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মসিহ মুহিত হায়ে অন্ড কোম্পানী
MASIH MUHITH HAQUE & Co
Chartered Accountants
In Practice Since 1985

*Auditors' Report
Of
South Bangla Agriculture and
Commerce Bank Ltd.*

Sun Moon Star Tower
37, Dilkusha C/A, Dhaka - 1000
For the year ended December 31, 2014



**Independent Auditor's Report
To the Shareholders
of
South Bangla Agriculture and Commerce Bank Limited.**

Report on the Financial Statements

We have audited the accompanying financial statements of South Bangla Agriculture and Commerce Bank Limited ("the Bank"), which comprise the Balance Sheet as at 31st December, 2014 and the Profit and Loss account, Statement of Changes in Equity and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1 and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank Companies Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31/12/2014, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Companies Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
 - i) internal audit, internal control and risk management arrangements of the Bank as disclosed in note 2.14 of the financial statements appeared to be adequate;
 - ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- (c) 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;
- (d) the balance sheet and the profit and loss account dealt with by the report are in agreement with the books of account;
- (e) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;
- (f) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- (g) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (h) the information and explanation required by us have been received and found satisfactory; and
- (i) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 2070 person hours for the audit of the books and accounts of the Bank.

Place: Dhaka
March 04, 2015


(Masih Muhith Haque & Co.)
Chartered Accountants

South Bangla Agriculture and Commerce Bank Limited

**Balance Sheet
As at 31 December 2014**

	Notes	2014 Taka	2013 Taka
PROPERTY AND ASSETS			
Cash			
Cash in hand (Including foreign currencies)	3	243,564,871	155,342,064
Balance with Bangladesh Bank and its agent bank(s)	4	1,213,062,442	327,624,903
		1,456,627,314	482,966,967
Balance with other banks and financial institutions			
In Bangladesh	5	2,928,978,943	3,918,968,648
Outside Bangladesh		40,510,946	9,065,050
		2,969,489,889	3,928,033,698
Money at call and short notice			
Investments :			
Government	6	800,000,000	100,000,000
Others	7	3,889,771,584	502,930,886
		240,897,887	49,993,419
		4,130,669,470	552,924,305
Loans and advances			
Loans, cash credits, overdrafts etc.	8	12,236,116,081	2,583,890,587
Bills purchased & discounted		1,281,933,375	422,877,389
		13,518,049,457	3,006,767,976
Fixed assets including land, buildings, furniture and fixtures	9	306,223,841	181,674,080
Other assets	10	654,340,410	421,527,652
Non-banking assets			
TOTAL ASSETS		23,835,400,380	8,673,894,676
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	638,845,432	-
Deposits and other accounts			
Current deposits and other accounts	12	1,728,012,642	395,469,969
Special notice deposits		489,919,025	506,660,420
Bills payable		112,579,609	43,332,482
Savings bank deposits		338,949,351	95,806,056
Fixed deposits		15,126,558,925	3,263,396,812
Term deposits		845,884,457	135,112,549
		18,641,904,008	4,439,778,287
Subordinated bonds		-	-
Other liabilities		-	-
TOTAL LIABILITIES	13	311,944,994	96,414,901
Shareholders' equity			
Paid up capital		19,592,694,434	4,536,193,188
Statutory reserve	14	4,089,600,000	4,089,600,000
General reserve	15	60,434,058	21,097,469
Other reserves (revaluation reserve on Govt. Securities)		-	-
Retained earnings	16	44,028,833	1,759,720
	17	48,643,054	25,244,299
TOTAL SHAREHOLDERS' EQUITY		4,242,705,946	4,137,701,488
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		23,835,400,380	8,673,894,676

These financial statements should be read in conjunction with the annexed notes.

Chairman

Director

Director

Managing Director & CEO

Auditors' report to the Shareholders
See annexed report of date

Date : March 04, 2015

Masih Muhith Haque & Co.
Chartered Accountants


South Bangla Agriculture and Commerce Bank Limited
Balance Sheet
As at 31 December 2014


	Notes	2014 <u>Taka</u>	2013 <u>Taka</u>
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptance and endorsements	18	952,124,703	49,711,022
Letters of guarantee		999,443,726	149,504,282
Irrevocable letters of credit		959,572,107	302,157,743
Bills for collection		41,062,502	-
		2,952,203,039	501,373,047
Other contingent liabilities			
Bangladesh Sanchayapatra in hand		24,525,000	-
Travelers' cheques in hand		-	-
		24,525,000	-
Total contingent liabilities		2,976,728,039	501,373,047
Other commitments			
Lease rental commitments		-	-
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Spot and forward foreign exchange rate contracts		-	-
other exchange contracts		-	-
Claims against the Bank not acknowledged as debt		-	-
Total other commitments		-	-
Total off balance sheet items (including contingent liabilities)		2,976,728,039	501,373,047

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Director


Director


Managing Director & CEO

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Chartered Accountants




South Bangla Agriculture and Commerce Bank Limited

Profit & Loss Statement
For the year ended 31 December 2014

	Notes	2014 Taka	2013 Taka
Interest income	21	1,590,076,894	446,905,038
Less: Interest paid on deposits and borrowings	22	1,120,004,284	137,539,300
Net interest income		470,072,610	309,365,738
Investment income	23	285,535,198	12,540,399
Commission, exchange and brokerage	24	79,061,103	8,187,889
Other operating income	25	20,697,858	1,857,089
Total operating income		385,294,159	22,585,376
		855,366,769	331,951,114
Salary and allowances	26	234,650,023	67,296,312
Rent, taxes, insurance, electricity etc.	27	144,955,626	71,049,113
Legal & professional expenses	28	1,048,173	165,545
Postage, stamp, telecommunication etc.	29	10,453,838	2,529,670
Stationery, printing, advertisement etc.	30	20,302,910	4,411,043
Managing director's salary and allowances	31	9,400,000	6,000,000
Directors' fees and other benefits	32	1,555,000	700,500
Audit fees	33	287,500	57,500
Repairs, maintenance and depreciation	34	52,771,264	11,384,379
Other expenses	35	61,520,581	29,197,075
Total operating expenses		536,944,914	192,791,137
Profit before provision		318,421,855	139,159,977
Provision for loans and advances			
Specific provision		-	-
General provision (including off balance sheet items)	13.5&13.6	111,499,566	32,464,768
Provision for diminution in value of investment	13.4	111,499,566	32,464,768
Total provision		10,239,345	1,210,450
Profit before taxes		121,738,911	33,675,218
Provision for taxation		196,682,944	105,484,758
Current tax	13.2	124,857,401	44,329,911
Deferred taxes (income)/ expenses	13.3	5,826,328	14,813,079
Net profit after taxation		130,683,729	59,142,990
Retained earnings brought forward from previous period		25,244,299	-
Prior period adjustment	27	(3,263,871)	-
		21,980,428	-
		87,979,643	46,341,768
Appropriations			
Statutory reserve	15	39,336,589	21,097,469
Retained earnings carried forward	17	48,643,054	25,244,299
Earnings per share (EPS)	36	0.16	0.11

These financial statements should be read in conjunction with the annexed notes.


Chairman

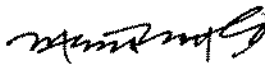

Director


Director


Managing Director & CEO

Auditors' report to the Shareholders
See annexed report of date

Date : March 04, 2015


Masih Muhith Haque & Co.
Chartered Accountants

South Bangla Agriculture and Commerce Bank Limited
Statement of Cash Flows
For the year ended 31 December 2014

	Notes	2014 Taka	2013 Taka
A) Cash flows from operating activities			
Interest received		1,577,726,118	387,838,486
Interest paid		(833,656,911)	(88,971,425)
Dividend received		1,596,500	-
Gain on sale of shares		8,919,085	-
Income from Government securities		202,558,676	9,585,060
Fees, commission, exchange & brokerage received		79,134,468	7,877,536
Cash paid to employees		(242,550,023)	(73,296,312)
Cash paid to suppliers		(173,767,106)	(76,565,772)
Income taxes paid		(96,019,586)	(21,083,592)
Received from other operating activities		20,697,858	1,857,089
Paid for other operating activities		(68,553,651)	(30,387,272)
Operating cash flow before changes in operating assets and liabilities		476,085,430	116,853,797
increase / (decrease) in operating assets & liabilities			
Changes in trading securities		(190,904,468)	(49,993,419)
Loans and advances to other banks		-	-
Loans and advances to customers		(10,511,281,481)	(3,006,767,976)
Other assets		(96,985,752)	(338,111,816)
Deposits from other banks	37	800,000,000	-
Deposits from customers		13,115,778,347	4,391,210,412
Other liabilities	38	4,593,114	2,172,638
		3,121,199,759	998,509,840
Net cash received from operating activities		3,597,285,189	1,115,363,637
B) Cash flows from investing activities			
Changes in non-trading securities		-	-
Changes in Government securities		42,269,114	1,759,720
Purchase of property, plant and equipment		(176,442,499)	(192,791,807)
Sale proceeds of fixed assets		-	-
Net cash used in investing activities		(134,173,385)	(191,032,087)
C) Cash flows from financing activities			
Borrowing from other banks, financial institutions and agents		638,845,432	-
Issue of share capital		-	4,089,600,000
Net cash received from financing activities		638,845,432	4,089,600,000
D) Net Increase / (decrease) In cash and cash-equivalents (A + B + C)		4,101,957,236	5,013,931,550
E) Cash and cash-equivalents at beginning of the year		5,013,931,550	5,013,931,550
F) Cash and cash-equivalents at end of the year (D + E)		9,115,888,786	5,013,931,550
G) Cash and cash-equivalents at end of the year			
Cash in hand including foreign currencies	3	243,564,871	155,342,064
Balances with Bangladesh Bank and its agent bank(s) including foreign currencies	4	1,213,062,442	327,624,903
Balances with other Banks and Financial institutions	5	2,969,489,889	3,928,033,698
Money at call and short notice	6	800,000,000	100,000,000
Government securities	7	3,889,771,584	502,930,886
		9,115,888,786	5,013,931,550

These financial statements should be read in conjunction with the annexed notes.


Chairman


Director


Director


Managing Director & CEO

Auditors' report to the Shareholders
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Date : March 04, 2015


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South Bangla Agriculture and Commerce Bank Limited

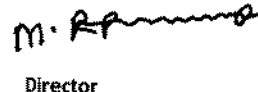
Statement of Changes in Equity
For the year ended 31 December 2014

Particulars	Paid Up Capital	Statutory Reserve	General Reserve	Other Reserve	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as on 01 January 2014	4,089,600,000	21,097,469	-	1,759,720	25,244,299	4,137,701,488
Prior period adjustment					(3,263,871)	(3,263,871)
Net profit for the year	-	-	-	-	65,999,215	65,999,215
Transfer to statutory reserve	-	39,336,589	-	-	(39,336,589)	-
Revaluation of Govt. treasury bills, bonds and other investments	-	-	-	42,269,114	-	42,269,114
Balance as on 31 December 2014	4,089,600,000	60,434,058	-	44,028,833	48,643,054	4,242,705,946
Balance as on 31 December 2013	4,089,600,000	21,097,469	-	1,759,720	25,244,299	4,137,701,488

These financial statements should be read in conjunction with the annexed notes.



