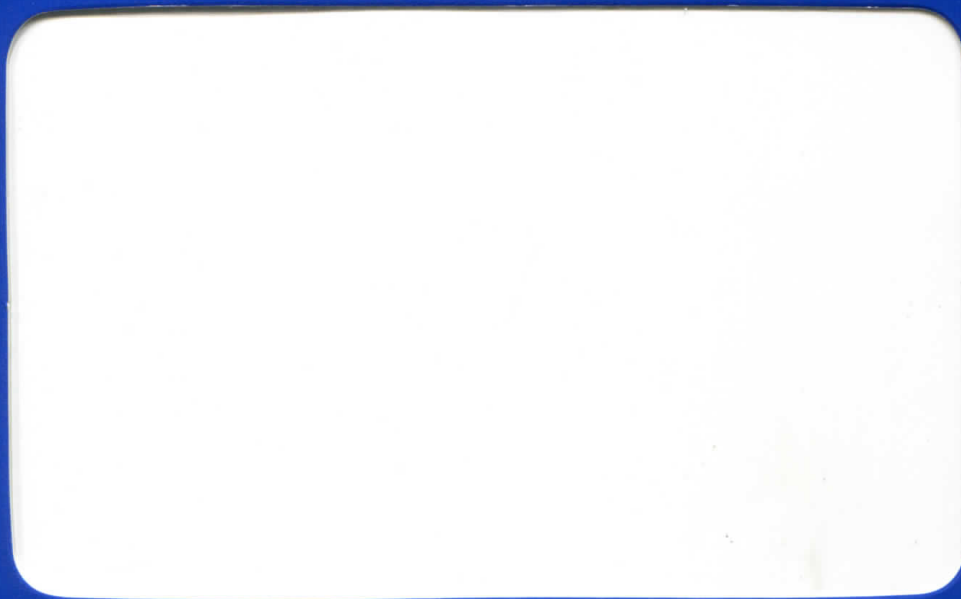


MABS & J Partners

Chartered Accountants

Member firm of Nexia International, UK



**AUDITOR'S REPORT
&
AUDITED FINANCIAL STATEMENTS
OF
NATIONAL BANK OF PAKISTAN
BANGLADESH BRANCHES
FOR THE YEAR ENDED 31 DECEMBER 2020**

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Independent Auditor's Report

To the Shareholders of National Bank of Pakistan (NBP), Bangladesh Branches
Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of **National Bank of Pakistan (NBP), Bangladesh Branches** (the "Bank"), which comprise the balance sheets as at 31 December 2020 and the profit and loss accounts, statements of changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) **as explained in note 2.00.**

Basis for Opinion

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

Emphasis of Matter

In the forming of our opinion, we would like to draw attention of the management of National Bank of Pakistan (NBP), Bangladesh Branches on the following issues which are not qualified.

- i. As disclosed in note # 08.08 to the financial statements, an amount of TK. **14,075.91** Million has been shown as loans and advances which include an amount of TK. 13,748.31 Million as bad/loss loans and advances as per BRPD circular no. 14 dated 23 September 2012. The bad/loss amount of loans and advances comprises 97.67% of total outstanding loans and advances as on 31 December 2020. However, we have received 'Support Letter' from National Bank of Pakistan-Head Office regarding the assurance of financial support to NBP, Bangladesh Branches for foreseeable, if there is any threat arises to NBP, Bangladesh Branches to continue as going concern.
- ii. As disclosed in note # 2.17 to the financial statements where the bank disclosed the reason for unrecognizing the Right of Use Asset and the Lease Liability in the financial statements of the bank as per para 9 of IFRS-16 'Lease' although the bank has a rented Head office and Branch offices under the lease agreements.

Other information

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

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

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

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation financial statements of the Bank in accordance with IFRSs as explained in note 2.00, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

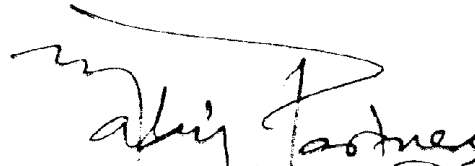
Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank Companies Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
 - b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank [other than matters disclosed in these financial statements];
- iii. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- iv. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- v. the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- vi. the expenditures incurred were for the purpose of the Bank's business for the year;
- vii. the financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- viii. adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- ix. the information and explanations required by us have been received and found satisfactory;
- x. we have reviewed over 80% of the risk weighted assets of the Bank and spent over 1,610 person hours; and
- xi. Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Place: Dhaka

Dated: 22 FEB 2021.



MABS & J Partners, Chartered Accountants

Signed by: Nasir Uddin Ahmed, FCA, ACMA (UK),
ACA (England & Wales)

Senior Partner

DVC: 2102220535AS928604

**NATIONAL BANK OF PAKISTAN
BANGLADESH BRANCHES
BALANCE SHEET
AS AT 31 DECEMBER 2020**

Particulars	Notes	Amount in Taka	
		31-Dec-20	31-Dec-19
PROPERTY AND ASSETS			
Cash :		734,374,789	920,581,216
Cash in hand (including foreign currency)	3.00	22,403,884	29,714,012
Balance with Bangladesh Bank & agent banks (including foreign currency)	4.00	711,970,905	890,867,204
Balance with other banks & financial institutions	5.00	290,511,060	31,521,141
In Bangladesh		-	-
Outside Bangladesh		290,511,060	31,521,141
Money at call on short notice	6.00	-	-
Investments(in shares/securities)	7.00	14,536,617,549	13,688,164,976
Government		14,536,617,549	13,688,164,976
Others		-	-
Loans & advances		14,075,914,977	14,115,332,789
Loan, cash credit, overdrafts etc.	8.00	12,805,964,377	12,845,382,189
Bills purchased & discounted	9.00	1,269,950,600	1,269,950,600
Fixed assets including premises, furniture & fixtures	10.00	23,918,484	32,927,808
Other assets	11.00	3,885,799,810	3,884,232,252
Non-banking assets	12.00	-	-
Total Assets :		33,547,136,668	32,672,760,181
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from other banks, financial institutions & agents	13.00	530,000,000	150,000,000
Deposits & other accounts	14.00	17,132,293,226	17,298,851,826
Current accounts and other accounts		13,190,490,146	12,060,989,503
Bills payable		10,185,902	4,466,515
Savings bank deposits		100,363,324	115,736,425
Fixed deposits		2,855,463,783	4,216,531,065
Scheme deposit		387,261,491	307,746,159
Bearer certificate of deposit		-	-
Other deposits (short term deposit)		588,528,580	593,382,160
Other liabilities	15.00	9,400,577,568	9,421,393,149
Total liabilities		27,062,870,794	26,870,244,975
Capital/ Shareholders' Equity		6,484,265,874	5,802,515,206
Capital fund	16.00	14,163,513,703	13,243,008,703
Statutory reserve (Not Applicable)		-	-
Other reserve	17.00	89,869,642	123,380,403
Surplus in profit & loss account	18.00	(7,769,117,472)	(7,563,873,900)
Total Shareholders' Equity			
Total Liabilities & Shareholders' Equity		33,547,136,668	32,672,760,181





MABS & J Partners

Chartered Accountants

Particulars	Notes	Amount in Taka	
		31-Dec-20	31-Dec-19
OFF BALANCE SHEET ITEMS			
Contingent liabilities :	19.00	237,741,469	195,124,258
Acceptances & endorsements		-	-
Letters of guaratee	19.01	168,745,469	124,897,258
Irrevocable letters of credit (including back to back bills)	19.02	51,493,000	51,493,000
Bills for collection	19.03	17,503,000	18,734,000
Other contingent liabilities		-	-
Other commitments:		12,518,096,850	11,806,113,550
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		12,518,096,850	11,806,113,550
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other		-	-
Total Off-Balance Sheet items Including Contingent		12,755,838,319	12,001,237,808

The accompanying notes 1 to 48 and annexure A,B & C are an integral part of these financial statements.

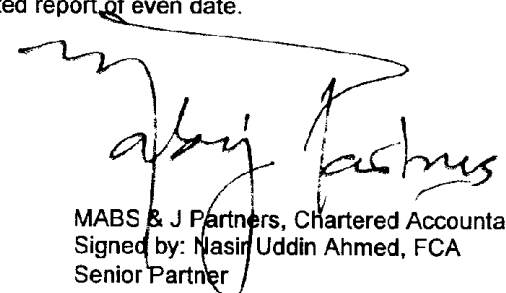

Muhammad Khalid Mahmud
 Head of Finance


Md. Qamruzzaman
 Country Manager / General Manager

Signed as per our annexed report of even date.

Dated: Dhaka


22 FEB 2021

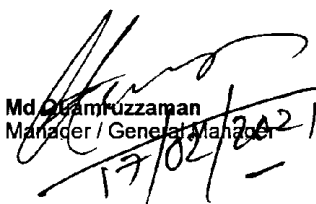

 MABS & J Partners, Chartered Accountants
 Signed by: Nasir Uddin Ahmed, FCA
 Senior Partner

**NATIONAL BANK OF PAKISTAN
BANGLADESH BRANCHES
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Particulars	Notes	Amount in BDT	
		31-Dec-20	31-Dec-19
Interest income	21.00	3,792,318	8,212,901
Interest paid on deposits and borrowing etc.	22.00	(1,237,015,134)	(1,634,434,794)
Net interest income		(1,233,222,816)	(1,626,221,893)
Investments income (in shares/securities)	23.00	1,243,983,732	1,124,673,900
Commission, exchange & brokerage	24.00	(6,058,503)	(9,282,848)
Other operating income	25.00	158,980	422,536
Total operating income		4,861,394	(510,408,306)
Salary & allowances	26.00	69,816,950	76,623,401
Rent, taxes, insurances, electricity etc.	27.00	62,104,600	59,512,732
Legal expenses & other professional fees	28.00	25,022,134	21,757,129
Postage, stamps and telecommunication etc.	29.00	604,829	869,483
Stationery, printing, advertisement etc.	30.00	1,929,631	960,127
General manager's salary and fees	31.00	7,213,700	7,062,200
Directors' fees	32.00	-	-
Auditors' fees	33.00	345,000	345,000
Charges on loan losses	34.00	-	-
Depreciation and repair of Bank's assets	35.00	14,030,710	14,967,854
Other expenses	36.00	14,588,030	15,584,649
Total operating expenses		195,655,583	197,682,576
Profit/(Loss) before provision		(190,794,189)	(708,090,883)
Provision for loan & advances	37.00	(786,684)	(136,931,166)
Provision for off balance sheet exposure	38.00	2,377,415	(145,850)
Provision for diminution in value of investment	39.00	-	-
Other provisions (provision for other assets)	40.00	-	-
Total provision		1,590,731	(137,077,015)
Total profit/(loss) before taxes		(192,384,920)	(571,013,868)
Provision for taxation	15.02	7,497,772	6,744,159
Deferred tax expenses/(income)	41.00	5,360,879	87,023,502
Net profit/ (loss) after taxation		(205,243,572)	(664,781,529)
Appropriation			
Statutory reserve		Not Applicable	Not Applicable
General reserve		Not Applicable	Not Applicable
Dividends		Not Applicable	Not Applicable
Retained surplus / (deficit)		(205,243,572)	(664,781,529)
Earning Per Share (EPS)		Not Applicable	Not Applicable

The accompanying notes 1 to 48 and annexure A,B & C are an integral part of these financial statements.

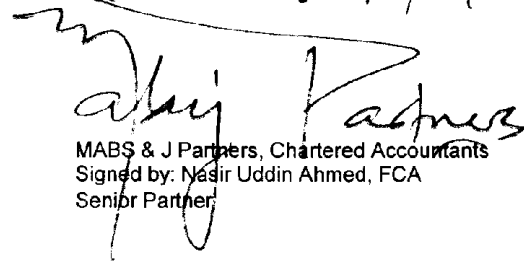

Muhammad Khalid Mahmud
Head of Finance


Md. Qamruzzaman
Country Manager / General Manager
17/02/2021

Signed as per our annexed report of even date.

