

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, 2015

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, 2015 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 31/12/2015, 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 2.17 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 2590 person hours for the audit of the books and accounts of the Bank.

Place: Dhaka
March 16, 2016

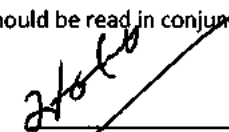

(Masih Muhith Haque & Co.)
Chartered Accountants

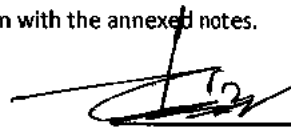
South Bangla Agriculture and Commerce Bank Limited
Balance Sheet
As at 31 December 2015

	Notes	2015 Taka	2014 Taka
PROPERTY AND ASSETS			
Cash			
Cash in hand (Including foreign currencies)	3	268,672,224	243,564,871
Balance with Bangladesh Bank and its agent bank(s)	4	1,900,452,362	1,213,062,442
		2,169,124,587	1,456,627,314
Balance with other banks and financial institutions			
In Bangladesh	5	5,236,817,127	2,928,978,943
Outside Bangladesh		96,650,301	40,510,946
		5,333,467,429	2,969,489,889
Money at call and short notice	6	150,000,000	800,000,000
Investments :			
Government	7	4,634,934,659	3,889,771,584
Others		35,298,356	240,897,887
		4,670,233,015	4,130,669,470
Loans and advances			
Loans, cash credits, overdrafts etc.	8	21,099,757,056	12,236,116,081
Bills purchased & discounted		2,028,530,780	1,281,933,375
		23,128,287,837	13,518,049,457
Fixed assets including land, buildings, furniture and fixtures	9	482,500,159	306,223,841
Other assets	10	754,322,370	654,340,410
Non-banking assets		-	-
TOTAL ASSETS		36,687,935,396	23,835,400,380
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	231,830,583	638,845,432
Deposits and other accounts			
Current deposits and other accounts	12	2,162,901,318	1,728,012,642
Special notice deposits		2,879,373,981	489,919,025
Bills payable		272,047,778	112,579,609
Savings bank deposits		837,694,896	338,949,351
Fixed deposits		22,626,106,757	15,126,558,925
Term deposits		1,997,260,205	845,884,457
		30,775,384,934	18,641,904,008
Subordinated bonds		-	-
Other liabilities	13	800,507,950	311,944,994
TOTAL LIABILITIES		31,807,723,467	19,592,694,434
Shareholders' equity			
Paid up capital	14	4,089,600,000	4,089,600,000
Statutory reserve	15	205,900,450	60,434,058
General reserve		-	-
Other reserves (revaluation reserve on Govt. Securities)	16	323,527,836	44,028,833
Retained earnings	17	261,183,643	48,643,054
TOTAL SHAREHOLDERS' EQUITY		4,880,211,929	4,242,705,946
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		36,687,935,396	23,835,400,380

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


 Masih Muhith Haque & Co.
 Chartered Accountants

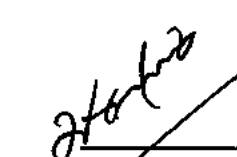
Date : March 16, 2016

South Bangla Agriculture and Commerce Bank Limited
Balance Sheet
As at 31 December 2015

	Notes	2015 Taka	2014 Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18		
Acceptance and endorsements		1,246,874,286	952,124,703
Letters of guarantee		1,689,909,306	999,443,726
Irrevocable letters of credit		1,740,362,630	959,572,107
Bills for collection		165,303,368	41,062,502
		4,842,449,591	2,952,203,039
Other contingent liabilities			
Value of Bangladesh Sanchayapatra in hand		145,500,000	24,525,000
Value of travelers' cheques in hand		-	-
		145,500,000	24,525,000
Total contingent liabilities		4,987,949,591	2,976,728,039
Other commitments			
Lease rental commitments		-	-
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Spot and forward foreign exchange rate contracts		-	-
other exchange contracts		-	-
Claims against the Bank not acknowledged as debt		-	-
Total other commitments		-	-
Total off balance sheet items (including contingent liabilities)		4,987,949,591	2,976,728,039
Net asset value per share (NAV)		11.93	10.37

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 Chairman


 Director


 Director


 Managing Director & CEO

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Date : March 16, 2016


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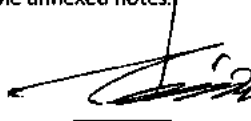
South Bangla Agriculture and Commerce Bank Limited
Profit and Loss Account
For the year ended 31 December 2015

	Notes	2015 Taka	2014 Taka
Interest income	21	2,861,104,335	1,590,076,894
Less: Interest paid on deposits and borrowings	22	2,049,815,201	1,120,004,284
Net interest income		811,289,134	470,072,610
Investment income	23	833,150,116	285,535,198
Commission, exchange and brokerage	24	138,066,068	79,061,103
Other operating income	25	48,895,044	20,697,858
		1,020,111,227	385,294,159
Total operating income		1,831,400,361	855,366,769
Salary and allowances	26	474,277,078	234,650,023
Rent, taxes, insurance, electricity etc.	27	213,124,542	144,955,626
Legal & professional expenses	28	1,643,958	1,048,173
Postage, stamp, telecommunication etc.	29	18,608,732	10,453,838
Stationery, printing, advertisement etc.	30	27,433,298	20,302,910
Managing director's salary and allowances	31	10,800,000	9,400,000
Directors' fees and other benefits	32	1,691,000	1,555,000
Audit fees	33	345,000	287,500
Repairs, maintenance and depreciation	34	111,350,820	52,771,264
Other expenses	35	166,180,847	61,520,581
Total operating expenses		1,025,455,276	536,944,914
Profit before provision		805,945,086	318,421,855
Provision for loans and advances			
Specific provision	13.5	3,348,842	-
General provision (including off balance sheet items)	13.5&13.6	73,147,874	111,499,566
		76,496,717	111,499,566
Provision for diminution in value of investment	13.4	2,116,411	10,239,345
Total provision		78,613,128	121,738,911
Profit before taxes		727,331,958	196,682,944
Provision for taxation			
Current tax	13.2	368,221,041	124,857,401
Deferred taxes (income)/ expenses	13.3	1,103,937	5,826,328
		369,324,977	130,683,729
Net profit after taxation		358,006,980	65,999,215
Retained earnings brought forward from previous year		48,643,054	25,244,299
Prior period adjustment		-	(3,263,871)
		48,643,054	21,980,428
		406,650,035	87,979,643
Appropriations			
Statutory reserve	15	145,466,392	39,336,589
Retained earnings carried forward	17	261,183,643	48,643,054
Earnings per share (EPS)	36	0.88	0.16

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

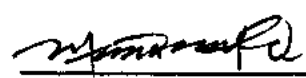

Chairman


Director


Director


Managing Director & CEO

Auditors' report to the Shareholders
See annexed report of date


Masih Muhith Haque & Co.
Chartered Accountants

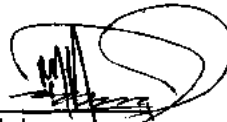
South Bangla Agriculture and Commerce Bank Limited

Cash Flow Statement

For the year ended 31 December 2015

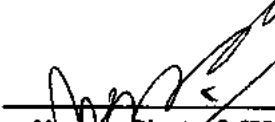
	Notes	2015 Taka	2014 Taka
A) Cash flows from operating activities			
Interest received		2,861,104,335	1,590,076,894
Interest paid		(1,905,894,119)	(833,656,911)
Dividend received		723,131	1,596,500
Gain on sale of shares		242,880	8,919,085
Income from Government securities		785,788,072	190,281,265
Fees, commission, exchange & brokerage received		138,066,068	79,061,103
Cash paid to employees		(479,077,078)	(242,550,023)
Cash paid to suppliers		(241,047,509)	(173,767,106)
Income taxes paid		(157,849,063)	(96,019,586)
Received from other operating activities		48,895,044	20,697,858
Paid for other operating activities		(188,314,294)	(68,553,651)
Operating cash flow before changes in operating assets and liabilities		862,637,465	476,085,430
Increase / (decrease) in operating assets & liabilities			
Changes in trading securities		205,599,530	(190,904,468)
Loans and advances to other banks		-	-
Loans and advances to customers		(9,610,238,380)	(10,511,281,481)
Other assets	37	92,640,533	(96,985,752)
Deposits from other banks		(299,861,735)	800,000,000
Deposits from customers		12,289,421,578	13,115,778,347
Other liabilities	38	28,128,391	4,593,114
		2,705,689,918	3,121,199,759
Net cash received from operating activities		3,568,327,384	3,597,285,189
B) Cash flows from investing activities			
Changes in non-trading securities		-	-
Changes in Government securities		279,499,003	42,269,114
Purchase of property, plant and equipment		(269,173,649)	(176,442,499)
Sale proceeds of fixed assets		-	-
Net cash used in investing activities		10,325,354	(134,173,385)
C) Cash flows from financing activities			
Borrowing from other banks, financial institutions and agents		(407,014,849)	638,845,432
Issue of share capital		-	-
Net cash received from financing activities		(407,014,849)	638,845,432
D) Net increase / (decrease) in cash and cash-equivalents (A + B + C)		3,171,637,888	4,101,957,236
E) Cash and cash-equivalents at beginning of the period		9,115,888,786	5,013,931,550
F) Cash and cash-equivalents at end of the period (D + E)		12,287,526,674	9,115,888,786
G) Cash and cash-equivalents at end of the period			
Cash in hand including foreign currencies	3	268,672,224	243,564,871
Balances with Bangladesh Bank and its agent bank(s) including foreign currencies	4	1,900,452,362	1,213,062,442
Balances with other Banks and Financial institutions	5	5,333,467,429	2,969,489,889
Money at call and short notice	6	150,000,000	800,000,000
Government securities	7	4,634,934,659	3,889,771,584
		12,287,526,674	9,115,888,786

