

# AUDITORS' REPORT TO THE SHAREHOLDERS OF BANK ASIA LIMITED

We have audited the accompanying financial statements of Bank Asia Limited, ("the Bank"), namely, Balance Sheet as of 31 December 2006 and the related Profit and Loss Statement, Cash Flow Statement, Statement of Changes in Equity, Statement of Liquidity Analysis and notes thereon for the year ended on that date. Preparation of these financial statements and notes thereto is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting, the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

Accordingly, in our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards and read in conjunction with the annexed notes give a true and fair view of the state of affairs of the Bank as of 31 December 2006 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Banking Companies Act 1991, the Securities and Exchange Ordinance 1969, the Securities and Exchange Rules 1987, the rules and regulations issued by the Bangladesh Bank and other applicable laws and regulations.

We also report that:

- (i) we have obtained all 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 and found them satisfactory;
- (ii) in our opinion, proper books of account as required by law were 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 have been received from branches;
- (iii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (iv) the Balance Sheet, Profit and Loss Statement, Cash Flow Statement, Statement of Changes in Equity and Statement of Liquidity Analysis of the Bank dealt with by this report are in agreement with the books of account maintained by the Bank;
- (v) the financial statements have been drawn up in conformity with the Banking Companies Act 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank and the financial statements conform with the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (vi) the financial position of the Bank at 31 December 2006 and the profit for the year then ended have been properly reflected in the financial statements, and the financial statements have been prepared in accordance with generally accepted accounting principles;
- (vii) adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery;
- (viii) the expenditures incurred during the year were for the purposes of the business of the Bank; and
- (ix) 80% of the risk-weighted assets have been reviewed spending over 3,500 hours.

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 19 March 2007



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S. F. AHMED & CO  
Chartered Accountants

# BALANCE SHEET AT 31 DECEMBER 2006

Amounts in Taka

PROPERTY AND ASSETS	Notes	At	At
		31 Dec 2006	31 Dec 2005
<b>Cash:</b>	3	<b>1,783,705,469</b>	<b>759,561,720</b>
In hand (including foreign currencies)		196,512,343	105,054,105
With Bangladesh Bank and its agent bank (s) (including foreign currencies)		1,587,193,126	654,507,615
<b>Balance with other banks and financial institutions</b>	4	<b>398,705,122</b>	<b>366,819,473</b>
In Bangladesh	4.1	76,773,874	36,659,948
Outside Bangladesh	4.2	321,931,248	330,159,525
<b>Money at call and on short notice</b>	5	<b>1,057,723,074</b>	<b>1,104,617,231</b>
<b>Investments</b>	6	<b>3,345,326,162</b>	<b>2,256,278,942</b>
Government Securities		3,122,313,318	2,152,152,008
Others		223,012,844	104,126,934
<b>Loans and advances</b>		<b>22,255,639,992</b>	<b>17,869,844,542</b>
Loans, cash credits, overdrafts, etc	7	19,924,120,775	15,252,372,045
Bills purchased and discounted	8	2,331,519,217	2,617,472,497
<b>Fixed assets including assets taken on lease</b>	9	<b>483,472,109</b>	<b>442,167,364</b>
<b>Other assets</b>	10	<b>1,153,865,614</b>	<b>580,675,356</b>
<b>Non-banking assets</b>		-	-
<b>Total Assets</b>		<b>30,478,437,542</b>	<b>23,379,964,628</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowings from other banks, financial institutions, and agents	11	370,000,000	1,350,000,000
<b>Deposits and other accounts</b>	12	<b>25,289,359,376</b>	<b>18,500,070,655</b>
Current deposits and other accounts		2,551,677,212	1,983,287,400
Bills payable		210,873,646	296,085,857
Savings bank deposits		1,773,130,259	1,176,495,618
Fixed deposits/Term deposits		20,753,678,259	15,044,201,780
<b>Other liabilities</b>	13	<b>2,869,336,780</b>	<b>1,962,911,904</b>
<b>Total Liabilities</b>		<b>28,528,696,156</b>	<b>21,812,982,559</b>
<b>Capital/Shareholders' Equity</b>			
Paid-up capital	14	1,116,000,000	930,000,000
Statutory reserve	15	545,247,108	351,826,300
Proposed issue of bonus shares		279,000,000	186,000,000
Share premium		330	330
Proposed cash dividend		-	93,000,000
Retained earnings	16	9,493,948	6,155,439
<b>Total Shareholders' Equity</b>		<b>1,949,741,386</b>	<b>1,566,982,069</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>30,478,437,542</b>	<b>23,379,964,628</b>


**Off-Balance Sheet items at 31 December 2006**

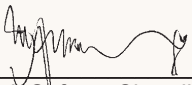
Amounts in Taka

	Notes	Amounts in Taka	
		At 31 Dec 2006	At 31 Dec 2005
<b>Contingent liabilities</b>	17		
Acceptances and endorsements		-	-
Letters of guarantee	17.1	1,581,337,137	1,513,007,722
Irrevocable letters of credit	17.2	2,665,102,330	2,011,380,036
Bills for collection		1,382,078,088	1,437,722,959
Other contingent liabilities		6,086,346,267	5,544,112,445
		<b>11,714,863,822</b>	<b>10,506,223,162</b>
<b>Other commitments</b>			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Spot and forward foreign exchange contracts		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines, and other commitments		-	-
		-	-
<b>Total off-Balance Sheet items including contingent liabilities</b>		<b>11,714,863,822</b>	<b>10,506,223,162</b>

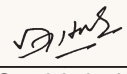
The accompanying notes form an integral part of these financial statements.

for Bank Asia Limited

  
M. Syeduzzaman  
Chairman

  
Mohd. Safwan Choudhury  
Director

  
Jahir Uddin  
Director

  
Syed Anisul Huq  
President & Managing Director

Signed in terms of our report of even date annexed

Dated, 19 March 2007


  
S. F. AHMED & CO  
Chartered Accountants


# PROFIT AND LOSS STATEMENT

for the year ended 31 December 2006

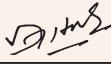
	Notes	Amounts in Taka	
		Year ended 31 Dec 2006	Year ended 31 Dec 2005
<b>OPERATING INCOME</b>			
Interest income	19	2,842,344,252	1,804,370,886
Interest paid on deposits, borrowings, etc	20	(2,186,400,440)	(1,359,605,568)
<b>Net interest income</b>		<b>655,943,812</b>	<b>444,765,318</b>
Investment income	21	249,375,082	206,647,420
Commission, exchange and brokerage	22	556,310,067	441,299,947
Other income	23	126,246,478	72,579,047
		<b>931,931,627</b>	<b>720,526,414</b>
<b>Total operating income (a)</b>		<b>1,587,875,439</b>	<b>1,165,291,732</b>
<b>OPERATING EXPENSES</b>			
Salary and allowances	24	225,741,854	153,013,087
Rent, taxes, insurance, electricity, etc	25	70,903,574	52,438,644
Legal expenses	26	1,581,942	887,546
Postage, stamps, telecommunication, etc	27	22,318,396	17,280,224
Stationery, printing, advertisement, etc	28	18,789,645	10,297,066
Chief executive's salary and fees	29	5,451,370	4,892,500
Directors' fees	30	561,655	557,490
Auditors' fee		210,000	190,000
Depreciation and repairs of Bank's assets	31	61,125,660	40,247,317
Other expenses	32	109,314,184	84,769,122
		<b>515,998,280</b>	<b>364,572,996</b>
<b>Total operating expenses (b)</b>		<b>515,998,280</b>	<b>364,572,996</b>
<b>Profit before provision (c = a-b)</b>		<b>1,071,877,159</b>	<b>800,718,736</b>
Provision against loans and advances	33	104,773,120	197,117,782
Other provision		-	-
<b>Total provision (d)</b>		<b>104,773,120</b>	<b>197,117,782</b>
<b>Profit before taxation (c-d)</b>		<b>967,104,039</b>	<b>603,600,954</b>
Provision for taxation	13.4	491,344,722	220,089,576
Current tax		432,447,206	220,089,576
Deferred tax		58,897,516	-
<b>Profit after taxation</b>		<b>475,759,317</b>	<b>383,511,378</b>
Balance of profit, brought forward		6,155,439	22,364,252
<b>Profit available for appropriation</b>		<b>481,914,756</b>	<b>405,875,630</b>
<b>Appropriations</b>	34		
Statutory reserve		193,420,808	120,720,191
Proposed bonus share @ 1 share per 4 shares held		279,000,000	186,000,000
Proposed cash dividend @ 10%		-	93,000,000
		<b>472,420,808</b>	<b>399,720,191</b>
<b>Retained surplus</b>		<b>9,493,948</b>	<b>6,155,439</b>
<b>Earnings per share (EPS)</b>	35	<b>42.63</b>	<b>41.24</b>

The accompanying notes form an integral part of these financial statements.

  
M. Syeduzzaman  
Chairman

  
Mohd. Safwan Choudhury  
Director

  
Jahir Uddin  
Director

  
Syed Anisul Huq  
President & Managing Director

Signed in terms of our report of even date annexed

  
S. F. AHMED & CO  
Chartered Accountants


Dated, 19 March 2007

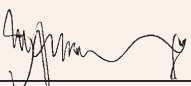
# CASH FLOW STATEMENT

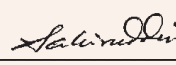
for the year ended 31 December 2006

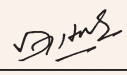
	Amounts in Taka	
	Year ended 31 Dec 2006	Year ended 31 Dec 2005
<b>Cash Flows from Operating Activities:</b>		
Interest receipts	3,088,719,334	2,007,491,457
Interest payments	(2,186,400,440)	(1,359,605,568)
Dividend received	3,000,000	3,526,850
Fee and commission receipts	556,310,067	441,299,947
Payments to employees	(231,193,224)	(157,905,587)
Payments to suppliers	(25,177,877)	(15,324,605)
Income taxes paid	(244,139,137)	(174,144,744)
Receipts from other operating activities	126,246,478	72,579,047
Payments for other operating activities	(204,889,751)	(156,123,026)
Operating profit before changes in operating assets and liabilities	882,475,450	661,793,771
<b>Changes in operating assets and liabilities:</b>		
(Increase)/decrease in operating assets:		
Trading security-debentures and shares	(118,885,910)	404,490
Fund advanced to customers	(4,385,795,450)	(6,008,648,446)
Other assets	(544,283,361)	433,012,614
Increase/(decrease) in operating liabilities:		
Liabilities on account of customers	6,789,288,721	5,029,088,806
Trading liabilities (borrowing)	(980,000,000)	(140,000,000)
Other liabilities	301,669,624	114,276,660
	1,061,993,624	(571,865,876)
<b>Net cash from operating activities (a)</b>	<b>1,944,469,074</b>	<b>89,927,895</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(50,314,038)	(361,098,210)
Sale of fixed assets	-	-
Proceeds from sale of securities	1,874,153,005	750,000,000
Payment for purchase of securities	(2,667,500,000)	-
<b>Net cash from/(used in) investing activities (b)</b>	<b>(843,661,033)</b>	<b>388,901,790</b>
<b>Cash Flows from Financing Activities</b>		
Receipts from issue of ordinary share	-	-
Dividend paid	(93,000,000)	-
<b>Net cash from financing activities (c)</b>	<b>(93,000,000)</b>	<b>-</b>
<b>Net increase in cash (a+b+c)</b>	<b>1,007,808,041</b>	<b>478,829,685</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>2,232,816,724</b>	<b>1,753,987,039</b>
<b>Cash and cash equivalents at end of the year (*)</b>	<b>3,240,624,765</b>	<b>2,232,816,724</b>
(*) Cash and cash equivalents:		
Cash	1,783,705,469	759,561,720
Prize bonds	491,100	1,818,300
Money at call and on short notice	1,057,723,074	1,104,617,231
Balance with other banks and financial institutions	398,705,122	366,819,473
	<b>3,240,624,765</b>	<b>2,232,816,724</b>

The accompanying notes form an integral part of these financial statements.


