

**Auditors Report & Financial Statements of  
Karmasangsthan Bank for the period from 1st July,  
2021 to 30<sup>th</sup> June, 2022**



**HFC** | **Hussain Farhad & Co.**  
Chartered Accountants

**AZ** | **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 2022 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 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and Karmasangsthan Bank Act No. 07 of 1998.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA). 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. As explained in note no. 8.05 of the financial statements, the Inter Branch unadjusted balance account stood at BDT 19,662,737 as on 30<sup>th</sup> June 2022 against BDT 6,318,485 as on 30<sup>th</sup> June 2021.
2. We draw attention to Note 3.17 to 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 Karmmasangsthan Bank for the year ended June 30, 2021, were audited by Hussain Farhad & Co., Chartered Accountants and Ahmed Zaker & Co., Chartered Accountants, who expressed an unmodified opinion on those statements on November 14, 2021.

## 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
<b>Measurement of provision for loans and advances</b>	
<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 <b>BDT. 28,204,792,228</b> (2021: <b>BDT. 24,735,970,194</b>) and provision for loans of <b>BDT.</b></p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>• Identification of loss events, including early warning and default warning indicators;</li> <li>• Reviewed quarterly Classification of Loans (CL);</li> </ul> <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the adequacy of the Bank general and specific provisions;</li> <li>• Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and</li> </ul>

Description of key audit matters	Our response to key audit matters
<p><b>Measurement of provision for loans and advances</b></p> <p>1,023,440,636 (2021: BDT. 82,77,30,171).</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"> <li>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;</li> <li>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;</li> </ul> <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and</p>	<p>accuracy of the underlying information;</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant International Financial Reporting Standards (IFRS).</p>
See note no. 06 and 13.01 to the financial statements.	

Description of key audit matters	Our response to key audit matters
<p><b>IT systems and controls</b></p> <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</p>



Description of key audit matters	Our response to key audit matters
IT systems and controls	<p>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 (IFRS) , 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 ISA 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 ISA, 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 263 branches;



- iii. we have carried our audit of 12 branches out of 263 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 1860 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 (IFRS);
- 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.



A.K.M Fazlul Haque, FCA

Enrolment No. 1090

Partner

Hussain Farhad & Co.

Chartered Accountants

DVC: 2210121090AS214116



AKM Mohitul Haq FCA

Enrolment No. 0458

Senior Partner

Ahmed Zaker & Co.

Chartered Accountant

DVC: 2210120458A3679705

Place: Dhaka

Date: 12th October 2022.

KARMASANGSTHAN BANK

Balance Sheet  
As at June 30, 2022

Particulars	Notes	Amount in Taka	
		30.06.2022	30.06.2021
<b>PROPERTY AND ASSETS</b>			
Cash		3000	5,000
Cash in hand	4	3000	5,000
(including foreign currency)		-	-
Balance with Bangladesh Bank and its agent bank		-	-
(including foreign currency)		-	-
Balance with other Banks & Financial Institutions		8,800,060,451	7,292,400,014
In Bangladesh	5	8,800,060,451	7,292,400,014
Outside Bangladesh		-	-
Money at call on short notice		-	-
Investment:			
Government		-	-
Others		-	-
Loans and Advances:		28,204,792,228	24,735,970,194
Loans, Cash Credit, Overdraft etc	6	28,204,792,228	24,735,970,194
Bills Purchased & Discounted		-	-
Fixed Assets including Premises, Furniture and Fixtu	7	203,244,364	206,725,508
Others Assets	8	497,279,277	528,755,039
Non Banking Assets		-	-
Total Assets		37,705,379,320	32,763,855,755
<b>LIABILITIES AND CAPITAL</b>			
Borrowings from other Banks, Financial Institutions and	9	11,000,000,000	10,083,400,000
Deposits and Other Accounts:		6,044,175,822	7,351,029,755
Current Accounts and Other Accounts		-	-
Bills Payable		-	-
Savings Bank Deposits	10	1,693,379,716	1,324,541,335
Fixed Deposits	11	3,677,126,971	5,322,637,278
Bearer Certificates of Deposit			
Other Deposits	12	673,669,135	703,851,142
Other Liabilities	13	3,644,764,383	3,491,405,287
Total Liabilities		20,688,940,205	20,925,835,042
Capital/Shareholder's Equity			
Paid Up Capital	14	5,590,000,000	5,590,000,000
Recapitalization	15	10,000,000,000	5,000,000,000
Statutory Reserve	16	509,973,543	435,789,202
Special Reserve	17	182,938,117	164,392,032
Dividend Equalization Fund	18	222,650,000	166,750,000
General Reserve	19	510,877,456	481,089,479
Total Shareholders Equity		17,016,439,115	11,838,020,713
Total Liabilities and Shareholders Equity		37,705,379,320	32,763,855,755





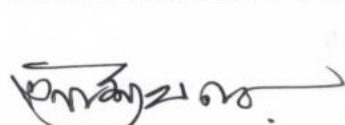
KARMASANGSTHAN BANK

Balance Sheet

As at June 30, 2022

Particulars	Notes	Amount in Taka	
		30.06.2022	30.06.2021
<b>Off-Balance Sheet Items</b>			
<b>Contingent Liabilities</b>			
Acceptances & Endorsements		-	-
Letters of Guarantee		-	-
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Other Contingent Liabilities		207,411,445	124,940,045
<b>Total</b>		<b>207,411,445</b>	<b>124,940,045</b>
<b>Other Commitments</b>			
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		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Total Off-Balance Sheet items including contingent liabilities</b>		<b>207,411,445</b>	<b>124,940,045</b>

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



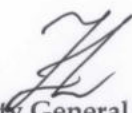
Managing Director



Director



Chairman



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

Signed in terms of our separate report of even date.



A.K.M Fazlul Haque FCA

Enrolment No. 1090

Partner

Hussain Farhad & Co.

