

**Auditors' Report
And
Financial Statements
of
Karmasangsthan Bank**

1, RAJUK Avenue, Dhaka-1000

As at and for the year ended 30 June 2020

HUSSAIN FARHAD & CO.*Chartered Accountants*

House # 15, Road # 12,

Block - F, Niketon, Gulshan - 1

Dhaka - 1212, Bangladesh.

ARTISAN*Chartered Accountants*

33 Shah Ali Tower (7th Floor)

Kawran Bazar

Dhaka - 1215, Bangladesh.

**Independent Auditors' Report
To the Shareholders/Contributors of
Karmasangsthan Bank**

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of Karmasangsthan Bank (the Bank) which comprise the balance sheet as at 30 June 2020 and the profit & loss account, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, accompanying financial statements give a true and fair view of the financial position of the Bank as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and Karmasangsthan Bank Act No. 07 of 1998.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

- 1) We draw attention to Note 2.2.2 of the financial statements which describes the limitation in adoption of IFRS 16 in financial year 2019-20 because of resource constrain from COVID-19 pandemic outbreak, that hamper the calculation of the retrospective effect and also lack of regulatory directives to mitigate impact that arise from for implementation of IFRS 16.
- 2) We draw attention to Note 3.06 of the financial statements which describes the Deferred Tax has not been made for the year because of the assessment of the year 2018-19 has not been settled by the tax authority.



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- 3) As explained is Note No. 8.05 of the financial statements, Inter Branch unadjusted balance account stood at BDT. 4,709,582 as on 30 June, 2020 against BDT. 2,376,210.

Our opinion is not modified in respect of the matters emphasized.

Other Matter

The financial statements of Karmasangsthan Bank for the year ended June 30, 2019, were audited by Ahmed Zaker & Co., Chartered Accountants and ARTISAN, Chartered Accountants, who expressed an unmodified opinion on those statements on October 10, 2019.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
Measurement of provision for loans and advances The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex. For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions. For the collective analysis, these provisions are manually processed which deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.	We tested the design and operating effectiveness of key controls focusing on the following: <ul style="list-style-type: none"> • Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Classification of Loans (CL);
At year end the Bank reported total gross loans and advances of BDT 18,923,120,825 (2019: BDT 15,803,776,322) and provision for loans and advances of BDT 592,047,805 (2019: BDT 534,065,044).	Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following: <ul style="list-style-type: none"> • Reviewed the adequacy of the Bank general and specific provisions;



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<p>We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> • Completeness and timing of recognition of loss events in accordance with criteria set out in Operation Paripatra circular no 01/2017, Dated: 02.04.2017 & BRPD(p) 661/13/2005-1284, Dated: 19.04.2005; • For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and</p>	<ul style="list-style-type: none"> • Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; <p>Finally assessed the appropriateness and presentation of disclosures against relevant International Financial Reporting Standards (IFRSs).</p>
See note no. 06 & 13.01 to the financial statements.	
Description of key audit matters	Our response to key audit matters
Measurement of provision for loans and advances	
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p>	<p>We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p>

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Reporting on Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the Financial Statements of the Bank and also separate financial statements of the Bank in accordance with International Financial Reporting Standards (IFRSs), where practicable, and the Karmasangsthan Bank Act No. 07 of 1998 and other applicable rules & regulations and for such internal control as management determines is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud and forgeries.

In preparing the Financial Statements, management is responsible for assessing the Bank's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

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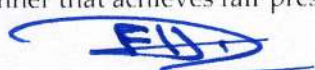
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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the Bank audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Karmasangsthan Bank Act No. 7, 1998 and other applicable laws and regulations, we also report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. in our opinion, proper books of account as required by laws were kept by the Bank so far it appeared from our examination of those books and on the basis of statement of affairs received from 248 branches;
- iii. we have carried our audit of 12 branches out of 248 branches. The records and statements submitted by the concerned branches have been properly maintained and incorporated in the financial statements;
- iv. we have reviewed over 80% of the risk weighted assets of the Bank and spent over 1490 person hours for the audit of books of accounts of the Bank; and
- v. in our opinion, proper books of accounts as required by law have been kept by the bank so far as it appeared from our examinations of those books;
- vi. the balance sheet and profit & loss account together with the annexed notes dealt with by the report are in agreement with the books of accounts and returns;

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
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- vii. the expenditures incurred were for the purpose of the Bank's business for the year;
- viii. adequate provisions have been made for loans, advance and other assets which are in our opinion, doubtful of recovery;
- ix. the financial statements of the Bank conform to the prescribed standards set in the International Financial Reporting Standards (IFRSs);
- x. the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- xi. nothing has come to our attention that the Bank has adopted any unethical means i.e. "proper window dressing" to inflate the profit and mismatch between the maturity of assets and liabilities;
- xii. based on our work as mentioned above under the auditors' responsibility section, the internal control and the compliance of the of the Bank is satisfactory, and effective measures have been taken to prevent possible materials fraud, forgery and internal policies are being followed appropriately;
- xiii. the Bank has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- xiv. the Bank has complied with the operational paripatra circular no. 01/2017, dated April 02, 2017 & BRPD(p) 661/13/2005-1284, Dated: 19.04.2005 relevant to classification, provisioning and calculation of interest suspense;
- xv. all other issues which in our opinion are important for the stockholders of the Bank have been adequately disclosed in the audits' report; and
- xvi. the Bank complied with Karmasangsthan Bank Act, 1998, the Income Tax Ordinance 1984, the VAT Act, 1991 and other applicable rules and regulations following the Accrual Basis of Accounting in preparing these financial statements.


HUSSAIN FARHAD & CO.
Chartered Accountants


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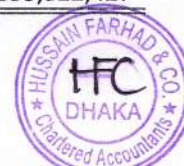
Place: Dhaka