  
M. Syeduzzaman  
Chairman

  
Mohd. Safwan Choudhury  
Director

  
Jahir Uddin  
Director

  
Syed Anisul Huq  
President & Managing Director

Signed in terms of our report of even date annexed


  
S. F. AHMED & CO  
Chartered Accountants


Dated, 19 March 2007

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2006

Particulars	Paid-up capital	Proposed issue of bonus shares	Proposed cash dividend	Share Premium	Statutory reserve	Retained earnings as per Profit and Loss Statement	Total
<b>For the year 2006</b>							
Balance at 01 January 2006	930,000,000	186,000,000	93,000,000	330	351,826,300	6,155,439	<b>1,566,982,069</b>
Effects of changes in accounting policy	-	-	-	-	-	-	-
<b>Restated balance</b>	<b>930,000,000</b>	<b>186,000,000</b>	<b>93,000,000</b>	<b>330</b>	<b>351,826,300</b>	<b>6,155,439</b>	<b>1,566,982,069</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-
Net gains and losses not recognised in the Profit and Loss Statement	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	475,759,317	475,759,317
Issue of bonus shares for 2005 @ 1 share per 5 shares held	186,000,000	(186,000,000)	-	-	-	-	-
Proposed issue of bonus shares for 2006 @ 1 share per 4 shares held	-	279,000,000	-	-	-	(279,000,000)	-
Cash dividend @ 10 %	-	-	(93,000,000)	-	-	-	(93,000,000)
Transfer to statutory reserve	-	-	-	-	193,420,808	(193,420,808)	-
<b>Balance at 31 December 2006</b>	<b>1,116,000,000</b>	<b>279,000,000</b>	<b>-</b>	<b>330</b>	<b>545,247,108</b>	<b>9,493,948</b>	<b>1,949,741,386</b>
<b>For the year 2005</b>							
Balance at 01 January 2005	744,000,000	186,000,000	-	330	231,106,109	22,364,252	1,183,470,691
Effects of changes in accounting policy	-	-	-	-	-	-	-
<b>Restated balance</b>	<b>744,000,000</b>	<b>186,000,000</b>	<b>-</b>	<b>330</b>	<b>231,106,109</b>	<b>22,364,252</b>	<b>1,183,470,691</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-
Net gains and losses not recognised in the Profit and Loss Statement	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	383,511,378	383,511,378
Issue of bonus shares for 2004 @ 1 share per 4 shares held	186,000,000	(186,000,000)	-	-	-	-	-
Proposed issue of bonus shares for 2005 @ 1 share per 5 shares held	-	186,000,000	-	-	-	(186,000,000)	-
Cash dividend @ 10 %	-	-	93,000,000	-	-	(93,000,000)	-
Transfer to statutory reserve	-	-	-	-	120,720,191	(120,720,191)	-
Balance at 31 December 2005	930,000,000	186,000,000	93,000,000	330	351,826,300	6,155,439	1,566,982,069

  
M. Syeduzzaman  
Chairman

  
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Director

  
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Director

  
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President & Managing Director

Signed in terms of our report of even date annexed

  
S. F. AHMED & CO  
Chartered Accountants

Dated, 19 March 2007


# STATEMENT OF LIQUIDITY ANALYSIS


(Maturity of Assets and Liabilities) at 31 December 2006

Amounts in Taka

Particulars	Up to 1 month maturity	1-3 months maturity	3-12 months maturity	1-5 years maturity	More than 5 years maturity	Total
<b>Assets</b>						
Cash	1,783,705,469	-	-	-	-	1,783,705,469
Balance with other banks and financial institutions	76,773,874	321,931,248	-	-	-	398,705,122
Money at call and on short notice	-	-	1,057,723,074	-	-	1,057,723,074
Investments	170,475,100	-	-	1,528,811,624	1,646,039,438	3,345,326,162
Loans and advances	1,541,619,693	2,727,567,700	12,134,342,664	4,559,132,359	1,292,977,576	22,255,639,992
Fixed assets including assets taken on lease	-	-	-	263,217,925	220,254,184	483,472,109
Other assets	88,727,702	71,222,177	121,081,702	872,834,033	-	1,153,865,614
Non-banking assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>3,661,301,838</b>	<b>3,120,721,125</b>	<b>13,313,147,440</b>	<b>7,223,995,941</b>	<b>3,159,271,198</b>	<b>30,478,437,542</b>
<b>Liabilities</b>						
Borrowings from Bangladesh Bank, other banks, financial institutions, and agents	370,000,000	-	-	-	-	370,000,000
Deposits and other accounts	5,793,050,332	2,122,084,512	8,177,897,442	8,807,379,501	388,947,589	25,289,359,376
Provision and other liabilities	843,518,026	222,581,315	160,875,354	88,443,490	1,553,918,595	2,869,336,780
<b>Total Liabilities</b>	<b>7,006,568,358</b>	<b>2,344,665,827</b>	<b>8,338,772,796</b>	<b>8,895,822,991</b>	<b>1,942,866,184</b>	<b>28,528,696,156</b>
<b>Net Liquidity Excess/(shortage)</b>	<b>(3,345,266,520)</b>	<b>776,055,298</b>	<b>4,974,374,644</b>	<b>(1,671,827,050)</b>	<b>1,216,405,014</b>	<b>1,949,741,386</b>
<b>Percentage of net liquidity difference :</b>	<b>(91.37)</b>	<b>24.87</b>	<b>37.36</b>	<b>(23.14)</b>	<b>38.50</b>	<b>6.40</b>

The accompanying notes form an integral part of these financial statements.

  
M. Syeduzzaman  
Chairman

  
Mohd. Safwan Choudhury  
Director

  
Jahir Uddin  
Director

  
Syed Anisul Huq  
President & Managing Director

Signed in terms of our report of even date annexed

Dated, 19 March 2007

  
S. F. AHMED & CO  
Chartered Accountants

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

## 1. The Bank and its activities

Bank Asia Limited is one of the third generation private commercial banks (PCBs), incorporated in Bangladesh on 28 September 1999 as a public limited company under the Companies Act 1994, and governed by the Banking Companies Act 1991. The Bank went for public issue of its shares on 23 September 2003 and its shares are listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

Bank Asia Limited acquired the business of Bank of Nova Scotia (incorporated in Canada), Dhaka, in the year 2001 and at the beginning of the year 2002, the Bank also acquired the Bangladesh operations of Muslim Commercial Bank Limited (MCBL), a bank incorporated in Pakistan, having two branches at Dhaka and Chittagong and one booth at Dhaka. In taking over the Bangladesh operations, all assets and certain specific liabilities of MCBL were taken over/assumed by Bank Asia Limited at book values.

The Bank carries its banking activities through twenty-four branches in the country. Bank Asia customers have access to 25 ATMs. Under the ATM network the Stellar Online Banking Software enables direct linking of a client's account from any branch operating under that network.

## 2. Significant Accounting Policies

### 2.1 Basis of preparation of the financial statements

The financial statements, namely, Balance Sheet, Profit and Loss Statement, Cash Flow Statement, Statement of Changes in Equity, Statement of Liquidity Analysis and relevant notes and disclosures thereto, of the Bank are prepared on a going concern basis under historical cost convention and in accordance with First Schedule of Banking Companies Act 1991, Bangladesh Bank circulars, International Accounting Standards, including those that have been so far adopted by the Institute of Chartered Accountants of Bangladesh, Companies Act 1994, Securities and Exchange Ordinance 1969, Securities and Exchange Rules 1987, and other laws and rules applicable thereto. Wherever appropriate, such principles are explained in succeeding notes.

### 2.2 Consolidation

A separate set of records for consolidating the statements of affairs and income and expenditure statements of the branches including the branches of MCBL and Nova Scotia are maintained at the Corporate Office of the Bank in Dhaka, based on which these financial statements have been prepared.

### 2.3 Foreign currency transactions

- (a) Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective dates of such transactions.
- (b) Assets and liabilities in foreign currencies as at 31 December 2006 have been converted into Taka currency at the average of the prevailing buying and selling rates of the concerned foreign currencies at that date except "balances with other banks and financial institutions" which have been converted as per directives of Bangladesh Bank vide its circular no BRPD (R) 717/2004-959 dated 21 November 2004.
- (c) Differences arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting /crediting exchange gain or loss account.

### 2.4 Fixed assets and depreciation

Fixed assets including leased assets are stated at cost less accumulated depreciation. Depreciation is charged on straight line method based on estimated useful life of each category of assets at the following rates:

<u>Asset Category</u>	<u>Rate of Depreciation</u>
Building	5%
Furniture and fixtures	20%
Office appliances	20%
Electrical appliances	20%
Motor vehicles	20%



# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

## 2.5 Investment

Value of investment has been arrived at as follows:

<u>Item</u>	<u>Applicable accounting value</u>
Government treasury bills	At present value
Bangladesh Government treasury bonds	At present value
Prize bond	At cost
Debenture-Bangladesh House Building Finance Corporation	At redeemable value
Unquoted shares	Face value

## 2.6 Loans and advances

- Loans and advances have been shown at gross amounts at 31 December 2006.
- Interest is not charged on classified loans and advances from the date of filing money suits against the borrowers.
- Interest charged on loans and advances classified by Bangladesh Bank Inspection Team and by the Bank management as sub-standard, doubtful, and bad are kept in interest suspense account as per Bangladesh Bank BCD circular nos. 34 dated 16 November 1989, 20 of 27 December 1994, and 12 of 04 September 1995 as amended by BRPD circular no. 16 dated 06 December 1998 and 09 of 14 May 2001 and such interest is not accounted for as income until realised from borrowers.
- In making provision for bad and doubtful loans, wherever required, the requirements of the said BCD/BRPD circulars of Bangladesh Bank have been complied with. The rates of provision on various classes of loans and advances are given below:

<u>General provision on unclassified loans and advances</u>	<u>Rate</u>
Standard:	
General loans and advances	1%
Small enterprise financing	2%
Consumer financing	5%
Special mention account	5%
<u>Specific provision on classified loans and advances</u>	
Substandard	20%
Doubtful	50%
Bad/loss	100%

## 2.7 Stock of stationery

Stock of stationery has been shown under other assets and is valued at cost.

## 2.8 Deposits

Deposits include various types like current deposits, savings deposits, short-term deposits, fixed deposits, etc.

## 2.9 Revenue and expenditures

Revenue during the year is recognised as follows which satisfy all condition of revenue recognition as prescribed by Bangladesh Accounting Standard (BAS) 18 titled "Revenue"

- Interest is calculated on daily product basis on unclassified loan and advances but charged on a quarterly basis.
- Interest is charged on classified loans and advances as per Bangladesh Bank's BCD and BRPD circulars and such interest is not taken into income.
- Dividend income is recognised when it is realised.
- Commission and discount on bills purchased and discounted are recognised when realised.

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

## 2.10 Staff retirement benefit schemes

The Bank operates a contributory Provident Fund, a Superannuation Fund and a funded Gratuity Fund.

### 2.10.1 Provident fund

The Employees Provident Fund of the Bank is administered by a board of trustees and is funded by contributions of both the Bank and employees at 10% of their basic pay each. These contributions are invested separately.

### 2.10.2 Provision for gratuity

Gratuity payable to all eligible employees at the end of each year is determined on the basis of existing rules and regulations of the Bank and paid to the trust of the Fund. As such, actuarial valuation is not considered essential.

### 2.10.3 Superannuation fund

The Bank operates a Superannuation Fund for which provision is made annually covering all its eligible employees. The Fund is operated by a separate board of trustees.

### 2.10.4 Hospitalization Insurance

The Bank has introduced a health insurance scheme to its confirmed employees and their respective spouses at rates provided in health insurance coverage policy.

## 2.11 Provision for taxation

Provision for income tax is made at 45% on accounting income after considering taxable allowances and disallowances.

## 2.12 Reconciliation of books of account

Books of account in related to inter-bank (in Bangladesh and outside Bangladesh) and inter-branch transactions are reconciled and no material difference was found which may affect the financial statements significantly. There exist no unreconciled revenue items in Nostro accounts as of 31 December 2006.

## 2.13 Reporting period

These financial statements cover one calendar year from 01 January to 31 December 2006.

## 2.14 Cash flow statement

Cash flow statement is prepared in accordance with BAS-7 titled "Cash Flow Statement" and the cash flows from operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules 1987.

## 2.15 Lease assets

As per BAS 17 titled "Leases" all assets taken on lease have been accounted for as finance lease effective from the previous year. Details of leased assets have been shown in note 9 to these financials.

## 2.16 Off-balance sheet items

Off-Balance Sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank's guidelines.

## 2.17 Core risk management

Bangladesh Bank has identified 5 (Five) core risks for management of the banks and has provided the necessary guidelines for implementation. The five core risks are:

Credit Risk

Foreign Exchange Risk

Asset Liability/Balance Sheet Risks

Money Laundering Risk

Internal Control and Compliance Risk

The prime objective of the risk management is that the Bank takes well calculative business risk to safeguard its capital, financial resources and growth of sustainable profitability. In this context, the Bank has formed a committee (MANCOM) to overview proper implementation and regular monitoring of these critical areas.