Chartered Accountants

DVC: 2210121090AS214116

Place: Dhaka

Date: 12th October, 2022



AKM Mohitul Haq FCA

Enrolment No. 0458

Senior Partner

Ahmed Zaker & Co.

Chartered Accountants

DVC: 2210120458AS679705

**KARMASANGSTHAN BANK**  
**Profit & Loss Account**  
**For the year ended June 30, 2022**

Particulars	Notes	Amount in Taka	
		2021-2022	2020-2021
Interest Income	20	2,582,159,861	2,442,164,919
Interest Paid on Deposits and Borrowings etc.	21	(782,268,512)	(746,188,288)
<b>Net interest income</b>		<b>1,799,891,349</b>	<b>1,695,976,631</b>
SND Deposits Income	22	47,955,001	69,058,179
Other Operating Income	23	59,590,538	62,281,997
		<b>107,545,539</b>	<b>131,340,176</b>
<b>Total operating income (A)</b>		<b>1,907,436,888</b>	<b>1,827,316,807</b>
Salary & Allowances	24	1,092,205,967	1,005,493,728
Rent, Taxes, Insurance, Electricity etc.	25	6,251,460	7,255,678
Legal Expenses	26	43,460	122,940
Postage, Stamp, Telecommunication etc.	27	7,436,045	6,866,672
Stationery, Printings, Advertisements etc.	28	9,841,161	7,999,019
Chief Executive's Salary and Fees	29	1,873,099	2,504,713
Directors Fees	30	1,436,400	1,260,000
Auditors Fees	31	300,000	250,000
Depreciation and Repair of Bank Assets	32	38,486,957	36,190,240
Other Expenses	33	106,728,637	80,314,759
<b>Total operating expenses (B)</b>		<b>1,264,603,186</b>	<b>1,148,257,749</b>
<b>Total Profit before provision (C)=(A-B)</b>		<b>642,833,701</b>	<b>679,059,058</b>
Provision for Loans & Advances	34	268,165,316	235,777,733
Contribution to Staff Benevolent Fund	35	3,746,684	6,790,591
Provision for Balance with Other Bank & I	36	-	-
<b>Total provision (D)</b>		<b>271,912,000</b>	<b>242,568,324</b>
<b>Net Profit before Taxes (E)=(C-D)</b>		<b>370,921,701</b>	<b>436,490,734</b>
<b>Total Tax Provision (F)</b>		<b>142,503,299</b>	<b>174,596,294</b>
Provision for Taxation 40%	37	148,368,680	174,596,294
Deferred Tax	38	5,865,381	-
<b>Net Profit after Taxes (G)=(E-F)</b>		<b>228,418,402</b>	<b>261,894,441</b>





# KARMASTANGSTHAN BANK

## Profit & Loss Account

For the year ended June 30, 2022

Particulars	Notes	Amount in Taka	
		2021-2022	2020-2021
<b>Appropriations</b>			
(Total Profit after Taxes)		228,418,402	261,894,441
Provision for Statutory Reserve 20% of Total Profit before Tax	39	74,184,340	87,298,147
Provision for Special Reserve 5% of Total Profit before Taxes	40	18,546,085	21,824,537
Provision for Arrear Income Tax adjustment	41	40,000,000	50,000,000
Other provision (Construction of Bank Building)	42	10,000,000	10,000,000
Dividend Equalization Fund	43	55,900,000	55,900,000
<b>Total appropriations (H)</b>		<b>198,630,425</b>	<b>225,022,684</b>
<b>Net Profit after Taxation &amp; Provision (I)=(G-H)</b>	44	<b>29,787,976</b>	<b>36,871,757</b>
(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.

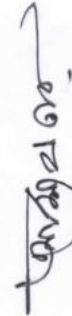
  
A.K.M Fazlul Haque FCA  
Enrolment No. 1090  
Partner  
Hussain Farhad & Co.  
Chartered Accountants  
DVC 2210121090AS214116

  
AKM Mohitul Haq FCA  
Enrolment No. 0458  
Senior Partner  
Ahmed Zaker & Co.  
Chartered Accountants  
DVC 2210120458AS 670705

Place: Dhaka  
Date: 12th October, 2022

**KARMASANGSTHAN BANK**  
**Statement of Changes in Equity**  
As on June 30, 2022

Particulars	Amount in Taka					
	Paid-up Capital	Statutory Reserve	General Reserve	Special Reserve	Dividend Equalization Fund	Recapitalization
Balances as at 01 July, 2021	5,590,000,000	435,789,202	481,089,479	164,392,032	166,750,000	5,000,000,000
Prior year Adjustment for Deferred Tax	-	-	-	-	-	-
Paid up capital (Paid by Government bank & Financial institution. of Bangladesh)	-	-	-	-	-	-
Recapitalization	-	-	-	-	-	5,000,000,000
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	-	74,184,340	29,787,976	18,546,085	55,900,000	-
Balance as at 30 June, 2022	5,590,000,000	509,973,543	510,877,456	182,938,117	222,650,000	10,000,000,000
						178,418,402
						17,016,439,115

  
Managing Director

Director

Chairman

  
HUSSAIN FARHAD & CO.  
Chartered Accountants

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

Signed in terms of our separate report of even date.