Dated: Dhaka

22 FEB 2021


MABS & J Partners, Chartered Accountants
Signed by: Nasir Uddin Ahmed, FCA
Senior Partner

**NATIONAL BANK OF PAKISTAN
BANGLADESH BRANCHES
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Particulars	Notes	Amount in BDT	
		31-Dec-20	31-Dec-19
Cash flows from operating activities:			
Interest receipt in cash		1,265,582,011	1,149,566,999
Interest payments		(1,264,641,843)	(1,606,775,842)
Fee & commission receipt in cash	24.00	(6,058,503)	(9,282,848)
Cash payments to employees		(77,030,650)	(83,685,601)
Cash payments to suppliers		-	-
Income taxes paid		(37,653,011)	(8,022,179)
Receipts from other operating activities	25.00	158,980	422,536
Payments for other operating activities	43.00	(105,824,563)	(100,667,114)
Operating profit before changes in operating assets and liabilities		(225,467,578)	(658,444,050)
(Increase) / Decrease in operating assets/ liabilities			
Statutory deposits		-	-
Purchase/ Sale of trading securities		-	-
Loans and advances to other banks		-	-
Loans and advances to customers		21,618,656	144,140,799
Other assets (item wise)	44.00	23,924,718	45,237,565
Deposits from other banks		380,000,000	(50,000,000)
Deposits received from /returned to customers		(138,931,891)	156,314,102
Other liabilities account of customers		-	-
Trading liabilities		-	-
Other liabilities	45.00	(23,139,912)	(12,038,476)
Net cash from operating activities		263,471,571	283,653,990
Cash flows from investing activities			
Proceeds from sale of securities		2,136,700,001	1,984,100,000
Payment for purchase of securities		(3,018,634,453)	(2,235,549,463)
Purchase/ sale of property, plant & equipment		(3,791,048)	(26,806,673)
Purchase/ sale of subsidiaries		-	-
Net cash from investing activities		(885,725,500)	(278,256,136)
Cash flows from financing activities:			
Receipt from issue of loan capital & debt securities		-	-
Payment for redemption of loan capital & debt securities		-	-
Receipt from issuing ordinary share/receipt from head office		920,505,001	420,000,000
Dividend paid		-	-
Net cash from financing activities		920,505,001	420,000,000
Net increase/ decrease in cash		72,783,492	(232,956,197)
Effects of exchange rate changes on cash & cash equivalent		-	-
Cash & cash equivalents at the beginning of the period		952,102,356	1,185,058,553
Cash and cash equivalents at the end of the period	46.00	1,024,885,849	952,102,356

The accompanying notes 1 to 48 and annexure A,B & C are an integral part of these financial statements

Muhammad Khalid Mahmud
Head of Finance

Md Quamruzzaman
Country Manager / General Manager

Signed as per our annexed report of even date.

Dated: Dhaka

22 FEB 2021

**NATIONAL BANK OF PAKISTAN
BANGLADESH BRANCHES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

Particulars	Fund deposited with Bangladesh Bank	Other reserve	Profit & loss account	Total
Balance as at 01 January 2020	13,243,008,704	123,380,402	(7,563,873,900)	5,802,515,206
Changes in accounting policy	-	-	-	-
Restated balance	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	(33,510,761)	-	(33,510,761)
Adjustment of revaluation of investments	-	-	-	-
Currency translation difference	-	-	-	-
Net gain and losses not recognized in the income statement	-	-	-	-
Net profit/(loss) for the year	-	-	(205,243,572)	(205,243,572)
Revaluation of foreign currency	-	-	-	-
Dividend	-	-	-	-
Fund received from head office	920,505,001	-	-	920,505,001
Transfer to/from profit & loss A/C	-	-	-	-
Balance as at 31 December 2020	14,163,513,704	89,869,641	(7,769,117,472)	6,484,265,874
Balance as at 01 January 2019	12,823,008,704	92,538,211	(6,899,092,372)	6,016,454,543
Changes in accounting policy restated balance	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	30,842,191	-	30,842,191
Adjustment of revaluation of investments	-	-	-	-
Currency translation difference	-	-	-	-
Net gain and losses not recognized in the income statement	-	-	-	-
Net profit/(loss) for the periods	-	-	(664,781,528)	(664,781,528)
Revaluation of foreign currency	-	-	-	-
Dividend	-	-	-	-
Issue of share capital/received from head office	420,000,000	-	-	420,000,000
Transfer to/from profit & loss A/C	-	-	-	-
Balance as at 31 December 2019	13,243,008,704	123,380,402	(7,563,873,900)	5,802,515,206
Other Reserves			2020	2019
General reserves			-	-
Retained earnings			-	-
Investment loss offsetting reserves			-	-
Share premium			-	-
Asset revaluation reserve			-	-
Dividend equalization A/C			-	-
Increase in HTM securities			74,310,064	36,060,086
Gain in revaluation of treasury bills & bonds HFT			15,559,578	87,320,317
Exchange equalization A/C			-	-
Total			89,869,642	123,380,403

**NATIONAL BANK OF PAKISTAN
BANGLADESH BRANCHES
LIQUIDITY STATEMENT
ASSETS & LIABILITIES MATURITY ANALYSIS
AS AT 31 DECEMBER 2020**

	Up to 1 Months	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Assets:						
Cash in hand	734,374,788	-	-	-	-	734,374,788
Balance with other banks & financial institutions	290,511,060	-	-	-	-	290,511,060
Money at call on short notice	-	-	-	-	-	-
Investments (in shares & securities)	1,213,766,704	338,954,019	998,877,335	7,118,484,090	4,866,535,401	14,536,617,549
Loan & advances	13,962,735,659	7,091,686	67,477,237	38,610,395	-	14,075,914,977
Fixed assets including premises, furniture &	1,066,698	2,133,395	9,600,278	11,118,113	-	23,918,484
Other assets	-	-	722,515,292	3,163,284,518	-	3,885,799,810
Non-banking assets	-	-	-	-	-	-
Total assets	16,202,454,908	348,179,101	1,798,470,142	10,331,497,116	4,866,535,401	33,547,136,668
LIABILITIES:						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	500,000,000	30,000,000	-	-	-	530,000,000
Deposits	1,833,601,108	13,257,622,789	1,088,172,443	300,415,037	63,953,269	16,543,764,646
Other accounts	588,528,580	-	-	-	-	588,528,580
Provision & other liabilities	-	44,939,826	-	9,355,637,743	-	9,400,577,568
Total liabilities	2,922,129,687	13,332,562,615	1,088,172,443	9,656,052,780	63,953,269	27,062,870,794
Net liquidity gap	13,280,325,220	(12,984,383,514)	710,297,699	675,444,336	4,802,582,132	6,484,265,874



National Bank of Pakistan (NBP), Bangladesh Branches
Notes to the Financial Statements
As at and for the year ended 31 December 2020

1.00 Status and nature of business**a) Status of the Bank:**

National Bank of Pakistan ("NBP") was established under the National Bank of Pakistan Ordinance, 1949 (hereinafter referred as the "Bank") and is listed on all the stock exchanges in Pakistan. Both of its registered and head office is situated at I.I. Chundrigger Road, Karachi. It has been operating its banking activities in Bangladesh at Dhaka since August 1994, at Chittagong since 15 April 2004, at Sylhet since March 2008 and at Gulshan since April 2008.

b) Nature of business

The principal activities of the Bank in Bangladesh are to provide all kinds of commercial banking services to its customers.

2.00 Basis for preparation**2.1 Statement of compliance**

The financial statements of the Bank have been prepared under historical cost convention except investments which are measured at present value and in accordance with "First Schedule" of the Bank Companies Act, 1991 as amended under subsection 38(4) of the Act, relevant Bangladesh Bank Circulars, International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other rules and regulations applicable for Banks in Bangladesh. In cases, any requirement of provisions and circulars issued by Bangladesh Bank differs with those of other regulatory authorities, the provisions & circulars issued by Bangladesh Bank shall prevail. Material departures from the requirement of IAS & IFRS are as follows:

a) Investment in shares & securities:

IFRS: As per requirement of *IAS39 Financial Instruments: Recognition and Measurement*, investments in shares and securities generally falls either under "fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measures in accordance with *IFRS 13 Fair Value Measurement*) at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per BRPD Circular letter no. 14, dated 25 June 2003, investment in quoted shares and unquoted shares are revalued at the year-end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in the value of investments; otherwise investments are recognized at cost.

b) Revaluation gain & loss on government securities:

IFRS: As per the requirement of *IAS 39 Financial Instruments: Recognition and Measurement*, where securities will fall under the category of "Held for Trading (HFT)" any changes in the fair value (as measured in accordance with *IFRS 13 Fair Value Measurement*) of held for trading assets are recognized through profit and loss account. Securities designated as "Held to Maturity (HTM)" are measured as amortized cost method and interest income is recognized through the profit and loss account.

Bangladesh Bank: According to DOS circular 5 dated May 26, 2008 and subsequent clarification in DOS circular 5 dated January 28, 2009, HFT Securities are revalued on the basis of mark to market and at the year-end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized as other reserve as part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account.

Interest on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured at the balance sheet date are amortized at the year end and gains and losses on amortization are recognized in other reserve as part of equity.

c) Provision on loans & advances:

IFRS: As per *IAS39 Financial Instruments: Recognition and Measurement*, an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per the Bangladesh Bank BRPD Circular 14 & 15 dated 23 September 2012 and BRPD Circular 19 dated 27 December 2012, a general provision at 0.25% to 5% under different categories of unclassified loans (standard/ SMA loans) should be maintained regardless of objective evidence of impairment. Specific provision for sub-standard loans, doubtful loans and bad losses should be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Also, a general provision at 1% should be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IAS 39.

d) Other comprehensive income:

IFRS: As per *IAS 1 Presentation of Financial Statement*, other comprehensive income (OCI) is components of financial statements or the elements of other comprehensive income are to be included in a Single Comprehensive Income Statement.

Bangladesh Bank: Bangladesh bank has issued templates for financial statements through BRPD circular 14 dated 25 June 2003. The templates of financial statements issued by Bangladesh Bank do not include OCI nor are the elements of OCI allowed to be included in a single comprehensive income statement. As such the bank doesn't prepare an OCI statement. However, the elements of OCI, if any, are shown in the statement of changes in equity.

e) Financial instruments presentation & disclosure:

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in *IAS 39*. As such some disclosure and presentation requirements of *IAS 32 Financial Instruments Presentation* and *IFRS 7 Financial Instruments Disclosures* cannot be made in this financial statement.

f) Repo & reverse repo transactions:

IFRS: When an entity sells a financial asset and simultaneously enter into an agreement to repurchase the assets (or a similar assets) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a deposit, and the underlying assets continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchased price will be treated as interest expenses. Same rule applies to the opposite side of the transaction (reverse repo).

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Bangladesh Bank: As per DOS Circular letter 6 dated 15 July 2010 and DOS Circular letter 2, dated 23 January 2013, when a bank sells a financial asset and simultaneously enter into an agreement to repurchase the assets (or a similar assets) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction and the financial assets are derecognized in the seller's books and recognized in the buyer's book.

g) Financial guarantee:

IFRS: As per IAS 39, financial guarantee are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fail to make payment when due in accordance with the terms of debt instruments. Financial guarantee liabilities are recognized initially at their fair value and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantee is included within other liability.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 financial guarantee such as letter of credit, letter of guarantee etc. will be treated as off-balance sheet items.

h) Cash & cash equivalent:

IFRS: Cash and cash equivalent items should be reported as cash items as per IAS7 *Statement of Cash Flows*.

Bangladesh Bank: Some cash and cash equivalent items such as "money at call on short notice" is shown as main item in the face of the balance sheet and the treasury bills, prize bonds are not shown as cash and cash equivalent items rather are shown as investments in the financial statements.

i) Recognition of interest in suspense:

IFRS: Loans and advances to customers are generally classified as "Loans and Advances" as per IAS 39 and the interest income is recognized through interest rate method over the life of the loan. Once a loan is impaired, interest income is still recognized in the profit and loss account on the same basis based on revised carrying amount of the loans & advances.

Bangladesh Bank: As per BRPD circular letter no 14, dated 23 September 2012, once a loan is classified, interest on such loan are not allowed to be recognized as income, rather the corresponding amount needs to be credited to interest suspense account which is presented as liability in the balance sheet.

j) Non-banking assets:

IFRS: No indication of non-banking assets is found in any IFRS or IAS.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003, there exists a separate balance sheet item named as "Non-banking assets".

k) Cash flow statement:

IFRS: The cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present those cash flows in a manner that is most appropriate for the business or industry. The method selected should be applied consistently

Bangladesh Bank: As per BRPD circular 14 dated 25 June 2003, cash flow statement is a mixture of direct and indirect method.

l) Balance with Bangladesh Bank (cash reserve requirement):

IFRS: Balance with Bangladesh Bank maintained for CRR purpose should be treated as other assets as it is not available for use in day to day operations of the entity as per *IAS 7 Statement of Cash Flows*

Bangladesh Bank: As per BRPD 14 dated 25 June 2003, balance with Bangladesh bank is treated as "Cash and cash equivalent".

m) Presentation of intangible assets:

IFRS: Intangible assets must be identified, recognized and presented in the face of the balance sheet and disclosure must be given as per *IAS 38 Intangible Assets*.

