

# **AUDITORS' REPORT AND FINANCIAL STATEMENTS**

For the year ended December 31, 2011





## AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONAL BANK LIMITED

### Introduction

We have audited the accompanying consolidated financial statements of National Bank Limited ("the bank") which comprise consolidated balance sheet as at 31 December 2011 and the consolidated profit and loss account, for the year ended, and also financial statements of National Bank Limited ("the bank"), which comprise the balance sheet as at 31 December 2011 and the profit and loss account, 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.

The financial statements of the Bank for the year ended 31 December 2010 were audited by Aziz Halim Khair Choudhury, Chartered Accountants who issued an unqualified opinion on 15 February 2011.

### Management's Responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), Bank Companies Act, 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchanges Rules 1987 and other applicable laws and regulations. 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRSs) give a true and fair view of the consolidated financial position of National Bank Limited as of 31 December 2011 and of the results of its financial performance and its cash flows for the year then ended and comply with the Bank Company Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

### We also report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- iii. the Bank's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditure incurred was for the purposes of the Bank's operations;
- v. the financial position of the Bank as of 31 December, 2011 and the profit for the year 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 advances which in our opinion, doubtful of recovery;
- viii. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- ix. the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- x. guideline of Core Risk Management issued by the Bangladesh Bank vide BRPD Circular # 17 dated 07 October 2003 were complied;
- xi. the information and explanations required by us have been received and found satisfactory;
- xii. capital adequacy ratio (CAR) as required by law has been maintained adequately during the year;
- xiii. 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
- xiv. we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 5,000 person hours for the audit of the books and accounts of the Bank.

**Howladar Yunus & Co**

Chartered Accountants

Dated: Dhaka  
February 20, 2012



## CONSOLIDATED BALANCE SHEET

As at December 31, 2011

	Notes	2011 Taka	2010 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>			
Cash in hand (Including foreign currencies)	3	1,957,967,299	1,481,148,777
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)	4	8,395,501,460	7,221,005,129
		<b>10,353,468,759</b>	<b>8,702,153,906</b>
<b>Balance with other Banks and Financial Institutions</b>	5		
In Bangladesh		2,271,857,439	2,177,601,786
Outside Banglades		2,683,499,958	1,214,537,182
		<b>4,955,357,397</b>	<b>3,392,138,968</b>
<b>Money at call on short notice</b>	6	<b>719,400,000</b>	<b>99,500,000</b>
<b>Investments</b>	7		
Government		21,148,381,812	15,016,883,609
Others		8,845,653,247	9,937,089,018
		<b>29,994,035,059</b>	<b>24,953,972,627</b>
<b>Loans and advances</b>	8		
Loans, cash credits, overdrafts etc.		110,719,163,991	86,020,867,436
Bills purchased & discounted		5,343,861,166	5,982,696,666
		<b>116,063,025,157</b>	<b>92,003,564,102</b>
<b>Fixed assets including land, buildings, furniture and fixtures</b>	9	<b>1,977,183,522</b>	<b>2,238,847,261</b>
<b>Other assets</b>	10	<b>4,137,362,893</b>	<b>2,973,141,798</b>
<b>Non-banking assets</b>	2.6.5	<b>355,649,241</b>	<b>384,718,241</b>
<b>TOTAL ASSETS</b>		<b>168,555,482,028</b>	<b>134,748,036,903</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowings from other Banks, Financial Institutions and Agents	11	<b>5,838,848,106</b>	<b>4,101,795,198</b>
<b>Deposits and other accounts</b>	12		
Current deposits and other accounts	12.2	16,034,778,860	14,123,862,646
Bills payable	12.3	2,017,615,472	2,133,029,898
Savings bank deposits		21,930,644,902	19,289,901,104
Fixed deposits		58,519,629,848	43,807,659,277
Term deposits	12.4	28,972,485,661	23,101,555,044
Bearer certificates of deposits		-	15,825,000
		<b>127,475,154,743</b>	<b>102,471,832,969</b>
Subordinated bond	2.18	<b>2,500,000,000</b>	<b>2,500,000,000</b>
<b>Other liabilities</b>	13	<b>11,178,828,616</b>	<b>6,556,110,383</b>
<b>TOTAL LIABILITIES</b>		<b>146,992,831,465</b>	<b>115,629,738,550</b>
<b>Shareholders' equity</b>			
Paid up capital	14.2	8,603,656,030	4,412,131,300
Statutory reserve	15	6,058,641,682	4,180,253,183
General reserve	16	497,723,327	497,723,327
Other reserve	17	1,246,600,628	4,915,334,354
Retained earnings	18	5,155,930,470	5,112,856,189
		<b>21,562,552,137</b>	<b>19,118,298,353</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>98,426</b>	-
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>168,555,482,028</b>	<b>134,748,036,903</b>



## Consolidated Balance Sheet

As at December 31, 2011

	Notes	2011 Taka	2010 Taka
<b>OFF BALANCE SHEET ITEMS</b>			
<b>Contingent Liabilities</b>			
Acceptances and endorsements		19,053,469,290	11,465,238,010
Letters of guarantee	19	6,312,606,539	5,342,456,175
Irrevocable letters of credit		11,866,436,493	21,716,443,226
Bills for collection		6,030,505,477	5,529,713,417
Other liabilities (Bad & Loss)		<b>43,263,017,799</b>	<b>44,053,850,828</b>
<b>Other contingent liabilities</b>			
Value of Bangladesh sanchaya patra on hand		1,129,650,000	991,250,000
Value of travelers' cheques on hand		-	-
<b>Total contingent liabilities</b>		<b>1,129,650,000</b>	<b>991,250,000</b>
<b>Other commitments</b>		<b>44,392,667,799</b>	<b>45,045,100,828</b>
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		-	-
<b>Claims against the Bank not acknowledged as debt</b>			
<b>Total off Balance Sheet items (Including contingent liabilities)</b>		<b>44,392,667,799</b>	<b>45,045,100,828</b>

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, February 20, 2012

Howladar Yunus & Co  
Chartered Accountants



## Consolidated Profit and Loss Account

For the year ended December 31, 2011

	Notes	2011 Taka	2010 Taka
Interest income	20	14,471,970,595	9,616,136,337
Less: Interest paid on deposits and borrowings	21	9,185,679,452	5,476,145,071
<b>Net interest income</b>		<b>5,286,291,143</b>	<b>4,139,991,266</b>
Investment income	22	3,331,047,012	6,115,413,947
Commission, exchange and brokerage	23	2,097,725,524	1,602,009,759
Other operating income	24	2,354,455,603	1,235,078,157
<b>Total operating income</b>		<b>13,069,519,282</b>	<b>13,092,493,129</b>
Salary and allowances	25	2,077,714,202	2,018,763,227
Rent, taxes, insurance, electricity etc.	27	317,349,391	251,953,679
Legal expenses	28	14,095,793	42,097,475
Postage, stamp, telecommunication etc.	30	59,972,187	46,757,915
Stationery, printing, advertisement, etc.	31	112,718,616	121,815,280
Managing director's salary and allowances	32	11,040,000	8,902,876
Directors' fees and other benefits	26	7,993,463	7,543,275
Audit fees	29	848,635	412,134
Charges on loan losses		-	1,050,000,000
Repairs, maintenance and depreciation	33	305,177,624	222,356,356
Other expenses	34	381,916,710	368,315,145
<b>Total operating expenses</b>		<b>3,288,826,621</b>	<b>4,138,917,362</b>
<b>Effect of changes of exchange rates</b>		<b>9,780,692,661</b>	<b>8,953,575,767</b>
<b>Profit before provision</b>		<b>965,967</b>	<b>(514,231)</b>
Provision for loans and advances		<b>9,781,658,628</b>	<b>8,953,061,536</b>
Specific provision	13.2 (a)	-	-
General provision (Including Off B/S items)	13.2 (b & c)	200,000,000	120,000,000
		200,000,000	120,000,000
		132,784,892	11,200,000
<b>Total provision</b>		<b>332,784,892</b>	<b>131,200,000</b>
<b>Profit before taxes</b>		<b>9,448,873,736</b>	<b>8,821,861,536</b>
Provision for taxation	13.1	3,329,963,845	1,921,070,852
Deferred taxes (Income)/expenses		5,923,955	29,230,894
<b>Net profit after taxation</b>		<b>3,335,887,800</b>	<b>1,950,301,746</b>
<b>Non-controlling interests</b>		<b>6,112,985,936</b>	<b>6,871,559,790</b>
<b>Net profit after taxation without non-controlling interests</b>		<b>(1,574)</b>	<b>-</b>
Retained earnings brought forward from previous year		<b>6,112,987,510</b>	<b>6,871,559,790</b>
<b>Appropriations</b>		5,112,856,189	1,568,771,362
Statutory reserve		<b>11,225,843,699</b>	<b>8,440,331,152</b>
Transfer from general reserve (for appropriation)		(1,878,388,499)	(1,761,879,963)
Dividend (Bonus Share)		-	-
<b>Retained earnings carried forward</b>		(4,191,524,730)	(1,565,595,000)
Earnings per share		(6,069,913,229)	(3,327,474,963)
		<b>5,155,930,470</b>	<b>5,112,856,189</b>
		<b>7.11</b>	<b>7.99</b>

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, February 20, 2012

Howladar Yunus & Co  
Chartered Accountants

## Consolidated Statement of changes in Equity

For the year ended December 31, 2011

(Figure in BDT)

Particulars	Paid up Capital	Statutory Reserve	General Reserve	Other Reserve	Retained Earnings	Total
Balance on 01 January 2011	4,412,131,300	4,180,253,183	497,723,327	4,915,334,354	5,112,856,189	19,118,298,353
Net profit for the year	-	-	-	-	6,112,987,510	6,112,987,510
Bonus shares for 2010 issued during the year	4,191,524,730	-	-	-	(4,191,524,730)	-
Addition during the year	-	1,878,388,499	-	-	(1,878,388,499)	-
Revaluation of Govt. Treasury Bill, Bond and other Investment	-	-	-	(3,668,733,726)	-	(3,668,733,726)
Issued during the year	-	-	-	-	-	-
Transfer from general reserve	-	-	-	-	-	-
<b>Balance at December 31, 2011</b>	<b>8,603,656,030</b>	<b>6,058,641,682</b>	<b>497,723,327</b>	<b>1,246,600,628</b>	<b>5,155,930,470</b>	<b>21,562,552,137</b>
<b>Balance at December 31, 2010</b>	<b>4,412,131,300</b>	<b>4,180,253,183</b>	<b>497,723,327</b>	<b>4,915,334,354</b>	<b>5,112,856,189</b>	<b>19,118,298,353</b>

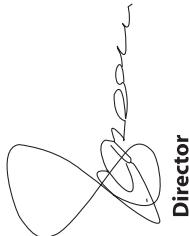


National Bank Limited

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Chairman



Director



Managing Director



## Balance Sheet

As at December 31, 2011

	Notes	2011 Taka	2010 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>			
Cash in hand (Including foreign currencies)	3	1,931,124,736	1,474,308,630
Balance with Bangladesh Bank and its agent bank(s)	4	8,395,501,460	7,221,005,129
(Including foreign currencies)		<b>10,326,626,196</b>	<b>8,695,313,759</b>
<b>Balance with other Banks and Financial Institutions</b>	5		
In Bangladesh		2,147,277,187	2,146,014,749
Outside Bangladesh		2,683,499,958	1,214,297,261
		<b>4,830,777,145</b>	<b>3,360,312,010</b>
<b>Money at call on short notice</b>	6		
<b>Investments</b>	7		
Government		21,148,381,812	15,016,883,609
Others		9,186,252,920	9,976,444,138
		<b>30,334,634,732</b>	<b>24,993,327,747</b>
<b>Loans and advances</b>	8		
Loans, cash credits, overdrafts etc.		110,045,029,304	86,020,867,436
Bills purchased & discounted		5,343,861,166	5,982,696,666
		<b>115,388,890,470</b>	<b>92,003,564,102</b>
<b>Fixed assets including land, buildings, furniture and fixtures</b>	9		
<b>Other assets</b>	10		
<b>Non-banking assets</b>	2.6.5		
		<b>1,955,293,404</b>	<b>2,224,747,697</b>
		<b>5,126,111,060</b>	<b>2,970,828,673</b>
		<b>355,649,241</b>	<b>384,718,241</b>
<b>TOTAL ASSETS</b>		<b>169,037,382,248</b>	<b>134,732,312,229</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowings from other Banks, Financial Institutions and Agents	11	<b>5,838,848,106</b>	<b>4,101,795,198</b>
<b>Deposits and other accounts</b>	12		
Current deposits and other accounts	12.2	16,034,778,860	14,123,862,646
Bills payable	12.3	2,017,615,472	2,133,029,898
Savings bank deposits		21,930,644,902	19,289,901,104
Fixed deposits		58,519,629,848	43,807,659,277
Term deposits	12.4	29,713,300,258	23,101,555,044
Bearer certificates of deposits		-	15,825,000
		<b>128,215,969,340</b>	<b>102,471,832,969</b>
Subordinated bond	2.18	<b>2,500,000,000</b>	<b>2,500,000,000</b>
<b>Other liabilities</b>	13	<b>10,959,998,337</b>	<b>6,553,084,739</b>
<b>TOTAL LIABILITIES</b>		<b>147,514,815,783</b>	<b>115,626,712,906</b>
<b>Shareholders' equity</b>			
Paid up capital	14.2	8,603,656,030	4,412,131,300
Statutory reserve	15	6,058,641,682	4,180,253,183
General reserve	16	497,723,327	497,723,327
Other reserve	17	1,246,600,628	4,915,334,354
Retained earnings	18	5,115,944,798	5,100,157,159
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>21,522,566,465</b>	<b>19,105,599,323</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>169,037,382,248</b>	<b>134,732,312,229</b>



## Balance Sheet

As at December 31, 2011

	Notes	2011 Taka	2010 Taka
<b>OFF BALANCE SHEET ITEMS</b>			
<b>Contingent liabilities</b>			
Acceptances and endorsements		19,053,469,290	11,465,238,010
Letters of guarantee		6,312,606,539	5,342,456,175
Irrevocable letters of credit		11,866,436,493	21,716,443,226
Bills for collection		6,030,505,477	5,529,713,417
Other liabilities (Bad & Loss)		-	-
		<b>43,263,017,799</b>	<b>44,053,850,828</b>
<b>Other contingent liabilities</b>			
Value of Bangladesh sanchaya patra on hand		1,129,650,000	991,250,000
Value of travelers' cheques on hand		-	-
		<b>1,129,650,000</b>	<b>991,250,000</b>
<b>Total contingent liabilities</b>		<b>44,392,667,799</b>	<b>45,045,100,828</b>
<b>Other commitments</b>			
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		-	-
<b>Claims against the Bank not acknowledged as debt</b>		-	-
<b>Total off Balance Sheet items (Including contingent liabilities)</b>		<b>44,392,667,799</b>	<b>45,045,100,828</b>

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, February 20, 2012

Howladar Yunus & Co  
Chartered Accountants



## Profit and Loss Account

For the year ended December 31, 2011

	Notes	2011 Taka	2010 Taka
Interest income	20	14,434,746,767	9,616,136,337
Less: Interest paid on deposits and borrowings	21	9,188,824,654	5,476,145,071
<b>Net interest income</b>		<b>5,245,922,113</b>	<b>4,139,991,266</b>
Investment income	22	3,320,219,575	6,115,413,947
Commission, exchange and brokerage	23	1,847,237,492	1,545,533,299
Other operating income	24	2,330,267,799	1,234,080,125
<b>Total operating income</b>		<b>12,743,646,979</b>	<b>13,035,018,637</b>
Salary and allowances	25	2,034,071,442	1,998,734,624
Rent, taxes, insurance, electricity etc.	27	294,086,475	246,034,322
Legal expenses	28	14,080,793	42,097,475
Postage, stamp, telecommunication etc.	30	57,619,679	46,298,856
Stationery, printing, advertisement, etc.	31	109,639,254	121,452,940
Managing director's salary and allowances	32	11,040,000	8,902,876
Directors' fees and other benefits	26	7,993,463	7,543,275
Audit fees	29	325,000	325,000
Charges on loan losses		-	1,050,000,000
Repairs, maintenance and depreciation	33	296,527,460	218,897,879
Other expenses	34	325,318,795	353,418,757
<b>Total operating expenses</b>		<b>3,150,702,361</b>	<b>4,093,706,004</b>
<b>Effect of changes in exchange rate</b>		<b>9,592,944,618</b>	<b>8,941,312,633</b>
<b>Profit before provision</b>		<b>(1,002,121)</b>	<b>(712,819)</b>
<b>Profit before taxes</b>		<b>9,591,942,497</b>	<b>8,940,599,814</b>
Provision for loans and advances			
Specific provision	13.2 (a)	-	-
General provision (Including Off B/S items)	13.2 (b & c)	200,000,000	120,000,000
		200,000,000	120,000,000
		-	11,200,000
Provision for other classified assets	13.4		
<b>Total provision</b>		<b>200,000,000</b>	<b>131,200,000</b>
<b>Profit before taxes</b>		<b>9,391,942,497</b>	<b>8,809,399,814</b>
Provision for taxation	13.1	3,300,000,000	1,920,000,000
Deferred taxes (Income)/expenses		6,241,629	29,056,237
<b>Net profit after taxation</b>		<b>3,306,241,629</b>	<b>1,949,056,237</b>
Retained earnings brought forward from previous year		<b>6,085,700,868</b>	<b>6,860,343,577</b>
<b>Appropriations</b>		<b>5,100,157,159</b>	<b>1,567,288,545</b>
Statutory reserve			
Transfer from general reserve (for appropriation)		(1,878,388,499)	(1,761,879,963)
Dividend (Bonus Share)		-	-
<b>Retained earnings carried forward</b>		<b>(4,191,524,730)</b>	<b>(1,565,595,000)</b>
<b>Earnings per share</b>	37	<b>(6,069,913,229)</b>	<b>(3,327,474,963)</b>
		<b>5,115,944,798</b>	<b>5,100,157,159</b>
		<b>7.07</b>	<b>7.97</b>

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, February 20, 2012

Howladar Yunus & Co  
Chartered Accountants



## Cash Flow Statement

for the year ended December 31, 2011

	Notes	2011 Taka	2010 Taka
<b>A) Cash flows from operating activities</b>			
Interest received		13,593,040,447	9,997,794,156
Interest paid		(8,280,639,110)	(5,276,212,996)
Income from Investment		1,929,280,010	1,446,595,796
Fees, commission, exchange & brokerage		1,847,237,492	1,545,533,299
Cash paid to employees		(2,053,104,905)	(2,015,180,775)
Cash paid to suppliers		(537,109,815)	(501,270,077)
Income taxes paid		(1,723,941,770)	(1,375,039,771)
Received from other operating activities		886,657,420	1,213,137,447
Paid for other operating activities		(325,232,223)	(352,001,473)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>5,336,187,546</b>	<b>4,683,355,606</b>
<b>Increase/(decrease) in operating assets &amp; liabilities</b>			
Sale of trading securities - Quoted Shares		1,660,678,811	5,129,578,214
Purchase of trading securities - Quoted Shares		(3,894,673,794)	(2,414,256,082)
Loans and advances to other banks		-	-
Loans and advances to customers		(23,385,326,368)	(28,529,836,604)
Other assets		599,575,494	(1,502,413,229)
Deposits from other Banks		757,068,131	(2,203,835,160)
Deposits from customers		24,987,068,240	27,841,540,977
Other liabilities		1,576,178,256	481,154,340
<b>Net cash received from operating activities</b>		<b>2,300,568,770</b>	<b>(1,198,067,544)</b>
<b>B) Cash flows from investing activities</b>		<b>7,636,756,316</b>	<b>3,485,288,062</b>
Proceeds from sale of Govt. securities		5,031,218,673	1,508,728,874
Investment made during the year (Govt. securities)		(10,923,494,838)	(8,214,966,450)
Purchase of property, plant and equipment		(558,312,753)	(622,154,636)
Sale proceeds of fixed assets		389,132,007	59,173,135
<b>Net cash used in investing activities</b>		<b>(6,061,456,911)</b>	<b>(7,269,219,077)</b>
<b>C) Cash flows from financing activities</b>			
Borrowings from Other Banks, Financial Institutions and agents		1,737,052,908	2,710,875,351
Issue of subordinated bond		-	2,500,000,000
<b>Net cash received from financing activities</b>		<b>1,737,052,908</b>	<b>5,210,875,351</b>
<b>D) Net increase / (decrease) in cash and cash-equivalents (A+B+C)</b>		<b>3,312,352,313</b>	<b>1,426,944,336</b>
<b>E) Effects of exchange rate changes on cash and cash-equivalents</b>		<b>409,353,259</b>	<b>29,866,123</b>
<b>F) Cash and cash-equivalents at beginning of the year</b>		<b>12,161,329,469</b>	<b>10,704,519,010</b>
<b>G) Cash and cash-equivalents at end of the year (D+E+F)</b>		<b>15,883,035,041</b>	<b>12,161,329,469</b>
<b>Cash and cash-equivalents at end of the year</b>			
Cash in hand (including foreign currencies)		1,931,124,736	1,474,308,630
Balances with Bangladesh Bank and its agent bank (s)		8,395,501,460	7,221,005,129
Balances with other Banks and Financial Institutions		4,830,777,145	3,360,312,010
Money at call and short notice		719,400,000	99,500,000
Reverse repo		-	-
Prize bonds		6,231,700	6,203,700
		<b>15,883,035,041</b>	<b>12,161,329,469</b>