  
AHMED ZAKER & CO.  
Chartered Accountants

Dated: October 12, 2022  
Place: Dhaka



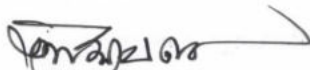
**KARMASANGSTHAN BANK**  
**Statement of Cash Flows**  
**For the year ended June 30, 2022**

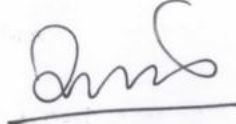
Particulars	Amount in Taka	
	2021-2022	2020-2021
<b>A. Cash flow from operating activities</b>		
Interest receipts in cash	2,631,391,056	1,750,594,307
Interest payments	(809,726,345)	(586,128,999)
Dividends receipts	-	-
Fee and commission receipts in cash	59,590,538	62,281,997
Recoveries on loans previously written off	14,374,742	7,247,473
Cash payments to employees	(1,043,600,155)	(880,016,898)
Cash payments to suppliers	(9,841,161)	(7,621,402)
Income tax paid	(135,699,186)	(122,500,000)
Payments for other operating activities	(395,423,597)	(219,399,723)
Receipts form other operating activities	15,202,618,847	10,608,841,923
Operating profit before charges in operating assets and liabilities	<b>15,513,684,737</b>	<b>10,613,298,679</b>
<b>Increase/decrease in operating assets and liabilities</b>		
Loans and advances to customers	(18,609,700,000)	(15,966,600,000)
Deposit from customer	(1,306,853,932)	(219,738,541)
Purchase /Sale of trading securities	-	-
Loans and Advances From other Banks (Sonali Bank)	(2,000,000,000)	-
Loans and advances from Bangladesh Bank	2,916,600,000	4,664,790,000.00
Other assets	-	-
Deposit from other banks	-	-
Deposit from customer	-	-
Other Liabilities account of customers	-	-
Other liabilities	-	-
Trading liabilities	-	-
	<b>(18,999,953,932)</b>	<b>(11,521,548,541)</b>
<b>Net Cash from Operating Activities(A)</b>	<b>(3,486,269,195)</b>	<b>(908,249,862)</b>
<b>B. Cash flow from Investing Activities:</b>		
Proceeds from sale of securities	-	-
Payments for purchase of securities	-	-
Purchase of Property, Plant & Equipment	(6,070,368)	(14,962,349)
Purchase/Sale of subsidiary	-	-
<b>Net Cash from Investing activities(B)</b>	<b>(6,070,368)</b>	<b>(14,962,349)</b>




**KARMASANGSTHAN BANK**  
**Statement of Cash Flows**  
For the year ended June 30, 2022

Particulars	Amount in Taka	
	2021-2022	2020-2021
<b>C. Cash flow from Financing Activities:</b>		
Receipts from Bangladesh Government as paid up capital	-	-
Receipts as paid up capital from SBL, JBL, ABL, RBL & BASIC	-	-
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	5,000,000,000.00
<b>Net Cash flow from Financing Activities(C)</b>	-	-
<b>D. Net increase/decrease in cash (A+B+C)</b>	<b>1,507,660,437</b>	<b>4,076,787,789</b>
<b>E. Cash and cash equivalent at beginning of the year</b>	<b>7,292,400,014</b>	<b>3,215,612,225</b>
<b>F. Cash and cash equivalent at end of the year</b>	<b>8,800,060,451</b>	<b>7,292,400,014</b>

  
Managing Director

  
Director

  
Chairman

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

Signed in terms of our separate report of even date.

  
A.K.M Fazlul Haque, FCA  
Enrolment No. 1090  
Partner  
Hussain Farhad & Co.  
Chartered Accountants  
DVC 2210121090AS214116

Place: Dhaka  
Date: 12th October 2022

  
AKM Mohitul Haq FCA  
Enrolment No. 0458  
Senior Partner  
Ahmed Zaker & Co.  
Chartered Accountants  
DVC 2210120458AS6797  
05



**KARMASANGSTHAN BANK**  
**Notes to the Financial Statements**  
**As at June 30, 2022**

**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 2021 to 30 June 2022.

**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 Trunk,

**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, defines a lease as "A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration." In order to assess whether a contract conveys the right to control the use of an identified asset, an entity shall assess whether, throughout the period of use, the customer has both of the following:

### a) Right-of-use assets

The company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received.

### b) Lease Liabilities

At the commencement date of the lease, the company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.





**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 & Other Payables:**

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, Staff Superannuation 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 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, 2022.

3.03 As per Ministry of Finance letter No .অম/ব্যআপ্রবি/প্রঃব্য শা/এলা-২/২০০৮-২৩৬, তারিখ: ২৯-০৪-২০১০. Provision for Incentive Bonus of Tk. 3,90,32,408.00 has been made for the year ended June 30, 2022.

3.04 A sum of Tk 37,46,684.00 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.14,25,03,299.00 before Taxes has been made @ 40% for the year ended June 30, 2022.

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 been made for the year ended June 30, 2022 Total amount Tk. 58,65,381.00.

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. 7,41,84,340.00 and Special Reserve @ 5% of Tk.1,85,46,085.00.

3.08 Provision for Arrear Income Tax Adjustment of Tk. 40,000,000.00 has been made for the year ended June 30, 2022.

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, 2022 has been transferred to Dividend Equalization Fund.

3.10 Retained Earnings amounting to Tk. 2,97,87,976.00 for the year ended June 30, 2022 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 According to section 7(1) of the Karmasangsthan Bank Act 1998, the paid up capital of the Bank shall be be one hundred crore Taka, of which 75% shall be paid by the Government of the People's Republic of Bangladesh and 25% shall be paid by commercial banks, scheduled banks, insurance companies and financial institutions. Now the paid up capital is Eight hundred crore. Besides, under section 7(1) commercial banks, scheduled banks, insurance companies and financial institutions can nominate a director subject to the number of their shares being 10%. As per section 7(1), directors cannot be appointed as commercial banks, scheduled banks, insurance companies and financial institutions do not have 10% shareholding.





3.15 The core banking software (CBS) of the Karmasangsthan Bank is being developed by its own Employees. The CBS is still running on trial basis. When the software goes into full live operation, It will be included in Fixed Assets as intangible assets.

3.16 Going Concern:

The Bank has adequate resources to continue operation for foreseeable future. For these reasons the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the Bank provides sufficient fund to meet the present requirements of its existing business operation.

