

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JANATA BANK LIMITED

We have audited the accompanying revised financial statements of Janata Bank Limited, which comprise the balance sheet as at December 31, 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), Companies Act 1994, Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the securities and exchanges rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risks assessment, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

The bank has determined the required provision for Super Annuation Fund (SAF) and Gratuity Fund as of 31 December 2009 at Tk. 1753.97 crore because of the implementation of new pay scale 2009 against which there exist a provision of Taka 1449.08 crore leaving a shortfall of Taka 304.89 crore for which no provision has been made in the financial statements.

In our opinion, except for the effects on the financial statement of the matter referred to in preceding paragraph the financial statements present fairly, in all material respect, give a true and fair view of the financial position of Janata Bank Ltd. as at December 31, 2009 and of its financial performance and its cash flows for the year then ended.

Subject to the above, 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 purposes of our audit and made due verification thereof;
- ii) In our opinion, proper books of account as required by law have been kept by the bank so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit which have been received from the branches not visited by us;
- iii) The bank's balance sheet and profit and loss account and its cash flows dealt with by the report are in agreement with the books of account and returns;
- iv) The expenditure incurred was for the purposes of the bank's business;
- v) The financial position of the company at December 31, 2009 and the profit for the year then ended have been properly reflected in the financial statements; the financial statements have been prepared in accordance with the generally accepted accounting principles;
- vi) The financial statements have drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- vii) Adequate provisions have been made for advances which are in our opinion, doubtful of recovery;
- viii) The financial statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- ix) The records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- x) The information and explanations required by us have been received and found satisfactory;
- xi) Guidelines of Core Risk Management issued by Bangladesh Bank vide BRPD Circular # 17 dated 7/10/2003 were not fully complied with;
- xii) The account of overseas subsidiary associate and branches were not audited by us;
- xiii) 80% of the risk-weighted assets of the branches allocated for audit have been audited by us;
- xiv) We have spent approximately 7100 man-hours for the audit of books and accounts of the bank.
- xv) This report supersedes our previous report dated March 25, 2010 as correction has been made by the management in the Financial Statements under BAS 8.

Sd/= **Howladar Yunus & Co.**
Chartered Accountants

Dated, Dhaka
June 16, 2010

Sd/= **A. Wahab & Co.**
Chartered Accountants

Janata Bank Limited
Revised Balance Sheet
As of 31 December 2009

| PROPERTY AND ASSETS | Notes | 31.12.2009 Taka | 31.12.2008 Taka |
|---|--------------|----------------------------|----------------------------|
| Cash | 3 | | |
| Cash in hand (Including foreign currency) | | 3,611,730,895 | 4,036,224,616 |
| Balance with Bangladesh Bank and it's agent bank(s) | | 12,920,117,768 | 12,490,948,085 |
| | | 16,531,848,663 | 16,527,172,701 |
| Balance with other banks and financial institutions | 4 | | |
| In Bangladesh | | 2,215,123,115 | 3,523,399,750 |
| Outside Bangladesh | | 1,908,304,371 | 2,456,393,565 |
| | | 4,123,427,486 | 5,979,793,315 |
| Money at call on short notice | 5 | 5,533,529,807 | 7,088,744,458 |
| Investments: | 6 | | |
| Government | | 70,617,630,895 | 57,255,466,440 |
| Others | | 1,915,572,787 | 568,059,547 |
| | | 72,533,203,682 | 57,823,525,987 |
| Loans and Advances | 7 | | |
| Loans, cash credit, overdrafts, etc. | | 157,540,717,889 | 137,184,639,985 |
| Bills purchased & discounted | | 8,818,767,730 | 7,493,543,403 |
| | | 166,359,485,619 | 144,678,183,388 |
| Fixed Assets including premises, furniture and fix. | 8 | 2,685,195,290 | 2,446,425,915 |
| Other assets | 9 | 25,896,092,822 | 32,613,451,158 |
| Non -banking assets | | - | - |
| TOTAL PROPERTY AND ASSETS | | 293,662,783,369 | 267,157,296,922 |
| LIABILITIES AND CAPITAL | | | |
| Liabilities: | | | |
| Borrowings from other banks, financial institutions and agents | 10 | 31,565,952 | 587,633 |
| Deposits and other Accounts | 11 | | |
| Current accounts and other accounts | | 49,424,716,702 | 42,563,114,833 |
| Bills Payable | | 2,604,256,004 | 2,433,587,338 |
| Savings bank deposits | | 72,351,530,297 | 68,045,122,155 |
| Fixed deposits | | 121,794,543,476 | 108,293,926,408 |
| Bearer certificates of deposits | | - | - |
| Other deposits | | - | - |
| | | 246,175,046,479 | 221,335,750,734 |
| Other Liabilities | 12 | 33,595,800,525 | 36,758,590,982 |
| Total Liabilities | | 279,802,412,956 | 258,094,929,349 |
| Capital/Shareholder's Equity : | | | |
| Paid-up Capital | 13 | 5,000,000,000 | 2,593,900,000 |
| Statutory Reserve | 14 | 2,644,948,976 | 1,491,956,374 |
| Legal Reserve | 15 | 52,892,954 | 44,946,031 |
| Other Reserve | 16 | 6,141,468,825 | 2,645,620,801 |
| Surplus in Profit/(Loss) Account | 17 | 21,059,658 | 2,285,944,367 |
| Total Shareholders' Equity | | 13,860,370,413 | 9,062,367,573 |
| TOTAL LIABILITIES & SHARE HOLDERS' EQUITY | | 293,662,783,369 | 267,157,296,922 |

| OFF-BALANCE SHEET ITEMS | Notes | 31.12.2009 Taka | 31.12.2008 Taka |
|--|-------|-----------------------|-----------------------|
| <u>Contingent Liabilities</u> | 18 | | |
| Acceptances & Endorsements | | - | - |
| Letters of Guarantee | | 3,773,949,984 | 3,205,771,280 |
| Irrevocable Letters of Credit | | 64,128,270,545 | 59,491,466,114 |
| Bills for Collection | | 5,616,051,672 | 7,427,076,266 |
| Other Contingent Liabilities | | - | - |
| | | 73,518,272,201 | 70,124,313,660 |
| Other Commitments: | | | |
| Documentary credits and other 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 | | - | - |
| | | 73,518,272,201 | 70,124,313,660 |
| Total off-Balance Sheet Items including Contingent Liabilities: | | 73,518,272,201 | 70,124,313,660 |

The annexed notes form an integral part of the Balance Sheet.

Sd/=
Md. Belal Hossain
Sr. Consultant (Accounts)

Sd/=
S. M. Aminur Rahman
CEO & Managing Director

Sd/=
Dr. R. M. Debnath
Director

Sd/=
Dr. Jamaluddin Ahmed, FCA
Director

Sd/=
Chowdury Abdul Quayum
Director

Sd/=
Dr. Abul Barkat
Chairman

This is the Balance Sheet referred to in our report of even date.

Dated, Dhaka
16 June, 2010

Sd/=
Howladar Yunus & Co.
Chartered Accountants

Sd/=
A. Wahab & Co.
Chartered Accountants

Janata Bank Limited
Profit and Loss Account
For the year ended 31 December 2009

| PARTICULARS | Notes | 2009 Taka | 2008 Taka |
|--|-------|-----------------------|-----------------------|
| Interest income | 19 | 14,867,965,209 | 12,953,199,215 |
| Interest paid on deposits and borrowings etc. | 20 | (10,376,982,626) | (9,306,491,598) |
| Net Interest Income | | 4,490,982,583 | 3,646,707,617 |
| Investment income | 21 | 5,602,314,548 | 4,157,161,357 |
| Commission, exchange and brokerage | 22 | 2,870,042,705 | 3,115,680,661 |
| Other operating income | 23 | 733,788,146 | 696,002,901 |
| Total Operating Income | | 13,697,127,982 | 11,615,552,536 |
| Salary and allowances | 24 | 3,996,581,522 | 3,614,838,109 |
| Rent, taxes, insurance and electricity, etc. | 25 | 415,175,831 | 364,630,527 |
| Legal Expenses | 26 | 5,370,963 | 5,575,795 |
| Postage, stamp, telecommunication etc. | 27 | 1,865,896 | 1,149,396 |
| Stationery, printings , advertisements etc. | 28 | 106,649,043 | 89,716,011 |
| Chief executive's (MD) salary and fees | | 8,400,000 | 7,093,000 |
| Directors' fees | 29 | 1,062,000 | 918,000 |
| Auditor's fees | | 2,166,608 | 1,739,541 |
| Depreciation and repair of bank's assets | 30 | 183,171,745 | 166,179,887 |
| Other expenses | 31 | 398,560,520 | 360,647,772 |
| Total Operating Expenses | | 5,119,004,128 | 4,612,488,038 |
| Profit/(Loss) before provision | | 8,578,123,854 | 7,003,064,498 |
| Provision for loans and advances | 32 | 688,063,124 | 485,000,000 |
| Provision for off balance sheet items | 33 | 35,200,000 | 468,591,137 |
| Provision for other assets (Fraud forgery) | | 100,000,000 | - |
| Provision for valuation adjustment | 34 | 890,000,000 | 889,000,000 |
| Provision for SAF & Gratuity | 35 | 650,000,000 | |
| Other provisions | 36 | 450,000,000 | 411,149,592 |
| Total provision | | 2,813,263,124 | 2,253,740,729 |
| Total profit / (Loss) before income tax | | 5,764,860,730 | 4,749,323,769 |
| Provision for taxation: | 37 | | |
| Prior Year | | 793,305,697 | 2,396,370,517 |
| Current Year | | 1,006,603,730 | 1,143,690,508 |
| | | 1,799,909,427 | 3,540,061,025 |

| PARTICULARS | Notes | 2009 Taka | 2008 Taka |
|---|-------|----------------------|----------------------|
| Deferred tax income/ (expense): | 9.06 | | |
| Prior year | | - | - |
| Current year | | (983,076,823) | 1,936,119,662 |
| | | (983,076,823) | 1,936,119,662 |
| Net profit/(loss) after taxation | | 2,981,874,480 | 3,145,382,406 |
| Add: Transfer from other reserve | | 37,547,378 | 41,774,131 |
| Less: Last year adjustment | | (15,099,020) | - |
| Net Profit(Loss) after adjustment | | 3,004,322,838 | 3,187,156,537 |
| Appropriations | | | |
| Statutory Reserve | | 1,152,972,146 | 949,864,754 |
| Previous Year adjustment | | - | 303,964,762 |
| General Reserve | | - | - |
| Legal Reserve | | 7,916,798 | 15,435,205 |
| | | 1,160,888,944 | 1,269,264,721 |
| Surplus transferred to Retained Earnings | 17 | 1,843,433,894 | 1,917,891,816 |
| Earning per share (EPS) | 13.04 | 78.02 | 83.88 |

The annexed notes form an integral part of the Profit and Loss Account.

Sd/=
Md. Belal Hossain
Sr. Consultant (Accounts)

Sd/=
S. M. Aminur Rahman
CEO & Managing Director

Sd/=
Dr. R. M. Debnath
Director

Sd/=
Dr. Jamaluddin Ahmed, FCA
Director

Sd/=
Chowdhury Abdul Quayum
Director

Sd/=
Dr. Abul Barkat
Chairman

This is the Profit and Loss account referred to in our report of even date.

Sd/=
Dated, Dhaka
16 June 2010
Howladar Yunus & Co.
Chartered Accountants

Sd/=
A. Wahab & Co.
Chartered Accountants

Janata Bank Limited
Cash Flow Statement
For the year ended 31st Dec' 2009

| | 2009 Taka | 2008 Taka |
|--|-------------------------|------------------------|
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Interest receipt in cash | 14,366,372,419 | 12,533,641,880 |
| Interest payments | (7,979,664,606) | (7,090,537,657) |
| Dividend receipts | 22,277,355 | 17,659,717 |
| Fees and commission receipt in cash | 2,857,347,080 | 3,049,403,858 |
| Cash Payments to employees | (4,004,981,522) | (3,625,845,832) |
| Cash Payments to suppliers | (106,649,043) | (89,716,011) |
| Income from investment | 5,542,714,193 | 4,139,501,641 |
| Receipt from other operating activities | 685,548,270 | 679,186,675 |
| Payments for other operating activities | (654,439,025) | (660,619,166) |
| Cash flow from operating activities before changes in working capital | 10,728,525,121 | 8,952,675,105 |
| Increase/decrease in Operating Assets & Liabilities: | | |
| Statutory deposits | 566,128,360 | 237,817,894 |
| Loans and advances to customers | (21,681,302,231) | (23,473,728,414) |
| Loans and advances to other banks | - | - |
| Other assets | 6,296,809,803 | 1,967,432,370 |
| Balance with other banks | 1,856,365,829 | 1,348,609,556 |
| Other liabilities | (10,403,199,130) | (7,643,108,661) |
| Deposits from other banks | 2,872,179,476 | 83,486,246 |
| Deposits from customers | 21,967,116,269 | 22,616,372,434 |
| Net cash flow from operating Activities (A) | 12,202,623,497 | 4,089,556,530 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Securities and Bond (others) | (1,310,190,240) | 177,314,018 |
| (Purchase)/Sale of securities(Govt.) | (13,362,164,455) | (2,137,909,614) |
| (Purchase)/sale of property, plant and equipments | (361,785,811) | (129,358,056) |
| Purchase/sale of subsidiary | - | - |
| Net cash flow from investing activities (B) | (15,034,140,506) | (2,089,953,652) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Receipts from issue of loan capital & debt security | - | - |
| Payments for redemption of loan capital & debt security | - | - |
| Receipts from issue of ordinary share (Right share) | 1,250,000,000 | - |
| Dividend paid | - | - |
| (Payments)/Receipt from borrowings | 30,978,319 | (2,530,800,000) |
| Net cash flow from financing activities (C) | 1,280,978,319 | (2,530,800,000) |
| D. Net increase/Decrease in cash (A+B+C) | (1,550,538,690) | (531,197,122) |
| E. Cash and cash equivalents at beginning of the year | 23,615,917,159 | 24,147,114,281 |
| F. Cash and cash equivalents at end of the year | 22,065,378,469 | 23,615,917,159 |

Note: Cash & Cash Equivalents:

Cash in hand
 Balance With Bangladesh Bank & it's agent bank's
 Money at call & short notice

| 2009 Taka | 2008 Taka |
|-----------------------|-----------------------|
| 3,611,730,895 | 4,036,224,616 |
| 12,920,117,768 | 12,490,948,085 |
| 5,533,529,807 | 7,088,744,458 |
| 22,065,378,470 | 23,615,917,159 |

Sd/=

Md. Belal Hossain
Sr. Consultant (Accounts)

Sd/=

S. M. Aminur Rahman
CEO & Managing Director

Sd/=

Dr. R. M. Debnath
Director

Sd/=

Dr. Jamaluddin Ahmed, FCA
Director

Sd/=

Chowdhury Abdul Quayum
Director

Sd/=

Dr. Abul Barkat
Chairman

This is the Profit and Loss account referred to in our report of even date.

Dated, Dhaka
 16 June 2010

Sd/=

Howladar Yunus & Co.
Chartered Accountants

Sd/=

A. Wahab & Co.
Chartered Accountants

Janata Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2009

| Particulars | Paid up Capital | Statutory Reserve | Other Reserve | Legal Reserve (UAE branches) | Retained Surplus | Total |
|--|----------------------|----------------------|----------------------|------------------------------|----------------------|-----------------------|
| Balance as at 01 January 2009 | 2,593,900,000 | 1,491,956,374 | 2,645,620,801 | 44,946,031 | 2,285,944,367 | 9,062,367,573 |
| Issue of Bonus share | 1,156,100,000 | - | - | - | (1,156,100,000) | - |
| Issue of Right share | 1,250,000,000 | - | - | - | - | 1,250,000,000 |
| Tran.from unused prov.for cash Incentive for recovery of CL advances | - | - | - | - | 39,064,335 | 39,064,335 |
| Inec. for rate fluctuation of UAE Dirham | - | 20,456 | - | 30125 | 200,832 | 251,413 |
| Adjust.of Depn.of revalued Assets | - | - | (37,547,378) | - | - | (37,547,378) |
| Gain on revaluation of T. bill as per B.B. guideline | - | - | 3,533,395,402 | - | - | 3,533,395,402 |
| Adjustment agst.JEC capital a/c from JEC net profit of 2006&07 | - | - | - | - | 33,843,410 | 33,843,410 |
| Statutory Reserve transferred from P/L A/c | - | 1,152,972,146 | - | - | - | 1,152,972,146 |
| Adjustment against unaccounted AIT on L/c Com. (From 2000 to 2008') | - | - | - | - | 206,084,596 | 206,084,596 |
| Legal Reserve | - | - | - | 7,916,798 | - | 7,916,798 |
| Retained Profit / (Loss) for the year | - | - | - | - | 1,843,433,894 | 1,843,433,894 |
| Prior year's Adjustment of deferred tax account as per BAS 8 | - | - | - | - | (3,231,411,776) | (3,231,411,776) |
| Balance as of 31 December 2009 | 5,000,000,000 | 2,644,948,976 | 6,141,468,825 | 52,892,954 | 21,059,658 | 13,860,370,413 |
| Balance as of 31 December 2008 | 2,593,900,000 | 1,491,956,374 | 2,645,620,801 | 44,946,031 | 2,285,944,367 | 9,062,367,573 |

Sd/=

Md. Belal Hossain
Sr. Consultant (Accounts)

Sd/=

S. M. Aminur Rahman
CEO & Managing Director

Sd/=

Dr. R. M. Debnath
Director

Sd/=

Dr. Jamaluddin Ahmed, FCA
Director

Sd/=

Chowdhury Abdul Quayum
Director

Sd/=

Dr. Abul Barkat
Chairman

This is the Profit and Loss account referred to in our report of even date.