Managing Director

Director

Director

Chairman



## Statement of changes in Equity

For the year ended December 31, 2011

(Figure in BDT)

Particulars	Paid up Capital	Statutory Reserve	General Reserve	Other Reserve	Retained Earnings	Total
Balance on 01 January 2011	4,412,131,300	4,180,253,183	497,723,327	4,915,334,354	5,100,157,159	19,105,599,323
Net profit for the year	-	-	-	-	6,085,700,868	6,085,700,868
Bonus shares for 2010 issued during the year	4,191,524,730	-	-	-	(4,191,524,730)	-
Addition during the year	-	1,878,388,499	-	-	(1,878,388,499)	-
Revaluation of Govt. Treasury Bill, Bond and other Investment	-	-	-	(3,668,733,726)	-	(3,668,733,726)
Issued during the year	-	-	-	-	-	-
Transfer from general reserve	-	-	-	-	-	-
<b>Balance at December 31, 2011</b>	<b>8,603,656,030</b>	<b>6,058,641,682</b>	<b>497,723,327</b>	<b>1,246,600,628</b>	<b>5,115,944,798</b>	<b>21,522,566,465</b>
<b>Balance at December 31, 2010</b>	<b>4,412,131,300</b>	<b>4,180,253,183</b>	<b>497,723,327</b>	<b>4,915,334,354</b>	<b>5,100,157,159</b>	<b>19,105,599,323</b>

Chairman

Director

Director

Managing Director

# Liquidity Statement

(Assets and Liability Maturity Analysis)  
As at December 31, 2011

(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
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## Assets

Cash in hand	1,931,124,736	-	-	-	-	1,931,124,736
Balance with Bangladesh Bank and its agent Bank	8,395,501,460	-	-	-	-	8,395,501,460
Balances with other banks and financial institutions	2,906,461,756	1,349,930,269	500,000,000	74,385,120	-	4,830,777,145
Money at call & short notice	719,400,000	-	-	-	-	719,400,000
Investments	611,171,808	1,219,880,216	5,449,444,918	7,072,571,460	15,981,566,330	30,334,634,732
Loans & Advances	13,846,666,857	9,231,111,238	34,616,667,141	39,232,222,760	18,462,222,474	115,388,890,470
Fixed assets including land, building, furniture & fixtures	11,822,614	23,645,227	106,403,523	484,905,082	1,328,516,958	1,955,293,404
Other assets	933,004,708	1,850,705,604	2,121,938,138	220,462,610	-	5,126,111,060
Non-banking assets	-	-	-	355,649,241	-	355,649,241
<b>Total Assets</b>	<b>29,355,153,939</b>	<b>13,675,272,554</b>	<b>42,794,453,720</b>	<b>47,440,196,273</b>	<b>35,772,305,762</b>	<b>169,037,382,248</b>

## Liabilities

Borrowings from other Banks, Financial Institutions & Agents	2,556,094,885	1,212,189,770	2,070,563,451	-	-	5,838,848,106
Deposits and other accounts	31,763,766,791	16,392,257,063	57,372,899,726	12,603,914,311	10,083,131,449	128,215,969,340
Subordinated Debt	-	-	-	500,000,000	2,000,000,000	2,500,000,000
Other liabilities	1,226,674,782	2,315,235,477	3,601,588,112	3,816,499,966	-	10,959,998,337
<b>Total Liabilities</b>	<b>35,546,536,458</b>	<b>19,919,682,311</b>	<b>63,045,051,289</b>	<b>16,920,414,277</b>	<b>12,083,131,449</b>	<b>147,514,815,783</b>

<b>Net Liquidity Gap</b>	<b>(6,191,382,519)</b>	<b>(6,244,409,756)</b>	<b>(20,250,597,569)</b>	<b>30,519,781,996</b>	<b>23,689,174,313</b>	<b>21,522,566,465</b>
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\* Structured liquidity profile as per Bangladesh Bank DOS Circular No. 02 dated March 29, 2011 has been shown in separate annexure.




Chairman



Director



Director



Managing Director



# Notes to the Financial Statements

For the year ended December 31, 2011

## 1. General information

### 1.1 Status of the bank

National Bank Limited (NBL) 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 fifty four (154) 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 December 31, 2011 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.

### 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.



# Notes to the Financial Statements

For the year ended December 31, 2011

- 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 written 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 or revaluation reserve account as expense/ income for the period as per provision Bangladesh Bank circulars and **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
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 December 31, 2011

### 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	
	2011	2010
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 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.



# Notes to the Financial Statements

For the year ended December 31, 2011

## 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"**.

### 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. 09 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, October 27, 2010. The provisioning rate as per Bangladesh Bank circulars are as follows:

Business Unit		Rates of Provision				
		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%
<b>All Others</b>		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, 2011 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 Standard (BAS)-12 "Income Taxes"**.



## Notes to the Financial Statements

For the year ended December 31, 2011

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 Standard (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 (BAS)-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.

### 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 / quarterly 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.



# Notes to the Financial Statements

For the year ended December 31, 2011

## 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 December 31, 2011. Earnings per share is adjusted for issue of bonus shares for the year 2010.

## 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.



## Notes to the Financial Statements

For the year ended December 31, 2011

### 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.

### 2.18 Subordinated Bond

Considering the regulatory, legal, present market condition and future capital requirement the Management of NBL issued subordinated Bond valuing Tk. 250.00 crore. This is 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	A1
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%



## Notes to the Financial Statements

For the year ended December 31, 2011

### 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 several segment named Corporate, Retail & SME, Treasury Operation and others. Segment wise revenue are shown below:

Heads of revenue	Corporate	Retail & SME	Treasury Operation	Others	BDT in crore Total
Interest income	1,046.34	274.51	109.53	-	1,430.38
Interest expenses	669.00	175.51	70.03	-	914.54
<b>Net interest income</b>	<b>377.34</b>	<b>99.00</b>	<b>39.50</b>	-	<b>515.84</b>
Income from investments	-	-	303.70	28.32	332.02
Commission exchange, brokerage	162.29	17.55	-	0.92	180.76
Other operating income	3.38	8.13	-	220.15	231.66
<b>Total income</b>	<b>543.01</b>	<b>124.68</b>	<b>343.20</b>	<b>249.39</b>	<b>1,260.28</b>
Operating Expenses*	135.55	31.12	85.67	62.25	314.59
<b>Operating Income</b>	<b>407.46</b>	<b>93.56</b>	<b>257.53</b>	<b>187.14</b>	<b>945.69</b>
<b>Net operating income</b>	<b>407.46</b>	<b>93.56</b>	<b>257.53</b>	<b>187.14</b>	<b>945.69</b>
Off-Shore-Banking Unit	-	-	-	-	13.50
<b>Net operating income</b>	<b>407.46</b>	<b>93.56</b>	<b>257.53</b>	<b>187.14</b>	<b>959.19</b>

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



## Notes to the Financial Statements

For the year ended December 31, 2011

	Group		Bank	
	2011		2010	
	Taka	Taka	Taka	Taka
<b>3. Cash in hand (Including foreign currencies)</b>				
Local currency	1,880,211,873	1,437,578,107	1,880,025,229	1,437,578,107
Foreign currency	77,755,426	43,570,670	51,099,507	36,730,523
	<b>1,957,967,299</b>	<b>1,481,148,777</b>	<b>1,931,124,736</b>	<b>1,474,308,630</b>
<b>4. Balance with Bangladesh Bank and its agent bank (s)</b>				
(Including foreign currencies)				
<b>Bangladesh Bank</b>				
Local currency	6,890,256,006	5,941,822,430	6,890,256,006	5,941,822,430
Foreign currency	317,400,191	426,803,536	317,400,191	426,803,536
	<b>7,207,656,197</b>	<b>6,368,625,966</b>	<b>7,207,656,197</b>	<b>6,368,625,966</b>
<b>Sonali Bank Limited</b> (as an agent of Bangladesh Bank)				
1,187,845,263	852,379,163	1,187,845,263	852,379,163	
	<b>8,395,501,460</b>	<b>7,221,005,129</b>	<b>8,395,501,460</b>	<b>7,221,005,129</b>
An amount of Tk. 9,000,000.00 has been marked as lien with Bangladesh Bank upto 30 June 2012 against TT discounting facilities by various branches of NBL.				
<b>4.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)</b>				
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 01, 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:				
<b>a) Cash Reserve Requirement</b>				
<b>Average time and demand liabilities (excluding inter bank deposits)</b>	<b>121,256,884,000</b>	<b>97,321,893,000</b>	<b>121,256,884,000</b>	<b>97,321,893,000</b>
Required reserve (6% of average time & demand liabilities)	7,275,413,040	5,839,313,580	7,275,413,040	5,839,313,580
Actual average maintained	7,365,670,709	6,224,425,000	7,365,670,709	6,224,425,000
Surplus / (Shortage)	<b>90,257,669</b>	<b>385,111,420</b>	<b>90,257,669</b>	<b>385,111,420</b>
<b>b) Statutory Liquidity Ratio</b>				
<b>Average time and demand liabilities (excluding inter bank deposits)</b>	<b>121,256,884,000</b>	<b>97,321,893,000</b>	<b>121,256,884,000</b>	<b>97,321,893,000</b>
Required reserve (19% of average time & demand liabilities)	23,038,807,960	18,491,159,670	23,038,807,960	18,491,159,670
Actual reserve maintained (including CRR)	31,280,787,239	23,531,905,904	31,280,787,239	23,531,905,904
Surplus / (Shortage)	<b>8,241,979,279</b>	<b>5,040,746,234</b>	<b>8,241,979,279</b>	<b>5,040,746,234</b>
<b>c) Composition of CRR and SLR maintained*</b>				
Cash held	1,931,124,736	1,497,105,000	1,931,124,736	1,497,105,000
Balance with Bangladesh Bank	6,740,432,000	5,986,556,000	6,740,432,000	5,986,556,000
Balance with Sonali Bank	1,187,845,000	855,942,000	1,187,845,000	855,942,000
TT in transit	188,000,000	80,000,000	188,000,000	80,000,000
Unencumbered approved securities (HTM & HFT)	21,233,385,503	15,112,302,904	21,233,385,503	15,112,302,904
	<b>31,280,787,239</b>	<b>23,531,905,904</b>	<b>31,280,787,239</b>	<b>23,531,905,904</b>

\* As per statement submitted to Bangladesh Bank.



## Notes to the Financial Statements

For the year ended December 31, 2011

Notes	Group		Bank	
	2011		2010	
	Taka	Taka	Taka	Taka
<b>5.</b> <b>Balance with other banks and financial institutions</b>				
Inside Bangladesh - In local currency	5.1	2,271,857,439	2,177,601,786	2,147,277,187
Outside Bangladesh (Annexure-B)	5.2	2,683,499,958	1,214,537,182	2,683,499,958
		<b>4,955,357,397</b>	<b>3,392,138,968</b>	<b>4,830,777,145</b>
<b>5.1 Inside Bangladesh - In local currency</b>				
<b>In current accounts with</b>				
Agrani Bank Limited		13,763,957	10,366,603	13,763,957
Janata Bank Limited		54,763,410	40,200,376	54,763,410
Rupali Bank Limited		18,514,838	16,124,919	18,514,838
Sonali Bank Limited		128,132,867	59,720,597	128,132,867
		<b>215,175,072</b>	<b>126,412,495</b>	<b>215,175,072</b>
<b>In Short notice deposit accounts with</b>				
Eastern Bank Limited		132,674	132,674	132,674
Janata Bank Limited		776,711	776,711	776,711
National Credit and Commerce Bank Limited		81,904	81,904	81,904
First Security Islami Bank Limited		66,101	66,101	66,101
ICB Islamic Bank Limited		-	31,978	-
Dhaka Bank Limited		152,740	152,740	152,740
Sonali Bank Limited		5,811	2,464,314	5,811
Standard Chartered Bank		22,848,518	69,349,776	22,848,518
Trust Bank Limited		33,652,536	2,061,056	33,652,536
		<b>57,716,995</b>	<b>75,117,254</b>	<b>57,716,995</b>
<b>In fixed deposit accounts (in local currency) with</b>				
ICB Islamic Bank Limited		74,385,120	74,485,000	74,385,120
Jamuna Bank Limited		-	250,000,000	-
AB Bank Limited		300,000,000	1,320,000,000	300,000,000
Mercantile Bank Limited		-	100,000,000	-
Agrani Bank Limited		1,500,000,000	-	1,500,000,000
		<b>1,874,385,120</b>	<b>1,744,485,000</b>	<b>1,874,385,120</b>
<b>Other Financial Institutions</b>				
		<b>-</b>	<b>200,000,000</b>	<b>-</b>
		<b>2,147,277,187</b>	<b>2,146,014,749</b>	<b>2,147,277,187</b>
Bank balance of subsidiaries		124,580,252	31,587,037	-
		<b>2,271,857,439</b>	<b>2,177,601,786</b>	<b>2,147,277,187</b>
				<b>2,146,014,749</b>



## Notes to the Financial Statements

For the year ended December 31, 2011

### 5.2 Outside Bangladesh

	Group		Bank	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
<b>In fixed deposit accounts (interest bearing) with</b>				
JP Morgan Chase Bank, Singapore	49,930,269	43,157,317	49,930,269	43,157,317
	<b>49,930,269</b>	<b>43,157,317</b>	<b>49,930,269</b>	<b>43,157,317</b>
<b>In demand deposit accounts (non interest bearing) with</b>				
Standard Chartered Bank, Mumbai	14,992,313	7,567,309	14,992,313	7,567,309
Standard Chartered Bank, Frankfurt	218,279	4,593,650	218,279	4,593,650
Mashreq Bank, New York	281,543,086	43,871,529	281,543,086	43,871,529
JP Morgan Chase Bank, New York	193,321,315	144,857,454	193,321,315	144,857,454
Bank of America Int'l, New York	17,778,673	495,805	17,778,673	495,805
Standard Chartered Bank, New York	1,965,639,929	500,791,933	1,965,639,929	500,791,933
HSBC, New York	7,567,630	50,987,031	7,567,630	50,987,031
Sonali Bank Limited, Kolkata	5,249,061	9,701,042	5,249,061	9,701,042
Sonali Bank Limited, London	588,252	-	588,252	-
Mashreq Bank, Mumbai	22,515,488	47,413,796	22,515,488	47,413,796
State Bank of India, Kolkata	501,109	433,135	501,109	433,135
United Bank, Karachi	2,555,073	2,208,482	2,555,073	2,208,482
NABIL Bank, Nepal	5,823,177	25,118,625	5,823,177	25,118,625
Standard Chartered Bank, Colombo	550,766	1,036,618	550,766	1,036,618
Myanmar Foreign Trade, Myanmar	54,256	46,896	54,256	46,896
ABBL, Mumbai	19,140,112	9,473,732	19,140,112	9,473,732
Bank of Bhutan, Thimpu	12,823,982	18,327,874	12,823,982	18,327,874
HSBC, Karachi	6,774,584	9,327,867	6,774,584	9,327,867
ICICI Bank Ltd. Mumbai	3,740,281	48,754,798	3,740,281	48,754,798
Commerz Bank, Frankfurt	541,081	1,777,431	541,081	1,777,431
Uni Credito Italino SPA, Italy	317,749	4,009,174	317,749	4,009,174
Alpha Bank AE, Athens	915,050	586,696	915,050	586,696
Lloyds Bank Plc, Birmingham, UK	950	824	950	824
HSBC, London	1,850,933	1,057,020	1,850,933	1,057,020
BOT, Tokyo	761,407	1,777,405	761,407	1,777,405
UBAF, Tokyo	30,769	25,379	30,769	25,379
Union Bank of Switzerland, Switzerland	1,577,395	1,571,066	1,577,395	1,571,066
Habib Bank, Zurich	471,290	92,523	471,290	92,523
Habib American Bank	54,320,154	-	54,320,154	-
Bank of Nova Scotia, Canada	1,548,830	2,266,278	1,548,830	2,266,278
National Australia Bank, Melbourne	462,772	1,268,061	462,772	1,268,061
Standard Chartered Bank, Singapore	992,566	6,954,939	992,566	6,954,939
Wachovia Bank, New York	5,956,582	164,607,009	5,956,582	164,607,009
Citibank N.A, New York	2,444,795	60,138,563	2,444,795	60,138,563
	<b>2,633,569,689</b>	<b>1,171,139,944</b>	<b>2,633,569,689</b>	<b>1,171,139,944</b>
Bank balance of subsidiaries	-	239,921	-	-
	<b>2,633,569,689</b>	<b>1,171,379,865</b>	<b>2,633,569,689</b>	<b>1,171,139,944</b>
	<b>2,683,499,958</b>	<b>1,214,537,182</b>	<b>2,683,499,958</b>	<b>1,214,297,261</b>