Chairman


Director


Director


Managing Director & CEO

Date : March 04, 2015

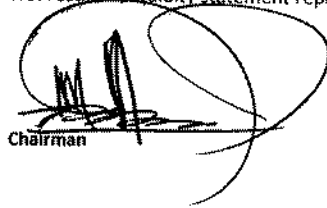

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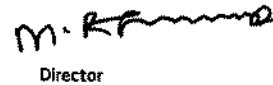
South Bangla Agriculture and Commerce Bank Limited
Liquidity Statement (Asset and Liabilities Maturity Analysis)
As at 31 December 2014

Particulars	Within one month	Within one to three months	Within three to twelve months	Within one to five years	More than five years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets:						
Cash in hand including balance with Bangladesh Bank and its agent Banks	551,096,584	-	-	-	905,530,730	1,456,627,314
Balance with other banks & financial	719,489,889	1,300,000,000	950,000,000	-	-	2,969,489,889
Money at call and short notice	800,000,000	-	-	-	-	800,000,000
Investments	240,988,287	78,773,040	221,817,020	121,623,839	3,467,467,284	4,130,669,470
Loans and advances	2,479,210,270	3,655,280,573	5,622,156,769	1,616,849,541	144,552,303	13,518,049,457
Fixed assets including premises, furniture and fixtures	5,320,929	10,641,858	47,888,364	200,673,921	41,698,769	306,223,841
Other assets	62,086,455	166,859,144	189,171,692	236,223,119	-	654,340,410
Non-Banking assets	-	-	-	-	-	-
Total Assets	4,858,192,414	5,211,554,615	7,031,033,845	2,175,370,420	4,559,249,086	23,835,400,380
Liabilities:						
Borrowings from other banks, financial institutions and agents	96,779,979	181,241,123	360,824,331	-	-	638,845,433
Deposits and other accounts	3,566,540,407	3,231,989,395	8,307,879,825	3,099,199,655	436,294,725	18,641,904,008
Provisions and other liabilities	5,068,779	5,066,294	124,256,385	22,139,407	155,414,129	311,944,994
Total Liabilities	3,668,389,166	3,418,296,812	8,792,960,540	3,121,339,062	591,708,855	19,592,694,435
Net liquidity gap	1,189,803,248	1,793,257,803	(1,761,926,696)	(945,968,642)	3,967,540,232	4,242,705,946

Net result of liquidity statement represents the shareholders' equity.


Chairman


Director


Director


Managing Director & CEO

Date : March 04, 2015


Masih Muhith Haque & Co.
Chartered Accountants



South Bangla Agriculture and Commerce Bank Limited
Notes to the Financial Statements
For the year ended 31 December, 2014

1 General information

1.1 Status of the bank

South Bangla Agriculture and Commerce Bank Limited ("the Bank") was incorporated in Bangladesh as a public limited company with limited liability by shares as on February 20th, 2013 under Companies Act 1994 to carry out banking business. It obtained license from Bangladesh Bank for carrying out banking business on March 25th, 2013 under Bank Companies Act 1991. The Bank has been carrying out its business through its thirty one (31) branches all over Bangladesh.

1.2 Principal activities

The principal activities of the Bank are to provide a comprehensive range of financial services, personal and commercial banking, trade services, cash management, treasury operation, security and custody services.

2 Basis of preparation of financial statements and significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements of the bank as at 31st December, 2014 have been prepared on going concern basis under historical cost convention and in accordance with the "First Schedule" of the Bank Companies Act, 1991 as amended by BRPD Circular No. 14 dated 25th June 2003, other Circulars of Bangladesh Bank, Bangladesh Financial Reporting Standards (BFRS), Bangladesh Accounting Standards (BASs), the Companies Act 1994, the Securities and Exchange Rules 1987, and other laws and rules applicable for Banks in Bangladesh. In case any requirement of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of other regulatory authorities and BFRS, the requirements of the Bank Companies Act 1991 and provisions and circulars issued by Bangladesh Bank will prevail. Material departures from the requirements of BFRS are as follows:

i) Investment in shares and securities

BFRS: As per requirement of BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS 13) at the year end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per BRPD Circular No. 14 dated 25th June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investments; otherwise investments are recognized at cost.

ii) Revaluation gains/losses on Government securities

BFRS: As per requirement of BAS 39 where securities fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognized through profit and loss account. Securities designated as Held to Maturity (HTM) are measured using amortized cost method and interest income is recognized through profit and loss account.



Bangladesh Bank: HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains on amortization are recognized in other reserve as a part of equity.

iii) **Provision on loans and advances/investments**

BFRS: As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD Circular No.14 (23rd September 2012), BRPD Circular No. 19 (27th December 2012) and BRPD Circular No. 05 (29th May 2013) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad/loss loans has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD Circular No. 10 dated 18th September 2007 and BRPD Circular No. 14 dated 23rd September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

iv) **Recognition of interest in suspense**

BFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognized using effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD Circular No. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

v) **Other comprehensive income**

BFRS: As per BAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the Other Comprehensive Income Statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

vi) **Financial instruments – presentation and disclosure**

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in BAS 39. As such full disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.

vii) **Financial guarantees**

BFRS: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liabilities are subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD Circular No. 14 dated 25th June 2003, financial guarantees such as letters of credit, letters of guarantee will be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin.

viii) **Cash and cash equivalents**

BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bonds are not shown as cash and cash equivalents. Money at call and on short notice is presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

ix) **Non-banking asset**

BFRS: No indication of Non-banking assets is found in any BFRS.

Bangladesh Bank: As per BRPD Circular No. 14 dated 25th June 2003, this item must be presented on the face of the financial statements as Non-banking assets.

x) **Cash flow statement**

BFRS: The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD Circular No. 14 dated 25th June 2003, cash flow is prepared using the mixture of direct and indirect methods.

xi) **Balance with Bangladesh Bank: (Cash Reserve Requirement)**

BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

xii) **Presentation of intangible assets**

BFRS: An intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38.

Bangladesh Bank: There is no regulation for intangible assets in BRPD Circular No. 14 dated 25th June 2003.



Management:

- a) An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.
- b) Software represents the value of computer application software licensed for use of the Bank. Intangible assets are carried at cost, less accumulated amortization and any impairment losses. Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditure that are incurred in customizing the software for its intended use.
- c) Expenditure incurred on software is capitalized only when it enhances and extends the economic benefits of computer software beyond their original specifications and lives and such cost is recognized as capital improvement and added to the original cost of software.
- d) Software is amortized using the straight line method over the estimated useful life commencing from the date of application when software is available for use.

xiii) Off-balance sheet items

BFRS: There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD Circular No. 14 dated 25th June 2003, off balance sheet items (e.g. Letters of credit, Letters of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xiv) Loans and advances net of provision

BFRS: Loans and advances/Investments should be presented net of provision.

Bangladesh Bank: As per BRPD Circular No. 14 dated 25th June 2003, provision on loans and advances/investments are presented separately as liability and cannot be netted off against loans and advances.

2.2 Use of estimates and judgment

The 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 assumptions made.

Estimates and underlying assumptions are reviewed on an ongoing basis which will be disclosed in the financial statements as and when required. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected

2.3 Foreign currency transaction

a) Functional and presentation currency

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

b) Foreign currencies translation

Amounts in foreign currency are translated in accordance with the principles set forth in 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 are used to translate the items related to income and expenses.

c) Commitments

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

d) Transaction gains and losses

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

2.4 Cash flow statement

Cash flow statement has been prepared in accordance with BAS 7 -- "Statement of Cash Flows" and under the guideline of Bangladesh Bank BRPD Circular no. 14 dated 25th June 2003. The Statement shows the structure of changes in cash and cash equivalents during the financial year.

2.5 Liquidity statement

The liquidity statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as at the close of the year as per following basis:

Particulars	Basis of Use
Cash, Balance with Bangladesh Bank and its agent banks, Balance with other banks and financial institutions, money at call and short notice etc.	Maturity/behavioral trend.
Investments	Residual maturity term.
Loans and advances	Repayment/maturity schedule and behavioral trend (non-maturity products).
Fixed assets	Useful life.
Other assets	Realization/amortization basis.
Borrowings from other banks and financial institutions	Maturity/repayment term.
Deposits and other accounts	Maturity and behavioral trend (non-maturity products).
Other long term liabilities	Maturity term.
Provision and other liabilities	Settlement/adjustment schedule basis

2.6 Reporting period

These financial statements of the Bank cover one calendar year from 1 January to 31 December 2014.

2.7 Assets and basis of their valuation

2.7.1 Investment in Govt. Securities

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

Held to Maturity (HTM): Investments which have 'fixed or determinable payments', and are intended to be 'held to maturity', other than those that meet the definition of 'held at amortized cost-others' are classified as held to maturity.

Held for Trading (HFT): Investments classified in this category are acquired principally for the purpose of selling or repurchasing -- in short -- trading or if designated as such by the management. After initial recognition, investments are measured at fair value and any change in the fair value is recognized in other reserve as a part of equity.

Value of investments has been enumerated as follows:

Items	Applicable accounting value
Government Securities - Treasury Bills-HTM	Amortized value
Government Securities - Treasury Bills-HFT	Market value
Government Securities - Treasury Bonds-HTM	Amortized value
Government Securities - Treasury Bonds-HFT	Market value
Prize Bond	At cost

2.7.2 Loans and advances

- Loans and advances are stated in the balance sheet on gross basis.
- Commission and discounts on bills purchased and discounted are recognized at the time of realization.
- Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery, (ii) and against which legal cases are pending for more than five years as per guidelines of Bangladesh Bank. These written off accounts however will not undermine / affect the claimed amount against the borrower. Detailed memorandum records for all such written off accounts are meticulously maintained and followed up. Before being written off 100% provision is made against loans and advances.

2.7.3 Lease finance

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee as per BAS 17 "Leases". All other leases are classified as operating leases as per BAS 17 "Leases".

Amount due from lessees under finance leases are recorded as receivables at the amount of the Bank's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the bank's net investment outstanding in respect of the leases.

2.7.4 Property, plant and equipment

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

- a) All fixed assets are stated at cost less accumulated depreciation as per BAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is normally charged off as revenue expenditure in the period in which it is incurred.
- b) Depreciation is charged for the period at the following rates using straight-line method on all fixed assets:

Category of fixed assets	Rate
Motor vehicles	20%
Machinery & equipments	20%
Furniture & Fixture	10%
Interior Decoration	10%
Computer & Accessories	20%
Software	20% or for remaining usable period
Other tools	20%

- c) For additions during the period, depreciation is charged for the remaining days of the period from the month those have been put into use and for disposal depreciation is charged up to the date of disposal.
- d) On disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the asset and net sale proceeds.
- e) Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset have been capitalized as part of the cost of the asset as per BAS 23.

2.7.5 Other assets

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

2.7.6 Securities purchased under re-sale agreement

Securities purchased under re-sale agreements are treated as collateralized lending and recorded at the consideration paid and interest accrued thereon. The amount lent is shown as an asset either as loans and advances to customers or loans to other banks.

The difference between purchase price and re-sale price is treated as interest received and accrued evenly over the life of Repo agreement.

2.7.7 Receivables

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

2.7.8 Reconciliation of inter-bank and inter-branch account

Accounts with regard to inter-bank are reconciled regularly and there are no material differences which may affect the financial statements significantly. Un-reconciled entries / balances in the case of inter-branch transactions as on the reporting date are insignificant.

2.8 Share capital

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

2.9 Statutory reserve

Bank Companies Act, 1991 requires the Bank to transfer 20% of its current year's profit before tax to reserve until such reserve equals to its paid up capital.