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

## 2.17.1 Credit Risk

Credit risk is one of the major risks faced by the Bank. This can be described as potential loss arising from the failure of a counter party to perform with agreed terms with the Bank. To assess and to mitigate the credit risk, the management has implemented CRM manual, which is considered an important tool for retaining the quality performance of the assets. Accordingly, Bank's credit risk management functions have been designed to address all these issues including risk that arises from global changes in banking, finance and related issues.

The Bank has segregated duties of the officers/ executives engaged in the credit related activities. A separate department has been formed at Corporate Office which is entrusted with the tasks of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities, etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. For this purpose, three separate units have been formed within the Credit Department. These are (i) Credit Risk Management Unit, (ii) Credit Administration Unit, and (iii) Credit Monitoring and Recovery Unit.

## 2.17.2 Foreign Exchange Risk

Foreign exchange risk is defined as the potential change in earnings arising due to unfavorable change in exchange rates. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against L/C commitments and other remittance requirements. No speculative dealing on Bank's account was conducted during the year. Treasury front office conducts deal for commercial purpose and back office of treasury keeps record and pass entries in books of account. The main risks in treasury and foreign exchange business are exchange rates risk, fund management and liquidity risk. As per Bangladesh Bank's guidelines, the Treasury Department was operationally and physically divided into front office and back office to mitigate the risk. Separate telephone and fax lines were installed at the dealing room to meet Bangladesh Bank's guidelines.

## 2.17.3 Asset Liability/ Balance Sheet Risks

The Bank has an Asset Liability Committee (ALCO) which is responsible for managing short-term and long-term liquidity and ensuring that the Bank has adequate liquidity at all times at the most appropriate funding cost. ALCO reviews liquidity requirements of the Bank, maturity of assets and liabilities, deposit and lending pricing strategy and the liquidity contingency plan. The Asset Liability Committee also monitors Balance Sheet risk. The Balance Sheet risk is defined as potential changes in earnings due to changes in rate of interest and exchange rates which are not of trading nature.

## 2.17.4 Money Laundering Risk

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has nominated a Chief Compliance Officer at Corporate Office and Branch Compliance Officers at branches, who independently review the accounting transactions to locate and verify suspicious transactions. Know Your Customer (KYC) policy and Transaction Profile (TP) format have been introduced. The regulatory requirements are being complied with and the guidelines in respect of KYC are being followed for opening of new accounts. Training is being provided continuously to all the categories of executives and officers for developing awareness and skill for identifying suspicious activities.

In addition, the President & Managing Director has provided a message on Anti Money Laundering (AML) policy. The management has circulated a Customer Acceptance Policy to the members of the staff for guidance.

## 2.17.5 Internal Control and Compliance Risk

Operational loss may arise from errors, omissions, frauds and forgeries due to lack of proper internal control and compliance culture. Management, through the Internal Control and Compliance Department, ensures controls over all operational areas of the Bank. Internal Control and Compliance Department undertakes periodical and special audit and inspection of the branches and departments at Corporate Office for identifying and reviewing the operational lapses and compliance of statutory requirements as well as Bank's own guidelines. The Audit Committee of the Board also reviews the Audit and Inspection reports of the Internal Control and Compliance Department. The Bank has introduced Risk Based Internal Audit (RBIA) and audit rating over its branches from 2006 and prepared a comprehensive audit manual which has been approved for implementation by the Board of Directors.

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

## 2.18 Audit Committee

In pursuance of the directives of the Bangladesh Bank vide BRPD Circular no.12 dated 23 December 2002, the Board of Directors in its meeting held on 18 January 2003 constituted an Audit Committee. Presently, the Audit Committee members are:

S I. No.	Name	Status with the		Educational qualification
		Committee	Bank	
1	Dr. Md. Shafiuddin Chowdhury	Chairman	Director	Ph.D.
2	Mr. M. Shamsul Alam	Member	Director	M.Com ACII (London)
3	Ms. Monowara Haque	Member	Director	B.A

The Company Secretary of the bank acts as Secretary of the Committee.

During the year 2006, the Audit Committee of the Board conducted 5 (five) meetings in which, among others, the following issues were discussed:

- \* Statutory/External audit report of the Bank.
- \* Periodical internal audit report of the branches conducted by the Bank's Internal Control and Compliance Department and for giving proper guidance to the management on compliance with the observations on irregularities.
- \* Taking decision to support Bank's Internal Control and Compliance Department's work.

## 2.19 Number of employees

The number of employees engaged for full year or part of the year who received a total remuneration of Taka 36,000 or above per month each was 93.

## 2.20 Name of Directors and the entities in which they had interest as 31 December 2006.

Details are Shown in Annex-2

## 2.21 Details of business in which the directors of the Bank had interest

During the year 2006, the Bank concluded business deals with the following organisations in which the directors had interest:

Name of director	Status with the Bank	Name of organisation	Nature of business
Mr. A. Rouf Chowdhury	Vice Chairman	Shield Security Services Ltd.	Security Services
		Ranks ITT Ltd.	Connectivity Services
		Dears International Ltd.	Office rent
		Rangs Motors Ltd.	Vehicles
		Reliance Insurance Ltd.	Insurance
		The Daily Star	Publication of Advertisement
Mr. Rume A. Hossain	Director	Romask Ltd.	Printing and stationery
		Rangs Industries Ltd.	Air Conditioner

The Bank sanctioned the following facilities in favour of The Daily Star (Media World Ltd.) for one year in the year 2006:-

Name of the director having interest	Nature of facility	Limit (Taka)	Outstanding balance as at 31 Dec 2006 (Taka)	Nature of security
Mr. A. Rouf Chowdhury	LC	10,000,000	9,900,000	- Personal guarantee of Director - LC Documents and - 100% margin
	Guarantee	500,000	50,000	- Personal guarantee of Director and - 100% margin

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

## 2.22 Related party transactions

As of the date of Balance Sheet, the Bank had no transactions with the related party(ies) as defined in the BRPD Circular No. 14 issued by the Bangladesh Bank on 25 June 2003 other than as disclosed above.

## 2.23 Post balance sheet events

No material events have occurred after the Balance Sheet date to the date of issue of these financial statements, which could affect the values stated in the financial statements.

## 2.24 Reconciliation of books of account

Books of accounts in regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled and there were no material differences which may affect the financial statements significantly.

## 2.25 Earning per share

Earning per share (EPS) has been computed by dividing the basic earnings by the number of Ordinary Shares outstanding as on 31 December 2006 as per BAS-33: "Earning Per Share". Diluted earning per share was not required to be calculated as there were no dilution during the year.

3. Cash	Amounts in Taka	
	At 31 Dec 2006	At 31 Dec 2005
Cash in hand		
In local currency	187,902,093	101,124,225
In foreign currency	8,610,250	3,929,880
	<u>196,512,343</u>	<u>105,054,105</u>
Balance with Bangladesh Bank:		
In local currency	1,272,383,847	871,953,357
In foreign currency	314,809,279	(217,445,742)
	<u>1,587,193,126</u>	<u>654,507,615</u>
	<u>1,783,705,469</u>	<u>759,561,720</u>

## 3.1 Statutory deposits

### 3.1.1 Cash Reserve Ratio (CRR) and Statutory Liquidity Requirement (SLR)

Cash reserve ratio and statutory liquidity requirement have been calculated and maintained in accordance with section 33 of Banking Companies Act 1991 and subsequent Bangladesh Bank BCD circular no. 13 dated 24 May 1992, BRPD circular no. 12 dated 20 September 1999 and BRPD circular no. 22 dated 06 November 2003 and circular no. 05 dated 21 July 2004.

The statutory cash reserve ratio required on the Bank's time and demand liabilities at the rate of 5% has been calculated and maintained in a current account with Bangladesh Bank and 18% statutory liquidity requirement, including CRR, on the same liabilities is also maintained in the form of treasury bills, bonds and debentures including balance with Bangladesh Bank. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below :

#### (a) Cash Reserve Ratio (CRR)

5% of required average demand and time liabilities:

Required reserve	1,197,100,000	700,667,000
Actual reserve maintained	1,354,963,000	852,543,000
Surplus	<u>157,863,000</u>	<u>151,876,000</u>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

## (b) Statutory Liquidity Requirement (SLR)

18% of required average demand and time liabilities:

Required reserve	4,309,558,000	3,153,001,000
Actual reserve maintained	4,721,298,000	3,517,705,000
Surplus	411,740,000	364,704,000

## 4. Balance with other banks and financial institutions

In Bangladesh (note 4.1)	76,773,874	36,659,948
Outside Bangladesh (note 4.2)	321,931,248	330,159,525
	<b>398,705,122</b>	<b>366,819,473</b>

### 4.1 In Bangladesh

Current account with:

Agrani Bank	7,771,666	4,689,232
National Bank Ltd.	24,334,718	1,878,007
Commercial Bank of Ceylon Ltd.	30,375,466	(146,769)
Unitted Commercial Bank Ltd.	5,106,303	5,145,171
The City Bank Ltd.	6,737,225	6,310,714
	74,325,378	17,876,356

Short term deposits account with:

Uttara Bank Ltd.	1,864,240	18,036,725
Trust Bank Ltd.	-	89,250
Southeast Bank Ltd.	-	91,125
Arab Bangladesh Bank Ltd.	-	29,869
Prime Bank Ltd.	-	51,196
Eastern Bank Ltd.	-	70,249
Islami Bank Bangladesh Ltd.	584,256	415,178
	2,448,496	18,783,592
	76,773,874	36,659,948

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

## 4.2 Balance with other banks and financial institutions-Outside Bangladesh

Name of the bank	Nature of deposit	Location	Currency	At 31 December 2006			At 31 December 2005		
				Amounts in Foreign Currency	Conversion rate	Amount in Taka	Amounts in Foreign Currency	Amounts in Foreign Currency	Amount in Taka
<b>Interest bearing</b>									
Standard Chartered Bank	Demand deposit	New York	USD	1,829,478	70.00	128,063,468	1,221,936	58.00	70,872,303
Citibank NA	Demand deposit	London	EURO	18,828	90.00	1,694,516	4,002	58.00	232,125
Citibank NA	Demand deposit	New York	USD	362,492	70.00	25,374,425	134,000	58.00	7,771,973
Citibank NA	Demand deposit	London	GBP	15,497	130.00	2,014,672	22,810	92.00	2,098,548
Mashreqbank psc	Demand deposit	New York	USD	191,977	70.00	13,438,384	77,289	58.00	4,482,753
National Westminster Bank plc	Demand deposit	London	GBP	56,618	130.00	7,360,280	70,920	92.00	6,524,684
Habib American Bank	Demand deposit	New York	USD	484,542	70.00	33,917,950	546,967	58.00	31,724,098
Standard Chartered Bank	Demand deposit	Mumbai	USD	97,903	70.00	6,853,220	55,746	58.00	3,233,248
						<u>218,716,915</u>			<u>126,939,732</u>
<b>Non interest bearing</b>									
Arab Bangladesh Bank Ltd.	Demand deposit	Mumbai	ACU	409,758	70.00	28,683,027	182,938	58.00	10,610,429
The Bank of Tokyo-Mitsubishi	Demand deposit	Kolkata	ACU	16,172	70.00	1,132,030	16,172	58.00	937,967
The Bank of Tokyo-Mitsubishi	Demand deposit	Tokyo	JPY	-	0.55	-	2,870,169	0.48	1,377,681
American Express Bank Ltd.	Demand deposit	New York	USD	117,273	70.00	8,209,129	126,302	58.00	7,325,510
Credit Suisse First Boston	Demand deposit	Zurich	CHF	10,164	50.00	508,183	155,097	40.00	6,203,874
Bank of Nova Scotia	Demand deposit	Toronto	CAD	7,447	55.00	409,583	8,761	37.00	324,139
Commerzbank AG	Demand deposit	Frankfurt	EURO	83,366	90.00	7,502,945	476,479	58.00	27,635,778
Habib Bank AG Zurich	Demand deposit	Karachi	ACU	105,349	70.00	7,374,463	116,537	58.00	6,759,165
Hypo Vereinsbank	Demand deposit	Munich	EURO	40,894	90.00	3,680,481	19,119	58.00	1,108,922
HSBC Bank	Demand deposit	New York	USD	338,743	70.00	23,712,033	2,147,909	58.00	124,578,726
HSBC Bank Australia Ltd.	Demand deposit	Sydney	AUD	2,144	50.00	107,193	3,532	32.00	113,018
ICICI Bank Ltd.	Demand deposit	Mumbai	ACU	49,815	70.00	3,487,031	270,379	58.00	15,681,984
Bhutan National Bank Ltd.	Demand deposit	Thimphu	USD	8,500	70.00	595,000	5,000	58.00	290,000
Muslim Commercial Bank Ltd.	Demand deposit	Colombo	USD	150,359	70.00	10,525,126	4,700	58.00	272,600
Muslim Commercial Bank Ltd.	Demand deposit	Karachi	ACU	100,000	70.00	7,000,000	-	-	-
UBAF	Demand deposit	Tokyo	JPY	523,835	0.55	288,109	-	-	-
						<u>103,214,333</u>			<u>203,219,793</u>
						<u>321,931,248</u>			<u>330,159,525</u>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

