

AUDITORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010



AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONAL BANK LIMITED

We have audited the accompanying financial statements of National Bank Limited, which comprise the balance sheet as at 31 December 2010 and the related profit and loss account, statement of changes in equity and cash flow statement for the period 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 in accordance with Bangladesh Financial Reporting Standards (BFRS), Bangladesh accounting Standards (BAS), Companies Act 1994, Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Securities and Exchanges Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements 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 based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements 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 the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 presentation of the financial statements.

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

Opinion

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of the bank as at 31 December 2010 and its financial performance and its cash flows for the period then ended in accordance with Bangladesh Financial Reporting Standards (BFRS)

We also report that

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii. in our opinion, proper Books of Account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us ;

- iii. the Bank's balance sheet and profit and loss account and it's cash flows dealt with by the report are in agreement with the Books of Account and returns;
- iv. the expenditure incurred was for the purposes of Bank's business;
- v. the financial position of the Bank at 31 December 2010 and the profit for the period then ended have been properly reflected in the financial statements; the financial statements have been prepared in accordance with the generally accepted accounting principles;
- vi. the Financial Statements have been drawn up in conformity with the Bank Companies Act, 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- vii. adequate provisions have been made for loans and advances, investments and other assets which are in our opinion, doubtful of recovery and adequate provisions have also been made against Off Balance Sheet items;
- viii. the financial statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with professional accounting bodies of Bangladesh;
- ix. the records and statements submitted by the branches have been properly maintained and consolidated in the Financial Statements;
- x. the information and explanations required by us have been received and found satisfactory;
- xi. guidelines of Core Risk Management issued by the Bangladesh Bank vide BRPD Circular # 17 dated 07 October 2003 is being complied with;
- xii. the accounts of overseas subsidiary, associate and branches were not audited by us;
- xiii. it appeared from our test checks that the internal control system was adequate and satisfactory;
- xiv. during the course of our audit we did not come across any matter which was to be brought to the notice of the shareholders of the Bank; and
- xv. 80% of the risk-weighted assets have been reviewed spending over, 3,200 man-hours.

Dhaka, 15 February 2011



Aziz Halim Khair Choudhury
Chartered Accountants

Consolidated Balance Sheet

As at 31 December 2010

	Main operation Taka	Offshore Banking Unit Taka	NBL Money Transfer Pte Ltd. Taka	NBL Money TRN Sdn Bhd Malaysia Taka	Total Taka	2009 Taka
PROPERTY AND ASSETS						
Cash						
Cash in hand (including foreign currencies)	1,474,308,630	—	6,840,147	—	1,481,148,777	1,294,914,868
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)	7,221,005,129	—	—	—	7,221,005,129	5,553,512,827
Balance with other Banks and Financial Institutions	8,695,313,759	—	6,840,147	—	8,702,153,906	6,848,427,695
In Bangladesh	2,146,014,749	6,972,137	40,083,555	38,095,810	2,231,166,251	1,953,168,305
Outside Bangladesh	1,488,098,600	—	239,921	—	1,488,338,521	597,406,528
Intragroup balance	—	—	—	—	(327,365,804)	(168,027,447)
Money at call on short notice	3,634,113,349	6,972,137	40,323,476	38,095,810	3,392,138,968	2,382,547,386
Investments	99,500,000	—	—	—	99,500,000	1,359,800,000
Government	15,016,883,609	—	—	—	15,016,883,609	8,589,545,870
Others	9,976,444,138	—	—	—	9,976,444,138	3,725,658,407
Intragroup balance	—	—	—	—	(39,355,420)	(26,881,080)
Loans and advances	24,993,327,747	—	—	—	24,953,972,327	12,288,323,197
Loans, cash credits, overdrafts etc.	84,618,774,249	1,402,093,187	—	—	86,020,867,436	61,597,795,428
Bills purchased & discounted	4,897,823,828	1,084,872,838	—	—	5,982,696,666	3,531,490,425
	89,516,598,077	2,486,966,025	—	—	92,003,564,102	65,129,285,853
Fixed assets including land, buildings, furniture and fixtures	2,224,439,252	308,445	3,586,709	10,512,855	2,238,847,261	1,829,113,020
Other assets	2,949,747,787	21,080,886	547,515	1,765,610	2,973,141,798	1,743,483,936
Non-banking assets	384,718,241	—	—	—	384,718,241	384,788,241
TOTAL ASSETS	132,497,758,212	2,515,327,493	51,297,847	50,374,275	134,748,036,603	91,965,769,328
LIABILITIES AND CAPITAL						
Liabilities						
Borrowings from other Banks, Financial Institutions and Agents	1,979,304,198	2,396,292,339	—	—	4,375,596,537	1,539,566,185
Intragroup balance	—	—	—	—	(273,801,339)	(148,646,338)
	1,979,304,198	2,396,292,339	—	—	4,101,795,198	1,390,919,847
Deposits and other accounts						
Current deposits and other accounts	14,020,864,433	109,970,350	—	—	14,130,834,783	10,398,061,333
Bills payable	2,133,029,898	—	—	—	2,133,029,898	1,285,541,183
Savings bank deposits	19,289,901,104	—	—	—	19,289,901,104	16,509,865,813
Fixed deposits	43,801,426,228	—	—	—	43,801,426,228	31,605,724,061
Term deposits	23,101,555,044	6,233,049	—	—	23,107,788,093	17,023,623,597
Bearer certificates of deposits	15,825,000	—	—	—	15,825,000	15,825,000
Intragroup balance	—	—	—	—	(6,972,137)	(4,513,835)
	102,362,601,707	116,203,399	—	—	102,471,832,969	76,834,127,152
Subordinated Bond	2,500,000,000	—	—	—	2,500,000,000	—
Other liabilities	6,550,252,984	2,831,755	18,813,074	30,804,598	6,602,702,411	4,822,475,978
Intragroup balance	—	—	—	—	(46,592,328)	—
	6,550,252,984	2,831,755	18,813,074	30,804,598	6,556,110,083	4,822,475,978
TOTAL LIABILITIES	113,392,158,889	2,515,327,493	18,813,074	30,804,598	115,629,738,250	83,047,522,977
Shareholders' equity						
Paid up capital	4,412,131,300	—	16,425,420	22,930,000	4,451,486,720	2,873,417,380
Intragroup balance	—	—	—	—	(39,355,420)	(26,881,080)
	4,412,131,300	—	16,425,420	22,930,000	4,412,131,300	2,846,536,300
Statutory reserve	4,180,253,183	—	—	—	4,180,253,183	2,418,373,220
General reserve	497,723,327	—	—	—	497,723,327	497,723,327
Other reserve	4,915,334,354	—	—	—	4,915,334,354	1,586,842,142
Retained earnings	5,100,157,159	—	16,059,353	(3,360,323)	5,112,856,189	1,568,771,362
	14,693,468,023	—	16,059,353	(3,360,323)	14,706,167,053	6,071,710,051
TOTAL SHAREHOLDERS' EQUITY	19,105,599,323	—	32,484,773	19,569,677	19,118,298,353	8,918,246,351
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	132,497,758,212	2,515,327,493	51,297,847	50,374,275	134,748,036,603	91,965,769,328

Continued...

Consolidated Balance Sheet

As at 31 December 2010

	Main operation Taka	Offshore Banking Unit Taka	NBL Money Transfer Pte Ltd. Taka	NBL Money TRN Sdn Bhd Malaysia Taka	Total Taka	2009
OFF BALANCE SHEET ITEMS						
Contingent Liabilities						
Acceptances and endorsements	6,027,402,000	—	—	—	6,027,402,000	4,890,016,000
Letters of guarantee	5,332,834,216	9,621,959	—	—	5,342,456,175	5,590,072,772
Irrevocable letters of credit	25,502,804,364	1,651,474,872	—	—	27,154,279,236	15,484,573,056
Bills for collection	4,947,096,712	582,616,705	—	—	5,529,713,417	3,315,026,128
Other liabilities (Bad & Loss)	—	—	—	—	—	—
	41,810,137,292	2,243,713,536	—	—	44,053,850,828	29,279,687,956
Other Contingent Liabilities						
Value of Bangladesh sanchaya patra on hand	991,250,000	—	—	—	991,250,000	803,342,000
Value of travelers' cheques on hand	—	—	—	—	—	—
	991,250,000	—	—	—	991,250,000	803,342,000
Total Contingent Liabilities	42,801,387,292	2,243,713,536	—	—	45,045,100,828	30,083,029,956
Other commitments						
Lease rental commitments	—	—	—	—	—	—
Documentary credits and short term trade -related transactions	—	—	—	—	—	—
Forward assets purchased and forward deposits placed	—	—	—	—	—	—
Undrawn note issuance and revolving facilities	—	—	—	—	—	—
Undrawn formal standby facilities, credit lines and other commitments	—	—	—	—	—	—
Spot and forward foreign exchange rate contracts	—	—	—	—	—	—
Other exchange contracts	—	—	—	—	—	—
	—	—	—	—	—	—
Claims against the Bank not acknowledged as debt	—	—	—	—	—	—
Total off B/S items (Including contingent liabilities)	42,801,387,292	2,243,713,536	—	—	45,045,100,828	30,083,029,956

These Financial Statements should be read in conjunction with the annexed notes



Managing Director



Director



Director



Chairman

Auditors' Report to the shareholders signed in terms of our separate report of even date

Dhaka, 15 February 2011



Aziz Halim Khair Choudhury
Chartered Accountants

Consolidated Profit and Loss Account

For the year ended 31 December 2010

	Main operation Taka	Offshore Banking Unit Taka	NBL Money Transfer Pte Ltd. Taka	NBL Money TRN Sdn Bhd Malaysia Taka	Total Taka	2009 Taka
Interest income	9,506,867,029	109,269,308	—	—	9,616,136,337	7,006,634,491
Less: Interest paid on deposits and borrowings	5,537,628,704	39,458,310	—	—	5,577,087,014	4,490,344,927
Net interest income	3,969,238,325	69,810,998	—	—	4,039,049,323	2,516,289,564
Investment income	6,216,355,890	—	—	—	6,216,355,890	1,779,316,931
Commission, exchange and brokerage	1,518,935,393	26,597,906	35,488,379	20,988,081	1,602,009,759	1,497,505,815
Other operating income	1,225,254,752	8,825,372	684,119	313,913	1,235,078,156	757,001,976
Total operating income	12,929,784,360	105,234,276	36,172,498	21,301,994	13,092,493,128	6,550,114,286
Salary and allowances	1,996,107,963	2,626,661	11,699,005	8,329,598	2,018,763,227	1,534,823,696
Rent, taxes, insurance, electricity etc.	244,923,173	1,111,149	—	5,919,357	251,953,679	189,695,256
Legal expenses	42,097,475	—	—	—	42,097,475	9,525,056
Postage, stamp, telecommunication etc.	45,984,752	314,104	—	459,059	46,757,915	38,796,421
Stationery, printing, advertisement, etc.	121,452,940	—	—	362,340	121,815,280	110,676,207
Managing director's salary and allowances	8,902,876	—	—	—	8,902,876	7,120,000
Directors' fees and other benefits	7,543,275	—	—	—	7,543,275	4,012,405
Audit fees	325,000	—	—	87,134	412,134	344,415
Charges on loan losses	1,050,000,000	253,412	2,119,755	1,338,722	1,050,000,000	855,400,305
Repairs, maintenance and depreciation	218,644,467	—	10,532,855	4,363,533	222,356,356	151,891,116
Other expenses	353,413,658	5,098	—	—	368,315,144	237,198,388
Total operating expenses	4,089,395,579	4,310,424	24,351,615	20,859,743	4,138,917,361	3,139,483,265
Effect of changes in exchange rates	8,840,388,781	100,923,852	11,820,883	442,251	8,953,575,767	3,410,631,021
Profit transferred from Off Shore Banking Unit	100,211,033	(712,819)	198,588	—	(514,231)	(200,004)
Profit before provision	8,940,599,814	—	12,019,471	442,251	8,953,061,536	3,410,431,017
Provision for loans and advances	—	—	—	—	—	—
Specific provision	—	—	—	—	—	—
General provision (Including Off B/S items)	120,000,000	—	—	—	120,000,000	25,000,000
Provision for other classified assets	120,000,000	—	—	—	120,000,000	175,000,000
Total provision	131,200,000	—	—	—	131,200,000	200,000,000
Profit before taxes	8,809,399,814	—	12,019,471	442,251	8,821,861,536	3,210,431,017
Provision for taxation	1,920,000,000	—	1,041,043	29,809	1,921,070,852	1,151,450,413
Deferred tax (income)/expenses	29,056,237	—	174,657	—	29,230,894	(23,248,003)
Net Profit after taxation	6,860,343,577	—	10,803,771	412,442	6,871,559,790	2,082,228,607
Retained earnings brought forward from previous year	1,567,288,545	—	5,255,582	(3,772,765)	1,568,771,362	964,856,945
Appropriations	8,427,632,122	—	16,059,353	(3,360,323)	8,440,331,152	3,047,085,552
Statutory reserve	(1,761,879,963)	—	—	—	(1,761,879,963)	(639,499,183)
Transferred from general reserve (for appropriation)	—	—	—	—	—	135,000,000
Dividend (Bonus share)	(1,565,595,000)	—	—	—	(1,565,595,000)	(973,815,007)
Retained earnings carried forward	5,100,157,159	—	16,059,353	(3,360,323)	5,112,856,189	1,568,771,362

These Financial Statements should be read in conjunction with the annexed notes



Managing Director



Director



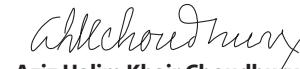
Director



Chairman

\Auditors' Report to the shareholders signed in terms of our separate report of even date

Dhaka, 15 February 2011



Aziz Halim Khair Choudhury
Chartered Accountants

Consolidated Statement of changes in Equity

For the year ended 31 December 2010

(Figure in BDT)

Particulars	Paid up Capital	Statutory Reserve	General Reserve	Other Reserve	Retained Earnings	Total
Balance on 01 January 2010	2,846,536,300	2,418,373,220	497,723,327	1,586,842,142	1,568,771,362	8,918,246,351
Net profit for the year	—	—	—	—	6,871,559,790	6,871,559,790
Bonus shares for 2009 issued during the year	1,565,595,000	—	—	—	(1,565,595,000)	—
Addition during the year	—	1,761,879,963	—	—	(1,761,879,963)	—
Revaluation of Govt. Treasury Bill, Bond and Other Investment	—	—	—	3,328,492,212	—	3,328,492,212
Transfer from general reserve for appropriation	—	—	—	—	—	—
Balance at 31 December 2010	4,412,131,300	4,180,253,183	497,723,327	4,915,334,354	5,112,856,189	19,118,298,353
Balance at 31 December 2009	2,846,536,300	2,418,373,220	497,723,327	1,586,842,142	1,568,771,362	8,918,246,351



Chairman



Director



Director



Managing Director

Balance Sheet

As at 31 December 2010

	Notes	2010 Taka	2009 Taka
PROPERTY AND ASSETS			
Cash			
Cash in hand (including foreign currencies)	3	1,474,308,630	1,290,177,054
Balance with Bangladesh Bank and its agent bank(s)	4	7,221,005,129	5,553,512,827
(Including foreign currencies)		8,695,313,759	6,843,689,881
Balance with other Banks and Financial Institutions	5		
In Bangladesh		2,146,014,749	1,893,180,877
Outside Bangladesh		1,488,098,600	597,190,817
Money at call on short notice	6	3,634,113,349	2,490,371,694
Investments	7	99,500,000	1,359,800,000
Government		15,016,883,609	8,589,545,870
Others		9,976,444,138	3,725,658,407
Loans and advances	8	24,993,327,747	12,315,204,277
Loans, cash credits, overdrafts etc.		84,618,774,249	61,504,920,890
Bills purchased & discounted		4,897,823,828	3,457,391,264
Fixed assets including land, buildings, furniture and fixtures	9	89,516,598,077	64,962,312,154
Other assets	10	2,224,439,252	1,815,564,664
Non-banking assets	2.6.5	2,949,747,787	1,740,385,536
TOTAL ASSETS		384,718,241	384,788,241
		132,497,758,212	91,912,116,447
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, Financial Institutions and Agents	11	1,979,304,198	1,390,919,847
Deposits and other accounts	12		
Current deposits and other accounts	12.2	14,020,864,433	10,375,948,754
Bills payable	12.3	2,133,029,898	1,285,541,183
Savings bank deposits		19,289,901,104	16,509,865,813
Fixed deposits		43,801,426,228	31,605,724,061
Term deposits	12.4	23,101,555,044	17,021,746,469
Bearer certificates of deposits		15,825,000	15,825,000
		102,362,601,707	76,814,651,280
Subordinated Bond	2.18	2,500,000,000	—
Other liabilities	13	6,550,252,984	4,789,781,786
TOTAL LIABILITIES		113,392,158,889	82,995,352,913
Shareholders' equity			
Paid up capital	14.2	4,412,131,300	2,846,536,300
Statutory reserve	15	4,180,253,183	2,418,373,220
General reserve	16	497,723,327	497,723,327
Other reserve	17	4,915,334,354	1,586,842,142
Retained earnings	18	5,100,157,159	1,567,288,545
TOTAL SHAREHOLDERS' EQUITY		19,105,599,323	8,916,763,534
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		132,497,758,212	91,912,116,447

Continued....

Balance Sheet

As at 31 December 2010

	Notes	2010 Taka	2009 Taka
OFF BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements		6,027,402,000	4,890,016,000
Letters of guarantee	19	5,332,834,216	5,579,945,980
Irrevocable letters of credit		25,502,804,364	14,801,207,258
Bills for collection		4,947,096,712	3,125,304,637
Other liabilities (Bad & Loss)		—	—
		41,810,137,292	28,396,473,875
Other contingent liabilities			
Value of Bangladesh sanchaya patra on hand		991,250,000	803,342,000
Value of travelers' cheques on hand		—	—
		991,250,000	803,342,000
Total contingent liabilities		42,801,387,292	29,199,815,875
Other commitments			
Lease rental commitments		—	—
Documentary credits and short term trade -related transactions		—	—
Forward assets purchased and forward deposits placed		—	—
Undrawn note issuance and revolving facilities		—	—
Undrawn formal standby facilities, credit lines and other commitments		—	—
Spot and forward foreign exchange rate contracts		—	—
Other exchange contracts		—	—
Claims against the Bank not acknowledged as debt			
Total off Balance Sheet items (Including contingent liabilities)		42,801,387,292	29,199,815,875

These Financial Statements should be read in conjunction with the annexed notes


 Managing Director


 Director


 Director


 Chairman

Auditors' Report to the shareholders signed in terms of our separate report of even date

Dhaka, 15 February 2011


Aziz Halim Khair Choudhury
 Chartered Accountants

Profit and Loss Account

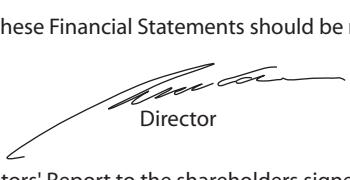
For the year ended 31 December 2010

	Notes	2010 Taka	2009 Taka
Interest income	20	9,506,867,029	7,003,704,938
Less: Interest paid on deposits and borrowings	21	5,537,628,704	4,489,636,114
Net interest income		3,969,238,325	2,514,068,824
Investment income	22	6,216,355,890	1,779,316,931
Commission, exchange and brokerage	23	1,518,935,393	1,448,972,295
Other operating income	24	1,225,254,752	750,127,030
Total operating income		12,929,784,360	6,492,485,080
Salary and allowances	25	1,996,107,963	1,524,454,051
Rent, taxes, insurance, electricity etc.	27	244,923,173	186,191,020
Legal expenses	28	42,097,475	9,525,056
Postage, stamp, telecommunication etc.	30	45,984,752	38,345,265
Stationery, printing, advertisement, etc.	31	121,452,940	110,629,935
Managing director's salary and allowances	32	8,902,876	7,120,000
Directors' fees and other benefits	26	7,543,275	4,012,405
Audit fees	29	325,000	300,000
Charges on loan losses		1,050,000,000	855,400,305
Repairs, maintenance and depreciation	33	218,644,467	149,744,214
Other expenses	34	353,413,658	228,396,741
Total operating expenses		4,089,395,579	3,114,118,992
Profit transferred from offshore banking unit		8,840,388,781	3,378,366,088
Profit before provision		100,211,033	19,129,827
Provision for loans and advances		8,940,599,814	3,397,495,915
Specific provision	13.2 (a)	—	25,000,000
General provision (Including Off B/S items)	13.2 (b & c)	120,000,000 120,000,000 11,200,000	175,000,000 200,000,000 —
Provision for other classified assets	13.4	131,200,000	200,000,000
Total provision		8,809,399,814	3,197,495,915
Profit before taxes		1,949,056,237	1,127,025,451
Provision for taxation	13.1	1,920,000,000 29,056,237	1,150,000,000 (22,974,549)
Deferred taxes (Income)/expenses		6,860,343,577	2,070,470,464
Net Profit after taxation		1,567,288,545	975,132,271
Retained earnings brought forward from previous year		8,427,632,122	3,045,602,735
Appropriations			
Statutory reserve		(1,761,879,963)	(639,499,183)
Transfer from general reserve (for appropriation)		—	135,000,000
Dividend (Bonus Share)		(1,565,595,000) (3,327,474,963)	(973,815,007) (1,478,314,190)
Retained earnings carried forward		5,100,157,159	1,567,288,545
Earnings per share	37	15.55	4.69

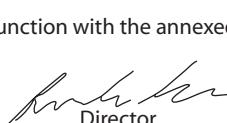
These Financial Statements should be read in conjunction with the annexed notes



Managing Director



Director



Director



Chairman

Auditors' Report to the shareholders signed in terms of our separate report of even date



Aziz Halim Khair Choudhury
Chartered Accountants

Cash Flow Statement

For the year ended 31 December 2010

	Notes	2010 Taka	2009 Taka
A) Cash flows from operating activities			
Interest received		9,506,867,029	6,818,466,566
Interest paid		(5,233,922,931)	(4,476,709,304)
Income from Investment		1,556,283,523	909,565,342
Fees, commission, exchange & brokerage		1,518,935,393	1,448,972,295
Cash paid to employees		(2,012,554,114)	(1,535,586,456)
Cash paid to suppliers		(499,795,500)	(385,023,146)
Income taxes paid	13.1	(1,375,039,771)	(1,366,204,813)
Received from other operating activities		1,204,312,075	932,344,919
Paid for other operating activities		(351,996,375)	(228,317,075)
Operating profit before changes in operating assets and liabilities		4,313,089,329	2,117,508,328
Increase/(decrease) in operating assets & liabilities			
Sale of trading securities		5,129,578,214	1,734,594,467
Purchase of trading securities		(2,414,256,082)	(1,371,728,233)
Loans and advances to other banks		—	—
Loans and advances to customers		(26,213,422,183)	(15,790,235,307)
Other assets	35	(1,209,362,251)	(1,023,955,338)
Deposits from other Banks		(2,203,835,160)	3,059,995,915
Deposits from customers		27,751,785,587	13,567,220,315
Other liabilities	36	481,157,340	132,154,288
Net cash received from operating activities		1,321,645,465	308,046,107
		5,634,734,794	2,425,554,435
B) Cash flows from investing activities			
Proceeds from sale of non- trading securities		1,508,728,874	824,349,730
Investment made during the year (Non-trading securities)		(7,964,223,185)	(2,044,519,094)
Purchase of property, plant and equipment		(622,154,636)	(343,863,070)
Sale proceeds of fixed assets		59,173,135	4,914,689
Net cash used in investing activities		(7,018,475,812)	(1,559,117,745)
C) Cash flows from financing activities			
Borrowings from Other Banks, Financial Institutions and agents		588,384,351	134,363,947
Issue of subordinated bond		2,500,000,000	—
Net cash received from financing activities		3,088,384,351	134,363,947
D) Net increase / (decrease) in cash and cash-equivalents (A+B+C)		1,704,643,333	1,000,800,637
E) Effects of exchange rate changes on cash and cash-equivalents		30,482,300	3,105,244
F) Cash and cash-equivalents at beginning of the year		10,700,005,175	9,696,099,294
G) Cash and cash-equivalents at end of the year (D+E+F)		12,435,130,808	10,700,005,175
Cash and cash-equivalents at end of the year			
Cash in hand (including foreign currencies)		1,474,308,630	1,290,177,054
Balances with Bangladesh Bank and its agent bank (s)		7,221,005,129	5,553,512,827
Balances with other Banks and Financial Institutions		3,634,113,349	2,490,371,694
Money at call and short notice		99,500,000	1,359,800,000
Reverse repo		—	—
Prize bonds		6,203,700	6,143,600
		12,435,130,808	10,700,005,175



