

**Auditors Report & Financial Statements of
Karmasangsthan Bank for the period from 1st July,
2020 to 30th June, 2021**



Hussain Farhad & Co.
Chartered Accountants



AHMED ZAKER & Co.
CHARTERED ACCOUNTANTS

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 2021 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, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 30 June 2021, 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.

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 3.06 of the financial statements which describes the Deferred Tax has not been made for the year ended June 30, 2021, which is noncompliance of IAS 12 (Deferred Tax).
- 2) As explained in Note No. 8.05 of the financial statements, The Inter Branch unadjusted balance account stood at BDT. 63,18,485 as on 30 June, 2021 against BDT. 4,709,582.
- 3) We draw attention to Note- 3.14 of the financial statements about Fixed Deposit Receipt (FDR).

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, 2020, were audited by Hussain Farhad & Co., Chartered Accountants and ARTISAN, Chartered Accountants, who expressed an unmodified opinion on those statements on November 25, 2020.



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
<p>Measurement of provision for loans and advances</p> <p>The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>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.</p> <p>At year end the Bank reported total gross loans and advances of BDT. 24,735,970,194 (2020: BDT. 18,923,120,825) and provision for loans of BDT. 82,77,30,171 (2020: BDT. 592,047,805).</p> <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 and 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> <p>See note no. 06 and 13.01 to the financial statements.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <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); <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> Reviewed the adequacy of the Bank general and specific provisions; 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>

Description of key audit matters	Our response to key audit matters
IT systems and controls	
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>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>

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.

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.



- 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 255 branches;
- iii. we have carried our audit of 12 branches out of 255 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 1920 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;
- 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 and 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.



M Farhad Hussain FCA
Enrolment No. 0452
Managing Partner
Hussain Farhad & Co.
Chartered Accountants

DVC: **2111140452AS383249**



AKM Mohitul Haq FCA
Enrolment No. 0458
Senior Partner
Ahmed Zaker & Co.
Chartered Accountant

DVC: **2111140458AS883685**

Place: Dhaka

Date: November 14, 2021

KARMASANGSTHAN BANK

Balance Sheet

As at June 30, 2021

Particulars	Notes	Amount in Taka	
		30.06.2021	30.06.2020
PROPERTY AND ASSETS			
Cash		5000	8,000
Cash in hand	4.00	5000	8,000
(including foreign currency)		-	-
Balance with Bangladesh Bank and its agent bank		-	-
(including foreign currency)		-	-
Balance with other Banks & Financial Institutions		7,292,400,014	3,215,604,225
In Bangladesh	5.00	7,292,400,014	3,215,604,225
Outside Bangladesh		-	-
Money at call on short notice		-	-
Investment:			
Government		-	-
Others		-	-
Loans and Advances:		24,735,970,194	18,923,120,825
Loans, Cash Credit, Overdraft etc	6.00	24,735,970,194	18,923,120,825
Bills Purchased & Discounted		-	-
Fixed Assets including Premises, Furniture and Fixtures	7.00	206,725,508	201,768,374
Others Assets	8.00	528,755,039	300,858,183
Non Banking Assets		-	-
Total Assets		32,763,855,755	22,641,359,608
LIABILITIES AND CAPITAL			
Borrowings from other Banks, Financial Institutions and Agents	9.00	10,083,400,000	5,418,610,000
Deposits and Other Accounts:		7,351,029,755	7,570,768,295
Current Accounts and Other Accounts		-	-
Bills Payable		-	-
Savings Bank Deposits	10.00	1,324,541,335	1,031,296,205
Fixed Deposits	11.00	5,322,637,278	5,909,843,968
Bearer Certificates of Deposit		-	-
Other Deposits	12.00	703,851,142	629,628,122
Other Liabilities	13.00	3,491,405,287	3,015,855,040
Total Liabilities		20,925,835,042	16,005,233,335
Capital/Shareholder's Equity			
Paid Up Capital	14.00	5,590,000,000	5,590,000,000
Recapitalization	15.00	5,000,000,000	-
Statutory Reserve	16.00	435,789,202	348,491,056
Special Reserve	17.00	164,392,032	142,567,495
Dividend Equalization Fund	18.00	166,750,000	110,850,000
General Reserve	19.00	481,089,479	444,217,722
Total Shareholders Equity		11,838,020,713	6,636,126,273
Total Liabilities and Shareholders Equity		32,763,855,755	22,641,359,608

KARMASANGSTHAN BANK

Balance Sheet

As at June 30, 2021

Particulars	Notes	Amount in Taka	
		30.06.2021	30.06.2020
Off-Balance Sheet Items			
Contingent Liabilities			
Acceptances & Endorsements		-	-
Letters of Guarantee		-	-
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Other Contingent Liabilities		124,940,045	130,978,015
Total		124,940,045	130,978,015
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		124,940,045	130,978,015

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.