		Amounts in Taka	
		At 31 Dec 2006	At 31 Dec 2005
<b>4.3</b>	<b>Maturity grouping of balance with other banks</b>		
	Repayable		
	- On demand	396,256,626	347,097,914
	- Below 3 months	2,448,496	18,783,592
	- Over 3 months but below 1 year	-	-
	- Over 1 year but below 5 years	-	937,967
	- Over 5 years	-	-
		<u>398,705,122</u>	<u>366,819,473</u>
<b>5.</b>	<b>Money at call and on short notice</b>		
	<b>Short notice</b>		
	<b>Public and Private :</b>		
	Repo with Bangladesh Bank	-	270,000,000
	National Credit And Commerce Bank Ltd	-	200,000,000
		-	<u>470,000,000</u>
	<b>Calls and Placement</b>		
	In non-banking financial institutions :		
	National Housing Finance and Investments Ltd.	100,000,000	100,000,000
	Industrial and Infrastructure Development Finance Company Ltd.	117,289,873	25,054,021
	Phoenix Finance & Investment Ltd.	150,000,000	100,000,000
	Prime Finance and Investment Limited	100,000,000	100,000,000
	International Leasing and Financial Services Ltd.	191,961,747	159,964,091
	Bangladesh Industrial Finance Co. Ltd.	30,000,000	30,000,000
	Industrial Development Leasing Company of Bangladesh Ltd.	98,471,454	49,599,119
	Lanka Bangla Finance Ltd.	100,000,000	-
	People's Leasing and Financial Services Ltd.	-	10,000,000
	Union Capital Ltd.	120,000,000	20,000,000
	Bangladesh Finance and Investment Company Ltd.	-	20,000,000
	Islamic Finance and Investment Ltd.	50,000,000	20,000,000
		<u>1,057,723,074</u>	<u>1,104,617,231</u>
<b>6.</b>	<b>Investments</b>		
<b>6.1</b>	<b>Government securities</b>		
	Treasury bills (note 6.1.1)	1,512,251,624	2,125,333,708
	Bangladesh Government Treasury Bonds (6.1.2)	1,587,070,594	-
	Prize bonds	491,100	1,818,300
	Debenture-Bangladesh House Building Finance Corporation	22,500,000	25,000,000
		3,122,313,318	2,152,152,008
<b>6.2</b>	Others investments (note 6.2.1)	223,012,844	104,126,934
		<u>3,345,326,162</u>	<u>2,256,278,942</u>
<b>6.1.1</b>	<b>Treasury bills</b>		
	2 years	-	721,247,045
	5 years	1,512,251,624	1,404,086,663
		1,512,251,624	2,125,333,708
<b>6.1.2</b>	<b>Bangladesh Government Treasury Bonds (6.1.2)</b>		
	10 years Bangladesh Government Treasury bonds	1,587,070,594	-
		<u>1,587,070,594</u>	<u>-</u>



# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

## 6.2.1 Other investments

In shares, debentures and bonds

### Shares

Name of the company	Face value	No. of shares	Cost price	
			2006	2005
Quoted	–	–	–	–
unquoted				
Industrial and Infrastructure Development Finance Company Ltd.	100	165,600	16,560,000	13,800,000
Central Depository Bangladesh Ltd.	1,000,000	2	2,000,000	2,000,000
Era-Infotech Ltd.	100	3,837	383,700	383,700
IFIC Bank Ltd.	100	269,800	169,974,000	–
			188,917,700	16,183,700

### Debentures

Beximco Denims Ltd.	17,047,572	18,971,617
Beximco Textiles Ltd.	17,047,572	18,971,617
	<u>34,095,144</u>	<u>37,943,234</u>

### Bond: (Zero coupon bonds)

Industrial and Infrastructure Development Finance Company Ltd.	–	50,000,000
	–	50,000,000
	<u>223,012,844</u>	<u>104,126,934</u>

## 6.3 Valuation of Investment

At 31 Dec 2006 / Taka

	Cost price	Realisable value
<b>Government securities:</b>		
Treasury bills	1,512,251,624	1,512,251,624
Bangladesh Government Treasury Bonds	1,587,070,594	1,587,070,594
Prize bonds	491,100	491,100
Debentures - House Building Finance Corporation	22,500,000	22,500,000
<b>Others:</b>		
<u>Shares (unquoted)</u>		
Industrial and Infrastructure Development Finance Company Ltd.	16,560,000	16,560,000
Central Depository Bangladesh Ltd.	2,000,000	2,000,000
Era-Infotech Ltd.	383,700	383,700
IFIC Bank Ltd.	169,974,000	186,971,400
<u>Debentures:</u>		
Beximco Denims Ltd.	17,047,572	17,047,572
Beximco Textiles Ltd.	17,047,572	17,047,572
	<u>3,345,326,162</u>	<u>3,362,323,562</u>

## 6.4 Maturity grouping

- Repayable		
- on demand	491,100	1,818,300
- below 3 months	–	–
- over 1 year but below 5 years	1,512,251,624	2,213,276,942
- over 5 years	1,832,583,438	41,183,700
	<u>3,345,326,162</u>	<u>2,256,278,942</u>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

		Amounts in Taka	
		At	At
		31 Dec 2006	31 Dec 2005
<b>7.</b>	<b>Loans, Cash credits, Overdrafts etc.</b>		
	<b>Inside Bangladesh</b>		
	Loan (General)	662,309,083	402,447,240
	Cash credit	30,308,631	45,309,108
	Overdraft	5,956,854,727	4,774,150,634
	Transport loan	375,224,953	213,747,325
	House building loan	120,205,829	29,392,639
	Loan against trust receipt	6,349,162,327	4,965,098,243
	Term loan- Industrial	2,286,360,291	1,881,839,194
	Term loan- Others	2,553,626,148	1,708,855,751
	Payment against document	1,137,892,777	1,105,440,792
	Consumer credit scheme	23,434,333	49,973,373
	Credit for poverty elevation scheme- micro credit	9,069,203	7,371,245
	Coverage	280,688,410	-
	Staff loan	138,984,063	68,746,501
		<u>19,924,120,775</u>	<u>15,252,372,045</u>
	<b>Outside Bangladesh</b>	-	-
		<u>19,924,120,775</u>	<u>15,252,372,045</u>
	<b>Bills purchased and discounted</b>		
	<b>In Bangladesh</b>		
	Bills discounted with other banks	22,035,875	217,002,981
	Local documentary bills purchased	2,148,989,055	2,289,859,890
	Loan against accepted bills	9,471,000	2,037,000
		2,180,495,930	2,508,899,871
	<b>Outside Bangladesh :</b>		
	Foreign documentary bills purchased	132,276,806	108,008,981
	Foreign bill purchased	18,746,481	563,645
		151,023,287	108,572,626
		<u>2,331,519,217</u>	<u>2,617,472,497</u>
		<u><b>22,255,639,992</b></u>	<u><b>17,869,844,542</b></u>
<b>7.1</b>	<b>Maturity grouping</b>		
	Repayable		
	- On demand	1,541,619,693	1,806,853,873
	- Over 1 month but not more than 3 months	2,727,567,700	1,786,199,531
	- Over 3 month but not more than 1 year	12,134,342,664	8,986,975,499
	- Over 1 year but not more than 5 year	4,559,132,359	4,316,995,959
	- Above 5 years	1,292,977,576	972,819,680
		<u>22,255,639,992</u>	<u>17,869,844,542</u>
<b>7.2</b>	<b>Broad category-wise breakup</b>		
	<b>In Bangladesh</b>		
	Loans	16,117,453,347	10,432,912,303
	Cash credits	30,308,631	45,309,108
	Overdrafts	5,956,854,727	4,774,150,634
		22,104,616,705	15,252,372,045
	<b>Outside Bangladesh</b>		
	Bills purchased and discounted	151,023,287	2,617,472,497
		<u>22,255,639,992</u>	<u>17,869,844,542</u>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

		Amounts in Taka	
		At	At
7.3	<b>Significant concentration of loans and advances</b>	31 Dec 2006	31 Dec 2005
	Advance to allied concerns of Directors	-	-
	Advances to Chief Executive	2,371,904	2,298,959
	Advances to other senior executives	62,704,000	49,125,765
		<u>65,075,904</u>	<u>51,424,724</u>
	<b>Advances to industries</b>		
	Agriculture and jute industries	18,199,256	2,506,000
	Readymade Garments	1,865,993,352	1,552,775,773
	Textile	1,252,980,000	2,736,571,687
	Food and allied	1,745,270,152	1,294,403,288
	Chemical	118,459,169	49,942,865
	Cement	238,995,099	356,457,130
	Electronics	146,999,512	129,372,482
	Steel	1,502,805,001	695,727,712
	Paper	311,625,361	299,220,838
	Real estate	722,846,617	460,834,967
	Others	2,543,870,231	2,073,282,244
		<u>10,468,043,750</u>	<u>9,651,094,986</u>
	<b>Infrastructural</b>		
	Power	43,092,136	34,035,154
	Telecom	115,686,269	203,271,127
	Construction	610,674,259	313,288,621
	Transport	471,691,125	276,145,043
		<u>1,241,143,789</u>	<u>826,739,945</u>
	<b>Advances to customer groups</b>		
	Commercial lending	6,887,265,743	6,164,210,879
	Export financing- Local documentary bills purchased	2,331,519,218	406,416,126
	Consumer credit scheme	643,238,000	339,396,905
	Non-banking financial institutions	545,445,429	413,239,200
	Staff loan (others)	73,908,159	17,321,777
		<u>10,481,376,549</u>	<u>7,340,584,887</u>
		<u><b>22,255,639,992</b></u>	<u><b>17,869,844,542</b></u>
	<b>7.4 Advances to customers for more than 10% of total capital of the Bank</b>		
	Number of clients	23	29
	Amount of outstanding advances	4,347,700,000	5,233,100,000
	Amount of classified advances	-	-
	Amount of recovery/rescheduling thereon	-	-

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

## 7.5 Borrower-wise outstanding position of large loans

(Amount in Lac Taka)

Name of the client	Branch	Limit		Outstanding		
		Funded	Non-funded	Funded	Non-funded	Classification status
R.M. Group of Industries	Corporate	2,486	1,800	2,519	926	Un-classified
Nitol Motors Ltd.	Corporate	2,500	1,000	2,414	318	Un-classified
Abdul Monem Ltd.	Corporate	2,500	1,500	2,424	106	Un-classified
Partex Sugar Mills Ltd.	Dilkusha	2,486	1,438	2,477	988	Un-classified
Keya Cotton Mills Ltd.	Dilkusha	2,486	1,500	2,424	-	Un-classified
Aftab Automobiles Ltd.	Dilkusha	1,625	2,500	1,649	1,081	Un-classified
Mother Textile Mills Ltd.	Principal Office	2,325	1,100	2,682	168	Un-classified
Deshbandhu Sugar Mills Ltd.	Principal Office	1,900	3,900	1,294	4,145	Un-classified
United Edible Oil Ltd.	Principal Office	200	4,500	782	3,459	Un-classified
Apex Footwear Ltd.	Principal Office	2,000	2,100	1,936	333	Un-classified
East West Property Development Ltd.	Principal Office	2,500	3,000	204	2,689	Un-classified
Comptex BD Ltd.	MCB Banani	2,300	1,799	2,502	622	Un-classified
S.A.Oil Refinery Ltd.	CDA Avenue	2,100	3,650	2,194	336	Un-classified
PHP Cold Rolling Mills Ltd.	Agrabad	500	5,300	1,834	3,278	Un-classified
Golden Steel Alloy Works Ltd.	Agrabad	250	4,000	1,487	805	Un-classified
KDS Packaging Industries Ltd.	Agrabad	2,017	2,100	1,698	579	Un-classified
Sheema Steels	Agrabad	100	5,700	1,750	2,545	Un-classified
H Steel Re-Rolling Mills Ltd.	Agrabad	145	4,000	2,529	2,785	Un-classified
Abul Khair Steel Industries Ltd.	Agrabad	-	5,200	2,586	3,214	Un-classified
MEB Group	Khatungonj	1,910	3,200	1,974	1,814	Un-classified
Jeans Express Ltd.	Khatungonj	850	2,000	935	2,658	Un-classified
Pacific Bangladesh Telecom Ltd.	Gulshan	1,000	2,500	1,116	1,791	Un-classified
Emirates Cement Bangladesh Ltd.	Gulshan	1,800	3,300	2,067	2,898	Un-classified
<b>Total</b>		<b>35,980</b>	<b>67,087</b>	<b>43,477</b>	<b>37,538</b>	