Managing Director



Director



Director



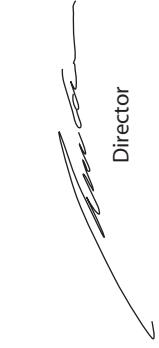
Chairman

Statement of changes in Equity

For the year ended 31 December 2010

(Figure in BDT)

Particulars	Paid up Capital	Statutory Reserve	General Reserve	Other Reserve	Retained Earnings	Total
Balance on 01 January 2010	2,846,536,300	2,418,373,220	497,723,327	1,586,842,142	1,567,288,545	8,916,763,534
Net profit for the year	—	—	—	—	6,860,343,577	6,860,343,577
Bonus shares for 2009 issued during the year	1,565,595,000	—	—	—	(1,565,595,000)	—
Addition during the year	—	1,761,879,963	—	—	(1,761,879,963)	—
Revaluation of Govt. Treasury Bill, Bond and other Investment	—	—	—	3,328,492,212	—	3,328,492,212
Issued during the year	—	—	—	—	—	—
Transfer from general reserve	—	—	—	—	—	—
Balance at 31 December 2010	4,412,131,300	4,180,253,183	497,723,327	4,915,334,354	5,100,157,159	19,105,599,323
Balance at 31 December 2009	2,846,536,300	2,418,373,220	497,723,327	1,586,842,142	1,567,288,545	8,916,763,534

	Managing Director
	Director



Chairman



Director

Liquidity Statement
 (Asset and liability maturity analysis)
 As at 31 December 2010

(Figure in BDT)

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5 years term	Total
Assets						
Cash in hand	1,474,308,630	—	—	—	—	1,474,308,630
Balance with Bangladesh Bank and its agent Bank	7,221,005,129	—	—	—	—	7,221,005,129
Balances with Other banks and financial institutions	2,869,082,187	490,546,162	200,000,000	74,485,000	—	3,634,113,349
Money at call on short notice	99,500,000	—	—	—	—	99,500,000
Investments	2,650,520,011	2,735,246,515	5,440,150,566	5,423,666,159	8,743,744,496	24,993,327,747
Loans & Advances	3,831,950,072	9,296,059,752	30,316,017,237	37,235,046,510	8,837,524,506	89,516,598,077
Fixed assets including land, building, furniture & fixtures	10,880,217	21,760,434	97,921,955	432,862,656	1,661,013,990	2,224,439,252
Other assets	787,359,291	1,572,423,138	589,965,359	—	—	2,949,747,787
Non-banking assets	—	—	—	384,718,241	—	384,718,241
Total Assets	18,944,605,537	14,116,036,001	36,644,055,116	43,550,778,566	19,242,282,992	132,497,758,212

Liabilities

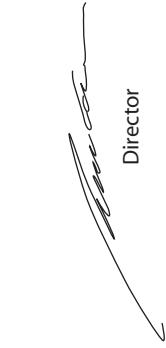
Borrowings from other Banks, Financial Institutions & Agents	329,884,033	659,768,066	989,652,099	—	—	1,979,304,198
Deposits and other accounts	17,001,609,125	8,644,728,841	30,256,550,942	36,430,817,489	10,028,895,310	102,362,601,707
Subordinated Debt	—	—	—	500,000,000	2,000,000,000	2,500,000,000
Other liabilities	719,392,085	1,183,093,349	1,897,256,533	2,750,511,017	—	6,550,252,984
Total Liabilities	18,050,885,243	10,487,590,256	33,143,459,574	39,681,328,506	12,028,895,310	113,392,158,889
Net Liquidity Gap	893,720,294	3,628,445,745	3,500,595,542	3,869,450,060	7,213,387,682	19,105,599,323



Chairman



Director



Director



Managing Director

Notes to the Financial Statements

For the year ended 31 December 2010

1 General information

1.1 Status of the bank

National Bank Limited was incorporated in Bangladesh as a public limited company with limited liability as on 15 March 1983 under Companies Act 1913 (Companies Act 1994) to carry out banking business. It obtained license from Bangladesh Bank for carrying out banking business on 22 March 1983. The Bank has been carrying out its banking activities through its one hundred forty five (145) branches including fifteen (15) SME/Agri- branches over the country. The Bank is listed with both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

1.2 Principal activities

1.2.1 The principal activities of National Bank Limited are to provide a comprehensive range of financial services; personal and commercial banking, trade service, cash management, treasury, security and custody services.

1.2.2 Offshore Bank is a Bank located outside the country of residence of depositors, typically in the low tax jurisdiction (or tax haven) that provides financial and legal advantage. Offshore Banking Unit (the Unit) a separate business unit of National Bank Limited, governed under the Rules and guideline of Bangladesh Bank. The Bank obtained the Offshore Banking permission vide letter No. BRPD/(P-3)744(97)/2008-2005 dated 01 June 2008 from Bangladesh Bank. The unit commenced its operation from September, 2008 and its office is located at 9, Mohakhali, Dhaka.

2 Basis of preparation of Financial Statements and significant accounting policies

2.1 Statement of Compliance

The Financial Statements have been prepared in compliance with the Bangladesh Financial Reporting Standards (BFRS), Bangladesh Accounting Standards (BASs), Bangladesh Bank circulars, Bank companies Act 1991, the Companies Act 1994, Securities and Exchange Rules and other rules and regulations as applicable in Bangladesh.

2.2 Basis of preparation of Financial Statements

The Financial Statements of the Bank as at 31 December, 2010 have been prepared on going concern basis under the historical cost convention and in accordance with the "First Schedule" of the Bank Companies Act, 1991 as amended by BRPD Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRS), Bangladesh Accounting Standards (BASs), the Companies Act 1994, the Securities and Exchange Rules 1987, the listing Regulations of the Stock Exchanges and other laws and rules applicable in Bangladesh.

2.3 Basis of consolidation

A separate set of record for consolidation of Balance Sheet and Profit & Loss Account of the branches and Head Office of the Bank are maintained based on which these Financial Statements have been prepared.

2.4 Use of estimates and judgment

Preparation of the Financial Statements in conformity with BFRS/BAS requires management to make judgments, estimates and assumptions. These judgments, estimates and assumptions affect the application of accounting policies and the reported amount of assets and liabilities as well as income and expenses in the Financial Statements presented. Actual result may differ from the estimates and assumption made.

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

2.5 Functional and presentation currency

The Financial Statements have been prepared and presented using BDT the functional currency of NBL.

Notes to the Financial Statements

For the year ended 31 December 2010

2.6 Assets and basis of their valuation

2.6.1 Loans and advances

a) Loans and advances are stated in the Balance Sheet at gross basis. General provisions on unclassified & contingent assets, Specific provisions for classified loans and interest suspense account thereon are shown under other liabilities.

b) Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery and (ii) against which legal cases are pending as per guidelines of Bangladesh Bank. However, the write off will not reduce the claim against the borrower. Detailed memorandum records for all of such write off accounts are maintained.

2.6.2 Lease finance

To comply with **Bangladesh Accounting Standard (BAS) No. 17 "Leases"**, the books of account for leasing operation has been prepared under finance method of accounting since assets leased to customers under agreements transfer substantially all the risks and rewards associated with ownership, other than legal title, to the customers and all leases are full payout leases.

In accordance with the said standard, the aggregate lease receivables are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition cost including interest during the period of acquiring the lease equipment constitutes the unearned lease income.

At the execution of each lease, a portion of the unearned lease is recognized as revenue income in the period in which it is matured. The balance of the unearned lease income is amortized to revenue on a monthly basis over the primary lease term yielding a constant rate of return over the period.

2.6.3 Investments

Investments are classified broadly in three categories and accounted for as under.

(a) Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the NBL's management has the intention and ability to hold to maturity. If the Bank were to sell other than an insignificant amount of held -to-maturity assets, the entire category would be reclassified as available for sale.

(b) Held for trading

Investments classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or if designed as such by the management. After initial recognition, investments are measured at fair value and changes are recognized in the Profit & Loss account as income for the period as per provision of **BAS-39 "Financial Instruments: Recognition and measurement"**.

(c) Sale and repurchase agreement

Securities sold subject to repurchase agreement (REPO) are reclassified in the Financial Statements as pledged assets when the transferee has the right by contract or custom to sell or re-pledge the collateral; the counter-party liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate. Securities purchased under agreements to resell (REVERSE REPO) are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Value of investment has been determined as follows :

Items	Applicable accounting value
Government treasury bills (HTM)	At Present Value
Government treasury bills (HFT)	At Market Value
T & T bonds	At cost
Bangladesh Govt.treasury bonds	At Present Value
Prize bond	At cost
BHBFC-debenture	Face value
Investments in shares	Marked to market
Foreign Investment in Share and FDR	At rolling exchange rate on Balance Sheet date

Notes to the Financial Statements

For the year ended 31 December 2010

2.6.4 Fixed assets and depreciation

a) All fixed assets are stated at cost less accumulated depreciation.

b) Depreciation is charged for the year using straight line method on all fixed assets other than land at the following rates :

Category of fixed assets	Rate of depreciation	
	2010	2009
Land	Nil	Nil
Building	2.50%	2.50%
Furniture, Fixture & Fittings	10%	10%
General Equipment	20%	20%
Computer Equipment	33.33%	33.33%
Vehicles	20%	20%
Books	20%	20%

c) On additions to fixed assets depreciation is charged from the date of acquisition and no depreciation is charged in the year of disposal of the same.

2.6.5 Non-Banking Assets

The Bank has shown Non-Banking assets acquired by virtue of decree from Artha-Rin-Adalat at its market value as required by BRPD circular No. 14 dated 25 June 2003.

2.7 Liabilities and provisions

2.7.1 Employees benefits

a. Short-term benefits

Short-term benefits are employees benefits which fall due wholly within twelve month after the end of the period in which the employees render the related service. The Bank provide various short-term benefits to its employees like incentive bonus, medical services, leave fare assistance etc.

b. Post-employment benefits:

i. Defined contribution plans

Defined contribution plans are post employment benefit plans under which an entity pays a fixed contributions into a separate entity (Fund) and will have no legal or constructive obligations to pay further. Obligation for contribution to defined contribution pension plans are recognized as an expense in the Profit & Loss account when they are due.

Provident fund

The benefits of provident fund are given to the employees of the Bank in accordance with the recognized Provident Fund Rules as per section 2(52) of Income Tax Ordinance, 1984. The Provident Fund was recognized with effect from 31 March, 1987. The Fund is operated by a Board of Trustees consisting of 6 (six) members of the Bank. All confirmed employees of the Bank contribute 10% of their basic salary as subscription to the Fund. The Bank also contributes equal amount to the Fund. Interest earned from the investments of fund is credited to the members account on yearly basis.

ii. Defined benefit plans

Defined benefit plans are post employment benefit plans other than defined contribution plans. The defined benefit plans of the Bank to its employees includes:

Gratuity

The Bank operates a funded gratuity scheme with effect from 01 July, 2005, which is administered by a Board of Trustees consisting of 4 (four) members. Provision has been made for liabilities under gratuity scheme in compliance with BAS-19 and Bangladesh Bank instruction provided in letter No. DBI 1 (private)/82/2008-257 dated February 20, 2008.

Superannuation fund

The Bank operates a Superannuation Fund Trust by a Board of Trustees consisting of 5 (five) members. The death-cum-survival benefits are given to the employees as per the eligibility narrated in the Trust Rules. The fund got recognition from the National Board of Revenue with effect from July 01, 2005, as per Part-A of First Schedule of Income Tax Ordinance, 1984. The Bank contributes to the fund annually as per superannuation fund rules.

c. Other benefits

Other benefits includes leave encashment, house building, computer and car loan at a concessional rate.

2.7.2 Provision for liabilities

A provision is recognized 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 **BAS-37, "Provisions, Contingent Liabilities and Contingent Assets"**.

Notes to the Financial Statements

For the year ended 31 December 2010

2.7.3 Provision for Loans and Advances

Provision against classified loans and advances is made on the basis of periodical review by the management and instruction contained in 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 dated 15 February 2005, BRPD circular No. 05 dated 27 April 2005 and BRPD circular No. 32, dated October 27, 2010. The provisioning rate as per Bangladesh Bank circulars are as follows:

	Business Unit	Rates of Provisions				
		UC	SMA	SS	DF	BL
Consumer	House Building & Professional	2.00%	5.00%	20.00%	50.00%	100.00%
	Other than House Building & Professional	5.00%	5.00%	20.00%	50.00%	100.00%
	Small & Medium Enterprise	1.00%	5.00%	20.00%	50.00%	100.00%
	BHs/MBs/ SDs against shares	2.00%	5.00%	20.00%	50.00%	100.00%
	All Others	1.00%	5.00%	20.00%	50.00%	100.00%

2.7.4 Provision against Off Balance Sheet items

Provision against Off Balance Sheet items have been kept @ 1.00% as per BRPD Circular No. 08 of August 7, 2007 and BRPD circular No. 10 of September 18, 2007.

2.7.5 Provision for Taxation

a. Current Tax

Current tax is expected tax payable on taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment payable in respect of previous years. Provision for current income tax has been made @ 42.50% as prescribed in the Finance Act, 2010 of the profit made by the Bank after considering major taxable allowances and disallowances.

b. Deferred Tax

Deferred Tax is calculated on the taxable / deductible temporary differences between tax base amount and carrying amount of assets and liabilities as required by **Bangladesh Accounting Standards (BAS)-12 "Income Taxes"**.

Taxable temporary differences are temporary differences that will result in taxable amounts in determining taxable profit/(loss) for future periods when the carrying amount of the asset or liability is recovered or settled.

Deductible temporary differences are differences that will result in amounts that are deductible in determining taxable profit (loss) of future periods when the carrying amount of asset or liability is recovered or settled.

2.8 Off Balance sheet items

Off Balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines.

2.9 Revenue recognition

The revenues during the year are recognized complying all conditions of revenue recognition as prescribed in **Bangladesh Accounting Standards (BAS)-18, "Revenue Recognition"**

2.9.1 Interest income

The interest receivable is recognized 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 account and in memorandum account. Interest on classified advances is accounted for on a cash receipt basis.

2.9.2 Investment income

Income on investment is recognized on realisation & accrual basis where applicable

2.9.3 Fees and commission income

Fees and commission income arises on services provided by the Bank are recognized on a cash receipt basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

2.9.4 Dividend income on shares

Dividend income from shares is recognized during the period in which they are actually received. Stock Dividend is recognized as income in the year in which it is sold.

2.9.5 Interest paid on Borrowings and Deposits

Interest paid on Borrowings and Deposits are calculated on a day basis and recognized on accrual basis.

2.9.6 Management and other expenses

Expenses incurred by the Bank are recognized on actual or accrual basis whenever necessary.

2.10 Foreign currencies translation and balance with other banks

Amount in foreign currency are translated in accordance with the principles set forth in **Bangladesh Accounting Standard-21 "The Effects of Changes in Foreign Exchange Rates"**. As per this standard monetary items not denominated in BDT and cash transactions not completed at the reporting date are translated into BDT using current market rates. Non-monetary items carried at fair value are translated into BDT using current market price at the reporting date and non-monetary items carried at cost are translated using the rate applicable at the time of acquisition. Transaction rates used to translate the items related to income and expenses.

Notes to the Financial Statements

For the year ended 31 December 2010

2.11 Risk management

2.11.1 Asset liability management

The Asset Liability Committee (ALCO) of the Bank monitors market risk and liquidity risk of the Bank. The market risk is defined as potential change in earnings due to change in rate of interest, foreign exchange rates which are not of trading nature. Asset Liability Committee (ALCO) reviews liquidity requirement of the Bank, the maturity of assets and liabilities, deposit and lending, pricing strategy and the liquidity contingency plan. The primary objective of the ALCO is to monitor and avert significant volatility in Net Interest Income (NII), return on assets, investment value and exchange earnings. The ALCO also monitors the Capital Adequacy Ratio on monthly basis.

2.11.2 Money laundering risk management

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has a designated Chief Compliance Officer at Head Office and Compliance Officer at branches, who independently review the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been established and transaction profile has been introduced. Training has been continuously given to all categories of officers and executives for developing awareness and skill for identifying suspicious activities.

2.11.3 Credit risk management

Credit Risk is defined as potential loss arising from the failure of a counter party to meet financial obligations as per contractual agreement with the bank. For maintaining steady growth of the Bank and for economic development of the country, National Bank Limited manages credit risk meticulously. National Bank extends credit facilities to different clients in different sectors after doing due diligence and mitigating risk factors properly as per guidelines set by Bangladesh Bank, Executive Committee of the Board of Directors and Management Credit Committee of the Bank.

The bank has segregated duties of the executives/officers involved in credit related activities. A separate marketing division has been formed at Head Office which is entrusted with the duties of maintaining effective relationship with the customer, marketing of credit products, exploring new business opportunities etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. For this purpose, three separate units have been formed namely Credit Risk Management Division, Credit Administration Division, Law & Recovery Division. Credit Risk Management Division is entrusted with the duties of maintaining asset quality, assessing risk involved in lending, sanctioning credit, formulating policy/strategy for lending operation. Credit Risk Grading (CRG) is also made for individual borrowers. A separate desk has been created in Law and Recovery Division to handle top 10 defaulters.

2.11.4 Foreign exchange risk management

Foreign exchange risk is defined as the potential change in earnings arising 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 dealing on Banks 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 at the month-end. All Nostro accounts are reconciled on monthly basis and outstanding entries are reviewed by the management for its settlement on regular basis.

2.11.5 Internal control and compliance management

Operational loss 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 Head Office for review of the operation and compliance of statutory requirement. The Audit Committee of the Board subsequently reviews the reports of the Internal Control and Compliance Division.

2.12 Earnings per share (EPS)

Earnings per share (EPS) have been calculated in accordance with **BAS-33, "Earnings per Share"**, which is shown on the face of the Profit & Loss Account. This has been calculated by dividing the net profit after tax by the weighted average number of ordinary shares outstanding as on 31 December, 2010. Earnings per share is adjusted for issue of bonus shares for the year 2009.

2.13 Cash flow statement

Cash flow statement has been prepared in accordance with **BAS-7, "Cash Flow Statements"** and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated 25 June, 2003. The cash flow statement shows the structure of changes in cash and cash equivalent during the financial year. It is broken down into operating activities, investing activities and financial activities.

2.14 Statement of changes in equity

Statement of changes in equity has been prepared in accordance with **BAS-1, "Presentation of Financial Statements"** and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated 25 June, 2003.

2.15 Statement of liquidity

The liquidity statement has been prepared in accordance with the remaining maturity grouping of the value of the assets and liabilities as on the reporting date.

2.16 Reconciliation of inter-bank/books of accounts

Books of accounts in regard to inter bank (in Bangladesh and outside Bangladesh) as well as inter-branches are reconciled at a regular interval.

2.17 Off-setting financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount reported in the Balance Sheet when, and only when the Bank has a legal right to offset the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards or for gains or losses arising from a group of similar transaction.

Notes to the Financial Statements

For the year ended 31 December 2010

2.18 Subordinated Bond

Considering the regulatory, legal, present market condition and future capital requirement the Management of NBL has issued subordinated Bond valuing Tk. 250.00 crore. This will be eligible for Tier -II capital as per revised Basel II Guidelines of Bangladesh. Details of Terms & conditions are as follows:

Issue size	Tk. 250.00 crore
Issue objectives	Raising of Tier -II capital to meet the requirement under Basel-II
Issue Arranger	Standard Chartered Bank
Nature of Instrument	Un-secured, Non-Convertible, Subordinated Bond
Mode of placement	Private placement
Listing	Unlisted
Security	Unsecured
Rating status of the issue	A2
Redemption	Paid annually on prorata basis to Bond holders in installment of 20% per year commencing at the third anniversary of the Bond from the date of issue.
Redemption value	At par
Tenure	7 years
Coupon rate	11.50%

2.19 Segment reporting

Business segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment) which is subject to risk and rewards that are different from those of other segments. The Banks primary format for segment reporting is based on business segments. Total operation of the Bank is divided in five segment named Corporate, Retail & SME, Treasury Operation, Merchant Banking and others. Segmentwise revenue are shown below:

BDT in crore

Heads of revenue	Corporate	Retail & SME	Treasury Operation	Others	Total
Interest income	824.61	36.96	32.60	56.51	950.68
Interest expenses	480.33	21.53	18.99	32.92	553.76
Net interest income	344.28	15.43	13.61	23.59	396.92
Income from investments	—	—	208.28	413.36	621.64
Commission, exchange, brokerage	71.53	17.49	60.90	1.97	151.89
Other operating income	9.31	48.64	—	64.57	122.52
Total income	425.12	81.56	282.79	503.49	1,292.97
Operating Expenses	99.93	19.17	66.48	118.36	303.94
Operating Income	325.19	62.39	216.31	385.13	989.03
Charges on loan loss	105.00	—	—	—	105.00
Net operating income	220.19	62.39	216.31	385.13	884.03
Off-Shore Banking Unit	—	—	—	—	10.02
Net operating income	220.19	62.39	216.31	385.13	894.05

*Operating expenses has been allocated on the basis of income.

Notes to the Financial Statements

For the year ended 31 December 2010

	2010 Taka	2009 Taka
3 Cash in hand (Including foreign currencies)		
Local currency	1,437,578,107	1,248,852,557
Foreign currency	36,730,523	41,324,497
	<u>1,474,308,630</u>	<u>1,290,177,054</u>
4 Balance with Bangladesh Bank and its agent banks (Including foreign currencies)		
Bangladesh Bank		
Local currency	5,941,822,430	3,832,657,037
Foreign currency	426,803,536	1,138,153,767
	<u>6,368,625,966</u>	<u>4,970,810,804</u>
Sonali Bank Limited (as an agent of Bangladesh Bank)-LCY		
	852,379,163	582,702,023
	<u>7,221,005,129</u>	<u>5,553,512,827</u>

*An amount of Tk.7,000,000.00 has been marked as lien with Bangladesh Bank upto 30 June 2011 against TT discounting facilities by various branches of NBL.

4.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Requirement and Statutory Liquidity Ratio have been calculated and maintained in accordance with section 33 of Bank Companies act, 1991 and as per BRPD Circular no. 11 and 12, dated August 25, 2005 and DOS circular no. 6 dated October 05, 2005, MPD circular No.116/2010-1712 & 04 dated December 2010.

The Cash Reserve Requirement on the Bank's time and demand liabilities at the rate of 6% has been calculated and maintained with Bangladesh Bank in current account and 19% Statutory Liquidity Ratio, including CRR, on the same liabilities has also been maintained in the form of cash held, Bangladesh Bank balance, Sonali Bank balance (agent bank), TT in transit and unencumbered approved securities. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:

a) Cash Reserve Requirement

Average time and demand liabilities (excluding inter bank deposits)

Required reserve (6% of average time & demand liabilities)*

Actual average maintained

Surplus / (Shortage)

<u>97,321,893,000</u>	<u>71,195,537,000</u>
5,839,313,580	3,559,776,850
6,224,425,000	3,590,548,000
<u>385,111,420</u>	<u>30,771,150</u>

b) Statutory Liquidity Ratio

Average time and demand liabilities (excluding inter bank deposits)

Required reserve (19% of average time & demand liabilities)*

Actual reserve maintained (including CRR)

Surplus / (Shortage)

<u>97,321,893,000</u>	<u>71,195,537,000</u>
18,491,159,670	12,815,196,660
23,531,905,904	14,415,892,023
<u>5,040,746,234</u>	<u>1,600,695,363</u>

* The required rate of CRR & SLR has increased by Bangladesh Bank vide their circular No. 02 , dated 04.05.2010 and circular No. 11/2010/1712 & 04 dated December 01, 2010.

c) Composition of CRR and SLR maintained*

Cash held	1,497,105,000	1,284,280,000
Balance with Bangladesh Bank	5,986,556,000	3,854,677,000
Balance with Sonali Bank	855,942,000	582,702,023
TT in transit	80,000,000	—
Unencumbered approved securities (HTM)	15,112,302,904	8,694,233,000
	<u>23,531,905,904</u>	<u>14,415,892,023</u>

* As per statement submitted to Bangladesh Bank.