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



## Notes to the Financial Statements

For the year ended December 31, 2011

	Group		Bank	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
<b>5.3 Balance with other banks and financial institutions (According to remaining maturity grouping)</b>				
<b>Payable</b>				
On demand	2,827,227,254	1,297,552,439	2,827,227,254	1,297,552,439
Up to 1 month	222,680,890	1,329,555,367	79,234,502	1,297,728,409
Over 1 month but not more than 3 months	1,331,064,133	490,546,162	1,349,930,269	490,546,162
Over 3 months but not more than 1 year	500,000,000	200,000,000	500,000,000	200,000,000
Over 1 year but not more than 5 years	74,385,120	74,485,000	74,385,120	74,485,000
Over 5 years	-	-	-	-
	<b>4,955,357,397</b>	<b>3,392,138,968</b>	<b>4,830,777,145</b>	<b>3,360,312,010</b>
<b>6. Money at call on short notice</b>				
<b>a) Deposit Money Banks</b>				
ICB Islamic Bank Limited	99,400,000	99,500,000	99,400,000	99,500,000
Eastern Bank Limited	120,000,000	-	120,000,000	-
National Credit & Commerce Bank Limited	250,000,000	-	250,000,000	-
Standard Bank Limited	100,000,000	-	100,000,000	-
Mutual Trust Bank Limited	150,000,000	-	150,000,000	-
	<b>719,400,000</b>	<b>99,500,000</b>	<b>719,400,000</b>	<b>99,500,000</b>
<b>b) Non-Banking Financial Institutions</b>				
	<b>719,400,000</b>	<b>99,500,000</b>	<b>719,400,000</b>	<b>99,500,000</b>
<b>7. Investments</b>				
<b>In Government securities</b>	<b>Notes</b>			
Treasury Bills	7.1	4,983,946	2,342,466,872	4,983,946
Treasury Bonds	7.2	21,137,166,166	12,668,213,037	21,137,166,166
Prize Bonds		6,231,700	6,203,700	6,231,700
	<b>21,148,381,812</b>	<b>15,016,883,609</b>	<b>21,148,381,812</b>	<b>15,016,883,609</b>
<b>Other Investments</b>				
Debentures	7.3	85,000,000	95,000,000	85,000,000
Shares( Quoted and Unquoted)	7.4	8,196,560,602	9,138,551,533	8,537,160,275
Orascom Bond		560,000,000	700,000,000	560,000,000
Fixed Capital Investment in Myanmar	7.5	4,092,645	3,537,485	4,092,645
	<b>8,845,653,247</b>	<b>9,937,089,018</b>	<b>9,186,252,920</b>	<b>9,976,444,138</b>
	<b>29,994,035,059</b>	<b>24,953,972,627</b>	<b>30,334,634,732</b>	<b>24,993,327,747</b>
<b>7.1 Treasury bills</b>				
91 days Treasury bill		717,163,195	-	717,163,195
182 days Treasury bill		4,983,946	728,395,734	728,395,734
364 days Treasury bill		-	896,907,943	896,907,943
	<b>4,983,946</b>	<b>2,342,466,872</b>	<b>4,983,946</b>	<b>2,342,466,872</b>
<b>7.2 Treasury Bonds</b>				
5 years Treasury Bonds		4,675,478,985	2,229,728,138	4,675,478,985
10 years Treasury Bonds		12,653,887,181	9,260,319,433	12,653,887,181
15 years Treasury Bonds		2,070,300,000	687,207,877	2,070,300,000
20 years Treasury Bonds		1,737,500,000	490,957,589	1,737,500,000
	<b>21,137,166,166</b>	<b>12,668,213,037</b>	<b>21,137,166,166</b>	<b>12,668,213,037</b>
<b>7.3 Debentures</b>	<b>Date of maturity</b>	<b>Rate</b>		
BHBFC	28 Jun 13	4.50	45,000,000	45,000,000
BHBFC	08-Feb-15	5.50	10,000,000	10,000,000
BHBFC	08-Feb-14	5.50	10,000,000	10,000,000
BHBFC	08-Feb-13	5.50	10,000,000	10,000,000
BHBFC	08-Feb-12	5.50	10,000,000	10,000,000
BHBFC	08-Feb-11	5.50	-	10,000,000
			<b>85,000,000</b>	<b>95,000,000</b>
			<b>85,000,000</b>	<b>95,000,000</b>



## Notes to the Financial Statements

For the year ended December 31, 2011

7.4 In ordinary shares (Quoted and Unquoted)	Group		Bank	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
Quoted				
Prime Bank Limited	2,452,995,750	2,834,314,243	2,452,995,750	2,834,314,243
Southeast Bank Limited	1,909,713,162	2,753,993,219	1,909,713,162	2,753,993,219
Dhaka Bank Limited	1,577,129,395	1,640,450,000	1,577,129,395	1,640,450,000
City Bank Limited	23,880,400	-	23,880,400	-
Eastern Bank Limited	22,056,160	-	22,056,160	-
ONE Bank Limited	48,153,150	-	48,153,150	-
Islami Bank BD Limited	75,786,610	-	75,786,610	-
Trust Bank Limited	5,619,900	-	5,619,900	-
Uttara Bank Ltd.	8,752,500	-	8,752,500	-
Pragati Insurance Company Limited	79,151,448	114,766,470	79,151,448	114,766,470
Jamuna Bank Limited	39,537,000	-	39,537,000	-
BRAC Bank Limited	214,940,810	171,250	214,940,810	171,250
AB Bank Limited	14,383,980	15,805	14,383,980	15,805
IFIC Bank Limited	225,784	373,657	225,784	373,657
First Security Islami Bank Limited	34,085	-	34,085	-
Mutual Trust Bank Limited	3,605,250	1,416,500	3,605,250	1,416,500
Bank Asia Limited	132,236,940	24,430,175	132,236,940	24,430,175
Shahjalal Islami Bank Ltd.	40,625	79,300	40,625	79,300
Social Islami Investment Bank Ltd.	3,196,400	-	3,196,400	-
Phonix Finance & Investment Ltd.	1,635,600	-	1,635,600	-
Power Grid of Bangladesh Ltd.	57,740,760	1,421,244	57,740,760	1,421,244
Beximco Pharma Limited	2,246	4,810,100	2,246	4,810,100
Summit Power	73,908,439	45,385,395	73,908,439	45,385,395
Titas Gas	19,631,040	89,910	19,631,040	89,910
RAK Ceramics	10,114	20,249	10,114	20,249
Aramit Cement Ltd.	3,270,400	-	3,270,400	-
ACI	9,152,380	16,506,180	9,152,380	16,506,180
DESCO	1,772,870	-	1,772,870	-
MJBD	4,617,378	-	4,617,378	-
Bay Leasing	67,085,700	-	67,085,700	-
National Housing Finance And Investments Ltd.	242,034,870	305,307,516	242,034,870	305,307,516
Lafarge Surma Cement Mills Limited	266,000	30,076,063	266,000	30,076,063
BSRM Steel Mills Ltd.	166,714,150	-	166,714,150	-
	<b>7,259,281,296</b>	<b>7,773,627,276</b>	<b>7,259,281,296</b>	<b>7,773,627,276</b>
Investment made by Subsidiary	153,911,937	-	-	-
	<b>7,413,193,233</b>	<b>7,773,627,276</b>	<b>7,259,281,296</b>	<b>7,773,627,276</b>
Un-quoted				
Karma Sangsthan Bank	20,000,000	20,000,000	20,000,000	20,000,000
Gulf Overseas Exchange LLC, Oman	26,558,375	22,931,963	26,558,375	22,931,963
Central Depository (Bangladesh) Limited	6,277,770	17,666,620	6,277,770	17,666,620
Industrial & Infrastructure Development Fin. Co.Ltd	24,145,700	13,800,000	24,145,700	13,800,000
Society for Worldwide Inter Bank Financial Transactions (SWIFT)	4,350,995	3,855,813	4,350,995	3,855,813
NBL Securities Limited	-	999,900,000	999,950,000	999,900,000
NBL Capital & Equity Management Limited	-	99,990,000	99,950,000	99,990,000
Chittagong Stock Exchange Limited	-	145,000,000	-	145,000,000
NBL Money TRN SDN BHD Malaysia	-	-	25,739,900	22,929,700
NBL Money Transfer Pte.Ltd.	-	-	18,871,710	16,425,420
NBL Money Transfer (Maldives) PVT. Limited	16,370,580	-	16,370,580	-
Dun & Broadstreet Rating Agency BD. Ltd	4,165,900	4,165,900	4,165,900	4,165,900
Lanka Bangla Securities	4,998,049	5,000,000	4,998,049	5,000,000
MJL BD Limited	-	6,125,261	-	6,125,261
MSF Asset Management	2,000,000	-	2,000,000	-
Membership with DSE & CSE	650,000,000	-	-	-
Summit Power	-	1,988,700	-	1,988,700
Information Technology Consultants Limited	24,500,000	24,500,000	24,500,000	24,500,000
	<b>783,367,369</b>	<b>1,364,924,257</b>	<b>1,277,878,979</b>	<b>1,404,279,377</b>
	<b>8,196,560,602</b>	<b>9,138,551,533</b>	<b>8,537,160,275</b>	<b>9,177,906,653</b>



## Notes to the Financial Statements

For the year ended December 31, 2011

	Group		Bank	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka
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 been shown as Revaluation Reserve under Equity.				
<b>7.4.1 Sectorwise Investment in quoted shares</b>			<b>Market value</b>	<b>Total Cost</b>
Banking companies			6,532,287,901	5,969,976,167
Non-Banking Financial Institutions			310,756,170	134,351,684
Insurance companies			79,151,448	113,508,850
Fuel & Power			157,670,487	199,249,240
Manufacturing and other companies			179,415,290	228,406,383
			<b>7,259,281,296</b>	<b>6,645,492,324</b>
<b>7.5 Fixed capital investment in Myanmar</b>				
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.				
<b>7.6 Maturity grouping of investments</b>				
On demand	-	2,650,520,011	-	2,650,520,011
Up to 1 month	611,171,808	-	611,171,808	-
Over 1 month but not more than 3 months	1,219,880,216	2,735,246,515	1,219,880,216	2,735,246,515
Over 3 months but not more than 1 year	5,449,444,918	5,440,150,566	5,449,444,918	5,440,150,566
Over 1 year but not more than 5 years	7,072,571,460	5,413,666,159	7,072,571,460	5,413,666,159
Over 5 years	15,640,966,657	8,714,389,376	15,981,566,330	8,753,744,496
	<b>29,994,035,059</b>	<b>24,953,972,627</b>	<b>30,334,634,732</b>	<b>24,993,327,747</b>
<b>8 Loans and advances</b>				
<b>a) Loans, cash credits, overdrafts etc.</b>				
<b>Inside Bangladesh</b>				
Secured overdraft	19,294,944,345	9,640,891,331	19,294,944,345	9,640,891,331
Cash credit	28,410,277,045	23,905,745,538	28,410,277,045	23,905,745,538
Loans (General)	28,454,078,765	21,084,186,884	28,454,078,765	21,084,186,884
House building loans	4,665,715,976	3,840,396,406	4,665,715,976	3,840,396,406
Lease finance	298,721,063	406,988,471	298,721,063	406,988,471
Loans against trust receipts	17,810,015,507	17,627,435,075	17,810,015,507	17,627,435,075
Payment against documents	787,346,556	852,805,059	787,346,556	852,805,059
Consumer credit scheme	5,112,288	22,833,464	5,112,288	22,833,464
Credit card	601,296,210	411,978,533	601,296,210	411,978,533
Margin Loan	5,334,134,687	4,660,000,000	4,660,000,000	4,660,000,000
Other loans and advances	5,057,521,549	3,567,606,675	5,057,521,549	3,567,606,675
	<b>110,719,163,991</b>	<b>86,020,867,436</b>	<b>110,045,029,304</b>	<b>86,020,867,436</b>
<b>Outside Bangladesh</b>				
	<b>110,719,163,991</b>	<b>86,020,867,436</b>	<b>110,045,029,304</b>	<b>86,020,867,436</b>
<b>b) Bills purchased and discounted</b>				
<b>Inside Bangladesh</b>				
Local bills purchased and discounted	4,856,031,328	4,795,723,449	4,856,031,328	4,795,723,449
Foreign bills /documents purchased and discounted	487,829,838	1,186,973,217	487,829,838	1,186,973,217
	<b>5,343,861,166</b>	<b>5,982,696,666</b>	<b>5,343,861,166</b>	<b>5,982,696,666</b>
<b>Outside Bangladesh</b>				
	<b>5,343,861,166</b>	<b>5,982,696,666</b>	<b>5,343,861,166</b>	<b>5,982,696,666</b>
	<b>116,063,025,157</b>	<b>92,003,564,102</b>	<b>115,388,890,470</b>	<b>92,003,564,102</b>



## Notes to the Financial Statements

For the year ended December 31, 2011

8.1 Maturity grouping of loans and advances including bills purchased & discounted Repayable	Group		Bank	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
On demand	5,769,444,524	1,708,591,842	5,769,444,524	1,708,591,842
Within 1 month	8,077,222,333	2,123,358,230	8,077,222,333	2,123,358,230
More than 1 month but not more than 3 months	9,231,111,238	9,296,059,752	9,231,111,238	9,296,059,752
More than 3 months but not more than 1 year	34,616,667,141	30,316,017,237	34,616,667,141	30,316,017,237
More than 1 year but not more than 5 years	39,232,222,760	37,235,046,510	39,232,222,760	37,235,046,510
More than 5 years	19,136,357,161	11,324,490,531	18,462,222,474	11,324,490,531
	<b>116,063,025,157</b>	<b>92,003,564,102</b>	<b>115,388,890,470</b>	<b>92,003,564,102</b>
<b>8.2 Loans and advances including bills purchased and discounted classified into In Bangladesh</b>				
Loans	63,013,942,601	52,474,230,567	62,339,807,914	52,474,230,567
Cash credit	28,410,277,045	23,905,745,538	28,410,277,045	23,905,745,538
Overdraft	19,294,944,345	9,640,891,331	19,294,944,345	9,640,891,331
	<b>110,719,163,991</b>	<b>86,020,867,436</b>	<b>110,045,029,304</b>	<b>86,020,867,436</b>
Bills Purchased and discounted	5,343,861,166	5,982,696,666	5,343,861,166	5,982,696,666
	<b>116,063,025,157</b>	<b>92,003,564,102</b>	<b>115,388,890,470</b>	<b>92,003,564,102</b>
<b>Outside Bangladesh</b>				
	<b>116,063,025,157</b>	<b>92,003,564,102</b>	<b>115,388,890,470</b>	<b>92,003,564,102</b>
<b>8.3 Loans and advances on the basis of significant concentration</b>				
<b>8.3.1 Loans and advances to directors , executives and others</b>				
Advances to directors and their allied concerns	153,360,000	70,889,975	153,360,000	70,889,975
Advances to CEO , senior executives and other staffs	734,506,000	518,968,571	734,506,000	518,968,571
Advances to customers (Group wise)	24,052,177,750	14,929,942,176	24,052,177,750	14,929,942,176
Industrial advances	28,924,577,108	21,686,481,048	28,924,577,108	21,686,481,048
Other customers	62,198,404,299	54,797,282,332	61,524,269,612	54,797,282,332
	<b>116,063,025,157</b>	<b>92,003,564,102</b>	<b>115,388,890,470</b>	<b>92,003,564,102</b>
<b>8.3.2 Loans and advances allowed to each customer exceeding 10% of Bank's total capital</b>				
Total loans and advances (Funded & non- funded)*			8,834,500,000	10,357,600,000
No. of customers			3	5
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. 249.05 crore being 10% of total capital of Tk. 2,490.50 crore) as at December 31, 2011. (For details, Annexure - C may kindly be seen)				
<b>8.3.3 Industry-wise concentration of loans and advances (Including bills purchased and discounted)</b>				
Agriculture	1,102,250,000	984,014,114	1,102,250,000	984,014,114
Term loan to small cottage industries	552,652,599	258,137,167	552,652,599	258,137,167
Term loan to large & medium industries	16,205,623,886	13,897,120,455	16,205,623,886	13,897,120,455
Working capital to industry	14,260,072,375	9,154,107,235	14,260,072,375	9,154,107,235
Export credit	6,925,475,677	5,058,595,847	6,925,475,677	5,058,595,847
Trade finance	35,644,150,191	35,346,405,688	35,644,150,191	35,346,405,688
Consumer credit	5,112,288	22,833,464	5,112,288	22,833,464
Credit card	601,296,210	411,978,533	601,296,210	411,978,533
Others	40,766,391,931	26,870,371,599	40,092,257,244	26,870,371,599
	<b>116,063,025,157</b>	<b>92,003,564,102</b>	<b>115,388,890,470</b>	<b>92,003,564,102</b>



## Notes to the Financial Statements

For the year ended December 31, 2011

8.3.4 Geographical location-wise concentration of Loans and advances	Group		Bank	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
<b>Inside Bangladesh</b>				
Dhaka Division	68,423,083,492	53,864,369,659	67,748,948,805	53,864,369,659
Chittagong Division	32,538,065,655	25,254,580,207	32,538,065,655	25,254,580,207
Khulna Division	4,996,320,255	4,808,123,562	4,996,320,255	4,808,123,562
Sylhet Division	1,438,990,268	1,326,937,812	1,438,990,268	1,326,937,812
Rajshahi Division	8,666,565,487	6,749,552,862	8,666,565,487	6,749,552,862
<b>116,063,025,157</b>	<b>92,003,564,102</b>		<b>115,388,890,470</b>	<b>92,003,564,102</b>
<b>Outside Bangladesh</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>116,063,025,157</b>	<b>92,003,564,102</b>	<b>115,388,890,470</b>	<b>92,003,564,102</b>
<b>8.4 Classified, unclassified, doubtful and bad loans &amp; advances</b>				
<b>Unclassified</b>				
Standard	112,116,664,157	87,680,287,102	111,442,529,470	87,680,287,102
Special Mention Accounts	681,410,000	680,706,000	681,410,000	680,706,000
	<b>112,798,074,157</b>	<b>88,360,993,102</b>	<b>112,123,939,470</b>	<b>88,360,993,102</b>
<b>Classified</b>				
Sub-standard	190,216,000	521,019,000	190,216,000	521,019,000
Doubtful	86,220,000	174,979,000	86,220,000	174,979,000
Bad/Loss	2,988,515,000	2,946,573,000	2,988,515,000	2,946,573,000
	<b>3,264,951,000</b>	<b>3,642,571,000</b>	<b>3,264,951,000</b>	<b>3,642,571,000</b>
	<b>116,063,025,157</b>	<b>92,003,564,102</b>	<b>115,388,890,470</b>	<b>92,003,564,102</b>
<b>8.5 Particulars of loans and advances</b>				
i) Debts considered good in respect of which the bank is fully secured.	92,666,154,798	75,587,956,761	91,992,020,111	75,587,956,761
ii) Debts considered good for which the bank holds no other security than the debtor's personal guarantee.	8,410,160,203	4,073,768,057	8,410,160,203	4,073,768,057
iii) Debts considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors.	14,986,710,156	12,341,839,284	14,986,710,156	12,341,839,284
iv) Debts adversely classified no provision is created there against.	-	-	-	-
	<b>116,063,025,157</b>	<b>92,003,564,102</b>	<b>115,388,890,470</b>	<b>92,003,564,102</b>
v) Debts due by directors or officers of the bank or any of them either jointly or severally with any other persons.	887,866,000	589,858,546	887,866,000	589,858,546
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.	153,360,000	70,889,975	153,360,000	70,889,975
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 separately or jointly with any other persons.	887,866,000	589,858,546	887,866,000	589,858,546



## Notes to the Financial Statements

For the year ended December 31, 2011

- 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.

- ix) Due from banking companies

- x) Information in respect of classified loans and advances

- a) Classified loans for which interest not credited to income

- b) Provision kept against classified loans and advances (Note- 13.2a)

- c) Interest credited to interest suspense account (**Note 13.3**)

- xi) Cumulative amount of written off loans

Opening Balance

Amount written off during the year

Prior year adjustment

Amount recovered /provision

realeased during the year against written off loans

Waiver from reserve, suspense etc.