Dated, Dhaka
16 June 2010

Sd/=

Howladar Yunus & Co.
Chartered Accountants

Sd/=

A. Wahab & Co.
Chartered Accountants

Janata Bank Limited
Liquidity Statement
Assets and Liability Maturity Analysis
As of 31 December 2009

| Particulars | Up to 01 month | 01 to 03 months | 03 to 12 months | 01 to 05 years | More than 05 years | Total |
|--|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | Taka | Taka | Taka | Taka | Taka | Taka |
| Assets: | | | | | | |
| Cash in hand and with Bangladesh Bank | 16,531,848,663 | - | - | - | - | 16,531,848,663 |
| Balance with other banks and financial institutions | 485,594,689 | 350,000,000 | 1,600,000,000 | 1,687,832,797 | - | 4,123,427,486 |
| Money at call on short notice | 5,533,529,607 | - | - | - | - | 5,533,529,607 |
| Investment | 2,394,016,026 | 7,510,480,236 | 14,111,914,248 | 20,366,876,023 | 28,149,917,149 | 72,533,203,682 |
| Loans and Advances | 23,411,250,700 | 34,747,520,350 | 39,250,215,100 | 35,951,215,300 | 32,999,284,169 | 166,359,485,619 |
| Fixed assets including premises, furniture and fixtures | - | 48,617,495 | 82,540,600 | 251,460,430 | 2,302,576,965 | 2,685,195,490 |
| Other assets | 2,202,530,260 | 2,352,510,500 | 4,752,035,260 | 4,118,952,515 | 12,470,064,287 | 25,896,092,822 |
| Non banking assets | - | - | - | - | - | - |
| Total Assets | 50,558,769,945 | 45,009,128,581 | 59,796,705,208 | 62,376,337,065 | 75,921,842,570 | 293,662,783,369 |
| Liabilities | | | | | | |
| Borrowing from Bangladesh Bank, other banks, financial institutions and agents | | - | - | - | 31,565,952 | 31,565,952 |
| Deposits | 46,353,625,400 | 38,292,034,823 | 47,787,035,400 | 55,856,025,700 | 38,179,515,730 | 226,468,237,053 |
| Other accounts | 4,402,536,000 | 6,209,050,240 | 5,101,230,250 | 2,616,560,046 | 1,377,432,890 | 19,706,809,426 |
| Provision and other liabilities | 1,652,325,300 | 270,825,360 | 3,251,025,240 | 817,481,625 | 27,604,143,000 | 33,595,800,525 |
| Total Liabilities | 52,408,486,700 | 44,771,910,423 | 56,139,290,890 | 59,290,067,371 | 67,192,657,572 | 279,802,412,956 |
| Net Liquidity Gap | (1,849,716,755) | 237,218,158 | 3,657,414,318 | 3,086,269,694 | 8,729,184,998 | 13,860,370,413 |

Sd/=

Md. Belal Hossain
Sr. Consultant (Accounts)

Sd/=

S. M. Aminur Rahman
CEO & Managing Director

Sd/=

Dr. R. M. Debnath
Director

Sd/=

Dr. Jamaluddin Ahmed, FCA
Director

Sd/=

Chowdhury Abdul Quayum
Director

Sd/=

Dr. Abul Barkat
Chairman

This is the Profit and Loss account referred to in our report of even date.

Sd/=

Dated, Dhaka
16 June 2010

Howladar Yunus & Co.
Chartered Accountants

Sd/=

A. Wahab & Co.
Chartered Accountants

Janata Bank Limited.
Notes to the Financial Statements
For the year ended 31 December 2009

1.0 Background information

1.1 Legal status of the Bank

Janata Bank Limited is a state owned commercial bank which was incorporated as a Public Limited Company on 21 May 2007 as per Companies Act 1994 and took over the business of the then Janata Bank with all of its assets, liabilities, right, power, privilege and obligation on a going concern basis through a vendor agreement signed between the Peoples Republic of Bangladesh and Janata Bank Limited on 15 November 2007 with a retrospective effect from 1 July 2007. All of its operational activities are governed by the Bank Companies Act 1991 . The Bank has eight hundred fifty one (851) branches including four (04) overseas branches and a 100% owned subsidiary Janata Exchange Company srl. Italy as of 31 December, 2009.

Bangladesh Bank issued license on 31-05-2007 in the name of Janata Bank Limited to conduct the banking business.

1.2 Nature of business

The Bank provides all kinds of commercial banking services to its customers including accepting deposits, extending loan & advances, discounting & purchasing bills, remittance, money transfer, foreign exchange transaction, guarantee, commitments etc. The principal activities of its subsidiary are to carry on the remittance of hard-earned foreign currency to Bangladesh. Keeping this service in mind, the Bank has opened an NRB branch to render exclusive service to non resident Bangladeshis.

Janata Bank Ltd. has a plan to switch over to a multi disciplinary financial institution by conducting Merchant Banking business and Islamic Banking operation.

1.3 Subsidiary Company-Janata Exchange Company srl. Italy

A subsidiary Company named Janata Exchange Co. srl. Italy was incorporated on 18, Jan-2002 vide Ministry of Finance letter # Ag/Awe/e`vswKs/kv-7/wewea-12(2) 2000 dated 3 January 2001 and letter # Ag/Awe/e`vswKs/kv-7/12(2)2000/164 dated 27 June 2001 with 100% ownership of Janata Bank having authorized capital of ITL 1.00 Billion and its paid-up capital is Euro=600.000.

Apart from Rome Branch, JEC, Italy has another Branch in Milan, Italy, which was established vide MOF's approval Letter # Ag/Awe/e`vswKs bxt/kv-1 /12/(2)/200/ 3/352 24 November 2002.

The board of directors of the company is as under:

Chairman : CEO & Managing Director of Janata Bank Limited

Director's : (1) Chief of Exchange Company

(2) Economic Counselor of Bangladesh Embassy in Rome.

The financial statements of Janata Exchange Co. srl Italy (JEC) has not been consolidated with the Bank's account rather annual audited statements of accounts of JEC for the year 2009 has been shown in annexure-05.

2.0 Significant accounting policies

2.1 Scope and objective:

The accounting policy comprises of principles, basic assumptions, concepts, rules, practices, and procedures prescribed by the regulatory authority and adopted by the management for preparation and presentation of financial statements. The purpose of accounting policy is to provide the appropriate organizational and methodological directions in observance of an uniform accounting activity in the Bank.

2.2 Basis for preparation of financial statements

These financial statements as of December 31, 2009 have been prepared in accordance with the " First Schedule" of the Bank Companies Act 1991 as amended, under section 38 (4) of that Act, Bangladesh Bank's Circulars, International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and other rules and regulations applicable in Bangladesh on a going concern basis under historical cost convention. The Accounting period of the Bank covers the period from 1st January 2009 to 31st December 2009.

2.3 Basis for Consolidation of Accounts

The statement of affairs and income & expenditure account of all branches and head office have been consolidated based on which the financial statement for the year is prepared.

2.4 Accounts of overseas branches

Figures relating to the bank's overseas branches' accounts in the UAE have been incorporated in these accounts on the basis of accounts certified by independent Chartered Accountants of that country and converted into taka currency at the rates prevailing on 31 December 2009

2.5 Accruals & Deferrals

Deferrals and accruals have been made as per guidance of framework set forth in the International Accounting Standards; accordingly financial statements have been prepared. Accrual basis of accounting has been followed. Under this basis, the effects of transactions and other events are recognized when they occur but not merely when the amount is received or paid.

2.6 Revenue Recognition

The revenue have been recognized in term of Bangladesh Accounting Standard (BSA) 18. Accordingly interest on loans, investment, fees & commission, dividend and interest expenses etc have been recognized. The recognition criteria have been described item wise as under:

2.7 Investment and related income:

- a) Investments securities both held for trading and held to maturity are stated at cost. Investments in securities held for trading are stated at mark to market.
- b) Income on investments other than shares of Joint Stock Companies is accounted for on accrual basis.
- c) Net increase in securities held for trading during the period due to revaluation at mark to market basis has been credited to profit and loss account.
- d) Dividend income on shares of joint stock companies is accounted for in the year of receipt of such dividend.
- e) Interest on loans and advances, investment and other assets and discount income are stated at gross amount as per requirement of BRPD Circular # 14 dated 25 June 2003.

2.8 Fees & Commission

- a) Commission charged to customers on letter of credit and guarantee is credited to income at the time of effecting the transactions.
- b) Fees and commission on bills discounted and purchased are recognized at the time of realization.

2.9 Loans and advances:

A. Interest on loans and advances

- i. Interest on unclassified loans is calculated on a daily product basis but charged and accounted for quarterly basis and in some cases half yearly & yearly basis. No interest is charged on bad/loss loans and advances.

- ii. Interest is calculated on classified loans and advances as per Bangladesh Bank BRPD Circular nos. 16/1998, 09/2005 & 05/2006 and kept in interest suspense account and credited to income on realization. The same procedure is followed for special mentioned account (SMA).

B. Provision for loans and advances

Provision for loans and advances has been made on the basis of instructions contained in Bangladesh Bank BRPD Circular no. 05/2006 and as per periodical review by the management.

Provisions for loans and advances have been created as per rate prescribed below:

| | |
|--|---------|
| Provision for Unclassified Loan & Advances | 1.00% |
| Provision for SME | 2.00% |
| Provision for STAC, MC and SMA | 5.00% |
| Provision for Substandard Loan & Advances | 20.00% |
| Provision for Doubtful Loan & Advances | 50.00% |
| Provision for Bad & Loss Loan & Advances | 100.00% |

C. Written off of loans and advances

Loans and advances with no realistic prospect of recovery have been written off against which full provisions were made and legal cases have been filed but remained pending, except the state owned enterprises for which no legal actions have been taken. Detailed memorandum records for all such written off accounts are maintained without reducing the Bank's claim.

D. Presentation of loans & advances

Advances are shown at gross amount as assets while interest suspense and loan loss provision against classified advances are shown as liabilities in the Balance Sheet as per BRPD Circular No. 14 dated 25 June 2003.

- i) Staff loan of Taka 10868.90 million allowed at concessional rate as approved by the authority are shown under advances as per BRPD Circular no. 14, dated 25 June 2003.

E. Securities against Loan

1. Project loan: Land and building are taken as security in the form of mortgage and plant & machinery are taken in the form of hypothecation.
2. Working capital and trading loan: Goods are taken as security in the form of pledge and also goods are taken as security in the form of hypothecation along with land and building as mortgage (value not less than 1.50 times covering the loan amount) in the form of collateral security.

3. House building loan: Land and building are taken as security in the form of mortgage.
4. Overdraft: FDR's are taken in pledge. The balance in DPS/JBSPS/SDPS A/C's is taken in "lien".
5. In most cases Govt. Guarantee is taken against public sector loan.
6. No security is taken for Govt. loan and Crops Loan to Agriculture sector.

2.10 Interest on Deposits & Other Expenses

Interest paid on deposits and borrowings together with other expenses are recognized on accrual basis.

2.11 Fixed Assets

As per management decision revaluation of fixed assets of the Bank was done thrice earlier. In 1998 by Taka. 371.52 million, in 2004 by Taka. 590.27 million and in the year 2007 following the instruction of vendor's agreement signed between Janata Bank Ltd. and Ministry of Finance revaluation of all assets except electrical equipment was done by an aggregate amount of Taka 1,152,016,458.

- a) Land & Buildings have been revalued based on physical verification by an independent survey firm appointed by Board of Directors. The calculation is based on average sale and purchase price of last six month of respective locality. Revaluation of assets under Furniture & Fixture, Transport, Vehicle and Computer has been done by the Bank management considering the useful life of the respective assets based on physical verification.
- b) Depreciation is charged at the following rates per annum on reducing balance method on all fixed assets other than motor vehicles, bi-cycles and computer, which are depreciated on straight-line method at the rate of 20% per annum.

| | |
|--|-------|
| Building | 2.5% |
| Furniture and fixtures. Library books | 10.0% |
| Electrical installation and machinery, Motor Vehicle | 20.0% |
| Type writers and calculating machines Computer Accessories | 20.0% |

Depreciation is charged at the applicable rates proportionately on assets purchased in the first half of the year from the month of their acquisition. No depreciation is charged on addition of assets purchased in the second half. No depreciation is charged on the assets which were disposed in the first half of the year and depreciation is charged on the assets which were disposed off in the second half of the year.

- c) Upon retirement of items of fixed assets the net book values are eliminated from the accounts and the resulting gains or losses, if any, are transferred to profit and loss account.

- d) Repairs and maintenance expenses of fixed assets are charged to profit and loss account, when incurred.

2.12 Foreign currency translation/conversion

Foreign currency transactions are converted into equivalent taka currency using the ruling exchange rate on the date of respective transaction. Assets and liabilities as at 31 December 2009 in foreign currencies are translated into taka currency at the average of prevailing selling and buying rate of the concerned currency of that day. Difference arising through transactions and revaluation on different dates of the year have been adjusted by debiting/crediting to the Profit and Loss Account.

2.13 Commitments

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

2.14 Earning Per Share

The Company calculates Earning Per Share (EPS) in accordance with BAS 33: Earning Per Share, which has been shown on the face of profit & loss account, and the computation of EPS is stated in Note 13.04.

Basic earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of shares issued during the year multiplied by a time-weighting factor. The time weighting factor is the numbers of days the specific shares are outstanding as a proportion of the total number of days in the year.

Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding for the year.

Diluted earnings per share

For the purpose of calculating diluted earning per share, the net profit attributable to ordinary shareholders and the weighted average number of shares outstanding has been adjusted for the effects of all dilutive potential ordinary shares.

2.15 Related Party Transactions

The Bank provides banking service to the different ministries and corporation in the form of advances, letter of credit, bank guarantee etc. but the Bank had no transactions with the directors of the Bank as a related party.

2.16 Post balance sheet events:

No material event occurred after the Balance Sheet date that could affect the values stated in the financial statement.

2.17 Assets pledged as Security

The Bank has no secured liabilities and no assets of the Bank was pledged as security against any liabilities during the year 2009.

2.18 Provision for Taxation

- i **Past tax liability of Janata Bank:** Income tax assessments till 2003-2004 have been finalized. Assessments for the year 2004-05, 2005-2006, 2006-2007 and 2007- 2008 are under process. Income tax provision for Tk.1006.60 million has been considered for the year ended 31st December, 2009 on the basis of estimated assessment made by the Tax Consultant including income tax Tk 548.48 million for the year 2005-06 and Tk. 244.83 million for the year 2004-05.
- ii 793.31 million for the prior year 2004 -2005, 2005-2006. A total refund of Tk. 3231.4 million is receivable from tax authority after completion of assessment upto the income year 2002.
- iii **Current Tax:** Income tax has been provided @ 42.5% on the Taxable profit for the year ended 31 December 2009 as per ITO 1984.
- iv **Deferred Tax :** As per Bangladesh Accounting Standard 12 deferred tax has been calculated. Detailed calculation has been shown in note number 9.06.

2.19 Liquidity statement:

The Liquidity Statement has been prepared in accordance with grouping of the value of the remaining assets and liabilities as on the reporting date.

2.20 Off- setting of asset and liability:

The values of any asset or liability as shown in the balance sheet are not off-set by way of deduction from another liability or asset unless there exists a legal right therefore. No such incident took place during the period.

2.21 Reconciliation:

a) NOSTRO A/C reconciliation position up to 31 December 2009 is given below:

| SL N o | Outstanding period | Outstanding | | | | Total Outstanding Entries |
|--------------|-----------------------|-----------------------------|------------------------------|----------------------------|------------------------------|---------------------------------|
| | | As per Statement | | As per Ledger | | |
| | | Nos. of Debit Entries | Nos. of Credit Entries | No. of Debit Entries | Nos. of Credit Entries | |
| 1 | For Jan-Dec'05 | 02 | - | - | - | 02 |
| 2 | For Oct'09 | - | 05 | - | - | 05 |
| 2 | For Nov'09 | - | 08 | - | 10 | 18 |
| 3 | For Dec.-09 | 0 | 24 | - | 12 | 36 |
| Total : | | 02 | 37 | - | 22 | 61 |

b) Inter branch reconciliation:

Details of un-reconciled entries of Inter Branch Transaction Accounts (IBTA) as on 31 December 2009 are given in note no.12.01.

2.22 Segment reporting:

For the purpose of Segment Reporting as per Bangladesh Accounting Standards-14, the following segments relating to revenue, expenses, assets and liabilities have been identified and shown in the related notes accordingly as primary/ secondary segments.

- banking operations comprising branches of the banking entity,
- treasury operations comprising the banking entity
- Domestic operations in line with geographical segments.

Loans and Advances have been written off which have no realistic prospect of recovery, against which full provision have been kept and legal cases are pending except the state owned enterprise for which no legal actions have been initiated. However, this write off will not reduce the claim of the Bank against borrower in any way.