5 Balance with other banks and financial institutions

Inside Bangladesh - In local currency
Outside Bangladesh (Annexure-B)

Notes

5.1

5.2

2,146,014,749	1,893,180,877
1,488,098,600	597,190,817
<u>3,634,113,349</u>	<u>2,490,371,694</u>

Notes to the Financial Statements

For the year ended 31 December 2010

	2010 Taka	2009 Taka
5.1 Inside Bangladesh - In local currency		
In current accounts with		
Agrani Bank Limited	10,366,603	428,622
Janata Bank Limited	40,200,376	17,685,726
Rupali Bank Limited	16,124,919	35,079,019
Sonali Bank Limited	59,720,597	65,643,747
	126,412,495	118,837,114
In short term deposit accounts with		
Eastern Bank Limited	132,674	124,721
Janata Bank Limited	776,711	61,585,602
National Credit and Commerce Bank Limited	81,904	81,544
First Security Islami Bank Limited	66,101	60,780
ICB Islamic Bank Limited	31,978	32,218
Dhaka Bank Limited	152,740	144,942
Sonali Bank Limited	2,464,314	2,157,644
Standard Chartered Bank	69,349,776	26,995,724
Trust Bank Limited	2,061,056	8,360,588
	75,117,254	99,543,763
In fixed deposit accounts (in local currency) with		
ICB Islamic Bank Limited	74,485,000	74,800,000
United Commercial Bank Limited	—	200,000,000
BRAC Bank Limited	—	200,000,000
Jamuna Bank Limited	250,000,000	—
AB Bank Limited	1,320,000,000	—
Mercantile Bank Limited	100,000,000	—
Pubali Bank Limited	—	500,000,000
One Bank Limited	—	300,000,000
	1,744,485,000	1,274,800,000
Other Financial Institutions	200,000,000	400,000,000
	2,146,014,749	1,893,180,877

* Under the Bangladesh Bank's reconstruction scheme, a part of the deposit liability of Oriental Bank Limited will be transferred to share capital and the remaining part will be paid off over the next five years in phases. Meanwhile, based on papers prepared under the reconstruction scheme of Bangladesh Bank a Switzerland based investment company named ICB Finance Group Holdings AG, Switzerland has acquired the Oriental Bank Limited. In 2008 NBL has received 25,000 shares and the first installment of Tk 100,000.00. We are receiving the installment amount in time as per payment schedule. The remaining amount will be received as per the prescribed payment schedule.

5.2 Outside Bangladesh

In fixed deposit accounts (interest bearing) with

JP Morgan Chase Bank, Singapore	43,157,317	42,252,687
Standard Chartered Bank, Singapore	—	4,922,660
Fund placement to OBU	273,801,339	148,646,338
	316,958,656	195,821,685

Notes to the Financial Statements

For the year ended 31 December 2010

	2010 Taka	2009 Taka
In demand deposit accounts (non interest bearing) with		
Standard Chartered Bank, Mumbai	7,567,309	25,646,292
Standard Chartered Bank, Frankfurt	4,593,650	1,836,298
Mashreq Bank, New York	43,871,529	8,676,157
JP Morgan Chase Bank, New York	144,857,454	30,234,453
Bank of America Int'l, New York	495,805	4,493,521
Standard Chartered Bank, New York	500,791,933	70,455,762
HSBC, New York	50,987,031	5,595,900
Sonali Bank Limited, Kolkata	9,701,042	6,495,779
Mashreq Bank, Mumbai	47,413,796	-
State Bank of India, Kolkata	433,135	424,056
United Bank, Karachi	2,208,482	2,162,190
NABIL Bank, Nepal	25,118,625	14,638,113
Standard Chartered Bank, Colombo	1,036,618	1,408,358
Myanmar Foreign Trade, Myanmar	46,896	45,913
ABBL, Mumbai	9,473,732	16,736,015
Bank of Bhutan, Thimpu	18,327,874	20,331,651
HSBC, Karachi	9,327,867	17,244,115
ICICI Bank Ltd. Mumbai	48,754,798	110,076,294
Commerz Bank, Frankfurt	1,777,431	71,099
Uni Credito Italino SPA, Italy	4,009,174	1,562,229
Alpha Bank AE, Athens	586,696	—
Lloyds Bank Plc, Birmingham, UK	824	298,392
HSBC, London	1,057,020	4,555,739
BOT, Tokyo	1,777,405	100,688
UBAF, Tokyo	25,379	21,975
Union Bank of Switzerland, Switzerland	1,571,066	1,338,850
Habib Bank, Zurich	92,523	—
Bank of Nova Scotia, Canada	2,266,278	1,204,314
National Australia Bank, Melbourne	1,268,061	311,414
Standard Chartered Bank, Singapore	6,954,939	25,293
Wachovia Bank, New York	164,607,009	15,897,992
Citibank N.A, New York	60,138,563	39,480,280
	1,171,139,944	401,369,132
	1,488,098,600	597,190,817

(For details, Annexure - B may kindly be seen)

5.3 Balance with other banks and financial institutions

(According to remaining maturity grouping)

Payable		
On demand	1,297,552,439	99,543,763
Up to 1 month	1,571,529,748	1,820,206,246
Over 1 month but not more than 3 months	490,546,162	295,821,685
Over 3 months but not more than 1 year	200,000,000	200,000,000
Over 1 year but not more than 5 years	74,485,000	74,800,000
Over 5 years	—	—
	3,634,113,349	2,490,371,694

Notes to the Financial Statements

For the year ended 31 December 2010

	2010 Taka	2009 Taka
6 Money at call on short notice		
a) Deposit Money Banks		
ICB Islamic Bank Limited	99,500,000	99,800,000
Bank Asia Limited	—	150,000,000
Dutch Bangla Bank Limited	—	200,000,000
Premier Bank Limited	—	50,000,000
Mutual Trust Bank Limited	—	350,000,000
IFIC Bank Limited	—	100,000,000
	99,500,000	949,800,000
b) Non-Banking Financial Institutions		
Phoenix Finance & Investment Ltd.	—	30,000,000
Premier Leasing and Finance Ltd.	—	30,000,000
Prime Finance & Investment Ltd.	—	50,000,000
Investment Corporation of Bangladesh	—	200,000,000
Delta Brac Housing Finance Corporation Limited	—	100,000,000
	99,500,000	410,000,000
	99,500,000	1,359,800,000

Under the Bangladesh Bank's reconstruction scheme, a part of the deposit liability of Oriental Bank Limited transferred to share capital and NBL received the proportionate shares and receiving the remaining amount on installment basis. In view of the above circumstances, NBL will get back the amount of call loan from ICB Islamic Bank Limited (Previous Oriental Bank Limited).

7 Investments

	Notes	
In Government securities		
Treasury Bills	7.1	2,342,466,872
Treasury Bonds	7.2	12,668,213,037
Prize Bonds		6,203,700
		15,016,883,609
Other Investments		
Debentures	7.3	95,000,000
Shares(Quoted and Unquoted)	7.4	9,177,906,653
Orascom Bond		700,000,000
Fixed Capital Investment in Myanmar	7.5	3,537,485
		9,976,444,138
		24,993,327,747
7.1 Treasury bills		
91 days Treasury bill		717,163,195
182 days Treasury bill		728,395,734
364 days Treasury bill		896,907,943
		2,342,466,872

Notes to the Financial Statements

For the year ended 31 December 2010

7.2 Treasury Bonds	Date of maturity	Interest Rate (%p.a.)	2010 Taka	2009 Taka
Bangladesh Govt. Treasury Bond	13-Feb-11	7.50	99,345,544	96,661,687
Bangladesh Govt. Treasury Bond	10-Apr-11	7.50	99,489,387	96,164,948
Bangladesh Govt. Treasury Bond	07-Aug-11	7.50	99,772,355	94,997,390
Bangladesh Govt. Treasury Bond	20-Dec-11	7.50	250,011,958	234,919,651
Bangladesh Govt. Treasury Bond	06-Dec-14	8.50	306,355,177	291,282,190
Bangladesh Govt. Treasury Bond	12-Dec-15	8.50	203,402,983	170,623,155
Bangladesh Govt. Treasury Bond	05-May-20	8.77	100,000,000	—
Bangladesh Govt. Treasury Bond	12-May-25	8.80	60,000,000	—
Bangladesh Govt. Treasury Bond	10-Feb-15	8.74	63,100,000	—
Bangladesh Govt. Treasury Bond	10-Mar-25	8.75	74,300,000	—
Bangladesh Govt. Treasury Bond	15-Apr-25	8.77	20,200,000	—
Bangladesh Govt. Treasury Bond	24-Feb-30	9.11	37,000,000	—
Bangladesh Govt. Treasury Bond	24-Mar-30	9.15	80,000,000	—
Bangladesh Govt. Treasury Bond	28-Apr-30	9.17	20,500,000	—
Bangladesh Govt. Treasury Bond	13-Feb-16	8.50	304,314,816	306,899,942
Bangladesh Govt. Treasury Bond	10-Apr-16	8.50	303,854,557	306,584,698
Bangladesh Govt. Treasury Bond	12-Jun-16	8.50	202,247,902	204,180,394
Bangladesh Govt. Treasury Bond	07-Aug-16	8.50	403,802,515	333,040,580
Bangladesh Govt. Treasury Bond	06-Sep-16	8.50	—	287,313,262
Bangladesh Govt. Treasury Bond	04-Oct-16	8.50	100,765,101	101,844,907
Bangladesh Govt. Treasury Bond	06-Dec-16	8.50	506,897,352	408,715,563
Bangladesh Govt. Treasury Bond	07-Feb-17	8.50	506,454,589	407,082,550
Bangladesh Govt. Treasury Bond	07-Mar-17	8.50	322,606,033	326,624,370
Bangladesh Govt. Treasury Bond	06-Jun-17	8.50	499,658,643	506,428,951
Bangladesh Govt. Treasury Bond	04-Aug-17	12.19	501,223,719	516,370,835
Bangladesh Govt. Treasury Bond	08-Aug-17	12.15	176,736,473	182,099,294
Bangladesh Govt. Treasury Bond	06-Feb-18	11.72	578,746,882	596,342,879
Bangladesh Govt. Treasury Bond	02-Apr-18	11.72	239,593,143	247,010,678
Bangladesh Govt. Treasury Bond	06-Aug-18	11.72	347,123,426	358,346,546
Bangladesh Govt. Treasury Bond	03-Sep-18	11.72	347,047,557	358,379,072
Bangladesh Govt. Treasury Bond	08-Oct-18	11.72	231,311,496	238,957,065
Bangladesh Govt. Treasury Bond	05-Nov-18	11.72	231,276,484	238,995,701
Bangladesh Govt. Treasury Bond	04-Apr-19	11.72	577,731,061	597,665,991
Bangladesh Govt. Treasury Bond	04-Mar-19	11.72	693,086,964	717,251,830
Bangladesh Govt. Treasury Bond	07-Jan-19	9.00	346,775,144	358,618,141
Bangladesh Govt. Treasury Bond	13-Jan-25	8.74	77,175,893	—
Bangladesh Govt. Treasury Bond	20-Jan-15	7.81	79,881,144	—
Bangladesh Govt. Treasury Bond	20-Jan-15	7.81	79,881,144	—
Bangladesh Govt. Treasury Bond	17-Feb-15	7.82	159,684,653	—
Bangladesh Govt. Treasury Bond	03-Mar-20	8.77	70,351,140	—
Bangladesh Govt. Treasury Bond	18-Mar-15	7.85	159,718,440	—
Bangladesh Govt. Treasury Bond	07-Apr-20	8.77	61,321,221	—
Bangladesh Govt. Treasury Bond	21-Apr-15	7.86	6,185,445	—
Bangladesh Govt. Treasury Bond	26-May-30	9.20	49,055,093	—
Bangladesh Govt. Treasury Bond	09-Jun-25	8.80	58,278,298	—

Notes to the Financial Statements

For the year ended 31 December 2010

Treasury Bonds	Date of maturity	Interest Rate (%p.a.)	2010 Taka	2009 Taka
Bangladesh Govt.Treasury Bond	16-Jun-15	7.87	94,469,684	—
Bangladesh Govt.Treasury Bond	07-Jul-20	8.79	269,889,727	—
Bangladesh Govt.Treasury Bond	14-Jul-25	8.85	105,967,866	—
Bangladesh Govt.Treasury Bond	01-Jul-15	7.88	278,820,279	—
Bangladesh Govt.Treasury Bond	29-Jul-30	9.20	98,002,853	—
Bangladesh Govt.Treasury Bond	04-Aug-20	8.77	269,966,991	—
Bangladesh Govt.Treasury Bond	18-Aug-15	7.87	269,305,319	—
Bangladesh Govt.Treasury Bond	25-Aug-30	9.23	55,000,803	—
Bangladesh Govt.Treasury Bond	08-Sep-20	8.85	269,953,103	—
Bangladesh Govt.Treasury Bond	15-Sep-25	8.92	109,994,752	—
Bangladesh Govt.Treasury Bond	22-Sep-15	7.93	257,271,559	—
Bangladesh Govt.Treasury Bond	29-Sep-30	9.23	68,832,058	—
Bangladesh Govt.Treasury Bond	06-Oct-20	8.85	287,825,234	—
Bangladesh Govt.Treasury Bond	13-Oct-25	8.95	118,191,068	—
Bangladesh Govt.Treasury Bond	20-Oct-15	7.96	295,891,227	—
Bangladesh Govt.Treasury Bond	27-Oct-30	9.25	82,566,782	—
			12,668,213,037	8,583,402,270

7.3 Debentures

House Building Finance Corporation	28 June 13	4.50	45,000,000	45,000,000
House Building Finance Corporation	08-Feb-15	5.50	10,000,000	10,000,000
House Building Finance Corporation	08-Feb-14	5.50	10,000,000	10,000,000
House Building Finance Corporation	08-Feb-13	5.50	10,000,000	10,000,000
House Building Finance Corporation	08-Feb-12	5.50	10,000,000	10,000,000
House Building Finance Corporation	08-Feb-11	5.50	10,000,000	10,000,000
House Building Finance Corporation	08-Feb-10	5.50	—	10,000,000
			95,000,000	105,000,000

Notes to the Financial Statements

For the year ended 31 December 2010

	2010 Taka	2009 Taka
7.4 In ordinary shares (Quoted and Unquoted)		
Quoted		
Prime Bank Limited	2,834,314,243	130,972,353
Southeast Bank Limited	2,753,993,219	886,430,653
Dhaka Bank Limited	1,640,450,000	561,793,063
EXIM Bank Limited	—	31,764,479
Mercantile Bank Limited	—	10,971,918
Pragati Insurance Company Limited	114,766,470	737,213,879
Jamuna Bank Limited	—	31,662,144
Standard Bank Limited	—	6,821,580
BRAC Bank Limited	171,250	12,504,337
AB Bank Limited	15,805	8,562,211
IFIC Bank Limited	373,657	—
Mutual Trust Bank Limited	1,416,500	—
Bank Asia Limited	24,430,175	—
Shahjalal Islami Bank Ltd.	79,300	—
Pragati Life Insurance Company Limited	—	408,253,463
Beximco Limited	—	73,215,963
Power Grid of Bangladesh Ltd.	1,421,244	—
Beximco Pharma Limited	4,810,100	87,786,917
Square Pharma Limited	—	2,732,458
Summit Power	45,385,395	126,641,049
Prime Finance Mutual Fund	—	1,500,000
Titas Gas	89,910	6,722,472
RAK Ceramics	20,249	—
ACI	16,506,180	—
National Housing Finance And Investments Ltd. (lock-in shares)	305,307,516	24,621,800
Grameen Phone	—	53,732,151
Lafarge Surma Cement Mills Limited	30,076,063	90,834,989
ICB Islamic Bank Limited	—	25,000,000
	7,773,627,276	3,319,737,879
Un- quoted		
Karma Sangsthan Bank	20,000,000	20,000,000
Gulf Overseas Exchange LLC, Oman	22,931,963	22,493,275
Central Depository (Bangladesh) Limited	17,666,620	4,000,000
Industrial And Infrastructure Development Finance Co. Limited	13,800,000	13,800,000
Society for Worldwide Inter Bank Financial Transactions (SWIFT)	3,855,813	3,866,938
Dhaka Stock Exchange Limited	—	17,750,000
NBL Securities Limited	999,900,000	—
NBL Capital & Equity Management Limited	99,990,000	—
Chittagong Stock Exchange Limited	145,000,000	35,000,000
NBL Money TRN SDN BHD Malaysia	22,929,700	12,113,100
NBL Money Transfer Pte. Ltd. (Previously Balaka Exchange)	16,425,420	14,767,980
STS Holdings Limited	—	125,000,000
Dun & Broadstreet Rating Agency BD.Ltd	4,165,900	4,165,900
Lanka Bangla Securities	5,000,000	—
MJL BD Limited	6,125,261	—
Summit Power	1,988,700	—
Information Technology Consultants Limited	24,500,000	24,500,000
	1,404,279,377	297,457,193
	9,177,906,653	3,617,195,072

During the year the Bank has formed two subsidiary namely NBL Securities Ltd. & NBL Capital & Equity Management Ltd. The Operation of those subsidiary companies is yet to start.

Notes to the Financial Statements

For the year ended 31 December 2010

7.4.1 Valuation of shares (Quoted as on 31-12-2010)

	Face value per share	No. of shares	Market price	Market value	Total Cost
Prime Bank Limited	100	3,000,068	944.75	2,834,314,243	1,659,267,851
Southeast Bank Limited	100	4,588,077	600.25	2,753,993,219	1,261,487,249
Dhaka Bank Limited	10	21,500,000	76.30	1,640,450,000	1,022,474,736
Pragati Insurance Co. Ltd	100	73,710	1,557.00	114,766,470	90,954,558
Shahjalal Islami Bank Ltd.	10	1,000	79.30	79,300	48,069
Bank Asia Limited	100	28,490	857.50	24,430,175	23,932,293
BRAC Bank Limited	100	200	856.25	171,250	166,685
AB Bank Limited	100	10	1,580.50	15,805	9,975
Mutual Trust Bank Limited	100	2,000	708.25	1,416,500	1,465,110
IFIC Bank Limited	100	263	1,420.75	373,657	199,835
Beximco Pharma Limited	10	35,604	135.10	4,810,100	4,055,000
Summit Power	10	323,950	140.10	45,385,395	44,930,378
ACI	10	44,300	372.60	16,506,180	23,082,919
RAK Ceramics	10	118	171.60	20,249	5,664
Titas Gas	100	90	999.00	89,910	90,327
National Housing Finance & Investment Ltd.	100	250,406	1219.25	305,307,516	24,621,800
Power Grid of Bangladesh Ltd.	100	1,552	915.75	1,421,244	1,488,425
Lafarge Surma Cement Mills Ltd.	100	53,350	563.75	30,076,063	37,541,628
				7,773,627,276	4,195,822,502

Investments in Secondary portfolio are shown at Market value as per revised RBCA guideline, Annexure-H "Prudent Valuation Guideline" and surplus between cost and Market value has shown as Revaluation Reserve under Equity.

7.5 Fixed capital investment in Myanmar

Fixed capital investment represents FDR for USD 50,000 bearing interest @ 1 % p.a. maintained with Myanmar Foreign Trade Bank for Representative Office of National Bank Limited in Myanmar, translated into BDT using the rate prevailing at 31st December of the corresponding years.

7.6 Maturity grouping of investments

On demand	2,650,520,011	276,548,223
Up to 1 month	—	—
Over 1 month but not more than 3 months	2,735,246,515	821,213,870
Over 3 months but not more than 1 year	5,440,150,566	2,433,641,609
Over 1 year but not more than 5 years	5,423,666,159	1,004,424,171
Over 5 years	8,743,744,496	7,779,376,404
	24,993,327,747	12,315,204,277

8 Loans and advances

a) Loans, cash credits, overdrafts etc.

Inside Bangladesh

Secured overdraft	9,537,147,320	7,427,590,873
Cash credit	23,905,745,538	16,196,786,161
Loans (General)	19,892,736,310	15,568,989,149
House building loans	3,840,396,406	2,329,386,652
Lease finance	406,988,471	390,984,009
Loans against trust receipts	17,520,536,473	11,529,681,490
Payment against documents	852,805,059	3,138,480,640
Consumer credit scheme	22,833,464	58,877,081
Credit card	411,978,533	265,094,512
Margin Loan	4,660,000,000	2,240,000,000
Other loans and advances	3,567,606,675	2,359,050,323
	84,618,774,249	61,504,920,890

Outside Bangladesh

b) Bills purchased and discounted

Inside Bangladesh

Local bills purchased and discounted	4,628,350,884	3,181,690,335
Foreign bills /documents purchased and discounted	269,472,944	275,700,929
	4,897,823,828	3,457,391,264

Outside Bangladesh

	4,897,823,828	3,457,391,264
	89,516,598,077	64,962,312,154

Notes to the Financial Statements

For the year ended 31 December 2010

	2010 Taka	2009 Taka
8.1 Maturity grouping of loans and advances including bills purchased & discounted		
Repayable		
On demand	1,708,591,842	1,044,183,000
Within 1 month	2,123,358,230	1,527,186,000
More than 1 month but not more than 3 months	9,296,059,752	6,428,422,500
More than 3 months but not more than 1 year	30,316,017,237	23,499,478,750
More than 1 year but not more than 5 years	37,235,046,510	27,813,652,000
More than 5 years	8,837,524,506	4,649,389,904
	89,516,598,077	64,962,312,154
8.2 Loans and advances including bills purchased and discounted classified into the following broad categories		
In Bangladesh		
Loans	51,175,881,391	37,880,543,856
Cash credit	23,905,745,538	16,196,786,161
Overdraft	9,537,147,320	7,427,590,873
Bills Purchased and discounted	84,618,774,249	61,504,920,890
	4,897,823,828	3,457,391,264
	89,516,598,077	64,962,312,154
Outside Bangladesh		
	89,516,598,077	64,962,312,154
8.3 Loans and advances on the basis of significant concentration		
8.3.1 Loans and advances to directors , executives and others		
Advances to directors and their allied concerns	70,889,975	73,032,000
Advances to CEO , senior executives and other staffs	518,968,571	493,470,546
Advances to customers (Group wise)	14,929,942,176	11,517,165,112
Industrial advances	21,686,481,048	12,561,600,000
Other customers	52,310,316,307	40,317,044,496
	89,516,598,077	64,962,312,154
8.3.2 Loans and advances allowed to each customer exceeding 10% of bank's total capital		
Total loans and advances (Funded & non- funded)*	10,357,600,000	14,542,000,000
No. of customers	5	12
Classified amount thereon	—	—
Measures taken for recovery of classified loans	N/A	N/A
*The amount represents the sum of total loans and advances to each customers exceeding 10% of total capital of the bank (i.e.Tk 191.91 crore being 10% of total capital of Tk. 1,919.08 (crore) as at 31 December 2010.		
* (For details, Annexure - C may kindly be seen)		
8.3.3 Industry-wise concentration of loans and advances (Including bills purchased and discounted)		
Agriculture	984,014,114	694,759,940
Term loan to small cottage industries	258,137,167	110,940,576
Term loan to large & medium industries	13,897,120,455	10,317,933,619
Working capital to industry	9,154,107,235	5,870,564,899
Export credit	5,058,595,847	5,028,788,105
Trade finance	35,346,405,688	22,558,901,161
Consumer credit	22,833,464	58,877,081
Credit card	411,978,533	265,094,512
Others	24,383,405,574	20,056,452,261
	89,516,598,077	64,962,312,154