M Farhad Hussain FCA
Enrolment No.-0452
Managing Partner
Hussain Farhad & Co.
Chartered Accountants
DVC- 2111140452AS383249

Place: Dhaka
Date: November 14, 2021


AKM Mohitul Haq, FCA
Enrolment No.- 0458
Senior Partner
Ahmed Zaker & Co.
Chartered Accountants
Firm Registration No.-N/A
DVC- 2111140458AS883685

KARMASANGSTHAN BANK
Profit & Loss Account
For the year ended June 30, 2021

Particulars	Notes	Amount in Taka	
		2020-2021	2019-2020
Interest Income	20.00	2,442,164,919	2,210,280,577
Interest Paid on Deposits and Borrowings etc.	21.00	(746,188,288)	(857,488,644)
Net interest income		1,695,976,631	1,352,791,933
SND Deposits Income	22.00	69,058,179	26,789,200
Other Operating Income	23.00	62,281,997	44,478,409
		131,340,176	71,267,609
Total operating income (A)		1,827,316,807	1,424,059,542
Salary & Allowances	24.00	1,005,493,728	917,635,791
Rent, Taxes, Insurance, Electricity etc.	25.00	7,255,678	31,462,169
Legal Expenses	26.00	122,940	206,930
Postage, Stamp, Telecommunication etc.	27.00	6,866,672	6,561,073
Stationery, Printings, Advertisements etc.	28.00	7,999,019	8,026,472
Chief Executive's Salary and Fees	29.00	2,504,713	1,964,901
Directors Fees	30.00	1,260,000	1,077,200
Auditors Fees	31.00	250,000	196,000
Depreciation and Repair of Bank Assets	32.00	36,190,240	9,133,914
Other Expenses	33.00	80,314,759	75,764,328
Total operating expenses (B)		1,148,257,749	1,052,028,778
Total Profit before provision (C)=(A-B)		679,059,058	372,030,763
Provision for Loans & Advances	34.00	235,777,733	58,371,458
Contribution to Staff Benevolent Fund	35.00	6,790,591	3,720,308
Total provision (D)		242,568,324	62,091,766
Net Profit before Taxes (E)=(C-D)		436,490,734	309,938,998
Total Tax Provision (F)		174,596,294	123,975,599
Provision for Taxation 40%	36.00	174,596,294	123,975,599
Deferred Tax	37.00	-	-
Net Profit after Taxes (G)=(E-F)		261,894,441	185,963,399

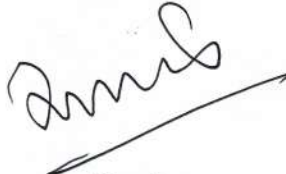


KARMASANGSTHAN BANK
Profit & Loss Account
For the year ended June 30, 2021

Particulars	Notes	Amount in Taka	
		2020-2021	2019-2020
Appropriations			
(Total Profit after Taxes)		261,894,441	185,963,399
Provision for Statutory Reserve 20% of Total Profit before Taxes	38.00	87,298,147	61,987,800
Provision for Special Reserve 5% of Total Profit before Taxes	39.00	21,824,537	15,496,950
Provision for Arrear Income Tax adjustment	40.00	50,000,000	25,000,000
Other provision (Construction of Bank Building)	41.00	10,000,000	-
Dividend Equalization Fund	42.00	55,900,000	55,900,000
Total appropriations (H)		225,022,684	158,384,749
Net Profit after Taxation & Provision (I)=(G-H)	43.00	36,871,757	27,578,649
(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.



M Farhad Hussain FCA
Enrolment No.-0452
Managing Partner
Hussain Farhad & Co.
Chartered Accountants
DVC- 2111140452AS383249

Place: Dhaka

Date: November 14, 2021



AKM Mohitul Haq, FCA
Enrolment No.- 0458
Senior Partner
Ahmed Zaker & Co.
Chartered Accountants
Firm Registration No.-N/A
DVC- 2111140458AS883685

KARMASANGSTHAN BANK
Statement of Changes in Equity
As on June 30, 2021

Amount in Taka

Particulars	Paid-up Capital	Statutory	General Reserve	Special Reserve	Dividend	Recapitalization	Total
Balances as at 01 July, 2020	5,590,000,000	348,491,056	444,217,722	142,567,495	110,850,000	-	6,636,126,273
Recapitalization						5,000,000,000	5,000,000,000
Changes in accounting policy	-	-	-	-	-	-	-
Restated Balance	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Issue of Share Capital	-	-	-	-	-	-	-
Appropriation made during the year	-	87,298,147	36,871,757	21,824,537	55,900,000	-	201,894,441
Balance as at 30 June, 2021	5,590,000,000	435,789,202	481,089,479	164,392,032	166,750,000	5,000,000,000	11,838,020,713
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

Chairman

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

Signed in terms of our separate report of even date.

M Farhad Hussain FCA
Enrolment No.-0452
Managing Partner
Hussain Farhad & Co.
Chartered Accountants

DVC-2111140452AS383249

Place: Dhaka

Date: November 14, 2021

AKM Mohitul Haq, FCA
Enrolment No.-0458
Senior Partner
Ahmed Zaker & Co.
Chartered Accountants