3.17 Karmasangsthan Bank has Fixed Deposits Receipts (FDR) amounting to BDT. 55,000,000, BDT. 100,000,000 and BDT. 75,000,000 respectively kept with First Finance Limited, Premier Leasing & Finance Limited and Pheniex Finance and Investment Limited. If the recovery from FDR is not satisfactory, it will be possible to recover the money of FDR in due course through the direction of the Board of Directors and the best efforts of the bank management authorities. Bank has not created any provision because Bank held a tri partite meeting with Bangladesh Bank, First Finance Limited, Phoniex finance and investment Ltd & Premier Leasing limited. In that meeting Bangladesh Bank instructed Phoniex finance and investment Ltd to pay all the due amount within 30th December 2023. Bangladesh Bank authorities told First Finance Limited to pay all the due amount within 31st December 2022 and Bangladesh Bank authorities Premier Leasing limited to pay all due amount within 30th December 2023.



4. Cash  
Cash in hand

Amount in Taka	
30.06.2022	30.06.2021
3,000	5,000
<u>3,000</u>	<u>5,000</u>

5. Balance with Other Banks & Financial Institutions

Short Notice Deposits (SND)  
Mobile Banking  
Fixed Deposits Receipts (FDR)

1,040,560,451	1,680,400,014
-	-
7,759,500,000	5,612,000,000
<u>8,800,060,451</u>	<u>7,292,400,014</u>

6. Loans and Advances

Loans on Own Program  
Loans on KBSDS  
Loans on KBTDS  
Loans on SECP  
Loans on SEIF Project  
Loans on Agro-Based Project  
House Building Loan  
Motor Cycle Loan  
Consumers Loan  
Computer Loan  
Advance Office Rent with Interest  
Bangladesh Bank Loan (Fisheries & Live Stock)  
Bangladesh Bank Loan (Milk Production & Artificial Insemination)  
Bangobandhu Jubo Loan  
BB Bangobandhu Jubo Loan  
Covid 19 loan Programme  
Disabled Loan  
Widow/Husband Abandoned Loan  
Transgender Community Loan

9,132,357,017	10,370,265,820
12,979,243	17,646,741
3,754,564	3,611,872
6,247,057	7,084,898
69,131,514	82,813,636
23,498,026	35,106,165
1,877,322,166	1,520,253,134
87,815,328	60,312,880
484,260,391	478,912,739
69,668,092	36,933,626
4,413,586	2,136,003
2,126,245,875	3,889,060,239
4,792,458	7,162,285
3,387,895,233	2,095,952,280
5,783,772,705	2,002,606,699
5,115,625,677	4,126,111,177
7,574,050	-
7,439,246	-
-	-
<u>28,204,792,228</u>	<u>24,735,970,194</u>

6.01 Classification of Loans & Advances

	CL Percentage			
	30.06.2022	30.06.2021		
1. Unclassified Loans	96.00%	95.94%	27,077,341,021	23,731,768,183
2. Classified Loans	4.00%	4.05%	1,127,451,207	1,004,202,011
a) Sub-standard	0.80%	1.15%	225,307,745	285,631,475
b) Doubtful	0.45%	0.57%	127,879,098	141,605,649
c) Bad/ Loss	2.75%	2.33%	774,264,364	576,964,887
			<u>28,204,792,228</u>	<u>24,735,970,194</u>

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

Opening balance as on July 01	296,542,397	281,580,048
Add: Purchased during the year	6,070,368	14,962,349
	<u>302,612,765</u>	<u>296,542,397</u>
Less: Disposal/ Adjustment during the year	-	-
	<u>302,612,765</u>	<u>296,542,397</u>

Depreciation (B)

Opening balance as on July 01	89,816,889	79,811,674
Add: Depreciation Charged during the year	9,551,512	10,005,215
	<u>99,368,401</u>	<u>89,816,889</u>
Less: Disposal/ Adjustment during the year	-	-
Depreciation of ROU assets as per Under IFRS-16	25,904,786	24,515,495





**Written Down Value (A-B)**

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

Amount in Taka	
30.06.2022	30.06.2021
125,273,187	114,332,384
203,244,364	206,725,508

**8. Other Assets**

Stamps	8.01	6,708,624	6,899,742
AIT and Tax Deducted at Source	8.02	250,586,482	382,134,630
Stock of Stationery & Supplies	8.03	1,521,081	1,974,802
Advance and Pre-paid Expenses	8.04	96,546,057	68,456,698
Inter Branch Adjustment Account	8.05	19,662,737	6,318,485
Work In Progress (WIP)	8.06	50,561,017	3,761,281
Right Of Use (ROU) Assets as per IFRS-16	8.07	66,281,260	59,209,401
Deferred Tax Assets	8.08	5,412,019	-
		<b>497,279,277</b>	<b>528,755,039</b>

**8.01 Stamps**

All Branches	6,708,624	6,899,742
	<b>6,708,624</b>	<b>6,899,742</b>

**8.02 Advance Income Tax & Tax Deducted at Source**

Opening balance	382,134,630	221,888,509
Less: Adjustment during the year	(298,575,215)	(274,629)
	<b>83,559,415</b>	<b>221,613,881</b>
Add: Addition during the year	167,027,067	160,520,749
	<b>250,586,482</b>	<b>382,134,630</b>

**8.03 Stock of Stationery & Supplies**

Opening Balance	1,974,802	2,620,045
Add: Purchased during the year	5,022,887	2,656,095
	<b>6,997,689</b>	<b>5,276,140</b>
Less: Consumed during the year	(5,476,608)	(3,301,338)
	<b>1,521,081</b>	<b>1,974,802</b>

**8.04 Advance and Pre-paid Expenses**

Advances Against Travelling Expenses	2,389	2,389
Advances Paid for Office Rent	618,352	960,829
Accrued interest from FDR	86,052,935	51,390,045
Miscellaneous	9,872,381	16,103,435
	<b>96,546,057</b>	<b>68,456,698</b>

**8.05 Inter Branch Adjustment (Head Office & All Branches)**

Opening balance	6,318,485	4,709,582
Adjustment during the year	(2,838,666)	(3,712,217)
	<b>3,479,819</b>	<b>997,365</b>
Addition during the year	16,182,918	5,321,121
	<b>19,662,737</b>	<b>6,318,485</b>