Notes to the Financial Statements

For the year ended 31 December 2010

	2010 Taka	2009 Taka
8.3.4 Geographical location-wise concentration of Loans and advances		
Inside Bangladesh		
Dhaka Division	51,377,403,634	36,034,970,151
Chittagong Division	25,254,580,207	18,414,843,072
Khulna Division	4,808,123,562	4,002,642,080
Sylhet Division	1,326,937,812	1,126,590,314
Rajshahi Division	6,749,552,862	5,383,266,537
	89,516,598,077	64,962,312,154
Outside Bangladesh		
	89,516,598,077	64,962,312,154
8.4 Classified, unclassified, doubtful and bad loans & advances		
Unclassified		
Standard	85,193,321,077	60,435,368,154
Special Mention Accounts	680,706,000	646,633,000
	85,874,027,077	61,082,001,154
Classified		
Sub-standard	521,019,000	1,329,925,000
Doubtful	174,979,000	104,252,000
Bad/Loss	2,946,573,000	2,446,134,000
	3,642,571,000	3,880,311,000
	89,516,598,077	64,962,312,154
8.5 Particulars of loans and advances		
i) Debts considered good in respect of which the bank is fully secured.	73,100,990,736	53,238,086,945
ii) Debts considered good for which the bank holds no other security than the debtor's personal guarantee.	4,073,768,057	5,862,127,718
iii) Debts considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors.	12,341,839,284	5,862,097,491
iv) Debts adversely classified no provision is created thereagainst.	—	—
	89,516,598,077	64,962,312,154
v) Debts due by directors or officers of the bank or any of them either jointly or severally with any other persons.	589,858,546	566,502,546
vi) Debts due by companies and firms in which the directors of the bank have interests as directors, partners or managing agent or in case of private companies as members.	70,889,975	73,032,000
vii) Maximum total amount of advances, including temporary advances made at any time during the period to directors or managers or officers of the bank or any of them either severally or jointly with any other persons.	589,858,546	566,502,546
viii) Maximum total amount of advances, including temporary advances, granted during the period to the companies or firms in which the directors of the bank have interests as directors, partners or managing agents or, in case of private companies as members.	70,889,975	73,032,000
ix) Due from banking companies	—	—
x) Information in respect of classified loans and advances		
a) Classified loans for which interest not credited to income	3,642,571,000	3,880,311,000
b) Provision kept against classified loans and advances (Note- 13.2a)	1086,081,272	1,195,861,167
c) Interest credited to interest suspense account (Note 13.3)	429,833,466	445,502,722
xii) Cumulative amount of written off loans		
Opening Balance	9,538,226,000	8,771,499,000
Amount written off during the year	1,809,112,000	965,183,000
Prior year adjustment	—	—
Amount recovered during the year against written off loans	(268,010,000)	(97,373,000)
Waiver from reserve, suspense etc.	(79,865,000)	(101,083,000)
Balance of written off loans and advances yet to be recovered	10,999,463,000	9,538,226,000
The amount of classified and written off loans for which law suits have been filed	13,951,214,000	11,305,142,000

Notes to the Financial Statements

For the year ended 31 December 2010

	2010 Taka	2009 Taka
8.6 Bills purchased & discounted (On the basis of the residual maturity grouping)		
Payable		
Within 1 month	816,303,971	576,231,877
Over 1 month but less than 3 months	1,632,607,943	1,152,463,755
Over 3 months but less than 6 months	2,448,911,914	1,728,695,632
Over 6 months	—	—
	4,897,823,828	3,457,391,264
9 Fixed assets including land, buildings, furniture and fixtures		
Cost/ Revaluation		
Land	1,118,402,171	1,112,235,889
Building	534,097,648	309,789,252
Furniture and fixtures	447,377,754	315,114,087
General equipment	435,837,064	358,647,075
Computer equipment	395,894,312	296,070,132
Vehicles	154,332,495	143,392,612
Books	1,014,962	1,012,158
	3,086,956,406	2,536,261,205
Less: Accumulated depreciation	862,517,154	720,696,541
Net book value at the end of the year	2,224,439,252	1,815,564,664
(For details Annexure - A may kindly be seen)		
10 Other assets	Notes	
Income generating	10.1	—
Non- income generating	10.2	2,949,747,787
		2,949,747,787
10.1 Income generating		—
10.2 Non- income generating		—
Stock of stationery		38,903,956
Stamps on hand		1,233,511
Suspense account	10.3	417,311,702
Advance deposits		4,195,051
Interest and other receivables		706,468,432
Sundry assets	10.4	193,561,532
Demand draft paid without advice		10,522,885
Bill purchased account - credit card		62,571,702
Inter branch adjustment account (Net)	10.5	1,375,978,443
Payment made against claim made by EBL for guarantee issued by BCCI		13,683,225
Advance against cash assistance		—
Dividend warrant		—
Advance against branches *		1,042,349
Advance against fixed assets		124,169,826
Others		105,173
		2,949,747,787
		1,740,385,536
* Amount represents advance against new branches and for repair, renovation & maintenance of existing branches.		
10.3 Suspense account		
Sundry debtors		238,033,764
Advance against TA/DA		124,120
Advance against postage		16,379
Encashment of PSP/ BSP		64,916,079
Encashment of WEDB		113,279,541
Advance against Myanmar representative office		—
Demand draft cancelled		504,175
Advance against security printing		437,644
		417,311,702
		176,529,473

Notes to the Financial Statements

For the year ended 31 December 2010

		2010 Taka	2009 Taka
10.4 Sundry assets			
Cash remittance		—	100,000
Advance rent		179,933,019	118,107,226
Clearing adjustment account		1,635,328	98,178,837
Security paper		543,489	722,754
Protested bill		11,200,000	16,200,000
Fractional stock dividend		3,488	151,324
Unexpired insurance premium		246,208	522,938
		193,561,532	233,983,079
10.5 Inter branch adjustment account			
Inter branch adjustment account represents outstanding Inter-branch and Head Office transactions (Net) originated but yet to be responded at the Balance Sheet date. However, the same has been adjusted subsequently.			
		Notes	
11 Borrowings from other banks, financial institutions and agents			
In Bangladesh	11.1	1,979,304,198	1,390,919,847
Outside Bangladesh	11.2	—	—
		1,979,304,198	1,390,919,847
11.1 In Bangladesh			
Export Development Fund (EDF)		1,889,893,526	1,123,065,196
Agricultural Credit on Special Program		89,410,672	67,854,651
Trust Bank Limited		—	200,000,000
		1,979,304,198	1,390,919,847
11.2 Outside Bangladesh			
11.3 Security wise breakup of borrowings from other banks, financial institutions and agents			
Secured borrowings		—	—
Unsecured borrowings		1,979,304,198	1,390,919,847
		1,979,304,198	1,390,919,847
11.4 Maturity grouping of Borrowings			
Repayable			
On demand		—	200,000,000
Within 1 month		329,884,033	115,909,987
Over 1 month but not more than 3 months		659,768,066	231,819,974
Over 3 months but not more than 1 year		989,652,099	843,189,886
Over 1 year but not more than 5 years		—	—
Over 5 years		—	—
		1,979,304,198	1,390,919,847
12 Deposits and other accounts			
Current deposits and other accounts	12.2	14,020,864,433	10,375,948,754
Bills payable	12.3	2,133,029,898	1,285,541,183
Saving deposits		19,289,901,104	16,509,865,813
Fixed deposits		43,801,426,228	31,605,724,061
Term deposits	12.4	23,101,555,044	17,021,746,469
Bearer certificate of deposits		15,825,000	15,825,000
		102,362,601,707	76,814,651,280

Unclaimed deposits as reported to head office by branches was Tk. 1,630,698.40.

Notes to the Financial Statements

For the year ended 31 December 2010

	Notes	2010 Taka	2009 Taka
12.1 Deposits from banks (Inside Bangladesh)	12.5		
Other than banks		1,419,758,097 100,942,843,610 102,362,601,707	3,623,593,257 73,191,058,023 76,814,651,280
12.2 Current deposits and other accounts			
Current deposits		8,459,472,486	5,982,567,187
Foreign currency deposits		196,710,767	187,771,423
Exchange Company Taka Account		416,230,194	301,009,763
Exporters' Foreign Currencies Account		94,979,286	75,147,825
Deposits from OBU		7,365,975	1,606,273
Sundry deposits		4,846,105,725	3,827,846,283
		14,020,864,433	10,375,948,754
12.3 Bills payable			
Payment order		1,773,000,950	1,104,311,642
Demand draft		360,028,948	181,229,541
Others		—	—
		2,133,029,898	1,285,541,183
12.4 Term deposits			
Short term deposits		10,374,550,097	6,878,122,609
Non Resident foreign currency deposits		46,272,018	41,547,826
Resident foreign currency deposits		132,548,144	132,472,155
Monthly saving scheme		11,733,288,600	9,297,631,902
Special deposit scheme		814,896,185	671,971,977
		23,101,555,044	17,021,746,469
12.5 Deposits from banks (Inside Bangladesh)			
In current account			
Al-Arafah Islami Bank Limited		2,900,343	2,912,334
Bangladesh Commerce Bank Limited		47,693	48,843
Bangladesh Krishi Bank Limited		123,180	—
Dutch Bangla Bank Limited		23,750	23,750
Eastern Bank Limited		19,615,188	22,177,388
EXIM Bank Limited		3,110	1,003,150
HSBC Limited		10,068,631	9,994,586
Islami Bank Bangladesh Limited		74,728,920	123,410,383
Jamuna Bank Limited		40,710,062	21,721,498
Mercantile Bank Limited		55,630	9,697,245
Prime Bank Limited		8,016,458	10,737,992
Shahjalal Islami Bank Limited		10,032,174	33,094
Southeast Bank Limited		2,215,742	194,066
ICB Islamic Bank Limited		286,306	2,253,576
		168,827,187	204,207,905

Notes to the Financial Statements

For the year ended 31 December 2010

	2010 Taka	2009 Taka
In short term deposits accounts		
Bank Asia Limited	43,031,575	45,161,963
BRAC Bank Limited	3,551,966	10,074,398
Dhaka Bank Limited	5,809,612	16,423,480
Dutch-Bangla Bank Limited	36,496,217	117,261,341
Eastern Bank Limited	444,116	437,771
EXIM Bank Limited	34,419,546	851,246
First Security Islami Bank Limited	47,989	46,217
Jamuna Bank Limited	2,811,087	13,634,579
Janata Bank Limited	—	35,106
Mercantile Bank Limited	17,924,332	1,010,524
Prime Bank Limited	2,262,280	127,062
Pubali Bank Limited	—	308,053
Standard Bank Limited	5,518	6,556
Rajshahi Krishi Unnayan Bank	41,909,263	210,816,768
Standard Chartered Bank	3,116,308	3,043,757
Rupali Bank Limited	312,070	—
The Premier Bank Limited	147,653	146,531
	192,289,532	419,385,352
Term deposits accounts		
Rajshahi Krishi Unnayan Bank	208,641,378	—
Trust Bank Limited	—	500,000,000
Mutual Trust Bank Limited	400,000,000	—
IFIC Bank Limited	200,000,000	—
HSBC	250,000,000	—
City Bank Limited	—	1,500,000,000
Bangladesh Krishi Bank	—	1,000,000,000
	1,058,641,378	3,000,000,000
	1,419,758,097	3,623,593,257
12.6 Residual maturity grouping of deposits		
From Banks		
Repayable		
On demand	168,827,187	623,593,257
Within 1 month	1,058,641,378	3,000,000,000
Over 1 month but within 6 months	192,289,532	—
Over 6 months but within 1 year	—	—
Over 1 year but within 5 years	—	—
Over 5 years but within 10 years	—	—
	1,419,758,097	3,623,593,257
From others		
Repayable		
On demand	8,497,960,957	5,652,106,783
Within 1 month	7,276,179,603	3,051,312,647
Over 1 month but within 6 months	20,888,170,673	16,177,732,371
Over 6 months but within 1 year	17,820,819,578	14,375,783,406
Over 1 year but within 5 years	36,430,817,489	30,624,351,651
Over 5 years but within 10 years	10,028,895,310	3,309,771,165
	100,942,843,610	73,191,058,023
	102,362,601,707	76,814,651,280

Notes to the Financial Statements

For the year ended 31 December 2010

	Notes	2010 Taka	2009 Taka
13 Other liabilities			
Un-paid dividend		10,009,092	10,022,212
Exchange equalization account		—	41,371,514
Provision for bonus		168,350,361	192,787,322
Tax liability	13.1	1,370,508,599	825,548,370
Provision for loans and advances (Including Off-B/S items)	13.2	2,547,362,834	2,155,771,215
Interest suspense account	13.3	429,833,466	445,502,722
Provision for other classified assets	13.4	38,566,450	27,366,450
Provision for gratuity	13.5	45,000,000	35,000,000
Deferred Tax Liabilities/(Assets)	13.6	20,331,817	(8,724,420)
ATM card holders' accounts		35,500	35,500
Foreign currencies adjustment account		428,294,412	31,334,033
Bills payable account MPS (CCD)		21,121,163	19,266,119
Adjusting account credit		1,287,447,842	983,742,069
Provision for LFA		130,000,000	—
Clearing adjusting account		2,814,457	353,263
Others		50,576,991	30,405,417
		655,0252,984	4,789,781,786
13.1 Tax liability			
Provision for tax			
Opening balance		3,396,416,727	2,246,416,727
Adjustment with deferred tax		—	—
Adjustment made during the year		(846,121,705)	—
Provision made during the year		1,920,000,000	1,150,000,000
		4,470,295,022	3,396,416,727
Advance income tax			
Opening balance		2,570,868,357	1,204,663,544
Adjustment made during the year		(846,121,705)	—
Paid during the year		1,375,039,771	1,366,204,813
		3,099,786,423	2,570,868,357
		1,370,508,599	825,548,370
13.1.1 Status of pending Assessments			

All the assessments of the Bank have been completed and necessary provision have been made in the books of account except the assessment for the assessment year 1991-92, 1992-93 pending in honourable Highcourt Division due to appeal filed by the DCT, 2002-2003 which is pending in honourable High Court regarding the relief of 1% general provision. This was allowed by tribunal on the basis of Bangladesh Bank circular No. 16 dated 06 December 1998. Additionally we have made an appeal to the Tribunal against disallowances of capital gain on investments in Govt. securities and portion of charges on loan loss for the assessment year 2009-10. Persuasion is continued by the Bank management and hopeful to get such order favouring Bank. Adequate provisions for those assessment years have been made in the books of account.

Notes to the Financial Statements

For the year ended 31 December 2010

	2010 Taka	2009 Taka
13.2 Provision for loans and advances (including off B/S items)		
(a) Specific provision against loans & advances		
Opening balance	1,195,861,167	1,121,762,383
Fully provided debt written off during the year	(1,091,576)	—
Release of Provision	141,311,681	59,974,384
Adjustment/Recovery in kinds on account of properties	—	(10,875,600)
Transfer to provision made against other classified asset	—	—
Transfer to general provision made against unclassified loan	(130,000,000)	—
Transfer to general provision made against off-B/S items	(120,000,000)	—
Provision made during the year	—	25,000,000
	1,086,081,272	1,195,861,167
(b) General provision against unclassified loans & advances		
Opening balance	689,400,000	564,400,000
Transferred from other provision	261,371,514	—
Provision made during the year (including provision for OBU)	120,000,000	125,000,000
	1,070,771,514	689,400,000
(c) General provision against Off Balance Sheet items		
Opening balance	270,510,048	220,510,048
Transferred from specific provision	120,000,000	—
Provision made during the year (including provision for OBU)	—	50,000,000
	390,510,048	270,510,048
Total (a) + (b) +(c)	2,547,362,834	2,155,771,215
13.3 Interest suspense account		
Opening balance	445,502,722	380,378,349
Amount transferred during the year	912,340,685	256,301,387
Amount recovered during the year and credited to income	(155,575,599)	(72,525,020)
Amount of Interest waived during the year	(6,619,958)	—
Amount written off during the year against fully provided debts	(765,814,384)	(118,651,994)
	429,833,466	445,502,722
13.4 Provision for other classified assets		
Provision for fall in market price of shares		
Opening balance	—	—
Provision no longer required and transferred to other classified assets	—	—
	—	—
Provision for other classified assets		
Opening balance	27,366,450	27,366,450
Transferred from specific provision	—	—
Provision made during the year	11,200,000	—
	38,566,450	27,366,450
	38,566,450	27,366,450
13.5 Provision for gratuity		
The Bank has made Gratuity provision of Tk. 4.50 crore for the year 2010. After making this provision, the accumulated fund balance stood at Tk. 30.78 crore on 31 December, 2010 including Tk. 25.08 crore accumulated balance upto 31 December, 2009. Bangladesh Bank vide its letter no. DBI-1/Private)/82/2007-2176 dated 27/12/2007 advised to provide additional gratuity provision of Tk. 24.72 crore. NBL vide its letter no. FAD/Accounts/1739/07 dated 30/12/2007 ensured Bangladesh Bank that the Bank would make Gratuity provision of Tk. 3.50 crore in 2007 and the balance amount would be kept within next five years. This policy has been approved by Bangladesh Bank vide its letter no. DBI - 1 (Private) / 82 / 2008-257 dated 20/02/08. The fund account is administered by a Board of Trustee consisting of four (4) members. The movement is as under:		
Opening Balance	35,000,000	35,000,000
Provision made during the year	45,000,000	35,000,000
	80,000,000	70,000,000
Amount transferred to fund account	(35,000,000)	(35,000,000)
	45,000,000	35,000,000

Notes to the Financial Statements

For the year ended 31 December 2010

	2010 Taka	2009 Taka	
13.6 Deferred Tax (Assets)/Liabilities			
Deferred Tax Assets			
Opening Balance	28,978,435	24,335,464	
Addition during the year	2,709,197	4,642,971	
	31,687,632	28,978,435	
Adjustment made during the year	—	—	
Current Closing Balance	31,687,632	28,978,435	
Deferred Tax Liabilities			
Opening Balance	20,254,015	38,585,593	
Addition during the year	31,765,434	—	
	52,019,449	38,585,593	
Adjustment made during the year	—	(18,331,578)	
Closing Balance	52,019,449	20,254,015	
Net Deferred Tax (Assets)/Liabilities	20,331,817	(8,724,420)	
14 Share capital			
14.1 Authorized capital			
1,750,000,000 ordinary shares of Tk. 10.00 each	17,500,000,000	7,450,000,000	
	17,500,000,000	7,450,000,000	
The Bank has changed the denomination and market lot of shares of NBL as approved in the 19th Extra-Ordinary General Meeting. The face value of Tk. 100.00 has splitted to Tk. 10.00 each and market lot has fixed/declared 100 shares instead of 20 shares for a lot. The Bank has also increased its Authorised Capital from Tk. 745.00 crore to Tk. 1,750.00 crore as approved in the 20th Extra Ordinary General Meeting to meet the future capital requirement under Basel -II accord. Necessary ammendments have been made in the Memorandum & Articles of Associations of the Bank.			
14.2 Issued, subscribed and fully paid up capital			
	No of Shares		
	2010	2009	
Issued for cash	23,730,000	237,300,000	
Issued for other than cash	417,483,130	4,174,831,300	
(Bonus Share)			
Total	441,213,130	4,412,131,300	
14.3 Shareholding pattern			
Description	No. of Shares	Taka	Percentage (%)
Sponsors	128,888,000	1,288,880,000	29.21
Financial Institutions	45,790,094	457,900,940	10.38
Foreign Investors	538,750	5,387,500	0.12
Non- Resident Bangladeshi	33,190	331,900	0.01
General Public	265,963,096	2,659,630,960	60.28
	441,213,130	4,412,131,300	100.00

Notes to the Financial Statements

For the year ended 31 December 2010

14.4 Statement of slab list as on 31 December 2010

Group / Type	No. of Share Holders	No. of Shares	(%) of Share Holding
De - materialization	29,994	405,940,330	92.01
Materialization	4,136	35,272,800	7.99
	34,130	441,213,130	100.00

It may be mentioned that since the shares of National Bank Limited has gone under Central Depository System, there is no provision for segregating shares of any company in Sponsor and General Public i.e. Group A & Group B.

De - materialization

Range	No. of Shareholders	No. of Shares	(%) of Share Holding
Less than 500	18,035	2,659,398	0.60
500 - 5,000	9,999	14,464,996	3.28
5,001 - 10,000	795	5,907,520	1.34
10,001 - 20,000	456	6,507,900	1.48
20,001 - 30,000	182	4,443,067	1.01
30,001 - 40,000	87	3,078,490	0.70
40,001 - 50,000	57	2,562,660	0.58
50,001 - 1,00,000	124	8,661,599	1.96
1,00,001 - 10,00,000	183	60,448,971	13.70
10,00,001 - Above	76	297,205,729	67.36
Total	29,994	405,940,330	92.01

Materialization

Range	No. of Shareholders	No. of Shares	(%) of Share Holding
Less than 500	2,378	378,842	0.09
500 - 5,000	1,414	1,360,226	0.31
5,001 - 10,000	177	1,239,651	0.28
10,001 - 20,000	81	1,133,180	0.26
20,001 - 30,000	22	532,923	0.12
30,001 - 40,000	6	206,550	0.05
40,001 - 50,000	6	268,900	0.06
50,001 - 1,00,000	17	1,170,775	0.26
1,00,001 - 10,00,000	25	10,416,881	2.36
10,00,001 - Above	10	18,564,872	4.20
Total	4,136	35,272,800	7.99
Grand Total	34,130	441,213,130	100.00

Notes to the Financial Statements

For the year ended 31 December 2010

	Notes	2010 Taka	2009 Taka
14.5 Capital adequacy ratio			
Tier – I (Core Capital)			
Paid up capital		4,412,131,300	2,846,536,300
Statutory reserve		4,180,253,183	2,418,373,220
General reserve		497,723,327	497,723,327
Retained earnings as per profit and loss account		5,112,856,189	1,567,288,545
		14,202,963,999	7,329,921,392
Tier –II (Supplementary Capital)			
General provision against UC loan	13.2 (b)	1,070,771,514	689,400,000
General provision against Off-B/S items	13.2 (c)	390,510,048	270,510,048
Exchange equalization account		—	41,371,514
Subordinated Bond		2,500,000,000	—
Other reserve (50% of other reserve & 10% of equity instruments reserves)		1,026,545,267	793,421,071
		4,987,826,829	1,794,702,633
A. Total capital		19,190,790,828	9,124,624,025
B. Total Risk Weighted Assets		156,148,600,000	105,986,200,000
C. Required Capital based on Risk Weighted Assets (9% on B 8% in 2009)		14,053,374,000	8,478,896,000
D. Surplus/ (Deficiency) (A - C)		5,137,416,828	645,728,025
Capital adequacy ratio			
	Required	Actual	
	2010	2009	2010
On Core Capital	4.50%	4.00%	9.10%
On Supplementary Capital	4.50%	4.00%	3.19%
	9.00%	8.00%	12.29%
			8.61%
Risk weighted Assets of the Bank has calculated as per BRPD circular No.09 dated December 31, 2008 and BRPD circular No.20 dated December 29, 2009. As per the circular full implementation of Basel-II has started with effect from January 2010 and calculated on consolidated basis.			
15 Statutory reserve			
Balance on 01 January		2,418,373,220	1,778,874,037
Transferred from profit during the year		1,761,879,963	639,499,183
Balance at 31 December		4,180,253,183	2,418,373,220
16 General reserve			
Balance on 01 January		497,723,327	632,723,327
Transferred to retained earnings for appropriation		—	(135,000,000)
Balance at 31 December		497,723,327	497,723,327
17 Other reserve			
a) Revaluation reserve (Govt. Treasury Bill & Bonds)			
Balance on 01 January		836,402,617	117,041,909
Addition during the year		894,091,233	1,116,165,562
Adjustment during the year		(1,145,592,693)	(396,804,854)
Balance at 31 December		584,901,157	836,402,617
b) Revaluation reserve (Foreign Investment)			
Balance on 01 January		12,233,265	11,567,641
Addition during the year		4,238,898	665,624
Balance at 31 December		16,472,163	12,233,265
c) Revaluation revenue of equity Instruments			
Balance on 01 January		—	—
Addition during the year		3,577,804,774	—
Balance at 31 December		3,577,804,774	—
d) Revaluation reserve (Property)			
Balance on 01 January		738,206,260	738,206,260
Addition during the year		(2,050,000)	—
Balance at 31 December		736,156,260	738,206,260
		4,915,334,354	1,586,842,142

Revaluation of foreign investments has been made in 2010 as per **BAS -21 " Effect of changes in Foreign Exchange Rates"** on the other hand Govt. treasury bill and bonds have been valued at market price as per Bangladesh Bank BRPD Circular No.05 dated 31.10.2005.

Notes to the Financial Statements

For the year ended 31 December 2010

	2010 Taka	2009 Taka
18 Retained earnings		
Balance on 1 January	1,567,288,545	975,132,271
Profit for the year	6,860,343,577	2,070,470,464
Bonus dividend distributed during the year	(1,565,595,000)	(973,815,007)
Transfer to statutory reserve	(1,761,879,963)	(639,499,183)
Transfer from general reserve for appropriation	—	135,000,000
Balance at 31 December	5,100,157,159	1,567,288,545
19 Letters of guarantee		
Directors	6,331,000	6,331,000
Government	1,359,554,281	2,658,739,190
Banks and other financial institutions	102,487,305	161,938,555
Others	4,164,832,791	3,092,437,619
Margins	5,633,205,377	5,919,446,364
	(300,371,161)	(339,500,384)
	5,332,834,216	5,579,945,980

19.1 A case was filed by Eastern Bank Limited, successor of BCCI, against National Bank Limited (NBL) at Artha Rin Adalat - 3, Dhaka for guarantee issued by NBL in favour of EBL, which has been decreed against NBL on 04 January 2004 for Tk 2,73,66,450/- plus interest @ 18% p.a. from 01 October 1994 to the date of payment. Against the decree amount, NBL has made an appeal which is pending with the Honourable High Court, Dhaka. Before filing the appeal, the Bank has paid TK 1,36,83,225/- being 50% of the principal decreed amount which is included under other assets in these Financial Statements. Provision for Tk.1,36,83,225/- was made in 2006 and the balance of Tk. 1,36,83,225/-has also been made in 2007.