2.10 Deposits and other accounts

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

2.11 Borrowings from other banks, financial institutions and agents

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

2.12 Basis for valuation of liabilities and provisions

2.12.1 Employees benefits

a. Short term benefits

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

b. Provident fund

The benefits of provident fund are given to the employees of the Bank in accordance with the Provident Fund Rules as per section 2(52) of Income Tax Ordinance, 1984. The Provident Fund was not recognized by National Board of Revenue. Separate bank account is maintained to manage the fund. 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' accounts on yearly basis.

c. Gratuity

As per the Employees Service Rules of the Bank, gratuity shall be admissible to all regular employees who have completed continuous service for a period of 7 (seven) years in the Bank but in case of experienced banker recruited through head hunting the admissible period is 5 (five) years. The amount of gratuity shall be calculated at the rate of 2 (two) months' last drawn basic pay for each completed year of service.

d. Other benefits

Other benefits include house building, consumer finance and car loan at a concessional rate.

2.12.2 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".

2.12.3 Provision for Off-balance sheet items:

Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines. Provision @1% against off-balance sheet exposures (L/Cs and Guarantees etc) in addition to the existing provisioning arrangement is made as per BRPD Circular No. 14 dated 23rd September, 2012.

2.12.4 Provision for current taxation

Provision for current income tax has been made as per prescribed rate in the Finance Act, 2014 on the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per Income tax laws in compliance with BAS 12 -- "Income Taxes".

2.12.5 Provision for deferred tax

Deferred tax is accounted for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purpose. Tax rate prevailing at the balance sheet date is used to determine deferred tax.

2.13 Revenue recognition

The revenues during the period are recognized complying with all conditions of revenue recognition as prescribed in BAS 18 -- "Revenue Recognition".

2.13.1 Interest income

In terms of the provision of the BAS 18 -- "Revenue", the interest income 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. After the loan is classified as bad, interest ceases to be applied and recorded in the memorandum account. Interest on classified advances is accounted for on a cash receipt basis.

2.13.2 Investment income

Interest income on investments is recognized on accrual basis. Capital gain on investments in shares is also included in investment income. Capital gain is recognized when it is realized.

2.13.3 Fees and commission income

Fees and commission income arising 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 affecting the transactions.

2.13.4 Dividend income on shares

Dividend income on shares is recognized during the period in which it is declared and ascertained.

2.13.5 Interest paid on borrowings and deposits

Interest paid on borrowings and deposits is calculated on daily basis and recognized on accrual basis.

2.13.6 Management and other expenses

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

2.14 Risk management

2.14.1 Internal control and compliance management

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

2.14.2 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. Treasury Department independently conducts the transactions and the Back Office of treasury is responsible for verification of the deals and recording 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 on regular basis.

2.14.3 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. Bank manages credit risk meticulously. The Bank extends credit facilities to different clients in different sectors after ensuring due diligence and mitigating risk factors as per guidelines set by Bangladesh Bank, 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 is there at Head Office 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, two separate units have been formed namely Credit Risk Management Division, Credit Administration Division. Credit Risk Management Division is entrusted with the duties of maintaining asset quality, assessing risks involved in lending, sanctioning credit and formulating policies/strategies for lending operation. Credit Risk Grading (CRG) is also made for individual borrowers.

2.14.4 Asset liability management

The Asset Liability Committee (ALCO) of the Bank monitors market risks and liquidity risks of the Bank. The market risks emanate from potential change in earnings due to change in rate of interest, foreign exchange rates which are not of trading nature. ALCO reviews liquidity requirements of the Bank, the maturity of assets and liabilities, deposit and lending, pricing strategies 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.

2.14.5 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 Anti Money Laundering Compliance Officer at Head Office and Branch Anti Money Laundering Compliance Officers at branches, who independently review the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been compiled and transaction profile has been introduced. Training has been continuously imparted to all categories of officers and executives for developing awareness and skills for identifying suspicious activities.

2.14.6 Information and communication technology security risk management

Transformation of business processes in response to technology-driven customers' needs and services has brought in tremendous change in information technology platform in the bank. The bank has adopted measures to protect the information and communication platform from unauthorized access, modification, virus, disclosure and destruction in order to ensure business continuity, data safety and security thereby protecting customers' interest at large.

2.14.7 Internal audit management

Internal audit is an independent, objective assurance and consulting activity designed to add value and to detect human errors and non-compliance with Internal Control Procedures. The bank has formed an Internal Audit Department under Internal Control & Compliance Division which is conducting internal audit on a regular basis of every branch and division at Head Office and report the findings to the Audit Committee of the Board of Directors. The Audit Department takes necessary steps to regularize the irregularities detected at the time of audit.

2.14.8 Fraud and forgeries management

The Internal Control and Compliance Division takes initiatives for preparing guidelines / instructions on a regular basis to prevent and detect frauds & forgeries. The ICCD communicates the guidelines / instructions to the branches and divisions at Head Office on a regular basis. The division is constantly monitoring and supervising for compliance with the guidelines / instructions so that the occurrence of fraud & forgeries comes to nil.

2.15 Earnings per share (EPS)

Earnings per share (EPS) has 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 31st 2014.

2.16 Statement of changes in equity

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

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 transactions.



	2014 Taka	2013 Taka
3. Cash in hand (including foreign currencies)		
Local currency	241,436,836	154,778,376
Foreign currencies	2,128,035	563,688
	243,564,871	155,342,064
4. Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		
Bangladesh Bank		
In local currency	1,128,502,116	314,289,540
In foreign currencies	84,560,326	13,335,363
	1,213,062,442	327,624,903
Sonali Bank Limited (as Agent of Bangladesh Bank) - local currency	-	-
	1,213,062,442	327,624,903

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

Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of the Banking Companies Act, 1991 (revised up to 2013) and of instructions contained in DOS Circular No. 01 dated 19 January, 2014 and MPD Circular No. 01 dated 23 June, 2014 issued by Bangladesh Bank.

The Cash Reserve Requirement on the Bank's time and demand liabilities at the rate of 6.50% has been calculated and maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Ratio on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including FC balance with Bangladesh Bank etc. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:

4.1.1 Cash Reserve Ratio (CRR) : 6.50% of average demand and time liabilities

Required reserve	905,530,730	150,342,720
Actual reserve maintained		
Balance with Bangladesh Bank - local currency (note 4)	1,128,502,116	314,289,540
Surplus / (deficit)	222,971,386	163,946,820
Maintained ratio	8.10%	12.54%

CRR was maintained at 8.10% on 31.12.2014 against minimum requirement of 6.50%. The excess was due to huge amount of sudden outward clearing (normal value) placed on that date.

4.1.2 Statutory Liquidity Ratio (SLR) : 13% of average demand and time liabilities

Required reserve	1,811,061,460	325,742,560
Available for maintenance :		
Cash in hand (including foreign currencies)	243,564,871	155,342,064
Balance with Sonali Bank Limited (as an agent of Bangladesh Bank)	-	-
Excess of CRR requirement	222,971,386	163,946,820
Unencumbered approved securities (treasury bills and bonds, debentures etc.)	3,889,681,184	502,874,086
	4,356,217,441	822,162,970
Surplus / (deficit)	2,545,155,981	496,420,410
Maintained Ratio	31.27%	32.81%
Average time and demand liabilities	13,931,242,000	2,505,712,000

SLR was maintained through Government Securities. The Bank invested in Government Securities at higher than the minimum requirement considering Bank's liquidity position, safety of investments and return. The comparative figure (as at 31.12.2013) has been stated on the basis of the current requirement (of 13%) in place.



5. Balance with other banks and financial institutions

	2014 Taka	2013 Taka
In Bangladesh (note 5.1)	2,928,978,943	3,918,968,648
Outside Bangladesh (note 5.2)	40,510,946	9,065,050
	2,969,489,889	3,928,033,698

5.1 In Bangladesh

Balance with other banks :

In current deposit accounts with

Sonali Bank Limited	1,468,731	-
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In special notice deposit accounts with

Janata Bank Limited	10,461,914	2,442,593
Eastern Bank Limited	226,570,383	400,000
Mercantile Bank Limited	2,755	5,001
Bank Asia Limited	945	2,500
Standard Bank Limited	9,927,307	15,616,553
Jamuna Bank Limited	22,574	2,000
Al-Arafa Islami Bank Ltd.	2,005,979	500,000
Sonali Bank Limited	5,000	-
Trust Bank Limited	1,411,445	-
Dutch Bangla Bank Limited	17,380	-
Union Bank Limited	50,000	-
IFIC Bank Limited	27,034,530	-
	277,510,212	18,968,648

In fixed deposit accounts with

Janata Bank Ltd.	-	1,800,000,000
Rupali Bank Ltd.	500,000,000	750,000,000
Mercantile Bank Ltd.	200,000,000	-
	700,000,000	2,550,000,000

Balance with financial institutions :

In fixed deposit accounts with

G. S. P. Finance & Investment Limited	-	50,000,000
Lanka Bangla Finance Limited	200,000,000	300,000,000
Uttara Finance Limited	200,000,000	300,000,000
Phoenix Finance Limited	200,000,000	200,000,000
People's Leasing and Financial Services Limited	200,000,000	200,000,000
Prime Finance & Investment Limited	200,000,000	50,000,000
International Leasing & Financial Services Limited	500,000,000	100,000,000
Reliance Finance Limited	-	100,000,000
IDLC Finance Limited	300,000,000	50,000,000
United Finance Limited	150,000,000	-
	1,950,000,000	1,350,000,000
	2,928,978,943	3,918,968,648



5.2 Outside Bangladesh

In demand deposit accounts (non-Interest bearing) with

Particulars	Currency	2014			2013		
		Amount in foreign currency	Exchange rate for per unit foreign currency	Amount in Taka	Amount in foreign currency	Exchange rate for per unit foreign currency	Amount in Taka
Sonali Bank Ltd. UK	USD	43,747.98	77.9500	3,410,155	12,965	77.7500	1,008,042
Sonali Bank Ltd. UK	EURO	28,385.56	94.6079	2,685,498	10,640	106.7600	1,135,873
Mashreq Bank PSC, New York	USD	281,796.53	77.9500	21,966,040	10,294	77.7500	800,362
AB Bank, Mumbai	ACU	114,249.67	77.9500	8,905,762	62,269	77.7500	4,841,396
United Bank of India	ACU	1,583.96	77.9500	123,470	16,455	77.7500	1,279,376
National Bank of Pakistan, Tokyo	JPY	229,722.00	0.6473	148,699	-	-	-
Mashreq Bank PSC, London	GBP	8,786.33	120.9472	1,062,682	-	-	-
Mashreq Bank PSC, London	EURO	23,345.20	94.6079	2,208,640	-	-	-
				40,510,946			9,065,050
In demand deposit accounts (interest bearing)				-			-
Total Outside Bangladesh				40,510,946			9,065,050

2014
Taka

2013
Taka

5.3 Maturity grouping of balance with other banks and financial institutions

On demand	319,489,889	28,033,698
Within one month	400,000,000	-
Within one to three months	1,300,000,000	2,750,000,000
Within three to twelve months	950,000,000	1,150,000,000
Within one to five years	-	-
More than five years	-	-
	2,969,489,889	3,928,033,698

6. Money at call and short notice

With banks

Mutual Trust Bank Limited
Midland Bank Limited
NRB Bank Limited

-	100,000,000
50,000,000	-
50,000,000	-
100,000,000	100,000,000

With financial institutions

United Finance Limited
Fareast Finance & Investment Limited
Prime Finance & Investment Limited
Delta Brac Housing Finance Corporation Ltd.
Lanka Bangla Finance Limited
International Leasing & Financial Services Ltd.