Date: November 25, 2020

KARMASANGSTHAN BANK

Balance Sheet
As at June 30, 2020

Particulars	Notes	Amount in Taka	
		30.06.2020	30.06.2019
PROPERTY AND ASSETS			
Cash		8,000	10,000
Cash in hand	4	8,000	10,000
(including foreign currency)		-	-
Balance with Bangladesh Bank and its agent bank		-	-
(including foreign currency)		-	-
Balance with other Banks & Financial Institutions		3,215,604,225	3,445,997,444
In Bangladesh	5	3,215,604,225	3,445,997,444
Outside Bangladesh		-	-
Money at call on short notice		-	-
Investment:			
Government		-	-
Others		-	-
Loans and Advances:		18,923,120,825	15,803,776,322
Loans, Cash Credit, Overdraft etc	6	18,923,120,825	15,803,776,322
Bills Purchased & Discounted		-	-
Fixed Assets including Premises, Furniture and Fixtures	7	201,768,374	190,446,820
Others Assets	8	300,858,183	255,091,841
Non Banking Assets		-	-
Total Assets		22,641,359,608	19,695,322,427
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, Financial Institutions and Agents	9	5,418,610,000	3,816,320,000
Deposits and Other Accounts:		7,570,768,295	6,753,127,666
Current Accounts and Other Accounts		-	-
Bills Payable		-	-
Savings Bank Deposits	10	1,031,296,205	802,476,895
Fixed Deposits	11	5,909,843,968	5,440,089,456
Bearer Certificates of Deposit		-	-
Other Deposits	12	629,628,122	510,561,315
Other Liabilities	13	3,015,855,040	2,745,711,887
Total Liabilities		16,005,233,335	13,315,159,553
Capital/Shareholder's Equity			
Paid Up Capital	14	5,590,000,000	5,495,000,000
Statutory Reserve	15	348,491,056	286,503,256
Special Reserve	16	142,567,495	127,070,545
Dividend Equalization Fund	17	110,850,000	54,950,000
General Reserve	18	444,217,722	416,639,073
Total Shareholders Equity		6,636,126,273	6,380,162,874
Total Liabilities and Shareholders Equity		22,641,359,608	19,695,322,427

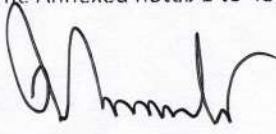


KARMASANGSTHAN BANK

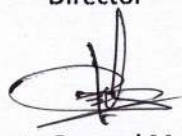
Balance Sheet
As at June 30, 2020


Particulars	Notes	Amount in Taka	
		30.06.2020	30.06.2019
Off-Balance Sheet Items			
Contingent Liabilities			
Acceptances & Endorsements		-	-
Letters of Guarantee		-	-
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Other Contingent Liabilities		130,978,015	139,445,058
Total		130,978,015	139,445,058
Other Commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		-	-
Total Off-Balance Sheet items including contingent liabilities		130,978,015	139,445,058

The Annexed notes 1 to 43 form an integral part of these financial statements.


Managing Director

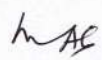

Director


Deputy General Manager
(C.A & F. M.D)


Chairman

Signed in terms of our separate report of even date.


HUSSAIN FARHAD & CO.
Chartered Accountants


ARTISAN
Chartered Accountants

Dated: November 25, 2020
Place: Dhaka

KARMASANGSTHAN BANK
Profit & Loss Account
For the year ended June 30, 2020

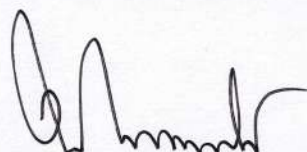
Particulars	Notes	Amount in Taka	
		2019-2020	2018-2019
Interest Income	19	2,210,280,577	1,914,628,342
Interest Paid on Deposits and Borrowings etc.	20	(857,488,644)	(599,297,005)
Net interest income		1,352,791,933	1,315,331,337
SND Deposits Income	21	26,789,200	6,123,317
Other Operating Income	22	44,478,409	73,165,998
		71,267,609	79,289,315
Total operating income (A)		1,424,059,542	1,394,620,652
Salary & Allowances	23	917,635,791	902,605,663
Rent, Taxes, Insurance, Electricity etc.	24	31,462,169	30,526,082
Legal Expenses	25	206,930	12,620
Postage, Stamp, Telecommunication etc.	26	6,561,073	6,121,942
Stationery, Printings, Advertisements etc.	27	8,026,472	8,554,993
Chief Executive's Salary and Fees	28	1,964,901	1,981,400
Directors Fees	29	1,077,200	1,194,675
Auditors Fees	30	196,000	230,000
Depreciation and Repair of Bank Assets	31	9,133,914	10,476,864
Other Expenses	32	75,764,328	78,371,272
Total operating expenses (B)		1,052,028,778	1,040,075,511
Total Profit before provision (C)=(A-B)		372,030,763	354,545,141
Provision for Loans & Advances	33	58,371,458	89,550,467
Provision for Incentive Bonus	34	-	-
Contribution to Staff Benevolent Fund	35	3,720,308	3,545,451
Total provision (D)		62,091,766	93,095,918
Net Profit before Taxes (E)=(C-D)		309,938,998	261,449,223
Total Tax Provision (F)		123,975,599	104,704,300
Provision for Taxation 40%	36	123,975,599	104,579,689
Deferred Tax	37	-	124,611
Net Profit after Taxes (G)=(E-F)		185,963,399	156,744,923



KARMASANGSTHAN BANK
Profit & Loss Account
For the year ended June 30, 2020

Particulars	Notes	Amount in Taka	
		2019-2020	2018-2019
Appropriations			
(Total Profit after Taxes)		185,963,399	156,744,923
Provision for Statutory Reserve 20% of Total Profit before Taxes	38	61,987,800	52,289,844
Provision for Special Reserve 5% of Total Profit before Taxes	39	15,496,950	13,072,461
Provision for Arrear Income Tax adjustment	40	25,000,000	10,000,000
Other provision (Construction of Bank Building)	41	-	-
Dividend Equalization Fund	42	55,900,000	54,950,000
Total appropriations (H)		158,384,749	130,312,305
Net Profit after Taxation & Provision (I)=(G-H)	43	27,578,649	26,432,618
(Net Profit: Transfer to General Reserve)			

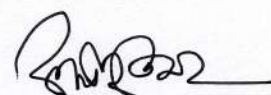
The Annexed notes 1 to 43 form an integral part of these financial statements



Managing Director



Director



Chairman



Deputy General Manager

C.A & F.M.D

Signed in terms of our separate report of even date.

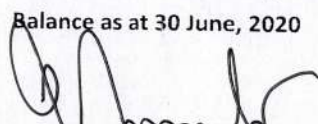
Hussain Farhad & Co.
HUSSAIN FARHAD & CO.
Chartered Accountants

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ARTISAN
Chartered Accountants

Dated: November 25, 2020
Place: Dhaka

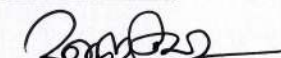
KARMASANGSTHAN BANK
Statement of Changes in Equity
As on June 30, 2020

Particulars	Amount in Taka						Total
	Paid-up Capital	Statutory Reserve	General Reserve	Special Reserve	Dividend Equalization Fund	Profit & Loss Account	
Balances as at 01 July, 2019	5,495,000,000	286,503,256	416,639,073	127,070,545	54,950,000	-	6,380,162,874
Prior year Adjustment for Deferred Tax							
Paid up capital (Paid by Government\bank & Financial institution. of Bangladesh)	95,000,000	-	-	-	-	-	95,000,000
Changes in accounting policy	-	-	-	-	-	-	-
Restated Balance	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investment	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Issue of Share Capital	-	-	-	-	-	-	-
Appropriation made during the year	-	61,987,800	27,578,649	15,496,950	55,900,000	-	160,963,399
Balance as at 30 June, 2020	5,590,000,000	348,491,056	444,217,722	142,567,495	110,850,000	-	6,636,126,273


Managing Director


Director

Deputy General Manager
(C.A & F.M.D)


Chairman

Signed in terms of our separate report of even date.