**8.06 Work In Progress (WIP)**

Opening balance	3,761,281	12,474,966
Adjustment during the year	50,252,901	(12,166,850)
	<b>54,014,182</b>	<b>308,116</b>
Addition during the year	(3,453,165)	3,453,165
	<b>50,561,017</b>	<b>3,761,281</b>



		Amount in Taka	
		30.06.2022	30.06.2021
8.07	<b>Right Use (ROU) Of Assets</b>		
	Opening balance	59,209,401	83,724,896
	Adjustment during the year	(25,904,786)	(24,515,495)
	Addition during the year	32,976,645	-
	Balance End of the year	<u>66,281,260</u>	<u>59,209,401</u>
8.08	<b>Deferred Tax Assets</b>		
	Opening balance	-	-
	Addition during the year	<u>5,412,019</u>	<u>-</u>
		<u>5,412,019</u>	<u>-</u>
9.	<b>Borrowings from other Banks, Financial Institutions and Agents</b>		
	Bangladesh Bank Loan	9.01 11,000,000,000	8,083,400,000
	Sonali Bank Ltd. Loan	9.02 -	2,000,000,000
		<u>11,000,000,000</u>	<u>10,083,400,000</u>
9.01	<b>Bangladesh Bank Loan</b>		
	Fisheries & Live Stock	1,000,000,000	1,000,000,000
	Fisheries & Live Stock -2 Face	-	-
	Fisheries & Live Stock -3 Face	-	1,333,400,000
	Fisheries & Live Stock -4 Face	3,000,000,000	2,250,000,000
	BB Bangabandhu Jubo Loan	7,000,000,000	3,500,000,000
	Milk Pro. & Artificial Ins.	-	-
		<u>11,000,000,000</u>	<u>8,083,400,000</u>
9.02	<b>Sonali Bank Ltd. Loan</b>		
	Loan from Sonali Bank Limited	-	2,000,000,000
		<u>-</u>	<u>2,000,000,000</u>
10.	<b>Savings Bank Deposits</b>		
	Savings Deposits (All Branches)	1,693,379,716	1,324,541,335
		<u>1,693,379,716</u>	<u>1,324,541,335</u>
11.	<b>Fixed Deposits</b>		
	KBTDs (All Branches)	3,677,126,971	5,322,637,278
		<u>3,677,126,971</u>	<u>5,322,637,278</u>
12.	<b>Other Deposits</b>		
	KBSDs (All Branches)	672,829,135	703,511,142
	Security Deposits {Asstt. Officer (Cash)}	840,000	340,000
		<u>673,669,135</u>	<u>703,851,142</u>
13.	<b>Other Liabilities</b>		
	Provision for Loans	13.01 1,023,440,636	827,730,171
	Provision for Unclassified Loans	250,234,998	220,951,403
	Provision for Classified Loans	773,205,638	606,778,768
	Interest Suspense	13.02 156,715,560	145,796,651
	Death Risk Coverage Scheme (borrowers)	13.03 162,694,812	111,414,514
	Fund from Bangladesh Govt.	13.04 946,100,000	946,100,000
	Revolving Fund (Payable to Govt.)	13.05 133,034,016	131,024,278
	Construction of Bank Building	13.06 130,000,000	120,000,000
	Income Tax Provision	13.07 148,368,680	298,571,893
	Remittance Advance	13.08 22,050,996	16,310,349
	Lease Liabilities	13.09 66,945,482	60,404,760





Other Payable (Shown in Annexure-B)

**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 (own)  
Loans on SEIF Project  
Loans on Agro-Based Project  
Loans on Bangladesh Bank (Fisheries & Live Stock) 1,2,3,4  
Loans on BB (4Th stage) Bangabondhu Jubo Loan  
Loans on Bangladesh Bank (Milk Pro. & Artificial Ins.)  
Covid 19 Loan  
Covid 19 Loan 4th stage  
Bangabondhu Jubo Loan ( Funds from Bangladesh Bank)  
House Loan  
Motor Cycle Loan  
Computer Loan  
KBSDS Loan  
KBTDS 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 BB (4Th stage) Bangabondhu Jubo Loan  
Loans on Bangladesh Bank (Milk Pro. & Artificial Ins.)  
Covid 19 Loan  
Covid 19 Loan 4th stage  
Bangabondhu Jubo Loan ( Funds from Bangladesh Bank)  
House Loan  
Motor Cycle Loan  
Computer Loan  
KBSDS Loan  
KBTDS Loan  
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

Amount in Taka	
30.06.2022	30.06.2021
855,414,201	834,052,672
<b>3,644,764,383</b>	<b>3,491,405,287</b>

827,730,171	592,047,850
(72,454,851)	(95,412)
<b>755,275,320</b>	<b>591,952,438</b>
268,165,316	235,777,733
<b>1,023,440,636</b>	<b>827,730,171</b>

86,260,767	99,246,794
33,741,492	20,957,555
252,126	415,718
85,382	191,755
7,008,498	38,796,490
14,042,935	
37,428	55,912
30,367,392	41,261,112
20,674,368	
57,764,610	20,026,067
	-
	-
	-
	-
	-
	-
<b>250,234,998</b>	<b>220,951,403</b>

699,740,406	551,347,603
3,592,456	196,736
42,662,469	37,297,528
12,763,767	12,365,206
8,653,337	4,724,914
823,186	-
727,587	668,012
2,343,558	
20,522	
1,575,195	
253,784	
49,371	
	178,769
<b>773,205,638</b>	<b>606,778,768</b>

145,796,651	116,531,302
80,830,021	48,681,407
<b>226,626,672</b>	<b>165,212,709</b>
(69,911,112)	(19,416,058)
<b>156,715,560</b>	<b>145,796,651</b>