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


Masih Muhith Haque & Co.
 Chartered Accountants

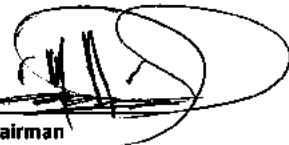
South Bangla Agriculture and Commerce Bank Limited

Statement of Changes in Equity

For the period ended 31 December 2015

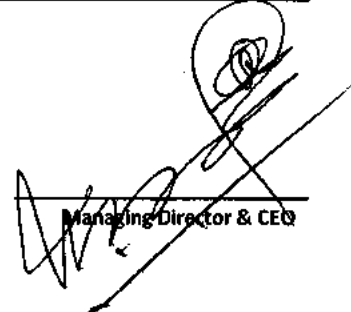
Particulars	Paid Up Capital Taka	Statutory Reserve Taka	General Reserve Taka	Other Reserve Taka	Retained Earnings Taka	Total Taka
Balance as on 01 January 2015	4,089,600,000	60,434,058	-	44,028,833	48,643,054	4,242,705,946
Prior period adjustment	-	-	-	-	-	-
Net profit for the period	-	-	-	-	358,006,980	358,006,980
Transfer to statutory reserve	-	145,466,392	-	-	(145,466,392)	-
Revaluation of Govt. treasury bills, bonds and other investments	-	-	-	279,499,003	-	279,499,003
Balance as on 31 December 2015	4,089,600,000	205,900,450	-	323,527,836	261,183,643	4,880,211,929
Balance as on 31 December 2014	4,089,600,000	60,434,058	-	44,028,833	48,643,054	4,242,705,946

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 Chairman


 Director


 Director


 Managing Director & CEO

Date : March 16, 2016

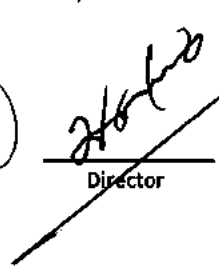

 Masih Muhith Haque & Co.
 Chartered Accountants

South Bangla Agriculture and Commerce Bank Limited
Liquidity Statement (asset and liabilities maturity analysis)
 As at 31 December 2015

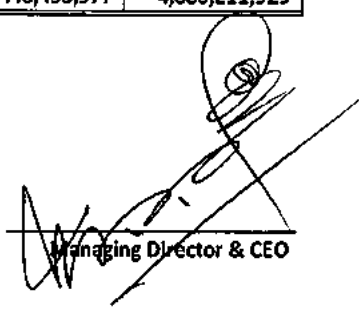
Particulars	Within one month Taka	Within one to three months Taka	Within three to twelve months Taka	Within one to five years Taka	More than five years Taka	Total Taka
Assets:						
Cash in hand including balance with Bangladesh Bank and its agent Banks	496,768,637	-	-	-	1,672,355,950	2,169,124,587
Balance with other banks & financial institutions	1,663,467,429	2,020,000,000	1,650,000,000	-	-	5,333,467,429
Money at call and short notice	150,000,000	-	-	-	-	150,000,000
Investments	35,609,656	-	51,319,844	105,069,904	4,478,233,610	4,670,233,015
Loans and advances	2,911,654,702	4,517,056,289	13,953,904,012	1,534,436,481	211,236,354	23,128,287,837
Fixed assets including premises, furniture and Other assets	8,881,736	17,763,472	79,935,623	270,415,527	105,503,800	482,500,159
Non-Banking assets	218,753,487	120,691,579	105,605,132	309,272,172	-	754,322,370
Total Assets	5,485,135,647	6,675,511,340	15,840,764,611	2,219,194,084	6,467,329,714	36,687,935,396
Liabilities:						
Borrowing from other banks, financial institutions and agents	9,107,496	42,568,439	167,828,099	12,326,549	-	231,830,583
Deposits and other accounts	3,770,979,384	7,836,739,655	7,937,845,249	7,444,972,165	3,784,848,480	30,775,384,934
Provisions and other liabilities	4,427,700	51,954,828	488,731,213	21,366,952	234,027,257	800,507,950
Total Liabilities	3,784,514,580	7,931,262,922	8,594,404,561	7,478,665,665	4,018,875,738	31,807,723,467
Net liquidity gap	1,700,621,067	(1,255,751,583)	7,246,360,050	(5,259,471,581)	2,448,453,977	4,880,211,929

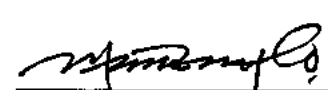
Net result of liquidity statement represents the shareholders' equity.


 Chairman


 Director


 Director


 Managing Director & CEO


 Masih Muhith Haque & Co.
 Chartered Accountants

Date : March 16, 2016

South Bangla Agriculture and Commerce Bank Limited
Notes to the Financial Statements
for the period ended 31 December, 2015

1 General information

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 forty four (44) branches all over Bangladesh.

1 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, 2015 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 of 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 prevailed. 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

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, there must exist a face item named 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 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 or usable license period commencing from the month 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 Consistency

In accordance with BFRS framework for the presentation of financial statements together with BAS – 1 and BAS – 8, the Bank discloses its information consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies, correction of errors, the amount involved are accounted for and disclosed retrospectively in accordance with the requirement of BAS – 8. However, for changes in the accounting estimates the related amount is recognized prospectively in the current period and in the next period or periods.

2.4 Foreign currency transactions

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.

2.5 Cash flow statement

Cash flow statement has been prepared in accordance with BAS 7 – “Statement of Cash Flows” under direct method for the period classified by operating activities, investing and financing activities as recommended in the 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.

2.6 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. The statement reflects information about the increase or decrease in net assets or wealth. The statement also shows item-wise movement along with the description of changes from the end of last year to the end of current year.

2.7 Statement of liquidity

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.

2.8 Reporting period

These financial statements of the Bank cover one calendar year from 1 January to 31 December 2015.

Significant Accounting Policies

2.9 Assets and basis of their valuation

2.9.1 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 accredited, using the effective yield method and are taken to discount income. The valuation method of investments used are:

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

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

2.9.2 Investment in listed / quoted securities

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

2.9.3 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.

2.9.4 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.

2.9.5 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.

- All fixed assets are stated at cost less accumulated depreciation as per BAS-16 "Property, Plant
- 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 periods
Other tools	20%

c) For additions during the period, depreciation is charged from the month those have been booked and for disposal depreciation is charged up to the previous month of disposal.

d) On disposal of fixed assets, the book value of the assets 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 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.

2.9.6 Intangible asset

An intangible asset is to be recognized only if it is probable the future economic benefits attributable to the asset will flow to the bank and the cost of the asset can be measured reliably. Recognition & measurement of intangible asset are guided by BAS 38 – “Intangible Asset”. Due to following BRPD circular no. 14 dated 25th June 2003 intangible assets are not disclosed in a separate line rather in is reported under fixed assets. However, separate line item along with the rate of amortization is identifiable in the detail schedule of fixed assets.

2.9.7 Other assets

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

2.9.8 Non banking assets

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

2.9.9 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.

2.9.10 Receivables

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

2.9.11 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.

2.10 Share capital

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

2.11 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.

2.12 Other reserve

Other reserve comprises investment revaluation reserve and fixed assets revaluation reserve. When carrying amount of an item of property, plant and equipment is increased as a result of revaluation, the increased amount is classified directly to equity under heading of assets revaluation reserve as per BAS 16 – “Property, Plant and Equipment”. As per Bangladesh Bank DOS circular no. 5 dated 26th May 2008, revaluation gain arising from revaluation of government securities under HFT category is kept directly in equity under revaluation gain account which is disclosed with other reserve while preparing the financial statements.

2.13 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.

2.14 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.

2.15 Basis for valuation of liabilities and provisions

2.15.1 Employees benefits

a. Short term benefits

Short-term benefits are employee benefits which fall due wholly within twelve month 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 recognized by National Board of Revenue on 12th May 2015. 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 years of service. The National Board of Revenue is yet to recognize the Gratuity Fund.

d. Other benefits

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

2.15.2 Provision for liabilities

Provision are 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”.

2.15.3 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.

2.15.4 Provision for current taxation

Provision for current income tax has been made as per prescribed rate in the Finance Act, 2013 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”.

2.15.5 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.

2.16 Revenue recognition

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

2.16.1 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.

2.16.2 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.

2.16.3 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.

2.16.4 Dividend income on shares

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

2.16.5 Interest paid on borrowings and deposits

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

2.16.6 Management and other expenses

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

2.17 Risk management

2.17.1 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.

2.17.2 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.

2.17.3 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.

2.17.4 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

2.17.5 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.

2.17.6 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.

2.17.7 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 are 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.

2.17.8 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 communicate 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.

2.18 Earnings per share (EPS)

Earnings per share (EPS) have been calculated in accordance with BAS 33 – “Earnings per Share”, which is shown on the face of the Profit & Loss Account. This has been calculated by dividing the net profit after tax by the weighted average number of ordinary shares outstanding as on December 31st 2015.