HUSSAIN FARHAD & CO.
Chartered Accountants


ARTISAN
Chartered Accountants

Dated: November 25, 2020
Place: Dhaka

KARMASANGSTHAN BANK
Statement of Cash Flows
For the year ended June 30, 2020

Particulars	Amount in Taka	
	2019-2020	2018-2019
A. Cash flow from operating activities		
Interest receipts in cash	1,654,351,207	1,617,092,608
Interest payments	(432,497,473)	(366,921,759)
Dividends receipts	-	-
Fee and commission receipts in cash	44,478,409	36,065,998
Recoveries on loans previously written off	9,659,399	3,210,599
Cash payments to employees	(799,215,001)	(731,115,847)
Cash payments to suppliers	(7,199,133)	(7,520,330)
Income tax paid	(127,500,000)	(51,855,470)
Payments for other operating activities	(172,188,367)	(1,251,915,421)
Receipts form other operating activities	7,486,734,831	8,231,958,483
Operating profit before charges in operating assets and liabilities	7,656,623,872	7,478,998,862
Increase/decrease in operating assets and liabilities		
Loans and advances to customers	(10,782,000,000)	(10,451,070,000)
Deposit from customer	817,640,629	3,628,224,981
Purchase /Sale of trading securities	-	-
Loans and Advances to other Banks (Bangladesh Bank)	-	-
Loans and advances to customers	2,000,000,000	-
Other assets	-	-
Deposit from other banks	-	500,000,000
Deposit from customer	-	-
Other Liabilities account of customers	-	-
Other liabilities	-	-
Trading liabilities	-	-
	(7,964,359,371)	(6,322,845,019)
Net Cash from Operating Activities(A)	(307,735,499)	1,156,153,843
B. Cash flow from Investing Activities:		
Proceeds from sale of securities	-	-
Payments for purchase of securities	-	-
Purchase of Property, Plant & Equipment	(17,659,720)	(3,279,350)
Purchase/Sale of subsidiary	-	-
Net Cash from Investing activities(B)	(17,659,720)	(3,279,350)



KARMASANGSTHAN BANK
Statement of Cash Flows
For the year ended June 30, 2020

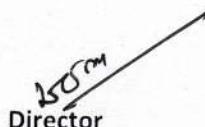
Particulars	Amount in Taka	
	2019-2020	2018-2019

C. Cash flow from Financing Activities:

Receipts from Bangladesh Government as paid up capital	-	500,000,000
Receipts as paid up capital from SBL,JBL,ABL,RBL & BASIC Bank Lt	95,000,000	-
Payments for redemption of loan capital & debt security	-	-
Receipts from issue of ordinary share	-	-
Dividend paid	-	-
Net Cash flow from Financing Activities(C)	95,000,000	500,000,000
D. Net increase/decrease in cash (A+B+C)	(230,395,219)	1,652,874,493
E. Cash and cash equivalent at beginning of the year	3,446,007,444	1,793,132,951
F. Cash and cash equivalent at end of the year	3,215,612,225	3,446,007,444



Managing Director



Director



Chairman



Deputy General Manager
(C.A & F.M.D)

Signed in terms of our separate report of even date.

Hussain Farhad & Co.
HUSSAIN FARHAD & CO.
Chartered Accountants

MAF
ARTISAN
Chartered Accountants

Dated: November 25, 2020
Place: Dhaka

KARMASANGSTHAN BANK
Notes to the Financial Statements
As at June 30, 2020

1 BACKGROUND INFORMATION

1.1 Establishment and status of the Bank:

The Karmasangsthan Bank was incorporated in 1998 under Karmasangsthan Bank Act No. 07 of 1998. The requirements of Banking Companies Act and other prevailing Regulations related to Bank Companies Act are not applicable to this Bank, excepting clauses 44 and 45 of Bank Companies Act, 1991.

1.2 Nature of Business:

The principal activities of the Bank are to create self-employment opportunities for the unemployed youths through disbursement of fund adopting quick lending procedure.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of Financial Statements:

The accounting policy comprises principles and basic assumptions, concepts, rules, practices and procedures adopted by the Management for reporting the activities of the Bank and Financial Statements preparation and presentation. The purpose of Accounting Policy is to provide the necessary organizational and methodological directions in carrying the accounting activity of the Bank.

The accounts of the bank have been prepared on Generally Accepted Accounting Principles (GAAP) under historical cost convention and in accordance with International Financial Reporting Standard (IFRS), the "First Schedule" (Section -38) of the Bank companies Act 1991, Other Bangladesh Bank Circulars, The Companies Act 1994, Karmasangsthan Bank Act 1998, The Income Tax Ordinance 1984, The VAT Act 1991 and other applicable rules and regulation following the Accrual Basis of Accounting.

2.1.1 Compliance of International Accounting Standards (IAS) and International Financial Reporting Standard (IFRS):

IAS-1 Presentation of Financial Statements
IAS-2 Inventories
IAS-7 Statement of Cash Flows
IAS-8 Accounting Policies and Changes in Accounting Estimates and Errors
IAS-12 Income Taxes
IAS-16 Property, Plant and Equipment
IAS-18 Revenues
IAS-19 Employees Benefits
IAS-23 Borrowing Cost
IAS-32 Financial Instruments: Presentation
IAS-38 Provision Contingent Liabilities and Contingents Assets
IAS-39 Financial Instruments: Recognition and Measurements

2.1.2 Branch Accounts:

Branch Statements of Affairs and Income & Expenditure Account are kept separately in the Head Office. The transactions of the branches were incorporated in the Financial Statements of the Bank on consolidation.

2.1.3 Reporting Period:

The report covers the financial year adopted by bank which is from 01 July 2019 to 30 June 2020.

2.2.1 Fixed Assets and Depreciation:

- a) Fixed Assets are stated at acquisition cost less accumulated depreciation in compliance with International Accounting Standards (IASs)-16.
- b) Depreciation on fixed assets has been charged on reducing balance method of the applicable following rates: -



Particulars of Fixed Assets	Percentage (%) of Depreciation
Land	0%
Building (Head Office)	0%
Building (Apartment)	2.5%
Furniture & Fixtures	10%
Office Machineries	20%
Office Equipment	15%
Electrical Equipment	20%
Motor Vehicles	20%

Furniture & Fixtures: Consists of Table, Chair, Tool, Sofa set, Rake, Almirah, Iron, Safe, Steel

Office Machineries: Consists of Computer, Photocopier, Calculator, etc.