100,000,000	-
50,000,000	-
100,000,000	-
200,000,000	-
150,000,000	-
100,000,000	-
700,000,000	-
800,000,000	100,000,000

	2014 Taka	2013 Taka
7. investments		
Government securities		
Treasury bills		
28-days treasury bills	-	-
91-days treasury bills	78,773,040	9,840,530
182-days treasury bills	136,158,860	112,500,631
364 days treasury bills	85,658,160	223,586,327
	300,590,060	345,927,488
Treasury bonds		
2-Years treasury bonds	50,891,287	-
5-Years treasury bonds	70,732,552	-
10-Years treasury bonds	1,141,772,284	69,899,851
15-Years treasury bonds	1,136,987,947	77,024,996
20-Years treasury bonds	1,188,707,053	10,021,750
	3,589,091,124	156,946,598
Total treasury bills and bonds	3,889,681,184	502,874,086
Prize bonds	90,400	56,800
Total Government securities	3,889,771,584	502,930,886
Other investments		
Reverse- REPO with Bangladesh Bank	200,000,000	-
Shares in quoted companies (at cost) (note 7.3)	40,897,887	49,993,419
	240,897,887	49,993,419
	4,130,689,470	552,924,305

7.1 Classification of investments

Government treasury bills and bonds		
Held for Trading (HFT)	1,885,868,977	502,874,086
Held to Maturity (HTM)	2,003,812,207	-
Total investments in government securities	3,889,681,184	502,874,086
Prize bonds	90,400	56,800
Reverse-REPO with Bangladesh Bank	200,000,000	-
Other investments	40,897,887	49,993,419
	4,130,669,470	552,924,305

7.2 Shares in quoted companies (at cost)

A8 Bank Ltd.	-	2,101,811
Al-Arafah Islami Bank Ltd.	-	6,597,561
8RAC Bank Ltd.	-	6,368,111
Jamuna Bank Ltd.	-	249,871
Lafarge Surma Cement Ltd.	-	8,835,717
Mutual Trust Bank Ltd.	-	256,896
One Bank Ltd.	5,599,530	5,065,668
Square Pharma Ltd.	-	1,924,713
Titas Gas Transmission and Distribution Company Ltd.	-	15,257,063
Uttara Bank Ltd.	-	3,336,008
Lanka Bangla Finance Ltd.	19,095,195	-
Summit Purbchal Power Co. Ltd.	16,203,162	-
	40,897,887	49,993,419

7.3 Valuation of shares in quoted companies

Particulars	Number of shares	Cost per share	Total cost	Market value as on 31 December 2014
Lanka Bangla Finance Ltd.	262,500	72.7436	19,095,195	11,550,000
One Bank Ltd.	368,500	15.1955	5,599,530	5,822,300
Summit Purbachal Power Co. Ltd.	242,000	66.9552	16,203,162	12,075,800
Total	873,000		40,897,887	29,448,100

	2014	2013
	Taka	Taka
On demand	200,090,400	56,800
Within one month	40,897,887	49,993,419
Within one to three months	78,773,040	9,840,530
Within three to twelve months	221,817,020	336,086,958
Within one to five years	121,623,839	-
More than five years	3,467,467,284	156,946,598
	4,130,669,47D	552,924,3D5

7.4 Maturity grouping of investments

7.5 Disclosure for REPO and Reverse REPO transactions

In terms of the instructions contained in DOS Circular No. 6 dated 15 July 2010, the disclosure requirements for REPO and Reverse REPO transactions of the Bank are furnished below :

7.5.1 Disclosure regarding outstanding REPO as on 31 December 2D14

Sl. No.	Name of the counterparty	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
-	-	-	-	-

7.5.2 Disclosure regarding outstanding Reverse REPO as on 31 December 2014

Sl. No.	Name of the counterparty	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
	Bangladesh Bank	30.12.2014	01.01.2015	200,000,000

7.5.3 Disclosure regarding overall transactions of REPO and Reverse REPO for the year ended 31 December 2D14

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
	Taka	Taka	Taka
Securities sold under repo :			
i) with Bangladesh Bank	-	-	-
ii) with other banks & FIs	78,804,079	1,092,677,774	162,636,394
Securities purchased under reverse repo			
i) with Bangladesh Bank	200,000,000	200,000,000	1,095,890
ii) with other banks & FIs	99,738,730	419,467,550	6,901,039



	Taka	Taka
8. Loans and advances		
Loans , cash credit, overdrafts etc. (note 8.1)	12,236,116,081	2,583,890,587
Bills purchased and discounted (note 8.2)	1,281,933,375	422,877,389
	13,518,049,457	3,006,767,976
B.1 Loans , cash credit, overdrafts etc.		
In Bangladesh:		
Overdrafts	3,974,660,019	694,703,828
Cash credit :		
General cash credit	2,733,002,740	1,425,473,912
SME cash credit	1,752,204,912	-
	4,485,207,652	1,425,473,912
Loans :		
Loans against trust receipt	1,222,228,408	377,357,568
Export packing credit	4,044,892	-
Payment against document -(sight L/C)	19,407,917	-
Payment against document - (EDF)	77,486,731	-
Time loans	205,728,185	7,588,542
EDF loans	629,209,349	-
Lease finance	385,457,351	2,000,000
House building finance	22,238,050	-
General term loans	886,148,861	10,662,418
SME term loans	126,295,559	-
Personal loans	52,489,594	-
Auto loans	1,915,527	-
Staff loans	143,597,987	66,104,318
	3,776,248,410	463,712,846
Outside Bangladesh	12,236,116,081	2,583,890,587
	12,236,116,081	2,583,890,587
8.2 Bills purchased and discounted		
Payable in Bangladesh		
Inland bills purchased and discounted	1,254,740,391	422,877,389
Payable outside Bangladesh		
Foreign bills purchased and discounted	27,192,984	-
	1,281,933,375	422,877,389
B.3 Maturity grouping of loans and advances including bills purchased and discounted		
On demand	-	-
Within one month	2,479,210,270	332,627,794
Within one to three months	3,655,280,573	822,072,207
Within three to twelve months	5,622,156,769	1,751,733,987
Within one to five years	1,616,849,541	53,517,000
More than five years	144,552,303	46,816,988
	13,518,049,457	3,006,767,976
B.4 Loans and advances including bills purchased and discounted are classified into following broad categories		
(a) Loans and advances (note 8.1)		
In Bangladesh		
Loans	3,776,248,410	463,712,846
Cash credit	4,485,207,652	1,425,473,912
Overdraft	3,974,660,019	694,703,828
	12,236,116,081	2,583,890,587
Outside Bangladesh	12,236,116,081	2,583,890,587
(b) Bills purchased and discounted		
In Bangladesh	1,254,740,391	422,877,389
Outside Bangladesh	27,192,984	-
	1,281,933,375	422,877,389
	13,518,049,457	3,006,767,976

	2014 Taka	2013 Taka
8.5 Loans and advances including bills purchased and discounted on the basis of significant concentration		
i. Loans and advances to Directors of the bank	203,462,722	196,492,087
ii. Loans and advances to CEO and other senior executives	132,668,280	66,104,318
iii. Loans and advances to customers' group	13,181,918,455	2,744,171,571
	13,518,049,457	3,006,767,976
iv. Disclosure on large loans		
Disclosure on large loans i.e. loan sanctioned to any individual or enterprise or any organization of a group amounting to 10% or more of the Bank's total capital and classified amount therein and measures taken for recovery of such loan have been furnished as under. Mentionable that, total capital of the Bank was Taka 4,364,655,864 as at 31 December 2014 and Taka 4,170,156,451 as at 31 December 2013.		
iv (a) Number of the clients to whom loans and advances sanctioned more than 10% of the Bank's total capital	18	4
iv (b) Amount of outstanding loans and advances to the clients mentioned in iv (a) above	8,361,900,000	1,753,150,000
iv (c) Amount of classified loans and advances out of the amount mentioned in iv (b) above	-	-
iv (d) Measures taken for recovery of the amount mentioned in iv (c) above	-	-
8.6 Geographical location-wise loans and advances including bills purchased and discounted		
Dhaka Division	9,211,712,416	2,812,317,758
Chittagong Division	3,421,114,892	87,484,075
Khulna Division	802,509,939	106,966,142
Sylhet Division	37,700,132	-
Rajshahi Division	22,002,805	-
Barisal Division	23,009,273	-
	13,518,049,457	3,006,767,976
8.7 Industry-wise loans and advances including bills purchased and discounted		
Agriculture, fisheries and forestry	158,736,813	-
Agro base processing industries	429,058,270	219,684,835
Small & medium enterprise financing (SMEF)	3,733,612,447	317,612,704
RMG & textile industries	1,264,800,000	554,787,862
Hospitals, clinics & medical colleges	312,401,133	96,076,085
Trade & commerce	2,625,101,322	1,047,602,171
Transport and communications	610,412,415	-
Rubber & plastic industries	341,533,609	-
Iron, steel & aluminium Industries	870,616,675	-
Other manufacturing industries	2,510,083,095	466,600,000
Housing & construction industries	106,510,792	54,004,318
Consumer credit	66,092,804	12,100,000
Others	489,090,081	238,300,000
	13,518,049,457	3,006,767,975



2014
Taka

2013
Taka

8.8 Required provision for loans and advances including bills purchased and discounted

Particulars	Amount of outstanding loans and advances as at 31 December 2014	Base for Provision	Rate	Amount of required provision as at 31 December 2014	Amount of required provision as at 31 December 2013
i) Unclassified loans and advances :					
a) Consumer finance	35,504,936	35,504,936	5.00%	1,775,247	533,121
b) Staff loans	143,597,987	143,597,987	0.00%	-	-
c) Housing finance	22,238,050	22,238,050	2.00%	444,761	-
d) Loans to professional	5,062,844	5,062,844	2.00%	101,257	-
e) Small enterprise finance	3,728,621,241	3,728,621,241	0.25%	9,321,553	794,032
f) Loans to BH, MB, SD, etc.	499,881,507	499,881,507	2.00%	9,997,630	-
g) Agricultural credit	158,736,813	158,736,813	2.50%	3,968,420	-
e) Others	8,924,406,078	8,924,406,078	1.00%	89,244,061	26,123,885
	13,518,049,457	13,518,049,457		114,852,929	27,451,038
(II) Sub-standard	-	-	20.00%	-	-
(III) Doubtful	-	-	50.00%	-	-
(IV) Bad / loss	-	-	100.00%	-	-
Total provision required	13,518,049,457	13,518,049,457		114,852,929	27,451,038
Total provision maintained				114,852,929	27,451,038
Surplus / (deficit)					

8.9 Classification of loans and advances including bills purchased and discounted

Unclassified (including staff loans)

i) Standard	13,518,049,457	3,006,767,975
ii) Special mention account (SMA)	-	-
	13,518,049,457	3,006,767,975
Sub-standard	-	-
Doubtful	-	-
Bad / loss	-	-
Total	13,518,049,457	3,006,767,975