No diluted earnings per share are required to be calculated for the period, as there was no element or scope for dilution during the period under review.

2.19 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.

	2015 Taka	2014 Taka
3. Cash in hand (including foreign currencies)		
Local currency	268,483,824	241,436,836
Foreign currencies	188,400	2,128,035
	268,672,224	243,564,871
4. Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		
Bangladesh Bank		
In local currency	1,806,808,126	1,128,502,116
In foreign currencies	93,644,236	84,560,326
	1,900,452,362	1,213,062,442
Sonali Bank Limited (as Agent of Bangladesh Bank) - local currency	-	-
	1,900,452,362	1,213,062,442

The above Balance represents amount as per Bank Book. The differences due to reconciling items with Bangladesh Bank are not material and most of the items are subsequently adjusted.

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 Requirement (CRR) : 6.50% of average demand and time liabilities

Required reserve	1,672,355,950	905,530,730
Actual reserve maintained		
Balance with Bangladesh Bank - local currency	1,800,652,209	1,128,502,116
Surplus / (deficit)	128,296,259	222,971,386
Maintained ratio	7.00%	8.10%

The above balance with Bangladesh Bank represents amount as per Bangladesh Bank Book.

CRR is maintained at 7.00% on 31.12.2015 against minimum requirement of 6.50% to fulfil the cumulative shortage during December 2015 and to maintain CRR requirement on 01.01.2016.

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

Required reserve	3,344,711,890	1,811,061,460
Available for maintenance :		
Cash in hand (including foreign currencies)	268,672,224	243,564,871
ce with Sonali Bank Limited (as an agent of Bangladesh	-	-
Excess of CRR requirement	128,296,259	222,971,386
Unencumbered approved securities (treasury bills and bonds, debentures etc.)	4,634,623,359	3,889,681,184
	5,031,591,842	4,356,217,441
Surplus / (deficit)	1,686,879,952	2,545,155,981
Maintained Ratio	19.56%	31.27%
Average time and demand liabilities	25,728,553,000	13,931,242,000

SLR is 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.

	2015 Taka	2014 Taka
5. Balance with other banks and financial institutions		
In Bangladesh (note 5.1)	5,236,817,127	2,928,978,943
Outside Bangladesh (note 5.2)	96,650,301	40,510,946
	5,333,467,429	2,969,489,889
5.1 In Bangladesh		
Balance with other banks :		
In current deposit accounts with		
Sonali Bank Limited	10,457,690	1,473,731
Mercantile Bank Limited	1,500,000	-
	11,957,690	1,473,731
In special notice deposit accounts with		
Janata Bank Limited	77,082,529	10,461,914
Eastern Bank Limited	2,778,598	226,570,383
Mercantile Bank Limited	36,573	2,755
Bank Asia Limited	24	945
Standard Bank Limited	508,967	9,927,307
Jamuna Bank Limited	21,208	22,574
Al-Arafa Islami Bank Ltd.	10,563,873	2,005,979
Trust Bank Limited	12,229,817	1,411,445
Dutch Bangla Bank Limited	16,170	17,380
Union Bank Limited	5,528	50,000
IFIC Bank Limited	2	27,034,530
Rupali Bank Limited	1,616,149	-
	104,859,438	277,505,212
In fixed deposit accounts with		
Janata Bank Ltd.	500,000,000	-
Trust Bank Limited	300,000,000	-
Rupali Bank Ltd.	-	500,000,000
Mercantile Bank Ltd.	-	200,000,000
	800,000,000	700,000,000
Balance with financial institutions :		
Lanka Bangla Finance Limited	300,000,000	200,000,000
Phoenix Finance Limited	400,000,000	200,000,000
People's Leasing and Financial Services Limited	100,000,000	200,000,000
International Leasing & Financial Services Limited	400,000,000	500,000,000
United Finance Limited	300,000,000	150,000,000
Uttara Finance Limited	-	200,000,000
Prime Finance & Investment Limited	-	200,000,000
IDLC Finance Limited	-	300,000,000
Delta Brac Housing Finance Company Limited	400,000,000	-
Industrial & Insfructure Development Finance Company Ltd.	620,000,000	-
G. S. P. Finance & Investment Limited	150,000,000	-
Bangladesh Industrial Finance Company Limited	200,000,000	-
Fareast Finance and Investment Limited	150,000,000	-
First Finance Limited	200,000,000	-
FAS Finance Limited	300,000,000	-
Premier Leasing and Finance Limited	350,000,000	-
Bay Leasing & Investment Limited	100,000,000	-
Union Capital Limited	200,000,000	-
MIDAS Financing Limited	150,000,000	-
	4,320,000,000	1,950,000,000
	5,236,817,127	2,928,978,943

5.2 Outside Bangladesh

In demand deposit accounts (non-interest bearing) with

Particulars	Currency	2015			2014		
		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 (UK) Ltd.	USD	11,814.73	78.5000	927,456	43,747.98	77.9500	3,410,155
Sonali Bank (UK) Ltd.	EURO	8,317.14	85.8005	713,615	28,385.56	94.6079	2,685,498
Sonali Bank (UK) Ltd.	GBP	1,981.76	116.3527	230,583	-	-	-
Mashreq Bank PSC, New York	USD	578,329.09	78.5000	45,398,834	281,796.53	77.9500	21,966,040
AB Bank, Mumbai	ACU	456,971.24	78.5000	35,872,242	114,249.67	77.9500	8,905,762
United Bank of India	ACU	122,548.72	78.5000	9,620,075	1,583.96	77.9500	123,470
National Bank of Pakistan, Tokyo	JPY	686,935.00	0.6550	449,942	229,722.00	0.6473	148,699
Mashreq Bank PSC, London	GBP	6,178.14	116.3527	718,843	8,786.33	120.9472	1,062,682
Mashreq Bank PSC, London	EURO	13,357.97	85.8005	1,146,121	23,345.20	94.6079	2,208,640
Sonali Bank Ltd. Kolkata	ACU	20,033.00	78.5000	1,572,591	-	-	-
				96,650,301			40,510,946
In demand deposit accounts (interest bearing)				-			-
Total Outside Bangladesh				96,650,301			40,510,946

2015
Taka

2014
Taka

5.3 Maturity grouping of balance with other banks and financial institutions

On demand	108,607,991	319,489,889
Within one month	1,554,859,438	400,000,000
Within one to three months	2,020,000,000	1,300,000,000
Within three to twelve months	1,650,000,000	950,000,000
Within one to five years	-	-
More than five years	-	-
	5,333,467,429	2,969,489,889

6. Money at call and short notice

With banks

Midland Bank Limited	-	50,000,000
NRB Bank Limited	-	50,000,000
	-	100,000,000

With non bank financial institutions

United Finance Limited	-	100,000,000
Fareast Finance & Investment Limited	-	50,000,000
Prime Finance & Investment Limited	-	100,000,000
Delta Brac Housing Finance Corporation Ltd.	-	200,000,000
Lanka Bangla Finance Limited	-	150,000,000
International Leasing & Financial Services Ltd.	-	100,000,000
MIDAS Financing Limited	50,000,000	-
National Finance Limited	100,000,000	-
	150,000,000	700,000,000
	150,000,000	800,000,000

	2015 Taka	2014 Taka
7. Investments		
Government securities		
Treasury bills		
91-day treasury bills	-	78,773,040
182-day treasury bills	-	136,158,860
364-day treasury bills	-	85,658,160
30-day Bangladesh Bank bills	-	-
	-	300,590,060
Treasury bonds		
2-Year treasury bonds	82,374,916	50,891,287
5-Year treasury bonds	74,014,833	70,732,552
10-Year treasury bonds	1,132,175,164	1,141,772,284
15-Year treasury bonds	2,270,836,064	1,136,987,947
20-Year treasury bonds	1,075,222,382	1,188,707,053
	4,634,623,359	3,589,091,124
Total treasury bills and bonds	4,634,623,359	3,889,681,184
Prize bonds	311,300	90,400
Total Government securities	4,634,934,659	3,889,771,584
Other investments		
Reverse- REPO with Bangladesh Bank	-	200,000,000
Shares in quoted companies (at cost) (note 7.3)	35,298,356	40,897,887
	35,298,356	240,897,887
	4,670,233,015	4,130,669,470
7.1 Classification of investments		
Government treasury bills and bonds		
Held for Trading (HFT)	2,569,740,745	1,885,868,977
Held to Maturity (HTM)	2,064,882,613	2,003,812,207
Total investments in government securities	4,634,623,359	3,889,681,184
Prize bonds	311,300	90,400
Reverse-REPO with Bangladesh Bank	-	200,000,000
Other investments	35,298,356	40,897,887
	4,670,233,015	4,130,669,470
7.2 Shares in quoted companies (at cost)		
One Bank Ltd.	-	5,599,530
Lanka Bangla Finance Ltd.	19,095,195	19,095,195
Summit Purbchal Power Co. Ltd.	16,203,161	16,203,162
	35,298,356	40,897,887
7.3 Valuation of shares in quoted companies		

Particulars	Number of shares	Cost per share	Total cost	Market value as on 31 December 2015
Lanka Bangla Finance Ltd.	288,750	66.1299	19,095,195	8,373,750
Summit Purbchal Power Co. Ltd.	242,000	66.9552	16,203,161	13,358,400
Total	530,750		35,298,356	21,732,150