Office Equipment: Consists of Table fan, etc.

Electrical Equipment: Consists of Ceiling Fan, Air Conditioner, etc.

Depreciation has been charged on addition of fixed asset when it is available for use. Detailed statement of Fixed Assets are shown in Annexure-A.

c) Property, Plant and Equipment are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of International Accounting Standards (IAS) 16. Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

d) Depreciation is provided to amortize the cost of the assets after commissioning, over the period of their expected useful live, in accordance with the provisions of IAS 16: Property, Plant and Equipment.

e) Upon retirement of items of fixed assets the cost and accumulated depreciation are eliminated from the financial statement and the resultant gains or losses, if any, are transferred to Profit and Loss Account.

f) Repairs and maintenance costs of fixed assets are treated as revenue expenditure and charged to Profit and Loss account when incurred.

2.2.2 IFRS 16 : Leases

IFRS 16 Leases is effective for the annual reporting periods beginning on or after 1 January 2019 which eliminates the current operating/ financing lease dual accounting model for leases. Instead, there is a single, on-balance sheet accounting model (except some limited exception i.e. short-term lease, leases for low value items), similar to current finance lease accounting. Under IFRS 16, an entity shall be recognizing a Right-of Use (ROU) asset (i.e. the right to use the office building, branches, zonal offices etc.) and a corresponding lease liability. The asset and the liability are initially measured at the present value of unavoidable lease payments. The depreciation of the lease asset (ROU) and the interest on the lease liability is recognized in the profit and loss account over the lease term replacing the previous heading 'lease rent expenses.

The Bank observed that the implementation of IFRS 16 is expected to have impact on multiple dimensions including Risk Weighted Assets, Regulatory Capital, and Liquidity Ratios, provisions of Immovable Property as well as other statutory requirement issued by various regulators. In addition, there are no direction from National Board of Revenue (NBR) regarding treatment of lease rent, depreciation on ROU assets and interest on lease liability for income tax purposes and Applicability of VAT on such items.

In order to comply with IFRS 16, the bank has initially identified the lease agreements of 'All branches' as low value asset and thereby excluded from IFRS 16 requirement on the basis of paragraph 5. The bank is also reviewing all of its lease arrangements for 'office premises' to finally assess the potential impact on implementation of IFRS 16 in the Balance Sheet and Profit and Loss Account of the Bank for the financial year 2019-20.

But, due to COVID 19 pandemic the bank has been operating with limited resources and will provide effect for implementation of IFRS 16 in the financial year 2020-21 with retrospective effect, if necessary. In this backdrop, the management of the bank is committed to observe the market practice for uniformity and comparability and would take necessary actions in line with the regulatory guidelines, standards and market practice.



2.03 Receivables:

Receivable includes rental/ installments due from the borrowers but not received. No such receivable are accounted for if the number of rentals/ installment fall overdue for a period of 18 months or more. Such receivable carry interest for the periods for which the delay continues in payments of the amounts due from the clients continues. Such interest is not recognized as income until it is received in cash. Receivables from clients are stated at their nominal value.

2.04 Cash and Cash Equivalents:

Cash and cash equivalents comprise of Cash at Bank and in hand and Short Notice Deposit and Fixed Deposits with maximum maturity of 12 months or less.

2.05 Accrued Expenses:

Accrued expenses & other payable liabilities are recognized for the goods and services received whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

2.06 Provision for Loans & Advances (Unclassified loan):

Provisions are recognized when Loans has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

2.6.1 Provision for Doubtful classified Loan:

The provision for doubtful loan is maintained at a level that management considers adequate to absorb identified credit related losses in the portfolio as well as losses that have been incurred but not identified.

2.07 Retirement Benefit Scheme:

a) The bank operates a retirement scheme viz, General Pension fund. The fund is operated by a Trustee Board Comprising of 5 Trustees. An actuarial valuation has been performed to determine the present value of the accrued benefits, based on projections of employees' compensations level to the term of retirement.

Actuarial reports substantiate the amount of provision made for above-mentioned funds as adequate to discharge the claims. Investments held by the funds primarily comprise fixed deposits with banks and financial institutions.

b) There is a General Provident Fund Scheme approved by NBR for the regular employees of the bank where the employee's contribution is 5% - 25% of their basic pay. The employers have made no contribution to the fund.

c) The Bank has also initiated maintenance of some fund for the benefit of the qualified borrowers namely Death Risk Coverage Scheme and employees Staff Benevolent fund, Staff Superannuation fund for the bank Employee.

2.08 Interest Suspense Account:

Accrued interests on Term Loans, Sub-standard, Doubtful and Bad loans are not recognized as income rather transferred to interest suspense accounts in compliance with the Bangladesh Bank guidelines. Recovery of overdue amounts credited to interest suspense account is recognized as income on cash basis. Any interests on classified loans are not been credited to income unless realized.



2.09 Interest Income on term Loan:

Interest income on term loan is recognized on accrual basis. Installment comprises both interest and principal. Interest part of the installments that become receivable is recognized as income in the financial statements. Interest on term loan ceases to be taken into income when such term finance are classified as above and kept in interest suspense account. The interest realized on classified loan credited to interest income by debit interest suspense account.

3.00 OTHERS

- 3.01 The compilation of statement of affairs incorporating the items of assets and liabilities of Branches with reference to closing files has been certified by the Branch Managers.
- 3.02 Sufficient provision has been made against classified lone for the year ended June 30, 2020.
- 3.03 As per Ministry of Finance letter No. অম/ব্যাআপ্রবি/প্রঃব্যা শা/এলা-২/২০০৮-২৩৬, তারিখ: ২৯-০৪-২০১০. Provision for Incentive Bonus of Tk. 49,470,000.00 has been made for the year ended June 30, 2020.
- 3.04 A sum of Tk. 3,911,103 has been transferred to Benevolent Fund as per Ministry of Finance letter No. অম/অবি/ব্যাংকিং/প্রঃ-শা-৩/বিবিধ-২/২০০৫/৭৭, তারিখ: ০৩.০৫.২০০৬ and also approval of the Board.
- 3.05 Provision for Income Tax on Total Profit of Tk. 123,975,599.00 before Taxes has been made @ 40% for the year ended June 30, 2020.
- 3.06 Deferred Tax is generated by temporary differences the carrying amounts of Assets for financial reporting purposes and their tax base. Provision for Deferred Tax has not been made for the year ended June 30, 2020 because of the return of 2018-2019 has not been final settlement with the NBR.
- 3.07 According to the article no: 21 of karmasangsthan Bank Act (Act no. 7 of 1998) Provision for Statutory Reserve on Total Profit before Taxes has been made @ 20% of Tk. 61,987,800.00 and Special Reserve @ 5% of Tk. 15,496,950.00.
- 3.08 Provision for Arrear Income Tax Adjustment of Tk. 25,000,000.00 has been made for the year ended June 30, 2020.
- 3.09 Dividend Equalization Fund is created for making proposed and approved dividend payments to the shareholders. Tk. 55,900,000.00 for the year ended June 30, 2020 has been transferred to Dividend Equalization Fund.
- 3.10 Retained Earnings amounting to Tk. 27,578,649.00 for the year ended June 30, 2020 has been transferred to General Reserve Account.
- 3.11 Figures appearing in these accounts have been rounded off to the nearest taka.
- 3.12 Previous year's figure has been rearranged for comparison purposes whenever considered
- 3.13 Income from FDR has been taken into the accounts on accrual basis.