8.10 Particulars of loans and advances including bills purchased and discounted

i) Loans considered good in respect of which the banking company is fully secured	11,111,010,000	2,992,656,865
ii) Loans considered good for which the banking company holds no security other than the debtor's personal guarantee	2,340,946,653	-
iii) Loans considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	66,092,804	14,111,111
iv) Loans adversely classified; provision not maintained there against		
	13,518,049,457	3,006,767,975
v) Loans due by directors or officers of the banking company or any of them either separately or jointly with any other person	329,160,367	262,596,405
vi) Loan due from companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in case of private companies as members	203,462,722	196,492,087
vii) Maximum total amount of advances, including temporary advances made at any time during the period to directors or managers or officers of the banking companies or any of them either separately or jointly with any other persons	329,160,367	262,596,405

	2014 Taka	2013 Taka
viii Maximum total amount of advances including temporary advances granted during the year to the companies or firm in which the directors of the banking company have interests as directors, partners or managing agents or in the case of private companies as members	203,462,722	196,492,087
ix) Due from banking companies	-	-
x) Amount of classified loan on which interest has not been charged	-	-
(a) (Decrease)/increase in specific provision	-	-
(b) Amount of loan written off during the year	-	-
(c) Amount realized against loan previously written off	-	-
(d) Amount of provision kept against loan classified as bad/loss as on the Balance Sheet date	-	-
(e) Interest creditable to the interest suspense accounts	-	-
xi) Cumulative amount of the written off loan:	-	-
xii) Amount written off in the year	-	-
xiii) Amount of written off loan for which lawsuit has been filed for recovery	-	-
8.11 Bills purchased and discounted		
Payable -		
In Bangladesh	1,254,740,391	422,877,389
Outside Bangladesh	27,192,984	-
	1,281,933,375	422,877,389
8.12 Bills purchased and discounted on the basis of the residual maturity grouping		
On demand	-	-
Within one month	384,580,013	303,034,158
Within one to three months	512,773,350	17,017,651
Within three to twelve months	384,580,013	102,825,580
Within one to five years	-	-
More than five years	-	-
	1,281,933,375	422,877,389

	2014 Taka	2013 Taka
9. Fixed Assets (Annexure - B)		
Motor vehicles	7,985,000	4,600,000
Machinery and equipments	98,888,311	41,677,664
Furniture and fixtures	33,204,580	15,728,737
Interior decoration	66,752,527	16,902,561
Computers and accessories	144,311,637	102,631,872
Softwares	10,516,774	9,353,023
Other tools	7,575,476	1,897,950
	369,234,305	192,791,807
Less : Accumulated depreciation	63,010,465	11,117,727
	306,223,841	181,674,080
10. Other Assets		
Advance income tax (note 10.1)	72,172,251	21,083,592
Stock of stationeries and stamps (note 10.2)	2,217,193	570,513
Advance rent, advertisement, etc. (note 10.3)	317,114,555	208,794,858
Accrued interest and commission receivable (note 10.4)	147,070,592	62,332,244
Security deposits	308,819	66,550
Suspense accounts (note 10.5)	115,457,001	128,679,895
	654,340,410	421,527,652
10.1 Advance income tax		
Opening balance	21,083,592	-
Add : Paid during the year		
Income tax deducted at source	57,178,447	21,083,592
Income tax paid u/s 64 & 74 of Income Tax Ordinance 1984	38,841,139	-
	96,019,586	21,083,592
	117,103,178	21,083,592
Less : Adjustment during the year	44,930,927	-
Closing balance	72,172,251	21,083,592
10.2 Stock of stationeries and stamps		
Stock of printing stationeries	1,508,343	513,303
Stock of security stationeries	186,456	-
Stock of stamps	522,394	57,210
	2,217,193	570,513
10.3 Advance rent, advertisement, etc.		
Advance rent	317,114,555	207,294,858
Advance advertisement	-	1,500,000
	317,114,555	208,794,858
10.4 Accrued interest and commission receivable		
Interest on loans and advances	720,869	106,199
Accrued interest on call loans	491,979	19,444
Interest on other banks' deposits	70,204,480	58,940,909
Accrued income on HFT securities	75,416,276	2,955,339
Commission receivables	236,988	310,353
	147,070,592	62,332,244



	2014 Taka	2013 Taka
10.5 Suspense accounts		
Sundry debtors	3,758	6,581
Suspense for Sanchayapatra	31,030	-
Advance against expenses	1,407,234	1,433,269
Advance against fixed assets (note 10.5.1)	113,016,549	126,681,784
SBACBL general account	-	701
Other prepaid expenses	998,430	557,560
	115,457,001	128,679,895
10.5.1 Advance against fixed assets		
Advance against fixed assets has been made for which final bill has not being received :		
Furniture and fixtures	2,897,615	1,812,773
Interior Decoration	61,100,262	36,256,711
Machineries and equipments	9,472,347	36,065,975
Computers, accessories and software	39,546,326	52,546,326
	113,016,549	126,681,784
11. Borrowings from other banks, financial institutions and agents		
a) In Bangladesh		
Refinance from Bangladesh Bank		
Agro based industries	6,592,083	-
Small enterprise entrepreneurs	3,044,000	-
Export Development Fund (EDF)	629,209,349	-
	638,845,432	-
b) Outside Bangladesh	-	-
	638,845,432	-
11.1 Residual maturity grouping of borrowings from other banks, financial institutions and agents		
On demand	13,116,218	-
Within one month	83,663,761	-
Within one to three months	181,241,123	-
Within three to twelve months	360,824,331	-
Within one to five years	-	-
More than five years	-	-
	638,845,433	-
12. Deposits and other accounts		
Current deposits and other accounts [note : 12.1]	1,728,012,642	395,469,969
Special notice deposits	489,919,025	506,660,420
Bills payable	112,579,609	43,332,482
Savings bank deposits	338,949,351	95,806,056
Fixed deposits	15,126,558,925	3,263,396,812
Other term deposits [note : 12.2]	845,884,457	135,112,549
	18,641,904,008	4,439,778,287

	2014 Taka	2013 Taka
12.1 Current Deposits and other accounts		
Current deposits	955,779,003	294,088,490
FGN currency deposits	7,332,020	-
ERQ accounts	1,949,535	-
FC held against BTB L/Cs	196,136,563	5,038,201
Margin against L/Cs	182,318,899	23,034,546
Margin against L/Gs	17,768,328	11,980,997
Margin on SOD (pay order)	156,050	-
Sundry deposits - excise duty	133,670	1,423,319
Sundry deposits - local bills	8,032,697	31,019
Sundry deposits - Sanchayapatra	2,500,000	-
Other security deposits	5,521,485	1,726,615
Sundry deposits - foreign correspondents charge	3,448,817	-
Sundry deposits - risk fund	76,800	20,000
Sundry deposits - advance installment on Lease	64,000	-
Sundry deposits - Tax Deducted at source	4,467,880	5,772,854
Sundry deposits - VAT deducted at source	602,539	180,477
Sundry deposits - VAT Service Bills	997,646	3,605,575
Sundry deposits - Q-Cash settlement account	313,121	-
Sundry deposits - IPO Refund	5,498,340	-
Interest payable on deposits	334,915,249	48,567,875
	1,728,012,642	395,469,969
12.2 Other term deposits		
MSS Deposits	72,896,721	6,262,930
MBS Deposits	540,564,000	61,360,089
Special Deposit Scheme	231,959,830	67,485,270
Other Savings Schemes	463,906	4,260
	845,884,457	135,112,549
12.3 Segregation of deposits and other accounts		
Other than inter-bank deposits	17,841,904,008	4,439,778,287
Inter-bank deposits	800,000,000	-
	18,641,904,008	4,439,778,287
12.4 Details of inter-bank deposits		
In fixed deposit accounts		
Sonali Bank Limited	300,000,000	-
Rupali Bank Limited	500,000,000	-
	800,000,000	-
12.5 Residual maturity grouping of deposits and other accounts		
On demand	891,635,102	232,799,225
Within one month	2,674,905,306	704,915,586
Within one to three months	3,231,989,395	633,853,067
Within three to six months	2,386,831,640	919,116,600
Within six to twelve months	5,921,048,185	1,378,674,899
Within one to five years	3,099,199,655	393,670,936
More than five years	436,294,725	176,747,974
	18,641,904,008	4,439,778,287

	2014 Taka	2013 Taka
12.6 Unclaimed deposits for ten years and more held by the bank	-	-
12.7 As on the reporting date of these financial statements, there were no valuable items unclaimed for ten years or more held by the bank		
13. Other liabilities		
Sundry creditors	1,696,972	2,172,638
Provision for expenses	3,369,322	1,424,055
Central EFT adjustment account	5,068,779	-
Provision for gratuity (note 13.1)	1,500,000	-
Provision for taxation (note 13.2)	124,256,385	44,329,911
Provision for deferred tax liability (note 13.3)	20,639,407	14,813,079
Provision for diminution in value of investment (note 13.4)	11,449,795	1,210,450
General provision on loans & advances (note 13.5)	114,852,929	27,451,038
General provision on Off Balance Sheet exposures (note 13.6)	29,111,405	5,013,730
	311,944,994	96,414,901
13.1 Provision for gratuity		
Opening balance	-	-
Add : Provision made for the year	1,500,000	-
	1,500,000	-
Less : Paid during the year	-	-
Closing balance	1,500,000	-
13.2 Provision for taxation		
Opening balance	44,329,911	-
Add : Provision made for the year	124,857,401	44,329,911
	169,187,312	44,329,911
Less : Adjustment during the year	44,930,927	-
Closing balance	124,256,385	44,329,911
Provision for income tax has been kept as per the provisions of Income Tax Ordinance 1984. Income tax assessment for the financial year 2013 (corresponding to the assessment year 2014-2015) is under process of completion.		
13.3 Provision for deferred tax liability		
Opening balance	14,813,079	-
Add : Deferred tax liability / (assets) for the year	5,826,328	14,813,079
Closing Balance	20,639,407	14,813,079

	2014 Taka	2013 Taka
13.3.1 Detailed calculation of deferred tax liability / (assets)		
In terms of instructions contained in BRPD Circular No. 11 dated 12 December 2011 and provision of BAS 12 - Taxation, the detail calculation of deferred tax (assets) / liability of the Bank is furnished as under :		
i) Temporary timing difference in written down value (WDV) of fixed assets :		
WDV (carrying amount) of fixed assets	306,223,841	181,674,080
WDV of fixed assets as per Tax (Tax Base) as on the balance sheet date	256,160,530	146,819,776
	<u>50,063,311</u>	<u>34,854,304</u>
ii) Temporary timing difference in provision for Gratuity	1,500,000	-
Total amount of temporary timing difference in liability / (assets)	<u>48,563,311</u>	<u>34,854,304</u>
Effective tax rate	42.50%	42.50%
Deferred tax liability / (assets)	<u>20,639,407</u>	<u>14,813,079</u>
Deferred tax expense / (income) for the year	<u>5,826,328</u>	<u>14,813,079</u>
13.4 Provision for diminution in value of investments		
Opening balance	1,210,450	-
Add : Provision made for the year	10,239,345	1,210,450
	<u>11,449,795</u>	<u>1,210,450</u>
Less: Adjustment during the period	-	-
Closing balance	<u>11,449,795</u>	<u>1,210,450</u>
Provision has been kept on unrealized loss (gain net off) according to DOS Circular No. 4 dated 24 November 2011.		
13.5 Provision for unclassified loans and advances (note 07.11)		
Opening balance	27,451,038	-
Add : Provision made for the year	87,401,891	27,451,038
	<u>114,852,929</u>	<u>27,451,038</u>
Less: Adjustment during the period	-	-
Closing balance	<u>114,852,929</u>	<u>27,451,038</u>
13.6 Provision for off balance sheet exposures		
Opening balance	5,013,730	-
Add : Provision made for the year	24,097,675	5,013,730
	<u>29,111,405</u>	<u>5,013,730</u>
Less: Adjustment during the period	-	-
Closing balance	<u>29,111,405</u>	<u>5,013,730</u>