20 Interest income

Interest on advances	9,180,773,468	6,792,924,081
Interest on money at call and short notice	222,281,238	102,129,545
Interest on placement with other banks	99,011,675	103,232,573
Interest on foreign currency balances	4,800,648	5,418,739
	9,506,867,029	7,003,704,938

21 Interest expenses

Interest on deposits	4,900,628,639	4,302,585,729
Interest on borrowings	488,496,842	3,242,407
Discount	148,503,223	183,807,978
Interest on REPO	—	—
	5,537,628,704	4,489,636,114

Notes to the Financial Statements

For the year ended 31 December 2010

	2010 Taka	2009 Taka
22 Investment income		
Dividend on shares	30,016,404	71,891,835
Local	19,651,136	2,963,095
Overseas	49,667,540	74,854,930
Interest on debentures	3,488,183	5,381,528
Interest on treasury bills and bonds	1,401,982,033	829,185,467
Interest on reverse REPO	101,117,767	82,417
Gain on Govt. Securities	556,415,612	365,768,140
Capital gain on sale of DSE Membership**	487,250,000	—
Profit from sale of shares of listed company	3,616,406,755	503,983,449
Prize on prize bonds	28,000	61,000
	6,216,355,890	1,779,316,931
** During the year the Bank has transferred the membership of Dhaka Stock Exchange for Tk.505.00 million.		
23 Commission, exchange and brokerage		
Commission	894,871,934	737,870,330
Exchange gain net off exchange losses	608,988,705	698,012,896
Brokerage	15,074,754	13,089,069
	1,518,935,393	1,448,972,295
24 Other operating income		
Rent	6,288,971	4,278,093
Property	4,098,207	3,243,630
Locker	1,801,974	2,053,170
Godown	12,189,152	9,574,893
Credit card and ATM	60,226,263	57,261,676
Confirmation charges	28,871,902	30,218,991
Gain from sales of assets	20,942,677	3,020,483
Income from Capital Market Services	7,828,143	3,036,199
Trading commission (Brokerage house)	519,477,061	154,103,225
Remittance income	85,314,817	114,856,247
Other receipts	490,404,737	378,055,316
	1,225,254,752	750,127,030
25 Salary & allowances		
Basic salary	663,880,432	560,477,432
Allowances	900,751,702	645,830,275
Bonus	264,250,430	209,134,397
Bank's contribution to provident fund	54,033,199	47,048,647
Gratuity	45,000,000	35,000,000
Provision for the year	68,192,200	26,963,300
Paid during the year	113,192,200	61,963,300
	1,996,107,963	1,524,454,051
26 Directors' fees and other benefits		
Fees	1,343,900	1,122,000
Other benefits	5,649,024	2,570,952
Haltage , traveling and others	550,351	319,453
Refreshment	6,199,375	2,890,405
	7,543,275	4,012,405

Each director is paid for Tk.5,000/- per Board meeting and per committee meeting attended as per BRPD circular No.03 dated 18.01.2010.

Notes to the Financial Statements

For the year ended 31 December 2010

	2010 Taka	2009 Taka
27 Rent, taxes, insurance, electricity etc.		
Rent, rates and taxes	146,641,623	107,647,363
Insurance	51,747,274	41,679,487
Electricity	46,534,276	36,864,170
	244,923,173	186,191,020
28 Legal expenses		
Law charges	41,638,974	9,146,577
Other professional charges	458,501	378,479
	42,097,475	9,525,056
29 Audit fees	325,000	300,000
30 Postage, stamp and telecommunication		
Telephone -office	13,199,083	12,587,995
Telegram, telex, fax and e-mail	21,745,874	15,013,094
Postage	10,123,281	9,799,897
Telephone - residence	916,514	944,279
	45,984,752	38,345,265
31 Stationery, printing, advertisement, etc.		
Printing and stationery	69,242,524	47,074,738
Publicity and advertisement	52,210,416	63,555,197
	121,452,940	110,629,935
32 Managing Director's salary & allowances		
Basic salary	4,652,419	4,200,000
Allowance	2,922,957	1,800,000
Bonus	900,000	700,000
Bank's contribution to provident fund	427,500	420,000
	8,902,876	7,120,000
33 Repairs, maintenance and depreciation		
Depreciation (Annexure 'A')		
Buildings	10,215,072	6,865,401
Furniture and fixture	34,457,891	24,738,958
General equipments	51,898,493	39,233,677
Computer equipments	62,140,748	26,228,648
Vehicles	14,876,613	12,594,245
Books	43,490	51,415
	173,632,307	109,712,344
Repairs & maintenance		
Office Premises	8,077,806	11,829,552
Equipments	29,269,327	16,205,324
Vehicles	5,525,533	4,601,760
Furniture and fixture	2,139,494	7,395,234
	45,012,160	40,031,870
	218,644,467	149,744,214

Notes to the Financial Statements

For the year ended 31 December 2010

	2010 Taka	2009 Taka
34 Other expenses		
Car expenses	46,477,798	43,304,323
Credit card expenses	74,623,028	58,750,426
Entertainment	44,841,056	33,260,557
Traveling expenses	15,975,339	20,041,264
Donations	47,392,424	9,189,770
Subscriptions	19,528,272	10,222,582
Periodicals	1,541,077	1,320,810
Cartage/freight	14,644,991	12,508,676
Medical expense	16,012,475	8,646,565
Overseas expenses	4,887,926	474,486
Uniform & liveries	2,971,895	2,104,245
Training expenses	3,138,922	1,896,451
Loss on sale of share/ property/ asset	1,417,283	79,666
Miscellaneous	59,961,172	26,596,920
	353,413,658	228,396,741
35 Changes in other Assets		
Balance at the beginning of the year		
Stock of stationery	32,891,478	32,371,085
Stamps on hand	1,059,958	1,008,743
Suspense account	176,529,473	105,707,906
Advance deposits	4,045,069	3,880,980
Interest and other receivables	999,519,410	365,141,500
Sundry assets	233,983,079	76,183,374
Demand draft paid without advice	7,168,208	26,741,045
Bill purchased account - credit card	137,668,710	31,363,504
Inter branch adjustment account (Net)	109,965,598	38,279,827
Payment made against claim made by EBL for guarantee issued by BCCI	13,683,225	13,683,225
Advance against cash assistance	840,000	909,000
Dividend warrant	200	—
Advance against branches	4,481,272	3,500,000
Advance against Fixed Assets	18,367,826	17,659,826
Others	182,030	183
	1,740,385,536	716,430,198
Balance at the end of the year		
Stock of stationery	38,903,956	32,891,478
Stamps on hand	1,233,511	1,059,958
Suspense account	417,311,702	176,529,473
Advance deposits	4,195,051	4,045,069
Interest and other receivables	706,468,432	999,519,410
Sundry assets	193,561,532	233,983,079
Demand draft paid without advice	10,522,885	7,168,208
Bill purchased account - credit card	62,571,702	137,668,710
Inter branch adjustment account (Net)	1,375,978,443	109,965,598
Payment made against claim made by EBL for guarantee issued by BCCI	13,683,225	13,683,225
Advance against cash assistance	—	840,000
Dividend warrant	—	200
Advance against branches	1,042,349	4,481,272
Advance against Fixed Assets	124,169,826	18,367,826
Others	105,173	182,030
	2,949,747,787	1,740,385,536
Net Changes	(1,209,362,251)	(1,023,955,338)

Notes to the Financial Statements

For the year ended 31 December 2010

	2010 Taka	2009 Taka
36 Changes in Other liabilities		
Balance at the beginning of the year		
Un-paid dividend	10,022,212	16,399,519
Exchange equalization account	41,371,514	41,371,514
Provision for bonus	192,787,322	135,079,324
Interest suspense account	445,502,722	380,378,349
Provision for other classified assets	27,366,450	27,366,450
ATM card holders' accounts	35,500	35,500
Foreign currencies adjustment account	31,334,033	19,659,418
Bills payable account MPS (CCD)	19,266,119	20,054,741
Clearing adjusting account	353,263	278,503
Others	30,405,417	25,666,946
	798,444,552	666,290,264
Balance at the end of the year		
Un-paid dividend	10,009,092	10,022,212
Exchange equalization account	—	41,371,514
Provision for bonus	168,350,361	192,787,322
Interest suspense account	429,833,466	445,502,722
Provision for other classified assets	38,566,450	27,366,450
ATM card holders' accounts	35,500	35,500
Foreign currencies adjustment account	428,294,412	31,334,033
Bills payable account MPS (CCD)	21,121,163	19,266,119
Provision for LFA	130,000,000	—
Clearing adjusting account	2,814,457	353,263
Others	50,576,991	30,405,417
	1,279,601,892	798,444,552
Net Changes	481,157,340	132,154,288
37 Earnings per share (EPS)		
Net profit after tax	6,860,343,577	2,070,470,464
Weighted average number of ordinary shares outstanding	441,213,130	441,213,130
EPS*	15.55	4.69

*Earnings per share for the year 2009 is adjusted for issue of bonus shares for the same year.

38 Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk.36,000/- p.a. or above were 3,442.

Notes to the Financial Statements

For the year ended 31 December 2010

39 Audit committee

An audit committee of the Board has been constituted by the Board of Directors of the Bank so that the committee can play an effective role in formulating an efficient and secured banking system. The audit committee consist of the following members:

Name	Status with NBL	Status with the Committee	Educational Qualification
i) Mr. Zakaria Taher	Director	Chairman	MBA
ii) Lt. Col. (Rtd) Md. Azizul Ashraf, Psc	Director	Member	Graduate
iii) Capt. Abu Sayeed Monir	Director	Member	BSC (Hons.)

During the period under review, the audit committee of the Board conducted 3 (three) meetings in which, among others, the following issues were discussed:

- i) Review of Bank's Financial Statements.
- ii) Review of internal control & compliance system of the Bank.
- iii) Review of audit position-2009 in particular, the total number of branches audited, its outcome and identification of major lapses.
- iv) Giving guidelines for audit program during the year 2010.
- v) Review of working of the credit administration division of the Bank.
- vi) Review the classified portfolio and recovery position of the Bank.
- vii) Review the training program of the Bank.
- viii) Review the large classified / stuck up (Top- 20) accounts of the Bank.
- ix) Review the activities of management committee (MANCOM) of the Bank.
- x) Review the disposal of the law suits of the Bank.
- xi) Review the credit card operation of the Bank.
- xii) Review the performance of Bank and Exchange houses operating in abroad.
- xiii) Review the implementation status of On-line Banking / Any Branch Banking.

Notes to the Financial Statements

For the year ended 31 December 2010

40 Related party disclosures

i) Name of the Directors and the entities in which they have interest as on 31 December, 2010

Name of Directors	Status with the Bank	Name of the firms / companies in which Directors are associated as proprietor, partner, director, managing agent, guarantor, employee etc.	Percentage (%) of Holding/ Interest in the concern
Mr. Zainul Haque Sikder	Chairman	Chairman Z H Sikder Women's Medical College & Hospital (pvt) Ltd. Sikder Real Estate Limited	9.40% 20.00%
Ms. Parveen Haque Sikder	Director	Chairperson Millennium International School Mandy Dental College & Hospital Vice Chairperson Z H Sikder Women's Medical College & Hospital (Pvt.) Ltd. Director Sikder Real Estate Limited	34.80% 9.40% 10.00%
Mr. Alhaj Khalilur Rahman	Director	Chairman KDS Garments Ind. Ltd. KDS Apparels Ltd. KY Steel Mills Ltd. KIY Steel Ind. Ltd. KDS High Tech Garments (BD) Ltd. KDS Information Tech. Ltd. KDS Fashion Ltd. Steel Accessories Ltd. KDS Logistics Ltd. Managing Director KDS Textile Mills Ltd. KDS Cotton Poly Thread Ind. Ltd. KYCR Coil Ind. Ltd. Director Sky Securities Ltd. Shareholder Al- Arafa Islami Bank Ltd. Pragati Insurance Ltd. Pragati Life Insurance Ltd. KDS Packing Ind. Ltd. KDS Poly Ind. Ltd.	50.15% 49.88% 98.00% 95.00% 50.00% 55.00% 43.70% 50.00% 47.76% 94.32% 6.67% 46.52% 42.47% 2,389,040 shares 215,678 shares 5,000 shares 25.00% 25.00%

Notes to the Financial Statements

For the year ended 31 December 2010

Name of Directors	Status with the Bank	Name of the firms / companies in which Directors are associated as proprietor, partner, director, managing agent, guarantor, employee etc.	Percentage (%) of Holding/ Interest in the concern
Mr. Moazzam Hossain	Director	<u>Chairman</u> Hosaf International Ltd. Hosaf Power Generation Co. Ltd. Shandong Ludi Xinwen & Hosaf Mining (BD) Limited. Hosaf Gene Cure Pharma Co. Ltd. <u>Managing Director</u> EnergyPrima Ltd. Hosaf Meter Industry Ltd. Citi Link Apartment Ltd. <u>Director</u> Pragati Insurance Ltd. Proprietor Hosaf Consultancy <u>Shareholder</u> United Hospital Ltd.	22.93% 75.00% 96.61% 96.42% 99.90% 99.41% 99.98% 1.57% 100.00% 0.44%
Mr. Rick Haque Sikder	Director	<u>Chairman</u> Power Pac Holdings Ltd. R & R Holdings A1 Trade Center Power Pac Mutiara Keraniganj Power Plant Ltd. <u>Director</u> Z H Sikder Women's Medical College & Hospital (pvt) Ltd. <u>Partner</u> A1 Motors Ltd. A1 Workshop Power Pac R & R Aviation	50.00% 50.00% 50.00% 49.50% 9.40% 50.00% 50.00% 50.00% 50.00%
Mr. Ron Haque Sikder	Director	<u>Managing Director</u> A1 Trade Center R & R Holdings Power Pac Holdings Ltd. Power Pac Mutiara Keraniganj Power Plant Ltd. <u>Director</u> Z H Sikder Women's Medical College & Hospital (pvt) Ltd. Sikder Real Estate Limited <u>Partner</u> A1 Motors Ltd. A1 Workshop Power Pac R & R Aviation	50.00% 50.00% 50.00% 49.50% 9.40% 10.00% 50.00% 50.00% 50.00%

Notes to the Financial Statements

For the year ended 31 December 2010

Name of Directors	Status with the Bank	Name of the firms / companies in which Directors are associated as proprietor, partner, director, managing agent, guarantor, employee etc.	Percentage (%) of Holding/ Interest in the concern
Prof. Mahbub Ahmed	Director	Nil	Nil
Mr. Zakaria Taher	Director	<u>Chairman</u> Purbachal Drillers Ltd. Jeans Culture Ltd. TSCO Power Ltd. T S Transformer Ltd. Zyta Garments Ltd. <u>Managing Director</u> Armana Fashions Limited Armana Apparels Ltd. Zyta Apparels Ltd. Denimach Ltd. <u>Director</u> Denimach Washing Ltd. Pragati Life Insurance Ltd. Pragati Insurance Ltd.	50.00% 40.00% 50.00% 35.00% 60.00% 34.00% 50.00% 30.00% 25.00% 20.00% 17,058 shares 15,090 shares
Mr. Mabroor Hossain	Director	<u>Director</u> Hosaf Meter Industry Ltd. Hosaf International Ltd. Hosaf Gene Cure Pharma Co. Ltd. Pragati Life Insurance Ltd Shandong Ludi Xinwen & Hosaf Mining (BD) Ltd. EnergyPrima Ltd. <u>Shareholder</u> Pragati Insurance Ltd.	0.49% 1.42% 1.02% 4.16% 0.015% 0.0817% 0.89%
Mr. A K M Enamul Hoque	Director	Nil	Nil
Lt. Col. (Rtd) Md. Azizul Ashraf, Psc	Director	<u>Proprietor</u> DEFTEC <u>Director & Managing Director</u> Eastern Management Services Ltd.	100.00% 24.00%
Capt. Abu Sayeed Monir	Director	Nil	Nil

Notes to the Financial Statements

For the year ended 31 December 2010

Name of Directors	Status with the Bank	Name of the firms / companies in which Directors are associated as proprietor, partner, director, managing agent, guarantor, employee etc.	Percentage (%) of Holding/ Interest in the concern
Mr. Salim Rahman	Director	<u>Chairman</u> KDS Accessories Ltd. KDS Poly Ind. Ltd. Sky Securities Ltd. KYCR Coil Ind. Ltd. <u>Director</u> KDS Garments Ind. Ltd. KDS Textile Mills Ltd. KDS Cotton Poly Thread Ind. Ltd. KDS Information Tech Ltd. Pragati Life Insurance Ltd. <u>Managing Director</u> KDS Hi-Tech. Garments (BD) Ltd. KDS Apparels Ltd. Steel Accessories Ltd. KDS Fashions Ltd. KDS Logistic Ltd. <u>Shareholder</u> Al-Arafah Islami Bank Ltd. Pragati Insurance Ltd.	50.00% 50.00% 3.61% 33.08% 49.85% 0.6681% 15.98% 25.00% 16,008 shares 50.00% 50.12% 50.00% 44.56% 52.24% 5,967,988 shares 47,645 shares
Mr. Neaz Ahmed	Managing Director	Nil	Nil

ii) Significant contracts where bank is a party and wherein Directors have interest : Nil

iii) Shares issued to directors and executives without consideration or exercisable at discount : Nil

iv) Related party transactions

(Amount in Taka)

Name of the party	Nature of Relation	Nature of Transaction	2010
KDS Garments Ltd.	Mr. Salim Rahman is a Director of the Bank and Director of KDS Garments Limited.	LG	2,500,000
M/s Purbachal Gas Filling	The owner of the company is the brother of Director Mr Zakaria Taher	PG	3,832,000
Z H Sikder Women's Medical College & Hospital (Pvt) Ltd.	Common Director	Loan (Gen)	70,889,975

v) Lending policies to related parties

Related parties are allowed loans and advances as per general loan policy of the bank.

vi) Business other than banking business with any related concern of the directors as per section 8 (2) of the Bank Companies Act 1991: Nil

vii) Investments in the securities of directors and their related concern : Nil

41 Event after the Balance Sheet date

No material event had occurred after the Balance Sheet date except declaration of 95% stock dividend.

42 General

i) Figures appearing in these financial statements have been rounded off to the nearest taka.

ii) Figures of previous year have been rearranged wherever necessary to conform with current year's presentation



Managing Director



Director



Director



Chairman

Schedule of Fixed Assets

As at 31 December 2010

Annexure-A

(Amount in Taka)

Particulars	Cost / Revaluation			Depreciation			Net book value on 31 December 2010
	Balance on 01 January 2010	Additions during the year	Adjustments/ Disposals during the year	Balance on 31 December 2010	Balance on 01 January 2010	Charge for the year	
Land	1,112,235,889	24,157,996	(17,991,714)	1,118,402,171	-	-	-
Building	309,789,252	245,971,892	(21,663,496)	534,097,648	84,931,317	10,215,072	(11,150,380) 83,996,009 450,101,639
Furniture and fixtures	315,114,087	134,904,305	(2,640,638)	447,377,754	118,014,731	34,457,891	(2,640,638) 149,831,984 297,545,770
General Equipment	358,647,075	82,993,401	(5,803,412)	435,837,064	208,999,821	51,898,493	(1,152,146) 259,746,168 176,090,896
Computer Equipment	296,070,132	100,492,575	(668,395)	395,894,312	200,340,304	62,140,748	(668,395) 261,812,657 134,081,655
Vehicles	143,392,612	33,631,663	(22,691,780)	154,332,495	107,544,850	14,876,613	(16,200,135) 106,221,328 48,111,167
Books	1,012,158	2,804	-	1,014,962	865,518	43,490	- 909,008 105,954
At 31 December 2010	2,536,261,205	622,154,636	(71,459,435)	3,086,956,406	720,696,541	173,632,307	(31,811,694) 862,517,154 2,224,439,252

At 31 December 2009	2,215,635,808	343,863,070	(23,237,673)	2,536,261,205	632,247,998	109,712,344	(21,263,801) 720,696,541 1,815,564,664
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Balance with other Banks and Financial Institutions (Outside Bangladesh)
As at 31 December 2010
Annexure-B

Particulars	Currency Name	2010			2009		
		Amount in Foreign Currency	Conversion Rate Per Unit F.C	Amount in BDT	Amount in Foreign Currency	Conversion Rate Per Unit F.C	Amount in BDT
In fixed deposit accounts (interest bearing) with							
JP Morgan Chase Bank, Singapore	USD	610,000.00	70.7497	43,157,317	610,000.00	69.2667	42,252,687
Standard Chartered Bank, Singapore	SGD	—	—	—	100,000.00	49.2266	4,922,660
Fund placement to OBU	USD	3,870,000.00	70.7497	273,801,339	2,146,000.00	69.2667	148,646,338
Sub-total				316,958,656			195,821,685
In demand deposit accounts (non interest bearing) with							
Mashreq Bank, New York	USD	620,094.91	70.7497	43,871,529	125,257.26	69.2667	8,676,157
JP Morgan Chase Bank - New York	USD	2,047,463.86	70.7497	144,857,454	436,493.34	69.2667	30,234,453
Bank America Int'l, New York	USD	7,007.88	70.7497	495,805	64,872.75	69.2667	4,493,521
Standard Chartered Bank, New York	USD	7,078,361.22	70.7497	500,791,933	1,017,166.43	69.2667	70,455,762
HSBC, New York	USD	720,667.80	70.7497	50,987,031	80,787.74	69.2667	5,595,900
Standard Chartered Bank, Mumbai	ACU	106,958.88	70.7497	7,567,309	370,254.28	69.2667	25,646,292
Sonali Bank, Kolkata	ACU	137,117.78	70.7497	9,701,042	93,779.25	69.2667	6,495,779
Mashreq Bank, Mumbai	ACU	670,162.50	70.7497	47,413,796	—	—	—
State Bank of India, Kolkata	ACU	6,122.07	70.7497	433,135	6,122.08	69.2667	424,056
United Bank, Karachi	ACU	31,215.43	70.7497	2,208,482	31,215.43	69.2667	2,162,190
NABIL Bank, Nepal	ACU	355,035.07	70.7497	25,118,625	211,329.73	69.2667	14,638,113
Standard Chartered Bank, Colombo	ACU	14,651.90	70.7497	1,036,618	20,332.40	69.2667	1,408,358
Myanmar Foreign Trade Bank- Yangon	ACU	662.85	70.7497	46,896	662.84	69.2667	45,913
AB Bank Ltd., Mumbai	ACU	133,904.90	70.7497	9,473,732	241,617.04	69.2667	16,736,015
Bank of Bhutan, Thimpu	ACU	259,052.32	70.7497	18,327,874	293,527.06	69.2667	20,331,651
HSBC, Karachi	ACU	131,843.20	70.7497	9,327,867	248,952.45	69.2667	17,244,115
ICICI Bank Ltd., Mumbai	ACU	689,116.68	70.7497	48,754,798	1,589,166.14	69.2667	110,076,294
Commerz Bank, Frankfurt	EIRO	18,992.14	93.5877	1,777,431	717.30	99.1206	71,099
Standard Chartered Bank, Frankfurt	EIRO	49,083.91	93.5877	4,593,650	18,525.90	99.1206	1,836,298
Uni Credito Italino SPA, Italy	EIRO	42,838.69	93.5877	4,009,174	15,760.89	99.1206	1,562,229
Alpha Bank AE Athens	EIRO	6,268.94	93.5877	586,696	—	—	—
Lloyds Bank Plc, UK	GBP	7.51	109.7328	824	2,711.91	110.0302	298,392
HSBC, London	GBP	9,632.67	109.7328	1,057,020	41,404.44	110.0302	4,555,739
BOT - Tokyo	JPY	2,048,173.00	0.8678	1,777,405	134,001.00	0.7514	100,688
UBAF- Tokyo	JPY	29,245.00	0.8678	25,379	29,245.00	0.7514	21,975
Union Bank of Switzerland	CHF	20,951.35	74.9864	1,571,066	20,090.48	66.641	1,338,850
Habib Bank Zurich	CHF	1,233.87	74.9864	92,523	—	—	—
Bank of Nova Scotia, Canada	CAD	32,032.34	70.7497	2,266,278	18,203.80	66.1573	1,204,314
National Australia Bank, Melbourne	AUD	17,630.54	71.9241	1,268,061	5,043.04	61.7513	311,414
Standard Chartered Bank, Singapore	SGD	127,027.61	54.7514	6,954,939	513.81	49.2266	25,293
Wachovia Bank, New York	USD	2,326,610.70	70.7497	164,607,009	229,518.54	69.2667	15,897,992
Citibank N.A - New York	USD	850,018.61	70.7497	60,138,563	569,974.88	69.2667	39,480,280
Sub-total				1,171,139,944			401,369,132
Grand total				1,488,098,600			597,190,817