2.23 Write off of Other Assets:

Other Assets have been written off which have no realistic prospect of recovery and full provision has been kept. However, this write off will not off-set the claim of the Bank against the debtors in any way.

2.24 Retirement benefit scheme

The Bank operates two alternative retirement benefit schemes for its permanent employees, elements of which are as under:

a) Contributory Provident Fund (CPF) scheme:

1. Employees' contribution 10%
2. Bank's contribution 10%
3. This fund is operated by a Board comprising twelve (12) trustees.
4. Gratuity: Employees enjoying contributory provident fund facilities are entitled gratuity for 2 months last basic pay drawn for each completed year of service subject to completion of minimum 10 years of service. The scheme is operated on cash basis.

b) General pension fund scheme

i) Superannuation Fund

The Bank operates Pension Scheme. The Bank was paying 40% of basic salary of each employee in each month w.e.f. 2004 to 30-06-2009 to the Super Annuation Fund for payment of pension to the retiring employees. The paying rate has been reduced to 25% of basic salary of each employee in each month from July, 2009. Contribution to the Super Annuation Fund is an allowable expenditure as per tax rule.

ii) General Provident Fund (GPF)

Employees opted for pensions are also contributing 10%-30% as per their desire to GPF which is also operated by the same Trustee Board as CPF. The Bank does not contribute any amount against these employees to GPF.

iii) Pension and Gratuity benefit

Pension & Gratuity benefit payable as of 31.12.2009 as calculated by the management has been provided in the books of accounts.

c) Leave encashment

The Officer/Staff who has been opted for Pension and General Provident Fund, will be entitled to leave encashment facilities for twelve months at the time of retirement as per letter No. MF/FD/Reg-2/leave-16/84/9 dated 21.01.1985 of Finance Division, Ministry of Finance, Govt. of Bangladesh. But if a staff (not officer) has enjoyed /will enjoy leave encashment facilities before retirement, will be provided with the rest amount after deduction of the amount enjoyed earlier, as per letter No. MF/B & 1/Banking/2/1/80/101 dated 31.05.80 of previous Banking & Investment Division, Ministry of Finance, and Government of Bangladesh. The leave encashment benefit is paid to the incumbent debiting

“Expenditure A/C Leave Encashment Code No.-1217”. Therefore, No fund is created for this scheme.

d) Death relief grant scheme

The Bank operates a death relief scheme since 01 January 1991, which replaced the previous group insurance scheme. The scheme is applicable to all employees of the bank and payments out of this fund are made to the successors of the employees on their death as per rate prescribed in the scheme.

e) Benevolent Fund

Benevolent fund is initiated in 1986 and it is funded by the monthly subscription of executives/officer/staff, sale proceed of old news papers, income from investment and grant from Bank's operating profit. Expenditures from these fund are scholarship, award to the children of employee for securing good result in the public examination and university levels, marriage assistance and contribution to family members when any employee expires.

2.25 Corporate Social Responsibility

Janata Bank Ltd. is placing value on contributing in development and welfare activities in the society for betterment of the social life for the common people. The bank has adopted a policy to earmark a substantial amount of net profit to carryout social activities and as a part of policy implementation; we allocated Tk.2.50 crore for the year 2009. The bank conducted following CSR activities in the year 2009:

- 1) Financial assistance in education and research work including donation to hold 45th annual convocation of Dhaka University.
- 2) Financial assistance for health and medicare services to the distressed people of the society including donation to Dhaka Ahsania Mission Cancer Hospital.
- 3) Financial assistance for poverty alleviation.
- 4) Donation to Prime Minister Relief Fund for assistance to Ayla affected peoples in the south west coastal district of the country.
- 5) Donation to tribal woman freedom fighter named Kakon Bibi for improvement of her distressed life.
- 6) Financial assistance for protection and improvement of history & culture including donation to "Nagarik Committee" for celebration of 400th years of Dhaka city.
- 7) Financial Assistance for making liberation based films .

2.26 Audit Committee

a) Constitution of the Committee

The Bank has constituted an audit committee vide BRPD Circular # 12 dated 23 December 2002 with a view to act as a bridge among the board of directors and executives so that the committee can play an effective role in establishing an efficient, strong and secured banking system. Audit Committee as of 31 December 2009 comprises three members of the board of directors as follows:

| SL# | Name of the Members | Status with Bank | Status with Committee |
|-----|--------------------------|------------------|-----------------------|
| 1 | Chowdhury Abdul Quayum | Director | Chairman |
| 2 | Dr. Jamaluddin Ahmed FCA | Director | Member |
| 3 | Dr. R.M. Debnath | Director | Member |

The Committee conducted 15 (fifteen) meeting with senior management to oversee/review various function in compliance with Bangladesh Bank's circular. Among others, the following issues were reviewed and discussed in the meetings:-

- i. Reviewed the draft copy of audited financial statement as of 31st December 2008 of the Bank in presence of external auditor. Advised the bank management to ensure compliance with BRPD circular-14 dated 25th June 2003 and International Accounting Standard in preparation of financial statements.
- ii. Reviewed the Audit Report of Internal Auditor, External Auditor and Commercial Auditor as on December-2008.
- iii. Reviewed the inspection report 2008 of Bangladesh Bank Inspection Team and recommend for implementation of their observations.
- iv. Restructuring of Internal Audit Function and advised to conduct special inspection.
- v. Recommendation to introduce Car Loan Scheme for the Executive of the Bank.
- vi. Reviewed the Employees House Building Finance Rule-2009 and its necessary amendment.
- vii. Reviewed and recommended for approval of revised budget for the year 2009 and budget for the year 2010.
- viii. Provide guidance and assistance to prepare a separate Pay scale for State Owned Commercial Banks and implementation of Govt. new pay scale.

2.27 Risk Management

The possibility of losses, financial or otherwise is defined as risk. The risks are inherent in banking business in the context of recovery of credit, maintaining liquidity market and operational affect. It is responsibility of the management to identify measure & mitigate the risks. The risk management of the Bank covers 5 (five) core risk areas in the banking business and issued necessary guidelines as under to control and minimize the affected loss:-

1. Credit Risk Management
2. Assets /Liability Risk Management
3. Foreign Exchange Risk Management
4. Internal Control and Compliance Risk Management and
5. Money Laundering Risk. Management

Janata Bank Limited has developed separate guidelines to exercise in each of above risk oriented area for manage its own core risks.

i. Credit Risk Management

Credit risk is the risk to a financial institution's earning and capital when an obligor or a third party will not comply with the terms and conditions of the loan and fail to meet its obligations to the bank. It is a potential loss arising from the failure of a counter party to perform as per contractual agreement with the bank, basically failure in repayment.

The Bank ensures to adopt the following risk assessment procedures before approving sanction of any credit facility. The risk assessment procedures include borrower risk analysis, financial analysis, industrial appraisal, historical performance of the customer, security against credit facility etc. The assessment initiated from the branch level, counterchecking & cross checking done by the controlling office in accordance with business and sanctioning power.

The proposal belonging to the authority of Head office, are reviewed by the concerned credit division in term of credit policies, risk grading, business and management quality and then reviewed by the credit committee . Thereafter placed to board with their recommendation or otherwise rejected of deemed not to be feasible.

Apart from customer department, a separate credit risk management department has been created to mitigate the various types of credit risk in determining single borrower/large loan limit; the instructions of regulatory bodies are strictly followed.

ii. Asset-Liability Risk Management

Asset- Liability Risk is comprised of two components, Liquidity Risk and Interest Rate Risk.

Liquidity Risk

Liquidity risk is defined as a potential loss arising from the Bank's inability to meet its contractual obligations & financial commitments, whenever due.

Liquidity risk is managed in accordance with a framework of asset liability management guideline, liquidity policies, contracts, and limits approved by ALCO of the Bank. These policies are established to control, limit and to ensure that the Bank maintains well diversified sources of funding as well as sufficient liquidity to meet all of its contractual obligations when due. The Bank meet the liquidity crisis by taking call loan, short term deposit from other banks & financial institutions and sale of securities on repurchase agreement (REPO).

Interest Rate Risk

Interest rate risk is the risk of loss in the Bank's interest margin or net equity value arising from changes in interest rates and their implied volatility. Janata Bank has established an Asset Liabilities Committee (ALCO) to screen out and determine the maximum risk exposure regarding liquidity requirement of the Bank, mismatch in the maturity of assets and liabilities, deposit lending ratio and growth, capital adequacy, pricing strategy and the way to meet the liquidity crisis in any adverse situation.

iii. Foreign Exchange Risk Management:

Foreign exchange risk is a risk that a bank may suffer losses as a result of adverse movements in either spot or forward rate or combination of the two, in individual foreign currency. This risk is associated with the transactions involved in import, export, remittance and foreign currency in hand and bank.

To mitigate the risk involved in foreign exchange business, the foreign exchange dealing operation in Janata Bank limited is performed through Dealing Room (Front Office), Mid Office and Back Office. The dealers manage market risks, avoid adverse exchange fluctuation, look for better investment of funds, maintain sound liquidity and protect the Bank from any unforeseen loss in the situation of any market volatility. The Mid Office and Back Office are assigned the responsibility of related support functions. Dealing room is restricted for all excepting dealers and authorized executives.

The dealing room is equipped with modern facilities i.e Reuters's information, SWIFT, receptors monitor, telephone, voice recorder etc. Moreover stop/loss limit, trading limit, over night limit are given by the concerned authorities. The daily blotter and mark to market revaluation report is placed to management for their review.

iv. Internal Control & Compliance Risk Management:

Internal control is a process to control overall activities of the Bank through establishing policies, procedures, observance of instructions of regulatory authorities with a view to avoid any possible loss from the lack of corporate governance.

To mitigate the operational risk, the Bank ensured effective internal control systems for all of its operational activities by intensifying the internal audit

function, comprehensive and risk based inspection in all branches and Head Office. The Compliance Division ensures the settlement of objections or irregularities mentioned in the audit reports under a strong monitoring process of the Management Committee (MANCOM). Besides there is a division named Vigilance Department under the direct supervision of CEO and MD to act at any sudden occurrence of loss or irregularities.

The Bank with the support of an Expert Team, has undertaken a program for up grading its Standard Operating Procedures (SOP) in the area of credit, audit, information technology and accounts as per international best practices.

v. Money Laundering Risk Management:

Money Laundering means any offence under the law which is set out in Section 2 (Two) of the Prevention of Money Laundering Act 2009 (Act No. 8 of 2009). The offences are as under:

- (i) Properties acquired or earned directly or indirectly through illegal means;
- (ii) Illegal transfer, conversion, concealment of location or assistance in the above act of the properties acquired or earned directly or indirectly through legal or illegal means."

The Bank has formulated the policies and procedures under the provision of Money Laundering Act and in consideration of all control points suggested by Bangladesh Bank to control laundering of money earned illegally which is harmful for the economy of the country. The Board and the management is fully committed to prevent money laundering and terrorist financing.

To mitigate the money laundering risk, monthly CTR/STR reports are provided to Bangladesh Bank, introduced KYC report mentioning the transaction profile, proper address, valid source of income etc. which are verified at the time of opening any kind of Account. Employees are provided training regularly on how to identify a suspicious transaction and what is the role of bank management to report in this regard.

2.28 Credit Rating of Janata Bank Limited.

Bangladesh Bank has made mandatory from January 2007 for all Banks to have themselves credit rated by a credit rating agency vide BRPD circular No. 6 of 5 July 2006. Janata Bank has appointed credit rating Agency of Bangladesh Ltd. (CRAB) to conduct credit Rating of the bank. They have already completed the rating on the basis of activities ended on 31st December, 2008 with the rating status mentioned below.

Rating for the year 2008 is as under:

| Period | Long Term | Short Term | On the basis Govt. support |
|------------------|-----------|------------|-------------------------------------|
| 31 December 2008 | BBB1 | ST 3 | AAA in long run & ST1 in short run. |
| 31 December 2007 | BBB1 | ST 3 | Do |

2.29 Implementation of the New Capital Accord (Basel-II) :

The requirement of maintaining minimum capital in consideration of credit, market and operational risk as per methodology prescribed in the BASEL II framework has been put in effect w.e.f. 1st January 2009 by the Janata Bank Ltd. The reporting on capital requirement under BASEL II will run in parallel with the present reporting under BASEL I till 31st December 2009, thereafter new capital accord will come in force w.e.f. 1st January 2010. Janata Bank is aware of the eventualities and impact on capital requirement as per guideline of Basel II. The Bank has undertaken the following steps as a part of implementation of BASEL II accord under the guidance of Bangladesh Bank.

- Basel-II implementation unit has formed consisting of 7 members headed by Deputy Managing Director.
- Continuous training program are being conducted for the relevant officers and executives on the role of branch management for providing risk related information for calculation of minimum capital requirement.
- Information formats on credit and market risk according to the risk weight of counterparties have been prepared and delivered to all branches with necessary guidance for compliance.
- A software is in process of development to maintain database of counterparties in respect of credit, investment, placement, their grading, maturity, financial securities etc. from where report on capital requirement can be prepared.
- Risk management processes covering the assets, liabilities, lending, foreign currency dealing and internal control have been initiated for all business units;
- SOP is prepared for business functionality for strengthening the control measures and risk management as per internationally accepted best practices;
- Implementation of strong IT platform is in process and will cover the substantial operation by the year 2010.
- Strong oversight by the Board, Executive Committee and the Audit Committee by adhering to good corporate governance.
- Adequate disclosure requirement is ensured in compliance of market discipline under BASEL II.

2.30 General:

- i) Figures have been rounded off to the nearest taka.
- ii) Previous year's figure shown for comparison purpose, have been rearranged, where ever necessary to conform current year's presentation.

| | | | 31.12.2009 Taka | 31.12.2008 Taka |
|--|-------------------------|---------------------------------------|------------------------|------------------------|
| 3.00 Cash : | | | | |
| Cash in hand | | | | |
| Local Currency : | | | 3,507,176,540 | 3,785,723,338 |
| Foreign Currency | | | 104,554,355 | 250,501,278 |
| | (i) | | 3,611,730,895 | 4,036,224,616 |
| Balance with Bangladesh Bank and its agent bank(s): | | | | |
| Bangladesh Bank | | | | |
| In Local Currency) | | | 11,602,536,439 | 10,701,977,426 |
| In Foreign Currency (Clearing Account) | | | 83,716,282 | - |
| | | | 11,686,252,721 | 10,701,977,426 |
| Sonali Bank | | | | |
| Local Currency | | | 1,233,865,047 | 1,788,970,659 |
| | (ii) | | 12,920,117,768 | 12,490,948,085 |
| | (i+ii) | | 16,531,848,663 | 16,527,172,701 |
| 3.01 Cash Reserve Requirement (CRR) 5% of average demand and Time Liabilities: | | | | |
| As per BRPD circular no. 12 dated August 2005 Janata Bank Ltd. has to maintain CRR @ 5% of daily average of demand and time liabilities on fortnightly basis. The required reserve and actual reserve held are as follows: | | | | |
| Required Reserve | | | 10,810,000,000 | 9,710,000,000 |
| Actual Reserve held with B.Bank & it's agent | | | 12,920,117,768 | 12,490,948,085 |
| Surplus/(Deficit) | | | 2,110,117,768 | 2,780,948,085 |
| 4.00 Balance with other banks and financial institutions: | | | | |
| In Bangladesh (4.01) | | | 2,215,123,115 | 3,523,399,750 |
| Outside Bangladesh (4.02) | | | 1,908,304,371 | 2,456,393,565 |
| | | | 4,123,427,486 | 5,979,793,315 |
| 4.01 In Bangladesh: | | | | |
| Current Deposits | | | - | 3,399,750 |
| Short Term Deposits | | | 5,657,122 | - |
| Fixed Deposits | | | 2,209,465,993 | 3,520,000,000 |
| | | | 2,215,123,115 | 3,523,399,750 |
| 4.02 Outside Bangladesh-current deposit (NOSTRO and other account balances in foreign currency): | | | | |
| | Foreign Currency | Exchange Rate (Average at BDT) | 31.12.2009 Taka | 31.12.2008 Taka |
| ACU Dollar | 7,356,635.55 | 68.9750 | 507,423,935 | 429,127,252 |
| Australian Dollar | 81,300.00 | 61.4879 | 4,998,967 | 7,097,388 |
| Canadian Dollar | 126,678.21 | 65.90 | 8,348,601 | 6,729,991 |
| Swiss Frank (CHF) | 46,867.22 | 66.3733 | 3,110,734 | 889,164 |
| EURO | 5,537,991.80 | 98.6886 | 546,536,870 | 25,273,183 |
| Great Britain Pound | 589,465.13 | 109.2116 | 64,376,430 | 29,839,534 |
| Japanese Yen | 35,737,660.00 | 0.7497 | 26,792,523 | 75,472,078 |
| Saudi Real | 6,407.72 | 18.3847 | 117,804 | 145,218 |
| US Dollar | (18,074,144.75) | 68.9750 | (1,246,664,132) | (2,005,337,693) |
| Shadow General Ledger balance | | | (84,958,268) | (1,430,763,886) |
| Add: Outstanding debit entries recorded by jan'09 adjusted on 31-12-08 | 72,255,982.00 | 68.8900 | - | (4,977,714,600) |
| | | | - | (6,408,478,486) |
| Less : Outstanding Credit entries recorded by jan'09 adjusted on 31-12-08 | 112,712,844.00 | 68.4000 | - | 7,709,558,528 |
| Adjusted balance on 31-12-2008 | | | - | 1,301,080,042 |
| Abu Dhabi dirham (Central Bank) | 81,750,914.00 | 18.8112 | 1,537,832,797 | 776,743,852 |
| Abu Dhabi dirham (Others Bank) | 24,210,568.27 | 18.8112 | 455,429,842 | 378,569,671 |
| | | | 1,908,304,371 | 2,456,393,565 |