Firm Registration No.-N/A

DVC-2111140458AS883685

KARMASANGSTHAN BANK
Statement of Cash Flows
For the year ended June 30, 2021

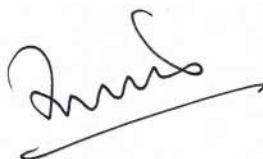
Particulars	Amount in Taka	
	2020-2021	2019-2020
A. Cash flow from operating activities		
Interest receipts in cash	1,750,594,307	1,654,351,207
Interest payments	(586,128,999)	(432,497,473)
Dividends receipts	-	-
Fee and commission receipts in cash	62,281,997	44,478,409
Recoveries on loans previously written off	7,247,473	9,659,399
Cash payments to employees	(880,016,898)	(799,215,001)
Cash payments to suppliers	(7,621,402)	(7,199,133)
Income tax paid	(122,500,000)	(127,500,000)
Payments for other operating activities	(219,399,723)	(172,188,367)
Receipts form other operating activities	10,608,841,923	7,486,734,831
Operating profit before charges in operating assets and liabilities	10,613,298,679	7,656,623,872
Increase/decrease in operating assets and liabilities		
Loans and advances to customers	(15,966,600,000)	(10,782,000,000)
Deposit from customer	(219,738,541)	817,640,629
Purchase /Sale of trading securities	-	-
Loans and Advances to other Banks (Bangladesh Bank)	-	-
Loans and advances to customers	4,664,790,000	2,000,000,000.00
Other assets	-	-
Deposit from other banks	-	-
Deposit from customer	-	-
Other Liabilities account of customers	-	-
Other liabilities	-	-
Trading liabilities	-	-
	(11,521,548,541)	(7,964,359,371)
Net Cash from Operating Activities(A)	(908,249,862)	(307,735,499)
B. Cash flow from Investing Activities:		
Proceeds from sale of securities	-	-
Payments for purchase of securities	-	-
Purchase of Property, Plant & Equipment	(14,962,349)	(17,659,720)
Purchase/Sale of subsidiary	-	-
Net Cash from Investing activities(B)	(14,962,349)	(17,659,720)

KARMASANGSTHAN BANK
Statement of Cash Flows
For the year ended June 30, 2021

Particulars	Amount in Taka	
	2020-2021	2019-2020
C. Cash flow from Financing Activities:		
Receipts from Bangladesh Government as paid up capital	-	-
Receipts as paid up capital from SBL,JBL,ABL,RBL & BASIC Bank Ltd.	-	95,000,000
Payments for redemption of loan capital & debt security	-	-
Receipts from issue of ordinary share	-	-
Dividend paid	-	-
Receipts from Bangladesh Government as ReCapitilaziation	5,000,000,000	-
Net Cash flow from Financing Activities(C)	-	95,000,000
D. Net increase/decrease in cash (A+B+C)	4,076,787,789	(230,395,219)
E. Cash and cash equivalent at beginning of the year	3,215,612,225	3,446,007,444
F. Cash and cash equivalent at end of the year	7,292,400,014	3,215,612,225



Managing Director



Director



Chairman


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

Signed in terms of our separate report of even date.



M Farhad Hussain FCA

Enrolment No.-0452

Managing Partner

Hussain Farhad & Co.

Chartered Accountants

DVC- 2111140452AS383249

Place: Dhaka

Date: November 14, 2021



AKM Mohitul Haq, FCA

Enrolment No.- 0458

Senior Partner

Ahmed Zaker & Co.

Chartered Accountants

Firm Registration No.-N/A

DVC- 2111140458AS883685

KARMASANGSTHAN BANK
Notes to the Financial Statements
As at June 30, 2021

1.00 BACKGROUND INFORMATION**1.01 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.

1.02 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.

2.00 SIGNIFICANT ACCOUNTING POLICIES**2.01 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.

2.01.1 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

2.01.2 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.

2.01.3 Reporting Period:

The report covers the financial year adopted by bank which is from 01 July 2020 to 30 June 2021.

2.02.1 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 Trunk, File

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.

2.02.2 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'.

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.

2.06.1 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, 2021.

3.03 As per Ministry of Finance letter No . অম/ব্যাআপ্রবি/প্রঃব্যা শা/এলা-২/২০০৮-২৩৬, তারিখ: ২৯-০৮-২০১০. Provision for Incentive Bonus of Tk . 5,34,00000.00 has been made for the year ended June 30, 2021.

3.04 A sum of Tk 67,90,591.00 has been transferred to Benevolent Fund as per Ministry of Finance letter No . অম/অবি/ব্যংকিং/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. 17,45,96,294.00 before Taxes has been made @ 40% for the year ended June 30, 2021.

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, 2021 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. 8,72,98,147.00 and Special Reserve @ 5% of Tk. 2,18,24,537.00.

3.08 Provision for Arrear Income Tax Adjustment of Tk. 50,000,000.00 has been made for the year ended June 30, 2021.

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, 2021 has been transferred to Dividend Equalization Fund.

3.10 Retained Earnings amounting to Tk. 3,68,71,757.00 for the year ended June 30, 2021 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 necessary.
- 3.13 Income from FDR has been taken into the accounts on accrual basis.
- 3.14 Fixed deposit Receipt (FDR) made in Premier leasing and Finance Ltd (PLFL) for an amount of TK 10.00 Crores and in First Finance Ltd. TK 10.00 Crores on 18.04.2018 and 24.10.2017 respectively. Premier Leasing and Finance Ltd. has paid total interest of Tk. 11,562,500 from the beginning to till date including interest of Tk. 16 lakhs for the financial year 2020-2021. Regarding First Finance Ltd. no Payment of interest made during the year 2020-2021 but Tk 1,642,361 paid as interest subsequently on 07.09.2021. A total sum of Tk 4.50 Crores as Principal amount and Tk. 1,7848,186 as interest has so far been paid. However, as per Board of Director's instructions, the Management has been exerting all out adopting various ways and means to recover the outstanding FDR and interest amount from the PLFL and FFL. Such as through Issuance of letters to PLFL and FFL personal visit by Bank Officials to those default FDR and influence by Bangladesh Banks support. The bank also preparing the proposal for Board approval in making provision against unrealizable amount.