		Amount in Taka	
		30.06.2020	30.06.2019
4.	Cash		
	Cash in hand	8,000	10,000
		8,000	10,000
5.	Balance with Other Banks & Financial Institutions		
	Short Notice Deposits (SND)	545,042,089	363,362,943
	Mobile Banking	134,501	134,501
	Fixed Deposits Receipts (FDR)	2,670,427,635	3,082,500,000
		3,215,604,225	3,445,997,444
6.	Loans and Advances		
	Loans on Own Program	13,981,857,791	13,020,389,692
	Loans on KBSDS	13,553,693	10,868,662
	Loans on KBTDS	6,104,115	3,891,348
	Loans on SECP	7,163,275	7,594,621
	Loans on SEIF Project	89,117,740	95,417,043
	Loans on Agro-Based Project	41,825,206	42,709,193
	House Building Loan	1,187,957,981	1,007,493,852
	Motor Cycle Loan	70,363,323	55,070,244
	Consumers Loan	465,195,511	438,445,409
	Computer Loan	36,078,992	36,190,141
	Advance Office Rent with Interest	1,531,045	1,828,316
	Bangladesh Bank Loan (Fisheries & Live Stock)	2,413,216,854	1,056,078,599
	Bangladesh Bank Loan (Milk Production & Artificial Insemination)	11,297,686	27,799,202
	Bangobandhu Jubo Loan	597,857,613	-
		18,923,120,825	15,803,776,322

6.01 Classification of Loans & Advances

		CL Percentage			
		30.06.2020	30.06.2019		
1.	Unclassified Loans	95.78%	95.23%	18,124,237,309	15,050,260,474
2.	Classified Loans	4.22%	4.77%	798,883,516	753,515,848
a)	Sub-standard	1.49%	1.76%	281,236,700	277,922,492
b)	Doubtful	0.80%	0.92%	152,137,432	145,788,826
c)	Bad/ Loss	1.93%	2.09%	365,509,384	329,804,530
				18,923,120,825	15,803,776,322

7. Fixed Assets including Premises, Furniture and Fixtures Cost (A)

Opening balance as on July 01	262,888,215	259,174,287
Add: Purchased during the year	18,691,833	3,713,928
	281,580,048	262,888,215
Less: Disposal/Adjustment during the year		
	281,580,048	262,888,215

Depreciation (B)

Opening balance as on July 01	72,441,395	65,323,450
Add: Depreciation Charged during the year	7,370,279	7,117,945
	79,811,674	72,441,395
Less: Disposal/Adjustment during the year		
	79,811,674	72,441,395

Written Down Value (A-B)

The details Schedule of Fixed Assets is shown in **Annexure-A**

201,768,374

190,446,820



8. Other Assets

Stamps	8.01
AIT and Tax Deducted at Source	8.02
Stock of Stationery & Supplies	8.03
Advance and Pre-paid Expenses	8.04
Inter Branch Adjustment Account	8.05
Work In Progress (WIP)	8.06
Deferred Tax Assets	8.07

Amount in Taka	
30.06.2020	30.06.2019

5,544,878	3,669,445
221,888,509	137,748,050
2,620,045	2,868,645
53,620,203	88,446,658
4,709,582	2,376,210
12,474,966	19,982,833
-	-
300,858,183	255,091,841

8.01 Stamps

All Branches

5,544,878	3,669,445
5,544,878	3,669,445

8.02 Advance Income Tax & Tax Deducted at Source

Opening balance
Less: Adjustment during the year

137,748,050	83,924,217
(85,518,157)	(19,630,090)
52,229,893	64,294,127

Add: Addition during the year

169,658,616	73,453,923
221,888,509	137,748,050

8.03 Stock of Stationery & Supplies

Opening Balance
Add: Purchased during the year

2,868,645	1,865,813
3,230,446	4,854,110
6,099,091	6,719,923

Less: Consumed during the year

(3,479,046)	(3,851,278)
2,620,045	2,868,645

8.04 Advance and Pre-paid Expenses

Advances Against Travelling Expenses
Pre-paid Expenses (Advances Paid for Office Rent)
Accrued interest from FDR
Miscellaneous

2,389	2,389
890,469	1,527,898
38,332,407	83,957,550
14,394,938	2,958,821
53,620,203	88,446,658

8.05 Inter Branch Adjustment (Head Office & All Branches)

Opening balance
Adjustment during the year

2,376,210	3,595,655
(866,825)	(2,341,147)
1,509,385	1,254,508

Addition during the year

3,200,197	1,121,702
4,709,582	2,376,210

8.06 Work In Progress (WIP)

Opening balance
Adjustment during the year

19,982,833	6,039,482
(17,685,915)	(5,731,366)
2,296,918	308,116

Addition during the year

10,178,048	19,674,717
12,474,966	19,982,833



		Amount in Taka	
		30.06.2020	30.06.2019
8.07	Deferred Tax Assets		
	Opening balance	-	-
	Adjustment during the year	-	-
	Correction during the year	-	-
		-	-
9.	Borrowings from other Banks, Financial Institutions and Agents		
	Bangladesh Bank Loan	9.01 3,418,610,000	1,816,320,000
	Sonali Bank Ltd. Loan	9.02 2,000,000,000	2,000,000,000
		5,418,610,000	3,816,320,000
9.01	Bangladesh Bank Loan		
	Fisheries & Live Stock	1,000,000,000	1,000,000,000
	Fisheries & Live Stock -2 Face	400,000,000	700,000,000
	Fisheries & Live Stock -3 Face	2,000,000,000	
	Milk Pro. & Artificial Ins.	18,610,000	116,320,000
		3,418,610,000	1,816,320,000
9.02	Sonali Bank Ltd. Loan		
	Loan from Sonali Bank Limited	2,000,000,000	2,000,000,000
		2,000,000,000	2,000,000,000
10.	Savings Bank Deposits		
	Savings Deposits (All Branches)	1,031,296,205	802,476,895
		1,031,296,205	802,476,895
11.	Fixed Deposits		
	KBTDs (All Branches)	5,909,843,968	5,440,089,456
		5,909,843,968	5,440,089,456
12.	Other Deposits		
	KBSDs (All Branches)	629,108,122	510,031,315
	Security Deposits (Asstt. Officer (Cash))	520,000	530,000
		629,628,122	510,561,315
13.	Other Liabilities		
	Provision for Loans	13.01 592,047,850	534,065,044
	Provision for Unclassified Loans	168,179,385	139,374,688
	Provision for Classified Loans	423,868,465	394,690,356
	Interest Suspense	13.02 116,531,302	92,687,777
	Death Risk Coverage Scheme (borrowers)	13.03 60,692,235	27,507,853
	Fund from Bangladesh Govt.	13.04 946,100,000	946,100,000
	Revolving Fund (Payable to Govt.)	13.05 129,262,944	127,480,174
	Construction of Bank Building	13.06 110,000,000	110,000,000
	Income Tax Provision	13.07 123,975,599	104,579,689
	Remittance Advance	13.08 19,751,743	12,477,825
	Other Payable (Shown in Annexure-B)	917,493,367	790,813,525
		3,015,855,040	2,745,711,887