Bangladesh Bank: As per BRPD 14 dated 23 June 2003, there is no regulation on intangible assets.

n) Off balance sheet items:

IFRS: There is no concept of off-balance sheet items in any IFRS; hence there is no requirement of disclosure of off balance sheet items.

Bangladesh Bank: As per BRPD 14 dated 23 June 2003, off-balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately in the face of the Balance Sheet.

o) Loans & advances / investments net off provision:

IFRS: Loans & advances / investments should be presented by netting off provision.

Bangladesh Bank: As per BRPD 14 dated 23 June 2003, provision on loans and advances / investments is presented separately as liability and cannot be netted off against loans and advances / investments.

p) Recognition of derivatives:

IFRS: As per *IAS 39*, all derivatives including forward contracts are initially recognized at fair value (as measured in accordance with *IFRS 13*) which is generally the transaction price. Subsequent to initial recognition, derivatives are classified as "fair value through profit & loss" and changes in fair value are recognized in profit and loss account.

Bangladesh Bank: As per BRPD Circular Letter no 14, dated 25 June 2003, derivative contracts are disclosed outside of balance sheet exposures.

2.2 Estimates and judgments

The preparation of the financial statements of the Bank in conformity with IFRSs require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

Key estimates are made for loan loss provision, provision for current and deferred tax.

2.3 Going Concern

During the year ended 31 December 2020, the Bank has incurred net operating loss of Tk. 190,794,189 before provision (In 2019: net operating loss of Tk.708,090,882) and net loss of Tk.205,243,572 after provision (In 2019: net loss of Tk.664,781,528). The ability of the Bank to continue its business activity as going concern is dependent on successful recovery of loans and advances, increasing business volumes necessary to achieve profitable operations, the success of commercial and strategic initiatives being taken, and continued financial and liquidity support of the overseas network of the Bank as well as its head office.

In addition, the overseas networks of the Bank has also provided on balance sheet liquidity funding support. The Bank is also rigorously following-up recovery of its overdue/past due balances and successfully rescheduled a number of such loans and collected substantial amount of cash as down-payment. Accordingly, management is satisfied that the Bank would continue to operate as going concern.

2.4 Basis of measurement:

The financial statements of the Bank have been prepared on the basis of historical cost except for the following:

- i) The Government treasury bills & bonds designated as "Held for Trading(HFT)" at present value using mark to market concept with gain credited to revaluation reserve account and as per DOS circular letter no. 05 dated 26 May 2008 and DOS circular letter no. 05 dated 28 January 2009;
- ii) The Government treasury bills & bonds designated as "Held to Maturity (HTM)" at present value using amortized cost concept as per DOS circular letter no. 05 dated 26 May 2008 and DOS circular letter no. 05 dated 28 January 2009.

2.5 Branch consolidation

The Bank is working in Bangladesh as a foreign branch of National Bank of Pakistan, incorporated in Pakistan and does not have any subsidiaries in Bangladesh; as such this standard does not have any impact in these financial statements. To have an overall financial position in a single set of financial statements of Bangladesh operations, consolidated record for the statement of affairs and income and expenditure of the branches were maintained at the Controlling Office, 80 Gulshan Avenue, Dhaka of the Bank based on which these financial statements have been prepared.

2.6 Functional and presentation currency

The financial statements of the Bank have been presented in Bangladeshi Taka (BDT) which is the Bank's functional currency. All financial information presented in Taka has been rounded off to the nearest integer, except when otherwise indicated.

2.7 Foreign currency transaction:

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per IAS 21 "*The Effects of Changes in Foreign Exchange Rates*". Foreign currencies balances held in USD are converted into Taka at mid-rate of the bank on the closing date of every week.

- (a) Foreign currency transactions are converted into Taka currency at the exchange rates prevailed on the dates of such transactions.



- (b) Assets and liabilities outstanding on 31 December 2020 in foreign currency have been converted into Taka currency at the following rates:

Country	Currency	Mid-rate (Equivalent Taka)
U.S.A	USD 1	84.45
U.S.A	USD 1	84.45
U.K	GBP 1	114.33
JAPAN	JPY 1	0.85
EUROPE	EURO 1	103.53

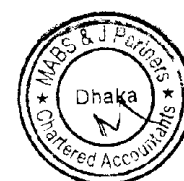
Gains and losses of transactions are dealt with through exchange account in profit and loss account except balance held with Bangladesh Bank in foreign currency against "Capital Fund". No loss/gain effect has been considered against capital fund held with Bangladesh Bank.

2.8 Loans & advances

- Loans and advances have been stated at gross value as per requirements of the Banking Companies Act, 1991 amended up to 2013.
- Interest is calculated on daily product basis but charged and accounted for quarterly on accrual basis.
- Interests on regular loans and advances have been accounted for as income on accrual basis.
- Provision for loans and advances is made on the basis of year-end review by the management and of instructions contained in Bangladesh Bank BCD Circular No. 34 dated 16 November 1989, BCD Circular No. 12 dated 4 September 1995, BRPD Circular No. 16 dated 6 December 1998, BRPD Circular No. 9 dated 14 May 2001, BRPD Circular No. 2 dated February 2005, BRPD Circular No. 20 dated 20 December 2005, BRPD Circular No. 14 dated 23 September 2012, BRPD Circular letter No. 5 dated May 29, 2013 and BRPD Circular No. 19 dated December 27, 2012, BRPD Circular Letter No. 16, November 18, 2014 at the following rates:

Types of loans & advances		Rates of provision				
		UC	SMA	SS	DF	BL
Consumers	Housing finance & loans for professional	2%	2%	20%	50%	100%
	Other than House Finance & Professional to Set up Business	5%	5%	20%	50%	100%
Loan to Broker House, Merchant Banks, Stock Dealers		2%	2%	20%	50%	100%
Short Term Agro Credit & Micro Credit		2.5%	0%	5%	5%	100%
Small & Medium Enterprise Finance		0.25%	0.25%	20%	50%	100%
Others		1%	1%	20%	50%	100%

- Loans and advances are written off as per guidelines of Bangladesh Bank. These write off however will not undermine / affect the claim amount against the borrower.



2.9 Provision for off balance sheet exposure:

General provision for off balance sheet exposures i.e. letter of credit, letter of guarantee etc. are made on the basis of year-end review by the management and of instructions contained in Bangladesh bank BRPD Circular No. 08 dated August 07, 2007 and BRPD Circular No. 10 dated September 18, 2007 and BRPD Circular No. 14 dated 23 September 2012 and BRPD Circular No. 07 dated June 21, 2018 and BRPD Circular No. 13 dated October 18, 2018 at the rate of 1%.

2.10 Fixed assets:

- a) These are stated at cost less accumulated depreciation. The depreciation of fixed assets has been charged as per Head Office circular No. 34/2006 dated May 09, 2006 in order to comply with the requirements of International Accounting standards. Depreciation is charged from the month the assets are brought into use and no depreciation is charged from the month the assets are sold/ disposed off. The method and rate of depreciation are as follows:

Particulars	Method of depreciation	Existing rate
Building (Freehold & leasehold)	On book value	5%
Furniture & fixture (Office)	On book value	10%
Library book	On book value	30%
Furniture/fixture (For executive)	On cost	20%
Computer (Hardware & Software)	On cost	33.33%
Electric & office equipment	On book value	20%
Sign board	On cost	20%
Motor Vehicles	On cost	20%

- b) Repairs and maintenance costs are charged to profit and loss account when incurred.

2.11 Intangible assets:

- a) An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of assets can be measured reliably.
- b) Software represents the value of computer application software licensed for use of the Bank, other than software applied to the operation software system of computers. Intangible assets are carried at its cost, less accumulated amortization and any impairment losses. Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditures that are incurred in customizing the software for its intended use.

2.12 Other assets:**Provision for other assets**

Other assets have been classified as per BRPD circular no. 14 dated 25.06.2001 of Bangladesh Bank and necessary provisions have been made thereon accordingly and for item not covered under the circular, adequate provision have been made considering their recoverability.

2.13 Nonbanking assets:

The Bank has been awarded ownership of few mortgaged properties vide verdict under section 33(7) of the Artha Rin Adalat Act, 2003. Such properties have not been recognized as non banking assets as value measurements of the properties are under process.

2.14 Reporting period:

The financial statements cover from 01 January 2020 to 31 December 2020.

2.15 Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Advance tax paid and provision for tax of the bank is presented on net basis as a liability item if the liability is higher than asset and as an asset item if the asset is higher than liability.

2.16 Receivable

Receivables are recognized when there is a contractual right to receive cash or another financial asset from another entity.

2.17 Compliance of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) in context of Bangladesh from the standards adopted by International Federation of Accountants Committee (IFAC) as International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). While preparing the financial statements, National Bank of Pakistan complied most of the IAS and IFRS, details of which are given below:

Sl. No.	Name of IAS	IAS	Status
1	Presentation of Financial Statements	1	Applicable
2	Inventories	2	N/A
3	Statements of Cash Flows	7	Applicable
4	Accounting Policies, Changes in Accounting Estimates and Errors	8	Applicable
5	Events after the Reporting Period	10	Applicable
6	Construction Contracts	11	N/A
7	Income Taxes	12	Applicable
8	Property, Plant and Equipment	16	Applicable
9	Lease	17	N/A
10	Revenue	18	Applicable
11	Employee Benefits	19	Applicable
12	The Effects of Changes in Foreign Exchange Rate	21	Applicable
13	Borrowing Cost	23	Applicable
14	Related Party Disclosures	24	Applicable
15	Accounting and Reporting by Retirement Benefit Plans	26	Applicable
16	Consolidated and Separate Financial Statements	27	Not Applicable
17	Investment in Associates	28	Not Applicable
18	Interest in Joint Ventures	31	Not Applicable
19	Financial Instruments: Presentation	32	Applicable
20	Earnings per Share	33	Not Applicable
21	Interim Financial Reporting	34	Applicable
22	Impairment of Assets	36	Applicable
23	Provisions, Contingent Liabilities and Contingent Assets	37	Applicable
24	Intangible Assets	38	Applicable
25	Financial Instruments: Recognition and Measurement	39	Applicable
26	Investment Property	40	Not Applicable
27	Agriculture	41	Not Applicable

Sl. No.	Name of IFRS	IFRS	Status
1	First-time Adoption of International Financial Reporting Standards	1	Not Applicable
2	Share-Based Payment	2	Not Applicable
3	Business Combinations	3	Not Applicable
4	Insurance Contracts	4	Not Applicable
5	Non-current assets Held for Sale and Discontinued Operations	5	Not Applicable
6	Exploration for and Evaluation of Mineral Resources	6	Not Applicable
7	Financial Instruments: Disclosures	7&9	Applicable
8	Operating Segments	8	Applicable
9	Consolidated Financial Statements	10	Not Applicable
10	Joint Arrangements	11	Not Applicable
11	Disclosure of Interest in Other Entities	12	Not Applicable
12	Fair Value Measurement	13	Not Applicable
13	Regulatory Deferral Accounts	14	Not Applicable
14	Revenue from Contracts with Customers	15	Not Applicable
15	Leases	16	We are in analyzing phase of our contracts and conditions with lessors and we perceive there is lesser materiality for the disclosure currently.
16	Insurance Contract	17	Not Applicable

2.18 Revenue recognition

(a) Interest income:

1. In terms of the provision of *IAS 18 Revenue*, the interest receivable is recognized on accrual basis.
2. Interest on unclassified loan and advance is calculated on accrual basis and on daily product basis but charged and accounted for quarterly and in some cases yearly on accrual basis.
3. Commission and discounts on bills purchased and discounted are recognized at the time of realization.

(b) Investment income

Income on investments other than shares in different limited companies has been accounted for on accrual basis.

(c) Fees and commission income:

Fees and commission arises on services provided by the bank and recognized in cash receipts basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

2.19 Liquidity statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per following basis:

- a) Balance with other banks and financial institutions, money at call on short notice etc. are on the basis of their maturity term.
- b) Investments are on the basis of their residual maturity term.
- c) Loan and advances are on the basis of their repayment/maturity schedule.
- d) Fixed assets are on the basis of their useful lives.
- e) Other assets are on the basis of their adjustment.
- f) Borrowings from other banks, financial institutions and agents as per their maturity/repayment term.
- g) Deposits and other accounts are on the basis of their maturity term and behavioral past trend.
- h) Other long term liability on the basis of their maturity term.
- i) Provisions and other liabilities are on the basis of their settlement.