4.00	Cash				
	Cash in hand		5,000		8,000
			5,000		8,000
5.00	Balance with Other Banks & Financial Institutions				
	Short Notice Deposits (SND)		1,680,400,014		545,042,089
	Mobile Banking		-		134,501
	Fixed Deposits Receipts (FDR)		5,612,000,000		2,670,427,635
			7,292,400,014		3,215,604,225
6.00	Loans and Advances				
	Loans on Own Program		10,370,265,820		13,981,857,791
	Loans on KBSDS		17,646,741		13,553,693
	Loans on KBTDS		3,611,872		6,104,115
	Loans on SECP		7,084,898		7,163,275
	Loans on SEIF Project		82,813,636		89,117,740
	Loans on Agro-Based Project		35,106,165		41,825,206
	House Building Loan		1,520,253,134		1,187,957,981
	Motor Cycle Loan		60,312,880		70,363,323
	Consumers Loan		478,912,739		465,195,511
	Computer Loan		36,933,626		36,078,992
	Advance Office Rent with Interest		2,136,003		1,531,045
	Bangladesh Bank Loan (Fisheries & Live Stock)		3,889,060,239		2,413,216,854
	Bangladesh Bank Loan (Milk Production & Artificial Insemination)		7,162,285		11,297,686
	Bangobandhu Jubo Loan		2,095,952,280		597,857,613
	BB Bangobandhu Jubo Loan		2,002,606,699		-
	Covid 19 loan Programme		4,126,111,177		-
			24,735,970,194		18,923,120,825
6.01	Classification of Loans & Advances				
			CL Percentage		
			30.06.2021	30.06.2020	
	1. Unclassified Loans	95.94%	95.78%	23,731,768,183	18,124,237,309
	2. Classified Loans	4.05%	4.22%	1,004,202,011	798,883,516
	a) Sub-standard	1.15%	1.49%	285,631,475	281,236,700
	b) Doubtful	0.57%	0.08%	141,605,649	152,137,432
	c) Bad/ Loss	2.33%	1.93%	576,964,887	365,509,384
				24,735,970,194	18,923,120,825
7.00	Fixed Assets including Premises, Furniture and Fixtures Cost (A)				
	Opening balance as on July 01		281,580,048		262,888,215
	Add: Purchased during the year		14,962,349		18,691,833
			296,542,397		281,580,048
			296,542,397		281,580,048
	Depreciation (B)				
	Opening balance as on July 01		79,811,674		72,441,395
	Add: Depreciation Charged during the year		10,005,215		7,370,279
			89,816,889		79,811,674
	Less: Disposal/Adjustment during the year		-		-
	Depriaciation of ROU assets as per Under IFRS-16		24,515,495		-
			114,332,384		79,811,674
			206,725,508		201,768,374
	Written Down Value (A-B)				

Amount in Taka		
	30.06.2021	30.06.2020
8.00 Other Assets		
Stamps	6,899,742	5,544,878
AIT and Tax Deducted at Source	382,134,630	221,888,509
Stock of Stationery & Supplies	1,974,802	2,620,045
Advance and Pre-paid Expenses	68,456,698	53,620,203
Inter Branch Adjustment Account	6,318,485	4,709,582
Work In Progress (WIP)	3,761,281	12,474,966
Right Of Use (ROU) Assets as per IFRS-16	59,209,401	-
	528,755,039	300,858,183
8.01 Stamps		
All Branches	6,899,742	5,544,878
	6,899,742	5,544,878
8.02 Advance Income Tax & Tax Deducted at Source		
Opening balance	221,888,509	137,748,050
Less: Adjustment during the year	(274,629)	(85,518,157)
	221,613,881	52,229,893
Add: Addition during the year	160,520,749	169,658,616
	382,134,630	221,888,509
8.03 Stock of Stationery & Supplies		
Opening Balance	2,620,045	2,868,645
Add: Purchased during the year	2,656,095	3,230,446
	5,276,140	6,099,091
Less: Consumed during the year	(3,301,338)	(3,479,046)
	1,974,802	2,620,045
8.04 Advance and Pre-paid Expenses		
Advances Against Travelling Expenses	2,389	2,389
Advances Paid for Office Rent	960,829	890,469
Accrued interest from FDR	51,390,045	38,332,407
Miscellaneous	16,103,435	14,394,938
	68,456,698	53,620,203
8.05 Inter Branch Adjustment (Head Office & All Branches)		
Opening balance	4,709,582	2,376,210
Adjustment during the year	(3,712,217)	(866,825)
	997,365	1,509,385
Addition during the year	5,321,121	3,200,197
	6,318,485	4,709,582
8.06 Work In Progress (WIP)		
Opening balance	12,474,966	19,982,833
Adjustment during the year	(12,166,850)	(17,685,915)
	308,116	2,296,918
Addition during the year	3,453,165	10,178,048
	3,761,281	12,474,966