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

		Amounts in Taka	
		At 31 Dec 2006	At 31 Dec 2005
<b>7.6</b>	<b>Particulars of loans and advances</b>		
(i)	Debts considered good in respect of which the Bank is fully secured;	13,919,025,826	11,949,740,572
(ii)	Debts considered good against which the Bank holds no security other than the debtors' personal security;	2,073,358,333	1,414,128,669
(iii)	Debts considered good secured by the personal undertaking of one or more parties in addition to the personal security of the debtors;	6,263,255,833	4,505,975,301
(iv)	Debts considered classified but no provision maintained thereagainst;	-	-
		<b>22,255,639,992</b>	<b>17,869,844,542</b>
(v)	Debts availed by directors or employees of the Bank or any of them either separately or jointly with any other persons;	138,984,063	68,746,500
(vi)	Debts due from companies or firms in which the directors of the Bank are interested 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 employees of the Bank or any of them either separately or jointly with any other persons;	138,984,063	68,746,500
(viii)	Maximum total amount of advances, including temporary advances approved during the year to companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in case of private companies, as members;	-	-
(ix)	Due from other banking companies;	2,180,495,930	2,508,899,871
(x)	Amount of classified loans on which interest has not been credited to income	504,325,645	494,815,841
(a)	Increase/decrease of provision (specific)		
	Amount of loan written off	-	-
	Amount realised against loan previously written off	-	-
(b)	Provision kept against loans classified as bad /loss on the closing date of balance sheet	325,654,287	288,816,000
(c)	Interest charged to interest suspense account	43,779,688	36,503,625
(xi)	Written off loans		
	During the year	-	-
	Cumulative to-date	1,443,296	1,443,296
	The amount of written off loans for which lawsuits filed	-	-

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

		Amounts in Taka		
		At	At	
		31 Dec 2006	31 Dec 2005	
<b>7.7</b>	<b>Classification of loans and advances</b>			
	Unclassified (including staff loan)	21,568,309,347	17,216,896,701	
	Special mention account	183,005,000	158,132,000	
	Substandard	50,344,772	66,504,032	
	Doubtful	584,509	63,617,381	
	Bad/Loss	453,396,364	364,694,428	
		<u>22,255,639,992</u>	<u>17,869,844,542</u>	
<b>7.8</b>	<b>Geographical location-wise allocations of loans and advances</b>			
	In Bangladesh			
	Urban branches:			
	Dhaka division	13,758,692,738	11,374,083,204	
	Chittagong division	7,741,893,736	6,157,266,872	
	Sylhet division	334,582,360	179,560,817	
	Rajshahi division	1,066,116	-	
	Khulna division	-	-	
		21,836,234,950	17,710,910,893	
	Rural branches:			
	Dhaka division	386,233,025	148,926,531	
	Chittagong division	33,172,017	10,007,118	
		419,405,042	158,933,649	
		<u>22,255,639,992</u>	<u>17,869,844,542</u>	
	Outside Bangladesh	-	-	
		<u>22,255,639,992</u>	<u>17,869,844,542</u>	
<b>7.9</b>	<b>Particulars of required provision for loans and advances</b>			
	<u>Status of classification</u>	<u>Base for provision</u>	<u>Rate %</u>	
	Unclassified (general provision)			
	Standards	21,568,309,347	1 - 5	260,378,990
	Special mention account (SMA)	179,526,000	5	8,976,300
				<u>269,355,290</u>
	Classified (specific provision)			
	Sub-standard	35,772,959	20	7,155,157
	Doubtful	344,311	50	172,156
	Bad/Loss	325,654,287	100	325,654,287
				<u>332,981,600</u>
	Required provision for loans and advances			<u>571,643,153</u>
	Total provision maintained (note 13.1&13.2)			<u>602,336,890</u>
	Excess provision at 31 December, 2006			<u>30,693,737</u>

## 7.10 Assets pledged as security / collaterals

The Bank has no asset that has been pledged, mortgaged or hypothecated against its borrowings.

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

		Amounts in Taka	
		At	At
		31 Dec 2006	31 Dec 2005
<b>8</b>	<b>Bills purchased and discounted</b>		
	Payable :		
	In Bangladesh	2,180,495,930	2,508,899,871
	Outside Bangladesh	151,023,287	108,572,626
		<u>2,331,519,217</u>	<u>2,617,472,497</u>
<b>8.1</b>	<b>Maturity grouping</b>		
	Payable within :		
	- One month	609,034,587	684,739,877
	- Three months	658,703,000	939,937,512
	- More than three months but less than six months	877,697,500	850,958,831
	- More than six months	186,084,130	141,836,277
		<u>2,331,519,217</u>	<u>2,617,472,497</u>
<b>9.</b>	<b>Fixed assets including assets taken on lease</b>		
	Land	182,443,587	182,443,587
	Buildings	206,993,260	160,791,018
	Furniture and fixtures	101,933,549	80,011,092
	Equipments	51,713,371	40,817,048
	Computer and accessories	38,475,379	29,848,228
	Motor vehicles	29,816,525	21,422,525
		<u>611,375,671</u>	<u>515,333,498</u>
	Less: Accumulated depreciation	127,903,562	73,166,134
	Net book value at the end of the year	<u>483,472,109</u>	<u>442,167,364</u>
	Details are shown in Annex-I		
<b>10.</b>	<b>Other assets</b>		
	<b>Income generating</b>		
	Investment in shares of subsidiary companies:		
	In Bangladesh	-	-
	Outside Bangladesh	-	-
		<u>-</u>	<u>-</u>
	<b>Non-income generating</b>		
	Advance rent and Deposit	49,508,990	25,696,022
	Stationery, stamps, printing materials, etc	7,952,900	3,934,827
	Interest accrued on investment, commission and brokerage receivable on shares and debentures and other income receivables	113,128,802	64,129,456
	Preliminary, formation and renovation, development and pepaid expenses	2,848,420	3,142,085
	Inter branch adjustment*	84,663,218	-
	Others (note 10.1)	844,591,055	436,053,141
	Suspense account (note 10.2)	51,172,229	47,719,825
		<u>1,153,865,614</u>	<u>580,675,356</u>
		<u>1,153,865,614</u>	<u>580,675,356</u>

\*All the outstanding amount have subsequently been responded and properly reconciled.

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

		Amounts in Taka	
		At 31 Dec 2006	At 31 Dec 2005
<b>10.1</b>	<b>Others</b>		
	Advance corporate income tax	823,325,043	419,969,009
	Sundry debtors	20,062,148	15,298,901
	Advance against legal expenses	1,203,864	785,231
		<u>844,591,055</u>	<u>436,053,141</u>
<b>10.2</b>	<b>Suspense account</b>	<u><b>51,172,229</b></u>	<u><b>47,719,825</b></u>
	This includes amounts paid against opening of proposed new branches of the Bank.		
<b>10.3</b>	<b>Classification of other assets</b>		
	Unclassified	1,153,865,614	580,675,356
	Doubtful	-	-
	Bad/Loss	-	-
		<u><b>1,153,865,614</b></u>	<u><b>580,675,356</b></u>
<b>11.</b>	<b>Borrowings from other banks, financial institutions, and agents</b>		
	In Bangladesh (note 11.1)	370,000,000	1,350,000,000
	Outside Bangladesh	-	-
		<u><b>370,000,000</b></u>	<u><b>1,350,000,000</b></u>
<b>11.1</b>	<b>In Bangladesh</b>		
	Uttara Bank Ltd.	-	100,000,000
	United Commercial Bank Ltd.	-	300,000,000
	Mutual Trust Bank Ltd.	70,000,000	-
	Agrani Bank	-	100,000,000
	The City Bank Ltd.	-	240,000,000
	Prime Bank Ltd.	150,000,000	100,000,000
	Eastern Bank Ltd.	-	190,000,000
	Standard Bank Ltd.	-	70,000,000
	National Bank Ltd.	-	150,000,000
	Mercantile Bank Ltd.	-	50,000,000
	National Credit & Commerce Bank Ltd.	150,000,000	50,000,000
		<u>370,000,000</u>	<u>1,350,000,000</u>
		<u><b>370,000,000</b></u>	<u><b>1,350,000,000</b></u>
<b>11.2</b>	<b>Analysis by security</b>		
	Secured	-	-
	Unsecured	370,000,000	1,350,000,000
		<u><b>370,000,000</b></u>	<u><b>1,350,000,000</b></u>
<b>11.3</b>	<b>Repayment pattern</b>		
	Repayable on demand	370,000,000	1,350,000,000
		<u><b>370,000,000</b></u>	<u><b>1,350,000,000</b></u>
<b>12.</b>	<b>Deposits and other accounts</b>		
	Inter-bank deposits (note 12.1)	600,000,000	1,000,000,000
	Other deposit (note 12.2)	24,689,359,376	17,500,070,655
		<u><b>25,289,359,376</b></u>	<u><b>18,500,070,655</b></u>



# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

		Amounts in Taka	
		At	At
		31 Dec 2006	31 Dec 2005
<b>12.1</b>	<b>Inter-bank deposits</b>		
	BASIC Bank	200,000,000	-
	IFIC Bank Ltd.	200,000,000	-
	Agrani Bank	-	500,000,000
	Rupali Bank	200,000,000	400,000,000
	Uttara bank Ltd.	-	100,000,000
		<u>600,000,000</u>	<u>1,000,000,000</u>
<b>12.2</b>	<b>Maturity analysis of inter-bank deposits</b>		
	Repayable		
	- On demand	-	-
	- Within 1 month	-	-
	- More than one month but less than six months	600,000,000	1,000,000,000
	- More than three months but less than one year	-	-
	- More than one year but less than five years	-	-
	- More than five years but less than ten years	-	-
	- Unclaimed deposits for ten years or more	-	-
		<u>600,000,000</u>	<u>1,000,000,000</u>
<b>12.3</b>	<b>Maturity analysis of other deposits</b>		
	Repayable		
	- On demand	5,337,769,827	2,563,354,396
	- Within 1 month	455,280,505	192,191,742
	- More than one month but less than six months	4,706,218,208	4,137,104,952
	- More than six months but less than one year	4,993,763,746	3,364,813,252
	- More than one year but less than five years	8,807,379,501	6,950,895,621
	- More than five years but less than ten years	388,947,589	291,710,692
		<u>24,689,359,376</u>	<u>17,500,070,655</u>
		<b><u>25,289,359,376</u></b>	<b><u>18,500,070,655</u></b>
<b>13.</b>	<b>Other liabilities</b>		
	Provision for unclassified loans and advances (note 13.1)	269,355,290	179,773,261
	Provision for classified loans and advances (note 13.2)	332,981,600	318,153,100
	Interest suspense account (note 13.3)	43,779,688	36,503,625
	Provision for performance bonus	33,325,255	18,670,841
	Provision for corporate income tax (note 13.4)	1,057,729,417	566,384,695
	Asset Revaluation Reserves	885,119	-
	Interest payable	946,240,300	589,623,267
	Exchange equalisation account (note 13.5)	3,339,553	3,339,553
	Accrued expenses payable	17,325,139	74,987,754
	Provision for Gratuity (note 13.6)	-	-
	Lease obligations (note 13.7)	105,200,565	96,255,540
	Other provision (note 13.8)	-	937,967
	Withholding income tax, VAT etc.	44,809,216	17,770,601
	Accounts payable	13,469,538	23,600,477
	Sundry creditors	801,184	34,256,811
	Bank Asia General Account	-	2,526,535
	Others	94,916	127,877
		<u>2,869,336,780</u>	<u>1,962,911,904</u>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