13.01 Provision for Loans

Opening Balance
Adjustment during the year

Addition during the year

Amount in Taka	
30.06.2020	30.06.2019
534,065,044	515,718,922
(388,652)	(71,204,345)
533,676,392	444,514,577
58,371,458	89,550,467
592,047,850	534,065,044

a) Program wise Provision for Unclassified loans

Loans on Own Program
Loans on SEIF Project
Loans on Agro-Based Project
Loans on Bangladesh Bank (Fisheries & Live Stock) 1,2,3
Loans on Bangladesh Bank (Milk Pro. & Artificial Ins.)
Staff/ Consumer Loan

143,063,477	127,551,329
621,400	710,707
313,644	323,332
24,083,147	10,521,974
97,717	267,346
-	-
168,179,385	139,374,688

b) Program wise Provision for Classified loans

Loans on Own Program
Loans on SEIF Project
Loans on Agro-Based Project
Loans on Bangladesh Bank (Fisheries & Live Stock) 1,2,3
Loans on Bangladesh Bank (Milk Pro. & Artificial Ins.)
Staff/ Consumer Loan

394,743,330	370,418,063
19,880,514	16,171,929
6,541,392	6,248,158
1,963,626	1,347,226
674,784	440,161
64,819	64,819
423,868,465	394,690,356

13.02 Interest suspense

Opening Balance
Addition during the year

Recovered during the year

92,687,777	81,517,270
45,015,662	46,616,818
137,703,439	128,134,088
(21,172,137)	(35,446,311)
116,531,302	92,687,777

13.03 Death Risk Coverage Scheme (borrowers)

Opening Balance
Addition during the year

Adjustment during the year

27,507,853	32,427,874
43,222,533	42,483,739
70,730,386	74,911,613
(10,038,151)	(47,403,760)
60,692,235	27,507,853

13.04 Fund from Bangladesh Govt.

For Agro-Based project
For SEIF project
For EHCLB project

500,000,000	500,000,000
410,500,000	410,500,000
35,600,000	35,600,000
946,100,000	946,100,000

13.05 Revolving Fund

For Agro-Based project
For SEIF project
For EHCLB project

Opening	Addition		
72,720,436	1,303,630	74,024,066	72,720,436
54,759,738	479,140	55,238,878	54,759,738
-	-	-	-
127,480,174	1,782,770	129,262,944	127,480,174



Amount in Taka	
30.06.2020	30.06.2019

a) Total Fund received from Bangladesh Govt.

	Fund			
	Principal	Revolving		
For Agro-Based project	500,000,000	74,024,066	574,024,066	572,720,436
For SEIF project	410,500,000	55,238,878	465,738,878	465,259,738
For EHCLB project	35,600,000	-	35,600,000	35,600,000
	946,100,000	129,262,944	1,075,362,944	1,073,580,174

13.06 Construction of Bank Building

Opening Balance	110,000,000	110,000,000
Addition during the year	-	-
	110,000,000	110,000,000

13.07 Income Tax Provision

Opening Balance	104,579,689	19,529,152
Addition during the year	123,975,599	104,579,689
	228,555,288	124,108,841
Adjustment during the year	(104,579,689)	(19,529,152)
	123,975,599	104,579,689

13.08 Remittance Advance from NCC Bank

Opening Balance	12,477,825	14,385,443
Addition during the year	107,321,547	84,686,408
	119,799,372	99,071,851
Adjustment during the year	(100,047,629)	(86,594,026)
	19,751,743	12,477,825

14. Share Capital

Authorized Capital:

100,000,000 Ordinary Share of Tk.100 each	10,000,000,000	10,000,000,000
	10,000,000,000	10,000,000,000

Approved and Paid-Up Capital :

80,000,000 Ordinary shares of Tk 100 each approved by the Government	8,000,000,000	8,000,000,000
	8,000,000,000	8,000,000,000

The approved capital of the Bank was raised by the Government from Tk. 520 crore to Tk. 800 crore vide letter no.53.00.00000.321.20.004.16-152, dated: May 24, 2017 . Out of which Tk 559.00 crore have been paid by the Government and Other Shareholders .



Amount in Taka	
30.06.2020	30.06.2019

Breakup of Paid up Capital :

Name of Contributors

Government of Bangladesh

	4,650,000,000	4,650,000,000
Sonali Bank Ltd.	260,000,000	260,000,000
Janata Bank Ltd.	255,000,000	160,000,000
Agrani Bank Ltd.	160,000,000	160,000,000
National Bank Ltd.	90,000,000	90,000,000
Rupali Bank Ltd.	80,000,000	80,000,000
IFIC Bank Ltd.	20,000,000	20,000,000
BASIC Bank Ltd.	15,000,000	15,000,000
Islami Bank Bangladesh Ltd.	10,000,000	10,000,000
The City Bank Ltd.	10,000,000	10,000,000
United Commercial Bank Ltd.	10,000,000	10,000,000
Uttara Bank Ltd.	10,000,000	10,000,000
Pubali Bank Ltd.	10,000,000	10,000,000
South East Bank Ltd.	10,000,000	10,000,000
	5,590,000,000	5,495,000,000