14. Share capital

14.1 Authorized share capital

100,00,00,000 ordinary shares of Tk. 10/- each

10,000,000,000 10,000,000,000

14.2 Issued, subscribed and paid up share capital

40,89,60,000 ordinary shares of Tk. 10/- each

4,089,600,000 4,089,600,000

14.3 Group-wise shareholding position

Particulars	2014			2013		
	No. of shares	Percentage (%) of holding	Taka	No. of shares	Percentage (%) of holding	Taka
Sponsor directors	282,100,000	68.98%	2,821,000,000	326,100,000	79.74%	3,261,000,000
Sponsor shareholders	126,860,000	31.02%	1,268,600,000	82,860,000	20.26%	828,600,000
Total	408,960,000	100.00%	4,089,600,000	408,960,000	100.00%	4,089,600,000

14.4 Range-wise shareholdings as on 31 December 2014

Range of holding of shares	No of share holders	Percentage % of share holding	No of shares	Taka
Less than 500	-	0.00%	-	-
500 - 5,000	-	0.00%	-	-
5,001 - 10,000	-	0.00%	-	-
10,001 - 20,000	-	0.00%	-	-
20,001 - 30,000	-	0.00%	-	-
30,001 - 40,000	-	0.00%	-	-
40,001 - 50,000	-	0.00%	-	-
50,001 - 1,00,000	-	0.00%	-	-
1,00,001 - 10,00,000	13	3.18%	13,000,000	130,000,000
10,00,001 and above	39	96.82%	395,960,000	3,959,600,000
Total	52	100.00%	408,960,000	4,089,600,000

14.5 Capital adequacy ratio

As per Section 13 of the Bank Companies Act, 1991 (Amended in 2013) and instructions contained in BRPD Circular Letter No. 11 dated 14 August 2008, BRPD Circular No. 10 dated 10 March 2010, BRPD Circular No. 35 dated 29 December 2010 [Guidelines on Risk Based capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel II)], the risk based capital (eligible regulatory capital) of the Bank as of 31 December 2014 stood at Taka 4,364,655,864.00 against the risk based capital requirement of Taka 4,000,000,000.00. As a result, there was a capital surplus of Taka 364,655,864.00 in risk based capital adequacy ratio as on 31 December 2014.

As per Section 13(2) of the Bank Companies Act, 1991 (Amended in 2013) and instructions contained in BRPD Circular Letter No. 11 dated 14 August 2008, the paid-up share capital, statutory reserve, other reserves and retained earnings should be at least Taka 4,000 million. The paid-up share capital, retained earnings and statutory reserve of the Bank was Taka 4,198.68 million (paid-up share capital, Taka 4,089.60 million and statutory reserve, Taka 60.43 million and retained earnings, Taka 48.64 million) as on 31 December 2014.

Details of capital adequacy ratio are furnished below :

Tier - I (Core capital)

Paid up capital

4,089,600,000 4,089,600,000

Statutory reserve

60,434,058 21,097,469

Retained earnings

48,643,054 25,244,299

4,198,677,113 4,135,941,768

Tier - II (Supplementary capital)

General provision on unclassified loans and off-balance sheet exposures

143,964,334 32,464,768

Revaluation reserve for HFT securities

22,014,417 1,749,915

165,978,751 34,214,683

Tier - III (Additional supplementary capital)

A. Total capital

4,364,655,864 4,170,156,451

B. Total risk weighted assets

14,776,640,749 6,727,038,443

C. Required capital - 10% on risk weighted assets or 400.00 crore whichever is higher

4,000,000,000 4,000,000,000

Surplus/(shortfall) (A - C)

364,655,864 170,156,451

Capital adequacy ratio on core capital (against standard of minimum 5.00%)

28.41% 61.48%

Capital Adequacy ratio on total capital (against standard of minimum 10.00%)

29.54% 61.99%



	2014 Taka	2013 Taka
15. Statutory reserve		
As per Section 24(1) of the Bank Companies Act, 1991, an amount equivalent to 20% of profit before taxes for the year has been transferred to the statutory reserve fund		
Opening balance	21,097,469	-
Add : Transferred from profit during the year	39,336,589	21,097,469
Closing balance	60,434,058	21,097,469
16. Revaluation reserve on Govt. Securities		
Opening balance	1,759,720	-
Add : Reserve made during the year	42,269,114	1,759,720
Closing balance	44,028,833	1,759,720
17. Retained earnings		
Opening balance	25,244,299	-
Prior period adjustment (note 27)	(3,263,871)	-
Net profit for the year	65,999,215	46,341,768
Transfer to statutory reserve	(39,336,589)	(21,097,469)
Closing balance	48,643,054	25,244,299
18. Contingent liabilities		
Acceptances and endorsements	952,124,703	49,711,022
Letters of Guarantee (note 18.1)	999,443,726	149,504,282
Irrevocable letters of credit (note 18.2)	959,572,107	302,157,743
Bills for collection (note 18.3)	41,062,502	-
	2,952,203,039	501,373,047
18.1 Letters of guarantee		
Money for which the bank is contingently liable in respect of guarantees issued favoring:		
Directors	-	-
Government	149,916,559	-
Banks and other financial institutions	-	-
Others	849,527,167	149,504,282
	999,443,726	149,504,282
18.2 Irrevocable letters of credit		
Local		
Irrevocable letters of credit- cash sight	567,360	376,600
Irrevocable letters of credit- back to back	25,209,401	1,382,832
	25,776,761	1,759,432
Foreign		
Irrevocable letters of credit- cash sight	751,231,200	272,060,803
Irrevocable letters of credit- cash usance	153,263,802	27,985,017
Irrevocable letters of credit- back to back	29,300,344	352,490
	933,795,346	300,398,310
	959,572,107	302,157,743
18.3 Bills for collection		
Outward local bills	4,147,648	-
Local documentary bills for collection	7,023,324	-
Foreign documentary bills for collection	29,891,530	-
	41,062,502	-

	2014 Taka	2013 Taka
19. Particulars of profit and loss account		
Income		
Interest, discount and similar income (note 21)	1,590,076,894	446,905,038
Dividend income (note 23)	1,596,500	-
Fees, commission and brokerage (note 24)	47,823,019	4,950,993
Gains less losses arising from dealing in securities (note 23)	8,919,085	-
Gains less losses arising from investment securities (note 23)	275,019,613	12,540,399
Gains less losses arising from dealing in foreign currencies (note 24)	31,238,084	3,236,896
Income from non-banking assets	-	-
Other operating income (note 25)	20,697,858	1,857,089
Profit less losses in interest rate changes	-	-
	1,975,371,053	469,490,414
Expenses		
Interest, fee and commission (note 22)	1,120,004,284	137,539,300
Losses on loans and advances	-	-
Administrative expenses (note 20)	423,531,594	152,476,336
Other operating expenses (note 35)	61,520,581	29,197,075
Depreciation on banking assets (note 34)	51,892,738	11,117,727
	1,656,949,198	330,330,437
Profit before provision	318,421,855	139,159,977
20. Administrative expenses		
Salary and allowances (note 26)	234,650,023	67,296,312
Rent, taxes, insurance, electricity etc. (note 27)	144,955,626	71,049,113
Legal & professional expenses (note 28)	1,048,173	165,545
Postage, stamp, telecommunication etc. (note 29)	10,453,838	2,529,670
Stationery, printing, advertisement etc. (note 30)	20,302,910	4,411,043
Managing Director's salary and allowances (note 31)	9,400,000	6,000,000
Directors' fees and other benefits (note 32)	1,555,000	700,500
Audit fees (note 33)	287,500	57,500
Repairs and maintenance (note 34)	878,526	266,652
	423,531,594	152,476,336
21. Interest Income		
Interest on loans and advances		
Interest on cash credit	401,568,786	51,227,134
Interest on SOD	302,442,727	37,699,131
Interest on OD General	41,624	-
Interest on local bills discounted	172,978,239	48,016,099
Interest on foreign bills purchased	165,946	-
Interest on import finance	113,154,395	12,943,920
Interest on export finance	6,166,681	-
Interest on other demand loans	10,977,237	88,542
Interest on lease finance	28,779,729	18,889
Interest on house building loans	606,400	-
Interest on general term loans	49,914,873	406,990
Interest on SME loans	8,603,140	-
Interest on consumer credit scheme	135,254	-
Interest on agriculture & rural credit	49,463	-
Interest on staff loans	5,740,626	671,447
	1,101,325,120	151,072,152
Interest on money at call and short notice	31,758,452	25,403,611
Interest on FDR with other banks	404,405,695	251,618,731
Interest on SND with other banks	52,587,627	18,810,544
	1,590,076,894	446,905,038



	2014 Taka	2013 Taka
22. Interest paid on deposits and borrowings		
Interest on Deposits		
Interest on savings deposits	8,383,571	1,603,915
Interest on special notice deposits	17,911,516	12,132,474
Interest on monthly savings schemes	4,123,675	147,849
Interest on monthly benefit schemes	37,094,463	2,275,106
Interest on special benefit schemes	17,347,376	1,490,774
Interest on fixed deposits	947,449,086	119,811,404
	1,032,309,687	137,461,522
Interest on call borrowing	67,424,355	77,778
Interest on credit lines	7,505,417	-
Interest on Bangladesh Bank Re-financing facilities	157,222	-
Interest on borrowing under REPO	12,607,604	-
	1,120,004,284	137,539,300
23. Investment Income		
Dividend Received on Shares	1,596,500	-
Income on treasury bills, bonds and debentures		
Interest on treasury bonds	210,967,070	899,485
Interest on treasury bills	21,291,079	11,640,914
Interest on reverse REPO	645,411	-
Gains on trading of government securities	42,116,053	-
	275,019,613	12,540,399
Gains on Capital Market	8,919,085	-
	285,535,198	12,540,399
24. Commission, Exchange and Brokerage		
Fees, commission and brokerage		
Commission on bills & remittance	103,462	1,150
Commission on letters of credit	26,393,790	2,672,874
Commission on letters of guarantee	14,407,782	1,621,568
Commission on acceptances	6,687,622	255,860
Commission on add confirmation	900	89,188
Commission on bank underwriting	229,463	310,353
	47,823,019	4,950,993
Exchange earnings (net)	31,238,084	3,236,896
	79,061,103	8,187,889
25. Other Operating Income		
Banking service charge	16,466,453	1,672,408
Postage charge recovery	356,101	2,025
SWIFT charge recovery	2,485,282	158,600
Miscellaneous income	1,390,022	24,056
	20,697,858	1,857,089