		Amounts in Taka	
		At	At
		31 Dec 2006	31 Dec 2005
<b>13.1</b>	<b>Provision for unclassified loans and advances</b>		
	Opening balance	179,773,261	114,282,000
	<u>Add:</u> Provision for the year:		
	General provision on general loans and advances, etc (1%-2%)	80,605,729	57,784,810
	General provision on special mention account (5%)	8,976,300	7,706,451
	Closing balance	<u>269,355,290</u>	<u>179,773,261</u>
<b>13.2</b>	<b>Provision against classified loans and advances</b>		
	Opening balance	318,153,100	186,526,579
	<u>Less:</u> Interest amount fully waived during the year	(1,300,558)	-
	<u>Add:</u> Recovery of advances previously written off	-	-
	<u>Add:</u> Specific provision for the year	15,191,091	131,626,521
	<u>Add:</u> Provision no more required on transfer from sundry creditors	-	-
	<u>Add:</u> Provision no more required on transfer from other provision	937,967	-
	Closing balance	<u>332,981,600</u>	<u>318,153,100</u>
<b>13.3</b>	<b>Interest suspense account</b>		
	Opening balance	36,503,625	14,964,890
	Addition during the year	100,095,852	63,886,934
	Recovered during the year	(92,532,342)	(42,348,199)
	Written off during the year	(287,447)	-
	Closing balance	<u>43,779,688</u>	<u>36,503,625</u>
<b>13.4</b>	<b>Provision for corporate income tax</b>		
	Opening balance	566,384,695	346,295,119
	<u>Add:</u> Provision made during the year for		
	Current taxation	432,447,206	220,089,576
	Deferred taxation	58,897,516	-
		<u>491,344,722</u>	<u>220,089,576</u>
		1,057,729,417	566,384,695
	<u>Less:</u> Settlement during the year	-	-
	Closing balance	<u>1,057,729,417</u>	<u>566,384,695</u>

Position of Bank's corporate income tax provision is as follows:

Accounting year	Assessment year	Tax provision as per accounts	Tax as per assessment order	Excess/(Shortage of provision)	Status of assessment/ Pending with
2000	2001-2002	2,000,000	7,080,931	(5,080,931)	Taxes Appellate Tribunal
2001	2002-2003	42,626,674	38,156,227	4,470,447	Taxes Appellate Tribunal
2002	2003-2004	91,950,000	83,933,056	8,016,944	Taxes Appellate Tribunal
2003	2004-2005	165,000,000	158,197,316	6,802,684	Assessment completed by DCT
2004	2005-2006	166,807,728	139,126,551	27,681,177	Return filed with DCT
2005	2006-2007	220,089,576	258,858,231	(38,768,655)	Return filed with DCT
2006	2007-2008	491,344,722	-	-	Filing of return not yet due

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

		Amounts in Taka	
		At 31 Dec 2006	At 31 Dec 2005
<b>13.5</b>	<b>Exchange equalisation account</b>		
	Opening balance	3,339,553	3,339,553
	Add: Addition during the year	-	-
	Closing balance	<b>3,339,553</b>	<b>3,339,553</b>
<b>13.6</b>	<b>Provision for gratuity</b>		
	Opening balance	-	728,137
	Add: Provision during the year	6,312,686	4,944,822
	Less: Transfer to gratuity accounts	(6,312,686)	(5,672,959)
	Closing balance	-	-
<b>13.7</b>	<b>Lease obligation</b>		
	Furniture and fixture	23,609,568	18,848,003
	Machinery and equipment	25,256,996	23,906,583
	Computer and accessories	21,573,942	20,451,390
	Motor vehicles	19,560,059	17,049,564
	Premises	15,200,000	16,000,000
		<b>105,200,565</b>	<b>96,255,540</b>
<b>13.8</b>	<b>Other provision</b>		
	Opening balance	<b>937,967</b>	<b>937,967</b>
	Transfer to specific provision	(937,967)	-
		-	<b>937,967</b>

This amount, which was due from Bank of Tokyo Mitsubishi, Kolkata, is transferred to specific provision upon realization.

## 14. Share Capital

### 14.1 Authorised Capital\*

12,000,000 ordinary shares of Taka 100 each

**1,200,000,000**      **1,200,000,000**

\* The authorised capital has been increased from Tk. 1,200,000,000 to Tk. 4,450,000,000 from 13/09/2006 subject to the approval of EGM.

### 14.2 Issued, Subscribed and Paid-up Capital

5,637,248 ordinary shares of Taka 100 each issued for cash  
5,522,752 ordinary shares of Taka 100 each issued as bonus shares

563,724,800      563,724,800  
552,275,200      366,275,200  
**1,116,000,000**      **930,000,000**

### 14.3 Percentage of shareholding

Category	At 31 Dec 2006		At 31 Dec 2005	
	No. of shares	%	No. of shares	%
Sponsors	5,790,058	51.88%	4,778,803	51.38%
Non- resident Bangladeshis	246,540	2.21%	211,129	2.27%
General Public	3,282,338	29.41%	2,856,857	30.72%
Financial institutions	1,537,311	13.78%	1,200,447	12.91%
Investment companies	303,753	2.72%	252,764	2.72%
	<b>11,160,000</b>	<b>100.00%</b>	<b>9,300,000</b>	<b>100.00%</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

## 14.4 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	2006	2005	2006	2005
Less than 500	4,229	2,782	3.99%	3.84%
501 to 5,000	385	370	5.73%	5.55%
5,001 to 10,000	44	29	3.00%	2.11%
10,001 to 20,000	21	24	3.54%	3.67%
20,001 to 30,000	18	15	4.14%	4.03%
30,001 to 40,000	11	15	3.02%	5.98%
40,001 to 50,000	11	10	4.49%	4.76%
50,001 to 100,000	21	18	12.35%	12.96%
100,001 to 1,000,000	24	22	59.75%	57.00%
Over 1,000,000	-	-	-	-
	<b>4,764</b>	<b>3,285</b>	<b>100.00%</b>	<b>100.00%</b>

## 14.5 Names of the Sponsors/Directors and their shareholdings as on 31 December 2006

Name of the Director	Status	Shareholding	
		At 31 Dec 2006	At 31 Dec 2005
Mr. M. Syeduzzaman	Chairman	34,404	53,326
Mr. A. Rouf Chowdhury	Vice Chairman	204,477	168,962
Mr. Arifur Rahman Sinha	Vice Chairman	63,991	53,326
Mr. Rume A. Hossain	Director	461,976	382,985
Mr. Md. Anwar Hussain	Sponsor	160,807	134,006
Mr. Md. Shafiuddin Chowdhury	Director	343,103	284,438
Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estate Ltd.)	Director	463,134	383,945
Mr. Md. Sirajul Haque	Sponsor	255,963	213,303
Mr. Jahir Uddin	Director	66,385	53,326
Mr. Romo Rouf Chowdhury	Sponsor	184,195	106,651
Mr. Nafees Khundker	Sponsor	461,976	382,985
Mr. Anisur Rahman Sinha	Sponsor	63,991	53,326
Ms. Sabrina Chowdhury	Sponsor	255,177	211,546
Mr. Murshed Sultan Chowdhury	Director	409,229	339,257
Mr. Mir Shahjahan	Director	229,920	191,600
Ms. Monowara Haque	Director	206,011	169,681
Ms. Razia Samad	Sponsor	127,982	106,652
Ms. Mahrina Chowdhury	Sponsor	230,925	191,440
Ms. Farhana Haque Chowdhury	Sponsor	303,609	251,696
Ms. Hosne Ara Sinha	Sponsor	430,016	358,347
Ms. Naheed Akhter Sinha	Sponsor	437,198	358,347
Mr. Jahir Uddin (Representing Mostafa Steel Galvanizing Plant Ltd.)	Sponsor	395,589	329,658
Mr. M. Shamsul Alam (Representing Amiran Generations Ltd. elected from Institutions)	Director	203,060	167,550
Lt. Col. Farid Uddin Ahmed (Retd.) (Elected from General Public)	Director	46,500	38,750

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

## 14.6 Capital adequacy ratio (CAR)

In terms of section 13(2) of Banking Companies Act 1991 and Bangladesh Bank BRPD circulars no. 01, 14 and 10 dated 08 January 1996, 16 November 1996 and 25 November 2002 respectively, required capital of the Bank at the close of business on 31 December 2006 is Taka 1,781,999,548 as against available core capital of Taka 1,949,741,386 and supplementary capital of Taka 273,579,962, that is, a total of Taka 2,223,321,348 thereby showing surplus capital/equity of Taka 441,321,800 at that date. Details are shown below:

	Amounts in Taka	
	At 31 Dec 2006	At 31 Dec 2005
<b>14.6.1 Core capital (Tier I)</b>		
Paid-up capital	1,116,000,000	930,000,000
Proposed issue of bonus shares	279,000,000	186,000,000
Share premium account	330	330
Statutory reserve	545,247,108	351,826,300
Retained earnings	9,493,948	6,155,439
	<u>1,949,741,386</u>	<u>1,473,982,069</u>
<b>14.6.2 Supplementary capital (Tier II)</b>		
General provision (on unclassified loans)	269,355,290	179,773,260
Exchange equalisation account	3,339,553	3,339,553
Asset Revaluation Reserves	885,119	-
	<u>273,579,962</u>	<u>183,112,813</u>
Total capital maintained (a)	<u><b>2,223,321,348</b></u>	<u><b>1,657,094,882</b></u>
Total assets (excluding off- balance sheet items)	30,478,437,542	23,379,964,628
Total risk-weighted assets	19,799,994,973	17,389,194,224
Required capital (9% of risk-weighted assets) (b)	1,781,999,548	1,565,027,480
Surplus (a-b)	441,321,800	92,067,402
<b>Capital adequacy ratio</b>	<b>11.23%</b>	<b>9.53%</b>

## 14.7 Capital requirement

	At 31 Dec 2006		At 31 Dec 2005	
	Required	Holding	Required	Holding
Core capital	4.5%	9.85%	4.5%	8.48%
Supplementary capital	4.5%	1.38%	4.5%	1.05%
Total	<b>9%</b>	<b>11.23%</b>	<b>9%</b>	<b>9.53%</b>

## 15. Statutory reserve

### In Bangladesh

Opening balance	351,826,300	231,106,109
Addition during the year (20% of pre-tax profit)	193,420,808	120,720,191
Closing balance	<u>545,247,108</u>	<u>351,826,300</u>

## 16. Retained earnings

Opening balance	6,155,439	22,364,252
Add: Post-tax profit for the year	475,759,317	383,511,378
Less: Transfer to statutory reserve	(193,420,808)	(120,720,191)
Less: Proposed Issue of bonus shares	(279,000,000)	(186,000,000)
Less: Proposed cash dividend	-	(93,000,000)
Closing Balance	<u>9,493,948</u>	<u>6,155,439</u>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

		Amounts in Taka	
		At 31 Dec 2006	At 31 Dec 2005
<b>17.</b>	<b>Contingent liabilities and commitments</b>		
<b>17.1</b>	Claims against the Bank not acknowledged as debts Money for which the Bank is contingently liable in respect of guarantee given favouring:		
	Directors	-	-
	Government	1,139,606,744	1,268,051,921
	Banks and other financial institutions	52,055,589	72,066,679
	Others	389,674,804	172,889,121
		<u>1,581,337,137</u>	<u>1,513,007,721</u>
<b>17.2.</b>	Commitments:		
I.	Documentary credit and short term business transactions	2,665,102,330	2,011,380,036
II.	Forward assets purchased and forward deposits	-	-
III.	Existing facilities, loan facilities and other commitments not accounted for :		
	Less than one year old	-	-
	More than one year old	-	-
IV.	Spot and forward foreign exchange contracts	-	-
V.	Other exchange contracts	-	-
		<u>2,665,102,330</u>	<u>2,011,380,036</u>
<b>18.</b>	<b>Income statement</b>		
	<b>Income:</b>		
	Interest, discount and similar income	3,088,719,334	2,007,491,457
	Dividend income	3,000,000	3,526,850
	Fees, commission and brokerage	556,310,067	441,299,947
	Gains less losses arising from dealing securities	-	-
	Gains less losses arising from investment securities	-	-
	Gains less losses arising from dealing in foreign currencies	-	-
	Income from non-banking assets	-	-
	Other operating income	126,246,478	72,579,046
	Profit less losses on interest rate changes	-	-
		<u>3,774,275,879</u>	<u>2,524,897,300</u>
	<b>Expenses:</b>		
	Interest, fees and commission	2,186,400,440	1,359,605,568
	Losses on loans and advances	-	-
	Administrative expenses	231,193,224	239,556,557
	Other operating expenses	223,679,396	84,769,122
	Depreciation on banking assets	61,125,660	40,247,317
		<u>2,702,398,720</u>	<u>1,724,178,564</u>
		<u>1,071,877,159</u>	<u>800,718,736</u>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