111,414,514	60,692,235
-------------	------------



		Amount in Taka	
		30.06.2022	30.06.2021
Addition during the year		69,761,665	65,319,054
Adjustment during the year		181,176,179	126,011,289
		(18,481,367)	(14,596,775)
		<b>162,694,812</b>	<b>111,414,514</b>
<b>13.04 Fund from Bangladesh Govt.</b>			
For Agro-Based project		500,000,000	500,000,000
For SEIF project		410,500,000	410,500,000
For EHCLB project		35,600,000	35,600,000
		<b>946,100,000</b>	<b>946,100,000</b>
<b>13.05 Revolving Fund</b>			
	<b>Opening</b>	<b>Addition</b>	
For Agro-Based project	75,429,400	1,766,235	77,195,635
For SEIF project	55,594,878	243,503	55,838,381
For EHCLB project	-	-	-
	<b>131,024,278</b>	<b>2,009,738</b>	<b>133,034,016</b>
<b>a) Total Fund received from Bangladesh Govt.</b>			
	<b>Fund</b>		
	<b>Principal</b>	<b>Revolving</b>	
For Agro-Based project	500,000,000	77,195,635	577,195,635
For SEIF project	410,500,000	55,838,381	466,338,381
For EHCLB project	35,600,000	-	35,600,000
	<b>946,100,000</b>	<b>133,034,016</b>	<b>1,079,134,016</b>
<b>13.06 Construction of Bank Building</b>			
Opening Balance		120,000,000	110,000,000
Addition during the year		10,000,000	10,000,000
		<b>130,000,000</b>	<b>120,000,000</b>
<b>13.07 Income Tax Provision</b>			
Opening Balance		298,571,893	123,975,599
Addition during the year		148,368,680	174,596,294
		<b>446,940,573</b>	<b>298,571,893</b>
Adjustment during the year		(298,571,893)	-
		<b>148,368,680</b>	<b>298,571,893</b>
<b>13.08 Remittance Advance from NCC Bank</b>			
Opening Balance		16,310,349	19,751,743
Addition during the year		133,639,189	183,977,807
		<b>149,949,538</b>	<b>203,729,550</b>
Adjustment during the year		(127,898,542)	(187,419,201)
		<b>22,050,996</b>	<b>16,310,349</b>
<b>13.09 Lease Liabilities</b>			
Opening Balance		60,404,760	83,724,896
Addition During the Year		36,207,399	3,097,288
Adjustment during Year		29,666,677	26,417,424
		<b>66,945,482</b>	<b>60,404,760</b>
<b>14. Share Capital</b>			
Authorized Capital:			
100,000,000 Ordinary Share of Tk.100 each		10,000,000,000	10,000,000,000
		<b>10,000,000,000</b>	<b>10,000,000,000</b>
<b>Paid-Up Capital :</b>			





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

Amount in Taka	
30.06.2022	30.06.2021
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.53.00.0000.321.20.04.16-152 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**

<b>Government of Bangladesh</b>	4,650,000,000	4,650,000,000
Sonali Bank Ltd.	260,000,000	260,000,000
Janata Bank Ltd.	255,000,000	255,000,000
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
	<b>5,590,000,000</b>	<b>5,590,000,000</b>
<b>15 Recapitilization</b>		
Opening Balance	5,000,000,000	5,000,000,000
Addition during the year	5,000,000,000	-
	<b>10,000,000,000</b>	<b>5,000,000,000</b>
<b>16. Statutory Reserve</b>		
Opening Balance	435,789,202	348,491,056
Addition during the year	74,184,340	87,298,147
	<b>509,973,543</b>	<b>435,789,202</b>
<b>17 Special Reserve</b>		
Opening Balance	164,392,032	142,567,495
Addition during the year	18,546,085	21,824,537
	<b>182,938,117</b>	<b>164,392,032</b>
<b>18 Dividend Equalization Fund</b>		
Opening Balance	166,750,000	110,850,000
Addition during the year	55,900,000	55,900,000
	<b>222,650,000</b>	<b>166,750,000</b>
<b>19 General Reserve</b>		
Opening Balance	481,089,479	444,217,722
Less: Adjustment for deferred Tax	-	-
Addition during the year	29,787,976	36,871,757
	<b>510,877,456</b>	<b>481,089,479</b>



20 Interest Income

Interest on Loans and Advances (Own Program)	929,116,070	1,367,468,451
Interest & other income on Bangladesh Bank Loan (Fisheries & Live Stock)	6,979,249	14,537,824.00
Interest & other income on Bangladesh Bank Loan (Fisheries & Live Stock) 2	6,623,985	14,265,976.00
Interest & other income on Bangladesh Bank Loan (Fisheries & Live Stock) 3	57,201,815	136,063,194.00
Interest & other income on Bangladesh Bank Loan (Fisheries & Live Stock) 4	180,115,549	108,736,906.00
Interest on BB Bangobandu Jubo Loan	288,815,490	48,393,850.00
Interest on COvid19 Loan	383,468,010	179,146,693.00
Interest on Disabled Loan	53,336	-
Interest on Widow/Husband Abandoned Loan	53,417	-
Interest on Revolving Fund for Agro-Based Project	1,525,589	1,253,106
Interest on KBSDS Loan	1,533,883	2,224,123
Interest on KBTDS/FD Loan	274,238	405,955
Interest form FD	360,465,083	317,520,843
Interest on SECP Loan	565,995	669,002
Service charges on Revolving Fund for SEIF Project	757,964	680,737
Interest on Staff Loans ( House Building & Motor Cycle Loan)	59,468,792	50,008,804
Interest & Other income on Bangladesh Bank Loan (Milk Production & Artificial Insemination)	1,595,093	613,776
Interest on Office Rent Advance	1,637,498	214,422
Interest on Computer Loan	2,299,821	1,486,471
Interest on Consumers Loan	36,814,685	45,240,099
Interest on Bangobandu Jubo Loan	262,794,299	153,234,687

2,582,159,861 2,442,164,919

21. Interest Paid on Deposits and Borrowings, etc.

Interest on Savings & Deposits	346,718,022	371,577,032
Interest on Bangladesh Bank Loan	393,939,379	234,880,634
Interest on Sonali Bank Ltd Loan	41,611,111	136,633,334