	2014 Taka	2013 Taka
26. Salary and Allowances		
Basic salary	93,089,446	32,267,332
House rent allowance	38,638,526	11,039,140
Conveyance allowance	7,507,730	1,710,749
Medical allowance	11,969,821	3,531,739
House maintenance allowance	9,632,154	2,696,972
Utility allowance	9,654,231	2,681,394
Leave fare assistance	10,154,955	3,050,839
Festival bonus	16,419,547	6,864,600
Incentive bonus	6,989,533	-
Bank's contribution on provident fund	7,608,600	1,961,846
Provision for gratuity	1,500,000	-
Salary to casual labourer	21,485,480	1,491,701
	234,650,023	67,296,312
27. Rent, taxes, insurance, electricity etc.		
Rent	116,810,599	63,091,519
Rates and taxes	5,205,784	1,461,353
Utilities	14,644,730	2,725,845
Insurance	8,294,512	3,770,396
	144,955,626	71,049,113
Rent amounting to Taka 3,263,871 paid during the year relates to 2013. Prior period adjustment was made in this regard by derecognizing the amount from rent and adjusting it with retained earnings brought forward.		
28. Legal and professional expenses		
Legal expenses	308,507	165,545
Professional fees	739,666	-
	1,048,173	165,545
29. Postage, stamp, telecommunication etc.		
Postage	612,194	39,699
Telephone and fax	827,376	104,227
Internet	6,405,696	1,901,724
SWIFT	2,608,571	484,020
	10,453,838	2,529,670
30. Stationery, Printing, Advertisement etc.		
Computer stationery	877,854	249,214
Printing stationery	3,267,487	237,036
Security stationery	510,058	5,560
Petty stationery	4,163,876	856,295
Advertisement and publicity	11,483,634	3,062,938
	20,302,910	4,411,043
31. Managing Director's salary and allowances		
Basic	4,050,000	2,700,000
House Rent	1,350,003	1,215,000
House maintenance	674,997	450,000
Medical	1,350,003	585,000
Festival bonus	700,000	600,000
Incentive bonus	600,000	-
Utility	674,997	450,000
	9,400,000	6,000,000

	2014 Taka	2013 Taka
32. Directors' fees		
Meeting attendance fees	<u>1,555,000</u>	<u>700,500</u>
Each director of the bank is paid Tk. 5,000/- per attendance in in board meeting and committee meeting.		
33. Audit fees		
Audit fees	250,000	50,000
VAT on audit fees	37,500	7,500
	<u>287,500</u>	<u>57,500</u>
34. Repairs, maintenance and depreciation		
Repair and maintenance	878,526	266,652
Depreciation / amortization		
Motor vehicles	1,202,083	613,334
Machinery and equipments	15,535,332	908,685
Furniture	7,131,361	1,148,423
Computer and peripherals	24,909,144	8,030,900
Software	2,178,165	334,557
Office tools and accessories	936,652	81,827
	51,892,738	11,117,727
	<u>52,771,264</u>	<u>11,384,379</u>
35. Other Expenses		
Entertainment expenses	4,302,897	1,035,565
Training expenses	2,574,807	312,223
Local travel expenses	3,523,995	759,348
Fuel and maintenance expenses - bank's vehicles	879,413	307,465
Fuel and maintenance expenses - executives' vehicles	20,451,536	4,559,100
Subscriptions to trade associations	2,387,849	-
CSR expenses	4,642,410	-
Business promotion and development	1,211,824	47,080
Charges & duties to Government	51,400	-
Conveyance	1,024,440	341,681
Cash carrying charge	808,395	61,225
Cartage and freight	40,600	43,820
Welfare and recreation	12,045	-
Washing and cleaning	1,048,356	1,146,829
Nostro account charges	870,543	-
Remittance charges	14,321	-
Clearing House and other bank charge	60,646	15,000
Expenses on AGM	111,653	455,710
Expenses on Managers' Conference	105,540	-
Miscellaneous Expenses	386,014	409,829
Loss on Sale/Purchase of Govt. Securities	1,938,886	-
Loss on Revaluation of Investment	12,674,079	1,169,512
Branch & head office inauguration expenses	2,398,933	3,563,042
Preliminary expenses	-	14,969,645
	<u>61,520,581</u>	<u>29,197,075</u>



	2014 Taka	2013 Taka
36. Earning per share (EPS)		
a) Net profit after tax	65,999,215	46,341,768
b) Number of ordinary shares	408,960,000	408,960,000
Earnings per share (a ÷ b)	0.16	0.11
37. Increase / (decrease) of other assets		
Closing -		
Stock of stationeries and stamps	2,217,193	570,513
Advance rent, advertisement, etc.	294,892,875	208,794,858
Security deposits	308,819	66,550
Suspense accounts	137,678,681	128,679,895
	435,097,568	338,111,816
Opening -		
Stock of stationeries and stamps	570,513	-
Advance rent, advertisement, etc.	208,794,858	-
Security deposits	66,550	-
Suspense accounts	128,679,895	-
	338,111,816	-
	96,985,752	338,111,816
38. Increase / (decrease) of other liabilities		
Closing -		
Sundry creditors	1,696,972	2,172,638
Central EFT adjustment account	5,068,779	-
	6,765,751	2,172,638
Opening -		
Sundry creditors	2,172,638	-
Central EFT adjustment account	-	-
	2,172,638	-
	4,593,114	2,172,638
39. Net asset value per share (NAV)		
a) Capital / shareholders' equity for the period	4,242,705,946	4,137,701,488
b) Number of outstanding shares	408,960,000	408,960,000
Net asset value per share (NAV) (a÷b)	10.37	10.12
40. Net operating cash flow per share		
a) Net cash flow from operating activities	3,597,285,189	1,115,363,637
b) Number of outstanding shares	408,960,000	408,960,000
Net operating cash flow per share (NAV) (a÷b)	8.80	2.73
41. Risk Factors and Risk Management		

The Bank is following comprehensive Core Risks Management guidelines issued by Bangladesh Bank. Credit Risk Grading is done for all commercial exposures to minimize credit risks. Bank's Asset Liability Committee is entrusted with the responsibility of managing short-term & long-term liquidity. ALM guidelines have also been implemented. The Bank has established its KYC & operation control procedures for prevention of Money Laundering. The Bank has strengthened the internal control system and audit division to guard against lapses, fraud and forgeries. A comprehensive ICT policy has been formulated as per Bangladesh Bank guidelines and approved by the board of directors to minimize ICT risks which is followed meticulously.

42. Number of employees


The number of employees engaged for the whole period or part thereof who received a total remuneration of Tk. 36,000/- p.a or above were 386.

43. Event after the balance sheet date

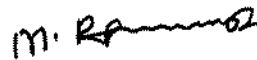
No material event occurred after the balance sheet date.

44. General

- i) Figures appearing in these financial statements have been rounded off to the nearest Taka.
- ii) Figures of 2013 have been rearranged as per current year's presentation.


Chairman


Director


M. Ramon
Director


Managing Director & CEO

South Bangla Agriculture and Commerce Bank Ltd

Related party disclosures

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial and operating decisions. Related party information is given below:

i) Directors' interest in different entities:

Sl No	Name of the Director	Status with the Bank	No. of shares and percentage (%) share holding in the Bank	Name of the firms/companies/others (Trade Commerce, Financial, Agriculture & others) in which they are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Percentage (%) share holding in the company	Remarks
1	Mr. S. M. Amzad Hossain	Chairman	2,00,00,000 & 4.89%	1. Lockpur Fish Processing Co. Ltd.	80.00%	
				2. Khulna Printing & Packaging Ltd.	19.88%	
				3. Bagerhat Seafood Ind. Ltd.	75.00%	
				4. Southern Foods Ltd.	30.00%	
				5. Shampa Ice & Cold Storage Ltd.	90.00%	
				6. Western Inn International Ltd.	20.00%	
				7. Metro Bricks Ltd.	51.00%	
				8. Moon Star Jute Mills Ltd.	44.00%	
				9. Khulna Builders Ltd.	51.00%	
				10. Bangladesh Poly Printing Int'l Ltd.	50.00%	
				11. Rupsha Fish & Allied Industry Ltd.	45.00%	
				12. Ideal Polymer Export Ltd.	30.00%	
				13. Eastern Polymer Ltd.	50.00%	
				14. Moon Star Fish Ltd.	60.00%	
				15. Khulna Apparels Ltd.	50.00%	
				16. Woman Wears Ltd.	50.00%	
				17. Ocean Trade International	100.00%	
2	Mr. Talukder Abdul Khaleque	Vice-Chairman	*20,00,000 & 0.49%	1. M/S Nahar Trading	100.00%	
3	Ms. Begum Sufia Amjad	Director	1,90,00,000 & 4.65%	1. Lockpur Fish Processing Co. Ltd.	20.00%	
				2. Khulna Printing & Packaging Ltd.	9.88%	
				3. Bagerhat Seafood Ind. Ltd.	25.00%	
				4. Southern Foods Ltd.	40.00%	
				5. Shampa Ice & Cold Storage Ltd.	10.00%	
				6. Western Inn International Ltd.	60.00%	
				7. Metro Bricks Ltd.	49.00%	
				8. Moon Star Jute Mills Ltd.	7.41%	
				9. Khulna Builders Ltd.	49.00%	
				10. Bangladesh Poly Printing Int'l Ltd.	25.00%	
				11. Rupsha Fish & Allied Industry Ltd.	23.00%	
				12. Ideal Polymer Export Ltd.	30.00%	
				13. Eastern Polymer Ltd.	50.00%	
				14. Moon Star Fish Ltd.	40.00%	
				15. Khulna Apparels Ltd.	50.00%	
				16. Woman Wears Ltd.	50.00%	

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4	Mr. Maksudur Rahman	Director	1,71,00,000 & 4.18%	1. Ratanpur Steel Re-Rolling Mills Ltd.	27.23%	
				2. Ratanpur Shipping Lines Ltd.	60.00%	
				3. Ratanpur Ship Re-cycling Inds. Ltd.	60.00%	
				4. Ratanpur Shipping Services Ltd.	40.00%	
				5. Ratanpur Poultry & Agro Products	100.00%	
				6. Modern Steel Mills Ltd.	30.08%	
				7. Ratanpur Real-State & Development Ltd.	25.00%	
				8. Sapphire Corporation Ltd.	65.00%	
5	Mr. AZM Shofiuddin	Director	2,00,00,000 & 4.89%	1. SQ Wire & Cable Co. Ltd	32.24%	
				2. SQ Trading & Engineering	55.00%	
				3. SQ Light Ltd.	35.00%	
				4. SQ Wood Preservatives	35.00%	
				5. Techno Electricals Ltd.	16.89%	
				6. TSCO Power Ltd.	19.50%	
				7. TS Transformers Ltd	34.50%	
				8. Microgenix BD Ltd.	25.00%	
6	Mr. Abdul Kadir Molla	Director	4,00,00,000 & 9.78%	1. Thermax Textile Mills Ltd.	29.98%	
				2. Thermax Knit Yarn Ltd.	30.00%	
				3. Thermax Spinning Ltd.	60.00%	
				4. Thermax Blended Yarn Ltd.	30.00%	
				5. Indigo Spinning Ltd.	55.00%	
				6. Thermax Melange Spinning Mills Ltd.	60.00%	
				7. Thermax Yarn Dyeing Ltd.	50.00%	
				8. Adury Knit Composite Ltd.	50.00%	
				9. Adury Apparels Ltd.	12.00%	
				10. Thermax Woven Dyeing Ltd.	60.00%	
				11. Thermax Yarn Dyed Fabrics Ltd.	20.00%	
				12. Sister Denim Composite Ltd.	19.00%	
				13. Thermax Check Fabrics Ltd.	60.00%	
				14. Thermax Colour Cotton Ltd.	20.00%	
				15. Sister Garments Ltd.	50.00%	
				16. Sultana Filling Point Ltd.	55.00%	
				17. Kadir Molla Medical College & Hospital Ltd.	30.00%	
				18. Thermax Printing & Embroidery Ltd.	60.00%	
7	Mr. Md. Amzad Hossain	Director	*65,00,000 & 1.59%	1. Khulna Printing & Packaging Ltd.	5.00%	
				2. Bangladesh Poly Printing International Ltd.	5.00%	
				3. Ideal Polymar Export Ltd.	10.00%	
				4. International Core Factory Ltd.	10.00%	
8	Engr. Md. Moklesur Rahman	Director	2,00,00,000 & 4.89%	1. Contech Construction Ltd.	65.00%	
				2. Pre Stressed Pole Ltd	65.00%	
				3. B&T Cables Ltd	70.00%	
				4. B&T Cold Storage Ltd.	6.67%	
				5. B&T Development Ltd.	33.33%	
				6. Helvetia Agro Industries Ltd.	50.00%	
				7. B&T Distribution	100.00%	
				8. B&T Meter	100.00%	