		Amounts in Taka	
		At 31 Dec 2006	At 31 Dec 2005
<b>19.</b>	<b>Interest income</b>		
	<b>Interest on loans and advances</b>		
	General loan	24,503,236	3,396,046
	Demand loan	43,753,204	49,634,702
	Term loan- industrial	274,576,115	186,417,736
	Term loan- others	233,109,398	154,069,762
	Overdrafts	719,003,635	466,141,684
	Cash credit	6,165,309	5,895,937
	House building loan	11,200,016	1,487,660
	Transport loan	34,940,025	23,761,565
	Payment against document	150,026,736	147,305,950
	Foreign bill purchase	31,159,138	17,107,727
	Local bill purchase	300,265,027	117,892,065
	Consumer credit	23,491,226	7,361,003
	Loan against trust receipt	831,435,611	517,647,091
	Packing credit	2,978,377	574,388
	Poverty elevation loan	1,338,970	865,690
	Credit card	75,242	-
	Other loans and advances	7,510,235	13,719,895
	Staff Loan	6,261,670	3,638,079
		<u>2,701,793,170</u>	<u>1,716,916,980</u>
	Interest on:		
	Accounts with foreign banks	37,355,379	13,936,148
	Balance with other banks and financial institutions	103,195,703	73,517,758
		<u>140,551,082</u>	<u>87,453,906</u>
		<b><u>2,842,344,252</u></b>	<b><u>1,804,370,886</u></b>
<b>20.</b>	<b>Interest paid on deposits, borrowings, etc</b>		
	<b>Interest on deposits</b>		
	Fixed deposits	1,801,250,028	1,097,110,755
	Sanchay Plus	32,302,540	-
	Savings deposits	91,263,397	59,919,484
	Short-term deposits	71,822,501	36,236,712
	Other deposits	103,443,392	81,700,810
		<u>2,100,081,858</u>	<u>1,274,967,761</u>
	<b>Interest on borrowings</b>		
	Local banks including Bangladesh Bank	86,318,582	84,637,807
	Foreign banks	-	-
		<u>86,318,582</u>	<u>84,637,807</u>
		<b><u>2,186,400,440</u></b>	<b><u>1,359,605,568</u></b>
<b>21.</b>	<b>Investment Income</b>		
	Interest on treasury bills	142,668,838	195,109,102
	Interest on Bangladesh Government Treasury Bonds	96,455,243	-
	Dividend on shares	3,000,000	3,526,850
	Interest on other bonds	3,925,967	5,000,000
	Interest on treasury bonds (Reverse Repo)	2,203,159	1,636,470
	Interest on debentures	1,121,875	1,374,998
		<u>249,375,082</u>	<u>206,647,420</u>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

		Amounts in Taka	
		At	At
		31 Dec 2006	31 Dec 2005
<b>22. Commission, exchange and brokerage</b>			
	Fees and commission	277,160,671	203,841,847
	Exchange gains less losses arising from dealings in foreign currencies	279,149,396	237,458,100
		<b>556,310,067</b>	<b>441,299,947</b>
<b>23. Other income</b>			
	Account closing and service charge	95,286,951	49,404,849
	Locker charge	681,000	590,100
	Postage, Swift, telex etc recoveries	24,079,879	17,586,509
	Master card fees & charges	245,265	-
	Non-operating income	5,953,383	4,997,589
		<b>126,246,478</b>	<b>72,579,047</b>
<b>24. Salary and allowances</b>			
	Basic salary	66,374,331	49,254,320
	Allowances	95,260,013	66,644,182
	Festival bonus	18,837,060	9,150,429
	Gratuity	6,312,686	4,944,822
	Provident fund	6,846,353	5,121,263
	Performance bonus	32,111,411	17,898,071
		<b>225,741,854</b>	<b>153,013,087</b>
<b>25. Rent, taxes, insurance, electricity, etc</b>			
	Rent, rates and taxes	49,182,164	33,579,392
	Insurance	11,460,011	9,678,614
	Utilities	10,261,399	9,180,638
		<b>70,903,574</b>	<b>52,438,644</b>
<b>26. Legal expenses</b>			
	Legal expenses	980,558	384,573
	Consultancy fees	601,384	502,973
		<b>1,581,942</b>	<b>887,546</b>
<b>27. Postage, stamp, telecommunication, etc</b>			
	Postage	175,400	218,563
	Courier	6,300,781	3,938,772
	Telex	12,237	39,823
	Internet	521,424	491,767
	SWIFT charge	5,906,876	3,581,021
	Reuter charge	1,049,440	800,000
	ATM charge	1,283,090	2,517,700
	Telephone (Office)	6,994,372	5,628,200
	Telephone- Residence	18,876	64,378
	Service charge of credit card	55,900	-
		<b>22,318,396</b>	<b>17,280,224</b>
<b>28. Stationery, printing, advertisements, etc</b>			
	Stationery and printing	9,350,510	6,040,913
	Books and periodicals	605,094	380,518
	Calendar,diary,souvenir etc.	2,558,382	1,511,800
	Advertisement	5,724,892	2,363,835
	ATM Card	550,767	-
		<b>18,789,645</b>	<b>10,297,066</b>



# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

	Amounts in Taka	
	At 31 Dec 2006	At 31 Dec 2005
<b>29. Chief executive's salary and fees</b>		
Basic salary	2,310,000	2,310,000
Allowances	1,620,000	1,620,000
Bonus	1,521,370	962,500
	<b>5,451,370</b>	<b>4,892,500</b>
<b>30. Directors' fees</b>		
Directors fees @ Taka 4,000 per Director, per meeting	561,655	557,490
	<b>561,655</b>	<b>557,490</b>
<b>31. Depreciation and repairs of Bank's assets</b>		
<b>Repairs</b>		
Building	729,411	395,057
Furniture and fixtures	27,240	115,437
Equipments	1,137,346	1,375,921
Computer and accessories	1,236,245	412,067
Office Maintenance	3,257,990	2,729,057
	<b>6,388,232</b>	<b>5,027,539</b>
<b>Depreciation</b>		
Building	10,349,663	800,000
Furniture and fixtures	20,386,710	16,002,217
Equipment	10,342,674	8,163,410
Computer and accessories	7,695,076	5,969,646
Motor vehicles	5,963,305	4,284,505
	<b>54,737,428</b>	<b>35,219,778</b>
	<b>61,125,660</b>	<b>40,247,317</b>
<b>32. Other expenses</b>		
Computer expenses	17,091,718	15,845,979
Contractual service expenses	20,934,873	15,447,750
Car expenses	21,738,280	15,434,135
Interest on lease obligations	14,317,701	13,862,908
Entertainment	8,740,784	6,974,719
Donation and subscription	3,415,454	3,551,666
Travelling expenses	4,554,186	2,361,757
Office plantation	2,563,632	1,709,713
Training expenses	2,318,573	1,618,449
Superannuation fund	1,200,000	1,200,000
Directors travelling expenses	172,320	189,740
Professional services	-	8,550
Other management and administrative expenses	12,266,663	6,563,756
	<b>109,314,184</b>	<b>84,769,122</b>
<b>33. Provision against loans and advances</b>		
Classified	15,191,091	131,626,521
Unclassified	89,582,029	65,491,261
	<b>104,773,120</b>	<b>197,117,782</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

		Amounts in Taka	
		At 31 Dec 2006	At 31 Dec 2005
<b>34. Appropriations</b>			
	Balance brought forward	6,155,439	22,364,252
	<u>Add:</u> Post-tax profit for the year	475,759,317	383,511,378
		481,914,756	405,875,630
	<b>Transferred to</b>		
	Statutory reserve	193,420,808	120,720,191
	Proposed cash dividend	-	93,000,000
	Bonus Shares issued	279,000,000	186,000,000
		472,420,808	399,720,191
	Balance carried forward to Balance Sheet	<b>9,493,948</b>	<b>6,155,439</b>
<b>35. Earnings per share</b>			
	Profit after taxation	475,759,317	383,511,378
	Number of ordinary shares outstanding	11,160,000	9,300,000
	Earnings per share	<b>42.63</b>	<b>41.24</b>
	Earnings per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as on 31 December 2006 as per BAS-33.		
<b>36. Highlights of activities</b>			
	Paid-up capital	1,116,000,000	930,000,000
	Total capital	1,949,741,386	1,473,982,069
	Capital surplus	441,321,800	92,067,402
	Total assets	30,478,437,542	23,379,964,628
	Total deposits	25,289,359,376	18,500,070,655
	Total loans and advances	22,255,639,992	17,869,844,542
	Total contingent liabilities and commitments	11,714,863,822	10,506,223,162
	Credit-deposit ratio	88.00%	96.59%
	Ratio of classified loans against total loans and advances	2.27%	2.77%
	Profit after tax and provision	475,759,317	383,511,378
	Loans classified during the year	504,325,645	494,815,841
	Provision kept against loans classified during the year	332,981,600	318,153,100
	Provision surplus/(deficit)	30,693,737	-
	Cost of fund	8.27%	7.58 %
	Interest earning assets	23,851,828,856	21,559,871,655
	Non-interest earning assets	6,626,608,686	1,720,092,973
	Return on investments (ROI)	7.45%	9.15%
	Return on assets (ROA)	3.17%	2.58%
	Income from investments	249,375,082	206,647,420
	Capital adequacy	11.23%	9.53%
	Stock dividend	25%	20%
	Cash dividend	-	10%
	Earnings per share	42.63	41.24
	Price-earnings ratio	10.04	11.82

# NOTES TO FINANCIAL STATEMENTS

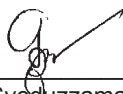
for the year ended 31 December 2006

37. Assets and liabilities at 31 December 2006 denominated in foreign currencies have been converted to local currency Bangladesh Taka (BDT) at the following exchange rates:

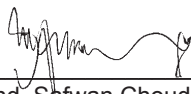
<u>Currency</u>	<u>Abbreviation and unit</u>	<u>Equivalent BDT</u>
British Pound Sterling	GBP	130.00
European Currency	EURO	90.00
Japanese Yen	JPY	0.55
US Dollar	USD	70.00
Canadian Dollar	CAD	55.00
Australian Dollar	AUD	50.00
Swiss Frank	CHF	50.00
Asian Clearing House Union Dollar	ACUD	70.00

38. Wherever considered necessary, previous year's figures have been rearranged for the purpose of comparison with current year's presentation without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.
39. No material events have occurred after the Balance Sheet date that could affect the values reported in the financial statements.
40. Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.

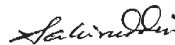
for Bank Asia Limited



M. Syeduzzaman  
Chairman



Mohd. Safwan Choudhury  
Director



Jahir Uddin  
Director



Syed Anisul Huq  
President & Managing Director

Signed in terms of our report of even date annexed

Dated, 19 March 2007

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

## Schedule of fixed assets as at 31 December 2006

Annex-1

Asset Category	COST					DEPERCIATION				
	At 1st January 2006	Addition	Desposal / adjustment	Balance at 31-Dec 2006	Rate of depreciation	Balance at 1-Jan 2006	Charge for the year	On disposal adjustment	Total to 31-Dec 2006	Net book value at 31-12-2006
	Taka	Taka	Taka	Taka	%	Taka	Taka	Taka	Taka	Taka
Equipment	40,817,048	10,896,323	-	51,713,371	20	19,855,030	10,342,674	-	30,197,704	21,515,667
Computer & accessories	29,848,228	8,627,151	-	38,475,379	20	11,858,674	7,695,076	-	19,553,750	18,921,629
Furniture & fixture including office renovation	80,011,092	21,922,457	-	101,933,549	20	34,605,220	20,386,710	-	54,991,930	46,941,619
Vehicles	21,422,525	8,394,000	-	29,816,525	20	6,047,210	5,963,305	-	12,010,515	17,806,010
Building/Space	160,791,018	46,202,242	-	206,993,260	5	800,000	10,349,663	-	11,149,663	195,843,597
Land	182,443,587	-	-	182,443,587	-	-	-	-	-	182,443,587
Total At 31 st Dec 2006	515,333,498	96,042,173	-	611,375,671	-	73,166,134	54,737,428	-	127,903,562	483,472,109
Total At 31 st Dec 2005	154,235,288	361,098,210	-	515,333,498	-	37,946,355	35,219,779	-	73,166,134	442,167,364

Fixed assets as shown above include leased assets as follows

	Equipment	Computer and accessories	Furniture and fixtures	Vehicles	Building (space)	Total
A) Cost:						
Opening balance	29,792,452	27,365,948	70,206,042	21,023,525	16,000,000	164,387,967
Addition during the year	9,136,129	8,244,677	19,953,329	8,394,000	-	45,728,135
Closing balances	38,928,581	35,610,625	90,159,371	29,417,525	16,000,000	210,116,102
B) Depreciation:						
Opening balance	11,916,980	10,946,380	28,082,416	5,784,410	800,000	57,530,186
Addition during the year	7,785,716	7,122,125	18,031,874	5,883,505	800,000	39,623,220
Closing balances	19,702,696	18,068,505	46,114,290	11,667,915	1,600,000	97,153,406
Written down value at 31 December 2006 (A-B)	19,225,885	17,542,120	44,045,081	17,749,610	14,400,000	112,962,696