15. Statutory Reserve

Opening Balance
Addition during the year

286,503,256	234,213,412
61,987,800	52,289,844
348,491,056	286,503,256

16 Special Reserve

Opening Balance
Addition during the year

127,070,545	113,998,084
15,496,950	13,072,461
142,567,495	127,070,545

17 Dividend Equalization Fund

Opening Balance
Addition during the year

54,950,000	
55,900,000	54,950,000
110,850,000	54,950,000

18 General Reserve

Opening Balance
Less: Adjustment for deferred Tax
Addition during the year

416,639,073	390,206,455
27,578,649	26,432,618
444,217,722	416,639,073



		Amount in Taka	
		30.06.2020	30.06.2019
19. Interest Income			
Interest on Loans and Advances (Own Program)	1,598,827,621	1,428,071,083	
Interest & other income on Bangladesh Bank Loan (Fisheries & Live Stock)	27,737,118	36,862,844.00	
Interest & other income on Bangladesh Bank Loan (Fisheries & Live Stock) 2	41,405,559	59,713,019.00	
Interest & other income on Bangladesh Bank Loan (Fisheries & Live Stock) 3	96,079,132	-	
Interest on Revolving Fund for Agro-Based Project	1,080,595	1,081,729	
Interest on KBSDS Loan	1,333,493	799,035	
Interest on KBTDS/FD Loan	463,912	578,332	
Interest form FD	326,087,945	301,899,210	
Interest on SECP Loan	742,973	1,080,632	
Service charges on Revolving Fund for SEIF Project	1,240,120	1,099,280	
Interest on Staff Loans (House Building & Motor Cycle Loan)	52,093,331	38,086,906	
Interest & Other income on Bangladesh Bank Loan (Milk Production & Artificial Insemination)	1,043,229	2,371,119	
Interest on Office Rent Advance	225,866	219,762	
Interest on Computer Loan	1,749,802	1,789,761	
Interest on Consumers Loan	43,942,608	40,975,630	
Interest on Bangobandu Jubo Loan	16,227,273		
	2,210,280,577	1,914,628,342	
20. Interest Paid on Deposits and Borrowings, etc.			
Interest on Savings & Deposits	564,483,343	372,435,220	
Interest on Bangladesh Bank Loan	168,005,301	102,409,968	
Interest on Sonali Bank Ltd Loan	125,000,000	124,451,817	
	857,488,644	599,297,005	
21. SND Deposits Income			
Interest on SND Deposits (All Branches)	2,549,740	1,737,302	
Interest on SND Deposits (Head Office)	24,239,460	4,386,015	
	26,789,200	6,123,317	
22. Other Operating Income			
Fees & Other Charges	244,757	212,400	
Income from Selling of Forms	15,660,285	16,104,653	
Selling of Withdrawal Slip	84,692	94,083	
Accounts Maintenance Fee	16,465,798	15,724,983	
Remittance Income	275,400	254,700	
Miscellaneous Income (Including Recruitment Income)	11,747,477	40,775,179	
	44,478,409	73,165,998	



23. Salaries & Allowances

Salary and allowances to officers
Salary and allowances to staffs
House rent Allowances
Dearness Allowances
Lunch Subsidy
Leave Encashment
Recreation Leave Allowance
Conveyance Allowance
Medical Allowance
Wages to Temporary employees
Overtime
Wages to Contract Basis employees
Wages to Cleaner
Washing Allowances
Car Allowances
Hill Allowances
Entertainment Allowances
Education Support Allowances
Festival Bonus
Incentive Bonus
Banks Contribution to Superannuation Fund
Closing Allowance
Charge Allowance
Bangla Nababorso Allowance
Domestic allowance
Liveries expenses

Amount in Taka	
30.06.2020	30.06.2019
303,474,484	281,616,940
91,295,512	88,453,441
166,135,210	159,406,519
(78,508)	-
52,858,100	58,205,080
6,673,637	5,792,395
2,714,770	2,103,359
345,600	359,368
24,132,154	23,332,952
840,504	512,203
2,141,624	2,368,685
9,180,758	8,779,155
5,764,990	3,672,054
(600)	-
495,000	-
628,276	627,024
17,318	24,252
6,140,208	5,689,368
65,448,248	62,573,754
49,494,642	78,750,000
120,058,130	111,019,876
2,552,000	2,506,000
33,000	23,048
6,572,061	6,264,085
(14,137)	-
732,809	526,105
917,635,791	902,605,663

24. Rent, Taxes, Insurance, Electricity, etc.

Office Rent
Holding Taxes
Insurance
Electricity

27,736,358	26,553,431
56,935	99,775
449,052	574,524
3,219,824	3,298,352
31,462,169	30,526,082

25. Legal Expenses

Legal Expenses (all cases)

206,930	12,620
206,930	12,620

26. Postage, Stamps, Internet, Telephone, etc.

Postage
Telecommunication
Internet

926,449	947,145
3,114,474	4,378,637
2,520,150	796,160
6,561,073	6,121,942

27. Stationery, Printing, Advertisement, etc.

Stationery and Printings
Advertisements
Table Stationery
Continuous paper

3,510,323	3,597,726
915,254	1,167,908
2,146,573	2,269,999
1,454,322	1,519,360
8,026,472	8,554,993



		Amount in Taka	
		30.06.2020	30.06.2019
28. Chief executive's salary and Fees			
Basic Pay	935,903	936,000	
Medical Allowance	18,000	18,000	
House rent Allowance	448,500	468,000	
Lunch Subsidy	41,400	48,200	
Domestic Allowance	6,425	36,000	
Entertainment Allowance	8,512	10,800	
Festival Bonus	156,000	156,000	
Banks Contribution to Superannuation Fund	327,561	280,800	
Bangla Nababorso Allowance	15,600	15,600	
Car Maintenance Allowance	-	-	
Education Support Allowance	7,000	12,000	
	1,964,901	1,981,400	
29. Directors' Fees			
Chairman's Honorarium	477,200	379,475	
Director's Fees	600,000	815,200	
	1,077,200	1,194,675	
30. Auditors' Fees (Including Credit Rating)			
Auditors' Fee	196,000	230,000	
	196,000	230,000	
31. Depreciation & Repairs of Bank assets			
Depreciation	7,370,279	7,117,945	
Repair	1,763,635	3,358,919	
	9,133,914	10,476,864	
32. Other Expenses			
Travelling Expenses (General & Others)	13,155,350	15,657,005	
Travelling Expenses (Transfer)	1,006,767	1,003,827	
Conveyance	6,271,918	7,568,297	
Fuel Expenses	1,175,193	1,598,201	
Books Purchase	-	-	
Banking Diploma & Others Honorarium	416,562	1,023,370	
Training Expenses	1,213,032	2,877,972	
Entertainment Expenses	3,973,841	4,470,973	
Commission for fund transfer(including deduction on Excise duty)	3,082,193	3,175,721	
Branch Shifting/Opening Expenses	67,821	182,422	
Staff Transport Expenses	1,808,854	2,172,858	
Business Development Expenses	2,635,674	4,035,635	
News Paper & Periodicals	1,546,010	1,660,931	
Computer Spares	177,687	175,974	
Subscription & Donation (including BIBM & Welfair)	2,084,351	2,899,200	
Water & Sewerage expenses	487,588	570,004	
Meeting & Conference	520,069	625,991	
Parts Goods purchase	948,718	-	
GPF Interest	29,707,314	21,424,568	
Sundry Expenses (Including Recruitment Expenses)	5,485,386	7,248,323	
	75,764,328	78,371,272	
33. Provision for Loans & Advances			
Provision required as per loan classification	58,371,458	89,550,467	
	58,371,458	89,550,467	