Balance of written off loans and advances yet to be recovered

The amount of classified and written off loans for which law suits have been filed

### 8.6 Bills purchased & discounted

(On the basis of the residual maturity grouping)

#### Payable

Within 1 month

Over 1 month but less than 3 months

Over 3 months but less than 6 months

Over 6 months

### 9. Fixed assets including land, buildings, furniture and fixtures

#### Cost/ Revaluation

Land

Building

Furniture and fixtures

General equipment

Computer equipment

Vehicles

Vehicles (Leased)

Books

**Less:** Accumulated depreciation

**Net book value at the end of the year**

Subsidiary companies balance

(For details Annexure - A may kindly be seen)

	Group		Bank	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka
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 .	153,360,000	70,889,975	153,360,000	70,889,975
ix) Due from banking companies	-	-	-	-
x) Information in respect of classified loans and advances				
a) Classified loans for which interest not credited to income	3,264,951,000	3,642,571,000	3,264,951,000	3,642,571,000
b) Provision kept against classified loans and advances (Note- 13.2a)	1,166,789,673	1,086,081,272	1,166,789,673	1,086,081,272
c) Interest credited to interest suspense account ( <b>Note 13.3</b> )	574,576,556	429,833,466	574,576,556	429,833,466
xi) Cumulative amount of written off loans				
Opening Balance	10,999,463,000	9,538,226,000	10,999,463,000	9,538,226,000
Amount written off during the year	53,481,000	1,809,112,000	53,481,000	1,809,112,000
Prior year adjustment	-	-	-	-
Amount recovered /provision realeased during the year against written off loans	(111,988,000)	(268,010,000)	(111,988,000)	(268,010,000)
Waiver from reserve, suspense etc.	(212,181,000)	(79,865,000)	(212,181,000)	(79,865,000)
Balance of written off loans and advances yet to be recovered	10,728,775,000	10,999,463,000	10,728,775,000	10,999,463,000
The amount of classified and written off loans for which law suits have been filed	16,641,290,000	13,951,214,000	16,641,290,000	13,951,214,000
8.6 Bills purchased & discounted (On the basis of the residual maturity grouping)				
Payable				
Within 1 month	890,643,528	997,116,111	890,643,528	997,116,111
Over 1 month but less than 3 months	1,781,287,055	1,994,232,222	1,781,287,055	1,994,232,222
Over 3 months but less than 6 months	2,671,930,583	2,991,348,333	2,671,930,583	2,991,348,333
Over 6 months	-	-	-	-
	5,343,861,166	5,982,696,666	5,343,861,166	5,982,696,666
9. Fixed assets including land, buildings, furniture and fixtures				
Cost/ Revaluation				
Land	570,432,144	1,118,402,171	570,432,144	1,118,402,171
Building	740,977,120	534,097,648	740,977,120	534,097,648
Furniture and fixtures	520,310,352	447,525,691	520,310,352	447,525,691
General equipment	536,085,774	436,387,246	536,085,774	436,387,246
Computer equipment	467,138,071	395,894,312	467,138,071	395,894,312
Vehicles	166,891,094	154,332,495	166,891,094	154,332,495
Vehicles (Leased)	33,059,000	-	33,059,000	-
Books	1,380,375	1,014,962	1,380,375	1,014,962
	3,036,273,930	3,087,654,525	3,036,273,930	3,087,654,525
<b>Less:</b> Accumulated depreciation	1,080,980,526	862,906,828	1,080,980,526	862,906,828
<b>Net book value at the end of the year</b>	<b>1,955,293,404</b>	<b>2,224,747,697</b>	<b>1,955,293,404</b>	<b>2,224,747,697</b>
Subsidiary companies balance	21,890,118	14,099,564	-	-
	1,977,183,522	2,238,847,261	1,955,293,404	2,224,747,697



# Notes to the Financial Statements

For the year ended December 31, 2011

10	Other assets	Group		Bank	
		Notes	2011	2010	2011
			Taka	Taka	Taka
10.1	Income generating	10.1	-	-	-
	Non- income generating	10.2	4,137,362,893	2,973,141,798	5,126,111,060
			<b>4,137,362,893</b>	<b>2,973,141,798</b>	<b>5,126,111,060</b>
<b>10.1.1</b>	<b>Income generating</b>				
<b>10.1.2</b>	<b>Non- income generating</b>				
Stock of stationery			38,030,434	38,903,956	38,030,434
Stamps on hand			1,517,250	1,233,511	1,517,250
Suspense account	10.3		206,355,976	417,311,702	207,855,976
Advance deposits			4,517,023	4,195,051	4,517,023
Interest and other receivables			2,462,634,394	727,549,318	3,482,407,199
Sundry assets	10.4		268,012,936	193,561,532	245,572,936
Demand draft paid without advice			6,088,234	10,522,885	6,088,234
Bill purchased account - credit card			205,190,047	62,571,702	205,190,047
Inter branch adjustment account (Net)	10.5		449,470,886	1,375,978,443	449,470,886
Payment made against claim made by EBL for guarantee issued by BCCI			13,683,225	13,683,225	13,683,225
Advance against cash assistance			1,657,000	-	1,657,000
Advance against branches *			1,549,600	1,042,349	1,549,600
Advance against NBL Towers			220,462,610	-	220,462,610
Advance against fixed assets			242,006,334	124,169,826	242,006,334
Others			16,186,944	2,418,298	6,102,306
			<b>4,137,362,893</b>	<b>2,973,141,798</b>	<b>5,126,111,060</b>
					<b>2,970,828,673</b>
<b>10.3</b>	<b>Suspense account</b>				
Sundry debtors			102,159,714	238,033,764	103,659,714
Advance against TA/DA			2,284,840	124,120	2,284,840
Advance against postage			7,240	16,379	7,240
Encashment of PSP/ BSP			35,213,840	64,916,079	35,213,840
Encashment of WEDB			66,262,180	113,279,541	66,262,180
Demand draft cancelled			95,000	504,175	95,000
Advance against security printing			333,162	437,644	333,162
			<b>206,355,976</b>	<b>417,311,702</b>	<b>207,855,976</b>
<b>10.4</b>	<b>Sundry assets</b>				
Advance rent			233,121,249	179,933,019	210,681,249
Clearing adjustment account			2,832,453	1,635,328	2,832,453
Security paper			364,256	543,489	364,256
Protested bill			12,900,000	11,200,000	12,900,000
Fractional stock dividend			940	3,488	940
Unexpired insurance premium			18,794,038	246,208	18,794,038
			<b>268,012,936</b>	<b>193,561,532</b>	<b>245,572,936</b>
<b>10.5</b>	<b>Inter branch adjustment account</b>				
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.					
<b>11.</b>	<b>Borrowings from other banks, financial institutions and agents</b>				
In Bangladesh	11.1		5,586,569,308	4,101,795,198	5,586,569,308
Outside Bangladesh	11.2		252,278,798	-	252,278,798
			<b>5,838,848,106</b>	<b>4,101,795,198</b>	<b>5,838,848,106</b>
					<b>4,101,795,198</b>



## Notes to the Financial Statements

For the year ended December 31, 2011

	Group		Bank	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
<b>11.1 In Bangladesh</b>				
Export Development Fund (EDF)	3,024,635,013	1,889,893,526	3,024,635,013	1,889,893,526
Agricultural Credit on Special Program	120,816,895	89,410,672	120,816,895	89,410,672
Bangladesh Bank	491,117,400	2,122,491,000	491,117,400	2,122,491,000
BASIC Bank Limited	100,000,000	-	100,000,000	-
Citibank NA	600,000,000	-	600,000,000	-
Janata Bank Limited	500,000,000	-	500,000,000	-
Pubali Bank Limited	150,000,000	-	150,000,000	-
State Bank of India	100,000,000	-	100,000,000	-
City Bank Limited	500,000,000	-	500,000,000	-
	<b>5,586,569,308</b>	<b>4,101,795,198</b>	<b>5,586,569,308</b>	<b>4,101,795,198</b>
<b>11.2 Outside Bangladesh, Sonali Bank Ltd., London</b>	<b>252,278,798</b>	<b>-</b>	<b>252,278,798</b>	<b>-</b>
<b>11.3 Security wise breakup of borrowings from other Banks, Financial Institutions and Agents</b>				
Secured borrowings	-	-	-	-
Unsecured borrowings	5,838,848,106	4,101,795,198	5,838,848,106	4,101,795,198
	<b>5,838,848,106</b>	<b>4,101,795,198</b>	<b>5,838,848,106</b>	<b>4,101,795,198</b>
<b>11.4 Maturity grouping of Borrowings</b>				
<b>Repayable</b>				
On demand	1,950,00,000	-	1,950,00,000	-
Within 1 month	606,094,885	683,632,533	606,094,885	683,632,533
Over 1 month but not more than 3 months	1,212,189,770	1,367,265,066	1,212,189,770	1,367,265,066
Over 3 months but not more than 1 year	2,070,563,451	2,050,897,599	2,070,563,451	2,050,897,599
Over 1 year but not more than 5 years	-	-	-	-
Over 5 years	-	-	-	-
	<b>5,838,848,106</b>	<b>4,101,795,198</b>	<b>5,838,848,106</b>	<b>4,101,795,198</b>
<b>12. Deposits and other accounts</b>				
Current deposits and other accounts	12.2	16,034,778,860	14,123,862,646	16,034,778,860
Bills payable	12.3	2,017,615,472	2,133,029,898	2,017,615,472
Saving deposits		21,930,644,902	19,289,901,104	21,930,644,902
Fixed deposits		58,519,629,848	43,807,659,277	58,519,629,848
Term deposits	12.4	28,972,485,661	23,101,555,044	29,713,300,258
Bearer certificate of deposits		-	15,825,000	-
		<b>127,475,154,743</b>	<b>102,471,832,969</b>	<b>128,215,969,340</b>
				<b>102,471,832,969</b>

The Bank management advised to various branches to take necessary steps for depositing the amount of unclaimed deposits (as reported to head office) of Tk .909,275.03 through head office after following the Bangladesh Bank guideline. During the year we have deposited amounting Tk.1,499,972.33 to Bangladesh Bank.



## Notes to the Financial Statements

For the year ended December 31, 2011

		Group		Bank	
		2011		2010	
		Taka	Taka	Taka	Taka
<b>12.1 Deposits from banks (Inside Bangladesh)</b>	12.5	2,176,826,228	1,419,758,097	2,176,826,228	1,419,758,097
Other than banks		125,298,328,515	101,052,074,872	126,039,143,112	101,052,074,872
		<b>127,475,154,743</b>	<b>102,471,832,969</b>	<b>128,215,969,340</b>	<b>102,471,832,969</b>
<b>12.2 Current deposits and other accounts</b>					
Current deposits		8,793,293,933	8,569,836,674	8,793,293,933	8,569,836,674
Foreign currency deposits		643,404,553	196,710,767	643,404,553	196,710,767
Exchange Company Taka Account		547,614,263	416,230,194	547,614,263	416,230,194
Exporters' Foreign Currencies Account		245,818,227	94,979,286	245,818,227	94,979,286
Sundry deposits		5,804,647,884	4,846,105,725	5,804,647,884	4,846,105,725
		<b>16,034,778,860</b>	<b>14,123,862,646</b>	<b>16,034,778,860</b>	<b>14,123,862,646</b>
<b>12.3 Bills payable</b>					
Payment order		1,800,046,711	1,773,000,950	1,800,046,711	1,773,000,950
Demand draft		217,568,761	360,028,948	217,568,761	360,028,948
Others		-	-	-	-
		<b>2,017,615,472</b>	<b>2,133,029,898</b>	<b>2,017,615,472</b>	<b>2,133,029,898</b>
<b>12.4 Term deposits</b>					
Short notice deposits		8,633,456,743	10,374,550,097	9,374,271,340	10,374,550,097
Non Resident foreign currency deposits		59,279,004	46,272,018	59,279,004	46,272,018
Resident foreign currency deposits		157,448,598	132,548,144	157,448,598	132,548,144
Non Resident Investment Taka A/c		185,599	-	185,599	-
Monthly saving scheme		13,979,712,428	11,733,288,600	13,979,712,428	11,733,288,600
Special deposit scheme		6,142,403,289	814,896,185	6,142,403,289	814,896,185
		<b>28,972,485,661</b>	<b>23,101,555,044</b>	<b>29,713,300,258</b>	<b>23,101,555,044</b>
<b>12.5 Deposits from banks (Inside Bangladesh)</b>					
<b>In current account</b>					
Al-Arafah Islami Bank Limited		655,965	2,900,343	655,965	2,900,343
Bangladesh Commerce Bank Limited		46,543	47,693	46,543	47,693
Bangladesh Krishi Bank Limited		653,977	123,180	653,977	123,180
Dutch Bangla Bank Limited		-	23,750	-	23,750
Eastern Bank Limited		516,556	19,615,188	516,556	19,615,188
EXIM Bank Limited		22,496,334	3,110	22,496,334	3,110
HSBC Limited		10,085,104	10,068,631	10,085,104	10,068,631
Islami Bank Bangladesh Limited		153,428,031	74,728,920	153,428,031	74,728,920
Jamuna Bank Limited		15,316,933	40,710,062	15,316,933	40,710,062
Mercantile Bank Limited		39,655	55,630	39,655	55,630
Prime Bank Limited		16,458	8,016,458	16,458	8,016,458
Rajshahi Krishi Unnayan Bank		859,115	-	859,115	-
Shahjalal Islami Bank Limited		-	10,032,174	-	10,032,174
Southeast Bank Limited		2,105,162	2,215,742	2,105,162	2,215,742
ICB Islamic Bank Limited		285,036	286,306	285,036	286,306
		<b>206,504,869</b>	<b>168,827,187</b>	<b>206,504,869</b>	<b>168,827,187</b>



## Notes to the Financial Statements

For the year ended December 31, 2011

	Group		Bank	
	2011		2010	
	Taka	Taka	Taka	Taka
<b><i>In short notice deposits accounts</i></b>				
Bank Asia Limited	9,013,874	43,031,575	9,013,874	43,031,575
BRAC Bank Limited	226,015	3,551,966	226,015	3,551,966
Dhaka Bank Limited	252,162	5,809,612	252,162	5,809,612
Dutch-Bangla Bank Limited	87,484,604	36,496,217	87,484,604	36,496,217
Eastern Bank Limited	458,648	444,116	458,648	444,116
EXIM Bank Limited	21,457,624	34,419,546	21,457,624	34,419,546
First Security Islami Bank Limited	-	47,989	-	47,989
Jamuna Bank Limited	640,602	2,811,087	640,602	2,811,087
Janata Bank Limited	34,425	-	34,425	-
Mercantile Bank Limited	7,621,642	17,924,332	7,621,642	17,924,332
Prime Bank Limited	21,142,006	2,262,280	21,142,006	2,262,280
Pubali Bank Limited	321,832	-	321,832	-
Standard Bank Limited	4,557	5,518	4,557	5,518
Rajshahi Krishi Unnayan Bank	510,475,612	41,909,263	510,475,612	41,909,263
Standard Chartered Bank	3,142,452	3,116,308	3,142,452	3,116,308
Shahjalal Islami Bank Limited	26,254	-	26,254	-
Rupali Bank Limited	-	312,070	-	312,070
The Premier Bank Limited	151,476	147,653	151,476	147,653
	<b>662,453,785</b>	<b>192,289,532</b>	<b>662,453,785</b>	<b>192,289,532</b>
<b><i>Term deposits accounts</i></b>				
Rajshahi Krishi Unnayan Bank	247,867,574	208,641,378	247,867,574	208,641,378
Trust Bank Limited	500,000,000	-	500,000,000	-
Mutual Trust Bank Limited	-	400,000,000	-	400,000,000
IFIC Bank Limited	-	200,000,000	-	200,000,000
HSBC Limited	240,000,000	250,000,000	240,000,000	250,000,000
Bangladesh Development Bank Ltd.	20,000,000	-	20,000,000	-
United Commercial Bank Ltd.	300,000,000	-	300,000,000	-
	<b>1,307,867,574</b>	<b>1,058,641,378</b>	<b>1,307,867,574</b>	<b>1,058,641,378</b>
	<b>2,176,826,228</b>	<b>1,419,758,097</b>	<b>2,176,826,228</b>	<b>1,419,758,097</b>
<b>12.6 Residual maturity grouping of deposits</b>				
<b>From Banks</b>				
<b>Repayable</b>				
On demand	206,504,869	168,827,187	206,504,869	168,827,187
Within 1 month	1,307,867,574	1,058,641,378	1,307,867,574	1,058,641,378
Over 1 month but within 6 months	662,453,785	192,289,532	662,453,785	192,289,532
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
Over 5 years but within 10 years	-	-	-	-
	<b>2,176,826,228</b>	<b>1,419,758,097</b>	<b>2,176,826,228</b>	<b>1,419,758,097</b>
<b>From others</b>				
<b>Repayable</b>				
On demand	9,006,624,852	8,497,960,957	8,822,740,018	8,607,192,219
Within 1 month	7,705,422,033	7,276,179,603	21,426,654,329	7,276,179,603
Over 1 month but within 6 months	22,969,916,668	20,888,170,673	37,811,742,934	20,888,170,673
Over 6 months but within 1 year	21,532,177,812	17,820,819,578	35,290,960,071	17,820,819,578
Over 1 year but within 5 years	52,145,831,587	36,540,048,751	12,603,914,311	36,430,817,489
Over 5 years but within 10 years	11,938,355,563	10,028,895,310	10,083,131,449	10,028,895,310
	<b>125,298,328,515</b>	<b>101,052,074,872</b>	<b>126,039,143,112</b>	<b>101,052,074,872</b>
	<b>127,475,154,743</b>	<b>102,471,832,969</b>	<b>128,215,969,340</b>	<b>102,471,832,969</b>



## Notes to the Financial Statements

For the year ended December 31, 2011

Notes	Group		Bank	
	2011		2010	
	Taka	Taka	Taka	Taka
<b>13. Other liabilities</b>				
Un-paid dividend	10,009,092	10,009,092	10,009,092	10,009,092
Provision for bonus	197,926,899	168,350,361	197,926,899	168,350,361
Tax liability	2,923,483,454	1,371,586,894	2,924,361,131	1,370,508,599
Provision for loans and advances (Incl Off-B/S items)	2,878,081,862	2,547,362,834	2,878,081,862	2,547,362,834
Interest suspense account	574,576,556	429,833,466	574,576,556	429,833,466
Provision for other classified assets	173,051,342	38,566,450	40,266,450	38,566,450
Provision for gratuity	45,000,000	45,000,000	45,000,000	45,000,000
Deferred Tax Liabilities/(Assets)	26,255,772	20,331,817	26,573,446	20,331,817
ATM card holders' accounts	35,500	35,500	35,500	35,500
Foreign currencies adjustment account	1,892,094,143	428,294,412	1,892,094,143	428,294,412
Bills payable account MPS (CCD)	23,261,981	21,121,163	23,261,981	21,121,163
Adjusting account credit	2,199,818,469	1,290,279,597	2,199,818,469	1,290,279,597
Provision for LFA	73,682,807	130,000,000	73,682,807	130,000,000
Obligation under finance lease	30,383,281	-	30,383,281	-
Clearing adjusting account	343,282	2,814,457	343,282	2,814,457
Others	130,824,176	52,524,340	43,583,438	50,576,991
	<b>11,178,828,616</b>	<b>6,556,110,383</b>	<b>10,959,998,337</b>	<b>6,553,084,739</b>
<b>13.1 Tax liability</b>				
<b>Provision for tax</b>				
Opening balance	4,470,295,022	3,396,416,727	4,470,295,022	3,396,416,727
Adjustment made during the year	(22,205,698)	(846,121,705)	(22,205,698)	(846,121,705)
Provision made during the year	3,329,963,845	1,921,070,852	3,300,000,000	1,920,000,000
	<b>7,778,053,169</b>	<b>4,470,295,022</b>	<b>7,748,089,324</b>	<b>4,470,295,022</b>
<b>Advance income tax</b>				
Opening balance	3,099,786,423	2,570,868,357	3,099,786,423	2,570,868,357
Adjustment made during the year	-	(846,121,705)	-	(846,121,705)
Paid during the year	1,754,783,292	1,375,032,328	1,723,941,770	1,375,039,771
	<b>4,854,569,715</b>	<b>3,099,778,980</b>	<b>4,823,728,193</b>	<b>3,099,786,423</b>
	<b>2,923,483,454</b>	<b>1,371,586,894</b>	<b>2,924,361,131</b>	<b>1,370,508,599</b>

### 13.1.1 Status of pending Assessments

All the assessments of the Bank have been completed and necessary provisions 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, assessment for the assessment year 2002-2003 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 Honourable High Court against disallowances of capital gain on investments in Govt. securities and portion of charges on loan loss for the assessment year 2009-10. We also made appeal for the assessment year 2010-11 regarding imposition of tax on capital gain on shares @ 42.50% instead of 10% and imposition of tax on brokerage commission and disallowance of some expenses. Persuasion is continued by the Bank management to get such order to their favor. Adequate provisions for those assessment years have been made in the books of account. If any further provision is required will be made upon receipt of final assessment order.