Status of large loan as on December 31, 2010

Annexure-C

(Figure in crore)

SL No	Name of the borrower	Funded	Non-funded	Total outstanding	Classification status
1	M/s Bulk Trade International	13.99	186.43	200.42	Standard
2	M/s Khaleque Group	134.70	63.92	198.62	Standard
3	M/s Majumder Group	59.61	177.34	236.95	Standard
4	M/s Mmarine Vegetable Oils Ltd.	109.28	112.59	221.87	Standard
5	M/s S A Group	140.83	37.07	177.90	Standard
Total		458.41	577.35	1,035.76	

Annexure-D

A. i) Disclosure regarding outstanding REPO

(As per DOS Circular No. 06 dated July 15, 2010)

Fig. in crore

Counter party	Agreement date	Reversal date	Amount
Bangladesh Bank (liquidity support)	30.12.2010	02.01.2011	312.55
Bangladesh Bank (REPO)	30.12.2010	02.01.2011	51.23
Total			363.78

ii) Disclosure regarding outstanding Reverse REPO

Counter party	Agreement date	Reversal date	Amount
		NIL	

B. Disclosure regarding overall Transaction of REPO & Reverse REPO

Counter party	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year
Securities sold REPO			
With Bangladesh Bank	10.00	455.00	39.98
Other Banks & FIS	40.00	200.00	6.42
Securities purchased under reverse REPO			
With Bangladesh Bank	20.00	62.50	0.22
Other Banks & FIS	N/A	N/A	N/A

Highlights on the overall activities of NBL and its Offshore unit

(Taka in Million)

Sl.No.	Particulars	2010	2009
1	Paid-up Capital	4,412.13	2,846.54
2	Total Capital (Tier-I+II)	19,190.79	9,124.62
3	Capital Surplus/ (Deficit)	5,137.42	645.73
4	Total Assets	134,732.31	91,931.63
5	Total Deposits	102,471.83	76,834.13
6	Total Loans and Advances	92,003.56	65,129.29
7	Total Contingent Liabilities and Commitments	45,045.10	30,083.03
8	Advance / Deposit Ratio (%)	89.78%	84.77%
9	Percentage of Classified Loans against total Loans and Advances	3.96%	5.97%
10	Profit after Provision & Tax	6,860.34	2,070.47
11	Amount of Classified Loans	3,642.57	3,880.31
12	Provision kept against Classified Loans	1,086.08	1,195.86
13	Provision Surplus / (Deficit)	100.29	268.79
14	Cost of Fund (including operating cost)	9.12%	10.07%
15	Interest Earning Assets	121,313.44	78,665.91
16	Non-interest Earning Assets	13,418.88	13,265.72
17	Return on Investment (ROI)	33.32%	16.57%
18	Return on Assets (ROA)	6.05%	2.52%
19	Income from Investment	6,216.36	1,779.32
20	Earnings per Share (Taka)	15.55	4.69
21	Net income per Share (Taka)	15.55	4.69
22	Price Earnings Ratio (Times)	12.32	13.77
23	Net Assets Value per shares (Taka)	43.30	31.32
24	Net operating cash flow per share (Taka)	12.77	8.52



Offshore Banking Unit, Bangladesh Balance Sheet

As at 31 December 2010

Notes	2010		2009		
	USD	Taka	USD	Taka	
PROPERTY AND ASSETS					
CASH					
In hand (including foreign currencies)	—	—	—	—	
With Bangladesh Bank (including foreign currencies)	—	—	—	—	
BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS (ON CURRENT AND OTHER ACCOUNTS)	3				
In Bangladesh	98,546.53	6,972,137	65,166.02	4,513,835	
Outside Bangladesh	—	—	—	—	
	98,546.53	6,972,137	65,166.02	4,513,835	
MONEY AT CALL AND SHORT NOTICE	—	—	—	—	
INVESTMENT	—	—	—	—	
LOANS AND ADVANCES	4				
i) Loans, cash credits, overdrafts, etc.					
In Bangladesh	19,817,655.58	1,402,093,187	1,340,825.21	92,874,538	
Outside Bangladesh	—	—	—	—	
	19,817,655.58	1,402,093,187	1,340,825.21	92,874,538	
ii) Bills purchased and discounted (excluding treasury bills of the Government)					
Payable in Bangladesh	15,333,956.73	1,084,872,838	1,069,766.00	74,099,161	
Payable outside Bangladesh	—	—	—	—	
	15,333,956.73	1,084,872,838	1,069,766.00	74,099,161	
	35,151,612.31	2,486,966,025	2,410,591.21	166,973,699	
FIXED ASSETS	5	4,359.68	308,445	7,244.34	501,792
OTHER ASSETS	6	297,964.31	21,080,886	9,852.06	682,419
NON-BANKING ASSETS		—	—	—	—
TOTAL ASSETS		35,552,482.83	2,515,327,493	2,492,853.63	172,671,745

Offshore Banking Unit, Bangladesh Balance Sheet

As at 31 December 2010

Notes	2010		2009	
	USD	Taka	USD	Taka
CAPITAL AND LIABILITIES				
BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS	7			
Bangladesh Bank & others				
In Bangladesh		33,870,000.00		2,396,292,339
Outside Bangladesh		—		—
33,870,000.00		33,870,000.00		2,396,292,339
33,870,000.00		33,870,000.00		2,396,292,339
DEPOSITS AND OTHER ACCOUNTS	8			
Current deposits and other accounts		1,554,357.83		109,970,350
Term deposits		88,100.00		6,233,049
1,642,457.83		116,203,399		346,338.23
OTHER LIABILITIES	9	40,025.00	2,831,755	515.40
TOTAL LIABILITIES		35,552,482.83	2,515,327,493	2,492,853.63
CAPITAL/SHAREHOLDERS' EQUITY				
Retained earnings brought forward from profit & loss account		—		—
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		35,552,482.83	2,515,327,493	2,492,853.63
Off balance sheet items				
Contingent liabilities				
Acceptance and endorsements		—		—
Letter of guarantee - Banks		—		—
Letter of guarantee - Others		136,000.00	9,621,959	146,200.00
Bills for collection		8,234,900.00	582,616,705	2,739,000.00
Irrevocable letters of credit		23,342,500.00	1,651,474,872	9,865,719.00
Other Commitments		—	—	—
		31,713,400.00	2,243,713,536	12,750,919.00

These Financial Statements should be read in conjunction with the annexed notes


 Managing Director


 Director


 Director


 Chairman

AUDITORS' REPORT TO THE SHARE HOLDERS
See annexed report of date


 Aziz Halim Khair Choudhury
Chartered Accountants

Dhaka, 15 February 2011

Offshore Banking Unit, Bangladesh

Profit and Loss Account

For the year ended 31 December 2010

Notes	2010		2009	
	USD	Taka	USD	Taka
Interest income	10	1,544,449.07	109,269,308	42,293.82
Interest paid on deposits and borrowings	11	557,716.99	39,458,310	10,233.10
Net interest income		986,732.08	69,810,998	32,060.72
Commission, exchange and brokerage	12	375,943.73	26,597,906	212,657.44
Other Operating Income	13	124,740.77	8,825,372	91,924.94
Total operating income		1,487,416.58	105,234,276	336,643.10
Salary and allowances	14	37,126.11	2,626,661	34,645.52
Rent, taxes, Insurance, electricity etc.	15	15,705.36	1,111,149	14,575.01
Postage, stamps, telecommunication etc.	16	4,439.64	314,104	5,744.74
Repair, maintenance and depreciation	17	3,581.83	253,412	2,523.36
Other operating expenses	18	72.06	5,098	90.61
		60,925.00	4,310,424	57,579.24
Profit before provision		1,426,491.58	100,923,852	279,063.86
Less: General Provision against UC Loan	2.3	—	—	—
Profit before income tax		1,426,491.58	100,923,852	279,063.86
Less. Provision for income tax	2.3	—	—	—
Net Profit after taxation		1,426,491.58	100,923,852	279,063.86
Balance of Profit brought forward from previous year		—	—	—
Effect of changes in exchange rate		—	(712,819)	—
Retained Earnings carried forward		1,426,491.58	100,211,033	279,063.86
Retained earnings transferred to central operation		1,426,491.58	100,211,033	279,063.86
		—	—	—

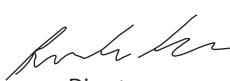
These Financial Statements should be read in conjunction with the annexed notes



Managing Director



Director



Director



Chairman

AUDITORS' REPORT TO THE SHARE HOLDERS
See annexed report of date



Aziz Halim Khair Choudhury
Chartered Accountants

Dhaka, 15 February 2011

Offshore Banking Unit, Bangladesh Cash Flow Statement

For the year ended 31 December 2010

	2010		2009	
	USD	Taka	USD	Taka
A) Cash flows from operating activities				
Interest Income	1,544,449.07	109,269,308	42,293.82	2,929,553
Interest paid	(557,716.99)	(39,458,310)	(10,233.10)	(708,813)
Commission, exchange and brokerage	375,943.73	26,597,906	212,657.44	14,730,079
Received from other operating activities	124,740.77	8,825,372	91,924.94	6,367,337
Cash paid to employees	(34,241.45)	(2,626,661)	(34,645.52)	(2,399,781)
Cash paid to suppliers	(23,726.83)	(1,678,665)	(22,843.11)	(1,582,268)
Paid for operating expenses	(72.06)	(5,098)	(90.61)	(6,276)
Operating profit before changes in operating assets and liabilities	1,429,376.24	100,923,852	279,063.86	19,329,831
(Increase)/decrease in operating assets:				
Loan and advances to customers	(32,741,021.10)	(2,316,417,421)	(2,410,591.21)	(166,973,698)
Other assets	(288,112.25)	(20,383,855)	(9,749.00)	(675,281)
Increase/(decrease) in operating liabilities:				
Effect of Changes in exchange rate	—	(412,089)	—	(194,189)
Deposits from Banks	—	—	—	—
Customers' deposits and other accounts	1,296,119.60	91,700,073	232,966.83	16,136,844
Borrowing from other banks and financial institutions	31,724,000.00	2,244,463,483	2,146,000.00	148,646,338
Other liabilities	39,509.60	2,795,292	442.40	30,644
	30,495.85	1,745,483	(40,930.98)	(3,029,342)
Net cash provided from operating activities	1,459,872.09	102,669,335	238,132.88	16,300,489
B) Cash flows from investing activities				
Changes in fixed assets	—	—	(679.67)	(47,078)
Fund placement	—	—	90,000.00	6,234,003
	—	—	89,320.33	6,186,925
C) Cash flows from financing activities				
Profit remitted to Head Office	(1,426,491.58)	(100,211,033)	(279,063.86)	(19,129,827)
D) Net increase in cash and cash equivalents (A+B+C)	33,380.51	2,458,302	48,389.35	3,357,587
E) Opening cash and cash equivalents	65,166.02	4,513,835	16,776.67	1,156,248
F) Closing cash and cash equivalents (D+E)	98,546.53	6,972,137	65,166.02	4,513,835
G) Closing cash and cash equivalents				
Cash In hand (including foreign currencies)	—	—	—	—
Balances with Bangladesh Bank and its agent bank (s)	—	—	—	—
Balances with other Banks and Financial Institutions	98,546.53	6,972,137	65,166.02	4,513,835
Money at call and short notice	—	—	—	—
Prize bonds	—	—	—	—
	98,546.53	6,972,137	65,166.02	4,513,835



Managing Director



Director



Director



Chairman

Offshore Banking Unit, Bangladesh Notes to the Financial Statements

For the year ended 31 December 2010

1 Status

Offshore Bank is a Bank located outside the country of residence of depositors, typically in the low tax jurisdiction (or tax haven) that provides financial and legal advantage. Offshore Banking Unit (the Unit) a separate business unit of National Bank Limited, governed under the Rules and guideline of Bangladesh Bank. The Bank obtained the Offshore Banking permission vide letter No. BRPD/(P-3)744(97)/2008-2005 dated 01 June 2008. The unit commenced its operation from September, 2008 and its office is located at 9 Mohakhali, Dhaka.

2 Significant Accounting policies

2.1 Basis of accounting

The Unit maintains its accounting records in USD from which accounts are prepared according to the Bank Companies Act 1991, Bangladesh Financial Reporting Standards (BFRS) Bangladesh Accounting Standards (BAS) and other applicable directives issued by Bangladesh Bank.

2.2 Loans and advances

- a) These are stated in the Balance Sheet on gross basis and accumulated specific and general provisions for bad and doubtful debts being shown under other liabilities.
- b) Interest income is recognised on accrual basis to comply with the **BAS-18 "Revenue"**, but cease to be taken into income in case of classified loans & advances. Interest on classified loans will be kept in interest suspense account and accounted for as income on cash receipt basis.
- c) Provision for Loans and Advances is made on the basis of period end review by the management and of instructions contained in Bangladesh Bank BRPD circular 19 & 20 dated December 2005.

2.3 Common expenses

a. Expenditure for audit fees has not been separately accounted for in the Financial Statements.

b. Provision for taxation, loans & advances and off-Balance Sheet items have not been separately accounted for in these Financial Statements.

These are accounted for in the central accounts of NBL.

	2010		2009	
	USD	Taka	USD	Taka
NBL Mohakhali Branch	281.33	19,904	42,621.26	2,952,234
Head Office ID	98,265.20	6,952,233	22,544.76	1,561,601
	98,546.53	6,972,137	65,166.02	4,513,835

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

Payable

On demand	98,546.53	6,972,137	65,166.02	4,513,835
Within one month	—	—	—	—
More than one month but not more than three months	—	—	—	—
More than three months but not more than one year	—	—	—	—
More than one year but not more than five years	—	—	—	—
More than five years	—	—	—	—
	98,546.53	6,972,137	65,166.02	4,513,835

Offshore Banking Unit, Bangladesh Notes to the Financial Statements

For the year ended 31 December 2010

	2010		2009	
	USD	Taka	USD	Taka
4 Loans and advances				
4.1 Loans, Cash Credit, Overdraft etc.				
4.1.1 Inside Bangladesh				
Loans	16,840,362.20	1,191,450,574	—	—
Cash Credit	—	—	—	—
Loan against TR	1,510,940.71	106,898,602	528,816.10	36,629,346
Secured Overdraft	1,466,352.67	103,744,011	812,009.11	56,245,192
	19,817,655.58	1,402,093,187	1,340,825.21	92,874,538
4.1.2 Outside Bangladesh	—	—	—	—
	19,817,655.58	1,402,093,187	1,340,825.21	92,874,538
4.2 Bills purchased and discounted				
4.2.1 Inside Bangladesh				
Local Bill Purchased	2,365,700.00	167,372,565	609,950.00	42,249,224
Foreign Bill Purchased	12,968,256.73	917,500,273	459,816.00	31,849,937
4.2.2 Outside Bangladesh	—	—	—	—
	15,333,956.73	1,084,872,838	1,069,766.00	74,099,161
	35,151,612.31	2,486,966,025	2,410,591.21	166,973,699
4.3 Maturity grouping of loans and advances (including bills discounted and purchased)				
Payable on demand	—	—	—	—
Less than three months	19,082,082.61	1,350,051,620	1,607,060.81	111,315,799
More than three months but less than 1 year	9,672,380.93	684,318,049	803,530.40	55,657,900
More than 1 year but less than 5 years	6,397,148.77	452,596,356	—	—
	35,151,612.31	2,486,966,025	2,410,591.21	166,973,699
4.4 Maturity analysis of bills purchased and discounted				
Within 1 month	—	—	—	—
More than 1 month but less than 3 months	15,333,956.73	1,084,872,838	1,069,766.00	74,099,161
More than 3 months but less than 6 months	—	—	—	—
	15,333,956.73	1,084,872,838	1,069,766.00	74,099,161
4.5 Loans and Advances on the basis of Significant Concentration				
4.5.1 Loans and Advances to Directors, Executive and Others				
Advance to Directors and their allied concerns(including Ex-Directors)	—	—	—	—
Advances to CEO & Managing Director	—	—	—	—
Advances to Other executives and staffs	—	—	—	—
Advances to Customers (Group wise)	—	—	—	—
Industrial Advances	35,151,612.31	2,486,966,025	2,410,591.21	166,973,699
	35,151,612.31	2,486,966,025	2,410,591.21	166,973,699
4.6 Industry-wise Concentration of loans and advances				
Commercial and Trading	—	—	—	—
Importer of Commodity	—	—	—	—
Construction	—	—	—	—
Edible Oil Refinery Industry	—	—	—	—
Electronics Goods	—	—	—	—
Individuals	—	—	—	—
Pharmaceuticals Industries	—	—	—	—
Textile & Garments Industry	18,331,602.11	1,296,955,350	2,410,591.21	166,973,699
Ship Breaking Industries	—	—	—	—
Industries for Steel products	—	—	—	—
Telecommunication Sector	—	—	—	—
Others	16,820,010.20	1,190,010,675	—	—
	35,151,612.31	2,486,966,025	2,410,591.21	166,973,699

Offshore Banking Unit, Bangladesh Notes to the Financial Statements

For the year ended 31 December 2010

	2010		2009	
	USD	Taka	USD	Taka
4.7 Geographical location-wise concentration of Loans and advances				
Inside Bangladesh				
Dhaka Division	35,151,612.31	2,486,966,025	2,410,591.21	166,973,699
Chittagong Division	—	—	—	—
Khulna Division	—	—	—	—
Rajshahi Division	—	—	—	—
Barisal Division	—	—	—	—
Sylhet Division	—	—	—	—
Outside Bangladesh - other Division	—	—	—	—
	35,151,612.31	2,486,966,025	2,410,591.21	166,973,699
4.8 Classified, unclassified, doubtful and bad loans & advances				
Unclassified				
Standard	35,151,612.31	2,486,966,025	2,410,591.21	166,973,699
Special Mention Account	—	—	—	—
Classified				
Sub-standard	—	—	—	—
Doubtful	—	—	—	—
Bad/Loss	—	—	—	—
	35,151,612.31	2,486,966,025	2,410,591.21	166,973,699
4.9 Particulars of loans and advances				
i) Debt considered good in respect of which the bank is fully secured	35,151,612.31	2,486,966,025	2,410,591.21	166,973,699
ii) Debt considered good for which the bank holds no other security than the debtor's personal security	—	—	—	—
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors	—	—	—	—
iv) Debts considered doubtful or bad, not provided for	—	—	—	—
	35,151,612.31	2,486,966,025	2,410,591.21	166,973,699
v) Debts taken by directors or executives or any of them taken jointly or separately with other persons	—	—	—	—
vi) Debts due by directors or officers of the bank or any of them either severally or jointly with any other person and debts due by companies or firms in which the directors, partners or managing agent or in the case of private companies as members	—	—	—	—
vii) Maximum total amount of advances, including temporary advances made at any time during the period to directors or managers or officers of the bank or any of them either severally or jointly with any other persons	—	—	—	—
viii) Maximum total amount of advances, including temporary advance granted during the period to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or, in case of private companies as members	—	—	—	—
ix) Due from other banking companies	—	—	—	—
x) Classified loans and advances on which no interest is credited to income	—	—	—	—

Offshore Banking Unit, Bangladesh Notes to the Financial Statements

For the year ended 31 December 2010

	2010		2009	
	USD	Taka	USD	Taka
5 Fixed Assets				
Furnitures, fixtures and fittings	1,807.35	127,869	1,807.35	125,189
Office Equipments	7,776.46	550,182	7,776.46	538,650
	9,583.81	678,051	9,583.81	663,839
Accumulated Depreciation	5,224.13	369,606	2,339.47	162,047
	4,359.68	308,445	7,244.34	501,792
6 Other assets				
Stationery in hand	—	—	27.06	1,874
Adjusting account debit	297,964.31	21,080,886	9,825.00	680,545
	297,964.31	21,080,886	9,852.06	682,419
7 Borrowings from other banks, financial institutions and agents				
In Bangladesh				
Head office, ID	3,870,000.00	273,801,339	2,146,000.00	148,646,338
Bangladesh Bank	30,000,000.00	2,122,491,000		
Outside Bangladesh	—	—	—	—
	33,870,000.00	2,396,292,339	2,146,000.00	148,646,338
7.1 Classification based on types of security				
Secured	—	—	—	—
Unsecured	33,870,000.00	2,396,292,339	2,146,000.00	148,646,338
	33,870,000.00	2,396,292,339	2,146,000.00	148,646,338
7.2 Maturity grouping of borrowings from other banks, financial institutions and agents				
Payable on demand	—	—	—	—
Payable within one month	11,290,000.00	798,764,113	—	—
More than one month but less than three months	22,580,000.00	1,597,528,226	2,146,000.00	148,646,338
More than three months but less than 1 year	—	—	—	—
More than 1 year but less than 5 years	—	—	—	—
	33,870,000.00	2,396,292,339	2,146,000.00	148,646,338
8 Deposits and other accounts				
Current and other accounts				
Current account	66,008.20	4,670,060	29,757.02	2,061,171
Sundry deposits	1,488,349.63	105,300,290	289,481.21	20,051,408
	1,554,357.83	109,970,350	319,238.23	22,112,579
Term deposits	88,100.00	6,233,049	27,100.00	1,877,128
	1,642,457.83	116,203,399	346,338.23	23,989,707
8.1 Maturity grouping of deposits and other accounts				
Payable on demand	66,008.20	4,670,060	29,757.02	2,061,171
Payable within one month	—	—	—	—
More than one month but less than three months	744,174.82	52,650,145	144,740.61	10,025,704
More than three months but less than one year	832,274.82	58,883,194	171,840.61	11,902,832
More than one year but less than five years	—	—	—	—
	1,642,457.83	116,203,399	346,338.23	23,989,707

Offshore Banking Unit, Bangladesh Notes to the Financial Statements

For the year ended 31 December 2010

	2010		2009	
	USD	Taka	USD	Taka
9 Other liabilities				
Adjusting Account Credit	40,025.00	2,831,755	515.40	35,700
Provision for taxation	—	—	—	—
Provision for Off-Balance Sheet Items	—	—	—	—
Provision for unclassified Loans and advances	—	—	—	—
	40,025.00	2,831,755	515.40	35,700
10 Interest income				
Interest on Advances	1,524,591.63	107,864,400	42,145.07	2,919,250
Interest on Money at Call and Short Notice	—	—	—	—
Interest on fund placement with HO, ID	19,857.44	1,404,908	148.75	10,303
Interest on Foreign Currency Balances	—	—	—	—
	1,544,449.07	109,269,308	42,293.82	2,929,553
11 Interest paid on deposits and borrowings				
Interest on Deposits	436.00	30,847	14.00	970
Interest on Borrowings	557,280.99	39,427,463	10,219.10	707,843
Discount	—	—	—	—
Interest on REPO	—	—	—	—
	557,716.99	39,458,310	10,233.10	708,813
12 Commission, exchange and brokerage				
Commission	375,943.73	26,597,906	212,657.44	14,730,079
Exchange gain net off exchange losses	—	—	—	—
Brokerage	—	—	—	—
	375,943.73	26,597,906	212,657.44	14,730,079
13 Other Operating Income				
Shipping Guarantee, Handling charges, service charges etc.	53,811.67	3,807,160	41,396.78	2,867,418
Postage	837.00	59,217	365.00	25,282
Courier	15,267.00	1,080,136	8,315.00	575,953
SWIFT	47,994.10	3,395,568	39,044.16	2,704,460
Remittance Income	1,390.00	98,342	—	—
Miscellaneous	5,441.00	384,949	2,804.00	194,224
	124,740.77	8,825,372	91,924.94	6,367,337
14 Salaries and allowances				
Basic Salary	17,333.77	1,226,359	13,179.39	912,893
Allowances	16,160.69	1,143,364	17,886.53	1,238,941
Bank's contribution to PF	997.43	70,568	1,295.55	89,738
Bonus	2,634.22	186,370	2,284.05	158,209
Others	—	—	—	—
	37,126.11	2,626,661	34,645.52	2,399,781

Offshore Banking Unit, Bangladesh Notes to the Financial Statements

For the year ended 31 December 2010

	2010		2009	
	USD	Taka	USD	Taka
15 Rent, taxes, insurance, electricity etc.				
Rent Office	15,008.86	1,061,872	13,874.29	961,026
Electricity	696.50	49,277	700.72	48,537
	<u>15,705.36</u>	<u>1,111,149</u>	<u>14,575.01</u>	<u>1,009,563</u>
16 Postage, stamps, telecommunication etc.				
Telephone Office	188.82	13,359	192.15	13,310
Postage	64.70	4,578	30.68	2,125
Courier	—	—	1,376.83	95,368
Internet	145.09	10,265	122.52	8,487
SWIFT charges	4,041.03	285,902	4,022.56	278,629
	<u>4,439.64</u>	<u>314,104</u>	<u>5,744.74</u>	<u>397,919</u>
17 Repair, maintenance and depreciation				
Depreciation				
Furniture, fixtures, fittings etc.	184.43	13,048	170.38	11,802
Computer Equipment	2,628.64	185,975	2,097.50	145,287
Office Equipments	71.59	5,065	71.59	4,959
	<u>2,884.66</u>	<u>204,088</u>	<u>2,339.47</u>	<u>162,048</u>
Repair				
Office Premises	—	—	8.76	607
Office Equipments	481.15	34,041	—	—
Furniture and fixtures	—	—	175.13	12,131
Others	216.02	15,283	—	—
	<u>697.17</u>	<u>49,324</u>	<u>183.89</u>	<u>12,738</u>
	<u>3,581.83</u>	<u>253,412</u>	<u>2,523.36</u>	<u>174,786</u>
18 Other operating expenses				
Registration and renewal fees	—	—	—	—
Stationery	27.06	1,914	76.00	5,264
Others	45.00	3,184	14.61	1,012
	<u>72.06</u>	<u>5,098</u>	<u>90.61</u>	<u>6,276</u>

19 General

19.1 Fixed assets of this unit are appearing in the books net off depreciation.

19.2 Assets and liabilities have been converted into Taka currency @ US 1 = Tk 70.7497 which represents the year-end mid rate of exchange as at 31 December 2010.