4.03 NOSTRO and Other Foreign Currency Account (Account Wise)

| | 31.12.2009 Taka | 31.12.2008 Taka |
|---|----------------------------|----------------------------|
| 1 Citibank N.A Mumbai | 13,158,256 | 104,398,801 |
| 2 The HSBC Bank Ltd. Mumbai | 4,721,975 | 24,610,934 |
| 3 Standard Chartered Bank (KOL) | 299,546,392 | 82,588,395 |
| 4 A.B. Bank Limited Mumbai | (14,051,758) | 2,871,635 |
| 5 Bhutan National Bank | 3,229,392 | 3,225,413 |
| 6 Rastrya Banijja Bank Kathmandhu | 7,635,098 | 14,652,469 |
| 7 Sonali Bank (Kolkata) | 23,130,448 | 15,609,325 |
| 8 Peoples Bank Colombo | 4,344,505 | 6,641,694 |
| 9 Bank Tejarat Thehran | 343,156 | 795,868 |
| 10 ICICI Bank Ltd. Mumbai | 71,548,733 | 46,105,644 |
| 11 HSBC Karachi | 1,554,052 | 27,224,269 |
| 12 State Bank of India (Kolkata) | 15,323 | 4,151,460 |
| 13 AMEX Bank Ltd.(Kolkata) | 92,236,187 | 88,578,751 |
| 14 United Bank Ltd. Karachi | - | 2,218,124 |
| 15 Rupali Bank Ltd. Karachi | 12,176 | 5,454,471 |
| 16 National Australia Bank | 4,998,967 | 7,097,388 |
| 17 Bank of Montreal Canada | 7,996,663 | 6,646,670 |
| 18 HSBC Canada | 351,938 | 83,321 |
| 19 Union Bank of Switzerland | 3,110,734 | 889,164 |
| 20 Banka-Intesa SPA, Italy | 7,526,425 | (7,014,501) |
| 21 ING Bank N.V. Netherlands | 4,482,780 | 399,287 |
| 22 Stan. Chart. Bank London | 647,734,438 | 192,957,522 |
| 23 Societe generale paris | 29,734 | 342,728 |
| 24 Standard Chartered GMBH F.F. | 6,622,473 | (158,017,909) |
| 25 Sonali Bank UK. Ltd London | 426,026 | 399,673 |
| 26 Banca nazionale DEL Lavoro SPA | (85,039,535) | (28,947,178) |
| 27 Commerz Bank F. FURT | (115,096,390) | 27,043,177 |
| 28 ING Belgium NV/SA | 123,888 | 10,472,743 |
| 29 Emporiki Bank of Greece SA | - | 3,245 |
| 30 Deutsche Bank F.F. GERMANY | (5,895,916) | (12,365,605) |
| 31 S.C.B London | 61,716,605 | 24,912,698 |
| 32 NAT-WEST Bank PLC London | (3,038,817) | 479,163 |
| 33 HSBC PLC London (URO) | 0 | 4,664,595 |
| 34 HSBC PLC London (GBP) | 2,794,010 | - |
| 35 Janata Bank Abu Dhabi-1 | 3,693 | 3,379 |
| 36 Sonali Bank UK. London Ltd. | 2,900,938 | (220,301) |
| 37 Bank AL -JAZIRA,Jeddah | 117,804 | 145,218 |
| 38 HSBC Bank Ltd. N.Y. | (2,144,707,129) | (1,666,642,147) |
| 39 Mashreq Bank ,Yew York | (3,827,980) | (527,936,507) |
| 40 American Express Bank Ltd. N.Y. | - | (725,136,992) |
| 41 Bank America Int. LTD. N.Y. | 3,718,663 | 1,335,588 |
| 42 D.B.T.C. Americas N. Y. | 222,783,790 | (10,266,229) |
| 43 Habib American Bank N.Y. | 466,375 | 7,076,142 |
| 44 Wachovia Bank N.A. | 67,015,874 | (32,303,782) |
| 45 J.B. Abu Dhabi A/C-2 | 30,906,175 | 14,525,081 |
| 46 Citi bank NA New York | 47,497,050 | (102,087,300) |
| 47 NATL. Commercial Bank (SEM) | 1,185,898 | (1,783,988) |
| 48 Standard Chartered Bank Tokyo. | 26,219,765 | 1,037,882,442 |
| 49 AMEX Bank Ltd. Japan | - | 68,090,544 |
| 50 ICIC Bank Ltd. (USD) Hong Kong | (18,318,702) | - |
| 51 Wachovia Bank ERO | 85,622,946 | - |
| 52 Bot-Mitsubishi Ltd. Japan | 572,758 | 7,381,531 |
| 53 Standard Chartered Bank N.Y. | 546,615,856 | - |
| | (84,958,268) | (1,430,763,886) |
| Add: Outstanding Debit entries recorded by jan'09 adjusted on 31-12-08 | - | (4,977,714,600) |
| | - | (6,408,478,486) |
| Less : Outstanding Credit entries recorded by jan'09 adjusted on 31-12-08 | - | 7,709,558,528 |
| Adjusted balance on 31-12-2009 | (84,958,268) | 1,301,080,042 |
| UAE Central Bank | 1,537,832,797 | 776,743,852 |
| UAE Others Bank | 455,429,842 | 378,569,671 |
| | 1,908,304,371 | 2,456,393,565 |

| | 31.12.2009 Taka | 31.12.2008 Taka |
|---|----------------------|----------------------|
| 4.04 Maturity grouping of balance with other banks (In Bangladesh) | | |
| Below 1 month | 115,123,115 | 1,503,399,750 |
| Over 1 months but less than 6 months | 350,000,000 | 1,024,527,951 |
| Over 6 months but less than 1 year | 1,600,000,000 | 760,000,000 |
| Over 1 year but less than 3 years | 150,000,000 | 235,472,049 |
| Above 3 years | - | - |
| | 2,215,123,115 | 3,523,399,750 |
| 5.00 Money at call on short notice | | |
| In Bangladesh : | | |
| ICB Islamic Bank Ltd. *** | 99,700,000 | 99,900,000 |
| Premier bank Ltd. | 300,000,000 | - |
| Eastern Bank Ltd. | - | 500,000,000 |
| Bank Asia Ltd. | - | 200,000,000 |
| Peoples Leasing | 100,000,000 | |
| Prime Finance | 50,000,000 | |
| NCC Bank Limited | - | 100,000,000 |
| AB Bank Limited | 600,000,000 | 400,000,000 |
| Mercantile Bank Limited | - | 250,000,000 |
| First Security Bank Limited | - | 500,000,000 |
| Sub-total | 1,149,700,000 | 2,049,900,000 |
| Outside Bangladesh : | | |
| BCCI Luxembourg | 57,253,807 | 57,215,458 |
| NBAD | 3,009,792,000 | 3,477,741,000 |
| Abu Dhabi Commercial Bank | 1,316,784,000 | 1,503,888,000 |
| Sub-total | 4,383,829,807 | 5,038,844,458 |
| Total | 5,533,529,807 | 7,088,744,458 |

| | 31.12.2009 Taka | 31.12.2008 Taka |
|--|---|-----------------------|
| 6.00 Investments: | | |
| a) Government securities (Considered as SLR) | | |
| i) Treasury bills: | | |
| Primary | 17,513,268,030 | 6,564,244,252 |
| Reverse Repo | 700,000,000 | - |
| | 18,213,268,030 | 6,564,244,252 |
| ii) Govt. Notes/ Bonds | | |
| 3 years Special Treasury Bond-2008 | - | 2,050,250,000 |
| 25 years (JSAP) Treasury Bond | 1,052,935,000 | 1,174,067,000 |
| 5 years (Sick Industries) Treasury Bond | 2,703,000 | 86,013,500 |
| 2-15 years Special Treasury Bond | 21,570,800,000 | 25,570,800,000 |
| 3 years (T&T Mobile) Treasury Bond | - | 652,800,079 |
| 5 years Bangladesh Govt.Treasury Bond | 11,020,338,387 | 8,714,939,740 |
| 5 years Treasury Bond (BSFIC) | 206,739,000 | 206,739,000 |
| 15 years Bangladesh Govt.Treasury Bond | 3,348,262,104 | 2,675,574,814 |
| 20 years Bangladesh Govt.Treasury Bond | 2,085,968,165 | 625,044,914 |
| 10 years Bangladesh Govt.Treasury Bond | 12,808,742,468 | 8,605,197,525 |
| | 52,096,488,124 | 50,361,426,572 |
| iii) Prize bond | 57,401,140 | 44,322,015 |
| iv) Others: | | |
| Debentures | 250,473,601 | 285,473,601 |
| Sub-Total | 70,617,630,895 | 57,255,466,440 |
| b) Other investments | | |
| i) Shares of Joint Stock Companies | | |
| Quoted-Fully paid-up ordinary shares | 1,312,511,920 | 153,690,299 |
| Unquoted-Fully paid-up ordinary shares | 325,881,335 | 102,953,134 |
| | 1,638,393,255 | 256,643,433 |
| ii) Debenture & bond (Considered as SLR): | | |
| Debenture | 199,289,910 | 223,526,492 |
| Bonds | | |
| Prime Finance Industrial Bond | 10,000,000 | 20,000,000 |
| Ansar VDP Unnayan Bank Bond | 50,000,000 | 50,000,000 |
| Zero Coupon Bond | | |
| | 259,289,910 | 293,526,492 |
| iii) Others (Considered as SLR) | | |
| Pakistan Government Securities of pre-liberation period | 17,889,622 | 17,889,622 |
| iv) Gold etc. | - | - |
| Sub-Total | 1,915,572,787 | 568,059,547 |
| Total investment | 72,533,203,682 | 57,823,525,987 |
| Detetails of shares and debentures are given in annexure-3 and 4 | | |
| 6.01 | SLR requirement was Tk.38916.00 million and kept Tk 88,296.70 million as on 31 December 2009 as per BRPD (P) 683/2005-2996 dated 25-08-2005 Some portion of SLR have been maintained with Bangladesh Bank and Sonali Bank while major portion are in the form of Government Bonds/Securities shown in investment portfolio. | |
| 6.01(a) Sectoral Classified of Investment | | |
| Pre-liberation Govt. Securities | 17,889,622 | 17,889,622 |
| Other Debentures | 90,049,907 | 94,689,364 |
| Pre- liberation Debentures | 20,473,602 | 20,473,603 |
| Shares | 16,694,144 | 20,665,368 |
| Total | 145,107,275 | 153,717,957 |

| 31.12.2009 Taka | 31.12.2008 Taka |
|--------------------|--------------------|
|--------------------|--------------------|

6.02 Maturity grouping of Investment

| | | |
|--|-----------------------|-----------------------|
| Repayable on demand | 2,394,016,027 | 299,751,069 |
| Not more 3 months | 7,510,480,236 | 3,300,266,603 |
| More than 3 months but not more than 01 year | 14,111,914,248 | 10,241,378,700 |
| More than 1 year but not more than 5 years | 20,366,876,023 | 19,827,468,815 |
| More Than 5 years | 28,149,917,148 | 24,154,660,800 |
| | 72,533,203,682 | 57,823,525,987 |

7.00 Loans and advances

(A) Break-up of loans and advances:

i) Loans, cash credit and overdraft, etc. (including bills purchased and discounted).

| | | |
|---------------------------------|------------------------|------------------------|
| In Bangladesh | 165,097,576,909 | 143,568,035,305 |
| Outside Bangladesh | 1,261,908,710 | 1,110,148,083 |
| Total loans and advances | 166,359,485,619 | 144,678,183,388 |

ii) Maturity grouping of loans and advances

Loans and advances are repayable:

| | | |
|------------------------------|------------------------|------------------------|
| Repayable on demand | 23,411,250,700 | 30,902,325,700 |
| Within 3 months | 34,747,520,350 | 33,203,612,500 |
| Within 3 months to 12 months | 39,250,215,100 | 35,150,215,100 |
| Within 1 year to 5 years | 35,951,215,300 | 23,951,215,300 |
| More than 5 years | 32,999,284,169 | 21,470,814,788 |
| | 166,359,485,619 | 144,678,183,388 |

(B) Nature wise loans and advances

i) In Bangladesh

| | | |
|---------------------------------------|------------------------|------------------------|
| a) Loans | 93,240,242,649 | 78,983,545,987 |
| b) Cash Credits | 60,760,487,618 | 53,036,743,897 |
| c) Overdrafts | 2,444,400,958 | 4,197,938,932 |
| | 156,445,131,225 | 136,218,228,816 |
| Bills discounted and purchased | 8,652,445,684 | 7,349,806,488 |
| | 165,097,576,909 | 143,568,035,304 |

ii) Outside Bangladesh

| | | |
|---------------------------------------|------------------------|------------------------|
| a) Loans | 482,140,077 | 463,255,374 |
| b) Cash Credits | 23,641,875 | 15,122,022 |
| c) Overdrafts | 589,804,712 | 488,033,773 |
| | 1,095,586,664 | 966,411,169 |
| Bills discounted and purchased | 166,322,046 | 143,736,915 |
| | 1,261,908,710 | 1,110,148,084 |
| Total (i + ii) | 166,359,485,619 | 144,678,183,388 |

(C) Details of Nature Wise Loans & Advances
Loans:

i)a) Loans, Cash Credit, Overdraft etc.

| | 31.12.2009 Taka | 31.12.2008 Taka |
|---|--------------------|--------------------|
| Rural Credit | 12,854,947,628 | 11,496,535,926 |
| Loan S.S.I | 21,711,106,366 | 17,161,362,646 |
| Transport Loans | 35,091,453 | 30,854,188 |
| General House Building Loan | 1,181,843,446 | 1,050,217,561 |
| Loan General | 2,579,487,048 | 2,011,914,300 |
| LIM | 1,719,776,675 | 1,569,672,704 |
| LTR | 22,896,533,617 | 16,047,056,651 |
| Paking Credit | 1,389,753,949 | 1,334,830,330 |
| Staff House Building Loan | 9,475,150,494 | 8,383,615,441 |
| Loans against P.F. | 504,613,007 | 605,593,361 |
| Loan against DPS/SPS | 107,136,242 | 176,118,632 |
| Rural Housing | 10,560,960 | 472,210 |
| Staff Cyclone Advances | 4,039 | 4,039 |
| Bridge Finance | 48,303,189 | 76,881,224 |
| Credit Card | 3,019,349 | 1,664,407 |
| Credit Line to NBF | 35,629,920 | 223,336,482 |
| PAD(Cash) | 11,966,380,718 | 10,037,314,834 |
| PAD(AID/ Grant etc.) | 988,391 | 34,916,450 |
| PAD(WES) | 216,805,284 | 277,767,273 |
| PAD (Inland) | 184,054,867 | 8,933,597 |
| PAD (Back to Back) | 4,976,485,352 | 2,166,757,703 |
| (PAD (GMT.) | 170,999,687 | 881,338,174 |
| Loan against Cash subsidy/Cash Assistance | 1,339,241 | 146,618,541 |
| FDBP (Others) | - | 1,087,247,606 |
| FDBP Garments | - | 3,085,452,956 |
| PAD (F.C cash) | 212,769,436 | 205,961,132 |
| PAD (EDF) | 8,336,392 | 230,015,181 |
| Demand Loan (Cash) | 914,190,039 | 1,114,347,812 |
| Loan through Marchant Bank | 254,676,469 | - |
| Staff computer Loan | 171,368,213 | - |
| Executive Car Loan | 91,031,254 | - |
| Loans Foreign bills | 1 | - |

93,722,382,726 **79,446,801,361**

b) **Cash Credit:**

| | | |
|---------------------|----------------|----------------|
| Cash Credit | | |
| Export Cash Credit | 53,772,704,028 | 47,991,573,747 |
| Weavers Cash Credit | 7,007,786,665 | 5,056,653,372 |
| | 3,638,800 | 3,638,800 |

c) **Overdraft:**

| | | |
|---------------------|---------------|---------------|
| Clean overdraft | 43,820,878 | 44,204,018 |
| Temporary Overdraft | 76,559,038 | 1,295,784,009 |
| Secured Overdraft | 2,913,825,754 | 3,345,984,678 |

3,034,205,670 **4,685,972,705**

Sub total Loans, Cash Credit & Overdraft (a+b+c)

157,540,717,889 **137,184,639,985**

ii) Bills Purchased and Discounted

| | | |
|--------------------------------------|---------------|---------------|
| Local Bills Purchased | 71,001,016 | 61,962,865 |
| Inland Bills Purchased | 192,148,284 | 444,330,092 |
| T.T. Purchased | - | 50,000 |
| Foreign Bills Purchased | 2,720,798,376 | 2,903,798,203 |
| FDBP Local Documentary Bill Purchase | 5,834,820,054 | 4,083,402,243 |