## Notes to the Financial Statements

For the year ended December 31, 2011

	Group		Bank	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka
<b>13.2 Provision for loans and advances (including off B/S items)</b>				
<b>(a) Specific provision against loans &amp; advances</b>				
Opening balance	1,086,081,272	1,195,861,167	1,086,081,272	1,195,861,167
Fully provided debt written off during the year	-	(1,091,576)	-	(1,091,576)
Release of Provision	132,408,401	141,311,681	132,408,401	141,311,681
Transfer to provision for other classified asset	(1,700,000)	-	(1,700,000)	-
Transfer to general provision unclassified loans	-	(130,000,000)	-	(130,000,000)
Transfer to general provision off-B/S items	(50,000,000)	(120,000,000)	(50,000,000)	(120,000,000)
Provision made during the year	-	-	-	-
	<b>1,166,789,673</b>	<b>1,086,081,272</b>	<b>1,166,789,673</b>	<b>1,086,081,272</b>
<b>(b) General provision against unclassified loans &amp; advances-(Including provision for OBU)</b>				
Opening balance	1,070,771,514	689,400,000	1,070,771,514	689,400,000
Transferred from other provision	10,627	261,371,514	10,627	261,371,514
Transferred from specific provision	50,000,000	-	50,000,000	-
Provision made during the year	150,000,000	120,000,000	150,000,000	120,000,000
	<b>1,270,782,141</b>	<b>1,070,771,514</b>	<b>1,270,782,141</b>	<b>1,070,771,514</b>
<b>(c) General provision against Off Balance Sheet items-(Including provision for OBU)</b>				
Opening balance	390,510,048	270,510,048	390,510,048	270,510,048
Transferred from specific provision	-	120,000,000	-	120,000,000
Provision made during the year	50,000,000	-	50,000,000	-
	<b>440,510,048</b>	<b>390,510,048</b>	<b>440,510,048</b>	<b>390,510,048</b>
<b>Total (a) + (b) +(c)</b>	<b>2,878,081,862</b>	<b>2,547,362,834</b>	<b>2,878,081,862</b>	<b>2,547,362,834</b>
<b>13.3 Interest suspense account</b>				
Opening balance	429,833,466	445,502,722	429,833,466	445,502,722
Amount transferred during the year	445,845,007	912,340,685	445,845,007	912,340,685
Amount recovered and credited to income	(239,713,896)	(155,575,599)	(239,713,896)	(155,575,599)
Amount of Interest waived during the year	-	(6,619,958)	-	(6,619,958)
Amount written off against fully provided debts	(61,388,021)	(765,814,384)	(61,388,021)	(765,814,384)
	<b>574,576,556</b>	<b>429,833,466</b>	<b>574,576,556</b>	<b>429,833,466</b>
<b>13.4 Provision for other classified assets</b>				
<b>Provision for fall in market price of shares</b>				
Opening balance	-	-	-	-
Addition/adjustment during the year	-	-	-	-
<b>Provision for other classified assets</b>				
Opening balance	38,566,450	27,366,450	38,566,450	27,366,450
Transferred from specific provision	1,700,000	-	1700000	-
Provision made during the year	132,784,892	11,200,000	-	11,200,000
	<b>173,051,342</b>	<b>38,566,450</b>	<b>40,266,450</b>	<b>38,566,450</b>
<b>13.5 Provision for gratuity</b>	<b>173,051,342</b>	<b>38,566,450</b>	<b>40,266,450</b>	<b>38,566,450</b>
The Bank has made Gratuity provision of Tk. 4.50 crore for the year 2011. After making this provision, the accumulated fund balance stood at Tk. 40.01 crore on 31 December, 2011 including Tk. 31.78 crore accumulated balance upto 31 December, 2010. Bangladesh Bank vide its letter no. DBI-1/Private)/82/2007-2176 dated 27/12/2007 advised to provide gratuity. 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	45,000,000	35,000,000	45,000,000	35,000,000
Provision made during the year	45,000,000	45,000,000	45,000,000	45,000,000
	<b>90,000,000</b>	<b>80,000,000</b>	<b>90,000,000</b>	<b>80,000,000</b>
Amount transferred to fund account	(45,000,000)	(35,000,000)	(45,000,000)	(35,000,000)
	<b>45,000,000</b>	<b>45,000,000</b>	<b>45,000,000</b>	<b>45,000,000</b>



## Notes to the Financial Statements

For the year ended December 31, 2011

	Group		Bank	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka
<b>13.6 Deferred Tax (Assets)/Liabilities</b>				
<b>Deferred Tax Assets:</b>				
Opening Balance	31,687,632	28,978,435	31,687,632	28,978,435
Addition during the year	10,417,312	2,709,197	10,099,668	2,709,197
	<b>42,104,974</b>	<b>31,687,632</b>	<b>41,787,300</b>	<b>31,687,632</b>
Adjustment made during the year	-	-	-	-
Closing Balance	<b>42,104,974</b>	<b>31,687,632</b>	<b>41,787,300</b>	<b>31,687,632</b>
<b>Deferred Tax Liabilities</b>				
Opening Balance	52,019,449	20,254,015	52,019,449	20,254,015
Addition during the year	16,341,297	31,765,434	16,341,297	31,765,434
	<b>68,360,746</b>	<b>52,019,449</b>	<b>68,360,746</b>	<b>52,019,449</b>
Adjustment made during the year	-	-	-	-
Closing Balance	<b>68,360,746</b>	<b>52,019,449</b>	<b>68,360,746</b>	<b>52,019,449</b>
Net Deferred Tax (Assets)/Liabilities	<b>26,255,772</b>	<b>20,331,817</b>	<b>26,573,446</b>	<b>20,331,817</b>
<b>14 Share capital</b>				
<b>14.1 Authorized capital</b>				
1,750,000,000 ordinary shares of Tk. 10.00 each			<b>17,500,000,000</b>	<b>17,500,000,000</b>
			<b>17,500,000,000</b>	<b>17,500,000,000</b>
<b>14.2 Issued, subscribed and fully paid up capital</b>				
	No of Shares			
	2011	2010		
Issued for cash	23,730,000	23,730,000	237,300,000	237,300,000
Issued for other than cash (Bonus Share)	836,635,603	417,483,130	8,366,356,030	4,174,831,300
<b>Total</b>	<b>860,365,603</b>	<b>441,213,130</b>	<b>8,603,656,030</b>	<b>4,412,131,300</b>
<b>14.3 Shareholding pattern</b>				
	Description	No. of Shares	Taka	Percentage (%)
Sponsors & Directors	259,892,733	2,598,927,330	30.21	
Financial Institutions	86,792,134	867,921,340	10.09	
Foreign Investors	8,670,879	86,708,790	1.01	
Non- Resident Bangladeshi	128,088	1,280,880	0.01	
General Public	504,881,769	5,048,817,690	58.68	
	<b>860,365,603</b>	<b>8,603,656,030</b>	<b>100.00</b>	



## Notes to the Financial Statements

For the year ended December 31, 2011

### 14.4 Statement of slab list as on December 31, 2011

Group / Type	No. of Share Holder	No. of Shares	(%) of Share Holding
De-materialization	67,640	816,520,834	94.91
Materialization	4,734	43,844,769	5.09
	<b>72,374</b>	<b>860,365,603</b>	<b>100.00</b>

#### De-materialization

Range	No. of Share Holder	No. of Shares	(%) of Share Holding
Less than 500	32,598	6,242,267	0.73
500 - 5,000	30,542	46,077,231	5.24
5,001 - 10,000	2,184	16,049,953	1.87
10,001 - 20,000	1,055	15,250,261	1.77
20,001 - 30,000	369	9,054,560	1.05
30,001 - 40,000	207	7,278,666	0.85
40,001 - 50,000	96	4,367,247	0.51
50,001 - 1,00,000	244	17,536,202	2.04
1,00,001 - 10,00,000	234	73,048,545	8.49
10,00,001 - Above	111	622,615,902	72.36
<b>Total</b>	<b>67,640</b>	<b>816,520,834</b>	<b>94.91</b>

#### Materialization

Range	No. of Share Holder	No. of Shares	(%) of Share Holding
Less than 500	2,956	400,020	0.05
500 - 5,000	1,448	2,232,890	0.25
5,001 - 10,000	126	924,170	0.11
10,001 - 20,000	107	1,454,860	0.17
20,001 - 30,000	28	684,390	0.08
30,001 - 40,000	9	316,650	0.04
40,001 - 50,000	7	322,690	0.04
50,001 - 1,00,000	15	1,061,220	0.12
1,00,001 - 10,00,000	29	10,162,450	1.17
10,00,001 - Above	9	26,285,429	3.06
<b>Total</b>	<b>4,734</b>	<b>43,844,769</b>	<b>5.09</b>
<b>Grand Total</b>	<b>72,374</b>	<b>860,365,603</b>	<b>100.00</b>



## Notes to the Financial Statements

For the year ended December 31, 2011

14.5 Capital adequacy ratio	Notes	Group		Bank	
		2011 Taka	2010 Taka	2011 Taka	2010 Taka
<b>Tier - I (Core Capital)</b>					
Paid up capital		8,603,656,030	4,412,131,300	8,603,656,030	4,412,131,300
Statutory reserve		6,058,641,682	4,180,253,183	6,058,641,682	4,180,253,183
General reserve		497,723,327	497,723,327	497,723,327	497,723,327
Retained earnings as per profit and loss account		5,155,930,470	5,112,856,189	5,115,944,798	5,100,157,159
		<b>20,315,951,509</b>	<b>14,202,963,999</b>	<b>20,275,965,837</b>	<b>14,190,264,969</b>
<b>Tier - II (Supplementary Capital)</b>					
General provision against UC loan	13.2(b)	1,270,782,141	1,070,771,514	1,270,782,141	1,070,771,514
General provision against Off-B/S items	13.2(c)	440,510,048	390,510,048	440,510,048	390,510,048
Subordinated Bond		2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000
Other reserve (10% of equity reserve & 50% of other reserve)		377,784,725	1,026,545,267	377,784,725	1,026,545,267
		<b>4,589,076,914</b>	<b>4,987,826,829</b>	<b>4,589,076,914</b>	<b>4,987,826,829</b>
<b>A. Total capital</b>		<b>24,905,028,423</b>	<b>19,190,790,828</b>	<b>24,865,042,751</b>	<b>19,178,091,798</b>
<b>B. Total Risk Weighted Assets</b>		196,812,400,000	156,148,600,000		
<b>C. Required Capital based on Risk Weighted Assets (10% on B 9% in 2010 )</b>		19,681,240,000	14,053,374,000		
<b>D. Surplus/ (Deficiency) (A - C)</b>		<b>5,223,788,423</b>	<b>5,137,416,828</b>		
<b>Capital adequacy ratio</b>					
		<b>Required</b>		<b>Actual</b>	
On Core Capital		<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
		5.00%	4.50%	10.32%	9.10%
On Supplementary Capital		5.00%	4.50%	2.33%	3.19%
<b>On Total Capital</b>		<b>10.00%</b>	<b>9.00%</b>	<b>12.65%</b>	<b>12.29%</b>
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 solo basis.					
<b>15 Statutory reserve</b>					
Balance on 01 January		4,180,253,183	2,418,373,220	4,180,253,183	2,418,373,220
Transferred from profit during the year		1,878,388,499	1,761,879,963	1,878,388,499	1,761,879,963
Balance at 31 December		<b>6,058,641,682</b>	<b>4,180,253,183</b>	<b>6,058,641,682</b>	<b>4,180,253,183</b>
<b>16 General reserve</b>					
Balance on 01 January		497,723,327	497,723,327	497,723,327	497,723,327
Transferred to retained earnings for appropriation		-	-	-	-
Balance at 31 December		<b>497,723,327</b>	<b>497,723,327</b>	<b>497,723,327</b>	<b>497,723,327</b>
<b>17 Other reserve</b>					
<b>a. Revaluation reserve (Govt. Treasury Bill &amp; Bonds)</b>					
Balance on 01 January		584,901,157	836,402,617	584,901,157	836,402,617
Addition during the year		102,622,456	894,091,233	102,622,456	894,091,233
Adjustment during the year		(519,342,173)	(1,145,592,693)	(519,342,173)	(1,145,592,693)
Balance at 31 December		<b>168,181,440</b>	<b>584,901,157</b>	<b>168,181,440</b>	<b>584,901,157</b>
<b>b. Revaluation reserve (Foreign Investment)</b>					
Balance on 01 January		16,472,163	12,233,265	16,472,163	12,233,265
Addition during the year		10,233,744	4,238,898	10,233,744	4,238,898
Balance at 31 December		<b>26,705,907</b>	<b>16,472,163</b>	<b>26,705,907</b>	<b>16,472,163</b>
<b>c. Revaluation reserve of equity instruments</b>					
Balance on 01 January		3,577,804,774	-	3,577,804,774	-
Addition (Adjusted) during the year		(2,964,015,802)	3,577,804,774	(2,964,015,802)	3,577,804,774
Balance at 31 December		<b>613,788,972</b>	<b>3,577,804,774</b>	<b>613,788,972</b>	<b>3,577,804,774</b>



## Notes to the Financial Statements

For the year ended December 31, 2011

	Group		Bank	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
d. <b>Revaluation reserve (Property)</b>				
Balance on 01 January	736,156,260	738,206,260	736,156,260	738,206,260
Addition during the year	(298,231,951)	(2,050,000)	(298,231,951)	(2,050,000)
Balance at 31 December	<b>437,924,309</b>	<b>736,156,260</b>	<b>437,924,309</b>	<b>736,156,260</b>
	<b>1,246,600,628</b>	<b>4,915,334,354</b>	<b>1,246,600,628</b>	<b>4,915,334,354</b>
Revaluation of foreign investments has been made in 2011 as per <b>BAS -21 " Effect of changes in Foreign Exchange Rates"</b> 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.				
18. <b>Retained earnings</b>				
Balance on 1 January	5,112,856,189	1,568,771,362	5,100,157,159	1,567,288,545
Profit for the year	6,112,987,510	6,871,559,790	6,085,700,868	6,860,343,577
Bonus dividend distributed during the year	(4,191,524,730)	(1,565,595,000)	(4,191,524,730)	(1,565,595,000)
Transfer to statutory reserve	(1,878,388,499)	(1,761,879,963)	(1,878,388,499)	(1,761,879,963)
Transfer from general reserve for appropriation	-	-	-	-
Balance at 31 December	<b>5,155,930,470</b>	<b>5,112,856,189</b>	<b>5,115,944,798</b>	<b>5,100,157,159</b>
19. <b>Letters of guarantee</b>				
Directors	6,331,000	6,331,000	6,331,000	6,331,000
Government	1,867,656,639	1,359,554,281	1,867,656,639	1,359,554,281
Banks and other financial institutions	1,021,751,250	102,487,305	1,021,751,250	102,487,305
Others	3,804,970,305	4,174,454,750	3,804,970,305	4,174,454,750
	<b>6,700,709,194</b>	<b>5,642,827,336</b>	<b>6,700,709,194</b>	<b>5,642,827,336</b>
Margins	(388,102,655)	(300,371,161)	(388,102,655)	(300,371,161)
	<b>6,312,606,539</b>	<b>5,342,456,175</b>	<b>6,312,606,539</b>	<b>5,342,456,175</b>
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 decreed 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. <b>Interest income</b>				
Interest on advances	14,223,885,814	9,290,042,776	14,208,886,447	9,288,637,868
Interest on money at call and short notice	94,212,386	222,281,238	94,212,386	222,281,238
Interest on placement with other banks	151,804,132	99,011,675	129,579,671	100,416,583
Interest on foreign currency balances	2,068,263	4,800,648	2,068,263	4,800,648
	<b>14,471,970,595</b>	<b>9,616,136,337</b>	<b>14,434,746,767</b>	<b>9,616,136,337</b>
21. <b>Interest expenses</b>				
Interest on deposits	8,367,066,989	4,945,310,206	8,370,348,926	4,945,310,206
Interest on borrowings	612,573,491	382,331,642	612,436,756	382,331,642
Discount	206,038,972	148,503,223	206,038,972	148,503,223
Interest on REPO	-	-	-	-
	<b>9,185,679,452</b>	<b>5,476,145,071</b>	<b>9,188,824,654</b>	<b>5,476,145,071</b>



## Notes to the Financial Statements

For the year ended December 31, 2011

	Group		Bank	
	2011		2010	
	Taka	Taka	Taka	Taka
<b>22. Investment income</b>				
Dividend on shares				
Local	68,865,481	30,016,404	68,865,481	30,016,404
Overseas	5,226,459	19,651,136	5,226,459	19,651,136
	<b>74,091,940</b>	<b>49,667,540</b>	<b>74,091,940</b>	<b>49,667,540</b>
Interest on debentures	-	3,488,183	-	3,488,183
Interest on treasury bills and bonds	2,091,199,328	1,401,982,033	2,091,199,328	1,401,982,033
Interest on reverse REPO	-	175,824	-	175,824
Gain on Govt. Securities	945,688,116	556,415,612	945,688,116	556,415,612
Capital gain on sale of DSE Membership	-	487,250,000	-	487,250,000
Profit from sale of shares of listed company	219,897,002	3,616,406,755	209,069,565	3,616,406,755
Prize on prize bonds	170,626	28,000	170,626	28,000
	<b>3,331,047,012</b>	<b>6,115,413,947</b>	<b>3,320,219,575</b>	<b>6,115,413,947</b>
<b>23. Commission, exchange and brokerage</b>				
Commission	1,359,899,295	977,946,300	1,109,411,263	921,469,840
Exchange gain net off exchange losses	730,213,460	608,988,705	730,213,460	608,988,705
Brokerage	7,612,769	15,074,754	7,612,769	15,074,754
	<b>2,097,725,524</b>	<b>1,602,009,759</b>	<b>1,847,237,492</b>	<b>1,545,533,299</b>
<b>24. Other operating income</b>				
Rent				
Property	-	6,288,971	-	6,288,971
Locker	5,478,776	4,098,207	5,478,776	4,098,207
Godown	2,059,850	1,801,974	2,059,850	1,801,974
	<b>7,538,626</b>	<b>12,189,152</b>	<b>7,538,626</b>	<b>12,189,152</b>
Credit card and ATM	81,250,901	60,226,263	81,250,901	60,226,263
Confirmation charges	33,755,809	28,871,903	33,755,809	28,871,903
Gain from sales of assets	1,443,610,379	20,942,677	1,443,610,379	20,942,677
Income from Capital Market Services	497,709	7,828,143	497,709	7,828,143
Trading commission (Brokerage house)	33,145,392	519,477,061	33,145,392	519,477,061
Remittance income	63,068,040	85,413,159	63,199,823	85,413,159
Other receipts	691,588,747	500,129,799	667,269,160	499,131,767
	<b>2,354,455,603</b>	<b>1,235,078,157</b>	<b>2,330,267,799</b>	<b>1,234,080,125</b>
<b>25. Salary and allowances</b>				
Basic salary	793,898,596	685,135,394	752,687,456	665,106,791
Allowances	849,284,394	901,895,066	846,852,774	901,895,066
Bonus	296,910,317	264,436,800	296,910,317	264,436,800
Bank's contribution to provident fund	60,920,695	54,103,767	60,920,695	54,103,767
Gratuity				
Provision for the year	45,000,000	45,000,000	45,000,000	45,000,000
Paid during the year	31,700,200	68,192,200	31,700,200	68,192,200
	<b>76,700,200</b>	<b>113,192,200</b>	<b>76,700,200</b>	<b>113,192,200</b>
	<b>2,077,714,202</b>	<b>2,018,763,227</b>	<b>2,034,071,442</b>	<b>1,998,734,624</b>
<b>26. Directors' fees and other benefits</b>				
Fees	860,250	1,343,900	860,250	1,343,900
Other benefits				
Haltage , traveling and others	6,667,962	5,649,024	6,667,962	5,649,024
Refreshment	465,251	550,351	465,251	550,351
	<b>7,133,213</b>	<b>6,199,375</b>	<b>7,133,213</b>	<b>6,199,375</b>
	<b>7,993,463</b>	<b>7,543,275</b>	<b>7,993,463</b>	<b>7,543,275</b>