2.20 Statement of cash flow

Cash flow statement is prepared principally in accordance with IAS 7 "Statement of Cash Flow" and the cash flow from the operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules 1987 and considering the provisions of paragraph 18 (b) of IAS-7 which provides that "Enterprises are encouraged to report cash flow from operating activities using the direct method".

2.21 Statement of changes in equity

Statement of changes in equity has been prepared in accordance with IAS-1, "Presentation of Financial Statements" and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated June 25, 2003.

2.22 Taxation

(i) Current tax

Provision for income tax are to be maintained @ 40.00% as prescribed in the Financial Act, 2020 of accounting profit made by the Bank after considering some of the taxable allowance of income and disallowances of expenditures. The Bank has incurred taxable loss during the year as well as carried substantial tax losses from prior periods.

(ii) Deferred tax:

Deferred tax liabilities are the amounts of income tax payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of taxable temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax basis. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date. The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the

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profit and loss account. Disclosures of Deferred Tax have been made on the basis of the instructions contained in Bangladesh Bank BRPD Circular No. 11 dated 12 December 2011.

2.23 Deposits and other accounts:

Deposits and other accounts include deposit accounts redeemable at cost, term deposit, savings deposit and bills payable. These terms are brought to financial statements at the gross value of the outstanding balance.

2.24 Investment

Value of investment has been calculated as follows:

Items	Applicable accounting value
Government treasury bill and bonds under HTM portfolio	At amortized cost basis
Government treasury bill and bonds under HFT portfolio	Valued at mark to market on a weekly basis

2.25 Reconciliation of inter-bank/inter-branch account

Books of account with regard to inter-bank (in Bangladesh and outside Bangladesh) are subsequently reconciled.

2.26 Accounting for provision, contingent liabilities and contingent assets:

The Bank recognizes provision only when it has a legal or constructive obligation as a result of a past event and it is provable that an outflow of economic benefit will be required to settle the obligations, in accordance with the *IAS37 Provision, Contingent Liabilities and Contingent Assets*.

2.27 Retirement benefits to the employee:

(a) Provident Fund

Contributory provident fund benefit is given to the staffs of the bank who complete consecutive five years of his/her service with the bank. All confirmed permanent employee of the bank are contributing 10% of their basic salary as subscription of the fund. The bank also contributes equal amount of the employees' contribution to the fund. This amount is payable to the employee only at the time of retirement or release from the bank. In case the employee is dismissed by the bank before completion of his/ her service; he/she will get only his/her contribution towards provident fund account. The provident fund of NBP, Bangladesh Branch is recognized with National Board of Revenue (NBR) vide letter No. vobi/ta.onu(NBR)/briku/2018-2019/511(3) dated 28 October 2018.

(b) Gratuity/pension fund:

Gratuity fund is given only to that employee of the bank at the time of his/her retirement or release from the bank who completes consecutive five years of confirmed / permanent service with the bank. He /she will receive the following amount as Gratuity payment:

- Last drawn one month basic salary for each completed years of confirmed / permanent service with the bank for the employees who have completed five years but less than fifteen years of confirmed / permanent service with the bank;



- ii) One and half times of last drawn basic salary for each completed years of confirmed / permanent service with the bank for the employees who have completed fifteen years or more of his confirmed / permanent service with the bank.

Provision in respect of which, is made annually covering all its permanent employees. Actuarial valuation of gratuity scheme yet to be made to access the adequacy of the liabilities provided for the scheme as per IAS-19 "Employee Benefits". The gratuity fund of the NBP Bangladesh Branches is recognized from NBR vide letter no.08.01.0000.035.02.061.2018/391 dated 06 February 2019.

(c) Workers' profit participation fund (WPPF)

In consistent with the industry practice and in accordance with the Banking Companies Act 1991, no provision has been made for WPPF.

2.28 Risk management

The risk of the Bank is defined as the possibility of losses, financial or otherwise. National Bank of Pakistan has established policies in compliance with Bangladesh Bank's guidelines covering major areas such as (a) Credit risk management, (b) Foreign exchange risk management, (c) Asset liability management, (d) Money laundering prevention, (e) Internal control & compliance and (f) Information and communication technology risk. The prime objective of the risk management is that the Bank takes well calculative business risks while safeguarding the Bank's capital, its financial resources and profitability from various risks

(a) Credit risk management:

Credit risk is one of the major risks that any bank has to face. This can be described as the potential loss arising area due to the failure of counter party to perform as per contractual agreement with the bank. Bank's credit risk management activities have been designed to mitigate the credit risks efficiently and properly.

All responsibilities are separated to the officers/executives involved in credit related activities. Credit approval, administration, monitoring and recovery functions have been segregated. The credit proposals are originated from the Relationship Managers' level and those are reviewed and analyzed by the Credit Risk Department. The essence of the Credit Risk Management Policy is to ensure that the risks are mitigated by taking adequate security, proper documentation and by regular supervision of extended facilities.

(b) Foreign exchange risk management

Foreign exchange risk is defined as the potential change in earnings arising due to change in market prices. The foreign exchange risk of the bank is the minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. No dealing on banks account was conducted during the year.

Treasury department independently conducts the transactions and back office of treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are valued at Market to Market rate as determined by Bangladesh Bank at the month-end. All Nostro Accounts are reconciled on monthly basis and outstanding entry beyond 30 days is reviewed by the management for its settlement.

(c) Assets liability management

The Asset Liability Committee (ALCO) of the Bank monitors market risk and liquidity risks of the bank. The market risk is defined as potential change in earnings due to change in rate of interest, foreign exchange rates which are not of trading nature. Asset Liability Committee (ALCO) reviews liquidity requirement of the bank, the maturity of assets and liabilities, deposit and lending, pricing strategy and the liquidity contingency plan. The

primary objective of the ALCO is to monitor and avert significant volatility in Net Interest Income (NIM), investment value and exchange earnings.

(d) Prevention of money laundering

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention in money laundering. For mitigating the risks, the bank has a designated Chief Compliance Officer who independently reviews the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been established and transaction profile has been introduced. Training has been continuously given to all the category of officers and executives for developing awareness and skill for identifying suspicious activities.

(e) Information communication technology

ICT risk management is embedded in internal control and Compliance Policy of the Bank which are widely used for managing the union between business process and information system effectively. However this control emphasizes both business and technological regulation and monitoring which in turn support business requirement and governance and at the same time ensure that ICT risk are properly identified and managed. According to Central Bank ICT Guideline, the Bank ICT policies have been prepared and reviewed on regular basis based on which operating procedures for all ICT functions are carried out. Besides, in order to assure the appropriate usage of resources and information, the Bank IT Audit Policy ensures that the IT systems are properly protected and is free from unauthorized access illegal tempering and malicious actions and all these actions are continuously monitored and supervised by Bank's IT auditor.

2.29 Internal control

The MAN COM of NBP Bangladesh has roles as stipulated in the 'Banking Companies (amended) Act 2013'. Accordingly, the MAN COM have worked on maintaining sound corporate governance and diligently discharged their responsibilities. The ICCD have adopted significant policies for internal control and risk management and implemented risk based internal audits as per 'sections 15 Kha & 15 Ga of the Banking Companies (amended) Act 2013' for ensuring that the Bank is appropriately and effectively managed and controlled. The MAN COM has reviewed the policies and manuals of various segments of businesses in order to establish an effective internal control system, which is adequate for achieving sustainable growth through orderly and efficiently conduct of business. The ICCD has also checked the control procedures for ensuring the safeguarding of the Bank's asset, the prevention and detection of fraud and error, the adequacy and completeness of accounting records, timely preparation of financial information and the efficient management of risks.

2.30 Internal audit

Internal Audit is the continuous and systematic process of examining and reporting on the activities of an organization undertaken by the specially assigned staff(s). Internal Auditor works as the Eyes & Ears of the management. It can assure the management that the controls are adequate and in operations, the policies and system laid down are being adhered to and the accounting records provided at the operation level are correct.

Internal Audit Mechanism is used as an important tool to ensure good governance of the bank. Internal Audit Activity of the bank is found effective and it provides senior management with a number of important services. These include detecting and preventing fraud, testing internal

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control, monitoring and compliance in respect of internal policies & procedures, applicable laws & regulations, instruction/guidelines of regulatory authority.

The Bank, being quite small in size and operation, also uses resources from other departments to conduct internal audit on areas where those person are not involved. In addition, time to time review from the Group internal audit team is also conducted.

2.31 Events after the balance sheet date

There were no material events after the balance sheet date that may require adjustment or disclosure. While the overall effect of COVID 19 global pandemic on banks business in post years is still evolving at this point, there has been limited impact (like some liquidity crunch) assessed on the business since the outbreak. The management is regularly monitoring the potential impact of the pandemic on the bank as the situation continues to deteriorate but its assured that any foreseeable adverse impact can reasonably be managed.

2.32 Audit committee

According to BRPD Circular no 12 dated 23 December 2002, all banks are advised to constitute an audit committee comprising members of the Board. The audit committee will review amongst other the financial reporting process, the system of internal control and management of financial risks and the internal audit process.

Being a branch of a foreign bank, the Bank does not have a local Board of Directors from whom to select the audit committee. At the local country level, the Bank has Management Committee (MANCOM) which is empowered to oversee the overall control issues of the Bank. In addition, the Bank is subject to audit by the internal auditors from the Head Office.

The Bank's Management Committee during the year ended 31 December 2020 has comprised of following senior employees:

Name of the Persons	Designations	Educational and Professional Qualification
Md. Quamruzzaman	Country Manager/Country Head	M.Com (DU),MBA(Canada)
Syed Muhammad Jawwad Raza Naqvi	VP/DGM-Credit & Operations	MS,MBA(Islamia University,Bhawalpur,Pakistan),AIBP
Muhammad Khalid Mahmud	Head of Finance	M.Com,MBA(DU),FCMA
Habib ur Rehman	Chief Manager /AVP	MBA (BahriaUnivesity, Karachi), JAIBP
Shahnur Rahman Lumin	Head of HRD/FAVP	M.A. in English (JU)

2.33 General

- The expenses, irrespective of capital or revenue nature, accrued/due but not paid have been provided for in the books of the bank.
- Wherever considered necessary previous year's figures have been rearranged for the purpose of comparison.
- Figures appearing in these financial statements have been rounded off to the nearest Taka

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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
3.00	Cash in hand (Including foreign currencies)		
	In local currency	21,258,908	28,543,687
	In foreign currency	1,144,975	1,170,325
		22,403,884	29,714,012
3.01	Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)		
	Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 33 of the Banking Companies Act, 1991 and of instructions contained in BRPD Circular No. 11 dated 25 August 2005, BRPD Circular No. 12 dated 25 August 2005, Monetary Policy Department (MPD) Circular No. 1 dated 4 May 2010, MPD Circular No. 2 dated 4 May 2010, MPD Circular No. 4 dated 1 December 2010, MPD Circular No. 5 dated 1 December 2010, DOS Circular No. 1 dated 19 January 2014, MPD Circular No. 1 dated 23 June 2014, MPD Circular No. 116/2014-853 dated 23 June 2014 issued by Bangladesh Bank and MPD Circular No.01 dated 03 April 2018 and MPD circular No.3 dated 9 April 2020		
	4% Cash Reserve Requirement (CRR) is required on the Banks average time and demand liabilities which Bank maintained with Bangladesh Bank in current account and 13 % Statutory Liquidity Ratio, including CRR, on the same liabilities has also been maintained by the Bank in the form of treasury bills and bonds including balance with Bangladesh Bank. Both the reserve are maintained by the Bank as per statutory requirements, as shown below:		
3.02	CRR: 4% of average demand and time liabilities:		
	Required Reserve	607,256,000	825,771,000
	Required Percentage (%)	4.00%	5.50%
	Actual Reserve	654,000,487	868,204,505
	Actual Percentage (%)	4.36%	5.78%
	Surplus/ (Deficit)	0.36%	0.28%
3.03	SLR: 13% excluding CRR of average demand and time liabilities:		
	Required reserve	1,973,582,000	1,951,823,000
	Required percentage (%)	13.00%	13.00%
	Actual reserve	14,611,672,750	13,758,750,670
	Actual percentage (%)	96.25%	91.64%
	Surplus/ (Deficit)	83.25%	78.64%
4.00	Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
	a) In Bangladesh Bank	711,970,905	890,867,204
	In local currency	654,000,487	868,204,505
	In foreign currency	57,970,418	22,662,700
	b) In agent bank		
	In local currency	-	-
	In foreign currency	-	-
		711,970,905	890,867,204