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

Offshore Banking Unit Bangladesh Statement of Liquidity in US Dollar

(Maturity analysis of assets and liabilities)

As at 31 December 2010

Particulars	Maturity within 1 month	Maturity within 1 to 3 months	Maturity within 3 to 12 months	Maturity within 1 to 5 Years	Maturity Over 5 Years	Total Amount
	USD	USD	USD	USD	USD	USD
ASSETS						
Cash in hand	—	—	—	—	—	—
Balance with other banks and financial institutions	98,546.53	—	—	—	—	98,546.53
Money at call and short notice	—	—	—	—	—	—
Investment	—	—	—	—	—	—
Loans & advances to customers	6,364,086.20	12,717,996.41	9,672,380.93	6,397,148.77	—	35,151,612.31
Fixed assets	240.39	480.78	2,163.50	1,475.02	—	4,359.68
Other assets	—	297,964.31	—	—	—	297,964.31
Non-banking assets	—	—	—	—	—	—
Total Assets	6,462,873.12	13,016,441.49	9,674,544.42	6,398,623.79	—	35,552,482.83
LIABILITIES						
Borrowings from other banks & financial institutions	11,290,000.00	22,580,000.00	—	—	—	33,870,000.00
Deposits & other accounts	66,008.20	744,174.82	832,274.82	—	—	1,642,457.83
Other liabilities	—	40,025.00	—	—	—	40,025.00
Total Liabilities	11,356,008.20	23,364,199.82	832,274.82	—	—	35,552,482.83
Net Liquidity Difference	(4,893,135.08)	(10,347,758.32)	8,842,269.61	6,398,623.79	—	—

Offshore Banking Unit, Bangladesh

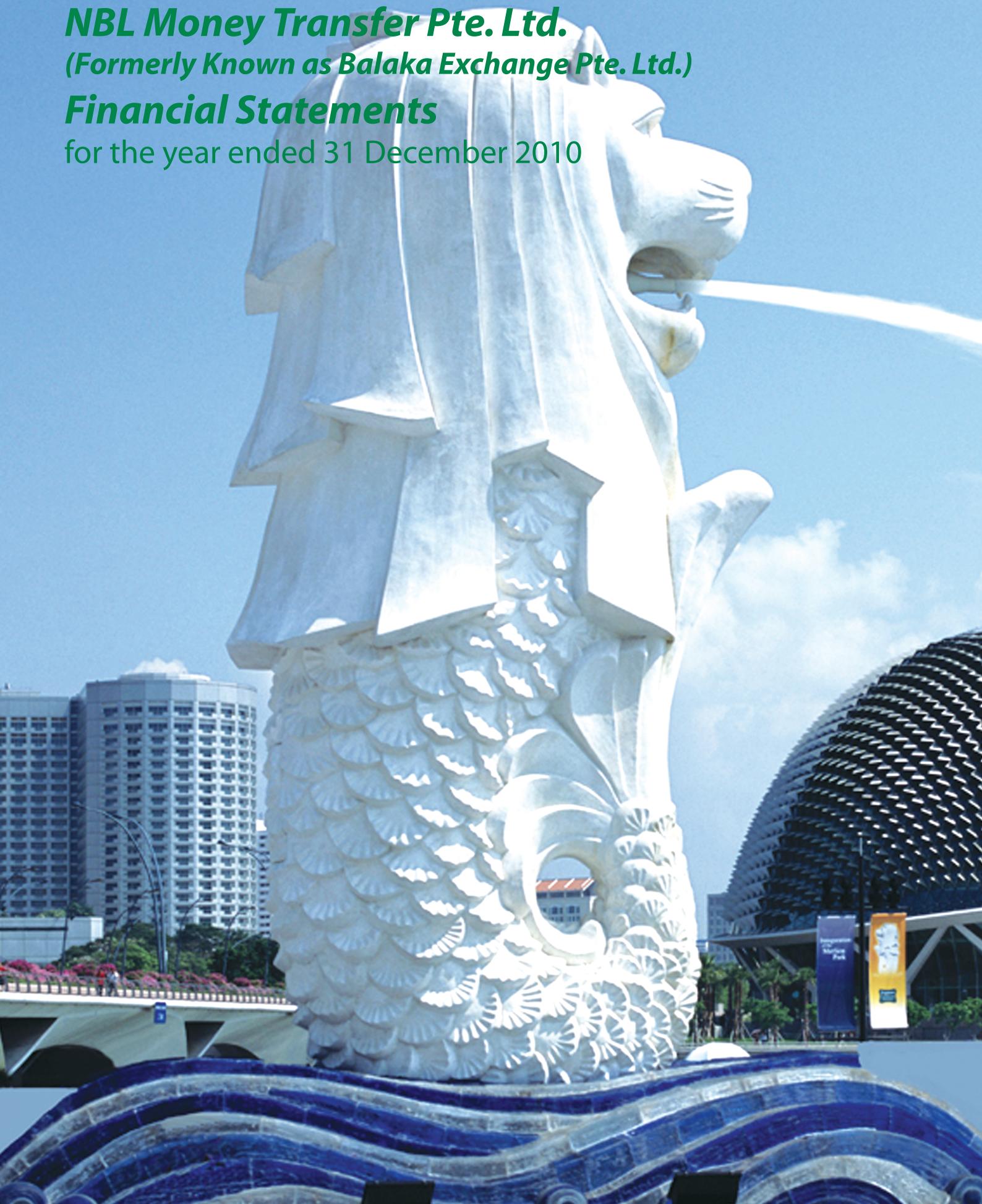
Statement of Liquidity in BDT

(Maturity analysis of assets and liabilities)

As at 31 December 2010

Particulars	Maturity within 1 month	Maturity within 1 to 3 months	Maturity within 3 to 12 months	Maturity within 1 to 5 Years	Maturity Over 5 Years	Total Amount
	Taka	Taka	Taka	Taka	Taka	Taka
ASSETS						
Cash in hand	—	—	—	—	—	—
Balance with other banks and financial institutions	6,972,137	—	—	—	—	6,972,137
Money at call and short notice	—	—	—	—	—	—
Investment	—	—	—	—	—	—
Loans & advances to customers	450,257,190	899,794,430	684,318,049	452,596,356	—	2,486,966,025
Fixed assets	17,007	34,015	153,067	104,356	—	308,445
Other assets	—	21,080,886	—	—	—	21,080,886
Non-banking assets	—	—	—	—	—	—
Total Assets	457,246,334	920,909,331	684,471,116	452,700,712	—	2,515,327,493
LIABILITIES						
Borrowings from other banks & financial institutions	798,764,113	1,597,528,226	—	—	—	2,396,292,339
Deposits & other accounts	4,670,060	52,650,145	58,883,193	—	—	116,203,399
Other liabilities	—	2,831,755	—	—	—	2,831,755
Total Liabilities	803,434,173	1,653,010,126	58,883,194	—	—	2,515,327,493
Net Liquidity Difference	(346,187,839)	(732,100,795)	625,587,922	452,700,712	—	—

NBL Money Transfer Pte. Ltd.
(Formerly Known as Balaka Exchange Pte. Ltd.)
Financial Statements
for the year ended 31 December 2010



NBL Money Transfer Pte. Ltd.

(Formerly Known as Balaka Exchange Pte. Ltd.)

Directors' Report

for the year ended 31 December 2010

The directors present their report to the members together with audited financial statements of the Company for the year ended 31 December 2010.

DIRECTORS

The directors in office at the date of this report are:

Parveen Haque Sikder
 Abdus Sobhan Khan (Appointed on 2 June 2010)
 Sohail Hasan
 Md.Abdur Rahman Sarker

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

Neither at the end of financial year nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisitions of shares or debentures in the Company or any other body corporate.

DIRECTORS' CONTRACTUAL BENEFITS

Since the beginning of the financial year no director has received or become entitled to receive a benefit which is required to be disclosed by Section 201(8) of the Companies Act, Chapter 50 by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest (except in respect of professional fees and/or remuneration as shown in the accounts).

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors holding office at the beginning and at the end of the financial year have no interest in the share capital of the Company and related corporations as recorded in the register of directors' shareholding kept by the Company under Section 164 of the Companies Act, Chapter 50.

In the Company:- None

In the Holding Company - National Bank Limited

	Ordinary shares of Tk.100 each fully paid	Ordinary shares of Tk.10 each fully paid
	At 01 Jan 10	At 31 Dec 10
Parveen Haque Sikder	29,108,600	45,118,200

By virtue of Section 7 of the Companies Act, Chapter 50, the above named director is deemed to have an interest in the shares held by National Bank Limited in the Company.

SHARE OPTIONS

During the year, no option to take up unissued shares of the Company was granted.

During the year, no shares of the Company were issued by virtue of the exercise of an option to take up unissued shares.

At the end of the year there were no unissued shares of the Company under option.

AUDITORS

The Independent Auditors, S C Mohan & Associates have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Parveen Haque Sikder
Director



Abdus Sobhan Khan
Director

NBL Money Transfer Pte. Ltd.**(Formerly Known as Balaka Exchange Pte. Ltd.)****Directors' Report**

for the year ended 31 December 2010

In the opinion of the directors,

a) the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and the statement of cash flow, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company as at **31 December 2010** and of the results of the business, changes in equity and the statement of cash flow of the Company for the financial year ended on that date and

b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors have authorised these financial statements for issue on the date of this statement.

On behalf of the Board of Directors.



Parveen Haque Sikder
Director



Abdus Sobhan Khan
Director

NBL Money Transfer Pte. Ltd.
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NBL MONEY TRANSFER PTE. LTD.
Company Registration Number 199607868Z
for the year ended 31 December 2010

Report on the Financial Statements

We have audited the accompanying financial statements of **NBL Money Transfer Pte Ltd** (the "Company"), which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements:

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair detailed statement of comprehensive income and statement of financial position and maintain accountability of the assets;
- b) selecting and applying appropriate accounting policies; and
- c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

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

In our opinion,

- a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at **31 December 2010** and the results, changes in equity and cash flows of the Company for the year ended on that date; and

NBL Money Transfer Pte. Ltd.
(Formerly Known as Balaka Exchange Pte. Ltd.)

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NBL MONEY TRANSFER PTE. LTD.

Company Registration Number 199607868Z
for the year ended 31 December 2010

INDEPENDENT AUDITORS' REPORT (CON.T)

b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Report on Other Legal and Regulatory Requirements

We have examined the statement of transactions and profit/loss for remittance transactions of the Company, for the accounting period from 1 January 2010 to 31 December 2010.

Based on appropriate sample checks conducted, in our opinion and to the best of the information and according to the explanation given to us:

- (a) the statement of transactions and profit/loss submitted by the Company to the Monetary Authority of Singapore in respect of its operations was properly drawn up so as to give a true and fair view of the Company's operations;
- (b) accounting and records of transactions including relevant registers and copies of customer identification documents have been properly maintained by the Company; and
- (c) there has been no contravention by the Company of any conditions, restrictions, obligations or other requirements provided under any of the following:
 - (i) Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A);
 - (ii) Money-changing and Remittance Businesses Act (Cap. 187);
 - (iii) Terrorism (Suppression of Financing) Act (Cap. 325);
 - (iv) Money-changing and Remittance Businesses Regulations 2005;
 - (v) Monetary Authority of Singapore (Anti-terrorism Measures) Regulations 2002;
 - (vi) Monetary Authority of Singapore Notice to Money-changing and Remittance Licensees on Prevention of Money Laundering and Countering the Financing of Terrorism, and other Notices;
 - (vii) any other applicable laws; and
 - (viii) any conditions, restrictions or requirements which may be imposed on the Company by the Monetary Authority of Singapore.

We did not note any exceptions, which require us to inform the Monetary Authority of Singapore.



S C Mohan & Associates Public Accountants and
Certified Public Accountants

NBL Money Transfer Pte. Ltd., Singapore
(Formerly Known as Balaka Exchange Pte. Ltd.)
Statement of financial Position

as at 31 December 2010

	Note	2010	2009
		SGD	SGD
ASSETS			
Plant and equipment	4	65,509	95,336
Current assets			
Deposits and prepayment	5	10,000	17,500
Fixed deposit (secured)	6	100,450	100,000
Cash in hand and at bank	7	760,964	1,071,286
		871,414	1,188,786
Total assets		936,923	1,284,122
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	8	300,000	300,000
Retained Earning		293,314	399,617
		593,314	699,617
Non- current liabilities			
Deferred tax liabilities	10	9,282	6,092
Current liabilities			
Amount due to holding company	9	290,447	540,299
Accrued operating expenses		7,023	8,650
Provision for taxation	10	36,857	29,464
		334,327	578,413
Total equity and liabilities		936,923	1,284,122

The notes form an integral part of and should be read in conjunction with this statement.

NBL Money Transfer Pte. Ltd., Singapore
(Formerly Known as Balaka Exchange Pte. Ltd.)
Statement of Comprehensive Income

for the year ended 31 December 2010

	Notes	2010 SGD	2009 SGD
Income received for remittances		62,896,128	60,404,310
Other income	12	522,976	516,906
		<hr/>	<hr/>
		63,419,104	60,921,216
Less: expenses			
Funds remitted to beneficiaries		62,758,436	60,239,146
Security charges		44,023	27,693
Staff cost		213,675	151,684
Depreciation		38,716	36,939
Finance cost		3,792	3,890
Other operating expenses		144,561	133,563
		<hr/>	<hr/>
		63,203,203	60,592,915
Profit before tax	11	215,901	328,301
Less: Taxation	10		
Current year income tax		(19,014)	(29,464)
Deferred tax		(3,190)	5,555
		<hr/>	<hr/>
		(22,204)	(23,909)
Net profit for the year		<hr/>	<hr/>
Other comprehensive income after tax		193,697	304,392
Total comprehensive income for the year		<hr/>	<hr/>
		193,697	304,392

The notes form an integral part of and should be read in conjunction with this statement.

NBL Money Transfer Pte. Ltd., Singapore

(Formerly Known as Balaka Exchange Pte. Ltd.)

Statement of Changes in Equity

for the year ended 31 December 2010

	Note	Share Capital SGD	Retained Earnings SGD	Total SGD
Balance as at 1 January 2009		300,000	95,225	395,225
Total comprehensive income for the year		—	304,392	304,392
Balance at 31 December 2009		300,000	399,617	699,617
Final dividend of \$1 per share one tier dividends paid	13	—	(300,000)	(300,000)
Total comprehensive income for the year		—	193,697	193,697
Balance at 31 December 2010		300,000	293,314	593,314

The notes form an integral part of and should be read in conjunction with this statement.

NBL Money Transfer Pte. Ltd., Singapore
(Formerly Known as Balaka Exchange Pte. Ltd.)
Cash Flow Statement

for the year ended 31 December 2010

	Note	2010 SGD	2009 SGD
Operating activities			
Profit before taxation		215,901	328,301
Adjustments for:		38,716	36,939
Depreciation of plant and equipment			
Operating profit before changes in working capital changes		254,617	365,240
Total changes in working capital			
Decrease / (increase) in operating receivables		7,050	(106,177)
(Decrease) / increase in operating payables		(251,479)	209,446
Total changes in working capital		(244,429)	103,269
Income tax paid		(11,621)	(10,937)
Net cash from (used in) / generated from operating activities		(256,050)	92,332
Investing activities			
Purchase of plant and equipment	4	(8,889)	(21,094)
Dividends paid		(300,000)	—
Net cash from (used in) investing activities		(308,889)	(21,094)
Net (decrease) / increase in cash and cash equivalents		(310,322)	436,478
Cash and cash equivalents at beginning of year		1,071,286	634,808
Cash and cash equivalents at end of year	7	760,964	1,071,286

The notes form an integral part of and should be read in conjunction with this statement.

NBL Money Transfer Pte. Ltd., Singapore

(Formerly Known as Balaka Exchange Pte. Ltd.)

Notes to the Financial Statements

for the year ended 31 December 2010

These notes form an integral part and should be read in conjunction with the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flow.

1. STATEMENT OF COMPLIANCE

The Company has complied in all material respects with applicable Financial Reporting Standards ("FRS") and each applicable Interpretation of a FRS, effective for the financial year in the preparation of the financial statements.

FRS not yet effective

At the date of authorisation of these statements, the following FRS and INT FRS that are relevant to the Company were issued but not effective:

	Effective date (annual periods beginning on or after)
Amendments to FRS 32, Classification of Rights Issues	1 February 2010
FRS 24 (Revised), Related Party Disclosures	1 January 2011

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application, except for FRS 24 as indicated below.

FRS 24 Related Party Disclosures (Revised)

The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party entity has control or joint control over the entity, or has significant influence over the entity. The Company is currently determining the impact that the expanded definition has on the disclosure of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Company when implemented in 2011.

2. CORPORATE INFORMATION AND PRINCIPAL ACTIVITY

The Company is incorporated as private limited Company and domiciled in the Republic of Singapore.

The registered office and place of business is located at 10A Roberts Lane Singapore 218289.

The principal activity of the Company is that of money remittance agency. There have been no significant changes in the principal activity of the Company.

Holding Corporation

The immediate and the ultimate holding company is National Bank Limited, a company incorporated in Bangladesh.

The directors have authorised the financial statements for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Financial Statement preparation

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (FRS) including related Interpretations of FRS (INT FRS). The financial statements, expressed to the nearest Singapore dollars ("functional currency"), are prepared under the historical cost convention, except for those disclosed in the accounting policies below.

NBL Money Transfer Pte. Ltd., Singapore

(Formerly Known as Balaka Exchange Pte. Ltd.)

Notes to the Financial Statements

for the year ended 31 December 2010

Changes in recognition of remittances of funds

In the current financial year, the company has adopted the group policy of showing the total remittance received and remitted out in the Statement of Comprehensive Income, which was shown as a note in the previous year's financial statement. The comparative statements for 2009 have been amended to conform to the changed disclosure policy as follows;

Statement of Comprehensive Income	2009 Reported SGD	2009 Amended SGD
Revenue	682,070	—
Funds received for remittances	—	60,404,310
Other Income	—	516,906
		60,921,216
Less: expenses		
Funds remitted to beneficiaries	—	60,239,146

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and area involving a high degree of judgements are described below:

Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of plant and equipment to be within 5 years. The carrying amount of the Company's plant and equipment as at 31 December 2010 is \$65,509. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Except for the above, there are no critical accounting estimates, assumptions and areas involving higher degree of judgment that are significant to the financial statements.

b. Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated on a yearly basis so as to write off the cost of the plant and equipment on the straight-line method over their expected useful life.

The rates adopted are as follows:

Furniture and fittings	5 years
Office renovations	5 years
Office equipment	5 years
Computer	5 years
Air conditioners	5 years

NBL Money Transfer Pte. Ltd., Singapore

(Formerly Known as Balaka Exchange Pte. Ltd.)

Notes to the Financial Statements

for the year ended 31 December 2010

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

The useful lives and depreciation method are reviewed at each financial year end to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

c. Income tax

The charge for current tax is based on the results for the year as adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

d. Cash and cash equivalents

Cash and bank balances, are classified and accounted for as loans and receivable under FRS 39. Cash and cash equivalents include cash on hand and deposits with financial institutions

e. Revenue recognition

Revenue from services rendered is recognised upon completion of services. Services are considered complete when all agreed funds from customers are collected and the telex transfer is effected according to customer's instruction or has been accepted by the customer.

Commission income; The Company earns fee and commission income from remittance provided to its customers. Fee and commission income is recognised on the completion of a transaction.

Gain from exchange difference; Income for exchange difference arises when the Company accepts local currency for foreign currency to be remitted at a favourable exchange rate. It is recognised on the completion of a transaction.

Other Income (cable charges) - Cable charges are recognised when the transaction is performed and completed.

Jobs Credit income (government grant) was introduced to encourage businesses to preserve jobs in the downturn. The Company receives a cash grant based on the CPF contributions they have made for their existing employees. The income is recognised at the point of cheque received from the Government.

f. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

NBL Money Transfer Pte. Ltd., Singapore (Formerly Known as Balaka Exchange Pte. Ltd.)

Notes to the Financial Statements

for the year ended 31 December 2010

g. Financial liabilities

The Company's financial liabilities include amount due to holding company and other payables are included in statement of financial position items.

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument.

Payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable.

Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

h. Functional currency and foreign currency transactions

Functional currency

Items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company ("the functional currency"). The financial statements of the Company are presented in Singapore dollars, which is also the functional currency of the Company.

Foreign currency transactions

Transactions in foreign currencies are recorded in Singapore dollars by applying to the foreign currency amount the exchange rate between the Singapore dollar and the foreign currency at the date of transaction. At each statement of financial position date, foreign currency monetary items are reported using the closing rate.

Exchange difference arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognised as income or expense in the period in which they arise.

i. Operating leases

Rentals payable under operating leases are charged to the statement of comprehensive income.

j. Employee benefits

Pension obligations; The Company contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The Company's contributions to CPF are charged to the income statement in the period to which the contributions relate.

Employee leave entitlements; Employee entitlement to annual leave is recognised when they accrue to employees. A provision is made, where material, for the estimated liability for unconsumed leave as a result of services rendered by employees up to the statement of financial position date.

k. Impairment of assets

The carrying amounts of the Company's assets subject to impairment are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation.

Impairment losses recognised for cash generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist.

Any impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to equity.

NBL Money Transfer Pte. Ltd., Singapore

(Formerly Known as Balaka Exchange Pte. Ltd.)

Notes to the Financial Statements

for the year ended 31 December 2010

4. PLANT AND EQUIPMENT

	Computer	Office equipment	Furniture and Fitings	Office renovation	Air Conditioner	Total
Cost	SGD	SGD	SGD	SGD	SGD	SGD
As at 1 Jan 09	46,096	5,418	22,430	86,679	2,976	163,599
Additions	1,344	10,050	1,250	-	8,450	21,094
As at 31 Dec 09	47,440	15,468	23,680	86,679	11,426	184,693
Additions	2,399	-	6,490	-	-	8,889
As at 31 Dec 10	49,839	15,468	30,170	86,679	11,426	193,582
Depreciation						
As at 1 Jan 09	14,283	2,168	8,972	26,051	944	52,418
Charge for the year	9,488	3,094	4,736	17,336	2,285	36,939
As at 31 Dec 09	23,771	5,262	13,708	43,387	3,229	89,357
Charge for the year	9,967	3,094	6,034	17,336	2,285	38,716
As at 31 Dec 10	33,738	8,356	19,742	60,723	5,514	128,073
As at 31 Dec 10	16,101	7,112	10,428	25,956	5,912	65,509
As at 31 Dec 09	23,669	10,206	9,972	43,292	8,197	95,336

2010
SGD

2009
SGD

5. DEPOSIT AND PREPAYMENT

Staff loan	—	7,500
Deposit (refundable)	10,000	10,000
	<u>10,000</u>	<u>17,500</u>

6. FIXED DEPOSIT (SECURED)

Fixed deposit bear interest at an effective interest rate of 0.45% per annum and for tenure of approximately 365 days and it is pledged for remittance licensing guarantee issued to Monetary Authority of Singapore.