		Amount in Taka	
		30.06.2021	30.06.2020
8.07 Right Use (ROU) Of Assets			
Opening balance		83,724,896	-
Adjustment during the year		(24,515,495)	-
Balance End of the year		59,209,401	-
9.00 Borrowings from other Banks, Financial Institutions and Agents			
Bangladesh Bank Loan	9.01	8,083,400,000	3,418,610,000
Sonali Bank Ltd. Loan	9.02	2,000,000,000	2,000,000,000
		10,083,400,000	5,418,610,000
9.01 Bangladesh Bank Loan			
Fisheries & Live Stock		1,000,000,000	1,000,000,000
Fisheries & Live Stock -2 Face		-	400,000,000
Fisheries & Live Stock -3 Face		1,333,400,000	2,000,000,000
Fisheries & Live Stock -4 Face		2,250,000,000	-
BB Bangabandhu Jubo Loan		3,500,000,000	-
Milk Pro. & Artificial Ins.		-	18,610,000
		8,083,400,000	3,418,610,000
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
10.00 Savings Bank Deposits			
Savings Deposits (All Branches)		1,324,541,335	1,031,296,205
		1,324,541,335	1,031,296,205
11.00 Fixed Deposits			
KBTDs (All Branches)		5,322,637,278	5,909,843,968
		5,322,637,278	5,909,843,968
12.00 Other Deposits			
KBSDs (All Branches)		703,511,142	629,108,122
Security Deposits {Asstt. Officer (Cash)}		340,000	520,000
		703,851,142	629,628,122
13.00 Other Liabilities			
Provision for Loans	13.01	827,730,171	592,047,850
Provision for Unclassified Loans		220,951,403	168,179,385
Provision for Classified Loans		606,778,768	423,868,465
Interest Suspense	13.02	145,796,651	116,531,302
Death Risk Coverage Scheme (borrowers)	13.03	111,414,514	60,692,235
Fund from Bangladesh Govt.	13.04	946,100,000	946,100,000
Revolving Fund (Payable to Govt.)	13.05	131,024,278	129,262,944
Construction of Bank Building	13.06	120,000,000	110,000,000
Income Tax Provision	13.07	298,571,893	123,975,599
Remittance Advance	13.08	16,310,349	19,751,743
Lease Liabilities	13.09	60,404,760	-
Other Payable (Shown in Annexure-B)		834,052,672	917,493,367
		3,491,405,287	3,015,855,040

13.01 Provision for Loans

Opening Balance
Adjustment during the year

Addition during the year

a) Program wise Provision for Unclassified loans

Loans on Own Program
Bangabondhu Jubo Loan
Loans on SEIF Project
Loans on Agro-Based Project
Loans on Bangladesh Bank (Fisheries & Live Stock) 1,2,3,4
Loans on Bangladesh Bank (Milk Pro. & Artificial Ins.)
Covid 19 Loan
BB Bangabondhu Jubo Loan
Staff/ Consumer Loan

b) Program wise Provision for Classified loans

Loans on Own Program
Bangabondhu Jubo Loan
Loans on SEIF Project
Loans on Agro-Based Project
Loans on Bangladesh Bank (Fisheries & Live Stock) 1,2,3,4
Loans on Bangladesh Bank (Milk Pro. & Artificial Ins.)
Staff/ Consumer Loan

13.02 Interest suspense

Opening Balance
Addition during the year

Recovered during the year

13.03 Death Risk Coverage Scheme (borrowers)

Opening Balance
Addition during the year

Adjustment during the year

13.04 Fund from Bangladesh Govt.

For Agro-Based project
For SEIF project
For EHCLB project

Amount in Taka	
30.06.2021	30.06.2020
592,047,850	534,065,044
(95,412)	(388,652)
591,952,438	533,676,392
235,777,733	58,371,458
827,730,171	592,047,850
99,246,794	143,063,477
20,957,555	-
415,718	621,400
191,755	313,644
38,796,490	24,083,147
55,912	97,717
41,261,112	-
20,026,067	-
-	-
220,951,403	168,179,385
551,347,603	394,743,330
196,736	-
37,297,528	19,880,514
12,365,206	6,541,392
4,724,914	1,963,626
668,012	674,784
178,769	64,819
606,778,768	423,868,465
116,531,302	92,687,777
48,681,407	45,015,662
165,212,709	137,703,439
(19,416,058)	(21,172,137)
145,796,651	116,531,302
60,692,235	27,507,853
65,319,054	43,222,533
126,011,289	70,730,386
(14,596,775)	(10,038,151)
111,414,514	60,692,235
500,000,000	500,000,000
410,500,000	410,500,000
35,600,000	35,600,000
946,100,000	946,100,000

Amount in Taka	
30.06.2021	30.06.2020

13.05 Revolving Fund

	Opening	Addition		
For Agro-Based project	74,024,066	1,405,334	75,429,400	74,024,066
For SEIF project	55,238,878	356,000	55,594,878	55,238,878
For EHCLB project	-	-	-	-
	129,262,944	1,761,334	131,024,278	129,262,944

a) Total Fund received from Bangladesh Govt.