Sub total:

8,818,767,730 **7,493,543,403**

Total Loans & Advances (i+ii)

166,359,485,619 **144,678,183,388**

| | 31.12.2009 Taka | 31.12.2008 Taka |
|---|--------------------|--------------------|
| (d) Significant concentration of loans and advances: | | |
| i) Advances to allied concerns of directors | - | - |
| ii) Advances to Chief Executive and other Senior Executiv | 17,509,282 | 20,982,451 |
| iii) Advances to customers group (loan amount more than 10% of bank's total capital): | | |
| No. of client | 15 | 31 |
| Loan amount | 73,845,400,000 | 75,711,700,000 |
| Classified loan therein: | | |
| Sub Standard (SS) | - | 96,600,000 |
| Doubtful (DF) | - | - |
| Bad/Loss (BL) | - | 893,500,000 |
| | - | 990,100,000 |

Details of Advances to customers group (loan amount more than 10% of bank's total capital)

| Name of Group | Funded | Non funded | 31.12.2009 Taka in Million | Status Of Loan |
|-------------------|------------------|------------------|-------------------------------|-------------------|
| BPC | 16,536.40 | 4,190.00 | 20,726.40 | UC |
| BJMC | 1,965.00 | 1.90 | 1,966.90 | UC |
| BCIC | 10,762.90 | 3,818.20 | 14,581.10 | UC |
| BADC | 8,218.40 | 1,563.70 | 9,782.10 | UC |
| City Group | 1,581.10 | 310.90 | 1,892.00 | UC |
| Megna Group | 331.50 | 1,387.60 | 1,719.10 | UC |
| Basundhara Group | 4,028.30 | 45.80 | 4,074.10 | UC |
| Jamuna Group | 3,380.70 | 165.40 | 3,546.10 | UC |
| Abul Khair Group | 1,083.50 | - | 1,083.50 | UC |
| Nasa Group | 1,624.00 | 121.00 | 1,745.00 | UC |
| KDS Group | 1,443.00 | 621.20 | 2,064.20 | UC |
| Beximco Pharma | 2,063.40 | 371.80 | 2,435.20 | UC |
| Beximco Group | 3,694.80 | 1,691.40 | 5,386.20 | UC |
| Tharmex Group | 939.30 | 723.20 | 1,662.50 | UC |
| Square Group | 274.10 | 906.90 | 1,181.00 | UC |
| Sub Total: | 57,926.40 | 15,919.00 | 73,845.40 | |

iv) Industry-wise distribution of loans and advances

| Industrial Sector | 31.12.2009 Taka in Million | 31.12.2008 Taka in Million |
|----------------------------|-------------------------------|-------------------------------|
| Jute Industries | 9,201.20 | 8,809.30 |
| Jute Trade | 166.70 | 100.30 |
| Tannery (Industry & Trade) | 5,315.80 | 4,613.30 |
| Textile (Industry & Trade) | 5,662.60 | 6,520.00 |
| Transport | 31.20 | 30.80 |
| Steel & Engineering | 2,217.70 | 1,515.00 |
| Tea | 87.70 | 86.20 |
| Sugar Mills | 2,962.00 | 2,559.60 |
| House Building | 1,159.50 | 1,050.00 |
| Rural Credit | 12,854.90 | 11,496.50 |
| Bricks | 1,203.30 | 1,439.90 |
| Cold Storage | 66.70 | 160.10 |
| Food (Industry & Trade) | 1,642.20 | 1,257.10 |
| Export Credit | 19,082.70 | 15,550.00 |
| Import Credit | 32,704.80 | 32,510.00 |
| Industrial Credit | 22,372.07 | 17,160.00 |
| Others | 49,628.41 | 39,820.10 |
| Total | 166,359.48 | 144,678.20 |

v) Geographical area-wise loans and advances

| Area wise Breakup | 31.12.2009 | 31.12.2008 |
|----------------------------------|-----------------|-----------------|
| | Taka in Million | Taka in Million |
| Dhaka | 115,096 | 101,537 |
| Chittagong | 21,772 | 17,750 |
| Khulna | 12,720 | 10,516 |
| Rajshahi | 12,984 | 11,531 |
| Sylhet | 1,092 | 944 |
| Barisal | 1,433 | 1,290 |
| Overseas Branches (UAE Branches) | 1,262 | 1,110 |
| | 166,359 | 144,678 |

e) Classification status of loans and advances

In Bangladesh:

Unclassified (Including staff loan Tk.10868.96 million)

| | | |
|--------------|----------------|----------------|
| Standard | 150,802 | 124,404 |
| SMA | 871 | 2,636 |
| Sub-standard | 2,046 | 1,995 |
| Doubtful | 1,128 | 1,352 |
| Bad / Loss | 10,250 | 13,181 |
| | 165,097 | 143,568 |

Outside Bangladesh

| | | |
|--------------|----------------|----------------|
| Unclassified | 649 | 494 |
| Bad/Loss | 613 | 616 |
| | 1,262 | 1,110 |
| | 166,359 | 144,678 |

f) Movement of Classified Loans & advance in Bangladesh

| | | |
|--|---------------|---------------|
| Opening Classified advances | 16,528 | 20,927 |
| Less: Reduction : | | |
| Cash Recovery | 1,929 | 1,798 |
| Write-Off | 1,564 | 4,439 |
| Intt. Waiver | 321 | 201 |
| Re-Scheduling | 2,449 | 2,801 |
| | 6,263 | 9,239 |
| | 10,265 | 11,687 |
| Add: Newly classified Loans & Advances | 3,158 | 4,841 |
| | 13,423 | 16,528 |

| | 31.12.2009 Taka | 31.12.2008 Taka |
|--|------------------------|------------------------|
| g) Particulars of loans and advances | | |
| i) Loans considered good in respect of which the bank is fully secured. | 102,167,236,899 | 89,252,030,250 |
| ii) Loans considered good against which the bank holds no other security than the debtor's personal guarantee. | 6,197,548,720 | 7,402,530,740 |
| iii) Loans considered good and secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors. | 57,994,700,000 | 48,023,622,398 |
| iv) Loans adversely classified; provision not maintained there against | - | - |
| | 166,359,485,619 | 144,678,183,388 |
| v) Loans due by directors or officers of the bank or any of these either separately or jointly with any other persons. | 10,868,963,000 | 9,633,313,000 |
| vi) Loans due from companies or firms in which the directors of the bank have interest as directors, partners or managing agents or in case of private companies as members. | - | - |
| vii) Maximum total amount of advances, including temporary advances made any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons. | 10,868,963,000 | 9,633,313,000 |
| viii) Maximum total amount of advances including temporary advances granted during the year to the company or firm in which the directors of the bank are interested as directors, partners, managing agents or in the case of private companies as members. | - | - |
| ix) Due from Banking Companies | - | - |
| x) Amount of classified loans against which no interest income has been recognized. | 14,907,000,000 | 19,780,405,600 |
| a. 1. (Decrease)/increase in provision | (302,379,483) | 2,647,351,089 |
| b. 2. Amount realized against loan previously written-off (Cash realized Tk. 49,97,47,958) Out of cash realised from written-off loans Tk. 5,83,87,500/- received on 17-01-2010 from Imamgonj Corpt. Br. Dhaka | 604,300,000 | 988,600,000 |
| c. Provision kept against loan classified as bad/loss as on 31.12.09 (Excluding General. Prov. For UC Loan) | 7,013,370,349 | 7,366,549,832 |
| xi) a. Cumulative amount of loan previously written off | 18,378,400,000 | 14,927,900,000 |
| b. Amount of loan written off during the year | 1,563,900,000 | 4,439,100,000 |
| c. Amount of written-off loan; for which suit filed | 16,651,600,000 | 14,979,900,000 |
| 7.01 Provision required and held for Loans and advances | | |
| Provision required for loans and advances | 8,748,404,179 | 9,050,783,662 |
| i) Existing book balance of provision(Including Gen. Prov for UC Loans) | 8,060,341,055 | 8,565,783,662 |
| ii) Add: Provision made during the year (including Gen. Prov. For UC Loan) | 688,063,124 | 485,000,000 |
| iii) Total provision held (including Gen. Prov. For UC Loan) | 8,748,404,179 | 9,050,783,662 |

| | 31.12.2009 Taka | 31.12.2008 Taka |
|--|-----------------------|-----------------------|
| 7.02 Bills discounted & purchased | | |
| a. Bills discounted & purchased | | |
| Payable in Bangladesh | 2,772,489,499 | 506,342,957 |
| Payable outside Bangladesh | 6,046,278,231 | 6,987,200,446 |
| | 8,818,767,730 | 7,493,543,403 |
| b. Maturity grouping of bills discounted and purchased | | |
| Payable within 1 month | 1,902,560,230 | 1,600,200,000 |
| Over 1 month but less than 3 months | 5,206,020,380 | 4,305,030,000 |
| Over 3 months but less than 6 months | 1,581,294,269 | 1,359,420,552 |
| 6 months or more | 128,892,851 | 228,892,851 |
| | 8,818,767,730 | 7,493,543,403 |
| 8.00 Fixed Assets including premises and furniture, fixture | | |
| Land and building less accumulated depreciation | 2,001,767,174 | 2,026,024,841 |
| Furniture and fixture less accumulated depreciation | 334,399,355 | 294,856,118 |
| Computer less accumulated depreciation | 349,028,761 | 125,544,956 |
| | 2,685,195,290 | 2,446,425,915 |
| Details are given in Annexure-1. | | |
| 9.00 Other assets (non-income generating) | | |
| i. Investment in Subsidiary (JEC) | 33,843,410 | - |
| ii. Stamps | 7,706,071 | 7,267,553 |
| iii. Stationary | 104,770,268 | 77,901,097 |
| iv. Advance deposit | 8,954,742 | 8,798,770 |
| v. Income accrued on investment | 1,435,652,986 | 1,365,215,875 |
| vi. Sundry assets (Note-9.01) | 12,799,167,601 | 15,133,499,238 |
| vii. Suspense account (9.04) | 1,499,751,017 | 929,469,349 |
| viii. Tripura Modern Bank | 29,463 | 29,463 |
| ix. General Blocked Account | 10,441,963 | 10,441,963 |
| x. Demonetized notes | 15,576,759 | 15,588,859 |
| xi. Cash remittance | 361,868,150 | 342,420,000 |
| xii. Stock of spare parts and electrical goods | 1,202,291 | 1,202,291 |
| xiii. Valuation Adjustment (Note-9.05) | 7,110,214,510 | 8,000,214,510 |
| xiv. Deferred tax assets (Note - 9.06) | 2,506,913,591 | 6,721,402,190 |
| | 25,896,092,822 | 32,613,451,158 |

9.01 Sundry Assets

| | 31.12.2009 Taka | 31.12.2008 Taka |
|---|----------------------------|----------------------------|
| Advance Rent paid | 74,525,528 | 37,322,370 |
| Adjusting Account Debit | 562,528,290 | 523,640,639 |
| DD paid without advice (Local) | 1,399,475,029 | 1,504,945,314 |
| D.D paid without Advice (Foreign) | 1,567,628,818 | 2,487,568,598 |
| DD Cancelled | 456,725 | 1,701,433 |
| Transfer Delivery | 10,459,192 | 26,641,858 |
| Excise Duty | 24,289 | 27,445 |
| Gift Cheque | 24,869 | 22,171 |
| Protested Bill | 172,269,626 | 162,349,132 |
| Demonetized Notes | 4,567,046 | 4,567,146 |
| Defective Notes | 4,672,220 | 12,244,870 |
| Food Procurement Bill | 2,674,641 | 10,137,675 |
| Revenue Stamp | 1,682,625 | 3,266,920 |
| Exempted Interest On Agri Loan | 7,857,369 | 125,397,408 |
| Exempted Interest On Waiver Credit | 198,914,232 | 193,438,394 |
| X.P.B. /Duty Draw Back | 3,548,023 | 32,367,969 |
| Exempted Surcharge on Agriculture Loan | 453,504 | 1,393,804 |
| Army Pension | 1,229,080,896 | 1,296,427,110 |
| Civil Pension | 34,619,435 | 21,657,107 |
| Bank Pension | 112,113,750 | 80,869,464 |
| Cyclone Advance | - | 97,302 |
| Clearing House | 372,510,208 | 196,497,639 |
| Development Surcharge | 409 | 409 |
| Defense Certificate P/ Bond | 197,033,523 | 158,785,865 |
| Till Money | 400,500 | 366,000 |
| Interest Subsidy | 715,925 | 724,244 |
| Legal Charges | 357,931 | 165,908 |
| Cash Subsidy | 118,864,358 | - |
| Tax at Source | - | 74,700,277 |
| Special Exchange | 155,246 | 10,878,129 |
| Insurance Claim Against Car | 4,375 | 4,375 |
| Cash Shortage | 16,046 | 16,046 |
| Interest Free Block Account | 82,609 | 227,239 |
| Purchase of Books | 5,884 | 5,884 |
| Constriction of Building | 1,092,556 | 816,011 |
| Advance Income Tax | 2,840,400,831 | 2,221,746,772 |
| Income Tax refundable | 3,231,411,776 | 3,231,411,776 |
| Receivable from the Govt. | 9,938,698 | 9,938,698 |
| Frozen Food Industries | - | 53,276,706 |
| Machine Tools Factory Ltd. | 41,631,681 | 41,631,681 |
| Accrued Interest On PSP -GPF | - | 86,876,166 |
| Accrued Interest On FDR -GPF | 121,323,145 | 103,843,688 |
| Accrued Interest On PSP -CPF | - | 6,055,096 |
| Accrued Interest On FDR -CPF | 7,033,972 | 7,078,903 |
| BRDB - Upuzilla Central Co-operative Association (UCCA) | 29,608,303 | 29,608,303 |
| Employees Fund Management Cell -CPF | 21,520,707 | 19,311,333 |
| Employees Fund Management Cell-GPF | 94,465,154 | 93,575,316 |
| Capital Work-in progress | 149,619,977 | |
| Others | 74,484,530 | 688,947,174 |
| Exempted Jute Loan | - | 42,823,990 |
| Exemption Loan A/C Ctg . Steel Mills Ltd | - | 1,458,900,000 |
| Bangladesh Bank Clearing Account (USD) | - | (79,779,289) |
| Bangladesh Bank Clearing Account (GBP) | - | 151,625,419 |
| Bangladesh Bank Clearing Account (EURO) | - | (144,232,048) |
| Sales Purchase WES Fund | 39,678,329 | 40,033,083 |
| Special Exchange | 19,404,463 | 19,404,463 |
| Treasury bond GPF | 31,912,822 | 17,800,154 |
| Treasury bond CPF | 5,688,127 | 4,103,813 |
| Abu Dhabi Branches (Sundry Assets) | 2,229,409 | 60,245,886 |
| | 12,799,167,601 | 15,133,499,238 |

9.02 Year wise tax at source refundable

| <u>Year</u> | <u>Asstt. Year</u> | | |
|-------------|--------------------|----------------------|----------------------|
| 1986 | 1987-88 | 8,920,000 | 8,920,000 |
| 1987 | 1988-89 | 45,483,231 | 45,483,231 |
| 1988 | 1989-90 | (13,541,574) | (13,541,574) |
| 1989 | 1990-91 | 42,105,695 | 42,105,695 |
| 1990 | 1991-92 | 39,903,811 | 39,903,811 |
| 1991 | 1992-93 | 50,174,921 | 50,174,921 |
| 1992 | 1993-94 | 126,325,623 | 126,325,623 |
| 1993 | 1994-95 | 77,281,402 | 77,281,402 |
| 1994 | 1995-96 | 104,426,625 | 104,426,625 |
| 1995 | 1996-97 | 204,925,123 | 204,925,123 |
| 1996 | 1997-98 | 240,322,756 | 240,322,756 |
| 1997 | 1998-99 | 225,181,325 | 225,181,325 |
| 1998 | 1999-2000 | 278,055,805 | 278,055,805 |
| 1999 | 2000-2001 | 380,886,212 | 380,886,212 |
| 2000 | 2001-2002 | 413,111,301 | 413,111,301 |
| 2001 | 2002-2003 | 556,745,027 | 556,745,027 |
| 2002 | 2003-2004 | 284,250,246 | 284,250,246 |
| 2003 | 2004-2005 | 166,854,247 | 166,854,247 |
| | | 3,231,411,776 | 3,231,411,776 |

9.03 Classification of other assets and provision shortfall therein

| | 31.12.2009 Taka | 31.12.2008 Taka |
|---|----------------------------|----------------------------|
| i. Amount classified | 869,237,000 | 2,670,712,390 |
| ii. Provision required for other assets | 818,668,000 | 2,670,712,390 |
| iii. Provision old balance | 1,040,514,911 | 2,679,942,377 |
| iv. Add: Provision made during the year/ period | 100,000,000 | - |
| Total Balance as on 31-12-09 | 1,140,514,911 | 2,679,942,377 |
| v. Provision excess/ (shortfall) for other assets (iv-ii) | 321,846,911 | 9,229,987 |

Out of provision taka 1140.51 million, taka 194.80 million is for unrecorded liabilities, taka 84.50 million for NOSRTRO Account un reconciled entires and Taka 41.80 million for Balance with Bangladesh Bank clearing account balances.