7.4 Maturity grouping of investments

On demand	311,300	200,090,400
Within one month	35,298,356	40,897,887
Within one to three months	-	78,773,040
Within three to twelve months	51,319,844	221,817,020
Within one to five years	105,069,904	121,623,839
More than five years	4,478,233,610	3,467,467,284
	4,670,233,015	4,130,669,470

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 2015

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 2015

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

7.5.3 Disclosure regarding overall transactions of REPO and Reverse REPO for the year ended 31 December 2015

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	57,665,400	1,466,391,146	228,958,573
Securities purchased under reverse repo			
i) with Bangladesh Bank	35,000,000	1,800,000,000	88,021,739
ii) with other banks & FIs	60,000,000	453,900,000	146,106,756

	2015 Taka	2014 Taka
8. Loans and advances		
Loans , cash credit, overdrafts etc. (note 8.1)	21,099,757,056	12,236,116,081
Bills purchased and discounted (note 8.2)	2,028,530,780	1,281,933,375
	23,128,287,837	13,518,049,457
8.1 Loans , cash credit, overdrafts etc.		
In Bangladesh:		
Overdrafts	6,076,746,002	3,974,660,019
Cash credit :		
General cash credit	3,916,740,682	2,733,002,740
SME cash credit	4,858,138,123	1,752,204,912
	8,774,878,806	4,485,207,652
Loans :		
Loans against trust receipt	2,080,966,804	1,222,228,408
Export packing credit	12,497,594	4,044,892
Payment against document -(sight L/C)	121,039,655	19,407,917
Payment against document - (EDF)	54,026,114	77,486,731
Time loans	466,075,246	205,728,185
EDF loans	153,642,342	629,209,349
Lease finance	531,318,493	385,457,351
House building finance	58,608,214	22,238,050
General term loans	1,997,565,637	886,148,861
SME term loans	494,670,072	125,537,583
Agriculture term loans	29,998,330	757,976
Personal loans	56,842,506	52,489,594
Auto loans	8,017,101	1,915,527
Staff loans	182,864,140	143,597,987
	6,248,132,249	3,776,248,410
	21,099,757,056	12,236,116,081
Outside Bangladesh	-	-
	21,099,757,056	12,236,116,081
8.2 Bills purchased and discounted		
Payable in Bangladesh		
Inland bills purchased and discounted	2,004,699,735	1,254,740,391
Payable outside Bangladesh		
Foreign bills purchased and discounted	23,831,046	27,192,984
	2,028,530,780	1,281,933,375
8.3 Maturity grouping of loans and advances including bills purchased and discounted		
On demand	1,148,492,985	-
Within one month	1,763,161,717	2,479,210,270
Within one to three months	4,517,056,289	3,655,280,573
Within three to twelve months	13,953,904,012	5,622,156,769
Within one to five years	1,534,436,481	1,616,849,541
More than five years	211,236,354	144,552,303
	23,128,287,837	13,518,049,457
8.4 Loans and advances including bills purchased and discounted are classified into following broad categories		
(a) Loans and advances (note 8.1)		
In Bangladesh		
Loans	6,248,132,249	3,776,248,410
Cash credit	8,774,878,806	4,485,207,652
Overdraft	6,076,746,002	3,974,660,019
	21,099,757,056	12,236,116,081
Outside Bangladesh	-	-
	21,099,757,056	12,236,116,081
(b) Bills purchased and discounted		
In Bangladesh	2,004,699,735	1,254,740,391
Outside Bangladesh	23,831,046	27,192,984
	2,028,530,780	1,281,933,375
	23,128,287,837	13,518,049,457

	2015 Taka	2014 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	256,628,428	203,462,722
ii. Loans and advances to CEO and other senior executives	163,930,336	132,668,280
iii. Staff loans other than in sl. no. ii	18,933,804	10,929,707
iv. Loans and advances to customers' group	22,688,795,269	13,170,988,748
	23,128,287,837	13,518,049,457
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 4,785,178,152 as at 31 December 2015 and Taka 4,364,655,864 as at 31 December 2014.		
iv (a) Number of the clients to whom loans and advances sanctioned more than 10% of the Bank's total capital	21	18
iv (b) Amount of outstanding loans and advances to the clients mentioned in iv (a) above	8,378,031,656	8,361,900,000
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	14,559,301,800	9,211,712,416
Chittagong Division	4,875,163,321	3,421,114,892
Khulna Division	2,329,780,419	802,509,939
Sylhet Division	102,311,254	37,700,132
Rajshahi Division	878,692,062	22,002,805
Barisal Division	261,075,681	23,009,273
Rangpur Division	121,963,299	-
	23,128,287,837	13,518,049,457
8.7 Industry-wise loans and advances including bills purchased and discounted		
Agriculture, fisheries and forestry	269,081,166	158,736,813
Agro base processing industries	844,954,802	429,058,270
Small & medium enterprise financing (SMEF)	9,861,771,974	3,733,612,447
RMG & textile industries	2,937,933,165	1,264,800,000
Hospitals, clinics & medical colleges	375,037,148	312,401,133
Trade & commerce	2,825,071,325	2,625,101,322
Transport and communications	619,287,990	610,412,415
Rubber & plastic industries	863,917,102	341,533,609
Iron, steel & aluminium industries	1,301,387,837	870,616,675
Printing & Packaging industries	336,321,217	158,112,165
Other manufacturing industries	1,682,534,599	2,351,970,930
Housing & construction industries	159,865,768	106,510,792
Consumer credit	146,021,646	66,092,804
Others	905,102,097	489,090,081
	23,128,287,837	13,518,049,457

			2015	2014	
			Taka	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 2015	Base for Provision	Rate	Amount of required provision as at 31 December 2015	Amount of required provision as at 31 December 2014
I) Unclassified loans and advances :					
a) Consumer finance	53,442,367	53,442,367	5.00%	2,672,118	1,775,247
b) Staff loans	182,864,140	182,864,140	0.00%	-	-
c) Housing finance	58,608,214	58,608,214	2.00%	1,172,164	444,761
d) Loans to professional	685,782	685,782	2.00%	13,716	101,257
e) Small enterprise finance	9,839,446,358	9,839,446,358	0.25%	24,598,616	9,321,553
f) Loans to BH, MB, SD, etc.	813,876,137	813,876,137	2.00%	16,277,523	9,997,630
g) Agricultural credit	269,081,166	269,081,166	2.50%	6,727,029	3,968,420
e) Others	11,887,958,056	11,887,958,056	1.00%	118,879,581	89,244,061
	23,105,962,220	23,105,962,220		170,340,747	114,852,929
(II) Sub-standard	-	-	20.00%	-	-
(III) Doubtful	-	-	50.00%	-	-
(IV) Bad / loss	22,325,617	3,348,842	100.00%	3,348,842	-
Total provision required	23,128,287,837	23,109,311,063		173,689,589	114,852,929
Total provision maintained				173,689,589	114,852,929
Surplus / (deficit)				-	-

8.9 Classification of loans and advances including bills purchased and discounted

Unclassified (including staff loans)

i) Standard	22,873,155,876	13,518,049,457
ii) Special mention account (SMA)	232,806,344	-
	23,105,962,220	13,518,049,457
Sub-standard	-	-
Doubtful	-	-
Bad / loss	22,325,617	-
Total	23,128,287,837	13,518,049,457

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	20,383,245,633	11,111,010,000
ii) Loans considered good for which the banking company holds no security other than the debtor's personal guarantee	2,632,714,626	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	112,327,577	66,092,804
iv) Loans adversely classified; provision not maintained there against	-	-
	23,128,287,837	13,518,049,457
v) Loans due by directors or officers of the banking company or any of them either separately or jointly with any other person	439,492,568	347,060,709
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	256,628,428	203,462,722
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	439,492,568	347,060,709

	2015 Taka	2014 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	256,628,428	203,462,722
ix) Due from other 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	3,348,842	-
(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	2,004,699,735	1,254,740,391
Outside Bangladesh	23,831,046	27,192,984
	2,028,530,780	1,281,933,375
8.12 Bills purchased and discounted on the basis of the residual maturity grouping		
On demand	-	-
Within one month	114,376,733	384,580,013
Within one to three months	1,321,934,517	512,773,350
Within three to twelve months	592,219,531	384,580,013
Within one to five years	-	-
More than five years	-	-
	2,028,530,780	1,281,933,375