		Amount in Taka	
		30.06.2020	30.06.2019
34.	Provision for Incentive Bonus	-	-
35.	Contribution to Staff Benevolent Fund (1% of total profit before provision)	3,720,308	3,545,451
		3,720,308	3,545,451
A sum of Tk. 3,072,318 has been transferred to Benevolent Fund as per Ministry of Finance letter No. অম/অবি/ব্যক্তি/প্রঃ-শা-৩/বিবিধ-২/২০০৫/৭৭, তারিখ : ০৩.০৫.২০০৬ and also approval of the Board.			
36.	Provision for Taxation @ 40 % of profit before income tax	123,975,599	104,579,689
		123,975,599	104,579,689
37.	Provision for Deferred Tax Opening Balance Addition during the year	- -	328,751 124,611
		-	453,362
38.	Provision for Statutory Reserve Provision for Statutory Reserve (20% of profit before tax)	61,987,800	52,289,844
According to the article no: 21 of karmasangsthan Bank Act (Act no. 7 of 1998) Provision for Statutory Reserve on Total Profit before Taxes has been made @ 20% .			
39.	Provision for Special Reserve Provision for Special Reserve (5% of profit before tax)	15,496,950	13,072,461
		15,496,950	13,072,461
According to the article no: 21 of karmasangsthan Bank Act (Act no. 7 of 1998) Provision for Special Reserve on Total Profit before Taxes has been made @ 5% .			
40.	Provision for arrear Income Tax adjustment	25,000,000	10,000,000
		25,000,000	10,000,000
Previous year balance Advance Tax has been adjusted during the year.			
41.	Other Provision (Construction of Bank Building)	-	-
The mangement of the Bank with prior approval of the Board has made provision for construction of own Bank Building in the near future.			
42.	Dividend Equalization Fund Dividend Equalization Fund	55,900,000	54,950,000
		55,900,000	54,950,000
43.	Net Profit after Taxation & Provision (Surplus Net Profit) Transfer to General Reserve Fund	27,578,649	26,432,618
		27,578,649	26,432,618

The net surplus is transferred to General Reserve Fund after made adequate provision and Reserve in according to the article no: 21 of karmasangsthan Bank Act (Act no. 7 of 1998) .



Karmasangsthan Bank
Schedule of Fixed Assets
As at June 30, 2020

Annexure-A
Amount in Taka

Particulars	Cost				Rate of Depre. (%)	Depreciation				Written Down Value as at 30.06.2020
	Balance as at July 1, 2019	Addition during the year	Disposal/ Adjustment during the year	Balance as at 30.06.2020		Balance as at July 1, 2019	Depreciation charged during the year	Disposal/ Adjustment during the year	Balance as at 30.06.2020	
1	2	3	4	5=2+3-4	6	7	8	9	10=7+8-9	11=5-10
Furniture & Fixtures	37,681,054	1,960,984	-	39,642,038	10%	19,675,678	1,883,144	-	21,558,822	18,083,216
Office Machineries	42,505,583	16,359,751	-	58,865,334	20%	28,798,088	3,749,766	-	32,547,854	26,317,480
Office Equipments	647,359	89,243	-	736,602	15%	225,603	83,857	-	309,460	427,142
Electrical Equipments	3,447,009	281,855	-	3,728,864	20%	2,113,491	298,283	-	2,411,774	1,317,090
Motor Vehicles	25,442,395	-	-	25,442,395	20%	19,116,286	1,265,221	-	20,381,507	5,060,888
Land	143,883,569	-	-	143,883,569	0%	-	-	-	-	143,883,569
Building (Head office)	3,419,923	-	-	3,419,923	0%	251,244	-	-	251,244	3,168,679
Building (Apartment)	5,861,323	-	-	5,861,323	2.5%	2,261,005	90,008	-	2,351,013	3,510,310
Total (30.06.2020) :	262,888,215	18,691,833	-	281,580,048		72,441,395	7,370,279	-	79,811,674	201,768,374
Total (30.06.2019) :	259,174,287	3,713,928	-	262,888,215		65,323,450	7,117,945	-	72,441,395	190,446,820



Karmasangsthan Bank
Schedule of Other Payables
As at June 30, 2020

Annexure-B
Amount in Taka

Particulars	Balance as at 30.06.2019	Addition during the year	Total	Adjustment during the year	Paid during the year	Balance as at 30.06.2020
1	2	3	4=2+3	5	6	7=4-5-6
Vat, Source Tax, Excise Duty	1,838,585	6,907,763	8,746,348	-	1,838,585	6,907,763
Accrued Salary	803,156	1,342,919	2,146,075	-	803,156	1,342,919
Telephone & Electricity Bill	175,607	123,274	298,881	-	175,607	123,274
Water & Sewerage	46,000	23,460	69,460	-	46,000	23,460
Printing	376,250	1,767,548	2,143,798	-	376,250	1,767,548
Audit Fee	180,000	196,000	376,000	-	-	376,000
Repairs, Renewals & Fuel	297,373	193,411	490,784	-	297,373	193,411
GPF Interest	21,346,925	29,707,314	51,054,239	-	21,346,925	29,707,314
Contribution to Staff Benevolent Fund	3,545,451	3,911,103	7,456,554	-	-	7,456,554
Provision for Prior year Income Tax adjustment	23,147,025	25,000,000	48,147,025	-	23,147,025	25,000,000
Staff Suparenuation Fund	-	19,975,027	19,975,027	-	-	19,975,027
Staff Provident Fund	-	14,523,064	14,523,064	-	-	14,523,064
Provision for Incentive Bonus	78,750,000	49,470,000	128,220,000	-	-	128,220,000
Provision for Procurement of Furniture Bill	3,776,453	2,288,818	6,065,271	-	3,776,453	2,288,818
Provision for Procurement of Computer, CPU, UPS Bill	16,099,530	8,410,500	24,510,030	-	16,099,530	8,410,500
Deferred Tax	453,362	-	453,362	-	-	453,362
All Branches (Interest on Agro-Based Loan)	2,686,360	3,764,720	6,451,080	-	2,686,360	3,764,720
Miscellaneous	637,291,448	665,305,056	1,302,596,504	-	635,636,871	666,959,633
Total :	790,813,525	832,909,977	1,623,723,502	-	706,230,135	917,493,367