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 December 31, 2011

	Group		Bank	
	2011		2010	
	Taka	Taka	Taka	Taka
<b>27 Rent, taxes, insurance, electricity etc.</b>				
Rent, rates and taxes	200,194,252	153,672,129	176,931,336	147,703,495
Insurance	64,783,318	51,747,274	64,783,318	51,747,274
Electricity	52,371,821	46,534,276	52,371,821	46,583,553
	<b>317,349,391</b>	<b>251,953,679</b>	<b>294,086,475</b>	<b>246,034,322</b>
<b>28 Legal expenses</b>				
Law charges	13,430,067	41,638,974	13,430,067	41,638,974
Other professional charges	665,726	458,501	650,726	458,501
	<b>14,095,793</b>	<b>42,097,475</b>	<b>14,080,793</b>	<b>42,097,475</b>
<b>29 Audit fees</b>	<b>848,635</b>	<b>412,134</b>	<b>325,000</b>	<b>325,000</b>
<b>30 Postage, stamp and telecommunication</b>				
Telephone -office	18,102,175	13,212,442	15,749,667	13,212,442
Telegram, telex, fax and e-mail	28,702,800	22,505,678	28,702,800	21,745,874
Postage	12,353,278	10,123,281	12,353,278	10,127,859
Telephone - residence	813,934	916,514	813,934	1,212,681
	<b>59,972,187</b>	<b>46,757,915</b>	<b>57,619,679</b>	<b>46,298,856</b>
<b>31 Stationery, printing, advertisement, etc.</b>				
Printing and stationery	74,352,060	69,604,864	71,272,698	69,242,524
Publicity and advertisement	38,366,556	52,210,416	38,366,556	52,210,416
	<b>112,718,616</b>	<b>121,815,280</b>	<b>109,639,254</b>	<b>121,452,940</b>
<b>32 Managing Director's salary and allowances</b>				
Basic salary	5,400,000	4,652,419	5,400,000	4,652,419
Allowance	4,200,000	2,922,957	4,200,000	2,922,957
Bonus	900,000	900,000	900,000	900,000
Bank's contribution to provident fund	540,000	427,500	540,000	427,500
	<b>11,040,000</b>	<b>8,902,876</b>	<b>11,040,000</b>	<b>8,902,876</b>
<b>33 Repairs, maintenance and depreciation</b>				
<b>Depreciation ( Annexure 'A')</b>				
Buildings	15,736,918	10,215,072	15,736,918	10,215,072
Furniture and fixture	48,061,045	34,685,581	45,519,286	34,470,939
General equipments	70,246,960	54,374,542	70,061,505	52,089,533
Computer equipments	85,719,705	62,947,686	85,007,979	62,140,748
Vehicles	16,011,861	14,876,613	16,011,861	14,876,613
Vehicles (Under Lease)	2,753,407	-	2,753,407	-
Books	77,890	43,490	77,890	43,490
	<b>238,607,786</b>	<b>177,142,984</b>	<b>235,168,846</b>	<b>173,836,395</b>
<b>Repairs &amp; maintenance</b>				
Office Premises	13,997,046	8,221,096	13,997,046	8,077,806
Equipments	42,075,625	29,320,829	36,864,401	29,303,368
Vehicles	7,613,847	5,531,953	7,613,847	5,525,533
Furniture and fixture	2,883,320	2,139,494	2,883,320	2,154,777
	<b>66,569,838</b>	<b>45,213,372</b>	<b>61,358,614</b>	<b>45,061,484</b>
	<b>305,177,624</b>	<b>222,356,356</b>	<b>296,527,460</b>	<b>218,897,879</b>



## Notes to the Financial Statements

For the year ended December 31, 2011

### 34. Other expenses

	Group		Bank	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka
Car expenses	61,794,356	46,477,798	61,794,356	46,477,798
Credit card expenses	80,428,138	74,623,028	80,428,138	74,623,028
Entertainment	52,572,264	44,841,056	52,572,264	44,841,056
Traveling expenses	26,022,125	15,975,339	26,022,125	15,975,339
Donations	17,008,827	47,392,424	17,008,827	47,392,424
Subscriptions	6,829,247	19,528,272	6,829,247	19,528,272
Periodicals	1,763,332	1,541,077	1,763,332	1,541,077
Cartage/freight	18,015,155	14,644,991	18,015,155	14,644,991
Medical expense	14,146,999	16,012,475	14,146,999	16,012,475
Overseas expenses	957,864	4,887,926	957,864	4,887,926
Uniform & liveries	4,781,101	2,971,895	4,781,101	2,971,895
Training expenses	6,558,959	3,138,922	6,558,958	3,138,922
Loss on sale of share/ property/ asset	86,572	1,417,283	86,572	1,417,283
Miscellaneous	90,951,771	74,862,659	34,353,857	59,966,271
	<b>381,916,710</b>	<b>368,315,145</b>	<b>325,318,795</b>	<b>353,418,757</b>

### 35. Changes in other Assets

#### Balance at the beginning 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
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
	<b>2,243,279,355</b>	<b>740,866,126</b>	

#### Balance at the end of the year

Stock of stationery		38,030,434	38,903,956
Stamps on hand		1,517,250	1,233,511
Suspense account		207,855,976	417,311,702
Advance deposits		4,517,023	4,195,051
Sundry assets		245,572,936	193,561,532
Demand draft paid without advice		6,088,234	10,522,885
Bill purchased account - credit card		205,190,047	62,571,702
Inter branch adjustment account (Net)		449,470,886	1,375,978,443
Payment made against claim made by EBL for guarantee issued by BCCI		13,683,225	13,683,225
Advance against cash assistance		1,657,000	-
Advance against branches		1,549,600	1,042,349
Advance against NBL Tower		220,462,610	-
Advance against Fixed Assets		242,006,334	124,169,826
Others		6,102,306	105,173
	<b>1,643,703,861</b>	<b>2,243,279,355</b>	

#### Net Changes



## Notes to the Financial Statements

For the year ended December 31, 2011

### 36. Changes in Other liabilities

#### Balance at the beginning of the year

	Bank 2011 Taka	Bank 2010 Taka
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	445,505,722
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
	<b>1,279,601,892</b>	<b>798,447,552</b>

#### Balance at the end of the year

Un-paid dividend	10,009,092	10,009,092
Provision for bonus	197,926,899	168,350,361
Interest suspense account	574,576,556	429,833,466
Provision for other classified assets	40,266,450	38,566,450
ATM card holders' accounts	35,500	35,500
Foreign currencies adjustment account	1,892,094,143	428,294,412
Bills payable account MPS (CCD)	23,261,981	21,121,163
Provision for LFA	73,682,807	130,000,000
Clearing adjusting account	343,282	2,814,457
Others	43,583,438	50,576,991
	<b>2,855,780,148</b>	<b>1,279,601,892</b>
<b>Net Changes</b>	<b>1,576,178,256</b>	<b>481,154,340</b>

### 37. Earnings per share (EPS)

Net profit after tax	6,085,700,868	6,860,343,577
Weighted average number of ordinary shares outstanding	860,365,603	860,365,603
<b>EPS*</b>	<b>7.07</b>	<b>7.97</b>

\*Earnings per share for the year 2010 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 3,758.



## Notes to the Financial Statements

For the year ended December 31, 2011

### 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:

SL.NO.	Name	Status with NBL	Status with the Committee	Educational Qualification
i)	Mr. A K M Enamul Hoque	Director	Chairman	B A (Hons.), M A
ii)	Lt. Col. (Rtd) Md. Azizul Ashraf, Psc	Director	Member	Graduate
iii)	Mr. Mabroor Hossain	Director	Member	Graduate

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-2010 in particular, the total number of branches audited, its outcome and identification of major lapses.
- iv) Guidelines for audit program during the year 2011.
- v) Review of working of the credit administration division of the Bank.
- vi) Review of the classified portfolio and recovery position of the Bank.
- vii) Review of the training program of the Bank.
- viii) Review of the large classified / stuck up (Top- 20) accounts of the Bank.
- ix) Review of the activities of management committee (MANCOM) of the Bank.
- x) Review of the disposal of the law suits of the Bank.



## Notes to the Financial Statements

For the year ended December 31, 2011

### 40 Related party disclosures

- i) Name of the Directors and the entities in which they have interest as on December 31, 2011

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
<b>Mr. Zainul Haque Sikder</b>	<b>Chairman</b>	<b>Chairman</b> Z H Sikder Women's Medical College & Hospital (pvt) Ltd. Sikder Real Estate Limited	9.40% 20.00%
<b>Mrs. Monowara Sikder</b>	<b>Director</b>	<b>Managing Director</b> Z H Sikder Women's Medical College & Hospital (pvt) Ltd. Sikder Real Estate Limited	9.40% 20.00%
<b>Ms. Parveen Haque Sikder</b>	<b>Director</b>	<b>Chairperson</b> Millennium International School Mandy Dental College & Hospital J & M Builders (Pvt) Ltd. Western Bowling & Fitness Centre  <b>Vice Chairperson</b> Z H Sikder Women's Medical College & Hospital (Pvt.) Ltd. Sikder Real Estate Limited	34.80% 50.00%  9.40% 10.00%
<b>Mr. Alhaj Khalilur Rahman</b>	<b>Director</b>	<b>Chairman</b> 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. Pragati Life Insurance Ltd.  <b>Managing Director</b> KDS Textile Mills Ltd. KDS Cotton Poly Thread Ind. Ltd. KYCR Coil Ind. Ltd.  <b>Director</b> Sky Securities Ltd  <b>Shareholder</b> Al- Arafat Islami Bank Ltd. Pragati Insurance Ltd. Social Islami Bank Ltd. KDS Accessories Ltd. KDS Poly Ind. Ltd.	50.15% 49.88% 98.00% 95.00% 50.00% 55.00% 43.70% 50.00% 67.44% 56,000 shares  94.32% 70.67% 58.53%  70.95%  36,31,340 shares 22,64,610 shares 9,47,340 shares 61.00% 61.00%



## Notes to the Financial Statements

For the year ended December 31, 2011

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
<b>Mr. Moazzam Hossain</b>	<b>Director</b>	<b>Chairman</b> Hosaf International Ltd. Hosaf Electronics Ltd. Hosaf Power Generation Co.Ltd. Shandong Ludi Xinwen & Hosaf Mining (BD) Limited. Hosaf Gene Cure Pharma Co.Ltd. Hosaf CMEC Power Generation Co.Ltd. Hosaf Hexing Inds. Ltd.  <b>Managing Director</b> Energy Prima Ltd. Hosaf Meter Industry Ltd. Citi Link Apartment Ltd. Bangladesh Mineral Dev. Com. Ltd. Bangladesh Fabrics Ltd.  <b>Director</b> Euro Knitting & Dyeing Inds. Ltd. <b>Proprietor</b> Hosaf Consultancy  <b>Shareholder</b> United Hospital Ltd. Pragati Insurance Ltd.	22.93% 45.00% 75.00% 96.61% 96.42% 18.34% 69.59%  80.41% 99.12% 99.98% 95.65% 60.00%  11.46% 100.00%  0.44% 1.57%
<b>Mr. Zakaria Taher</b>	<b>Director</b>	<b>Chairman</b> Purbachal Drillers Ltd. Jeans Culture Ltd. TSCO Power Ltd. T S Transformer Ltd. Zyta Garments Ltd.  <b>Managing Director</b> Armana Fashions Limited Armana Apparels Ltd. Zyta Apparels Ltd. Denimach Ltd. Denimach Washing Ltd.  <b>Director</b> 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%  1,91,040 shares 1,60,320 shares



## Notes to the Financial Statements

For the year ended December 31, 2011

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
<b>Mr. Rick Haque Sikder</b>	<b>Director</b>	<p><b>Chairman</b></p> Power Pac Holdings Ltd. R & R Holdings Power Pac Mutiara Keraniganj Power Plant Ltd. Power Pac Mutiara Khulna Power Plant Ltd. Power Pac Mutiara Jamalpur Power Plant Ltd. R & R Aviation <p><b>Director</b></p> Z H Sikder Women's Medical College & Hospital (pvt) Ltd. Sikder Group Pte. Ltd. Inter-Asia Group Pte. Ltd. E-Falcon Pte. Ltd. Sikder Group Ltd. Sikder Holdings Ltd. KOI Restaurent Ltd., Bankok R & R Restaurent Group Ltd.	50.00% 50.00% 49.50% 50.00% 50.00% 50.00% 50.00% 10.00% 25.00% 33.00% 33.00% 50.00% 50.00% 50.00% 50.00% 50.00% 50.00%
<b>Mr. Ron Haque Sikder</b>	<b>Director</b>	<p><b>Managing Director</b></p> A1 Trade Center R & R Holdings Ltd. Power Pac Holdings Ltd. Power Pac Mutuara Keraniganj Power Plant Ltd. Power Pac Mutuara Khulna Power Plant Ltd. Power Pac Mutuara Jamalpur Power Plant Ltd. Sikder Group Ltd. Sikder Holdings Ltd. KOI Restaurent Ltd., Bankok R & R Restaurent Group Ltd.	50.00% 50.00% 50.00% 49.50% 50.00% 50.00% 50.00% 50.00% 50.00% 50.00% 50.00% 50.00% 50.00% 50.00% 50.00% 50.00%



## Notes to the Financial Statements

For the year ended December 31, 2011

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
<b>Prof. Mahbub Ahmed</b>	<b>Director</b>	<b>Nil</b>	<b>Nil</b>
<b>Mr. Mabroor Hossain</b>	<b>Director</b>	<b>Director</b> Hosaf Meter Industry Ltd. Hosaf International Ltd. Hosaf Electronics Ltd. Hosaf Gene Cure Pharma Co. Ltd. Euro Knitting & Dyeing Inds. Ltd. Shandong Ludi Xinwen & Hosaf Mining (BD) Ltd. Bangladesh Mineral Dev. Co. Ltd. EnergyPrima Ltd.  <b>Shareholder</b> Pragati Life Insurance Ltd Pragati Insurance Ltd.	0.25% 1.42% 25.00% 1.02% 25.00% 0.015% 1.86% 0.0817%  4.16% 0.89%
<b>Mr. A K M Enamul Hoque</b>	<b>Director</b>	<b>Nil</b>	<b>Nil</b>
<b>Mr. Salim Rahman</b>	<b>Director</b>	<b>Chairman</b> KDS Accessories Ltd KDS Poly Ind. Ltd. Sky Securities Ltd. KYCR Coil Ind. Ltd.  <b>Director</b> KDS Garments Ind. Ltd. KDS Textile Mills Ltd. KDS Cotton Poly Thread Ind. Ltd. KDS Information Tech Ltd.  <b>Managing Director</b> KDS Hi-Tech. Garments (BD) Ltd. KDS Apparels Ltd. Steel Accessories Ltd KDS Fashions Ltd. KDS Logistic Ltd.  <b>Shareholder</b> Al-Arafah Islami Bank Ltd. Pragati Insurance Ltd. Pragati Life Insurance Ltd. International Leasing & Financial Services Ltd.	21.00% 21.00% 13.42% 33.08%  49.85% 0.6681% 17.39% 25.00%  50.00% 50.12% 50.00% 44.56% 31.42%  90,71,341 shares 5,00,270 shares 1,79,280 shares 2,48,000 shares
<b>Lt. Col. (Rtd) Md. Azizul Ashraf, Psc</b>	<b>Director</b>	<b>Proprietor</b> DEFTEC <b>Director &amp; Managing Director</b> Eastern Management Services Ltd.	100.00%  24.00%
<b>Mr. Neaz Ahmed</b>	<b>Managing Director</b>	<b>Nil</b>	<b>Nil</b>



## Notes to the Financial Statements

For the year ended December 31, 2011

- 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 lac Taka)

Name of the party	Nature of Relation	Nature of Transaction	2011
KDS Garments Ltd.	Mr. Salim Rahman is a Director of the Bank and Director of KDS Garments Limited.	LG	25.00
M/s Purbachal Gas Filling	The owner of the company is the brother of Director Mr. Zakaria Taher	PG	38.32
Z H Sikder Women's Medical College & Hospital (Pvt) Ltd.	Common Director	Loan (Gen)	1,521.87
Nova Properties Ltd.	The owner of the company is brother of Mr. Prof. Mahbub Ahmed, Director of the Bank	Overdraft	11.73
NBL Securities Ltd.	Subsidiary	Loan	46,600.00
			<b>48,196.92</b>

### 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 65% 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 to current year's presentation.



Managing Director



Director



Director



Chairman

## Schedule of Fixed Assets

As at December 31, 2011

(Annexure-A)  
(Amount in Taka)

Particulars	Cost / Revaluation			Depreciation			Net book value on 31 December 2011	
	Balance on 01 January 2011	Additions during the year	Adjustments/ Disposals during the year	Balance on 31 December 2011	Charge for the year	Adjustments/ Disposals during the year		
Land	1,118,402,171	44,628,114	(592,598,141)	570,432,144	-	-	570,432,144	
Building	534,097,648	210,942,232	(4,062,760)	740,977,120	83,996,009	15,736,918	(4,062,760)	95,670,167
Furniture and fixtures	447,525,691	74,125,896	(1,341,235)	520,310,352	149,861,026	45,519,286	(1,341,235)	645,306,953
General Equipment	436,387,246	106,671,616	(6,973,088)	536,085,774	260,106,800	70,061,505	(6,973,088)	323,195,217
Computer Equipment	395,894,312	74,736,883	(3,553,124)	467,138,071	261,812,657	85,007,979	(3,553,124)	343,267,512
Vehicles	154,332,495	13,723,599	(1,165,000)	166,891,094	106,221,328	16,011,861	(1,164,941)	121,068,248
Vehicles(Leased)	-	33,059,000	-	33,059,000	-	2,753,407	-	2,753,407
Books	1,014,962	365,413	-	1,380,375	909,008	77,890	-	986,898
At December 31, 2011	3,087,654,525	558,312,753	(609,693,348)	3,036,273,930	862,906,828	235,168,846	(17,095,148)	1,080,980,526
<b>At December 31, 2010</b>	<b>2,536,959,324</b>	<b>622,154,636</b>	<b>(71,459,435)</b>	<b>3,087,654,525</b>	<b>720,795,783</b>	<b>173,836,395</b>	<b>(31,725,350)</b>	<b>862,906,828</b>
								<b>2,224,747,697</b>





## Balance with other Banks and Financial Institutions (Outside Bangladesh)

As at December 31 2011

(Annexure-B)

