan-92 | 5,000 | 500,000 | 500,000.00 | 385,000 | 115,000 | 25,000 |
| 34 | MITHUN KNETTUNG LTD. | 25-Aug-94 | 80 | 8,000 | 8,000.00 | 132,460 | 100.0 | F. |
| _ | Total | | C 252 470 | 64,723,480.00 | 146,653,969.46 | 515.906.850 | 9,142,148 | 7,455,880 |

Schedule of Fixed Assets

As of 31 December 2010

| | Cost Price | | | | | | Depreciat | ion | | |
|---------------------------|--------------------------------|--------------------------|--|--------------------------------|--------------------|--------------------------------|--------------------------------|--|--------------------------------|---|
| Particulars | Balance as at 01.01.2010 | Addition during the year | Disposal/Tra nsfer during the year | Balance as at 31.12.2010 | Rate of Dep. | Balance as at 01.01.2010 | Addition during the year | Transfer / Adjustment during the year | Balance as at 31.12.2010 | Written Down Value as at 31.12.2010 |
| Furniture and Fodures | 117,150,935 | 20,028,640 | (1,255,321) | 135,924,255 | 10% | 50,286,828 | 7,599,942 | (946,711) | 56,940,059 | 78,984,196 |
| Equipment and Computer | 317,802,601 | 53,240,007 | (53,090) | 370,989,518 | 20% | 182,905,859 | 46,627,172 | (53,089) | 229,479,942 | 141,509,576 |
| Vehides | 101,361,369 | 45,070,001 | (11,598,576) | 134,832,794 | 25% | 73,960,691 | 13,296,089 | (11,598,564) | 75,658,216 | 59,174,578 |
| Leasehold Assets | 4,000,000 | | | 4,000,000 | | 505,747 | 45,977 | | 551,724 | 3,448,276 |
| Total 2010 | 540,314,905 | 118,338,649 | (12,906,987) | 645,746,567 | - 6 | 307,659,125 | 67,569,180 | (12,598,364) | 362,629,941 | 283,116,626 |
| Total 2009 | 476,585,929 | 64,946,906 | (1,217,930) | 540,314,905 | | 248.220.552 | 60.190.044 | (751,471) | 307,659,125 | 232,655,780 |

| | a) | Computation of Deferred Tax | | |
|----|--------|--|-----------------------|---------------|
| | | Tax Base of Depreciable Fixed Assets | 287,983,663 | 263,427,155 |
| | | Less: Carrying Amount | 264,046,637 | 229,161,526 |
| | | Deductable Temporary Difference (A) | 23,937,026 | 34,265,629 |
| | | Carrying Amount of Provision for Gratuity/Benevo | lent/Superannuation F | und: |
| | | Provision for Gratuity | 343,898,718 | 208,242,190 |
| | | Provision for Benevolent Fund(Provision -actual payment) | 23,341,595 | 13,838,495 |
| | | Provision for Superannuation Fund(Provision -actual payment) | 6,050,000 | 1,975,000 |
| | | | 373,290,313 | 224,055,685 |
| | | Less: Tax Base | - | |
| | | Deductable Temporary Difference (B) | 373,290,313 | 224,055,685 |
| | | Total Deductable Temporary Difference (A+B) | 397,227,339 | 258,321,314 |
| | | Effective Tax Rate | 42.50% | 42.50% |
| | | Deferred Tax Assets | 168,821,619 | 109,786,559 |
| | b) | Deferred Tax (Expenses)/Income | | |
| | | Closing Deferred Tax Assets | 168,821,619 | 109,786,559 |
| | | Opening Deferred Tax Assets | 109,786,559 | 95,534,955 |
| | | Deferred Tax (Expenses)/Income | 59,035,060 | 14,251,604 |
| 7. | Prop | osed Dividends | | |
| | Bonu | s Share (5:1 and 9:1) | 392,931,000 | 509,355,000 |
| | Cash | Dividend | ¥ | - |
| | | | 392,931,000 | 509,355,000 |
| 8. | Anal | ysis of Closing Cash and Cash Equivalent | | |
| | Cash i | n hand and balance with Bangladesh bank and Sonali Bank | 3,075,372,781 | 2,424,890,972 |
| | Cash | with other Banks | 2,617,589,335 | 5,906,178,460 |
| | Mone | ey at Call and Short Notice | 250,000,000 | 180,000,000 |
| | | | 5,942,962,116 | 8,511,069,432 |
| 9. | Earn | ing Per Share (EPS) | | |
| | Net F | Profit after Tax (Numerator) | 660,936,269 | 648,853,399 |
| | Numi | per of Ordinary Share Outstanding (Denominator) | 19,646,550 | 14,553,000 |

** Previous year's figure has been adjusted for the issue of 5,093,550 bonus shares and the

The external auditor has covered 80% of the risk-weighted assets and have spent around 2,250 hours to complete the audit as per Bangladesh Standards on Auditing (BSA). The external auditor

33.64

Earning Per Share (EPS)

adjusted EPS is Tk. 33.03.

41. Coverage of External Audit

Litigation Pending against Bank

39.1 Adjusting Earning per Share (Adjusting EPS) for 2009**

has audited 10 branches and Head office of the Bank.

There is no litigation pending against the Bank in the Year 2010.