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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
5.00	Balance with other banks & financial institutions:		
	Inside Bangladesh		
	In short term deposit (Note # 5.01)	-	-
	Outside Bangladesh (Note # 5.02)	290,511,060	
	In current account	290,511,060	31,521,141
	In term deposit	-	-
		290,511,060	31,521,141

5.01 Inside Bangladesh

Name of the bank

Nature of a/c

-	-
-	-
-	-

5.02 Outside Bangladesh

Bank name

Branch name

Standard Chartered Bank, India

Calcutta

781,473

781,473

HSBC, New York

Mumbai

-

-

HSBC New York (Regular)

New York

-

-

HSBC New York (Special)

New York

-

-

NBP Bahrain (Regular)

Bahrain

-

-

NBP Bahrain (Special)

Bahrain

-

-

NBP (Regular)

New York

-

-

NBP (Special)

New York

74,784,756

24,992,183

NBP, Karachi

Karachi

5,176,296

5,176,296

NBP, Karachi, Pakistan (Vostro)

Karachi

-

-

NBP Tokyo (Regular)

Tokyo

53,735

50,976

NBP Tokyo (Special)

Tokyo

-

-

NBP Frankfurt (Exchange position)

Frankfurt

209,528,106

339,359

NBP Frankfurt (Special)

Frankfurt (Special)

-

-

NBP London

London

186,694

180,854

ICICI Mumbai

Mumbai

-

-

290,511,060

31,521,141

Annexure -A may kindly be seen for details of currency-wise amount and exchange rates.

5.03 Maturity grouping of balance with other banks and financial institutions

Repayable on demand

290,511,060

31,521,141

With a residual maturity of:

Not more than 3 months

Over 3 months but not more than 1 year

Over 1 year but not more than 3 years

More than 3 years

-	-
-	-
-	-
-	-

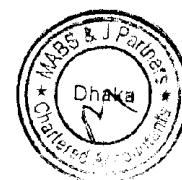
290,511,060

31,521,141

MABS & J Partners

Chartered Accountants

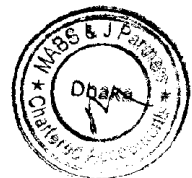
Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
5.00	Balance with other banks & financial institutions:		
	Inside Bangladesh		
	In short term deposit (Note # 5.01)	-	-
		-	-
	Outside Bangladesh (Note # 5.02)	290,511,060	
	In current account	290,511,060	31,521,141
	In term deposit	-	-
		290,511,060	31,521,141
5.01	Inside Bangladesh		
	<u>Name of the bank</u>	<u>Nature of a/c</u>	
		-	-
		-	-
		-	-
5.02	Outside Bangladesh		
	<u>Bank name</u>	<u>Branch name</u>	
	Standard Chartered Bank, India	Calcutta	781,473
	HSBC, New York	Mumbai	781,473
	HSBC New York (Regular)	New York	-
	HSBC New York (Special)	New York	-
	NBP Bahrain (Regular)	Bahrain	-
	NBP Bahrain (Special)	Bahrain	-
	NBP(Regular)	New York	-
	NBP (Special)	New York	-
	NBP, Karachi	Karachi	74,784,756
	NBP, Karachi, Pakistan (Vostro)	Karachi	24,992,183
	NBP Tokyo (Regular)	Tokyo	5,176,296
	NBP Tokyo (Special)	Tokyo	-
	NBP Frankfurt (Exchange position)	Frankfurt	50,976
	NBP Frankfurt (Special)	Frankfurt (Special)	-
	NBP London	London	209,528,106
	ICICI Mumbai	Mumbai	339,359
		186,694	-
		-	180,854
		290,511,060	31,521,141
	Annexure -A may kindly be seen for details of currency-wise amount and exchange rates.		
5.03	Maturity grouping of balance with other banks and financial institutions		
	Repayable on demand	290,511,060	31,521,141
	With a residual maturity of:		
	Not more than 3 months	-	-
	Over 3 months but not more than 1 year	-	-
	Over 1 year but not more than 3 years	-	-
	More than 3 years	-	-
		290,511,060	31,521,141



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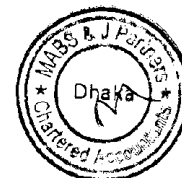
Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
5.04	Segregation of balance with other banks and financial institutions	-	-
6.00	Money at call on short notice	-	-
6.01	Classification of money at call on short notice		
	Commercial banks (Note # 6.01.01)	-	-
	Financial institutions (public & private)	-	-
6.01.01	Commercial banks		
	a) Leading on call	-	-
	b) Placement on term basis	-	-
6.01	Maturity grouping of money at call on short notice		
	Repayable on demand	-	-
	With a residual maturity of:		
	Upto 1 month	-	-
	More than 1 month but less than 3 months	-	-
	More than 3 month but less than 1 year	-	-
	More than 1 year but less than 2 years	-	-
7.00	Investment (shares & securities)		
	<u>Government securities</u>		
	i. Government securities (Note # 7.01)	14,536,402,749	13,687,814,376
	a) Held for trade	69,410,155	63,569,855
	b) Held for maturity	14,466,992,594	13,624,244,521
	ii. Prize bonds	214,800	350,600
	<u>Other investments</u>		
	i. Shares	-	-
	ii. Debentures & Bonds	-	-
	iii. Others Investments	-	-
	iv. Gold	-	-
	v. Others (Prize Bond)	-	-
		14,536,617,549	13,688,164,976
7.01	Comparable statement	Cost Price	Cost Price
	28 days treasury bill	-	-
	90 days treasury bill	-	-
	182 days treasury bill	1,213,551,904	1,030,561,348
	364 days treasury bill	636,405,220	186,606,381
	2 Yrs BGT-bond	402,481,827	-
	5 Yrs BGT- bond	1,611,192,966	1,714,721,230
	10 Yrs BGT bond	6,588,617,387	6,649,879,408
	15 Yrs BGT bond	2,113,927,764	2,128,059,988
	20 Yrs BGT bond	1,970,225,681	1,977,986,021



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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
7.02	Maturity grouping of investments		
	Repayable on demand	214,800	350,600
	With a residual maturity of:		
	Upto 1 month	1,213,551,904	637,847,771
	More than 1 month but less than 3 months	338,954,019	392,713,577
	More than 3 month but less than 1 year	998,877,335	684,736,130
	More than 1 Year	11,985,019,491	11,972,516,897
8.00	Loans & advances (loans, cash credit & overdrafts etc)		
	In Bangladesh:		
	Cash credit	-	-
	Loan against import merchandise	7,540,787	7,540,787
	Loan against trust receipt	561,817,547	561,817,547
	Loan against cash Incentive	-	-
	Overdraft	3,942,138,819	3,965,258,214
	Demand loan	594,612,119	596,612,119
	Term loan	7,689,879,126	7,704,177,543
	Packing credit	9,975,978	9,975,978
		12,805,964,377	12,845,382,189
	Inside Bangladesh		
	Bills purchased and discounted (Note # 9)	1,269,950,600	1,269,950,600
	Total loans and advances	14,075,914,977	14,115,332,789
8.01	Residual maturity grouping of loans and advances including bills purchased and discounted		
	Repayable on demand	-	-
	With a residual maturity of :		
	Not more than 3 months	13,969,827,345	13,811,407,108
	Over 3 months but not more than 1 year	67,477,237	161,830,230
	Over 1 year but not more than 5 years	38,610,395	142,095,451
	More than 5 years	-	-
		14,075,914,977	14,115,332,789
8.02	Cash and other approved collateral including approved securities against total outstanding loans and advances as at 31 December 2020	12,264,605,244	12,617,643,802
8.03	Countrywise classification of loans and advances (excluding bill purchased and discounted)		
	Inside Bangladesh	12,805,964,377	12,845,382,189
	Outside Bangladesh	-	-
		12,805,964,377	12,845,382,189



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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
8.04	Loans and advances on the basis of significant concentration including bill purchased and discounted.		
	a) Loans and advances to directors of the bank	-	-
	b) Loans and advances to chief executive and other senior executives	-	-
	c) Loans and advances to customer group	14,075,914,977	14,115,332,789
	d) Others	-	-
		14,075,914,977	14,115,332,789
8.05	Loans and advances allowed to each customer exceeding 10% of Bank's total capital fund		
	Number of customers (Group Wise)	7	8
	Classified amount thereon	-	-
	Measures taken for recovery	Not Applicable	Not Applicable
	Customer wise outstanding (funded & non funded) as on 31.12.2020 are as follows:		
	Cotton Group	2,867,931,266	2,867,931,266
	Nokon Group	473,113,040	473,113,040
	Worldtel Bangladesh Limited	376,583,474	376,583,474
	D. G Knitting Company	425,410,010	425,410,010
	Hard Trade Group	532,296,922	532,296,922
	Koba Group	545,859,656	545,859,656
	Ibrahim Group	1,825,723,719	1,825,723,719
	Aleaya Group		353,134,957
		7,046,918,088	7,400,053,045
8.06	Industry wise loans and advances		
	1. Textile industries	5,136,510,028	5,136,315,899
	2. Food & allied industries	226,303,962	226,303,962
	3. Pharmaceuticals industries	-	-
	4. Leather, chemical, cosmetics industries etc	511,522,844	511,522,844
	5. Cement & ceramic industries	-	-
	6. Service industries(CNG)	55,407,157	66,977,157
	7. Plastic industries	104,797,261	104,797,261
	8. Telecommunication & mobile industry	483,969,724	483,969,724
	9. Others	7,557,404,000	7,585,445,940
		14,075,914,976	14,115,332,789
8.07	Geographical location wise loans and advances		
	In Bangladesh	14,075,914,977	14,115,332,789
	Dhaka Division	13,071,677,238	13,107,734,624
	Chittagong Division	528,347,733	523,964,096
	Sylhet Division	59,895,908	63,818,107
	Khulna Division	109,938,244	113,260,108
	Rajshahi Division	306,055,854	306,555,854
	Rangpur Division	-	-
	Outside Bangladesh	14,075,914,977	14,115,332,789



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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
8.08	Classification of loans and advances (including bills purchased and discounted)		
a. Unclassified :		327,603,552	324,708,187
Superior		22,857,520	18,677,130
Good			
Acceptable			
Marginal/Watchlist		304,746,032	306,031,057
Special mention account		-	-
b. Classified :		13,748,311,425	13,790,624,601
Sub-standard			
Doubtful		13,748,311,425	13,790,624,601
Bad/Loss			
Total		14,075,914,977	14,115,332,789

8.09 Particulars of required provision for loans and advances and off balance sheet exposure

8.09.01 Particulars of required provision for loans and advances funded

As per CL Report submitted to Bangladesh Bank as at 31 December 2020

Status	Outstanding	Base for provision	Rate (%)	Required Provision(2020)	Required Provision(2019)
(a) Unclassified-General Provision					
Small and medium enterprise	73,737,395	-	0.25%	921,717	192,253
Credit or		-	2.50%	-	-
Others	253,866,157	-	1.00%	5,077,323	2,478,071
Special mention account	-	-	5.00%	-	-
Classified -Specific Provision					
Sub- standard	-	-	20.00%	-	-
Doubtful			50.00%		
Bad/loss	13,748,311,425	7,248,942,225	100.00%	7,248,942,225	7,354,799,941
	14,075,914,977			7,254,941,265	7,357,470,265

As per instruction of Bangladesh Bank Circular letter No. 56/2020 Dated December 10,2020 regarding loan classification, General Provision is extra required (also required for maintaining) for 1% on UC i.e. for SME extra required for BDT 73,7373.95 and for others BDT 2,538,661.56. This total extra amount of BDT 3,276,035.51 is required (also maintained) as special General provision on loan and Advances for Covid-19



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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19