782,268,512 746,188,288

22. SND Deposits Income

Interest on SND Deposits (All Branches)	3,333,681	2,584,796
Interest on SND Deposits (Head Office)	44,621,320	66,473,383

47,955,001 69,058,179

23. Other Operating Income

Fees & Other Charges	457,512	325,860
Income from Selling of Forms	23,088,352	24,715,290
Selling of Withdrawal Slip	101,198	92,574
Accounts Maintenance Fee	21,624,799	19,930,928
Remittance Income	273,300	314,600
NID Income	1,201,590	





Miscellaneous Income (Including Recruitment Income)

Amount in Taka	
30.06.2022	30.06.2021
12,843,787	16,902,745
59,590,538	62,281,997

**24. 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

361,439,982	335,940,168
92,495,807	89,919,698
191,893,493	179,315,997
-	43,872
66,101,000	62,852,600
15,957,376	10,777,538
11,492,400	9,537,710
641,653	351,940
27,056,437	25,579,768
10,450,621	786,000
2,443,729	2,525,656
816,000	9,768,417
6,925,800	6,915,090
-	-
350,357	360,000
735,011	691,365
27,471	24,772
7,088,475	6,616,861
109,335,312	71,518,703
39,032,408	53,411,695
136,556,704	127,825,543
2,748,000	2,786,500
45,039	24,000
7,747,665	7,298,067
-	-
825,227	621,768
1,092,205,967	1,005,493,728

**25. Rent, Taxes, Insurance, Electricity, etc.**

Office Rent  
Holding Taxes  
Insurance  
Electricity

1,006,634	2,562,059
47,950	102,277
675,641	452,696
4,521,235	4,138,646
6,251,460	7,255,678

**26. Legal Expenses**

Legal Expenses (all cases)

43,460	122,940
43,460	122,940

**27. Postage, Stamps, Internet, Telephone, etc.**

Postage  
Telecommunication  
Internet

1,318,873	942,511
3,318,284	3,229,819
2,798,888	2,694,342
7,436,045	6,866,672

**28. Stationery, Printing, Advertisement, etc.**

Stationery and Printings  
Advertisements  
Table Stationery  
Continuous paper

3,709,206	3,338,439
1,110,437	617,046
3,236,154	2,575,090
1,785,364	1,468,444
9,841,161	7,999,019



**29. 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 Maintenance Allowance
Education Support Allowance

Amount in Taka	
30.06.2022	30.06.2021

809,540	907,400
15,581	17,450
404,770	453,700
39,400	45,000
-	-
2,000	1,000
9,095	10,470
156,000	156,000
93,404	362,960
15,600	15,600
323,709	523,500
4000	11,633
<b>1,873,099</b>	<b>2,504,713</b>

**30. Directors' Fees**

Chairman's Honorarium
Director's Fees

530,000	485,600
906,400	774,400
<b>1,436,400</b>	<b>1,260,000</b>

**31. Auditors' Fees**

Auditors' Fee
---------------

300,000	250,000
<b>300,000</b>	<b>250,000</b>

**32. Depreciation & Repairs of Bank assets**

Depreciation
Repair

35,456,299	34,520,710
3,030,658	1,669,530
<b>38,486,957</b>	<b>36,190,240</b>

**33. 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 d
Branch Shifting/Opening Expenses
Staff Transport Expenses
Business Development Expenses
News Paper & Periodicals
Computer Spares
Subscription & Donation (including BIBM & Welfare)
Water & Sewerage expenses
Meeting & Conference
Parts Goods purchase
GPF Interest
Sundry Expenses (Including Recruitment Expenses)

16,189,957	13,439,374
1,372,801	721,996
10,356,437	7,676,790
1,505,915	1,185,908
3,467	14,083
1,238,900	965,200
506,749	669,997
4,936,592	4,628,453
3,262,957	4,167,037
492,306	290,280
2,329,579	2,171,064
3,221,370	2,564,299
1,735,279	1,676,718
193,385	154,539
2,783,238	2,534,546
889,897	799,580
1,102,767	637,262
1,471,535	1,200,466
45,789,182	27,915,147
7,346,323	6,902,020
<b>106,728,637</b>	<b>80,314,759</b>

**34. Provision for Loans & Advances**

Provision required as per loan classification
---

268,165,316	235,777,733
<b>268,165,316</b>	<b>235,777,733</b>





		Amount in Taka	
		30.06.2022	30.06.2021
35.	<b>Contribution to Staff Benevolent Fund</b> (1% of total profit after provision)	3,746,684	6,790,591
		<u>3,746,684</u>	<u>6,790,591</u>
A sum of Tk. 3,072,318 has been transferred to Benevolent Fund as per Ministry of Finance letter No. অম/অবি/ব্যাকিং/প্রঃ-শা-৩/বিবিধ-২/২০০৫/৭৭, তারিখ: ০৩.০৫.২০০৬ and also approval of the Board.			
36	<b>Provision for Balance with Other Bank &amp; FI</b>		
	Opening Balance	-	-
	Addition during the year	-	-
		<u>-</u>	<u>-</u>
37	<b>Provision for Income tax</b> @ 40 % of profit before income tax	148,368,680	174,596,294
		<u>148,368,680</u>	<u>174,596,294</u>
38	<b>Provision for Deferred Tax</b>		
	Opening Balance	-	-
	Addition during the year	5,865,381	-
		<u>5,865,381</u>	<u>-</u>
39	<b>Provision for Statutory Reserve</b> Provision for Statutory Reserve (20% of profit before tax)	74,184,340	87,298,147
		<u>74,184,340</u>	<u>87,298,147</u>
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% .			
40	<b>Provision for Special Reserve</b> Provision for Special Reserve (5% of profit before tax)	18,546,085	21,824,537
		<u>18,546,085</u>	<u>21,824,537</u>
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% .			
41	<b>Provision for arrear Income Tax adjustment</b>	40,000,000	50,000,000
		<u>40,000,000</u>	<u>50,000,000</u>
Previous year balance Advance Tax has been adjusted during the year.			
42	<b>Other Provision (Construction of Bank Building)</b>	10,000,000	10,000,000
		<u>10,000,000</u>	<u>10,000,000</u>
The mangement of the Bank with prior approval of the Board has made provision for construction of own Bank Building in the near future.			
43	<b>Dividend Equalization Fund</b> Dividend Equalization Fund	55,900,000	55,900,000
		<u>55,900,000</u>	<u>55,900,000</u>
44	<b>Net Profit after Taxation &amp; Provision (Surplus Net Profit)</b> Transfer to General Reserve Fund	29,787,976	36,871,757
		<u>29,787,976</u>	<u>36,871,757</u>