	2015 Taka	2014 Taka
9. Fixed Assets (Annexure - B)		
Motor vehicles	27,127,310	7,985,000
Machinery and equipments	154,326,995	98,888,311
Furniture and fixtures	51,604,656	33,204,580
Interior decoration	159,402,945	66,752,527
Computers and accessories	160,469,244	144,311,637
Softwares	71,048,042	10,516,774
Other tools	14,428,763	7,575,476
	638,407,954	369,234,305
Less : Accumulated depreciation	155,907,795	63,010,465
	482,500,159	306,223,841
10. Other Assets		
Advance income tax (note 10.1)	218,398,710	72,172,251
Stock of stationeries and stamps (note 10.2)	2,297,373	2,217,193
Advance rent, advertisement, etc. (note 10.3)	314,331,678	317,114,555
Accrued interest and commission receivable	193,466,625	147,070,592
Advance and security deposits	492,264	308,819
Suspense accounts (note 10.4)	25,335,719	115,457,001
	754,322,370	654,340,410
10.1 Advance income tax		
Opening balance	72,172,251	21,083,592
Add : Paid during the year		
Income tax deducted at source	30,686,898	57,178,447
Income tax paid u/s 64 & 74 of Income Tax Ordinance 1984	115,539,561	38,841,139
	146,226,459	96,019,586
	218,398,710	117,103,178
Less : Adjustment during the year	-	44,930,927
Closing balance	218,398,710	72,172,251
10.1.1 Assessment year wise break up of advance income tax		
2014 - 2015	122,366,697	72,172,251
2015 - 2016	96,032,013	-
	218,398,710	72,172,251
10.2 Stock of stationeries and stamps		
Stock of printing stationeries	548,137	1,508,343
Stock of security stationeries	902,936	186,456
Stock of stamps	846,300	522,394
	2,297,373	2,217,193
10.3 Advance rent, advertisement, etc.		
Advance rent	313,919,141	317,114,555
Advance advertisement	412,538	-
	314,331,678	317,114,555

	2015 Taka	2014 Taka
10.4 Suspense accounts		
Sundry debtors	1,169	3,758
Suspense for Sanchayapatra	1,056,317	31,030
Advance against expenses	4,870,350	1,407,234
Advance against fixed assets (note 10.5.1)	16,966,133	113,016,549
SBACBL general account	-	-
Other prepaid expenses	2,441,750	998,430
	25,335,719	115,457,001
10.4.1 Advance against fixed assets		
Advance against fixed assets has been made for which final bill has not being received :		
Furniture and fixtures	1,015,119	2,897,615
Interior Decoration	13,951,014	61,100,262
Machineries and equipments	-	9,472,347
Computers, accessories and software	2,000,000	39,546,326
	16,966,133	113,016,549
11. Borrowings from other banks, financial institutions and agents		
a) In Bangladesh		
Refinance from Bangladesh Bank		
Agro based Industries	61,800,000	6,592,083
Small enterprise entrepreneurs	16,557,474	3,044,000
Export Development Fund (EDF)	153,473,109	629,209,349
	231,830,583	638,845,432
b) Outside Bangladesh	-	-
	231,830,583	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	9,107,496	83,663,761
Within one to three months	42,568,439	181,241,123
Within three to twelve months	167,828,099	360,824,331
Within one to five years	12,326,549	-
More than five years	-	-
	231,830,583	638,845,432
12. Deposits and other accounts		
Current deposits and other accounts [note : 12.1]	2,162,901,318	1,728,012,642
Special notice deposits	2,879,373,981	489,919,025
Bills payable	272,047,778	112,579,609
Savings bank deposits	837,694,896	338,949,351
Fixed deposits	22,626,106,757	15,126,558,925
Other term deposits [note : 12.2]	1,997,260,205	845,884,457
	30,775,384,934	18,641,904,008

	2015	2014
	Taka	Taka
12.1 Current Deposits and other accounts		
Current deposits	1,083,865,802	955,779,003
FGN currency deposits	5,722,228	7,332,020
ERQ accounts	13,805,508	1,949,535
FC held against BTB L/Cs	145,775,391	196,136,563
Non resident Taka account	3,448,642	-
Non resident foreign currency account	62,172	-
Margin against L/Cs	248,609,303	182,318,899
Margin against L/Gs	79,171,013	17,768,328
Margin on SOD (pay order)	3,606,385	156,050
Margin on LDBP	554,000	-
Sundry deposits - excise duty	3,739,431	133,670
Sundry deposits - local bills	45,661,498	8,032,697
Sundry deposits - Sanchayapatra	13,800,000	2,500,000
Sundry deposits - other	13,766,159	5,521,485
Sundry deposits - foreign correspondents charge	2,625,398	3,448,817
Sundry deposits - risk fund	205,500	76,800
Sundry deposits - advance installment on Lease	268,400	64,000
Sundry deposits - Tax Deducted at source	14,142,914	4,467,880
Sundry deposits - VAT deducted at source	1,122,376	602,539
Sundry deposits - VAT Service Bills	3,265,111	997,646
Sundry deposits - Q-Cash settlement account	847,758	313,121
Sundry deposits - IPO Refund	-	5,498,340
Interest payable on deposits	478,836,330	334,915,249
	2,162,901,318	1,728,012,642
12.2 Other term deposits		
MSS Deposits	271,182,736	72,896,721
MBS Deposits	1,045,607,400	540,564,000
Special Deposit Scheme	674,991,800	231,959,830
Other Savings Schemes	5,478,269	463,906
	1,997,260,205	845,884,457
12.3 Segregation of deposits and other accounts		
Other than inter-bank deposits	30,275,246,668	17,841,904,008
Inter-bank deposits (Note 12.4)	500,138,265	800,000,000
	30,775,384,934	18,641,904,008
12.4 Details of inter-bank deposits		
In fixed deposit accounts		
Sonali Bank Limited	-	300,000,000
Rupali Bank Limited	-	500,000,000
Uttara Bank Limited	500,000,000	-
Janata Bank Limited	138,265	-
	500,138,265	800,000,000

	2015	2014
	Taka	Taka
12.5 Residual maturity grouping of deposits and other accounts		
On demand	726,647,836	891,635,102
Within one month	3,044,331,549	2,674,905,306
Within one to three months	7,836,739,655	3,231,989,395
Within three to six months	4,219,403,116	2,386,831,640
Within six to twelve months	3,718,442,133	5,921,048,185
Within one to five years	7,444,972,165	3,099,199,655
More than five years	3,784,848,480	436,294,725
	30,775,384,934	18,641,904,008
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	30,466,443	1,696,972
Provision for expenses	21,488,385	3,369,322
Central EFT adjustment account and NPSB account	4,427,700	5,068,779
Provision for gratuity (note 13.1)	7,500,000	1,500,000
Provision for taxation (note 13.2)	488,731,213	124,256,385
Provision for deferred tax liability (note 13.3)	13,866,952	20,639,407
Provision for diminution in value of investment (note 13.4)	13,566,206	11,449,795
General provision on loans & advances (note 13.5)	173,689,589	114,852,929
General provision on Off Balance Sheet exposures (note 13.6)	46,771,462	29,111,405
	800,507,950	311,944,994
13.1 Provision for gratuity		
Opening balance	1,500,000	-
Add : Provision made for the year	6,000,000	1,500,000
	7,500,000	1,500,000
Less : Paid during the year	-	-
Closing balance	7,500,000	1,500,000
13.2 Provision for taxation		
Opening balance	124,256,385	44,329,911
Add : Provision made for the year	368,221,041	124,857,401
	492,477,425	169,187,312
Less : Adjustment during the year	3,746,212	44,930,927
Closing balance	488,731,213	124,256,385
13.2.1 Provision for income tax has been kept as per the provisions of Income Tax Ordinance 1984. Assessment of income tax has been finalized with tax authority up to the year 2013.		
13.3 Provision for deferred tax liability		
Opening balance	20,639,407	14,813,079
Add : Deferred tax liability / (assets) for the year (note 13.3.1)	1,103,937	5,826,328
	21,743,344	20,639,407
Less : Adjustment during the year	7,876,392	-
Closing Balance	13,866,952	20,639,407

	2015 Taka	2014 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	482,500,159	306,223,841
WDV of fixed assets as per Tax (Tax Base) as on the balance sheet date	412,567,591	256,160,530
	<u>69,932,567</u>	<u>50,063,311</u>
ii) Temporary timing difference in provision for gratuity and intangible assets	15,574,208	1,500,000
Total amount of temporary timing difference in liability / (assets)	54,358,359	48,563,311
Effective tax rate	40.00%	42.50%
Net Deferred tax liability / (assets)	<u>21,743,344</u>	<u>20,639,407</u>
Deferred tax expense / (income) for the year	1,103,937	5,826,328
13.4 Provision for diminution in value of investments		
Opening balance	11,449,795	1,210,450
Add : Provision made for the year	2,116,411	10,239,345
	<u>13,566,206</u>	<u>11,449,795</u>
Less: Adjustment during the period	-	-
Closing balance	13,566,206	11,449,795
Provision has been kept on unrealized loss (gain net off) according to DOS Circular No. 4 dated 24 November 2011.		
13.5 Provision for loans and advances (note 8.8)		
Opening balance	114,852,929	27,451,038
Add : Provision made for the year on unclassified loans	55,487,818	87,401,891
Add : Provision made for the year on classified loans	3,348,842	-
	<u>173,689,589</u>	<u>114,852,929</u>
Less: Adjustment during the period	-	-
Closing balance	173,689,589	114,852,929
13.6 Provision for off balance sheet exposures		
Opening balance	29,111,405	5,013,730
Add : Provision made for the year	17,660,057	24,097,675
	<u>46,771,462</u>	<u>29,111,405</u>
Less: Adjustment during the period	-	-
Closing balance	46,771,462	29,111,405
13.7 As per lease agreement of the bank's head office premises, total leased space was 33,050 sft. Bangladesh Bank in its inspection report as on 31.03.2014 pointed out that the actual measured space was 29,050 sft. i.e. the bank had been paying excess rent for 4,000 sft. They also advised the bank to pay rent as per actually measured space. Accordingly, the bank has been paying rent as per instruction of Bangladesh Bank. The lessor subsequently brought the matter to the court claiming rent as per agreement. As the issue was sub-judice, the bank made provision (included within provision for expenses) amounting to Tk 5,935,321 for above noted 4,000 sft.		