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9	Ms. Sanawar Bano	Director	2,00,00,000 & 4.89%	1. Famous Printing & Packaging Ltd.	0.04%	
				2. Famous Iberchem Flavours & Fragnances Ltd.	0.01%	
				3. Famous General Agencies Ltd.	0.40%	
				4. Matcon limited	0.72%	
				5. F.S. Printing & Packaging Ltd.	0.18%	
				6. Green Soap & Chemical Co. Ltd.	0.34%	
				7. Famous Flavours & Fragnances Ltd.	40.00%	
				8. M/S Sanawar Bano	100.00%	
10	Mr. Hafizur Rahman Babu	Director	1,50,00,000 & 3.67%	1. Joytun Securities International Ltd.	85.12%	
				2. Joytun Developers Ltd.	50.00%	
				3. S.B. Agro Fertilizer Industries Ltd.	33.33%	
				4. Sheikh Cement Mills Ltd.	18.18%	
				5. Gold Hill Properties Ltd.	15.00%	
				6. Shelkh Jute Mills Ltd.	16.67%	
				7. M/S. Sheikh Brothers	100.00%	
				8. M/S. Hafizur Rahman Babu	100.00%	
11	Mr. Anwar Hussain	Director	*25,00,000 & 0.61%	1. SAFAH CNG Refuelling Station Ltd .	8.33%	
				2. Anwar Corporation	100.00%	
				3. HAR Industries Ltd.	30.00%	
				4. Abdul Gaffar & Co. (Pvt.) Ltd.	10.00%	
				5. Asuka CNG Filling Station Ltd.	25.00%	
12	Ms. Tahmina Afroz	Director	2,00,00,000 & 4.89%	1. Anwer Khan Modern Hospital Ltd.	10.00%	
				2. Haji Shakhawat Anwara Eye Hospital Ltd.	10.00%	
				3. Modern Diabetic Centre Ltd.	10.00%	
				4. Far East Finance & investment Ltd.	1.34%	
				5. Modern Holdings Ltd.	50.00%	
				6. Mother Trade Centre	100.00%	
13	Mr. Shakhawat Hossain Representing Hazl Shakhawat Anwara Eye Hospital Ltd.	Director	2,00,00,000 & 4.89%	General Manager, Anwer Khan Modern Hospital Ltd. & Diagnostic Centre.	N/A	
14	Mr. Mrinal Kanti Debnath	Director	*60,00,000 & 1.47%	1. Khulna Printing & Packaging Ltd.	5.00%	
				2. Bangladesh Poly Printing International Ltd.	5.00%	
				3. Rupsha Fish & Allied industry Ltd.	5.00%	
15	Mr. Mohammed illas	Director	1,50,00,000 & 3.67%	1. Liberty Enterprlse Ltd.	80.00%	
				2. Liberty Accessories (BD) Ltd.	80.00%	
				3. MIP (BD) Ltd.	50.00%	
				4. Sunrise Accessories Ltd.	75.00%	
				5. Chittagong Cartons Ltd.	75.00%	
				6. Liberty Poly Zone (BD) Ltd.	80.00%	
				7. AMI Accessories (BD) Pvt. Ltd.	25.00%	
				8. Elfat Poly Packaging and Accessories Ltd.	40.00%	
				9. Rahman Poly, Hanger & Accessories Industry Ltd.	65.00%	



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16	Mr. Muhammad Mohsin	Director	1,20,00,000 & 2.93%	1. Chittagong Fibre Board Ltd.	43.33%	
				2. SAAD MUSA Fabrics Ltd. (Weaving Division)	22.33%	
				3. SAAD MUSA Fabrics Ltd. (Dyeing Division)	22.33%	
				4. Rokeya Spining Mills Ltd.	60.00%	
				5. Emdad Etima Spinning Mills Ltd.	60.00%	
				6. Mahamud Sajid Cotton Mills Ltd.	60.00%	
				7. Suitana Habiba Fabrics Mills Ltd.	60.00%	
				8. Saima Samira Textiles Mills Ltd.	60.00%	
				9. SAAD MUSA Fabrics Ltd.	22.33%	
				10. M A Rahaman Dyeing Industry Ltd.	40.00%	
				11. SAAD MUSA Hometex & Clothing Ltd.	40.00%	
				12. Hasni Vanaspati Manufacturing Co. Ltd.	79.18%	
				13. Ahmadi Oil Mills Ltd.	78.00%	
				14. Al-Mustafa Vegetable Oil Industry	77.12%	
				15. SAAD MUSA Housing Complex	100.00%	
				16. Desh Computers	100.00%	
				17. SAAD MUSA City Centre	100.00%	
				18. MARSS Automobile	100.00%	
				19. Crescent industries Ltd.	2.50%	
				20. SAAD MUSA Properties Ltd.	100.00%	
				21. Shade Developers Ltd.	86.78%	
				22. Crescent Park Neighbor Hood	100.00%	
				23. SAAD MUSA Fishing Project	100.00%	
				24. S M Avenue Motors	100.00%	
17	Ms. Kamrun Nahar	Director	*50,00,000 & 1.22%	1. Canadian Trillium School	12.00%	
				2. Noor Asset Development	25.00%	
				3. Intelligent Technology Solutions Ltd.	20.00%	
				4. Far East International University	8.00%	
				5. MK Fisheries	100.00%	
				6. People's Leasing & Financial Services Ltd.	4.00%	
18	Mr. Khan Habibur Rahman	Director	*20,00,000 & 0.49%	1. Khulna Printing & Packaging Ltd.	5.00%	
				2. Bangladesh Poly Printing International Ltd.	5.00%	
				3. Rupsha Fish & Allied Industry Ltd.	5.00%	
19	Mr. Md. Mizanur Rahman Representing M/S. Contech Construction Ltd.	Director	2,00,00,000 & 4.89%	Executive Director, M/S. Contech Construction Ltd.	N/A	

* As per clause 94(1) of Articles of Association of South Bangla Agriculture and Commerce Bank Limited the qualifying number of shares for a director is 10,00,000 (ten lac) which is 0.24% of paid up Capital of the Bank. As per Notification No. SEC/CMRRCD/2009-193/119/ Admin/34 dated November 22, 2011 of Bangladesh Securities and Exchange Commission, the qualifying No. of shares of a director should be at least 2.00% of paid up Capital, which is mandatory only for listed companies. As per regulation 2(5&6) of listing regulations of Dhaka Stock Exchange Limited the Bank is not yet become a listed company.

- ii) **Significant contract 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 (loan to directors):**

(Amount in Crore taka)

Name of the Borrower	Representing Director	Nature of Facilities	Outstanding as at 31 Dec 2014	Outstanding as at 31 Dec 2013
Mother Trade Center	Mrs Tahmina Afroz, Proprietor	Cash Credit	10.37	10.04
Haji Shakwat Anwera Eye Hospital	Mrs Tahmina Afroz, Director and Mr. Md. Shakwat Hossain, Managing Director	Cash Credit	9.97	9.61

- v) **Lending policies to related parties:**
 Related parties are allowed loans and advances as per general policy of the bank.
- vi) **Business other than banking business with any related concern of the directors as per section B (2) of the Banking Companies Act 1991:**

- a) Lease agreement made with the directors / related concerns:

Nature of contract	Branch Name	Name of the Director and related by	Remarks
Lease agreement	Katakhali Branch	Mr. S. M. Amzad Hossain	Lease period: 01.07.2013 to 30.06.2023

- vii) **Investment in securities of the Directors and their related concern: NIL**

Annexure - B

South Bangla Agriculture and Commerce Bank Limited
Schedule of Fixed Assets
as at 31 December 2014

Particulars	Cost			Accumulated Depreciation			Net book value as at 31 December 2014
	Balance as at 01 January 2014 Taka	Additions during the year Taka	Disposals during the year Taka	Balance as at 01 January 2014 Taka	Charge for the year Taka	On disposal during the year Taka	
Motor vehicles	4,600,000	3,385,000	-	613,334	1,202,083	-	1,815,417
Machinery and equipments	41,677,664	57,210,648	-	908,685	15,535,332	-	16,444,017
Furniture and fixtures	15,728,737	17,475,843	-	553,556	2,368,955	-	2,922,511
Interior decoration	16,902,561	49,849,966	-	594,867	4,762,406	-	5,357,274
Computers and accessories	102,631,872	41,679,765	-	8,030,900	24,909,144	-	32,940,044
Softwares	9,353,023	1,163,751	-	334,557	2,178,165	-	2,512,722
Other tools	1,897,950	5,677,526	-	81,827	936,652	-	1,018,479
At 31 December 2014	192,791,807	176,442,499	-	11,117,727	51,892,738	-	63,010,465
At 31 December 2013	-	192,791,807	-	-	11,117,727	-	11,117,727

Rate of Depreciation

Depreciation is charged for the period at the following rates using straight-line method on all fixed assets :

Particulars	Rate
Motor vehicles	20%
Machinery and equipments	20%
Furniture and fixtures	10%
Interior decoration	10%
Computers and accessories	20%
Softwares	20% or usable license period
Other tools	20%

South Bangla Agriculture and Commerce Bank Limited
Highlights on the overall activities of the bank

(Amount in Tk.)			
Sl. No.	Particulars	2014	2013
01	Paid up capital	4,089,600,000	4,089,600,000
02	Total capital (Tier I +II)	4,364,655,864	4,170,156,452
03	Surplus/(deficit) capital	364,655,864	170,156,452
04	Total assets	23,835,400,380	8,673,893,977
05	Total deposits	18,641,904,008	4,439,778,287
06	Total loans and advances	13,518,049,457	3,006,767,976
07	Total contingent liabilities and commitments	2,976,728,039	501,373,047
08	Advance deposits ratio (%)	72.51%	67.72%
09	Classified loans to advance ratio (%)	-	-
10	Profit after tax and provision	65,999,215	46,341,768
11	Classified advances	-	-
12	Provision kept against classified advances	-	-
13	Surplus/(deficit) provision	-	-
14	Cost of fund (%)	13.27%	15.45%
15	Interest earning assets	21,177,310,929	7,537,732,559
16	Non interest earning assets	2,658,089,451	1,136,161,418
17	Return on investments (ROI) (%)	11.50%	9.43%
18	Return on Assets (ROA) (%)	0.41%	0.53%
19	Income from investments	285,535,197.99	12,540,399
20	Earnings per share	0.16	0.11
21	Profit per share	0.16	0.11
22	Price - earnings ratio (times)		-