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, 2022

Annexure-A  
Amount in Taka

Particulars	Cost				Rate of Depr. (%)	Depreciation				Written Down Value as at 30.06.2022
	Balance as at July 1, 2021	Addition during the year	Disposal/ Adjustment during the year	Balance as at 30.06.2022		Balance as at July 1, 2021	Depreciation charged during the year	Disposal/ Adjustment during the year	Balance as at 30.06.2022	
1	2	3	4	5=2+3-4	6	7	8	9	10=7+8-9	11=5-10
Furniture & Fixtures	44,089,846	4,683,534	-	48,773,380	10%	23,625,800	2,200,481	-	25,826,281	22,947,099
Office Machineries	67,012,547	1,008,163	-	68,020,710	20%	38,732,210	5,740,803	-	44,473,013	23,547,697
Office Equipments	963,427	15,291	-	978,718	15%	393,074	87,933	-	481,007	497,711
Electrical Equipments	5,869,367	363,380	-	6,232,747	20%	2,982,107	626,990	-	3,609,097	2,623,650
Motor Vehicles	25,442,395	-	-	25,442,395	20%	21,393,683	809,741	-	22,203,424	3,238,971
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%	2,438,771	85,564	-	2,524,335	3,336,988
<b>Total (30.06.2022) :</b>	<b>296,542,397</b>	<b>6,070,368</b>	<b>-</b>	<b>302,612,765</b>		<b>89,816,889</b>	<b>9,551,512</b>	<b>-</b>	<b>99,368,401</b>	<b>203,244,364</b>
<b>Total (30.06.2021) :</b>	<b>281,580,048</b>	<b>14,962,349</b>	<b>-</b>	<b>296,542,397</b>		<b>79,811,674</b>	<b>10,005,215</b>	<b>-</b>	<b>89,816,889</b>	<b>206,725,508</b>
<b>Right of Use (ROU) Assets as per IFRS-16</b>										
Right of Use Assets	83,724,896	32,976,645	-	116,701,541		24,515,495	25,904,786	-	50,420,281	66,281,260
<b>Total (30.06.2022) :</b>	<b>83,724,896</b>	<b>32,976,645</b>	<b>-</b>	<b>116,701,541</b>		<b>24,515,495</b>	<b>25,904,786</b>	<b>-</b>	<b>50,420,281</b>	<b>66,281,260</b>
<b>Total (30.06.2021) :</b>	<b>83,724,896</b>	<b>-</b>	<b>-</b>	<b>83,724,896</b>		<b>24,515,495</b>	<b>25,904,786</b>	<b>-</b>	<b>50,420,281</b>	<b>59,209,401</b>



Particulars	Balance as at 30.06.2021	Addition during the year	Total	Adjustment during the year	Paid during the year	Balance as at 30.06.2022
1	2	3	4=2+3	5	6	7=4-5-6
Vat, Source Tax, Excise Duty	6,184,954	6,840,775	13,025,729	-	6,184,954	6,840,775
Accrued Salary	1,378,618	1,826,614	3,205,232	-	1,378,618	1,826,614
Telephone & Electricity Bill	169,600	176,761	346,361	-	169,600	176,761
Water & Sewerage	85,000	80,000	165,000	-	85,000	80,000
Printing	3,154,575	637,849	3,792,424	-	3,154,575	637,849
Audit Fee	200,000	300,000	500,000	-	200,000	300,000
Repairs, Renewals & Fuel	63,525	198,398	261,923	-	63,525	198,398
GPF Interest	27,900,000	42,000,000	69,900,000	-	27,900,000	42,000,000
Contribution to Staff Benevolent Fund	6,873,667	3,844,444	10,718,111	-	6,873,667	3,844,444
Provision for Prior year Income Tax adjustment	75,000,000	40,000,000	115,000,000	-	20,699,186	94,300,814
Staff Suparenuation Fund	9,762,553	10,336,736	20,099,289	-	9,762,553	10,336,736
Staff Provident Fund	6,309,185	6,711,785	13,020,970	-	6,309,185	6,711,785
Provision for Incentive Bonus	181,620,000	39,000,000	220,620,000	-	125,203,605	95,416,395
Provision for balance Other bank & FI	-	-	-	-	-	-
Provision for Procurement of Furniture Bill	598,606	1,254,276	1,852,882	-	598,606	1,254,276
Provision for Procurement of Computer, CPU, UPS Bill	-	48,164,692	48,164,692	-	-	48,164,692
Deferred Tax	453,362	-	453,362	-	453,362	-
All Branches (Interest on Agro-Based Loan)	3,858,036	2,463,244	6,321,280	-	3,858,036	2,463,244
All Branches Covid-19 Loan Interest	-	32,402,075	32,402,075	-	-	32,402,075
Agro loan, SIEF loan and Covid-19 Loan Revolving Fund	-	3,250,650	3,250,650	-	-	3,250,650
Miscellaneous	510,440,991	505,208,693	1,015,649,684	-	510,440,991	505,208,693
<b>Total :</b>	<b>834,052,672</b>	<b>744,696,992</b>	<b>1,578,749,664</b>	<b>-</b>	<b>723,335,463</b>	<b>855,414,201</b>