9.04 Details of Suspense Account (Bangladesh)

| | 31.12.2009 Taka | 31.12.2008 Taka |
|----------------------------------|----------------------------|----------------------------|
| Sundry Debtors | 485,340,493 | 187,777,542 |
| Advance Against TA/DA | 9,337,967 | 3,864,840 |
| Advance Against Postage | 94,304 | 498,085 |
| Advance for Exps. for New Branch | 2,015,382 | 437,854 |
| Gift Cheque | 175,241 | 76,674 |
| Legal Charge | 354,816 | 441,029 |
| Revenue Stamp | 92,516 | 143,020 |
| Prize Bond/D.S.C/B.S.P etc. | 664,578,274 | 579,200,563 |
| Incentive bonus | 314,851,558 | 118,937,837 |
| Pension bill | 342,743 | 339,355 |
| Air Port Booth | 11,837,818 | 25,299,561 |
| Hajj Booth | 10,706,269 | 12,453,587 |
| Excise duty | 2,438 | |
| Petty Cash | 21,198 | (600) |
| | 1,499,751,017 | 929,469,349 |

9.05 Janata Bank Limited has taken over the entire assets and liabilities of former Janata Bank through a vendors' agreement executed between the Government of the People's Republic of Bangladesh and the Janata Bank Limited on 15 November 2007 with retrospective effect from 1 July 2007. A decision arrived unanimously in a meeting of representatives from the Ministry of Finance of the Government of the People's Republic of Bangladesh, Bangladesh Bank, Securities & Exchange Commission (SEC) and three state-owned commercial banks that goodwill has been created as Janata Bank has issued shares in the name of the Government of People's Republic of Bangladesh although there exists accumulated loss as on 30 June 2007. It was also decided that as there exists no specific heads of accounts the amount goodwill should be shown as valuation adjustment under "Other Assets" and be gradually written off within the next 10 (Ten) years which was started from 2008.

9.06 Deferred Tax Assets for the year 2009 have been computed in accordance with provision BAS-12 based on deductible temporary difference in the carrying amount of the assets and liabilities with its tax based as follows:

| | 31.12.2009 Taka | 31.12.2008 Taka |
|--|------------------------|------------------------|
| i) Written Down Value of Fixed Assets | | |
| a) Carrying amount at balance sheet date | 796,495,290 | 314,577,184 |
| b) Tax base | 580,732,668 | 367,888,825 |
| c) Taxable/(Deductible) Temporary Difference (a-b) | 215,762,622 | (53,311,641) |
| ii) Revaluation Reserve | | |
| a) Carrying amount at balance sheet date | 1,888,700,000 | 1,926,036,731 |
| b) Tax base | - | - |
| c) Taxable/(Deductible) Temporary Difference (a-b) | 1,888,700,000 | 1,926,036,731 |
| iii) Employees Liabilities | | |
| a) Carrying amount at balance sheet date | (12,659,876,749) | (12,035,053,256) |
| b) Tax base | 4,656,793,908 | 2,406,793,908 |
| c) Taxable/(Deductible) Temporary Difference (a-b) | (8,003,082,841) | (9,628,259,348) |
| iv) Total Temporary Difference | (5,898,620,219) | (7,755,534,258) |
| v) Tax rate | 42.5% | 45% |
| vi) Deferred Tax Assets | (2,506,913,591) | (3,489,990,416) |
| vii) Tax credit up to assessment year 2004-05 | - | (3,231,411,776) |
| viii) Total deferred Tax (Assets) / Liability | (2,506,913,591) | (6,721,402,190) |
| ix) Opening Deferred Tax | (6,721,402,190) | (4,785,282,530) |
| x) Increase/Decrease of Deferred Tax (Assets)/Liabilities | 4,214,488,599 | (1,936,119,660) |
| xi) Correction made against earlier year adjustment through retained earnings | (3,231,411,776) | - |
| xii) Increase/Decrease of Deferred Tax (Assets)/Liabilities | 983,076,823 | (1,936,119,660) |

Correction has been made under BAS 8 in the above deferred tax account for the amount as mentioned under (xi) above due to occurrence of fundamental error in respect of earlier year which has been adjusted debiting retained earnings.

| 31.12.2009 Taka | 31.12.2008 Taka |
|--------------------|--------------------|
|--------------------|--------------------|

10.00 Borrowings from other banks, financial institutions and agents

| | | |
|--|-------------------|----------------------|
| a. (i) In Bangladesh - a(i) | 31,565,952 | 587,633 |
| (ii) Outside Bangladesh | - | 3,272,722,439 |
| | 31,565,952 | 3,273,310,072 |
| Less: Credited with branch adjustment A/c | - | (2,731,843,928) |
| | 31,565,952 | 541,466,144 |
| Less: Adjustment with NOSTRO Debit balance | - | (540,878,511) |
| Adjusted balance shown in Accounts | 31,565,952 | 587,633 |

- a (i) Borrowing in Bangladesh
i) From Bangladesh Bank
ii) IDA Credit for EGBMP

| | |
|-------------------|----------|
| 587,633 | - |
| 30,978,319 | - |
| 31,565,952 | - |

- b. (i) Secured (By Bangladesh Bank Deposits)
(ii) Unsecured

| | |
|-------------------|----------------|
| 587,633 | 587,633 |
| 30,978,319 | - |
| 31,565,952 | 587,633 |

c. Maturity-wise grouping

- (i) Repayable on Demand
(ii) Others

| | |
|-------------------|----------------|
| - | - |
| 31,565,952 | 587,633 |
| 31,565,952 | 587,633 |

11.00 Deposit and other accounts

| | | |
|---------------------|------------------------|------------------------|
| Inter-bank deposits | 2,872,179,476 | 83,486,246 |
| Other Deposits | 243,302,867,003 | 221,252,264,488 |
| | 246,175,046,479 | 221,335,750,734 |

11.00(i) Deposit and other accounts

| | | |
|--------------------------|------------------------|------------------------|
| In Bangladesh | 240,270,155,321 | 215,851,209,623 |
| Outside Bangladesh (UAE) | 5,904,891,158 | 5,484,541,111 |
| | 246,175,046,479 | 221,335,750,734 |

11.00(ii) Maturity-wise grouping

| | | |
|----------------------------------|------------------------|------------------------|
| Repayable on demand | 35,256,161,400 | 30,798,359,500 |
| Repayable within 1 month | 24,501,085,063 | 17,521,289,834 |
| Over 1 month but within 6 months | 42,388,265,650 | 35,204,025,700 |
| Over 6 months but within 1 year | 47,472,585,746 | 45,235,623,230 |
| Over 1 year but within 5 years | 61,371,543,609 | 58,307,540,355 |
| Over 5 years but within 10 years | 35,183,442,354 | 34,263,992,588 |
| Over 10 years | 1,962,657 | 4,919,527 |
| | 246,175,046,479 | 221,335,750,734 |

Unclaimed deposits over 10 years was Tk. 19,62,657 on 31 December 2009 which is under process to deposit with Bangladesh Bank as per the requirement of the Bank Companies Act 1991.

12.00 Other liabilities

| | 31.12.2009 Taka | 31.12.2008 Taka |
|--|-----------------------|-----------------------|
| Adjusting account credit | 2,612,290,907 | 2,369,684,407 |
| Inter branch adjustment | 952,081,773 | 2,811,467,417 |
| Death relief grant scheme | 1,487,170 | 720,750 |
| U.K branch profit/loss adjustment account | 631,380 | 631,380 |
| Exchange equalization fund | 75,736,723 | 75,736,723 |
| Re-finance for loan to unemployed Doctors | 1,600,000 | 1,600,000 |
| Insurance fund for building | 4,236,086 | 4,236,086 |
| Insurance fund | 43,860,551 | 38,860,551 |
| Benevolent fund | 40,000,000 | 40,000,000 |
| Computer payable/ Sundry creditor | 307,605,859 | 81,532,315 |
| 5 years Treasury bond | 33,909,159 | 33,909,159 |
| Special blocked account | 5,205,261 | 5,217,361 |
| Provision for Ruler's tax | 20,976,789 | 39,865,296 |
| Interest suspense | 2,974,774,238 | 3,414,351,292 |
| Provision for ex-gratia (Old) | 15,588,658 | 15,795,476 |
| Provision for Incentive bonus | 762,450,358 | 503,776,388 |
| Provision for income tax (Note 12.00 (a)) | 6,546,804,200 | 4,746,894,772 |
| Provision for bad & doubtful debts including general provision for unclassified loans (Note-12.02) | 8,748,404,179 | 9,050,783,662 |
| Provision for investment | 161,600,000 | 161,600,000 |
| Provision for other assets | 1,140,514,911 | 2,679,942,377 |
| Provision for Super Annuation Fund (SAF) | 7,759,101,227 | 9,357,990,768 |
| Provision for gratuity including old balance | 232,140,103 | 270,268,580 |
| Provision for call loan, for misappropriation & for personal loans of overseas branches | 64,101,454 | 61,154,136 |
| Rural housing credit programme | 10,669,770 | 13,070,063 |
| Salary & allowances payable to CEO & MD and Consultantse upto 31-12-2009 | 7,211,348 | - |
| Interest Payable to IDA Credit | 753,218 | - |
| Contributory Providen Fund | 32,400,000 | 31,500,000 |
| General Providen Fund | 228,000,000 | 215,000,000 |
| GPF | 34,860,230 | 11,272,906 |
| CPF | 15,320,820 | 20,468,458 |
| Provision for CSR | 25,000,000 | |
| Provision for Off- balance sheet amount & Credit Card | 736,484,153 | 701,260,659 |
| | 33,595,800,525 | 36,758,590,982 |

| | | 31.12.2009 | 31.12.2008 |
|---|--------------------|----------------------|----------------------|
| | | Taka | Taka |
| 12.00 (a) Provision for Income Tax | | | |
| <u>Year</u> | <u>Asstt. Year</u> | | |
| 2002 | 2003-04 | - | 77,969,075 |
| 2003 | 2004-05 | 368,593,307 | 397,350,462 |
| 2004 | 2005-06 | 548,476,622 | |
| 2006 | 2007-08 | 2,396,370,517 | 2,396,370,517 |
| 2007 | 2008-09 | 1,083,069,516 | 1,083,069,516 |
| 2008 | 2009-10 | 1,143,690,508 | 1,143,690,508 |
| 2009 | 2010-2011 | 1,006,603,730 | - |
| Less: Adjustment made in 2008 for the year 2002 | | | (77,969,075) |
| Less: Adjustment made in 2008 for the year 2003 | | - | (273,586,231) |
| | | 6,546,804,200 | 4,746,894,772 |

Additional provision Tk. 244.83 million has been made for the Assessment year 2004-05 and Tk. 548.47 million for the Assessment year 2005-06 has been provided in the Accounts for the year ended 31st December 2009 due to re-open the files for the said years under section 120 of I.T.O. 1984.

12.01 Inter branch adjustment account represents the net credit balance unreconciled under computerized inter branch transaction account (CIBTA) and inter branch foreign exchange transaction account (IBFET). Year-wise subsequent position of unadjusted entries are given below:

| Sl. | Name of Accounts. | Year | No. of Debit Entries | Amount In Taka | Amount In Taka | No. of Credit Entries | Total amount In Taka |
|-----|--------------------|---------------------------|----------------------|-----------------------|---------------------------|-----------------------|-----------------------|
| (a) | CIBTA | <u>Before 2009</u> | | | <u>Before 2009</u> | | |
| | | For 2005 | 1 | 4,967,621 | upto 2005 | 773 | 272,816,280 |
| | | For 2007 | 1 | 1,035,267 | For 2007 | 810 | 67,848,853 |
| | | For 2008 | 18 | 7,412,272 | For 2008 | 2,857 | 335,855,715 |
| | | <u>For 2009</u> | | | <u>For 2009</u> | | |
| | | upto June'09 | 268 | 1,820,368,756 | upto June'09 | 26,059 | 4,526,509,915 |
| | | Upto Sept'09 | 492 | 12,211,967,868 | Upto Sept'09 | 58,354 | 30,150,832,418 |
| | | Upto Dec. '09 | 1,164 | 2,681,240,254 | Upto Dec. '09 | 61,608 | 18,405,032,765 |
| | | Total (a) | 1,944 | 16,726,992,038 | | 150,461 | 53,758,895,946 |
| (b) | IBFET | <u>Before 2009</u> | | | <u>Before 2009</u> | | |
| | | For 2003 | 1 | 491,300 | For 2003 | - | - |
| | | For 2008 | 1 | 2,411,115 | For 2004 | - | - |
| | | | | | For 2005 | - | - |
| | | <u>For 2009</u> | | | <u>For 2009</u> | | |
| | | upto June'09 | 14 | 69,880,404 | upto June'09 | 19 | 11,975,399 |
| | | Upto Sept'09 | 127 | 280,278,498 | Upto Sept'09 | 62 | 56,894,282 |
| | | Upto Dec.'09 | 1,161 | 6,098,128,899 | Upto Dec.'09 | 332 | 1,181,478,591 |
| | | Total (b) | 1,304 | 6,451,190,216 | | 413 | 1,250,348,272 |
| | Total (a+b) | | 3,248 | 23,178,182,254 | | 150,874 | 55,009,244,218 |

| | 31.12.2009 Taka | 31.12.2008 Taka |
|---|----------------------|----------------------|
| 12.02 a. Provision for Loans and Advances (including general provision for unclassified loans) | | |
| i) In Bangladesh | | |
| Balance as on 01 January 2009 | 8,491,683,317 | 11,135,080,297 |
| Less: i. Fully provided debts written off including interest waiver | 1,407,525,947 | 3,633,401,278 |
| ii. Recoveries and provisions no longer required | - | - |
| | 1,407,525,947 | 3,633,401,278 |
| | 7,084,157,370 | 7,501,679,019 |
| Add: i. Recoveries of amounts previously written off | 441,360,458 | 505,004,298 |
| ii. Specific provision for the year-2009 including general provision on unclassified loans | 688,063,124 | 485,000,000 |
| | 1,129,423,582 | 990,004,298 |
| Provision held as at 31 December 2009 | 8,213,580,952 | 8,491,683,317 |
| ii) Outside Bangladesh | | |
| Balance as on 01 January 2009 | 559,100,345 | 563,054,454 |
| Exchange fluctuation | 365,870 | (581,109) |
| Balance as on 01 January 2009 | 559,466,215 | 562,473,345 |
| Less: Fully provided debts written off | - | - |
| Recoveries and provisions no longer required | 24,848,394 | 3,948,000 |
| | 24,848,394 | 3,948,000 |
| | 534,617,821 | 558,525,345 |
| Add: Recoveries of amounts previously written off | 205,406 | 575,000 |
| Specific provision for the year-2009 | 205,406 | 575,000 |
| | 205,406 | 575,000 |
| Net charge to profit & loss account during the year | | - |
| Provision held as at 31 December 2009 | 534,823,227 | 559,100,345 |
| Total (i+ii) | 8,748,404,179 | 9,050,783,662 |
| b. Provision for unclassified loans and advances | | |
| Balance as on 01 January 2009 | 1,684,233,830 | 1,253,300,000 |
| Provision made during the year (Note-32) | 50,800,000 | 430,933,830 |
| Balance of provision on 31 December 2009 | 1,735,033,830 | 1,684,233,830 |
| c. Interest suspense account | | |
| i) In Bangladesh : | | |
| Balance as on 01.01.2009 | 3,336,198,151 | 4,753,300,010 |
| Add: Transferred during the year | 481,734,542 | 839,626,391 |
| | 3,817,932,693 | 5,592,926,401 |
| Less: Recovered/Transferred to income account | 629,881,909 | 1,033,045,870 |
| Written off during the year | 291,546,141 | 1,223,682,380 |
| | 921,428,050 | 2,256,728,250 |
| Balance as on 31 December 2009 | 2,896,504,643 | 3,336,198,151 |
| ii) Outside Bangladesh | | |
| Balance as on 01 January 2009 | 78,153,141 | 78,279,444 |
| Less: Exchange fluctuation | 52,383 | (77,444) |
| Balance as on 01 January 2009 | 78,205,524 | 78,202,000 |
| Add: Transferred during the year | 64,071 | - |
| Written off during the year | | |
| | - | (48,859) |
| | - | - |
| Balance as on 31 December 2009 | 78,269,595 | 78,153,141 |
| Total (i+ ii) | 2,974,774,238 | 3,414,351,292 |

13.00 Share Capital:

13.01 Authorized capital: Tk. 20,000,000,000

20,00,00,000 nos. of shares @ Tk. 100/- each

13.02 Paid-up capital: Tk. 5,000,000,000

The paid-up capital of the Bank is Tk. 5,000,000,000 divided into 50,000,000 ordinary shares of Tk. 100/- each of which fully paid up by the Government Peoples Republic of Bangladesh as a sole owner of the Bank. Accordingly Share Certificate has been issued in the name of the Government including Chairman & 11(Eleven) Directors of the Bank. Details of share capital are as under:

13.03 Name of shareholders

| Sl. No. | Name of Directors | No. of shares | 2009 Taka |
|----------------|---|-------------------|----------------------|
| 01 | Government of the People's Republic of Bangladesh represented by Finance Secretary, Ministry of Finance | 49,999,988 | 4,999,998,800 |
| 02 | Dr. Abul Barkat | 1 | 100 |
| 03 | Mr. Enamul Haq Choudhury | 1 | 100 |
| 04 | Mr. Chowdhury Abdul Quayum | 1 | 100 |
| 05 | Dr. Jamaluddin Ahmed, FCA | 1 | 100 |
| 06 | Dr. Fahmida Khatun | 1 | 100 |
| 07 | Mr. Fazle Kabir | 1 | 100 |
| 08 | Mr. Md. Nazibar Rahman | 1 | 100 |
| 09 | Mr. Balaram Poddar (Advocate) | 1 | 100 |
| 10 | Mr. Alhaj A K M Shahjahan kamal | 1 | 100 |
| 11 | Mr. Dabir uddin Ahmed | 1 | 100 |
| 12 | Dr. Md. Abdur Rouf Sardar | 1 | 100 |
| 13 | Dr. R M Debnath | 1 | 100 |
| Total : | | 50,000,000 | 5,000,000,000 |

13.04 Calculation of Earning Per Share (EPS)

Calculation of Weighted Average Number of Shares in 2009

| Particulars | Taka in Million | Weighted average number of shares |
|--|-----------------|--------------------------------------|
| i) Paid up capital as on 01-01-2009 | 2,593.90 | 25,939,000 |
| ii) Stock Dividend issued favouring Govt. as on 29-09-2009 | 1,156.10 | 11,561,000 |
| iii) Right share issued favouring Govt.as on 11-12-2009 | 1,250.00 | 719,178 |
| | 5,000.00 | 38,219,178 |

| | 2009 Taka | 2008 Taka |
|----------------------------------|---------------|---------------|
| Net Profit after tax | 2,981,874,480 | 3,145,382,406 |
| Weighted Average number of share | 38,219,178 | 37,500,000 |
| Earning Per Share | 78.02 | 83.88 |

Earnings per share has been calculated in accordance with BAS - 33: "Earnings Per Share (EPS)". Previous year's figures have been adjusted for the issue of 11,561,000 bonus shares (for 2008) during the year.