	Fund			
	Principal	Revolving		
For Agro-Based project	500,000,000	75,429,400	575,429,400	574,024,066
For SEIF project	410,500,000	55,594,878	466,094,878	465,738,878
For EHCLB project	35,600,000	-	35,600,000	35,600,000
	946,100,000	131,024,278	1,077,124,278	1,075,362,944

13.06 Construction of Bank Building

Opening Balance	110,000,000	110,000,000
Addition during the year	10,000,000	-
	120,000,000	110,000,000

13.07 Income Tax Provision

Opening Balance	123,975,599	104,579,689
Addition during the year	174,596,294	123,975,599
	298,571,893	228,555,288
Adjustment during the year	-	(104,579,689)
	298,571,893	123,975,599

13.08 Remittance Advance from NCC Bank

Opening Balance	19,751,743	12,477,825
Addition during the year	183,977,807	107,321,547
	203,729,550	119,799,372
Adjustment during the year	(187,419,201)	(100,047,629)
	16,310,349	19,751,743

13.09 Lease Liabilities

Opening Balance	83,724,896	-
Addition During the Year	3,097,288	-
Adjustment during Year	26,417,424	-
	60,404,760	-

14.00 Share Capital

Authorized Capital:

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

Amount in Taka	
30.06.2021	30.06.2020
10,000,000,000	10,000,000,000
<u>10,000,000,000</u>	<u>10,000,000,000</u>

Paid-Up Capital :

80,000,000 Ordinary shares of Tk 100 each approved by Govt.

8,000,000,000	8,000,000,000
<u>8,000,000,000</u>	<u>8,000,000,000</u>

The Approved capital of the Bank was raised by the Government from Tk. 520 crore to Tk. 800 crore vide letter no.53.00.0000.321.20.04.16-152 dated May 24,2017. Out of which Tk.559.00 crore have been paid by the Government and Other Shareholders.

Breakup of Paid up Capital :

Name of Contributors

Government of Bangladesh

Sonali Bank Ltd.

Janata Bank Ltd.

Agrani Bank Ltd.

National Bank Ltd.

Rupali Bank Ltd.

IFIC Bank Ltd.

BASIC Bank Ltd.

Islami Bank Bangladesh Ltd.

The City Bank Ltd.

United Commercial Bank Ltd.

Uttara Bank Ltd.

Pubali Bank Ltd.

South East Bank Ltd.

4,650,000,000	4,650,000,000
260,000,000	260,000,000
255,000,000	255,000,000
160,000,000	160,000,000
90,000,000	90,000,000
80,000,000	80,000,000
20,000,000	20,000,000
15,000,000	15,000,000
10,000,000	10,000,000
10,000,000	10,000,000
10,000,000	10,000,000
10,000,000	10,000,000
10,000,000	10,000,000
10,000,000	10,000,000
<u>5,590,000,000</u>	<u>5,590,000,000</u>

15.00 Recapitalization

5,000,000,000	-
<u>5,000,000,000</u>	<u>-</u>

16.00 Statutory Reserve

Opening Balance

Addition during the year

348,491,056	286,503,256
87,298,147	61,987,800
<u>435,789,202</u>	<u>348,491,056</u>

17.00 Special Reserve

Opening Balance

Addition during the year

142,567,495	127,070,545
21,824,537	15,496,950
<u>164,392,032</u>	<u>142,567,495</u>

18.00 Dividend Equalization Fund

Opening Balance

Addition during the year

110,850,000	54,950,000
55,900,000	55,900,000
<u>166,750,000</u>	<u>110,850,000</u>

19.00 General Reserve

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

Amount in Taka	
30.06.2021	30.06.2020
444,217,722	416,639,073
-	-
36,871,757	27,578,649
481,089,479	444,217,722

20.00 Interest Income

Interest on Loans and Advances (Own Program)
Interest & other income on Bangladesh Bank Loan (Fisheries & Live Stock)
Interest & other income on Bangladesh Bank Loan (Fisheries & Live Stock) 2
Interest & other income on Bangladesh Bank Loan (Fisheries & Live Stock) 3
Interest & other income on Bangladesh Bank Loan (Fisheries & Live Stock) 4
Interest on BB Bangobandu Jubo Loan
Interest on COVID19 Loan
Interest on Revolving Fund for Agro-Based Project
Interest on KBSDS Loan
Interest on KBTDS/FD Loan
Interest form FD
Interest on SECP Loan
Service charges on Revolving Fund for SEIF Project
Interest on Staff Loans (House Building & Motor Cycle Loan)
Interest & Other income on Bangladesh Bank Loan
Interest on Office Rent Advance
Interest on Computer Loan
Interest on Consumers Loan
Interest on Bangobandu Jubo Loan

1,367,468,451	1,598,827,621
14,537,824	27,737,118
14,265,976	41,405,559
136,063,194	96,079,132
108,736,906	-
48,393,850	-
179,146,693	-
1,253,106	1,080,595
2,224,123	1,333,493
405,955	463,912
317,520,843	326,087,945
669,002	742,973
680,737	1,240,120
50,008,804	52,093,331
613,776	1,043,229
214,422	225,866
1,486,471	1,749,802
45,240,099	43,942,608
153,234,687	16,227,273
2,442,164,919	2,210,280,577