NBL Money Transfer Pte. Ltd., Singapore
(Formerly Known as Balaka Exchange Pte. Ltd.)

Notes to the Financial Statements

for the year ended 31 December 2010

	2010	2009
	SGD	SGD
7. CASH AND CASH EQUIVALENT		
Cash and cash equivalents comprises of		
Cash in hand	124,931	96,245
Cash at bank		
Amount in S\$	205,198	472,110
Amount in USD	38,063	17,249
Amount in Taka	388,390	481,300
Amount in Sri Lanka Rupees	4,382	4,382
	<u>760,964</u>	<u>1,071,286</u>
8. SHARE CAPITAL		
Ordinary Shares with no per value		
Issued and fully paid		
300,000 ordinary shares	<u>300,000</u>	<u>300,000</u>
Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the company.		
9. AMOUNT DUE TO HOLDING COMPANY		
Amount in Taka	<u>290,447</u>	<u>540,299</u>
	<u>290,447</u>	<u>540,299</u>

The Company collects remittances from customers in Singapore to remit funds to destinations instructed by these customers. The Company instructs the holding company remits funds on its behalf to the beneficiaries of the Company's customers once it confirms the receipt of funds.

This is done to avoid any delay in funds remitted through the normal banking channels and the Company remits the funds within 7 to 14 days to its holding company for these payments made on its behalf.

The amount due to holding company are denominated in Bangladeshi Taka, trade in nature, non interest bearing and repayable within 7 to 14 days or on demand.

The carrying amounts of trade and other payables approximate their fair value. The fluctuation in foreign currency exchange rates are mitigated by maintaining foreign currency bank accounts and remitting the funds to holding company when the rates are favorable to the Company.

Subsequent to the statement of financial position date, the Company settled the outstanding balance with the holding company.

10. TAXATION

(a) Major components of income tax expenses		
Components of income tax expenses		
Profit and loss account		
Current income tax:		
Provision for current year	19,628	29,464
Deferred income tax:		
Current year	9,282	6,092
Income tax expense recognised in the income statement	<u>28,910</u>	<u>35,556</u>

NBL Money Transfer Pte. Ltd., Singapore

(Formerly Known as Balaka Exchange Pte. Ltd.)

Notes to the Financial Statements

for the year ended 31 December 2010

	2010	2009
	SGD	SGD

(b) Deferred taxation

Deferred income tax as at 31 December relates to the followings

An excess of net book value over tax written down value

- Plant and equipment

(c) Relationship between tax expenses and accounting profit

Profit as per accounts

Tax at the statutory rate of 17%

Singapore statutory stepped income exemption

Expenses not deductible for tax purpose

Utilisation of capital allowances

Tax expenses for the year

Provision taxation - movement

Balance brought forward

Add: Current year provision

Less: Tax paid during the year

	9,282	6,092
	215,901	328,302
	36,703	55,811
	(19,864)	(25,925)
	6,582	6,314
	(4,407)	(6,736)
	19,014	29,464

11. PROFIT BEFORE TAXATION AND FINANCE COST

This is stated after charging/(crediting)

Depreciation of plant and equipment

Operating lease rental - office

Director fees

Staff costs (excluding directors' remuneration)

Salary, allowance and related costs

Remuneration of other key management personal

(excluding directors)

Managers salaries

Finance cost

Bank charges and interest

	38,716	36,939
	42,000	42,000
	3,000	-
	156,675	101,084

12. Other Income

The amount of each significant category of revenue recognised during the period is as follows:

Commission and fees

496,782

414,631

Gain on exchange

13,699

92,275

Other income (cable charges)

12,495

10,000

522,976

516,906

The above commission and gain from exchange resulted from the remittance services provided during the year. The Company collected S\$62,896,128 (2009: S\$60,404,310) from foreign workers in Singapore during the year and remitted these amounts per the workers instructions to Bangladesh (refer to note 9).

NBL Money Transfer Pte. Ltd., Singapore

(Formerly Known as Balaka Exchange Pte. Ltd.)

Notes to the Financial Statements

for the year ended 31 December 2010

13. DIVIDENDS

During the financial year, the Company paid a one-tier tax-exempt interim dividend of \$1 per share in respect of the current financial year.

14. OPERATING LEASE COMMITMENTS

The lease on the Company's premises on which rentals are payable will expire on 31 December 2011, subject to an option to renew. The current rent payable from 1 January 2010 to 31 December 2010 is \$3,500 per month which is subject to yearly revision. The new rental will be negotiated depending on the market condition yearly.

15. FINANCIAL RISK MANAGEMENT AND INSTRUMENTS

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, fair value, interest and currency risk and they are summarised below:

a. Credit risk

The Company has no significant concentrations of credit risk. Cash is held with reputable financial institutions of good standing.

b. Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may also arise from an inability of the Company to sell a financial asset quickly at close to its fair value. The Company ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

The Company maintains sufficient level of cash and cash equivalents and has made necessary arrangements for continued financial support from the holding company to meet its working capital requirements, if needed.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

c. Fair values

The carrying amounts of financial assets and financial liabilities approximate their fair values.

d. Interest rate risk

The Company has no significant exposure to market risk for changes in interest rates because it has no borrowings from any external sources.

e. Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

In order to manage the risks arising from fluctuations in currency exchange rates, by quoting a favourable exchange (in favour of the company) and remit the funds within a short period of time, usually within a day, through its holding company. In this way it mitigates the foreign exchange currency risk.

16. CAPITAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising paid up capital and accumulated profits.

The Company's management and board of directors jointly review the capital structure on an on-going basis. As a part of this review, the management and the board consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Company will balance its overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if required.

NBL Money Transfer Pte. Ltd., Singapore
(Formerly Known as Balaka Exchange Pte. Ltd.)
Detailed Statement of Comprehensive Income
for the year ended 31 December 2010

	2010	2009
	SGD	SGD
Income		
Fund received for remittances	62,896,128	60,404,310
Less: Income remitted to beneficiaries	(62,758,436)	(60,239,146)
Foreign Exchange Margin gain	137,692	165,164
Add		
Commission and fees received for remittances	496,782	414,631
Gain on exchange	13,699	92,275
Cable charges received	12,495	10,000
	660,668	682,070
Less: expenses		
Security charges	44,023	27,693
Staff cost		
Director fees	3,000	-
Salaries and allowances	130,942	93,316
Casual salary	49,409	36,687
CPF and SDF	5,668	2,071
Staff medical fee	656	65
Staff welfare	-	45
Staff accommodation allowance	24,000	19,500
Depreciation		
Other operating expenses (Schedule 1)		
Finance cost:		
Bank charges and interest	3,792	3,890
Total operating expenses	444,767	353,769
Net profit for the year	215,901	328,301

The above statement does not form part of the audited statutory financial statements of the Company and is prepared solely for tax purposes.

NBL Money Transfer Pte. Ltd., Singapore
(Formerly Known as Balaka Exchange Pte. Ltd.)
Detailed Statement of Comprehensive Income
for the year ended 31 December 2010

	2010 SGD	2009 SGD
Schedule 1		
Other operating expenses		
Audit fee	5,000	4,000
Advertisement and business promotions	2,643	2,331
Bookkeeping fee	3,100	2,100
Data entry service charges	11,775	2,835
Entertainment and gifts	-	7,792
Insurance	2,504	2,504
Laundry and cleaning	-	65
Legal fee	-	200
Licence fees	4,265	4,250
Office expenses	-	1,060
Postage	10	20
Printing and stationery	12,673	12,498
Refreshment	10,679	1,977
Rates and taxes	1,478	356
Repair and maintenance	3,742	13,575
Rental of office premises	42,000	42,000
Rental of sign board	-	300
Secretarial fee	1,030	600
Security alarm system	963	-
Tax fee	2,042	800
Telephone	9,257	8,161
Transportation charges	10,857	8,736
Travelling	1,365	2,608
Utilities	19,178	14,795
Total other operating expenses	144,561	133,563

The above statement does not form part of the audited statutory financial statements of the Company and is prepared solely for tax purposes.

***NBL Money Transfer
Sdn Bhd, Malaysia
Financial Statements***

for the year ended 31 December 2010

NBL Money Transfer

Sdn Bhd, Malaysia

REPORT OF THE DIRECTORS

for the financial year ended 31 December 2010

The directors present their annual report together with the audited financial statements of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITY

The Company is principally engaged in business of remittance currency services during the financial year. There has been no significant change in the nature of this activity during the financial year.

RESULTS

Net profit for the financial year	RM
	17,987

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year.

SHARE CAPITAL

During the financial year, the issued paid-up share capital of the Company was increased from RM600,000 to RM1,000,000 by the allotment of 400,000 ordinary shares of RM1.00 each at par each for cash for the purpose of increasing the working capital of the Company. The new shares rank pari-passu with the then existing shares of the Company.

BAD AND DOUBTFUL DEBTS

1. Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that there are no bad debts to be written off and no provision need to be made for doubtful debts, and
2. At the date of this report, the directors are not aware of any circumstances that would render it necessary to write off any bad debts or provide for any doubtful debts.

CURRENT ASSETS

1. Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that all current assets have been stated at the lower of cost and net realisable value.
2. At the date of this report, the directors are not aware of any circumstances that would render the value attributed to the current assets in the Company financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

1. At the date of this report, there does not exist any:-

- i charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii contingent liability in respect of the Company that has arisen since the end of the financial year.

2. No contingent liability or other liability has become enforceable, or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

NBL Money Transfer

Sdn Bhd, Malaysia

REPORT OF THE DIRECTORS

for the financial year ended 31 December 2010

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Company misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, the result of the operation of the Company for the financial year ended 31 December 2010 has not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

DIRECTORS OF THE COMPANY

1. DIRECTORATE

Directors who served since the date of the last report and at the date of this report are:-

Azlinah Binti Abdul Manaff
Shamsul Huda Khan
Md Abdur Rahman Sarker
Parveen Haque Sikder
Mahbub Ahmed

2. DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, none of the directors in office at the end of the financial year ended 31 December 2010 held any shares in or debentures of the Company.

3. DIRECTORS' BENEFITS

Since the date of the last report, none of the director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a Company in which the director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

HOLDING COMPANY

The directors regard National Bank Limited, the company incorporated in Bangladesh, as the holding company.

AUDITORS

The auditors, Yap Pow Kong & Co, Chartered Accountants, have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the directors


PARVEEN HAQUE SIKDER
MAHBUB AHMED

NBL Money Transfer

Sdn Bhd, Malaysia

STATEMENT BY DIRECTORS

for the financial year ended 31 December 2010

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Company at 31 December 2010 and of the result of their operation and cash flow for the financial year ended on that date.

Signed in accordance with a resolution of the Directors:



PARVEEN HAQUE SIKDER
Kuala Lumpur


MAHBUB AHMED

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, SHAMSUL HUDA KHAN, the director primarily responsible for the financial management of NBL MONEY TRANSFER SDN. BHD., do solemnly and sincerely declare that the accompanying financial statements are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

NBL Money Transfer

Sdn Bhd, Malaysia

REPORT OF THE AUDITORS TO THE MEMBERS OF

NBL MONEY TRANSFER SDN. BHD. (823952-T)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of NBL Money Transfer Sdn. Bhd., which comprise the balance sheet as at 31 December 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 19.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements 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 judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

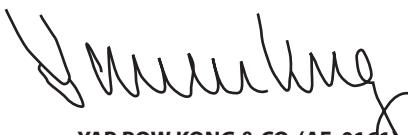
In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2010 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

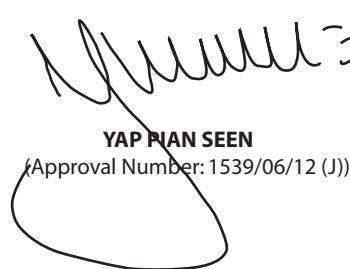
In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



YAP POW KONG & CO. (AF: 0161)
Chartered Accountants
Kuala Lumpur, Malaysia



YAP PIAN SEEN
(Approval Number: 1539/06/12 (J))

NBL Money Transfer

Sdn Bhd, Malaysia

Balance Sheet

as at 31 December 2010

	Notes	2010 RM	2009 RM
PROPERTY, PLANT AND EQUIPMENT		458,476	413,775
CURRENT ASSETS			
Deposits		77,000	77,000
Cash and bank balances		1,661,396	137,142
		1,738,396	214,142
CURRENT LIABILITIES			
Sundry payables and accruals	4	5,000	58,258
Amount owing to holding company	5	1,338,419	134,193
		1,343,419	192,451
Net Current Assets		394,977	21,691
		853,453	435,466
FINANCED BY			
Share capital	6	1,000,000	600,000
Accumulated losses		(146,547)	(164,534)
Shareholders' funds		853,453	435,466

The notes form an integral part of these financial statements.

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INCOME STATEMENT

For the year ended 31 December 2010

	Notes	2010 RM	2009 RM
REVENUE	7	614,366	28,680
OTHER OPERATING INCOME		314,635	7,730
ADMINISTRATIVE EXPENSES		(911,014)	(196,206)
PROFIT/(LOSS) BEFORE TAXATION	8	<u>17,987</u>	<u>(159,796)</u>
TAXATION	9	—	—
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>17,987</u>	<u>(159,796)</u>

The notes form an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Share Capital RM	Accumulated Losses RM	Total RM
As at 1 January 2009	100	(4,738)	(4,638)
Issuance of share	599,900	—	599,900
Net loss for the financial year	—	(159,796)	(159,796)
As at 31 December 2009	600,000	(164,534)	435,466
Issuance of shares	400,000	—	400,000
Net profit for the financial year	—	17,987	17,987
As at 31 December 2010	1,000,000	(146,547)	853,453

The notes form an integral part of these financial statements.

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Cash Flow Statement

For the year ended 31 December 2010

	2010	2009
	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	17,987	(159,796)
Adjustments for:		
Depreciation of property, plant and equipment	51,759	7,350
Operating profit/(loss) before working capital changes	69,746	(152,446)
Increase in deposits	—	(77,000)
(Decrease)/Increase in sundry payables and accruals	(53,258)	57,658
Net cash generated from/(used in) operating activities	<u>16,488</u>	<u>(171,788)</u>
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(96,460)	(421,125)
Net cash used in investing activity	<u>(96,460)</u>	<u>(421,125)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	400,000	599,900
Repayment to a director	—	(4,138)
Advances from holding company	1,204,226	134,193
Net cash generated from financing activities	<u>1,604,226</u>	<u>729,955</u>
Net increase in cash and cash equivalents	1,524,254	137,042
Cash and cash equivalents at beginning of financial year	137,142	100
Cash and cash equivalents at end of financial year	1,661,396	137,142
Cash and cash equivalents comprise		
Cash and bank balances	<u>1,661,396</u>	<u>137,142</u>

The notes form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

1 GENERAL INFORMATION

The Company is principally engaged in business of remittance currency services during the financial year. There has been no significant change in the nature of this activity during the financial year.

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Suite 4.33A, Level 4, Pertama Office Tower, Pertama Complex, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur.

The principal place of business of the Company is located at No.12 & 14, Ground Floor, Jalan Lebuh Pudu, 50050 Kuala Lumpur.

The directors regard National Bank Limited, the company incorporated in Bangladesh, as the holding company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements of the Company are prepared by the directors based on the historical cost basis unless otherwise indicated.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards issued by the Malaysian Accounting Standards Board ("MASB").

(b) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation on property, plant and equipment is calculated to write off the cost of the assets on a straight line basis over their estimated useful lives. The principal annual depreciation rates used are as follows:-

Computer	20%
Furniture & fittings	10%
Office equipment	10%
Renovation	10%

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

(c) Impairment of assets

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset. The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation surplus account to the extent of the surplus credited from the previous revaluation for the same assets with the excess of the impairment loss charged to the income statement. All reversals of an impairment loss are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(d) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services rendered.

(e) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognise in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

(f) Share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, otherwise it is charged to the income statement.

Dividends to shareholders are recognised in equity in the period when the shareholder's right to receive payment is established.

(g) Revenue recognition

Revenue from remittance services are recognised upon service rendered and customers' acceptance.

(h) Cash and cash equivalents

Cash and cash equivalent consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances.

(i) Financial instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to contractual provisions of instrument.

(j) Employee benefits

a. Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

b. Defined contribution plan

The Company makes contributions to the Employees' Provident Fund in Malaysia and recognises the contribution payable

- (i) after deducting contributions already paid as a liability; and
- (ii) as an expense in the financial year in which the employees render their services.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

(k) Foreign currencies

Transactions in foreign exchange currencies are converted into Ringgit Malaysia at the rates of exchange ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the approximate rates of exchange at the balance sheet date. All gains or losses from settlement of foreign currency transactions and from translating foreign monetary assets and liabilities are taken up in the income statement.

The principal closing rates used in the translation of foreign currency amounts are as follows:

	2010 RM	2009 RM
1 Bangladesh Taka (BDT)	0.0436	0.0496

3 PROPERTY, PLANT AND EQUIPMENT

2010 At cost	Balance as at 1.1.2010 RM	Additions RM	Balance as at 31.12.2010 RM
	RM		RM
Computers	7,885	24,939	32,824
Furniture & fittings	10,500	9,230	19,730
Office equipment	51,555	18,181	69,736
Renovation	351,185	44,110	395,295
	<u>421,125</u>	<u>96,460</u>	<u>517,585</u>
 Accumulated depreciation	 Balance as at 1.1.2010 RM	 Charge for the financial year RM	 Balance as at 31.12.2010 RM
Computers	394	3,282	3,676
Furniture & fittings	262	1,973	2,235
Office equipment	1,289	6,974	8,263
Renovation	5,405	39,530	44,935
	<u>7,350</u>	<u>51,759</u>	<u>59,109</u>
 2009 At cost	 Balance as at 1.1.2009 RM	 Additions RM	 Balance as at 31.12.2009 RM
Computers	—	7,885	7,885
Furniture & fittings	—	10,500	10,500
Office equipment	—	51,500	51,500
Renovation	—	351,185	351,185
	<u>—</u>	<u>421,125</u>	<u>421,125</u>
 Accumulated depreciation	 Balance as at 1.1.2009 RM	 Charge for the financial year RM	 Balance as at 31.12.2009 RM
Computers	—	394	394
Furniture & fittings	—	262	262
Office equipment	—	1,289	1,289
Renovation	—	5,405	5,405
	<u>—</u>	<u>7,350</u>	<u>7,350</u>

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

	2010 RM	2009 RM
Net book value		
Computers	29,148	7,491
Furniture & fittings	17,495	10,238
Office equipment	61,473	50,266
Renovation	350,360	345,780
	458,476	413,775
4. SUNDY PAYABLES AND ACCRUALS		
Sundry payables	—	35,625
Accruals	5,000	22,633
	5,000	58,258

5 AMOUNT DUE TO HOLDING COMPANY

The amount due to holding company is unsecured, non-interest bearing and repayable on demand

6 SHARE CAPITAL

	2010	2009		
	No. of shares	RM	No. of shares	RM
Ordinary shares of RM1.00 each:				
Authorised:				
As at 1 January	1,000,000	1,000,000	100,000	100,000
Created during the financial year	—	—	900,000	900,000
As at 31 December	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
As at 1 January	600,000	600,000	100	100
Issued during the financial year	400,000	400,000	599,900	599,900
As at 31 December	1,000,000	1,000,000	600,000	600,000

During the financial year, the issued paid-up share capital of the Company was increased from RM 600,000 to RM 1,000,000 by the allotment of 400,000 ordinary shares of RM1.00 each at par each for cash for the purpose of increasing the working capital of the Company. The new shares rank pari-passu with the then existing shares of the Company.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

	2010 RM	2009 RM
7 REVENUE		
Commission received	614,366	28,680
8 PROFIT/(LOSS) BEFORE TAXATION		
Profit/(Loss) before taxation is arrived at after charging/ (crediting):		
Auditors' remuneration		
- Current year	3,800	2,200
Depreciation of property, plant and equipment	51,759	7,350
Directors' fee	18,200	-
Rental of office	226,000	119,500
Gain on foreign exchange	<u>(300,945)</u>	<u>(6,970)</u>
9 TAXATION		
A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:-		
Profit/(Loss) before taxation	17,987	(159,796)
Income tax using tax rate of 25%	4,497	(39,949)
Expenses not deductible for tax purposes	11,640	5,650
Deferred tax assets not recognised	—	34,299
Utilisation of unabsorbed capital allowance brought forward	<u>(16,137)</u>	<u>—</u>
Tax expense	<u>—</u>	<u>—</u>
Subject to the agreement of the Inland Revenue Board, the Company has unabsorbed tax losses and unutilised capital allowance as at 31 December 2010 of RM134,500 (2009: RM135,200) and RM55,700 (2009: RM23,300) respectively, to be set off against future taxable profits.		
10 DEFERRED TAX		
The amount of temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follows:		
Unabsorbed business loss	134,500	135,200
Unutilised capital allowance	<u>55,700</u>	<u>23,300</u>
	<u>190,200</u>	<u>158,500</u>

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

11. NUMBER OF EMPLOYEES AND STAFF COSTS

	2010 RM	2009 RM
Number of employees, including executive directors, at the end of the financial year	11	2
The total expenses recognised in the income statements are as follows:		
Wages	363,262	24,914

12 FINANCIAL RISK MANAGEMENT POLICIES

The Board of Directors recognises the importance of financial risk management in the overall management of the Company's business. A sound risk management system will not only mitigate financial risk but will be able to create opportunities if risk elements are properly managed.

The Company's overall financial risk management objective is to ensure that the Company creates value for its shareholders while minimising potential adverse effects on the performance of the Company. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Company's financial risk management policies set out as follows:-

Credit risk

Credit risk, which is the risk of counterparties defaulting, is controlled by the application of credit approvals, limit and monitoring procedures. Credit evaluations are performed on customers requiring credit exceeding a certain amount and by limiting the Company's business associations to parties with high credit worthiness. Trade receivables are monitored on an ongoing basis to ensure that the Company is exposed to minimal credit risk.

Foreign currency risk

The Company is exposed to currency risk as a result of the foreign currency transactions entered into by the Company in currencies other than its functional currency. The Company monitors the movements in foreign currency exchange rates closely to ensure their exposures are minimised. The Company does not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions.

Liquidity and cash flow risks

The Company manages its operating cash flow and debt maturity profile so as to ensure all commitments and funding needs are met. As part of the overall liquidity management, it is the Company's policy to ensure continuity in servicing its future cash obligations by forecasting its cash commitments and maintaining sufficient level of cash or cash equivalents to meet its working capital requirements. In addition, the Company maintains sufficient banking facilities to meet its operational needs.

13 FAIR VALUES

The carrying amounts of financial assets and liabilities of the Company at the balance sheet date approximated their fair values.

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DETAIL INCOME STATEMENT

For the year ended 31 December 2010

	2010 RM	2009 RM
REVENUE	614,366	28,680
Add:		
OTHER OPERATING INCOME		
Service charges	13,690	760
Gain on foreign exchanges	300,945	6,970
	314,635	7,730
Less:		
ADMINISTRATIVE EXPENSES		
Auditors' remuneration	3,800	2,200
Advertisement	—	20
Bank charges	57,414	1,116
Consultation fee	14,640	3,465
Cash carrying charges	2,426	—
Company secretary fees and related expenses	1,440	420
Depreciation of property, plant and equipment	51,759	7,350
Director fee	18,200	—
EPF	240	—
Filing fee	150	200
Internet charges	14,422	1,399
Levy fee	—	2,020
Legal fee	1,500	8,331
License fee	2,008	—
Postage and courier	958	117
Professional fee	1,860	3,250
Printing and stationery	15,802	2,272
Registration fee	500	—
Rental of office	226,000	119,500
Refreshment	8,728	1,145
SOCSCO	33	—
Stamping fees	—	2,520
Service tax	166	—
Security services	48,216	5,796
Telephone and fax	19,062	4,283
Transportation	11,355	454
Tax fee		
- current year	1,200	1,100
- underprovision in previous year	100	—
Upkeep of office	6,249	265
Upkeep of office equipment	95	—
Upkeep of motor vehicle	280	—
Visa charges	7,000	—
Water and electricity	32,149	4,069
Wages	363,262	24,914
	(911,014)	(196,206)
PROFIT/(LOSS) BEFORE TAXATION	17,987	(159,796)

This page contains additional information only.