13.05 Capital adequacy

Details of the Capital Requirement & Capital Surplus/(Shortfall) of the Bank as per requirement of Section 13(2) of Bank Companies Act, 1991 and BRPD Circular 10 dated 25 November 2002:

| | 31.12.2009 Million in Taka | 31.12.2008 Million in Taka |
|---|-------------------------------|-------------------------------|
| Total assets (including off Balance Sheet amount) | 367,180.99 | 336,775.40 |
| Risk weighted assets (Details shown in annexure-2) | 105,862.95 | 105,243.20 |
| i) Required capital (10% of risk weighted assets) | 10,586.30 | 10,524.30 |
| ii) Capital held: | 11,571.29 | 10,120.08 |
| Core capital (Note-13.06) | 7,718.89 | 6,416.75 |
| Supplementary Capital (Note-13.07) | 3,852.40 | 3,703.33 |
| iii) Capital Surplus/(Shortfall) (i-ii) | 984.99 | (404.22) |
| iv) Provision Surplus/(Shortfall) (note nos.7.1 and 9.1) | - | (724.90) |
| v) Adjusted capital Surplus / (Shortfall) (iii+iv) | 984.99 | (1,129.12) |

Adjusted capital shortfall increased in 2008 by Tk. 724.90 million due to excess provision made by Bangladesh Bank inspection team.

13.06 Core capital (Tier-i)

| | | |
|----------------------------|-----------------|-----------------|
| Paid-up Capital | 5,000.00 | 2,593.90 |
| Statutory Reserve | 2,644.94 | 1,491.96 |
| Legal Reserve | 52.89 | 44.95 |
| Retained Surplus/(Deficit) | 21.06 | 2,285.94 |
| Total | 7,718.89 | 6,416.75 |

13.07 Supplementary Capital (Tier-ii)

| | | |
|--|-----------------|-----------------|
| Revaluation surplus | 1,189.40 | 1126.40 |
| Exchange gain of UAE Loan A/C and Capital Reserve | 115.80 | 115.80 |
| Exchange equalization account | 75.73 | 75.73 |
| General provision on unclassified loans including - provision for off-balance sheet items | 2,471.47 | 2,385.40 |
| Total | 3,852.40 | 3,703.33 |

13.08 Capital Adequacy Ratio

| | | |
|---------------------------------|---------------|--------------|
| Core Capital (Tier-I) | 7.29% | 6.10% |
| Supplementary Capital (Tier-II) | 3.64% | 3.52% |
| | 10.93% | 9.62% |

14.00 Statutory Reserve

| | | |
|---|----------------------|----------------------|
| Opening balance | 1,491,956,374 | 238,158,192 |
| Adjustment for exchange fluctuation held in UAE branches. | 20,456 | (31,334) |
| Add: Transfer from current years profit | 1,152,972,146 | 1,253,829,516 |
| | 2,644,948,976 | 1,491,956,374 |

15.00 Legal Reserve (UAE Branches)

| | | |
|---|-------------------|-------------------|
| Opening Balance | 44,946,031 | 29,541,124 |
| Adjustment for exchange fluctuation held in UAE branches. | 30,125 | (30,298) |
| Add: Transferred during the year | 7,916,798 | 15,435,205 |
| | 52,892,954 | 44,946,031 |

16.00 Other Reserves

| | | |
|--|----------------------|----------------------|
| Opening revaluation gain | 2,645,620,801 | 2,688,600,459 |
| Less: Transferred to Profit & Loss Account | (37,547,378) | (41,774,131) |
| Less: Transferred to Exchange earnings | - | (411,777,271) |
| Add: Tras. from revaluation gain on Treasury bill held for Trading | 3,533,395,402 | 410,571,744 |
| Asset revaluation surplus | - | - |
| | 6,141,468,825 | 2,645,620,801 |

| 31.12.2009 Taka | 31.12.2008 Taka |
|--------------------|--------------------|
|--------------------|--------------------|

17.00 Surplus in Profit/(Loss) Account

Last year retained surplus

| | |
|---------------|-------------|
| 2,285,944,367 | 128,967,498 |
|---------------|-------------|

Add:

Provision no longer required

Trans. from Net profit- JEC Italy (2006 & 2007)

Trans. from prov. for un used cash incentive for recovery

Add: Trans,from income of 5% L/c Comm. from 2000 to 2008

| | |
|-------------|-------------|
| - | 239,250,054 |
| 33,843,410 | - |
| 39,064,335 | - |
| 206,084,596 | - |

Less:

Transfer to issuance of bonus share

| | |
|----------------------|--------------------|
| 2,564,936,708 | 368,217,552 |
| (1,156,100,000) | - |

Add: Incr./(Decr)of UAE R/ Earnings for rate fluctuation

| | |
|----------------------|-----------|
| 1,408,836,708 | |
| 200,832 | (165,001) |

Add: Current year's surplus transferd from profit & loss account

| | |
|----------------------|--------------------|
| 1,409,037,540 | 368,052,551 |
| 1,843,433,894 | 1,917,891,816 |

Less: Prior year's adjustment for deferred tax

| | |
|-------------------|----------------------|
| 3,252,471,434 | 2,285,944,367 |
| (3,231,411,776) | - |
| 21,059,658 | 2,285,944,367 |

18.00 Contingent Liabilities

i) Guarantees issued favoring:

Director

Government

Bank & other financial institutions

Others

| | |
|---------------|---------------|
| - | - |
| 1,405,862,675 | 1,009,647,636 |
| 162,960,676 | 59,461,999 |
| 2,205,126,633 | 2,136,661,645 |

ii) Commitments:

Documentary credits and short term trade related transactions

Bills for collection

| | |
|-----------------------|-----------------------|
| 64,128,270,545 | 59,491,466,114 |
| 5,616,051,672 | 7,427,076,266 |
| 73,518,272,201 | 70,124,313,660 |

19.00 Interest Inocme

Interest on loans and advances (Note:19.01)

Interest on call loans

| | |
|-----------------------|-----------------------|
| 14,513,137,863 | 12,172,980,243 |
| 354,827,346 | 780,218,972 |
| 14,867,965,209 | 12,953,199,215 |

19.01 Interest on loans and advances

Loan including Small Loan

L.I.M

L.T.R

Packing Credit

I.B.P

F.B.P

P.A.D

Overdrafts

Cash Credits

Penal Interest on DPS/SPS

Penal Interest on FDR

Interest Miscellaneous

Interest on Q-Cash Overdraft

Interest on F.C

Interest on Credit Card

Discount on bills purchased

Special Notice

| | |
|-----------------------|-----------------------|
| 3,361,714,609 | 3,136,092,604 |
| 93,921,000 | 188,953,286 |
| 2,166,981,458 | 782,148,700 |
| 91,793,037 | 93,550,853 |
| 22,280,136 | 7,256,363 |
| 468,083,749 | 130,423,106 |
| 1,750,325,445 | 1,796,934,725 |
| 263,989,036 | 338,721,399 |
| 5,703,821,316 | 5,087,900,762 |
| 19,924,450 | 25,913,103 |
| 872,758 | 1,202,062 |
| 559,909,017 | 556,709,908 |
| 2,200,677 | 294 |
| 4,311,327 | 26,404,246 |
| 662,830 | 284,700 |
| - | 484,132 |
| 2,347,018 | |
| 14,513,137,863 | 12,172,980,243 |

| 31.12.2009 Taka | 31.12.2008 Taka |
|--------------------|--------------------|
|--------------------|--------------------|

20.00 Interest paid on deposits and borrowings etc.

| | | |
|------------------------------------|----------------------|---------------|
| Interest on deposits - Note-20.01 | 10,278,590,949 | 9,235,058,164 |
| Interest on borrowings -Note-20.02 | 85,403,070 | 69,843,302 |
| Discount paid | 12,219,879 | 1,492,930 |
| Interest on IDA Credit | 753,218 | - |
| Interest on Overseas A/C | 15,510 | 97,202 |
| 10,376,982,626 | 9,306,491,598 | |

20.01 Interest Paid on Deposit

| | | |
|--|----------------------|---------------|
| Interest paid on Saving Bank Deposit | 2,141,247,355 | 2,029,494,847 |
| Interest paid on Fixed & O.D F.D Deposit | 5,927,962,836 | 4,890,657,217 |
| Interest paid on Call Deposit | 4,162,530 | - |
| Interest paid on Short Term Deposit | 800,895,177 | 680,827,198 |
| Interest paid on Cash Security | 94,148 | 136,057 |
| Interest paid on G,P.F/C.P.F | 505,449,877 | 476,009,194 |
| Interest paid on Block Time Deposit | 126,537 | 49,576 |
| Interest paid on Deposit Pension Scheme | 123,972,335 | 151,170,561 |
| Interest paid on N.R.F.C.D | 13,539,804 | 24,846,220 |
| Interest paid on Gift Cheque | 72,045 | 266,752 |
| Interest paid onJBSPS | 725,368,045 | 975,630,706 |
| Interest paid onJBDS | 33,707,616 | 5,013,279 |
| Interest paid on MDS | 325,816 | 1,910 |
| Interest paid on EDS | 299,781 | 526 |
| Interest paid on Others | 1,111,503 | 893,693 |
| Interest paid onQ-Cash | 83,850 | 60,428 |
| Interest paid on L/C/LG | 171,694 | |
| 10,278,590,949 | 9,235,058,164 | |

20.02 Interest Paid on Borrowings

| | | |
|--|-------------------|------------|
| Bangladesh Bank Borrowings | 36,880,434 | 56,729,076 |
| Other Banks Borrowings | 48,451,201 | 5,869,464 |
| Sonali Bank Borrowings | 71,435 | 53,835 |
| Interest paid on Borrowing of UAE branches | - | 7,190,927 |
| 85,403,070 | 69,843,302 | |

21.00 Investment Income

| | | |
|-----------------------------------|----------------------|---------------|
| Interest on government securities | 4,575,780,776 | 4,075,840,287 |
| Interest on debenture | 16,400,827 | 18,791,714 |
| Dividend on shares | 59,600,355 | 17,659,717 |
| Other investment income | 950,532,590 | 44,869,639 |
| 5,602,314,548 | 4,157,161,357 | |

22.00 Commission, exchange and brokerage

| | | |
|----------------------|----------------------|---------------|
| Commission | 644,033,917 | 578,328,912 |
| Exchange | 2,232,648,185 | 2,558,341,998 |
| Less: Exchange loss | (21,584,612) | (20,990,274) |
| Brokerage | 14,945,215 | 25 |
| 2,870,042,705 | 3,115,680,661 | |

23.00 Other operating income

| | 2009 Taka | 2008 Taka |
|--|----------------------|----------------------|
| Rent | 3,742,218 | 4,943,341 |
| Computer | 27,311 | 100 |
| Incidental charge recoveries | 81,594,518 | 91,308,925 |
| Miscellaneous earnings | 582,809,078 | 529,370,403 |
| Postage recoveries | 23,214,449 | 16,192,404 |
| Interest on UAE account | - | - |
| Trunk call & SWIFT charges | 16,936,136 | 11,238,093 |
| Write Off Loan recovery | 1,613,848 | 30,125,923 |
| Service charge on rural credit | 4,933,193 | 5,904,762 |
| Legal Charges on recoveries | 1,023,303 | 2,590,151 |
| Income from Revaluation of Gold/Silver | 2,314,985 | 3,405,684 |
| Income from non-banking Assets | 7,524 | 923,115 |
| Rebate | 15,571,583 | - |
| | 733,788,146 | 696,002,901 |

24.00 Salary & Allowances

| | | |
|-------------------------|----------------------|----------------------|
| Basic Salaries | 1,682,412,123 | 1,523,419,361 |
| Allowances | 1,150,732,076 | 956,393,666 |
| Festival Bonus | 254,487,139 | 256,293,554 |
| Leave Salary Encashment | 86,958,899 | 82,438,902 |
| Pension & Gratuity | 460,202,368 | 549,909,076 |
| Lunch Subsidy | 330,705,311 | 215,041,081 |
| Employees Income Tax | 9,019,507 | 9,808,202 |
| Providend Fund | 12,256,125 | 11,501,134 |
| Welfare & Recreation | 8,698,274 | 9,174,653 |
| Madical Expenses | 1,109,700 | 858,480 |
| | 3,996,581,522 | 3,614,838,109 |

25.00 Rent,Taxes, Insurance, Electricity etc.

| | | |
|---------------------|--------------------|--------------------|
| Rent, Rates & Taxes | 257,066,115 | 223,807,008 |
| Insurance | 121,433,917 | 107,688,002 |
| Lighting | 36,675,799 | 33,135,517 |
| | 415,175,831 | 364,630,527 |

26.00 Legal Expenses.

| | | |
|--------------------------------------|------------------|------------------|
| Legal Charges | 2,627,509 | 2,633,843 |
| Stamps, Power of Attorney & N.P Exp. | 2,743,454 | 2,941,952 |
| | 5,370,963 | 5,575,795 |

27.00 Postage, stamp, telecommunication etc.

| | | |
|---------------------------------------|------------------|------------------|
| Postage | 95,200 | 181,778 |
| Telegram/ Telex/ TP | 180,260 | 141,987 |
| Telephone/ Trunk Call (Office) | 612,500 | 264,848 |
| Telephone/ Trunk Call (Residence) | 630,250 | 210,882 |
| Others | 325,400 | 182,009 |
| Internet/ E-mail/ Internet Fax/ SWIFT | 22,286 | 167,892 |
| | 1,865,896 | 1,149,396 |

28.00 Stationery , Printing and Advertisement

| | | |
|---------------------|--------------------|-------------------|
| Office Stationery | 35,325,549 | 32,423,538 |
| Security stationery | 22,806,413 | 22,132,150 |
| Computer Stationery | 18,343,769 | 15,364,144 |
| Petty Stationery | 13,908,372 | 12,903,719 |
| Advertisement | 16,264,940 | 6,892,460 |
| | 106,649,043 | 89,716,011 |

| | 2009 Taka | 2008 Taka |
|---|--------------------|--------------------|
| 29.00 Director's Fee | | |
| a) Total fees paid for attending board meetings | 1,062,000 | 918,000 |
| b) Other financial benefit | - | - |
| | 1,062,000 | 918,000 |
| 30.00 Depreciation & Repair Maintenance | | |
| Depreciation: | | |
| Furniture & Fixture | 22,514,183 | 19,716,767 |
| Vehicles | 12,003,509 | 14,244,185 |
| Machinery & Equipment | 21,053,512 | 20,135,659 |
| Computer | 41,662,211 | 26,610,884 |
| Property | 25,783,021 | 26,435,898 |
| Repair & Maintenance | 60,155,309 | 59,036,494 |
| | 183,171,745 | 166,179,887 |
| 31.00 Other Expenses | | |
| Entertainment | 56,425,310 | 42,379,354 |
| Car Expenses | 65,062,322 | 50,547,027 |
| Subscription | 16,614,765 | 19,676,752 |
| Donation | 7,800 | 69,000 |
| Travelling | 40,273,723 | 34,225,897 |
| Cartage & Freight | 54,785,916 | 46,384,747 |
| Miscellaneous | 60,550,334 | 95,909,197 |
| Business Development | 21,222,149 | 18,143,725 |
| Cash Carriage Charges | 9,943,564 | 8,917,784 |
| Outsourcing Security Expenses | 27,047,296 | 16,740,197 |
| Training Expenses. | 8,509,724 | 9,402,465 |
| H.O Admn. Exp.(UAE) | 13,475,762 | 13,063,680 |
| Provision for Ruler Tax | 23,085,299 | - |
| Computer | 467,224 | 877,358 |
| Loss on Sale of Property & Assets | 1,089,332 | 4,310,589 |
| | 398,560,520 | 360,647,772 |
| 32.00 Provision for loans and advances | | |
| For bad & doubtful loans and advances | 637,263,124 | 54,066,170 |
| Provision made for unclassified loans during the year | 50,800,000 | 430,933,830 |
| | 688,063,124 | 485,000,000 |
| 33.00 Provision for off- Balance Sheet items : | | |
| Opening Balance | 701,243,137 | 232,652,000 |
| Add: Transferred during the year | 35,200,000 | 468,591,137 |
| | 736,443,137 | 701,243,137 |
| Provision for off Balance Sheet items has been maintained @ 1% of the total outstanding balance shown in the balance Sheet. | | |
| 34.00 Provision for Valuation Adjustment | | |
| Amortized during the year | 890,000,000 | 889,000,000 |

| 2009 Taka | 2008 Taka |
|--------------|--------------|
|--------------|--------------|