21.00 Interest Paid on Deposits and Borrowings, etc.

Interest on Savings & Deposits
Interest on Bangladesh Bank Loan
Interest on Sonali Bank Ltd Loan
Interest paid on Lease

371,577,032	564,483,343
234,880,634	168,005,301
136,633,334	125,000,000
3,097,288	-
746,188,288	857,488,644

22.00 SND Deposits Income

Interest on SND Deposits (All Branches)
Interest on SND Deposits (Head Office)

2,584,796	2,549,740
66,473,383	24,239,460
69,058,179	26,789,200

23.00 Other Operating Income

Fees & Other Charges
Income from Selling of Forms
Selling of Withdrawal Slip
Accounts Maintenance Fee
Remittance Income
Miscellaneous Income (Including Recruitment Income)

325,860	244,757
24,715,290	15,660,285
92,574	84,692
19,930,928	16,465,798
314,600	275,400
16,902,745	11,747,477
62,281,997	44,478,409



24.00 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	
30.06.2021	30.06.2020
335,940,168	303,474,484
89,919,698	91,295,512
179,315,997	166,135,210
43,872	(78,508)
62,852,600	52,858,100
10,777,538	6,673,637
9,537,710	2,714,770
351,940	345,600
25,579,768	24,132,154
786,000	840,504
2,525,656	2,141,624
9,768,417	9,180,758
6,915,090	5,764,990
-	(600)
360,000	495,000
691,365	628,276
24,772	17,318
6,616,861	6,140,208
71,518,703	65,448,248
53,411,695	49,494,642
127,825,543	120,058,130
2,786,500	2,552,000
24,000	33,000
7,298,067	6,572,061
-	(14,137)
621,768	732,809
1,005,493,728	917,635,791

25.00 Rent, Taxes, Insurance, Electricity, etc.

Office Rent
Holding Taxes
Insurance
Electricity

2,562,059	27,736,358
102,277	56,935
452,696	449,052
4,138,646	3,219,824
7,255,678	31,462,169

26.00 Legal Expenses

Legal Expenses (all cases)

122,940	206,930
122,940	206,930

27.00 Postage, Stamps, Internet, Telephone, etc.

Postage
Telecommunication
Internet

942,511	926,449
3,229,819	3,114,474
2,694,342	2,520,150
6,866,672	6,561,073

28.00 Stationery, Printing, Advertisement, etc.

Stationery and Printings
Advertisements
Table Stationery
Continuous paper

3,338,439	3,510,323
617,046	915,254
2,575,090	2,146,573
1,468,444	1,454,322
7,999,019	8,026,472

29.00 Chief executive's salary and Fees

Basic Pay
Medical Allowance
House rent Allowance
Lunch Subsidy
Domestic Allowance
Closing Allowance
Entertainment Allowance
Festival Bonus
Banks Contribution to Superannuation Fund
Bangla Nababorso Allowance
Car Maintanance Allowance
Education Support Allowance

Amount in Taka	
30.06.2021	30.06.2020
907,400	935,903
17,450	18,000
453,700	448,500
45,000	41,400
-	6,425
1,000	-
10,470	8,512
156,000	156,000
362,960	327,561
15,600	15,600
523,500	-
11633	7,000
2,504,713	1,964,901

30.00 Directors' Fees

Chairman's Honorarium
Director's Fees

485,600	477,200
774,400	600,000
1,260,000	1,077,200

31.00 Auditors' Fees

Auditors' Fee

250,000	196,000
250,000	196,000

32.00 Depreciation & Repairs of Bank assets

Depreciation
Repair

34,520,710	7,370,279
1,669,530	1,763,635
36,190,240	9,133,914

33.00 Other Expenses

Travelling Expenses (General & Others)
Travelling Expenses (Transfer)
Conveyance
Fuel Expenses
Books Purchase
Banking Diploma & Others Honorarium
Training Expenses
Entertainment Expenses
Commission for fund transfer(including deduction on Excise duty)
Branch Shifting/Opening Expenses
Staff Transport Expenses
Business Development Expenses
News Paper & Periodicals
Computer Spares
Subscription & Donation (including BIBM & Welfair)
Water & Sewerage expenses
Meeting & Conference
Parts Goods purchase
GPF Interest
Sundry Expenses (Including Recruitment Expenses)

13,439,374	13,155,350
721,996	1,006,767
7,676,790	6,271,918
1,185,908	1,175,193
14,083	-
965,200	416,562
669,997	1,213,032
4,628,453	3,973,841
4,167,037	3,082,193
290,280	67,821
2,171,064	1,808,854
2,564,299	2,635,674
1,676,718	1,546,010
154,539	177,687
2,534,546	2,084,351
799,580	487,588
637,262	520,069
1,200,466	948,718
27,915,147	29,707,314
6,902,020	5,485,386
80,314,759	75,764,328