8.09.02 Particulars of required provision for loans and advances funded by strictly following the B

Status	Outstanding	Base for provision	Rate (%)	Required Provision(2020)	Required Provision(2019)
(a) Unclassified-General provision					
Small and medium enterprise	73,737,395	-	0.25%	921,717	192,253
Agricultural loans & advances	-	-	2.50%	-	-
Others	253,866,157	-	1.00%	5,077,323	2,478,071
Special menti	-	-	5.00%	-	-
Classified-Specific Provision					
Sub- standard	-	-	-	-	-
Doubtful	-	-	20.00%	-	-
Bad/loss	13,748,311,425	7,256,825,985	50.00%	-	-
			100.00%	7,256,825,985	7,354,799,941
Total	14,075,914,977	7,256,825,985		7,262,825,025	7,357,470,265

8.09.03 Particulars of required provision for off balance sheet exposure

Status	Base for provision	Rate (%)	Required Provision(2020)	Required Provision(2019)
(b) General provision				
Letter of credit	51,493,000	1.00%	514,930	514,930
Letter of guarantee*	43,998,792	1.00%	439,987.92	441,478
Bills for collections	142,249,677	1.00%	1,422,497	-
Required provision for off balance sheet exposure			2,377,415	956,408

Considering special general provision on off- Balance Sheet Covid -19 BDT 23,77,415 is extra required(also maintained) along with regular OBS req. BDT 954,917.92, i.e total off Balance Sheet exposure requirement BDT 3,332,333

Required provision for loans and advances (Funded+ Non-Funded)				
Loans & advances and off balance sheet exposure (a-i + b)			7,265,202,440	7,358,426,673
Further required provision			-	-
Provision maintained for loans and advances and off balance sheet exposure			7,515,839,872	7,515,460,976
Surplus / (Shortfall) of provision against total loans & advances (Funded+Non Funded)			250,637,432	157,034,303

8.10 Particulars of loans and advances

i)	Debts considered good in respect of which the bank is fully secured.	11,153,493,927	11,207,762,313
ii)	Loans considered good against which the banking company holds no security other than the debtors personal	2,865,278,554	2,850,427,979
iii)	Debts considered good and secured by the personal undertakings of one or more parties in addition to the	57,142,496	57,142,496
iv)	Debts considered doubtful / adversely classified or bad but not provided for		
v)	Debts due by directors or officers of the banking company or anyone of them either severally or jointly with any other	14,075,914,977	14,115,332,789

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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
vi)	Debts due by companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies, as members.	-	-
ii)	Debts considered good for which the bank holds no other security than the debtors' personal security.	-	-
vii)	Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of	-	-
viii)	Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in	-	-
ix)	Due from banking companies	-	-
x)	Classified loans and advances		
	a) Classified loans and advances on which no interest is credited to incor	13,748,311,425	13,790,624,601
	b) Provision on classified loans and advances	7,256,825,985	7,354,799,941
	c) Provision kept against loan classified as bad debts	7,379,819,083	7,397,336,098
	d) Interest credited to interest suspense account	1,769,832,799	1,770,905,662
xi)	Cumulative amount of written off loan		
	Opening balance	-	-
	Amount written off during the year	-	-
	The amount of written off loan for which law suit has been filed	-	-
9.00	Bills purchased and discounted		
	Payable in Bangladesh	1,269,950,600	1,269,950,600
	Payable outside Bangladesh	-	-
		1,269,950,600	1,269,950,600
9.01	Residual maturity grouping of bill purchased and discounted		
	With a residual maturity of:		
	Repayable within 1 (one) month	1,269,950,600	1,269,950,600
	Over 1 month but less than 3 months	-	-
	Over 3 months but less than 6 months	-	-
	6 months or more	-	-
		1,269,950,600	1,269,950,600



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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
10.00	Fixed assets including premises furniture and fixture		
	Cost:		
	Furniture and fixture	17,027,967	17,027,967
	Electrical installation	16,654,077	16,621,577
	Computer & computer equipments	49,283,105	49,059,390
	Office equipment & machines	8,570,116	8,545,283
	Motor vehicles	13,911,274	13,911,274
	Software (Intangible Assets)	20,099,356	16,589,357
	New furnishing limit to executive	2,896,209	2,896,208
	Total cost	128,442,104	124,651,057
	Less: Accumulated depreciation	104,523,620	91,723,249
	Net book value at end of the year	23,918,484	32,927,808

Annexure -B may kindly be seen for details

11.00 Other assets

Classification of other assets:

a) Income generating other assets

Office Equipment

- i) Income Tax paid at sources
 - In Bangladesh
 - Outside Bangladesh
- ii) Stationary, stamps, printing materials etc.
- iii) Advance rent and advertisement
- iv) Interest accrued on investment but not collected, commission
 - and brokerage receivable on shares and debenture
 - and other income receivables
- v) Security deposit
- vi) Preliminary, formation and organizational expenses, renovation,
- vii) Branch adjustment (NBP General Account)
- ix) Receivable against sanchoyatra
- x) Receivable from Bangladesh Bank
- xi) Other (Note # 11.01)

48,659,248	17,806,093
-	-
1,542,583	1,485,159
35,679,534	50,659,585
-	-
-	-
-	-
472,600	472,600
-	-
6,459,001	6,461,972
-	26,850,079
98,600,000	98,600,000
3,694,386,844	3,681,896,764
3,885,799,810	3,884,232,252

b) Non-Income generating other assets:

Total other assets

3,885,799,810	3,884,232,252
----------------------	----------------------

11.01 Others

- Deferred tax assets (Note # 11.01.01)
- Sundries receivable (Note # 11.01.02)
- Forward equalisation A/C
- Adjusting A/C debit balance (Note # 11.01.03)
- Sundries

2,973,414,135	2,978,775,014
426,847,861	426,841,058
-	-
294,124,848	276,280,692
-	-
3,694,386,844	3,681,896,764



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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
11.01.01	Deferred tax assets		
	Opening balance	2,978,775,014	3,065,798,516.00
	Deferred tax expenses/ (income)	(5,360,879)	(87,023,502)
	Closing balance	2,973,414,135	2,978,775,014

In terms of instructions contained in BRPD Circular No. 11 dated 12 December 2011 and provision of Bangladesh Accounting Standard (BAS) - 12, "Taxation", is duly taken into consideration while computing the above deferred tax assets. As the above deferred tax assets are mainly resulted due to specific provision made against classified loans & advances, so necessary consideration has been made in respect to "Loan writeoff policy" of Bangladesh Bank and "Carry forward policy of business loss" as per Income Tax Ordinance 1984. The Bank has also considered past operating results in dealing with recovery of NPLs and also the future projections and current efforts of the Management to recovery the classified loans and advances. As most of the NPLs are almost newly classified, so the Bank has got a reasonable time to recover the NPLs and get the benefit of Deferred Tax.

11.01.02 Sundries receivable includes interest receivable on IBP,B/E, LTR etc. 426,847,861 426,841,058

11.01.03 Adjusting A/C debit balance (Income receivable)

Interest on treasury bond	294,124,848	276,280,691
Interest receivable on agro loan	-	-
Interest on STD account	-	-
Interest on IFIC & Bangladesh Bank	-	-
Interest receivable on placement as call	-	-
Other receivable	-	45,000
	294,124,848	276,325,691

12.00 Non banking assets

-	-
---	---

13.00 Borrowings from other banks, financial institution & agents

530,000,000 150,000,000

In Bangladesh:

Secured:

Details of the above amount are as follows:

Premier Bank Limited
IPDC of BDS Limited
Bank Al Falah Limited
Bangladesh Development Bank Limited
Basic Bank Limited
Janata Bank Limited
Dutch Bangla Bank Limited
One Bank Limited
Agrani Bank Limited

Outside Bangladesh:

-	-
-	-
530,000,000	150,000,000
-	-
-	-
-	-
-	-
-	-
-	-
530,000,000	150,000,000
-	-
530,000,000	150,000,000

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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
13.01	Maturity grouping of borrowing from banks & financial institution and agents		
	With a residual maturity of		
	Not more than 1 month	500,000,000	150,000,000
	Over 1 month but not more than 6 months	30,000,000	-
	Over 6 months but not more than 1 year	-	-
	More than 1 year but not more than 5 years	-	-
	Unclaimed deposit 10 years or more	-	-
		530,000,000	150,000,000
14.00	Deposit & other accounts	17,132,293,226	17,298,851,826
14.01	Current deposit & other accounts		
	Cash credit account	-	-
	Current account	305,963,898	151,815,911
	Marginal deposit account	20,750,550	20,763,598
	Foreign currency accounts	12,709,060,523	11,788,277,524
	FDR Interest & other interest A/C	63,535,850	91,136,310
	NBP, Head Office, Karachi (Vostro)	91,179,325	8,996,160
		13,190,490,146	12,060,989,503
14.02	Bills payable		
	Payment order	10,185,902	4,466,515
		10,185,902	4,466,515
14.03	Saving deposit	100,363,324	115,736,425
14.04	Fixed deposit		
	Inter bank deposit (Note # 14.04.01)	1,350,000,000	2,250,000,000
	Sundry deposit	1,505,463,783	1,966,531,065
		2,855,463,783	4,216,531,065
14.04.01	Inter bank deposit		
	Bangladesh Development Bank Limited	-	-
	The City Bank Limited	-	-
	National Credit and Commerce Bank Limited	-	-
	Agrani Bank Limited	-	100,000,000
	Bank Al Falah Limited	250,000,000	800,000,000
	Modhumoti Bank Limited	-	-
	National Credit & Commerce Bank Limited	-	-
	Habib Bank Limited	800,000,000	800,000,000
	Midland Bank Limited	300,000,000	550,000,000
	NRB Bank Limited	-	-
	Prime Bank Limited	-	-
	Brac Bank Limited	-	-
		1,350,000,000	2,250,000,000

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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
14.05	Scheme deposit	387,261,491	307,746,159
14.06	Other deposit (short term deposit)	588,528,580	593,382,160
	Total deposits & other accounts	17,132,293,225	17,298,851,826
14.07	Maturity grouping of current account and other account		
	Repayable on demand	5,917,697	1,447,250,000
	With a residual maturity of	-	-
	Not more than 1 month	462,931,290	3,604,232,686
	Over 1 month but more than 6 months	12,461,452,425	6,860,382,568
	Over 6 months but not more than 1 year	260,188,734	149,124,249
	More than 1 year but not more than 5 years	-	-
	Unclaimed deposit 10 years or more	-	-
		13,184,572,449	10,613,739,503
14.08	Maturity grouping of inter bank deposit		
	Total deposit & other accounts	-	-
	With a residual maturity of		
	Repayable within 1 month	1,250,000,000	830,000,000
	Over 1 month but within 6 months	100,000,000	1,420,000,000
	Over 6 months but not more than 1 year	-	-
	Over 1 year but not more than 5 years	-	-
	Over 5 years but within 10 years	-	-
	Unclaimed Deposits for 10 years or more	-	-
		1,350,000,000	2,250,000,000
14.09	The Bank has obtained various foreign currency (FC) deposits from its overseas network for an aggregate amount of Taka 12,518,096,850 at 31 December 2020. Corresponding SWAP arrangements have also been structured with a number of third party banks to repurchase these foreign currency deposits. As per section 39(a) of BAS 21- "The Effects of Changes in Foreign Exchange Rates", assets and liabilities for each statement of financial position has been translated at the closing rate at the date of that statement of Financial position.		
15.00	Other liabilities		
	Provision for loan and advances (funded only) (Note # 15.01)	7,512,506,050	7,515,460,976
	Provision for taxation (Note # 15.02)	33,694,202	32,996,286
	Provision for off balance sheet exposure (Note # 15.03)	3,333,822	-
	Adjusting account credit (Note # 15.04)	38,160,100	59,011,140
	Interest suspense account (Note # 15.01.C)	1,769,832,799	1,770,905,662
	Provision for gratuity	38,743,063	36,522,403
	Vat and Tax Payable	2,648,264	5,473,535
	Withholding tax(employees salary)	861,629	1,023,147
	Interest payable on borrowings	797,639	-
		9,400,577,568	9,421,393,149

No provision is made for good borrowers because our borrowers do not meet the conditions prescribed in BRPD circular Nos. 03 dated 15 February 2016 and 06 dated 19 March 2015 issued by Bangladesh Bank



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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
Provision on loans & advances			
15.01	(a) Specific provision against classified loans & advances		
	Provision held at the beginning of the year	7,397,336,098	7,617,825,148
	Fully provided debts written off	-	-
	Provision against recoveries of classified loans & advances	(1,211,834)	(6,310,623)
	Net charge to profit & loss account	(16,305,181)	(214,178,427)
	Provision held at the end of the year	7,379,819,083	7,397,336,098
	(b) Movement of general provision (1% on unclassified loans & advances		
	Provision held at the beginning of the year	117,168,470	39,921,208
	Addition during the year	-	-
	Provision transferred for classified loans and advances	15,518,496	77,247,262
	Balance at the end of the year	132,686,967	117,168,470
	Provision for classified loans and advances	-	-
	Total provision for loans & advances (a+b)	7,512,506,050	7,514,504,568
	(c) Movement of interest in suspense against classified loans & advances		
	Balance at the beginning of the year	1,770,905,662	1,771,107,243
	Amount transferred to suspense account during the year	(1,072,864)	(201,581)
	Amount recovered from suspense account during the year	-	-
	Amount written off/waived during the year	-	-
	Balance at the end of the year	1,769,832,799	1,770,905,662
15.02	Provision for income tax		
	Opening balance	32,996,286	34,274,306
	Add: Provision made during the year	7,497,772	6,744,159
		40,494,058	41,018,465
	Less: Payments during the year	6,799,856	8,022,179
	Balance as at the year end	33,694,202	32,996,286
15.02.01	Details of provision for corporate tax & advance corporate tax		
	A. Advance Tax		
	Balance of income tax on 1st January	17,806,093	17,806,093
	Paid during the year	30,853,155	-
		48,659,248	17,806,093
	B. Provisions:		
	Balance of income tax on 1st January	32,996,286	34,274,306
	Provision made during the year	7,497,772	6,744,159
		40,494,058	41,018,465
	Net balance deficit / (surplus) at the year end (B-A)	(8,165,190)	23,212,372
15.02.02	A Provision of Taka 7,497,772 has been made in the books of account as "Provision for Taxation" as prescribed by the particular year Finance Act (Minimum Tax) on the accounting loss made by the bank even after considering some of the add backs to income and disallowances of expenditure as per income tax Ordinance & Rule.		