	2015 Taka	2014 Taka
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	2015			2014		
	No. of shares	Percentage (%) of holding	Taka	No. of shares	Percentage (%) of holding	Taka
Sponsor directors	291,500,000	71.28%	2,915,000,000	282,100,000	68.98%	2,821,000,000
Sponsor shareholders	117,460,000	28.72%	1,174,600,000	126,860,000	31.02%	1,268,600,000
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 2015

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	40	96.82%	395,960,000	3,959,600,000
Total	53	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, BRPD Circular No. 18 dated 21 December 2014 [Guidelines on Risk Based capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)], the risk based capital (eligible regulatory capital) of the Bank as of 31 December 2015 stood at Taka 4,785,178,152 against the risk based capital requirement of Taka 4,000,000,000. As a result, there was a capital surplus of Taka 785,178,152 in risk based capital adequacy as on 31 December 2015.

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, statutory reserve and retained earnings of the Bank was Taka 4,556,684,093 (paid-up share capital, Taka 4,089,600,000, statutory reserve, Taka 205,900,450 and retained earnings, Taka 261,183,643) as on 31 December 2015.

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	205,900,450	60,434,058
Retained earnings	261,183,643	48,643,054
	4,556,684,093	4,198,677,113

Less : Regulatory Adjustments:

Deferred tax assets	6,229,683	-
Total Tier - I Capital	4,550,454,410	4,198,677,113

Tier - II (Supplementary capital)

General provision on unclassified loans and off-balance sheet exposures	217,112,209	143,964,334
50% of Revaluation reserve as on 31 December 2014	22,014,417	22,014,417
	239,126,625	165,978,751

Less : Regulatory Adjustments:

Revaluation reserve for HFT securities	4,402,883	-
	234,723,742	165,978,751

Tier - III (Additional supplementary capital)

A. Total capital	4,785,178,152	4,364,655,864
B. Total risk weighted assets	22,578,266,601	14,776,640,750
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)	785,178,152	364,655,864
Capital adequacy ratio on core capital (against standard of minimum 5.00%)	20.15%	28.41%
Capital Adequacy ratio on total capital (against standard of minimum 10.00%)	21.19%	29.54%

	2015 Taka	2014 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	60,434,058	21,097,469
Add : Transferred from profit during the year	145,466,392	39,336,589
Closing balance	<u>205,900,450</u>	<u>60,434,058</u>
16. Revaluation reserve on Govt. Securities		
Opening balance	44,028,833	1,759,720
Add : Reserve made during the year	279,499,003	42,269,114
Closing balance	<u>323,527,836</u>	<u>44,028,833</u>
17. Retained earnings		
Opening balance	48,643,054	25,244,299
Prior period adjustment	-	(3,263,871)
Net profit for the year	358,006,980	65,999,215
Transfer to statutory reserve	(145,466,392)	(39,336,589)
Closing balance	<u>261,183,643</u>	<u>48,643,054</u>
18. Contingent liabilities		
Acceptances and endorsements	1,246,874,286	952,124,703
Letters of Guarantee (note 18.1)	1,689,909,306	999,443,726
Irrevocable letters of credit (note 18.2)	1,740,362,630	959,572,107
Bills for collection (note 18.3)	165,303,368	41,062,502
	<u>4,842,449,591</u>	<u>2,952,203,039</u>
18.1 Letters of guarantee		
Money for which the bank is contingently liable in respect of guarantees issued favoring:		
Directors	-	-
Government	125,902,935	149,916,559
Banks and other financial Institutions	-	-
Others	1,564,006,371	849,527,167
	<u>1,689,909,306</u>	<u>999,443,726</u>
18.2 Irrevocable letters of credit		
Local		
Irrevocable letters of credit- cash sight	3,430,915	567,360
Irrevocable letters of credit- back to back	39,498,264	25,209,401
	42,929,180	25,776,761
Foreign		
Irrevocable letters of credit- cash sight	1,185,452,519	751,231,200
Irrevocable letters of credit- cash usance	436,212,649	153,263,802
Irrevocable letters of credit- back to back	75,768,283	29,300,344
	<u>1,697,433,451</u>	<u>933,795,346</u>
	<u>1,740,362,630</u>	<u>959,572,107</u>
18.3 Bills for collection		
Outward local bills	337,803	4,147,648
Local documentary bills for collection	54,961,489	7,023,324
Foreign documentary bills for collection	110,004,076	29,891,530
	<u>165,303,368</u>	<u>41,062,502</u>

	2015 Taka	2014 Taka
19. Particulars of profit and loss account		
Income		
Interest, discount and similar income (note 21)	2,861,104,335	1,590,076,894
Dividend income (note 23)	723,131	1,596,500
Fees, commission and brokerage (note 24)	73,180,193	47,823,019
Gains less losses arising from dealing in securities (note 23)	242,880	8,919,085
Gains less losses arising from investment securities (note 23)	832,184,105	275,019,613
Gains less losses arising from dealing in foreign currencies (note 24)	64,885,874	31,238,084
Income from non-banking assets	-	-
Other operating income (note 25)	48,895,044	20,697,858
Profit less losses in interest rate changes	-	-
	3,881,215,562	1,975,371,053
Expenses		
Interest, fee and commission (note 22)	2,049,815,201	1,120,004,284
Losses on loans and advances	-	-
Administrative expenses (note 20)	766,377,098	423,531,594
Other operating expenses (note 35)	166,180,847	61,520,581
Depreciation on banking assets (note 34)	92,897,331	51,892,738
	3,075,270,477	1,656,949,198
Profit before provision	805,945,086	318,421,855
20. Administrative expenses		
Salary and allowances (note 26)	474,277,078	234,650,023
Rent, taxes, insurance, electricity etc. (note 27)	213,124,542	144,955,626
Legal & professional expenses (note 28)	1,643,958	1,048,173
Postage, stamp, telecommunication etc. (note 29)	18,608,732	10,453,838
Stationery, printing, advertisement etc. (note 30)	27,433,298	20,302,910
Managing Director's salary and allowances (note 31)	10,800,000	9,400,000
Directors' fees and other benefits (note 32)	1,691,000	1,555,000
Audit fees (note 33)	345,000	287,500
Repairs and maintenance (note 34)	18,453,489	878,526
	766,377,098	423,531,594
21. Interest Income		
Interest on loans and advances		
Interest on cash credit	871,270,760	401,568,786
Interest on SOD	688,954,908	302,442,727
Interest on OD General	152,862	41,624
Interest on local bills discounted	232,903,159	172,978,239
Interest on foreign bills purchased	156,261	165,946
Interest on import finance	264,940,618	113,154,395
Interest on export finance	1,171,376	6,166,681
Interest on other demand loans	47,969,479	10,977,237
Interest on lease finance	68,457,427	28,779,729
Interest on house building loans	5,989,111	606,400
Interest on general term loans	201,994,140	49,914,873
Interest on SME loans	50,953,875	8,603,140
Interest on consumer credit scheme	596,044	135,254
Interest on agriculture & rural credit	2,974,130	49,463
Interest on staff loans	10,171,640	5,740,626
	2,448,655,790	1,101,325,120
Interest on money at call and short notice	89,995,451	31,758,452
Interest on FDR with other banks	277,643,477	404,405,695
Interest on SND with other banks	44,809,617	52,587,627
	2,861,104,335	1,590,076,894

	2015 Taka	2014 Taka
22. Interest paid on deposits and borrowings		
Interest on Deposits		
Interest on savings deposits	20,069,155	8,383,571
Interest on special notice deposits	52,250,267	17,911,516
Interest on monthly savings schemes	18,796,730	4,123,675
Interest on monthly benefit schemes	98,660,783	37,094,463
Interest on special benefit schemes	60,956,735	17,347,376
Interest on fixed deposits	1,710,261,121	947,449,086
	<u>1,960,994,792</u>	<u>1,032,309,687</u>
Interest on call borrowing	26,035,207	67,424,355
Interest on credit lines	5,856,250	7,505,417
Interest on Bangladesh Bank Re-financing facilities	3,831,866	157,222
Interest on borrowing under REPO	53,097,085	12,607,604
	<u>2,049,815,201</u>	<u>1,120,004,284</u>
23. Investment Income		
Dividend Received on Shares	723,131	1,596,500
Income on treasury bills, bonds and debentures		
Interest on treasury bonds	465,777,090	210,967,070
Interest on treasury bills	12,735,607	21,291,079
Interest on reverse REPO	2,758,487	645,411
Gains on trading of government securities	350,912,921	42,116,053
	<u>832,184,105</u>	<u>275,019,613</u>
Gains on Capital Market	242,880	8,919,085
	<u>833,150,116</u>	<u>285,535,198</u>
24. Commission, Exchange and Brokerage		
Fees, commission and brokerage		
Commission on bills & remittance	556,498	103,462
Commission on letters of credit	37,985,387	26,393,790
Commission on letters of guarantee	23,759,282	14,407,782
Commission on acceptances	10,815,339	6,687,622
Commission on add confirmation	10,882	900
Commission on bank underwriting	52,806	229,463
	<u>73,180,193</u>	<u>47,823,019</u>
Exchange earnings (net)	64,885,874	31,238,084
	<u>138,066,068</u>	<u>79,061,103</u>
25. Other Operating Income		
Banking service charge	41,323,435	16,446,528
Postage charge recovery	572,616	356,101
SWIFT charge recovery	4,475,423	2,485,282
Card operation charge	576,764	19,925
Miscellaneous Income	1,946,806	1,390,022
	<u>48,895,044</u>	<u>20,697,858</u>