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

## Name of Directors and the entities in which they had interest as at 31 December 2006

Annex-2

Sl. no.	Name	Status with the bank	Name of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner etc.
1	Mr. M. Syeduzzaman	Chairman	BOC Bangladesh Ltd. - Chairman Industrial and Infrastructure Development Finance Co. Ltd. (IIDFC) - Vice Chairman Bangladesh Rice Foundation - Chairman Centre for Policy Dialogue - Member, BOT Credit Rating Agency of Bangladesh - Chairman
2	Mr. A. Rouf Chowdhury	Vice Chairman	Rangs Ltd. Rangs Workshop Ltd. Rangs Industries Ltd. Rangs Motors Ltd. Rangs Properties Ltd. Ranks ITT Ltd. Dears International Ltd. Rancon Engineering Ltd. Shield Security Services Ltd. Reliance Insurance Ltd. The Daily Star (Media World Ltd.) Sea Resources Ltd. Sea Fishers Ltd. Deep Sea Fishers Ltd. Sea Resources Cold Storage Ltd. Sea Resources Agencies Ltd. Fishers Shipyard Ltd. Seamans Dockyard & Fishmeal Ltd. Rangs Pharmaceuticals Ltd. Ranks Telecom Ltd. Mavis Ispat Ltd. Yellow Lines Ltd. Rancon Motors Ltd. Ranks Union Ltd. Rancon Sweaters Ltd. Ranks Energy Ltd. Rancon Services Ltd. Bengal Laboratories Ltd. Appollo Steel Mills Ltd. Bon Kids Ltd. SDIL Rancon Autos Ltd. Ranks Interior Ltd. Ranks Agro Bioteq Ltd. Ran-Jas Ltd.

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

Sl. no.	Name	Status with the bank	Name of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner etc.
3	Mr. Arifur Rahman Sinha	Vice Chairman	Medlar Garments Ltd. Medlar Fashions Ltd. Medlar Apparels Ltd. Medlar Accessories Ltd. Sinha Fashions Ltd. Sinha Apparels Ltd. Spencer Apparels Ltd. J.K. Fashions Ltd. ZMS Fashions Ltd. Sinha Textile Ltd. Sinha Rotor Spinning Ltd. Sinha Denim Ltd. Sinha Designers Ltd. Sinha Agro Industries Ltd. Simson Ltd. Sinha Knitting Ltd. Sinha Power Generation Company Ltd. Sinha Washing Plant Ltd. Sinha Specialised Denim Washing Plant Ltd. Sinha Spinning Ltd. Sinha Rope Denim Ltd. Sinha Dyeing & Finishing Ltd. Sinha Denimwear Ltd. Enterprise Asia Ltd.
4	Dr. Md. Shafiuddin Chowdhury	Director	Sea Resources Ltd. Sea Fishers Ltd. Deep Sea Fishers Ltd. Sea Resources Cold Storage Ltd. Sea Resources Agencies Ltd. Seamans Dockyard & Fishmeal Ltd. Fishers Shipyard Ltd. Rangs Pharmaceuticals Ltd. Ranks Telecom Ltd.
5	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd.)	Director	M. Ahmed Tea & Lands Co. Ltd. Phulbari Tea Estates Ltd. M. Ahmed Cold Storage Ltd. Premier Dyeing & Calendering Ltd. Anandaniketan Ltd. Ranks Telecom Ltd. Enterprise Asia Ltd.
6.	Ms. Monowara Haque	Director	Haque Steel & Re-Rolling Industries Ltd. S. Co. Cement Ltd. Haque Steel Complex Ltd.

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2006

Sl. no.	Name	Status with the bank	Name of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner etc.
7.	Mr. Jahir Uddin	Director	M.M. Vegetable Oil Products Ltd. Mostafa Vegetable Oil Industries Ltd. Mostafa Coconut Oil Industries Ltd. Mostafa Garments Industries Ltd. Mostafa Steel Galvanizing Plant Ltd. Mostafa Oil Products Ltd. Mostafa Shrimp Products Ltd. Mostafa Paper Products Ltd. M.M. Steel Galvanizing Plant Ltd. Mostafa Re-Rolling Mills Ltd. Rahman Ship Breakers Ltd. T J International Ltd. Hefazatur Rahman & Co. Ltd. Soudia Coach Service Euro Shipping Ltd. Fairways Corporation Ltd. (Oodalia Tea Estate) Mostafa Properties & Development Ltd. Mostafa Organic Shrimp Products Ltd. Mostafa Paper Complex Ltd. M. M. Salt Industries Ltd. M.M. Ship Breakers Ltd. R.R. Coconut Oil Industries Ltd. Mostafa Corporation Ltd. Eastern Fisheries Ltd. (Mostafa Tank Terminal) Mostafa Knitting & Dyeing Industries Ltd. Enterprise Asia Ltd.
8.	Mr. Rume A. Hossain	Director	Rangs Industries Ltd. Ranks ITT Ltd. Romask Ltd. Rangs Pharmaceuticals Ltd. Ranks Telecom Ltd. Ranks Petroleum Ltd. (Representative Director)
9.	Mr. Mir Shahjahan	Director	ZMS Fashions Ltd.
10.	Mr. Faisal Samad	Alternate Director	Savar Textiles Ltd. Supasox Ltd. - Director Surma Garments Ltd. - Managing Director
11.	Mr. Murshed Sultan Chowdhury	Director	Rangs Pharmaceuticals Ltd.
12.	Mr. M. Shamsul Alam (Representing Amiran Generations Ltd.)	Director (Public nominee)	Reliance Insurance Ltd. - Director General Produce International Ltd. -Managing Director
13.	Lt. Col. (Retd) Fariduddin Ahmed	Director (Public nominee)	Opex Garments Ltd. - Executive Director

# LIST OF BRANCHES

## Corporate Branch

Noor Tower (1<sup>st</sup> floor)  
110, Bir Uttam C.R.Datta Road  
Dhaka-1215

### Manager:

A.H.J. Rahman  
Executive Vice President

### Date of inauguration:

27 November, 1999

## Principal Office

111-113, Motijheel C.A.  
Dhaka – 1000

### Manager:

M.M.A. Moquit  
Senior Vice President

### Date of inauguration:

29 April, 2000

## Gulshan Branch

Bay's Galleria (Ground Floor)  
57, Gulshan Avenue  
Gulshan  
Dhaka – 1212

### Manager:

Syed Iltefath Hussain  
Vice President

### Date of inauguration:

19 June, 2000

## Agrabad Branch

69, Agrabad C.A.  
Chittagong

### Manager:

Mohammed Roshangir  
Executive Vice President

### Date of inauguration:

24 June, 2000

## Malkhanagar Branch

Taltola Bazar  
Munshigonj

### Manager:

Md. Moniruzzaman  
Senior Executive Officer

### Date of inauguration:

29 October, 2000

## Scotia Branch

Rangs Bhaban (3rd floor)  
113-116, Old Airport Road  
Tejgaon  
Dhaka – 1215

### Manager:

Syed Nazimuddin  
Executive Vice President

### Date of acquisition:

15 February, 2001

## Sylhet Main Branch

60, Niloy, Darga Gate  
Airport Road  
Sylhet

### Manager:

Niaz Ahmed Chowdhury  
First Vice President

### Date of inauguration:

4 November, 2001

## MCB Dilkusha Branch

4, Dilkusha C.A.  
Dhaka-1000

### Manager:

Mohammad Borhanuddin  
Vice President

### Date of acquisition:

1 January, 2002

## MCB Sk. Mujib Road Branch

Ayub Trade Center  
1269/B, Sk. Mujib Road  
Chittagong

### Manager:

Swapan Das Gupta  
Senior Vice President

### Date of acquisition:

1 January, 2002

## Tarail Branch

Tarail Bazar  
Tarail  
Kishoregonj

### Manager:

Md. Anisur Rahman  
Senior Executive Officer

### Date of inauguration:

16 May, 2002

## MCB Banani Branch

AR Tower  
24, Kemal Ataturk Avenue  
Banani, Dhaka -1213

### Manager:

S.M. Iqbal Hossain  
Vice President

### Date of inauguration:

19 September, 2002

## Khatungonj Branch

Asia Center  
273/268, Khatungonj  
Chittagong

### Manager:

A.K.M. Shahnawaj  
Vice President

### Date of inauguration:

24 September, 2002

## Mitford Branch

Bismillah Tower  
147-148, Mitford Road  
Dhaka-1100

### Manager:

Rafiqul Hasan  
Senior Vice President

### Date of inauguration:

11 June, 2003

## Uttara Branch

House # 79/A, Road # 7  
Sector # 4  
Uttara, Dhaka-1230

### Manager:

Md. Sazzad Hossain  
Vice President

### Date of inauguration:

25 October, 2003

## Ashulia Branch

Chowdhury Plaza (1<sup>st</sup> floor)  
Zamgora Chowrasta  
Ashulia, Savar,  
Dhaka

### Manager:

K.S.A. Ansari  
First Assistant Vice President

### Date of inauguration:

5 May, 2004

## North South Road Branch

89, Shahid Syed Nazrul Islam Sharani  
North South Road  
Dhaka-1100

### Manager:

Maruf Mohammed Ahsan  
Vice President

### Date of inauguration:

1 September, 2004

## CDA Avenue Branch

665, CDA Avenue,  
Chittagong

### Manager:

A.K.M. Shaiful Islam Chowdhury  
Vice President

### Date of inauguration:

8 September, 2004

## Sylhet Uposhohor Branch

Rahim Tower, Subhani Ghat  
Bishwa Road  
Sylhet

### Manager:

A.M.M. Nizamuddoula Khan  
First Assistant Vice President

### Date of inauguration:

3 March, 2005

## Lohagara Branch

Mostafa Centre, Lohagara  
Chittagong

### Manager:

Mohammed Mohiuddin  
Senior Executive Officer

### Date of inauguration:

30 March, 2005

## Dhanmondi Branch

House # 13/A (New), Road # 5  
Dhanmondi, Dhaka-1205

### Manager:

Md. Zahid Hossain  
First Vice President

### Date of inauguration:

4 January, 2006

## Station Road Branch

Mohiuddin Market (1<sup>st</sup> floor)  
170, Station Road  
Chittagong

### Manager:

Mohd. Shahabullah  
Vice President

### Date of inauguration:

6 February, 2006

## Bashundhara Branch

House # 25, Block – A  
Avenue Road  
Bashundhara R/A  
Dhaka

### Manager:

Kazi Nowshaduzzaman  
Senior Executive Officer

### Date of inauguration:

28 March, 2006

## Rajshahi Branch

182, Alu Patti  
Ghoramara  
Rajshahi -6100

### Manager:

Md. Mozaffar Hossain  
Vice President

### Date of inauguration:

6 November, 2006

## Khulna Branch

Al-Mashah Complex  
44, Mojid Soroni, KDA  
Khulna

### Manager:

Debashish Karmaker  
Assistant Vice President

### Date of inauguration:

18 December, 2006





LIMITED

**BANK ASIA LIMITED**

Corporate Office (Registered Office)

Rangs Bhaban (8th Floor), 113-116, Old Airport Road, Tejgaon, Dhaka-1215

**FORM OF PROXY**

I, \_\_\_\_\_ of \_\_\_\_\_, a  
Member of BANK ASIA LIMITED do hereby appoint Mr./Ms. \_\_\_\_\_  
of \_\_\_\_\_, or failing him/her Mr./Ms. \_\_\_\_\_  
of \_\_\_\_\_ as my proxy to vote for me and on my behalf at the Eighth  
Annual General Meeting of the Members of the Company to be held on the 30th Day of April, 2007 and at any  
adjournment thereof.

In witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2007.

Revenue  
Stamp  
**Tk. 8/-**

Signature of the Member.....

Folio No. ....

BO ID 

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Signature of Proxy.....

Folio No. ....

BO ID 

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Witnesses :

1. ....

2. ....



LIMITED

**Shareholder's Attendance Slip**

I hereby record my presence at the Eighth Annual General Meeting of Bank Asia Limited held today the  
30th April, 2007 at 11.00 a.m. at City Grand Hall, Basement-1 & 2, Bashundhara City, 13/Ka/1, Panthapath,  
Dhaka-1215. I give my particulars and put my signature below.

Name : .....

Folio No. :

BO ID : 

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Signature :

*(Please complete this slip and deposit at the registration counter on the day of the meeting)*