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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
	Provision for corporate tax	7,497,772	6,744,159
15.03	Provision for off balance sheet exposure	3,333,822	956,408
15.04	Adjusting account credit		
	Provision for expenses	9,745,670	6,013,997
	Provision for interest on call money, fcy & swap	27,693,180	52,249,643
	Provision for office Rent		
	Provision for audit Credit Rating	721,250	747,500
		38,160,100	59,011,140

16.00 Capital fund:

Under Section 13(4) of Banking Companies Act, 1991 and Bangladesh Bank Circular No. BRPD 11 dated 14 August 2008 the required capital and reserves of the bank at the close of the business on 11 August 2011 should be Tk. 4 billion. Preliminary Expenses for branch incorporation of Taka 12,980,500 received from National Bank of Pakistan, Head Office Karachi has been shown as additional capital of the Bangladesh Branch which is approved by the Bangladesh Bank vide Circular No. BRPD (P) 720/98-1369 Dated 26-04-98. The bank also provided Taka 57,400,000 and Taka 329,980,500 as on 30-09-2002, Taka 191,970,790 as on 31-03-2004, Taka 489,740,302 in the year 2009, Taka 2,091,575,000 in the year 2011, Taka 911,950,000 in the year 2013, Taka 6,157,250,000 in the year 2014 and Taka 1,633,800,000 in the year 2015 and Taka BDT 420,000,000 in 2019 and BDT 920,505,000 in 2020. The constituents of the Capital of the Bank as of 31st December 2020 is presented below:

Particulars	U.S.D	Rate		
(a) Capital fund received from H.O	178,321,315	76.87	13,707,948,109	12,787,443,109
(b) Amount in local currency				
Preliminary expenses			12,980,500	12,980,500
National Bank of Pakistan, Head			-	-
(C) Profit retained/converted as			442,585,094	442,585,094
Total capital fund			14,163,513,703	13,243,008,703

16.01 Capital (Equity) adequacy ratio (CAR)

According to section 13(3) of the Banking Companies Act 1991, as amended by BRPD Circular No. 11 (14 August 2008) and BRPD Circular No. 24 (03 August 2010) all banks are required to maintain a capital that is higher of BDT 4.00 billion or the minimum capital requirement calculated as 10% of risk weighted assets (RWA). In case of foreign bank working in Bangladesh, the stated amount need to be deposited with Bangladesh Bank which can be in the form of cash or in unencumbered approved securities. The maintained capital by the Bank is significantly higher, currently its maintaining 29.68 % which is higher than the required capital of 10% of the RWA of the Bank at 31 December 2020. The details calculation of the CAR are as follows:

Total risk weighted assets as on 31 December 2020	13,618,608,655	13,643,689,602
10% Of risk weighted assets	1,361,860,865	1,364,368,960
Required equity	4,000,000,000	4,000,000,000
A) Core capital (Tier - I)		
i) Paid up capital (Statutory Capital)		
a) Fund from HO & kept with Bangladesh Bank	14,466,992,594	13,624,244,521
ii) Profit retained as capital	-	-
iii) Retained earnings	(7,769,117,472)	(7,563,873,900)
iv) Adjustment for deferred tax	(2,804,331,252)	(2,810,987,717)
Sub total-A	3,893,543,871	3,249,382,904



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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
B) Supplementary capital (Tier - II)			
i) General provision		132,686,966	117,168,469
ii) Provision for off balance sheet exposure		3,333,822	956,408
iii) Revaluation reserve for fixed assets, securities &		-	-
iv) Exchange equalization account		-	-
v) Preliminary expenses remitted by HO		12,980,500	12,980,500
Sub Total-B		149,001,288	131,105,377
Grand Total (A+B)		4,042,545,159	3,380,488,281
Capital Surplus / (Shortfall) against total minimum		42,545,159	(619,511,719)
Capital adequacy ratio on the basis of the RWA		29.68%	24.78%
17.00 Others reserves			
Increase in HTM securities		74,310,064	36,060,086
Gain on revaluation on treasury bills/bonds		15,559,578	87,320,317
Exchange equalization A/C		-	-
		89,869,642	123,380,403
18.00 Surplus in profit and loss account			
Balance of profit/(loss) brought forward from previous years		(7,563,873,900)	(6,899,092,372)
Transfer to capital fund		-	-
Reversed of provision for nostro accounts		-	-
Net Profit/(loss) after Tax for the year		(205,243,572)	(664,781,528)
		(7,769,117,472)	(7,563,873,900)
19.00 Contingent liabilities		237,741,469	195,124,258
19.01 Letter of gurantee			
Letter of guarantee (local)		168,745,469	124,897,258
Letter of guarantee (foreign)		-	-
Foreign counter guarantee		-	-
Details in Note # 19.05		168,745,469	124,897,258
19.02 Letter of credit			
Back to back L/C		51,493,000	51,493,000
Back to back bills		-	-
Back to back bills (EDF)		-	-
Banks liabilities PAD (DEF)		-	-
		51,493,000	51,493,000
19.03 Bills for collection			
Outward bills for collection		17,503,000	18,734,000
Outward foreign bills for collection		-	-
Inward bills for collection		-	-
Inward foreign bills for collection		-	-
		17,503,000	18,734,000



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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
19.04	Other contingent liabilities		
	Travellers cheque in hand	-	-
	Bangladesh savings certificates	-	-
		-	-
	Segregation of other commitments:		
	i) Documentary credits and short term trade related transactions	-	-
	ii) Forward asset purchased and forward deposit placed	12,518,096,850	11,806,113,550
	iii) Undrawn formal standby facilities, credit lines and commitments to lend:		
	Under one year	-	-
	One year and over	-	-
	Other exchange contracts	-	-
		12,518,096,850	11,806,113,550
19.05	Letter of guarantee		
	a) Claim against the Bank which is not acknowledged as debt	-	-
	b) Money for which the Bank is contingently liable in respect of guarantees given favouring:		
	Directors	-	-
	Government	-	-
	Bank and other financial institutions	-	-
	Others	-	-
		168,745,469	124,897,258
		168,745,469	124,897,258
20.00	Income statement		
	Income:		
	Interest, discount and similar income	1,247,776,051	1,132,886,800
	Dividend income	-	-
	Fees, commission and brokerage	(6,058,503)	(9,282,848)
	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	158,980	422,536
	Profit less losses on interest rate changes	-	-
		1,241,876,528	1,124,026,488
	Expenses:		
	Interest, fee and commission	1,237,015,134	1,634,434,794
	Losses on loans and advances	-	-
	Administrative expenses	167,036,843	167,130,073
	Other operating expenses	14,588,030	15,584,649
	Depreciation on banking assets	14,030,709	14,967,854
		1,432,670,716	1,832,117,370
		(190,794,189)	(708,090,883)
	Profit before tax and provision		
21.00	Interest income		
	Loans & advances	2,510,844	3,293,747
	Money at call on short notice	-	-
	Interest on other accounts	-	-
	Discount on credit bills negotiated	-	-
	Interest on foreign bank accounts	-	-
	Interest on Bangladesh Bank accounts	48,834	1,351,922
		1,232,641	3,567,232
		3,792,318	8,212,901

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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
22.00	Interest paid on deposits and borrowings etc:		
	Interest paid on savings deposit	3,594,305	4,388,929
	Interest paid on fixed deposits	341,773,078	480,285,518
	Interest paid on short term deposits	7,555,889	19,145,957
	Interest paid on call deposits	35,070,889	13,354,306
	Interest paid on NBP general A/C	-	-
	Interest paid on scheme deposit	40,060,735	26,316,575
	Interest paid on others	808,960,238	1,090,943,508
		1,237,015,134	1,634,434,794
23.00	Investment income (in shares /securities)		
	Interest on treasury bill	105,416,489	25,262,213
	Interest on treasury bonds	1,138,567,243	1,099,411,687
	Interest on Bangladesh Bank bills	-	-
		1,243,983,732	1,124,673,900
24.00	Commission & exchange income		
	Commission	1,693,622	1,646,132
	Exchange gain/(loss)	(7,752,126)	(10,928,980)
		(6,058,503)	(9,282,848)
25.00	Other operating income		
	Locker rent	-	-
	Miscellaneous earnings	158,980	422,536
		158,980	422,536
25.01	Miscellaneous earnings include recovery of bank charges.		
26.00	Salary & allowances		
	Basic pay	23,734,980	27,499,462
	Allowances	31,552,479	34,300,966
	Bonus	6,841,895	4,658,127
	Banks contribution to provident fund	1,562,772	3,730,250
	Banks contribution to gratuity fund	2,650,173	2,859,508
	Group insurance	-	-
	Salary of temporary staff	3,474,651	3,575,088
		69,816,950	76,623,401
27.00	Rent, taxes, insurances, lighting etc		
	Rent & taxes	59,466,214	56,905,380
	Insurance	-	-
	Electricity and lighting	2,638,386	2,607,351
		62,104,600	59,512,732



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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
28.00	Legal & other professional expenses		
	Legal expenses	22,481,089	19,928,474
	Other professional expenses	2,164,795	1,452,405
	Credit rating fees	376,250	376,250
		25,022,134	21,757,129
29.00	Postage, stamps and telecommunication etc.		
	Postage & stamp	355,351	521,984
	Telephone (office)	193,073	282,475
	Telephone (residence)	56,405	65,025
		604,829	869,483
30.00	Stationery, printing, advertisement etc.		
	Office & security stationery	958,040	708,152
	Publicity & advertisement	971,591	251,975
		1,929,631	960,127
31.00	Chief executive's salary & allowances (General manager's salary and fees)		
	Basic salary	3,306,000	3,306,000
	Bonus	702,500	551,000
	Allowance	3,205,200	3,205,200
	Pension fund	-	-
		7,213,700	7,062,200
32.00	Director's fees		
		-	-
33.00	Audit fees		
		345,000	345,000
34.00	Charges on loan losses / write off loans & advances		
	Waiver of loans & advances	-	-
		-	-
35.00	Depreciation and repairs of bank's assets		
	Depreciation		
	Furniture & fixtures	478,646	529,417
	Computer & computer equipments	4,876,941	4,913,888
	Office equipment & electrical installation	460,581	534,204
	Depreciations of others	-	-
	Motor vehicles	1,410,802	1,410,987
	Software (Intangible Assets)	5,319,839	5,692,801
	New furnishing limit to executives	253,562	248,565
		12,800,371	13,329,861
	Repair		
		1,230,339	1,637,993
		14,030,710	14,967,854