	2015 Taka	2014 Taka
26. Salary and Allowances		
Basic salary	192,505,918	93,089,446
House rent allowance	73,868,187	38,638,526
Conveyance allowance	14,814,783	7,507,730
Medical allowance	23,577,435	11,969,821
House maintenance allowance	18,712,794	9,632,154
Utility allowance	18,616,594	9,654,231
Leave fare assistance	18,797,465	10,154,955
Festival bonus	32,550,574	16,419,547
Incentive bonus	14,267,684	6,989,533
Bank's contribution on provident fund	14,447,556	7,608,600
Provision for gratuity	6,000,000	1,500,000
Salary to casual labourer	46,118,088	21,485,480
	474,277,078	234,650,023
27. Rent, taxes, insurance, electricity etc.		
Rent	168,144,302	116,810,599
Rates and taxes	7,265,949	5,205,784
Utilities	21,112,334	14,644,730
Insurance	16,601,957	8,294,512
	213,124,542	144,955,626
28. Legal and professional expenses		
Legal expenses	1,075,958	308,507
Professional fees	568,000	739,666
	1,643,958	1,048,173
29. Postage, stamp, telecommunication etc.		
Postage	1,260,845	612,194
Telephone, fax etc.	2,757,144	827,376
Internet	12,308,743	6,405,696
SWIFT	2,282,000	2,608,571
	18,608,732	10,453,838
30. Stationery, Printing, Advertisement etc.		
Computer stationery	1,490,303	877,854
Printing stationery	3,057,925	3,267,487
Security stationery	549,274	510,058
Petty stationery	5,359,113	4,163,876
Advertisement and publicity	16,976,683	11,483,634
	27,433,298	20,302,910
31. Managing Director's salary and allowances		
Basic salary	4,650,000	4,050,000
House rent allowance	1,549,989	1,350,003
House maintenance allowance	775,011	674,997
Medical allowance	1,549,989	1,350,003
Festival bonus	800,000	700,000
Incentive bonus	700,000	600,000
Utility allowance	775,011	674,997
	10,800,000	9,400,000

	2015 Taka	2014 Taka
32. Directors' fees		
Meeting attendance fees	<u>1,691,000</u>	<u>1,555,000</u>
Each director of the bank was paid Tk. 5,000/- per attendance in board meeting and committee meeting held upto 07.10.2015 and from 08.10.2015 the amount was Tk. 8,000/-.		
33. Audit fees		
Audit fees	300,000	250,000
VAT on audit fees	45,000	37,500
	<u>345,000</u>	<u>287,500</u>
34. Repairs, maintenance and depreciation		
Repair and maintenance	18,453,489	878,526
Depreciation / amortization		
Motor vehicles	5,425,462	1,202,083
Machinery and equipments	25,076,465	15,535,332
Furniture & fixtures	4,174,826	2,368,955
Interior decoration	10,896,429	4,762,406
Computer and peripherals	30,423,373	24,909,144
Software	14,747,132	2,178,165
Office tools and accessories	2,153,644	936,652
	92,897,331	51,892,738
	<u>111,350,820</u>	<u>52,771,264</u>
35. Other Expenses		
Entertainment expenses	6,815,852	4,302,897
Training expenses	1,835,772	2,574,807
Local travel expenses	4,778,867	3,523,995
Fuel and maintenance expenses - bank's vehicles	1,223,141	879,413
Fuel and maintenance expenses - executives' vehicles	32,059,190	20,451,536
Subscriptions to trade associations	1,923,852	2,262,162
CSR expenses	6,613,295	4,642,410
Business promotion and development	3,802,516	1,211,824
News papers & periodicals	314,778	125,687
Charges & duties to Government	79,250	51,400
Conveyance	1,519,106	1,024,440
Cash carrying charge	1,486,126	808,395
Cartage and freight	38,320	40,600
Welfare and recreation	13,990	12,045
Washing and cleaning	911,747	1,048,356
Nostro account charges	195,527	870,543
Remittance charges	187,432	14,321
Clearing House and other bank charge	1,562,568	60,646
Expenses on AGM	166,524	111,653
Expenses on Managers' Conference	70,411	105,540
Miscellaneous Expenses	210,695	386,014
Loss on Sale/Purchase of Govt. Securities	613,029	1,938,886
Loss on Revaluation of Investment	98,113,357	12,674,079
Branch & head office inauguration expenses	1,645,502	2,398,933
Preliminary expenses	-	-
	<u>166,180,847</u>	<u>61,520,581</u>

	2015 Taka	2014 Taka
36. Earning per share (EPS)		
a) Net profit after tax	358,006,980	65,999,215
b) Number of ordinary shares	408,960,000	408,960,000
Earnings per share (a ÷ b)	<u>0.88</u>	<u>0.16</u>
37. Increase / (decrease) of other assets		
Closing -		
Stock of stationeries and stamps	2,297,373	2,217,193
Advance rent, advertisement, etc.	314,331,678	317,114,555
Security deposits	492,264	308,819
Suspense accounts	25,335,719	115,457,001
	<u>342,457,035</u>	<u>435,097,568</u>
Opening -		
Stock of stationeries and stamps	2,217,193	570,513
Advance rent, advertisement, etc.	317,114,555	208,794,858
Security deposits	308,819	66,550
Suspense accounts	115,457,001	128,679,895
	<u>435,097,568</u>	<u>338,111,816</u>
	<u>(92,640,533)</u>	<u>96,985,752</u>
38. Increase / (decrease) of other liabilities		
Closing -		
Sundry creditors	30,466,443	1,696,972
Central EFT adjustment account	4,427,700	5,068,779
	<u>34,894,142</u>	<u>6,765,751</u>
Opening -		
Sundry creditors	1,696,972	2,172,638
Central EFT adjustment account	5,068,779	-
	<u>6,765,751</u>	<u>2,172,638</u>
	<u>28,128,391</u>	<u>4,593,114</u>
39. Net asset value per share (NAV)		
a) Capital / shareholders' equity for the period	4,880,211,929	4,242,705,946
b) Number of outstanding shares	408,960,000	408,960,000
Net asset value per share (NAV) (a÷b)	<u>11.93</u>	<u>10.37</u>
40. Net operating cash flow per share		
a) Net cash flow from operating activities	3,568,327,384	3,597,285,189
b) Number of outstanding shares	408,960,000	408,960,000
Net operating cash flow per share (NAV) (a÷b)	<u>8.73</u>	<u>8.80</u>
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. Disclosure on audit committee of the Board

The Audit Committee of the Board was duly reconstituted by the Board of Directors of the Bank in compliance with BRPD Circular No. 11 dated 27 October 2013 of Bangladesh Bank and Corporate Governance Guidelines (SECCMRRCD/2006-158/134/Admin/44) dated August 07 2012 of Bangladesh Securities and Exchange Commission (BSEC). The members of the Audit Committee of the Board as on 31 December 2015 is as under:

Name of the Member	Status with the Bank	Status in the	Educational
Mr. Abu Zafar Mohammad	Director	Chairman	B.Com. (Hons)
Mr. Muhammad Mohsin	Director	Member	M.S.S.
Mr. Md. Mizanur Rahman	Director	Member	M.Com.

The Audit Committee of the Board convened 04 (four) meetings during 2015 further in which, among others, the following salient issues were discussed :

- Summary report on the audit findings of Bangladesh Bank and Bank's Internal Control & Compliance Department and corrective actions taken thereof.
- The Committee reviewed the Management Letter / Report for the year 2014 submitted by the external auditors of the Bank.
- The Committee reviewed the Quarterly, Half-yearly and Annual Financial Statements of the Bank.
- The Committee reviewed the Yearly Report on over all position as on 31 December 2014 as submitted by Internal Control & Compliance Division under the Risk Based Internal Audit system of the Bank.
- The Committee reviewed the introduction of modern, efficient Internal Control & Compliance system to mitigate the risks.
- The Committee reviewed the Annual Financial Statements for the year ended 31 December 2015.

43. Number of employees


As per the Schedule XI of the Companies Act, 1994, the number of employees (including contractual employees) engaged for the whole year or part thereof who received more than total remuneration of Tk 36,000 per annum or Tk 3,000 per month were 598 as at 31 December 2015 compared to 386 as at December 2014.

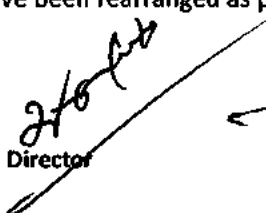
44. Events after the balance sheet date

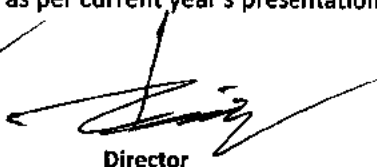
The Board of Directors in its 45th meeting held on 16 March 2016 recommended stock dividend @ 6% (six percent) for the year 2015. The total amount of dividend is Tk. 245,376,000 (twenty four crore fifty three lac seventy six thousand) only.