		Amount in Taka	
		30.06.2021	30.06.2020
34.00	Provision for Loans & Advances		
	Provision required as per loan classification	235,777,733	58,371,458
		235,777,733	58,371,458
35.00	Contribution to Staff Benevolent Fund		
	(1% of total profit before provision)	6,790,591	3,720,308
		6,790,591	3,720,308
A sum of Tk. 3,072,318 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.			
36.00	Provision for Taxation		
	@ 40 % of profit before income tax	174,596,294	123,975,599
		174,596,294	123,975,599
37.00	Provision for Deferred Tax		
	Opening Balance	-	-
	Addition during the year	-	-
		-	-
38.00	Provision for Statutory Reserve		
	Provision for Statutory Reserve (20% of profit before tax)	87,298,147	61,987,800
		87,298,147	61,987,800
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% .			
39.00	Provision for Special Reserve		
	Provision for Special Reserve (5% of profit before tax)	21,824,537	15,496,950
		21,824,537	15,496,950
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% .			
40.00	Provision for arrear Income Tax adjustment	50,000,000	25,000,000
		50,000,000	25,000,000
Previous year balance Advance Tax has been adjusted during the year.			
41.00	Other Provision (Construction of Bank Building)	10,000,000	-
		10,000,000	-
The mangement of the Bank with prior approval of the Board has made provision for construction of own Bank Building in the near future.			
42.00	Dividend Equalization Fund		
	Dividend Equalization Fund	55,900,000	55,900,000
		55,900,000	55,900,000
43.00	Net Profit after Taxation & Provision (Surplus Net Profit)		
	Transfer to General Reserve Fund	36,871,757	27,578,649
		36,871,757	27,578,649

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, 2021

Annexure-A
Amount in Taka

Particulars	Cost				Rate of Depre. (%)	Depreciation				Written Down Value as at 30.06.2021
	Balance as at July 1, 2020	Addition during the year	Disposal/ Adjustment during the year	Balance as at 30.06.2021		Balance as at July 1, 2020	Depreciation charged during the year	Disposal/ Adjustment during the year	Balance as at 30.06.2021	
1	2	3	4	5=2+3-4	6	7	8	9	10=7+8-9	11=5-10
Furniture & Fixtures	39,642,038	4,447,808	-	44,089,846	10%	21,558,822	2,066,978	-	23,625,800	20,464,046
Office Machineries	58,865,334	8,147,213	-	67,012,547	20%	32,547,854	6,184,356	-	38,732,210	28,280,337
Office Equipments	736,602	226,825	-	963,427	15%	309,460	83,614	-	393,074	570,353
Electrical Equipments	3,728,864	2,140,503	-	5,869,367	20%	2,411,774	570,333	-	2,982,107	2,887,260
Motor Vehicles	25,442,395	-	-	25,442,395	20%	20,381,507	1,012,176	-	21,393,683	4,048,712
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%	2,351,013	87,758	-	2,438,771	3,422,552
Total (30.06.2021) :	281,580,048	14,962,349	-	296,542,397	-	79,811,674	10,005,215	-	89,816,889	206,725,508
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

Right of Use (ROU) Assets as per IFRS-16

Right of Use Assets	83,724,896	-	-	83,724,896	-	-	24,515,495	-	24,515,495	59,209,401
Total (30.06.2021) :	83,724,896	-	-	83,724,896	-	-	24,515,495	-	24,515,495	59,209,401

Karmasangsthan Bank
Schedule of Other Payables
As at June 30, 2021

Annexure-B
Amount in Taka

Particulars	Balance as at 30.06.2020	Addition during the year	Total	Adjustment during the year	Paid during the year	Balance as at 30.06.2021
1	2	3	4=2+3	5	6	7=4-5-6
Vat, Source Tax, Excise Duty	6,907,763	6,184,954	13,092,717	-	6,907,763	6,184,954
Accrued Salary	1,342,919	1,378,618	2,721,537	-	1,342,919	1,378,618
Telephone & Electricity Bill	123,274	169,600	292,874	-	123,274	169,600
Water & Sewerage	23,460	85,000	108,460	-	23,460	85,000
Printing	1,767,548	3,154,575	4,922,123	-	1,767,548	3,154,575
Audit Fee	376,000	200,000	576,000	-	376,000	200,000
Repairs, Renewals & Fuel	193,411	63,525	256,936	-	193,411	63,525
GPF Interest	29,707,314	27,900,000	57,607,314	-	29,707,314	27,900,000
Contribution to Staff Benevolent Fund	7,456,554	6,873,668	14,330,221	-	7,456,554	6,873,667
Provision for Prior year Income Tax adjustment	25,000,000	50,000,000	75,000,000	-		75,000,000
Staff Suparenuation Fund	19,975,027	9,762,553	29,737,580	-	19,975,027	9,762,553
Staff Provident Fund	14,523,064	6,309,185	20,832,249	-	14,523,064	6,309,185
Provision for Incentive Bonus	128,220,000	53,400,000	181,620,000	-		181,620,000
Provision for Procurement of Furniture Bill	2,288,818	598,606	2,887,424	-	2,288,818	598,606
Provision for Procurement of Computer, CPU, UPS Bill	8,410,500	-	8,410,500	-	8,410,500	-
Deferred Tax	453,362		453,362	-		453,362
All Branches (Interest on Agro-Based Loan)	3,764,720	3,858,036	7,622,756	-	3,764,720	3,858,036
Miscellaneous	666,959,633	510,440,991	1,177,400,624	-	666,959,633	510,440,991
Total :	917,493,367	680,379,310	1,597,872,677	-	763,820,005	834,052,672