Particulars	Currency Name	2011			2010		
		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
<b>In fixed deposit accounts (Interest bearing) with JP Morgan chase Bank, Singapore</b>	USD	610,000.00	81.8529	49,930,269	610,000.00	70.7497	43,157,317
<b>Sub-total</b>				<b>49,930,269</b>			<b>43,157,317</b>
<b>In demand deposit accounts (non interest bearing) with</b>							
Mashreq Bank, New York	USD	3,439,622.62	81.8529	281,543,086	620,094.91	70.7497	43,871,529
JP Morgan Chase Bank - New York	USD	2,361,813.88	81.8529	193,321,315	2,047,463.86	70.7497	144,857,454
Bank America Int'l, New York	USD	217,202.73	81.8529	17,778,673	7,007.88	70.7497	495,805
Standard Chartered Bank, New York	USD	24,014,297.96	81.8529	1,965,639,929	7,078,361.22	70.7497	500,791,933
HSBC, New York	USD	92,454.02	81.8529	7,567,630	720,667.80	70.7497	50,987,031
Standard Chartered Bank, Mumbai	ACU	183,161.66	81.8529	14,992,313	106,958.88	70.7497	7,567,309
Sonali Bank, Kolkata	ACU	64,127.98	81.8529	5,249,061	137,117.78	70.7497	9,701,042
Mashreq Bank, Mumbai	ACU	275,072.58	81.8529	22,515,488	670,162.50	70.7497	47,413,796
State Bank of India, Kolkata	ACU	6,122.07	81.8529	501,109	6,122.07	70.7497	433,135
United Bank, Karachi	ACU	31,215.43	81.8529	2,555,073	31,215.43	70.7497	2,208,482
NABIL Bank, Nepal	ACU	71,141.97	81.8529	5,823,177	355,035.07	70.7497	25,118,625
Standard Chartered Bank, Colombo	ACU	6,728.73	81.8529	550,766	14,651.90	70.7497	1,036,618
Myanmar Foreign Trade Bank- Yangon	ACU	662.85	81.8529	54,256	662.85	70.7497	46,896
AB Bank Ltd, Mumbai	ACU	233,835.48	81.8529	19,140,112	133,904.90	70.7497	9,473,732
Bank of Bhutan, Thimpu	ACU	156,671.08	81.8529	12,823,982	259,052.32	70.7497	18,327,874
HSBC, Karachi	ACU	82,765.35	81.8529	6,774,584	131,843.20	70.7497	9,327,867
ICICI Bank Ltd., Mumbai	ACU	45,695.15	81.8529	3,740,281	689,116.68	70.7497	48,754,798
Commerz Bank, Frankfurt	EIRO	5,110.48	105.8767	541,081	18,992.14	93.5877	1,777,431
Standard Chartered Bank, Frankfurt	EIRO	2,061.63	105.8767	218,279	49,083.91	93.5877	4,593,650
Uni Credito Italiano SPA, Italy	EIRO	3,001.12	105.8767	317,749	42,838.69	93.5877	4,009,174
Alpha Bank AE Athens	EIRO	8,642.60	105.8767	915,050	6,268.94	93.5877	586,696
Lloyds Bank Plc, UK	GBP	7.51	126.4873	950	7.51	109.7328	824
HSBC, London	GBP	14,633.35	126.4873	1,850,933	9,632.67	109.7328	1,057,020
Sonali Bank, London	GBP	4,650.68	126.4873	588,252	-	-	-
BOT - Tokyo	JPY	723,702.00	1.0521	761,407	2,048,173.00	0.8678	1,777,405
UBAF-Tokyo	JPY	29,245.00	1.0521	30,769	29,245.00	0.8678	25,379
Union Bank of Switzerland	CHF	18,164.93	86.8374	1,577,395	20,951.35	74.9864	1,571,066
Habib Bank Zurich	CHF	5,427.27	86.8374	471,290	1,233.87	74.9864	92,523
Habib America Bank	USD	663,631.39	81.8529	54,320,154	-	-	-
Bank of Nova Scotia, Canada	CAD	19,374.35	79.9423	1,548,830	32,032.34	70.7497	2,266,278
National Australia Bank, Melbourne	AUD	5,600.50	82.6305	462,772	17,630.54	71.9241	1,268,061
Standard Chartered Bank, Singapore	SGD	15,778.64	62.9057	992,566	127,027.61	54.7514	6,954,939
Wachovia Bank, New York	USD	72,771.79	81.8529	5,956,582	2,326,610.70	70.7497	164,607,009
Citibank N.A - New York	USD	29,868.14	81.8529	2,444,795	850,018.61	70.7497	60,138,563
<b>Sub-total</b>				<b>2,633,569,689</b>			<b>1,171,139,944</b>
<b>Grand total</b>				<b>2,683,499,958</b>			<b>1,214,297,261</b>

**Status of Large loan As on December 31, 2011**

Annexure-C

(Figure in-crore)

SL. No.	Name of the borrower	Funded	Non-funded	Total outstanding	Classification status
1.	M/s. Khaleque Group	196.59	97.72	294.31	Standard
2.	M/s. Nurjahan Super Oil Ltd.	283.70	-	283.70	Standard
3.	M/s. Marrine Vegetables Oil Ltd.	217.43	88.01	305.44	Standard
	<b>Total</b>	<b>697.72</b>	<b>185.73</b>	<b>883.45</b>	

**A. i) Disclosure regarding outstanding REPO**

Annexure-D

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

Fig. in Crore

Counter party	Agreement date	Reversal date	Amount
Bangladesh Bank (liquidity support)	29.12.2011	01.01.2012	422.08
Standard Bank Limited	26.12.2011	01.01.2012	55.05
The Premier Bank Limited	29.12.2011	01.01.2012	52.57
Bangladesh Bank (REPO)	29.12.2011	01.01.2012	---
Bangladesh Bank (Special REPO)	29.12.2011	01.01.2012	---
<b>Total</b>			<b>529.70</b>

**ii) Disclosure regarding outstanding Reverse REPO**

Fig. in Crore

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
<b>Securities sold REPO</b>			
With Bangladesh Bank	272.39	1,220.18	579.68
Other Banks & FIS	15.45	55.04	1.72
<b>Securities sold REPO</b>			
With Bangladesh Bank	Nil	Nil	Nil
Other Banks & FIS	N/A	N/A	N/A



## Structural Liquidity Profile as at December 31, 2011

As per Bangladesh Bank circular No.02 dated March 29, 2011

Annexure - E

Particulars	Call	2-7 Days	8 Days - 1 Month	1-3 Months	3-12 Months	1-5 years	More than 5 years	Total
<b>Assets (Inflow)</b>								
Cash in hand (LCY+FCY)	193.11	-	-	-	-	-	-	193.11
Balance with Bangladesh Bank (LCY)	-	-	-	-	-	-	689.03	689.03
Balance with Bangladesh Bank (FCY)	-	-	-	-	-	-	-	-
Balance with other banks and financial institutions	153.39	-	-	130.00	50.00	0.12	-	333.51
Money at call & short notice	71.94	-	-	-	-	-	-	71.94
Investment in G-SEC	-	-	0.49	86.24	153.58	963.87	1,333.40	2,537.58
Other Investment (Share, Debenture & bond, MFU and others)	0.62	-	92.24	-	1,059.08	51.70	140.31	1,343.95
Loans and Advances	1,621.71	452.77	671.92	1,186.84	4,608.32	5,201.53	1,469.82	15,212.91
Bills Purchased & Discounted	23.92	71.77	95.69	263.15	23.92	-	-	478.45
Reverse REPO with Bangladesh Bank	-	-	-	-	-	-	-	-
Reverse REPO with Others	-	-	-	-	-	-	-	-
Fixed assets including premises, furnitures & fixtures	-	-	-	-	-	-	195.51	195.51
Other assets	-	-	0.85	28.59	7.69	10.26	877.92	925.31
Non-banking assets	-	-	-	-	-	-	35.56	35.56
Other receivables	-	-	-	-	-	-	-	-
<b>Total Inflows</b>	<b>2,064.69</b>	<b>524.54</b>	<b>861.19</b>	<b>1,694.82</b>	<b>5,902.59</b>	<b>6,227.48</b>	<b>4,741.55</b>	<b>22,016.86</b>
<b>Liabilities (Outflows)</b>								
Borrowing from Bangladesh Bank (Refinances, etc.)	2.55	17.88	56.18	153.22	84.72	-	-	35.56
REPO/LS with Bangladesh Bank	423.37	-	-	-	-	-	-	423.37
REPO with other banks & fis	-	-	-	-	-	-	-	-
Borrowing from other banks & fis.	100.00	-	48.79	-	-	-	-	148.79
Money at call & short notice	195.00	-	-	-	-	-	-	195.00
Demand Deposits	474.59	310.52	381.44	305.27	1,015.80	-	-	2,487.62
Savings bank deposit	219.06	46.85	60.89	372.77	1,491.07	-	-	2,190.64
Fixed Deposit	212.76	482.12	864.47	2,190.71	2,376.89	1,275.25	1,053.21	8,455.41
Bills Payable	0.36	201.36	-	-	-	-	-	201.72
Provision & other liabilities	-	-	2.33	-	7.37	451.39	-	461.09
Capital & Reserve	-	-	-	14.38	14.38	247.75	1,720.41	1,996.92
<b>Total Outflows</b>	<b>1,627.69</b>	<b>1,058.73</b>	<b>1,414.10</b>	<b>3,036.35</b>	<b>4,990.23</b>	<b>1,974.39</b>	<b>2,773.62</b>	<b>16,875.11</b>
Letter of Credit/Guarantees (Net of margin)	16.55	115.85	378.13	1,080.51	1,010.09	31.13	-	2,632.26
Other OBS Items (Net of margin)	-	-	-	-	-	-	-	-
Available Balance with BB (FCY)	31.74	-	-	-	-	-	-	31.74
Net Nostro a/c balance	263.36	-	-	-	4.99	-	-	268.35
NET MISMATCH	715.55	(650.04)	(931.04)	(2,422.04)	(92.74)	4,221.96	1,967.93	2,809.58
<b>CUMULATIVE NET MISMATCH</b>	<b>715.55</b>	<b>65.51</b>	<b>(865.53)</b>	<b>(3,287.57)</b>	<b>(3,380.31)</b>	<b>841.65</b>	<b>2,809.58</b>	

Medium Term Funding Ratio (MTF): 0.4328

Maximum Cumulative Outflow (MCO): 20.66%



## Highlights on the activities of the Bank

For the year ended December 31, 2011

(Taka in million)

SL. No.	Particulars	2011	2010
1	Paid-up Capital	8,603.66	4,412.13
2	Total Capital (Tier-I+II)	24,905.03	19,190.79
3	Capital Surplus/ (Deficit)	5,223.79	5,137.42
4	Total Assets	169,037.38	134,732.31
5	Total Deposits	128,215.97	102,471.83
6	Total Loans and Advances	115,388.89	92,003.56
7	Total Contingent Liabilities and Commitments	44,392.67	45,045.10
8	Advance / Deposit Ratio	90.00%	89.78%
9	Percentage of Classified Loans against total Loans and Advances	2.83%	3.96%
10	Profit after Provision & Tax	6,085.70	6,860.34
11	Amount of Classified Loans	3,264.95	3,642.57
12	Provision kept against Classified Loans	1,166.79	1,086.08
13	Provision Surplus / (Deficit)	325.41	268.79
14	Cost of Fund (including operating cost)	10.35%	9.12%
15	Interest Earning Assets	140,198.97	110,401.84
16	Non-interest Earning Assets	28,838.42	24,330.47
17	Return on Investment (ROI)	12.00%	32.78%
18	Return on Assets (ROA)	4.01%	6.05%
19	Income from Investment	3,320.22	6,115.41
20	Earnings per Share (Taka)	7.07	7.97
21	Net income per Share (Taka)	7.07	7.97
22	Price Earning Ratio (Times)	9.45	24.03
23	Net Assets Value per shares (Taka)	25.02	43.30
24	Net operating cash flow per share (Taka)	8.88	7.90



**Offshore Banking Unit  
Bangladesh**



# Offshore Banking Unit, Bangladesh Balance Sheet

As at December 31, 2011

PROPERTY AND ASSETS	Notes	2011		2010	
		USD	Taka	USD	Taka
<b>CASH</b>					
In hand (including foreign currencies)		-	-	-	-
With Bangladesh Bank		-	-	-	-
(Including foreign currencies)					
<b>BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS (ON CURRENT AND OTHER ACCOUNTS)</b>	3				
In Bangladesh		253,367.68	20,738,879	98,546.53	6,972,137
Outside Bangladesh		-	-	-	-
		<b>253,367.68</b>	<b>20,738,879</b>	<b>98,546.53</b>	<b>6,972,137</b>
<b>MONEY AT CALL AND SHORT NOTICE</b>					
<b>INVESTMENT</b>					
<b>LOANS AND ADVANCES</b>	4				
i) Loans, cash credits, overdrafts, etc.					
In Bangladesh		14,678,877.19	1,201,508,667	19,817,655.58	1,402,093,187
Outside Bangladesh		-	-	-	-
ii) Bills purchased and discounted					
Payable in Bangladesh		6,801,836.12	556,750,011	15,333,956.73	1,084,872,838
Payable outside Bangladesh		-	-	-	-
		<b>6,801,836.12</b>	<b>556,750,011</b>	<b>15,333,956.73</b>	<b>1,084,872,838</b>
		<b>14,678,877.19</b>	<b>1,201,508,667</b>	<b>19,817,655.58</b>	<b>1,402,093,187</b>
		<b>21,480,713.31</b>	<b>1,758,258,678</b>	<b>35,151,612.31</b>	<b>2,486,966,025</b>
<b>FIXED ASSETS</b>	5	<b>1,930.77</b>	<b>158,039</b>	<b>4,359.68</b>	<b>308,445</b>
<b>OTHER ASSETS</b>	6	<b>142,800.00</b>	<b>11,688,594</b>	<b>297,964.31</b>	<b>21,080,886</b>
<b>NON-BANKING ASSETS</b>					
<b>TOTAL ASSETS</b>		<b><u>21,878,811.76</u></b>	<b><u>1,790,844,190</u></b>	<b><u>35,552,482.83</u></b>	<b><u>2,515,327,493</u></b>



# Offshore Banking Unit, Bangladesh

## Balance Sheet

As at December 31, 2011

2011

2010

	Notes	USD	Taka	USD	Taka
<b>CAPITAL AND LIABILITIES</b>					
<b>BORROWINGS FROM OTHER BANKS,</b>					
<b>FINANCIAL INSTITUTIONS AND AGENTS</b>	7				
In Bangladesh		17,270,000.00	1,413,599,583	33,870,000.00	2,396,292,339
Outside Bangladesh		3,082,099.69	252,278,798	-	-
		<b>20,352,099.69</b>	<b>1,665,878,381</b>	<b>33,870,000.00</b>	<b>2,396,292,339</b>
<b>DEPOSITS AND OTHER ACCOUNTS</b>	8				
Current deposits and other accounts		1,099,424.76	89,991,105	1,554,357.83	109,970,350
Term deposits		395,725.00	32,391,239	88,100.00	6,233,049
		<b>1,495,149.76</b>	<b>122,382,344</b>	<b>1,642,457.83</b>	<b>116,203,399</b>
<b>OTHER LIABILITIES</b>	9				
		<b>31,562.31</b>	<b>2,583,465</b>	<b>40,025.00</b>	<b>2,831,755</b>
<b>TOTAL LIABILITIES</b>		<b>21,878,811.76</b>	<b>1,790,844,190</b>	<b>35,552,482.83</b>	<b>2,515,327,493</b>
<b>CAPITAL/SHAREHOLDERS' EQUITY</b>					
Retained earnings brought forward from profit & loss account		-	-	-	-
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>21,878,811.76</b>	<b>1,790,844,190</b>	<b>35,552,482.83</b>	<b>2,515,327,493</b>
<b>Off balance sheet items</b>					
<b>Contingent liabilities</b>					
Acceptance and endorsements		14,374,600.00	1,167,936,250	-	-
Letter of guarantee - Banks		-	-	-	-
Letter of guarantee - Others		217,700.00	17,688,125	136,000.00	9,621,959
Bills for collection		7,612,700.00	618,531,875	8,234,900.00	582,616,705
Irrevocable letters of credit		4,335,300.00	352,243,125	23,342,500.00	1,651,474,872
Other commitments		-	-	-	-
		<b>26,540,300.00</b>	<b>2,156,399,375</b>	<b>31,713,400.00</b>	<b>2,243,713,536</b>

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



Managing Director



Director



Director



Chairman

### AUDITOR'S REPORT TO THE SHARE HOLDERS

See annexed report of date



Howlader Yunus & Co  
Howlader Yunus & Co  
Chartered Accountants

Dhaka, : February 20, 2012



# Offshore Banking Unit, Bangladesh

## Profit and Loss Account

For the year ended December 31, 2011

	Notes	2011		2010	
		USD	Taka	USD	Taka
Interest income	10	1,600,210.55	130,981,874	1,544,449.07	109,269,308
Interest paid on deposits and borrowings	11	530,204.82	43,398,802	557,716.99	39,458,310
Net interest income		<b>1,070,005.73</b>	<b>87,583,072</b>	<b>986,732.08</b>	<b>69,810,998</b>
Commission, exchange and brokerage	12	483,717.60	39,593,688	375,943.73	26,597,906
Other Operating Income	13	167,011.30	13,670,359	124,740.77	8,825,372
<b>Total operating income</b>		<b>1,720,734.63</b>	<b>140,847,119</b>	<b>1,487,416.58</b>	<b>105,234,276</b>
Salary and allowances	14	35,207.72	2,881,854	37,126.11	2,626,661
Rent, taxes, Insurance, electricity etc	15	14,627.39	1,197,294	15,705.36	1,111,149
Postage, stamps, telecommunication etc.	16	5,232.12	428,264	4,439.64	314,104
Repair, maintenance and depreciation	17	3,186.79	260,847	3,581.83	253,412
Other operating expenses	18	316.01	25,866	72.06	5,098
		<b>58,570.03</b>	<b>4,794,125</b>	<b>60,925.00</b>	<b>4,310,424</b>
<b>Profit before provision</b>		<b>1,662,164.60</b>	<b>136,052,994</b>	<b>1,426,491.58</b>	<b>100,923,852</b>
Less: General Provision against UC Loan	2.3	-	-	-	-
<b>Profit before income tax</b>		<b>1,662,164.60</b>	<b>136,052,994</b>	<b>1,426,491.58</b>	<b>100,923,852</b>
Less. Provision for income tax	2.3	-	-	-	-
<b>Net Profit after taxation</b>		<b>1,662,164.60</b>	<b>136,052,994</b>	<b>1,426,491.58</b>	<b>100,923,852</b>
Balance of Profit brought forward from previous year		-	-	-	-
Effect of changes in exchange rate		-	(1,002,121)	-	(712,819)
<b>Retained Earnings carried forward</b>		<b>1,662,164.60</b>	<b>135,050,873</b>	<b>1,426,491.58</b>	<b>100,211,033</b>
Less: Retained earnings transferred to central operation		1,662,164.60	135,050,873	1,426,491.58	100,211,033
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Dhaka, February 20, 2012

Howladar Yunus & Co,  
Howladar Yunus & Co  
Chartered Accountants



# Offshore Banking Unit, Bangladesh

## Cash Flow Statement

For the year ended December 31, 2011

2011

2010

	USD	Taka	USD	Taka
<b>A) Cash flows from operating activities</b>				
Interest Income	1,600,210.55	130,981,874	1,544,449.07	109,269,308
Interest paid	(530,204.82)	(43,398,802)	(557,716.99)	(39,458,310)
Commission, exchange and brokerage	483,717.60	39,593,688	375,943.73	26,597,906
Received from other operating activities	167,011.30	13,670,359	124,740.77	8,825,372
Cash paid to employees	(35,207.72)	(2,881,854)	(37,126.11)	(2,626,661)
Cash paid to supplier	(20,102.83)	(1,645,474)	(20,842.17)	(1,474,577)
Paid for operating expenses	(316.01)	(25,866)	(72.06)	(5,098)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>1,665,108.07</b>	<b>136,293,925</b>	<b>1,429,376.24</b>	<b>101,127,940</b>
<b>(Increase)/decrease in operating assets:</b>				
Loan and advances to customers	13,670,899.00	1,119,002,729	(32,741,021.10)	(2,316,417,421)
Other Assets	155,164.31	12,700,649	(288,112.25)	(20,383,855)
Increase/(decrease) in operating liabilities:				
Effect of Changes in exchange rate	-	1,094,181	-	(616,177)
Deposits from Banks	-	-	-	-
Customers' deposits and other accounts	(147,308.07)	(12,057,593)	1,296,119.60	91,700,073
Borrowing from other banks and financial institutions	(13,517,900.31)	(1,106,479,342)	31,724,000.00	2,244,463,483
Other liabilities	(8,462.69)	(692,696)	39,509.60	2,795,292
	<b>152,392.24</b>	<b>13,567,928</b>	<b>30,495.85</b>	<b>1,541,395</b>
<b>Net cash provided from operating activities</b>	<b>1,817,500.31</b>	<b>149,861,853</b>	<b>1,459,872.09</b>	<b>102,669,335</b>
<b>B) Cash flows from investing activities</b>				
Changes in fixed assets	(514.56)	(42,118)	-	-
Fund placement	-	-	-	-
	<b>(514.56)</b>	<b>(42,118)</b>	<b>-</b>	<b>-</b>
<b>C) Cash flows from financing activities</b>				
Profit remitted to Head Office	(1,662,164.60)	(136,052,993)	(1,426,491.58)	(100,211,033)
<b>D) Net increase in cash and cash equivalents (A+B+C)</b>	<b>154,821.15</b>	<b>13,766,742</b>	<b>33,380.51</b>	<b>2,458,302</b>
<b>E) Opening cash and cash equivalents</b>	<b>98,546.53</b>	<b>6,972,137</b>	<b>65,166.02</b>	<b>4,513,835</b>
<b>F) Closing cash and cash equivalent (D+E)</b>	<b>253,367.68</b>	<b>20,738,879</b>	<b>98,546.53</b>	<b>6,972,137</b>
<b>G) Closing cash and cash equivalents</b>				
Cash In hand (including foreign currencies)	-	-	-	-
Balances with Bangladesh Bank and its agent bank (s)	-	-	-	-
Balances with other Banks and Financial Institutions	253,367.68	20,738,879	98,546.53	6,972,137
Money at call and short notice	-	-	-	-
Prize bonds	-	-	-	-
	<b>253,367.68</b>	<b>20,738,879</b>	<b>98,546.53</b>	<b>6,972,137</b>


  
Managing Director


  
Director


  
Director


  
Chairman



# Offshore Banking Unit, Bangladesh

## Notes to the Financial Statements

For the year ended December 31, 2011

### 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 policy

#### 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 against off-Balance Sheet items have not been separately accounted for in these Financial Statements.