35.00 Provision for Super Annuation Fund and Gratuity

(i) Provision for Super Annuation Fund (SAF) :

Total fund requirement for super annuation fund as per calculation of the bank

17,059,037,498 12,734,525,624

Less: Fund already kept in SAF

6,459,388,349 4,090,981,224

To be Account for Super Annuation Fund during the year

10,599,649,149 8,643,544,400

ii) Provision for Gratuity:

Total fund requirement for gratuity as per calculation of the bank:

For Bangladesh

466,505,600 342,689,706

For Overseas

14,166,329 13,055,870

480,671,929 355,745,576

Less: Fund Kept for gratuity (balance with accrued Interest)

For Bangladesh

272,314,272 283,324,450

For Overseas

258,147,943 270,268,580

14,166,329 13,055,870

208,357,657 72,421,126

To be Account for Gratuity during the year

Total amount of Super Annuation Fund and Gratuity to be accounted for during the year (i+ii)

10,808,006,806 8,715,965,526

Less: Accounted for upto 31-12-08

7,109,101,227 9,357,990,768

Less: Provision for SAF & Gratuity during the year

650,000,000 -

Excess/ Short Provision held on 31-12-2009

3,048,905,579 642,025,242

The Bank has determined the required provision for Super Annuation Fund (SAF) and gratuity fund for its employees as of December 31, 2009 at Taka 17,539.71 million against which there exists a provision of Taka 14,490.80 million. Out of the provision made, Taka 6,459.38 million including Tk. 2,250 million has so far been transferred to the said fund and the remaining balance shall be transferred @ 25% per annum after year end review by the management.

36.00 Other Provisions

Provision for Incentive Bonus

380,000,000 320,000,000

Provision for Insurance Fund

5,000,000 5,000,000

Provision for Benevolent Fund

40,000,000 40,000,000

Provision for CSR

25,000,000 -

Provision for Ruler Tax (UAE Branches)

- 46,149,592

450,000,000 411,149,592

37.00 Provision for Income Tax.

Income Tax assessment till 2003-04 have been finalised. Shortage provision of Tk. 793.31 million for the assessment year 2004-05 and 2005-06 have been provided in the accounts of 2009. Income tax assessments for the year 2004-05, 2005-06, 2006-07 and 2007-08 have re-opened under section 120 of income tax ordinance 1984 and these said assessments including assessment for the year 2008-09 are lying with different stage of Appeal Authority. Income tax for the year 2009 has been provided @ 42.5% on business income.

Income Tax has not been considered on the loans & advances and other assets written off during the year on the ground that income tax has been provided fully on the provision for doubtful debts made against the said loans and advances written off in the year 2009.

38.00 High Lights/ Key Indicators of Bank

| | 2009 | 2008 |
|--|------------------------|------------------------|
| | Million in Taka | Million in Taka |
| Authorised capital | 20,000.00 | 8,000.00 |
| Paid-up capital | 5,000.00 | 2,593.90 |
| Required Capital (10% of RWA) | 10,586.30 | 10,524.30 |
| Capital kept | 11,571.29 | 10,120.08 |
| Capital surplus/(shortfall) | 984.99 | (404.22) |
| Total assets | 293,662.78 | 267,157.30 |
| Total deposits | 246,175.05 | 221,335.75 |
| Total loans and advances | 166,359.49 | 144,678.20 |
| Total operating profit | 8,578.12 | 7,003.06 |
| Total contingent liabilities (Off balance sheet item) | 73,518.27 | 70,124.31 |
| Total loans deposits ratio | 67.58% | 65.37% |
| Total classified loans to total loans & advances (Excluding overseas branch) | 8.70% | 12.34% |
| Profit after provision and tax | 2,981.87 | 3,145.38 |
| Classified loans & advances during the year: | | |
| In Bangladesh | 13,423.00 | 16,528.00 |
| Outside Bangladesh | 613.00 | 616.40 |
| Total | 14,036.00 | 17,144.40 |
| Provision held against classified advances (including general provision for unclassified loans and advances) | 8,748.40 | 9,050.78 |
| Cost of deposit | 4.58% | 4.53% |
| Operating cost | 2.38% | 2.31% |
| Cost of fund | 6.96% | 6.84% |
| Performing assets/loans (including overseas) | 152,323.49 | 127,533.80 |
| Non performing assets/loans (including overseas) | 14,036.00 | 17,144.40 |
| Return on investment (ROI) | 8.24% | 8.29% |
| Return on assets (ROA) | 1.02% | 1.18% |
| Earning cost ratio | 0.64 | 0.70 |
| Import | 118,525.00 | 129,413.00 |
| Export | 88,653.00 | 85,417.80 |
| Total reduction of classified advances | 6,263.00 | 9,239.20 |
| Cash recovery | 1,929.40 | 1,797.70 |
| Foreign remittance | 56,190.00 | 45,924.40 |
| Non interest income | 4,689.20 | 3,857.60 |
| Earning per share | 78.02 | 83.88 |

Sd/=

Md. Belal Hossain
Sr. Consultant (Accounts)

Sd/=

S. M. Aminur Rahman
CEO & Managing Director

Sd/=

Dr. R. M. Debnath
Director

Sd/=

Dr. Jamaluddin Ahmed, FCA
Director

Sd/=

Chowdhury Abdul Quayum
Director

Sd/=

Dr. Abul Barkat
Chairman

Annexure-1

Janata Bank Limited
Schedule of Fixed Assets
As of 31 December 2009

(Amount in '000)

| Sl # | Name of Assets | C O S T | | | | Rate of dep. (%) | D E P R E C I A T I O N | | | | Written down Value as on 31.12.09 |
|------|------------------------------|--------------------------------|---|-----------------------------|------------------------|------------------|--------------------------------|-------------------------|----------------------------|------------------------|-----------------------------------|
| | | Opening Balance as on 01.01.09 | Purchased/ Addition including revaluation during the year | Sales/ Transfer/ Adjustment | Balance as on 31.12.09 | | Opening Balance as on 01.01.09 | Charged during the year | Adjustment during the year | Balance as on 31.12.09 | |
| | 1 | 2 | 3 | 4 | 5=(2+3-4) | 6 | 7 | 8 | 9 | 10=(7+8-9) | 11=(5-10) |
| 1 | Land | 994,704 | - | | 994,704 | | | | | | 994,704 |
| 2 | Building | 1,160,972 | 1,525 | | 1,162,497 | 2.5 | 129,651 | 25783 | - | 155,434 | 1,007,063 |
| 3 | Furniture and Fixture: | | | | | | | | | | |
| | a) Office Equipment | 132,070 | 12,671 | 46 | 144,695 | 20 | 85,762 | 9654 | - | 95,416 | 49,279 |
| | b) Electric Equipment | 177,345 | 15,624 | 53 | 192,916 | 20 | 135,570 | 17027 | - | 152,597 | 40,319 |
| | c) Fire Extinguish & Arm | 7,263 | 210 | - | 7,473 | 20 | 6,198 | 325 | - | 6,523 | 950 |
| | d) Car | 161,734 | 20,943 | 6,979 | 175,698 | 20 | 119,412 | 12004 | - | 131,416 | 44,282 |
| | e) Cycle and Scoter | 4,243 | 82 | - | 4,325 | 20 | 3,902 | 95 | - | 3,997 | 328 |
| | f) Weighting Machine | 294 | 74 | - | 368 | 20 | 180 | 1 | - | 181 | 187 |
| | g) Others | 307,781 | 53,235 | 646 | 360,370 | 10 | 144,850 | 16,465 | - | 161,315 | 199,055 |
| | Sub-total (a to g) | 790,730 | 102,839 | 7,724 | 885,845 | | 495,874 | 55,571 | | 551,445 | 334,400 |
| 4 | Computer | 363,751 | 275,711 | 10,566 | 628,896 | 20 | 238,206 | 41,662 | - | 279,868 | 349,028 |
| | Grand total (1+2+3+4) | 3,310,157 | 380,075 | 18,290 | 3,671,942 | | 863,731 | 123,016 | - | 986,747 | 2,685,195 |

JANATA BANK LIMITED
CAPITAL ADEQUACY OF THE BANK (AS PER RISK WEIGHTED ASSETS)
AS ON 31 DEC 2009

Annexure-2

Fig. in Million

| | Name of Assets | Ledger Balances | Risk Percentages | Risk Weighted Assets | GrandTotal |
|-----------|---|-----------------|------------------|----------------------|------------|
| 1. | Cash in hand and in Banks : | | | | |
| | (except banks abroad) | | | | |
| | a) Bangladesh Bank notes. | 3,479.90 | 0% | - | |
| | b) Government notes and coins. | 27.30 | 0% | - | |
| | c) Balances with Bangladesh Bank. | 11,602.50 | 0% | - | |
| | d) Balances with Sonali Bank as agents of B/B | 1,233.90 | 0% | - | |
| | e) Balances with Deposit Money Banks including Sonali bank | 505.10 | 0% | - | |
| | f) Balances with Other Fin Institution (Public) OFIs | 1,710.00 | 0.00 | - | |
| | g) Balances with Other Fin Institution (Private) | - | 20% | - | |
| 2. | Money at call and short notice : | | | | |
| | a) Deposit Money Banks (DMB) | 5,533.50 | 0% | - | |
| | b) Other Financial Institutions-Public. OFIs | - | 0% | | |
| | c) Other Financial Institutions-Private. | - | 0% | | |
| 3. | Foreign currency balances held : | | | | |
| | a) Foreign currency notes in hand. | 188.20 | 0% | - | |
| | b) Balances with banks abroad | 1,908.30 | 0% | - | |
| | c) Foreign currency clearing account balance with B.B | - | 0% | | |
| | d) Bilateral trade credits. | - | 50% | | |
| | e) Wage Earners' (WES.) | | 0% | - | |
| 4. | Export and other foreign bill : | | | | |
| | a) Export bills | 2,772.50 | 50% | 1,386.25 | |
| | b) Loans against Foreign Bill . | 6,046.30 | 50% | 3,023.15 | |
| 5. | Foreign Investment . | | | | |
| | a) OECD | - | 20% | | |
| | b) Other Countries | - | 50% | | |
| 6. | Import and Inland Bills | | | | |
| | a) Government | | | | |
| | 1) Food Ministry | - | 0% | | |
| | 2) Presidency,Prime Minister's office | | | | |
| | Parliament , judicial & Non-Food Ministry | - | 0% | | |
| | 3) Autonomous & Semi Autonomous Bodies(Govt. Gaurantee) | 8,218.30 | 0% | - | |
| | b) Other Financial institutions : | | | | |
| | 1) Other Financial institutions -public | - | 20% | - | |
| | 2) Other Financial institutions -private | - | 20% | | |
| | c) Major Non-Financial Public Enterprises | 1,012.70 | 50% | 506.35 | |
| | Major Non-Financial Public Enterprises (Against Govt. Gaurantee) | 14,251.40 | 0% | - | |
| | d) Other Non-Financial Public Enterprises | - | 50% | | |
| | e) Local authorities | - | 20% | | |
| | f) Private Sector | 13,921.60 | 100% | 13,921.60 | |
| | g) Deposit Money Banks | - | 20% | - | |
| 7. | Advances : | | | | |
| | a) Government. | | | | |
| | 1) Food Ministry. | 107.70 | 0% | | |
| | 2) Presidency,Prime Minister's office, | | | | |
| | Parliament , judiciary & Non-Food Ministries | 88.10 | 0% | - | |
| | 3) Autonomous & Semi Autonomous bodies (Govt. Gaurantee) | 1,563.80 | 0% | - | |
| | b) Other Financial institutions : | | | | |
| | 1) Other Financial institutions -public | 300.00 | 20% | 60.00 | |
| | 2) Other Financial institutions -private | - | 50% | | |
| | c) Major Non-Financial Public Enterprises | 4,941.80 | 50% | 2,470.90 | |
| | ci) Major Non-Financial Public Enterprises (Against Govt. Gaurantee) | 24,642.20 | 0% | - | |
| | d) Other Non-Financial Public Enterprises | - | 50% | - | |
| | e) Local authorities | - | 20% | | |
| | f) Private Sector{88493.1-(2039.8+10869.0+2974.8+7013.4)} | 65,596.10 | 100% | 65,596.10 | |
| | g) Depositi Money bank's | - | 20% | | |

| | | | | |
|--|-------------------|------|-------------------|--|
| 8. Investment (As book value) | | | | |
| a) Presidency, Prime Minister's office, Parliament, judiciary & Non-Food Ministries | | | | |
| 1) Treasury Bills. (28 day's, 91 day's etc.) | 17,513.30 | 0% | - | |
| 2) Treasury Bills (Long-Term). | 52,096.40 | 0% | - | |
| 3) Govt. savings Certificates (Bangladesh Sanchayapatra, 3 months Profit basis Sanchaya patra etc. | - | 0% | - | |
| 4) Prize bonds / Income tax bonds. | 57.40 | 0% | - | |
| 5) Other Securities of Government. | 70.00 | 0% | - | |
| b) Autonomous & Semi Autonomous Bodies. | | | | |
| c) Other Financial institutions : | | | | |
| 1) Other Financial institutions- Public | 230.00 | 0% | - | |
| 2) Other Financial institutions- Private | 642.70 | 20% | 128.54 | |
| d) Major non Financial Public Enterprises | 5.40 | 50% | 0.27 | |
| e) Other Non-Financial Public Enterprises | - | 50% | | |
| f) Local authorities | | 20% | | |
| g) Private Sector (1217.4-161.6) | 1,056.40 | 100% | 1,056.40 | |
| h) Deposit Money Banks.(Reverse Repo) | 700.00 | 0% | - | |
| i) Negotiable Certificates of Deposits | - | 20% | | |
| 9. Head Office and Inter Brs. Adjustments. | - | 0% | | |
| 10. Other Assets : | | | | |
| a) Contingent Assets as per contra : (Off Balance Sheet Items) | | | | |
| i) Government | 25,096.30 | 0% | - | |
| ii) Acceptance | 10,523.60 | 50% | 5,261.80 | |
| iii) Private/ Others | 6,153.50 | 50% | 3,076.75 | |
| ii) Deposit Money Bank | | 20% | - | |
| c) Bills for Collection | 5,616.00 | 0% | - | |
| b) Fixed Assets. | 2,685.10 | 50% | 1,342.55 | |
| c) Valuation adjustments. | 7,110.00 | 50% | 3,555.00 | |
| d) Expenditure Account. | | 0% | - | |
| e) Others. (25896.09-7110-1140.5-13168.3) | 4,477.29 | 100% | 4,477.29 | |
| 11 Adjustments/Reconcile | | | | |
| a) SOD-Fo & DPS Loan | 2,039.80 | 0% | - | |
| b) Staff Loan | 10,869.00 | 0% | - | |
| d) Interest Suspense | 2,974.80 | 0% | - | |
| e) Provision for Investment | 161.60 | 0% | - | |
| f) Prov. for Loans and advances | 7,013.40 | 0% | - | |
| g) Provision for Other Assets | 1,140.50 | 0% | - | |
| h) Margin on L/C | 5,211.10 | 0% | - | |
| i) Margin on L/G | 154.70 | 0% | - | |
| j) 80% of Private L/c & 50% of L/G considered zero risk due to credit conversion | 20,763.20 | 0% | - | |
| k) Income Tax at Source & other secured assets | 13,168.30 | 0% | - | |
| Grand Total (Ledger balances) : | 367,180.99 | | | |
| Risk Weighted Assets : | | | 105,862.95 | |
| Required Capital Adequacy @ 10% of Risk Weighted assets | | | 10,586.30 | |

Notes:

- 1) Overdraft (SOD-FO) loans Tk. 2,039.8 million are fully secured and riskless.
- 2) SHBL, PFL, Motor Cycle Loan, Bi Cycle Loan was stood Tk. 10,869 million are risk free.
- 3) Interest suspense maintained against classified loans & Advances stood Tk. 2,974.8 million.
- 4) Provision maintained against loans & Advances, Investment and other assets Tk. 7,013.4, 16.16 & 1140.5 million respectively.
- 5) Other Assets includes Taka 13168.3 million for income tax at source, DD paid without advice (Local & Foreign), Army pension, BSP/PSP etc. is risk free.