45. General

- Figures appearing in these financial statements have been rounded off to the nearest Taka.
- Figures of 2014 have been rearranged as per current year's presentation.


Chairman


Director


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 (%) 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%	
				2. Bangladesh Poly Printing Int'l Ltd.	30.00%	
				3. Eastern Polymer Ltd.	50.00%	
				4. Moon Star Polymer Export Ltd.	25.00%	
3	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. Rupsha Fish & Allied Industry Ltd.	23.00%	
				11. Ideal Polymer Export Ltd.	30.00%	
				12. Moon Star Fish Ltd.	40.00%	
				13. Khulna Apparels Ltd.	50.00%	
				14. Woman Wears Ltd.	50.00%	
4	Mr. Abu Zafar Mohammad 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%	

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 (%) holding in the company	Remarks
5	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 Melanage 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. Adury Fashion & Print Ltd.	60.00%	
				18. Adury Ring Denim Spun Ltd.	20.00%	
				19. Kadir Molla Medical College & Hospital Ltd.	30.00%	
6	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. B&T Spinning Mills Ltd.	50.00%	
				7. Echo Electricals Ltd.	55.00%	
				8. B&T Distribution	100.00%	
				9. B&T Meter	100.00%	
7	Mr. Md. Amzad Hossain	Director	65,00,000 & 1.59%	1. Khulna Printing & Packaging Ltd.	5.00%	
				2. Bangladesh Poly Printing International	5.00%	
				3. Ideal Polymar Export Ltd.	10.00%	
				4. International Core Factory Ltd.	10.00%	
8	Mr. Maksudur Rahman	Director	1,71,00,000 & 4.18%	1. Ratanpur Steel Re-Rolling Mills Ltd.	22.69%	
				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 Real-State Ltd.	25.00%	
				6. Sapphire Corporation Ltd.	65.00%	
9	Mrs. 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%	

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 (%) holding in the company	Remarks
10	Mr. Muhammad Mohsin	Director	1,20,00,000 & 2.93%	1. Chittagong Fibre Board Ltd.	43.33%	
				2. SAAD MUSA Fabrics Ltd. (Weaving Division)	40.08%	
				3. SAAD MUSA Fabrics Ltd. (Dyeing Division)	40.08%	
				4. Rokeya Spining Mills Ltd.	55.27%	
				5. Emdad Etima Spinning Mills Ltd.	55.27%	
				6. Mahamud Sajid Cotton Mills Ltd.	55.27%	
				7. Sultana Habiba Fabrics Mills Ltd.	55.27%	
				8. Saima Samira Textiles Mills Ltd.	55.27%	
				9. SAAD MUSA Fabrics Ltd. (Garments Division)	40.08%	
				10. M A Rahaman Dyeing Industry Ltd.	40.40%	
				11. SAAD MUSA Hometex & Clothing Ltd.	40.40%	
				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%	
11	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%	
				9. Joytun Tours & Travels	100.00%	
12	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%	
				6. AGI Corporation	100.00%	
13	Mr. Shakhawat Hossain, Nominated by Hazi Shakhawat Anwara Eye Hospital Ltd.	Director	2,00,00,000 & 4.89%	General Manager, Anwer Khan Modern Hospital Ltd. & Diagnostic Centre.	N/A	
14	Ms. Kamrun Nahar	Director	50,00,000 & 1.22%	1. Canadian Trillinium School	12.00%	
				2. Noor Asset Development	25.00%	
				3. Intelligent Technology Solutions Ltd.	20.00%	
				4. MK Fisheries	100.00%	
				5. People's Leasing & Financial Services Ltd.	4.00%	
15	Mr. Khan Habibur Rahman	Director	20,00,000 & 0.49%	1. Khulna Printing & Packaging Ltd.	5.00%	
				2. Bangladesh Poly Printing International	5.00%	
				3. Rupsha Fish & Allied Industry Ltd.	5.00%	

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 (%) holding in the company	Remarks
16	Mr. Md. Mizanur Rahman, Nominated by M/S. Contech Construction Ltd.	Director	2,00,00,000 & 4.89%	Executive Director, M/S. Contech Construction Ltd.	N/A	
17	Capt. M. Moazzam Hossain	Director	2,70,00,000 & 6.60%	1. E-Securities Ltd. 2. Agrovita Ltd. 3. Admiral Trading Corp. 4. Ekushey Homes Ltd. 5. United Corp. Advisory Ltd. 6. Masters Ocean Voyage 7. Athena Venture and Equity Ltd. 8. Radiant Dredging Ltd. 9. Shoppers World Ltd. 10. Paramount Properties Ltd. 11. PLFS Investment Ltd. 12. UCAS Ltd. 13. Canadian Trillinium School 14. Sonar Bangla Insurance Ltd. 15. People's Leasing and Financial Services Ltd. 16. Great Wall Land Property Ltd 17. Fareast International University	66.08% 60.00% 100.00% 35.00% 20.00% 100.00% 15.00% 20.00% 20.00% 30.00% 25.00% 20.00% 25.00% 10.00% 2.40% 27.00% Member, Board of Trustees	
18	Mr. Sk. Shyedujaman	Director	20,00,000 & 0.49%	1. Sadiana Trading	100.00%	
19	Mr. Mohammad Ayub	Director	50,00,000 & 1.22%	1. Ayub & Co. Ltd. 2. Pioneer Enterprise 3. United Enterprise 4. Pacific International	80.00% 100.00% 100.00% 70.00%	
20	Mr. Mohammad Nawaz	Director	1,64,00,000 & 4.01%	1. Famous Printing & Packaging Ltd. 2. Famous Iberchem Flavours & Fragnances Ltd. 3. Famous General Agencies Ltd. 4. Matcon limited 5. F.S. Printing & Packaging Ltd. 6. Green Soap & Chemical Co. Ltd. 7. Famous Flavours & Fragnances Ltd. 8. Eden Multicare Hospital	29.15% 29.16% 29.05% 28.96% 29.11% 29.07% 40.00% 2.50%	

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 2015	Outstanding as at 31 Dec 2014
Mother Trade Center	Mrs Tahmina Afroz,	Cash Credit	10.33	10.37
Haji Shakwat Anwera Eye Hospital	Mrs Tahmina Afroz,	Cash Credit	10.33	9.97
Radient Dredging Ltd.	Capt. M. Moazzam Hossain	Lease Finance	5.00	-

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 8 (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

b) Brokerage house :

Name of the Party	Relationship	Nature of Transaction	Amount
E-Securities Ltd.	Common Director	Brokerage house commission	Tk. 20,520

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 2015

Particulars	Cost				Accumulated Depreciation			Net book value as at 31 December 2015
	Balance as at 01 January 2015	Additions during the year	Disposals during the year	Balance at 31 December 2015	Charge for the year	On disposal during the year	Balance as at 31 December 2015	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Motor vehicles	7,985,000	19,142,310	-	27,127,310	5,425,462	-	7,240,879	19,886,431
Machinery and equipments	98,888,311	55,438,683	-	154,326,995	25,076,465	-	41,520,481	112,806,513
Furniture and fixtures	33,204,580	18,400,076	-	51,604,656	4,174,826	-	7,183,478	44,421,179
Interior decoration	66,752,527	92,650,417	-	159,402,945	10,896,429	-	16,167,563	143,235,382
Computers and accessories	144,311,637	16,157,607	-	160,469,244	30,423,373	-	63,363,417	97,105,826
Softwares	10,516,774	60,531,268	-	71,048,042	14,747,132	-	17,259,854	53,788,187
Other tools	7,575,476	6,853,287	-	14,428,763	2,153,644	-	3,172,123	11,256,641
At 31 December 2015	369,234,305	269,173,649	-	638,407,954	92,897,331	-	155,907,795	482,500,159

At 31 December 2014	192,791,807	176,442,499	-	369,234,305	11,117,727	-	63,010,465	306,223,841
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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 licence period
Other tools	20%

Annexure - C

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

Sl. No.	Particulars	2015	2014
01	Paid up capital	4,089,600,000	4,089,600,000
02	Total capital (Tier I +II)	4,785,178,152	4,364,655,864
03	Surplus/(deficit) capital	785,178,152	364,655,864
04	Total assets	36,687,935,396	23,835,400,380
05	Total deposits	30,775,384,934	18,641,904,008
06	Total loans and advances	23,128,287,837	13,518,049,457
07	Total contingent liabilities and commitments	4,987,949,591	2,976,728,039
08	Advance deposits ratio (%)	75.15%	72.51%
09	Classified loans to advance ratio (%)	0.10%	-
10	Profit after tax and provision	358,006,980	65,999,215
11	Classified advances	22,325,617	-
12	Provision kept against classified advances	3,348,842	-
13	Surplus/(deficit) provision	-	-
14	Cost of fund (%)	10.95%	13.27%
15	Interest earning assets	33,246,689,924	21,177,310,929
16	Non interest earning assets	3,441,245,471	2,658,089,451
17	Return on investments (ROI) (%)	17.57%	11.50%
18	Return on Assets (ROA) (%)	1.18%	0.41%
19	Income from investments	833,150,116	285,535,198
20	Earnings per share	0.88	0.16
21	Profit per share	0.88	0.16
22	Price - earnings ratio (times)	N/A	N/A