These are accounted for in the central accounts of NBL.

	2011		2010	
	USD	Taka	USD	Taka
3. Balance with other Banks and Financial institutions				
Inside Bangladesh				
NBL Mahakhali Branch	22,530.85	1,844,215	281.33	19,904
Head Office, ID	230,836.83	18,894,664	98,265.20	6,952,233
	<b>253,367.68</b>	<b>20,738,879</b>	<b>98,546.53</b>	<b>6,972,137</b>
<b>3.1 Balance with other Banks and Financial Institutions (according to remaining maturity grouping)</b>				
<b>Payable</b>				
On demand	253,367.68	20,738,879	98,546.53	6,972,137
Within one month	-	-	-	-
More than one months but not more than three month	-	-	-	-
More than three months but not more than one year	-	-	-	-
More than one year but not more than five years	-	-	-	-
More than five years	-	-	-	-
	<b>253,367.68</b>	<b>20,738,879</b>	<b>98,546.53</b>	<b>6,972,137</b>
<b>4 Loans and advances</b>				
<b>4.1 Loans, Cash Credit, Overdraft etc.</b>				
4.1.1 Inside Bangladesh				
Loans	12,642,827.14	1,034,852,066	16,840,362.20	1,191,450,574
Cash Credit	-	85,448,747	1,510,940.71	106,898,602
Loan against TR	1,043,930.60	81,207,854	1,466,352.67	103,744,011
Secured Overdraft	992,119.45			
	<b>14,678,877.19</b>	<b>1,201,508,667</b>	<b>19,817,655.58</b>	<b>1,402,093,187</b>
4.1.2 Outside Bangladesh				
	<b>14,678,877.19</b>	<b>1,201,508,667</b>	<b>19,817,655.58</b>	<b>1,402,093,187</b>
<b>4.2 Bills purchased and discounted</b>				
4.2.1 Inside Bangladesh				
Local Bill Purchased	4,006,000.00	327,902,717	2,365,700.00	167,372,565
Foreign Bill Purchased	2,795,836.12	228,847,294	12,968,256.73	917,500,273
4.2.2 Outside Bangladesh				
	<b>6,801,836.12</b>	<b>556,750,011</b>	<b>15,333,956.73</b>	<b>1,084,872,838</b>
	<b>21,480,713.31</b>	<b>1,758,258,678</b>	<b>35,151,612.31</b>	<b>2,486,966,025</b>



# Offshore Banking Unit, Bangladesh

## Notes to the Financial Statements

For the year ended December 31, 2011

	2011		2010	
	USD	Taka	USD	Taka
<b>4.3 Maturity grouping of loans and advances including bills discounted and purchased</b>				
Payable on demand	-	-	-	-
Less than three months	10,308,201.23	843,756,164	19,082,082.61	1,350,051,620
More than three months but less than one year	11,172,512.08	914,502,514	9,672,380.93	684,318,049
More than one year but less than five years	-	-	6,397,148.77	452,596,356
	<b><u>21,480,713.31</u></b>	<b><u>1,758,258,678</u></b>	<b><u>35,151,612.31</u></b>	<b><u>2,486,966,025</u></b>
<b>4.4 Maturity analysis of bills purchased and discounted</b>				
Within one month	-	-	-	-
More than one month but less than three months	6,801,836.12	556,750,011	15,333,956.73	1,084,872,838
More than three months but less than six months	-	-	-	-
	<b><u>6,801,836.12</u></b>	<b><u>556,750,011</u></b>	<b><u>15,333,956.73</u></b>	<b><u>1,084,872,838</u></b>
<b>4.5 Loans and Advances on the basis of Significant Concentration</b>				
<b>4.5.1 Loans and Advances to Directors, Executive and Others</b>				
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	21,480,713.31	1,758,258,678	35,151,612.31	2,486,966,025
	<b><u>21,480,713.31</u></b>	<b><u>1,758,258,678</u></b>	<b><u>35,151,612.31</u></b>	<b><u>2,486,966,025</u></b>
<b>4.6 Industry-wise Concentration of loans and advances</b>				
Air way sector (BBAW)	6,167,000.00	504,786,834	-	-
Power sector	5,535,000.00	453,055,802	-	-
Pharmaceuticals Industries	-	-	-	-
Textile & Garments Industry	8,268,713.31	676,818,164	18,331,602.11	1,296,955,350
Ship Breaking Industries	-	-	-	-
Industries for Steel products	740,000.00	60,571,146	-	-
Cement Industry	770,000.00	63,026,732	-	-
Others	-	-	16,820,010.20	1,190,010,675
	<b><u>21,480,713.31</u></b>	<b><u>1,758,258,678</u></b>	<b><u>35,151,612.31</u></b>	<b><u>2,486,966,025</u></b>
<b>4.7 Geographical location-wise concentration of Loans and advances</b>				
Inside Bangladesh				
Dhaka Division	21,480,713.31	1,758,258,678	35,151,612.31	2,486,966,025
Chittagong Division	-	-	-	-
Khulna Division	-	-	-	-
Rajshahi Division	-	-	-	-
Barishal Division	-	-	-	-
Sylhet Division	-	-	-	-
Outside Bangladesh - other Division	-	-	-	-
	<b><u>21,480,713.31</u></b>	<b><u>1,758,258,678</u></b>	<b><u>35,151,612.31</u></b>	<b><u>2,486,966,025</u></b>
<b>4.8 Classified, unclassified, doubtful and bad loans &amp; advances</b>				
<b>Unclassified</b>				
Standard	21,480,713.31	1,758,258,678	35,151,612.31	2,486,966,025
Special Mention Account	-	-	-	-
<b>Classified</b>				
Sub-standard	-	-	-	-
Doubtful	-	-	-	-
Bad/Loss	-	-	-	-
	<b><u>21,480,713.31</u></b>	<b><u>1,758,258,678</u></b>	<b><u>35,151,612.31</u></b>	<b><u>2,486,966,025</u></b>



# Offshore Banking Unit, Bangladesh

## Notes to the Financial Statements

For the year ended December 31, 2011

	2011	2010	USD	Taka	USD	Taka
<b>4.9 Particulars of loans and advances</b>						
i) Debt considered good in respect of which the bank is fully secured	21,480,713.31	1,758,258,678	35,151,612.31	2,486,966,025	35,151,612.31	2,486,966,025
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	-	-	-	-	-	-
v) Debts taken by directors or executives or any of them taken jointly or separately with other persons	<u>21,480,713.31</u>	<u>1,758,258,678</u>	<u>35,151,612.31</u>	<u>2,486,966,025</u>	<u>35,151,612.31</u>	<u>2,486,966,025</u>
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	-	-	-	-	-	-
<b>5 Fixed Assets</b>						
Furnitures, fixtures and fittings	1,807.35	147,937	1,807.35	127,869	1,807.35	127,869
Office Equipments	<u>8,291.02</u>	<u>678,644</u>	<u>7,776.46</u>	<u>550,182</u>	<u>7,776.46</u>	<u>550,182</u>
	<b><u>10,098.37</u></b>	<b><u>826,581</u></b>	<b><u>9,583.81</u></b>	<b><u>678,051</u></b>	<b><u>9,583.81</u></b>	<b><u>678,051</u></b>
Accumulated Depreciation	8,167.60	668,542	5,224.13	369,606	5,224.13	369,606
	<b><u>1,930.77</u></b>	<b><u>158,039</u></b>	<b><u>4,359.68</u></b>	<b><u>308,445</u></b>	<b><u>4,359.68</u></b>	<b><u>308,445</u></b>
<b>6. Other assets</b>						
Stationery in hand	-	-	-	-	-	-
Adjusting account debit	<u>142,800.00</u>	<u>11,688,594</u>	<u>297,964.31</u>	<u>21,080,886</u>	<u>297,964.31</u>	<u>21,080,886</u>
	<b><u>142,800.00</u></b>	<b><u>11,688,594</u></b>	<b><u>297,964.31</u></b>	<b><u>21,080,886</u></b>	<b><u>297,964.31</u></b>	<b><u>21,080,886</u></b>
<b>7. Borrowings from other banks, financial institutions and agents</b>						
In Bangladesh						
Head office, ID	11,270,000.00	922,482,183	3,870,000.00	273,801,339	3,870,000.00	273,801,339
Bangladesh Bank	<u>6,000,000.00</u>	<u>491,117,400</u>	<u>30,000,000.00</u>	<u>2,122,491,000</u>	<u>30,000,000.00</u>	<u>2,122,491,000</u>
	<b><u>17,270,000.00</u></b>	<b><u>1,413,599,583</u></b>	<b><u>33,870,000.00</u></b>	<b><u>2,396,292,339</u></b>	<b><u>33,870,000.00</u></b>	<b><u>2,396,292,339</u></b>
Outside Bangladesh-Sonali Bank Ltd., London	3,082,099.69	252,278,798	-	-	-	-
	<b><u>20,352,099.69</u></b>	<b><u>1,665,878,381</u></b>	<b><u>33,870,000.00</u></b>	<b><u>2,396,292,339</u></b>	<b><u>33,870,000.00</u></b>	<b><u>2,396,292,339</u></b>
<b>7.1 Classification based on types of security</b>						
Secured	-	-	-	-	-	-
Unsecured	<u>20,352,099.69</u>	<u>1,665,878,381</u>	<u>33,870,000.00</u>	<u>2,396,292,339</u>	<u>33,870,000.00</u>	<u>2,396,292,339</u>
	<b><u>20,352,099.69</u></b>	<b><u>1,665,878,381</u></b>	<b><u>33,870,000.00</u></b>	<b><u>2,396,292,339</u></b>	<b><u>33,870,000.00</u></b>	<b><u>2,396,292,339</u></b>



## Offshore Banking Unit, Bangladesh

### Notes to the Financial Statements

For the year ended December 31, 2011

	2011		2010	
	USD	Taka	USD	Taka
<b>7.2 Maturity grouping of borrowings from other banks, financial institutions and agents</b>				
Payable on demand	-	-	-	-
Payable within one month	14,352,099.69	1,174,760,981	11,290,000.00	798,764,113
More than one month but less than three months	6,000,000.00	491,117,400	22,580,000.00	1,597,528,226
More than three months but less than 1 year	-	-	-	-
More than 1 year but less than 5 years	-	-	-	-
	<b>20,352,099.69</b>	<b>1,665,878,381</b>	<b>33,870,000.00</b>	<b>2,396,292,339</b>
<b>8. Deposits and other accounts</b>				
<b>Current and other accounts</b>				
Current account	33,651.82	2,754,499	66,008.20	4,670,060
Sundry deposits	1,065,772.94	87,236,606	1,488,349.63	105,300,290
	<b>1,099,424.76</b>	<b>89,991,105</b>	<b>1,554,357.83</b>	<b>109,970,350</b>
Term deposits	395,725.00	32,391,239	88,100.00	6,233,049
	<b>1,495,149.76</b>	<b>122,382,344</b>	<b>1,642,457.83</b>	<b>116,203,399</b>
<b>8.1 Maturity grouping of deposits and other accounts</b>				
Payable on demand	33,651.82	2,754,499	66,008.20	4,670,060
Payable within one month	-	-	-	-
More than one month but less than three months	1,065,772.94	87,236,606	744,174.82	52,650,145
More than three months but less than one year	395,725.00	32,391,239	832,274.82	58,883,194
More than one year but less than five years	-	-	-	-
	<b>1,495,149.76</b>	<b>122,382,344</b>	<b>1,642,457.83</b>	<b>116,203,399</b>
<b>9 Other liabilities</b>				
Adjusting Account Credit	18,062.00	1,478,427	40,025.00	2,831,755
FC Adjusting Account	13,500.31	1,105,038	-	-
Provision for Off-Balance Sheet Items	-	-	-	-
Provision for unclassified Loans and advances	-	-	-	-
	<b>31,562.31</b>	<b>2,583,465</b>	<b>40,025.00</b>	<b>2,831,755</b>
<b>10 Interest income</b>				
Interest on Advances	1,600,210.55	130,981,874	1,524,591.63	107,864,400
Interest on Money at Call and Short Notice	-	-	-	-
Interest on fund placement with HO, ID	-	-	19,857.44	1,404,908
Interest on Foreign Currency Balances	-	-	-	-
	<b>1,600,210.55</b>	<b>130,981,874</b>	<b>1,544,449.07</b>	<b>109,269,308</b>
<b>11 Interest paid on deposits and borrowings</b>				
Interest on Deposits	1,475.00	120,733	436.00	30,847
Interest on Borrowings	528,729.82	43,278,069	557,280.99	39,427,463
Discount	-	-	-	-
Interest on REPO	-	-	-	-
	<b>530,204.82</b>	<b>43,398,802</b>	<b>557,716.99</b>	<b>39,458,310</b>
<b>12 Commission, exchange and brokerage</b>				
Commission	482,157.92	39,466,024	375,943.73	26,597,906
Exchange gain net off exchange losses	1,559.68	127,664	-	-
Brokerage	-	-	-	-
	<b>483,717.60</b>	<b>39,593,688</b>	<b>375,943.73</b>	<b>26,597,906</b>



# Offshore Banking Unit, Bangladesh

## Notes to the Financial Statements

For the year ended December 31, 2011

2011

2010

	USD	Taka	USD	Taka
<b>13 Other Operating Income</b>				
Shipping Guarantee, Handling charges, service charges etc.	75,082.78	6,145,743	53,811.67	3,807,160
Postage	939.00	76,860	837.00	59,217
Courier	25,137.00	2,057,536	15,267.00	1,080,136
SWIFT	55,164.52	4,515,376	47,994.10	3,395,568
Remittance Income	1,610.00	131,783	1,390.00	98,342
Miscellaneous	9,078.00	743,061	5,441.00	384,949
	<b>167,011.30</b>	<b>13,670,359</b>	<b>124,740.77</b>	<b>8,825,372</b>
<b>14 Salaries and allowances</b>				
Basic Salary	16,598.69	1,358,651	17,333.77	1,226,359
Allowances	16,410.01	1,343,207	16,160.69	1,143,364
Bank's contribution to PF	1,226.88	100,424	997.43	70,568
Bonus	972.14	79,572	2,634.22	186,370
Others	-	-	-	-
	<b>35,207.72</b>	<b>2,881,854</b>	<b>37,126.11</b>	<b>2,626,661</b>
<b>15 Rent, taxes, insurance, electricity etc.</b>				
Rent Office	13,989.71	1,145,098	15,008.86	1,061,872
Electricity	637.68	52,196	696.50	49,277
	<b>14,627.39</b>	<b>1,197,294</b>	<b>15,705.36</b>	<b>1,111,149</b>
<b>16 Postage, stamps, telecommunication etc.</b>				
Telephone Office	126.85	10,383	188.82	13,359
Postage	179.09	14,659	64.70	4,578
Internet	256.25	20,975	145.09	10,265
SWIFT charges	4,669.93	382,247	4,041.03	285,902
	<b>5,232.12</b>	<b>428,264</b>	<b>4,439.64</b>	<b>314,104</b>
<b>17 Repair, maintenance and depreciation</b>				
<b>Depreciation</b>				
Furnitures, fixtures, fittings etc	698.99	57,214	184.43	13,048
Computer Equipment	2,172.89	177,857	2,628.64	185,975
Office Equipments	71.59	5,860	71.59	5,065
	<b>2,943.47</b>	<b>240,931</b>	<b>2,884.66</b>	<b>204,088</b>
<b>Repair</b>				
Office Premises	-	-	-	-
Office Equipments	243.32	19,916	481.15	34,041
Furnitures and fixtures	-	-	-	-
Others	-	-	216.02	15,283
	<b>243.32</b>	<b>19,916</b>	<b>697.17</b>	<b>49,324</b>
	<b>3,186.79</b>	<b>260,847</b>	<b>3,581.83</b>	<b>253,412</b>
<b>18 Other operating expenses</b>				
Registration and renewal fees	-	-	-	-
Stationary	316.01	25,866	27.06	1,914
Others	-	-	45.00	3,184
	<b>316.01</b>	<b>25,866</b>	<b>72.06</b>	<b>5,098</b>
<b>19 General</b>				

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 81.8529 which represents the year-end mid rate of exchange as at December 31, 2011.

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 December 31, 2011

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
<b>ASSETS</b>						
Cash in hand	-	-	-	-	-	-
Balance with other banks and financial institutions	253,367.68	-	-	-	-	253,367.68
Money at call and short notice	-	-	-	-	-	-
Investment	-	-	-	-	-	-
Loans & advances to customers	2,523,943.76	5,047,887.52	13,908,882.03	-	-	21,480,713.31
Fixed assets	245.29	490.58	1,194.90	-	-	1,930.77
Other assets	-	142,800.00	-	-	-	142,800.00
Non-banking assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>2,777,556.73</b>	<b>5,191,178.10</b>	<b>13,910,076.93</b>	-	-	<b>21,878,811.76</b>
<b>LIABILITIES</b>						
Borrowings from other banks & financial institutions	14,352,099.69	6,000,000.00	-	-	-	20,352,099.69
Deposits & other accounts	33,651.82	1,065,772.94	395,725.00	-	-	1,495,149.76
Other liabilities	-	31,562.31	-	-	-	31,562.31
<b>Total Liabilities</b>	<b>14,385,751.51</b>	<b>7,097,335.25</b>	<b>395,725.00</b>	-	-	<b>21,878,811.76</b>
<b>Net Liquidity Difference</b>	<b>(11,608,194.78)</b>	<b>(1,906,157.15)</b>	<b>13,514,351.93</b>	-	-	-



# Offshore Banking Unit, Bangladesh

## Statement of Liquidity in BDT

(Maturity analysis of assets and liabilities)

As at December 31, 2011

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
<b>ASSETS</b>						
Cash in hand	-	-	-	-	-	-
Balance with other banks and financial institutions	20,738,879	-	-	-	-	20,738,879
Money at call and short notice	-	-	-	-	-	-
Investment	-	-	-	-	-	-
Loans & advances to customers	206,592,116	413,184,232	1,138,482,330	-	-	1,758,258,678
Fixed assets	20,078	40,155	97,806	-	-	158,039
Other assets	-	11,688,594	-	-	-	11,688,594
Non-banking assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>227,351,073</b>	<b>424,912,981</b>	<b>1,138,580,136</b>			<b>1,790,844,190</b>
<b>LIABILITIES</b>						
Borrowings from other banks & financial institutions	1,174,760,981	491,117,400	-	-	-	1,665,878,381
Deposits & other accounts	2,754,499	87,236,606	32,391,239	-	-	122,382,344
Other liabilities	-	2,583,465	-	-	-	2,583,465
<b>Total Liabilities</b>	<b>1,177,515,480</b>	<b>580,937,471</b>	<b>32,391,239</b>			<b>1,790,844,190</b>
<b>Net Liquidity Difference</b>	<b>(950,164,407)</b>	<b>(156,024,490)</b>	<b>1,106,188,897</b>			<b>-</b>