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Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
36.00	Other expenses		
	Outside chamber entertainment	677,926	1,141,339
	Inside chamber entertainment	-	-
	Local conveyance	270,798	106,844
	Computer expenses	1,742,086	1,412,794
	Software maintenance	1,059,923	841,850
	Fuel expenses	663,527	908,174
	Books & newspapers	11,800	30,551
	Travelling expenses	1,031,913	3,790,697
	Honorarium to staff	-	-
	Sundry expenses	4,947,492	3,363,450
	SWIFT expenses	564,303	557,315
	Tax & insurance of motor car	318,650	232,196
	Cash carrying charge	70,400	77,670
	Overtime allowances	-	-
	Courier charges	-	-
	Computer stationery & accessories	-	-
	Water & sewerage	51,584	124,077
	Security expenses	-	-
	Office gas expenses	22,520	22,350
	Photocopy expenses	-	-
	Write off	-	-
	Correspondance charges	-	-
	Loss on revaluation on treasury bond	-	-
	Cash remittance	200	200
	Loss on fixed asset disposal	-	-
	Clearing house maintenance charge	5,007	9,776
	Medical attendance	278,918	132,039
	General insurance	2,532,384	2,487,386
	Rented premises repair	338,600	345,940
	Donation	-	-
	Training expenses	-	-
		14,588,030	15,584,649
37.00	Provision for loans and advances		
	Provision for loans and advances(funded exposures)	(786,684)	(136,931,166)
		(786,684)	(136,931,166)
38.00	Provision for off balance sheet exposure		
	Provision for off balance sheet*	2,377,415	(145,850)
	*Created for Covid-19	2,377,415	(145,850)
39.00	Provision for dimension in value of investment	-	-
40.00	Other provision		
	Provision for other asset	-	-
41.00	Deferred tax expenses/(income)		
	Opening deferred tax assets / (liabilities)	2,978,775,014	3,065,798,516
	Closing deferred asset/ (liabilities)	2,973,414,135	2,978,775,014
	Deferred tax expenses/(income)	5,360,879	87,023,502



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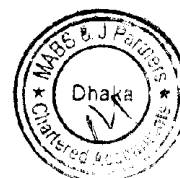
Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
42.00	Litigation pending against banks No litigation is pending against the bank.	-	-
43.00	Payments for other operating activities		
	i) Rent, taxes, insurance, electricity etc.	62,104,600	59,512,732
	ii) Legal expenses & other professional fees	25,022,134	21,757,129
	iii) Stationery, printing, advertisement etc.	1,929,631	960,127
	iv) Auditors fees	345,000	345,000
	v) Repairs	1,230,339	1,637,994
	vi) Charges on loan loss	-	-
	vii) Other expenses	14,588,030	15,584,649
	viii) Postage, stamp & telecommunications	604,829	869,483
	ix) Adjusting account (credit balance)	-	-
		105,824,563	100,667,114
44.00	Increase/(decrease) of other Assets		
	i) Stationery, stamps, printing materials etc.	1,542,583	1,485,159
	ii) Advance rent and advertisement	35,679,534	50,659,585
	iii) Interest accrued on investment but not collected, Commission and brokerage receivable on shares and debenture and other income receivable	-	-
	iv) Security deposit	472,600	472,600
	v) Branch adjustment (NBP general account)	6,459,001	6,461,972
	vi) Suspense account	-	-
	vii) Receivable from Bangladesh Bank	98,600,000	98,600,000
	viii) Others	720,972,709	729,971,829
		863,726,427	887,651,145
	Increase/(decrease) of other assets:	(23,924,718)	(45,327,565)
45.00	Increase/ (decrease) of other liabilities		
	Adjusting account credit (Note # 15.04)	38,160,100	59,011,140
	Net balance due to head office and other branch	37,204,095	39,492,968
	Others	75,364,195	98,504,108
	Increase/(decrease) of other liabilities:	(23,139,912)	(12,038,476)
46.00	Cash and Cash Equivalent		
	Cash in hand (local currency)	21,258,908	28,543,687
	Cash in hand (foreign currency)	1,144,976	1,170,325
	Balance with Bangladesh Bank	711,970,905	890,867,204
	Balance with other banks & financial institution	290,511,060	31,521,141
		1,024,885,849	952,102,356



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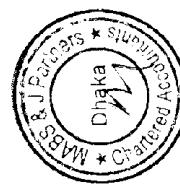
Chartered Accountants

Number	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
47.00	Earnings per share (EPS)	Not Applicable	Not Applicable
48.00	Related party disclosures	Not Applicable	Not Applicable
	i) Significant contracts where Bank is party and wherein directors have interest	Not Applicable	Not Applicable
	ii) Shares issued to directors and executives without consideration or exercisable at discount:	Not Applicable	Not Applicable
	iii) Related party transactionsa	Not Applicable	Not Applicable
	iv) Lending policies to related parties	Not Applicable	Not Applicable
	v) Lending to related parties is attested as per requirements	Not Applicable	Not Applicable
	vi) Loan and advances to directors and their related concern	Not Applicable	Not Applicable
	vii) Business other than banking business with any related concern of the directors as per Section 18(2) of the Banking Companies Act 1991	Not Applicable	Not Applicable
	viii) Investment in the securities of directors and their related concern	Not Applicable	Not Applicable
	ix) Assets pledged as security for liabilities	Not Applicable	Not Applicable
	x) Listing of pledged collaterals	Not Applicable	Not Applicable



**National Bank of Pakistan
Bangladesh Operations
Balance with other Banks outside Bangladesh (Nostro Account)
As at 31 December 2020**

Name of the Bank	PC Bank A/C Number	A/C Type	Currency	2020			2019		
				FC Amount	Ex. Rate	Equivalent Taka	FC Amount	Ex. Rate	Equivalent Taka
Standard Chartered, Calcutta	9010704000	CD	ACU \$	9,254	84.45	781,473	9,254	84.4500	781,473
HSBC, Mumbai	9010705000	CD	ACU \$	-	-	-	-	-	-
HSBC, New York (Regular)	9010707000	CD	USD	-	-	-	-	-	-
HSBC, New York (Special)	9010708000	CD	USD	-	-	-	-	-	-
NBP, New York (Regular)	9011602011	CD	USD	885,551	84.45	74,784,782	295,941	84.4500	24,992,217
NBP, New York (Special)	9011602012	CD	USD	-	-	-	-	-	-
NBP, Karachi	9011602021	CD	ACU \$	61,294	84.45	5,176,296	61,294	84.4500	5,176,296
NBP, Head Office, Karachi (Vostro)	9020407003	CD	ACU \$	-	-	-	-	-	-
NBP, Tokyo (Regular)	9011602031	CD	JPY	63,419	0.85	53,906	63,419	0.8038	50,976
NBP, Tokyo (Special)	9011602032	CD	JPY	-	-	-	-	-	-
NBP, Frankfurt (Regular)	9011602041	CD	EURO	2,023,922	103.53	209,536,645	3,596	94.3800	339,390
NBP, Frankfurt (Special)	9011602042	CD	EURO	-	-	-	-	-	-
NBP, London (Regular)	9011602051	CD	GBP	1,633	114.33	186,689	1,633	110.7562	180,854
NBP, London (Special)	9011602052	CD	GBP	-	-	-	-	-	-
ICICI, Calcutta	9010706000	CD	USD	-	-	-	-	-	-
Total in Taka:						290,519,792			31,521,207



National Bank of Pakistan
Bangladesh Branches
Fixed Asset Schedule
For the year ended 31 December 2020

Annexure B
Amount in Taka

Particulars	Cost							Rate of Dep.	Depreciation			Written down value as on 31 Dec-20	Written down value as on 31 Dec-19
	Cost as on		Addition during the year	Disposal/ adjustment during the year	Balance as on		Total dep. as on						
	01-Jan-20	01-Jan-20			31-Dec-20	31-Dec-20							
	2	3	4	6	(3+4-6)=7	(2+4-6)=8	(10+11-12)=13		(8-13)=14				
1													
Furniture & Fixture	17,027,967	4,370,166	-	-	4,370,166	17,027,967	10%	12,657,800	478,646	-	13,136,446	3,891,521	4,370,166
Electric Installation (Except Computer)	16,821,577	2,014,698	32,500	-	2,047,198	16,654,077	20%	14,506,879	329,268	-	14,936,147	1,717,930	2,014,698
Computer Equipment	49,059,390	11,875,952	223,715	-	12,099,667	49,283,105	33.33%	37,183,438	4,876,941	-	42,060,379	7,222,726	11,875,952
Office Equipment	8,545,284	1,384,886	24,833	-	1,409,719	8,570,116	20%	7,160,397	131,313.14	-	7,291,710	1,278,405	1,384,886
Motor Vehicle	13,911,274	1,885,005	-	-	1,885,005	13,911,274	20%	12,026,269	1,410,802	-	13,437,071	474,203	1,885,005
Software (Intangible Assets)	16,589,356	10,204,440	3,510,000	-	13,714,440	20,099,356	33.33%	6,384,916	5,319,839	-	11,704,755	8,394,601	10,204,440
New Furnishing Limit to executive	2,896,209	1,192,660	-	-	1,192,660	2,896,209	20%	1,703,549	253,562	-	1,957,111	939,098	1,192,660
TOTAL	124,651,057	32,927,807	3,791,048	-	36,718,855	128,442,104		91,723,248	12,800,371	-	104,523,620	23,918,484	32,927,807



National Bank of Pakistan - Bangladesh Branches

Disclosures under Pillar III of Basel III for the year ended 31 December 2020

1. Disclosure policy:

Following disclosures have been made by National Bank of Pakistan ("the Bank") as per its approved policy to observe the disclosure requirements set out by the Bangladesh Bank (BB) in Bangladesh Bank revised guidelines on risk based capital adequacy under Basel III to complement the capital adequacy requirements under Pillar III.

2. Scope of applications

Qualitative disclosure

The risk based capital adequacy framework applies to National Bank of Pakistan, Bangladesh Operations, on "Solo Basis" as the Bank has no subsidiaries or significant equity investments in any other separate entity rather operating in Bangladesh as a Branch of foreign bank, National Bank of Pakistan is a state owned bank, incorporated in Pakistan.

Quantitative disclosure

The Bank's capital as at 31.12.2020 stood Taka 4,042.55 Million. Though the Capital Adequacy Ratio (CAR) is 29.68 % much more above than the minimum requirement of 10% of Risk Weighted assets and there is a excess in the capital of Taka 42.55 Million as at 31.12.2020 .

3. Disclosures framework

Disclosures framework and requirement are in line with the Basel-III guidelines and subsequent amendment there on issued by the Bangladesh Bank.

3.1 Capital structure

Qualitative disclosure

The Bank's total capital as of 31 December 2020 was Taka 4,042.55 million out of which 96.31 % i.e Taka 3,893.54 million was under Tier-I, highest quality of Capital elements, and remaining 3.69 % i.e. Taka 149 million was under Tier-II. The main features of our Tier-I capital is Taka 14,466.99 million kept with Bangladesh Bank as per section 13 (4) of Banking Companies Act 1991 and the remaining (10,573.45) million is the retained loss due to specific provision against classified portfolio as at 31 December 2020. The Bank's Tier-II capital consists of general provision of Taka 136.02 million and remaining Taka 12.98 Million prilliminary expenses approved as capital as at 31 December 2020. The proportion of Tier-I & Tier-II capital as per basel II guideline has been duly maintained.

Quantitative Disclosure		Amounts in Million Taka
A) Amount of Tier-1 capital		
Fully paid-up capital/ capital deposited with BB		14,466.99
Non-repayable share premium account		-
Statutory reserve		-
General reserve		-
Retained earnings		(7,769.12)
Minority interest in subsidiaries		-
Non-cumulative irredeemable preferences shares		-
Dividend equalisation account		-
		6,697.88
B) Amount deducted from Tier-1 capital		
• Goodwill		-
• Shortfall		-
• Others		(2,804.33)
C) Net total of Tier-I Capital (A+B)		3,893.54
D) Total amount of Tier 2 capital, net of deductions from Tier 2 capital		149.00
E) Total eligible capital (C+D)		4,042.55

Note: Taka 920.505 Million has been injected as a fresh Capital during the year 2020

3.2 Capital adequacy

Qualitative disclosure of capital adequacy

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The Bank was adequately capitalized throughout the year. Quarterly Capital reporting under Basel-II guidelines has been made accordingly. Bank is in the process of preparation its own Internal Capital Adequacy Assessment Process (ICAAP) documents. The Bank's management is well involved in Capital Adequacy issues.

The Bank's Capital Adequacy Ratio (CAR) as at 31 December 2020 is 29.68 % as against the minimum requirement of 10% as of 31 December 2020 as per BRPD circular no. 10 dated 10 March 2012. Tier-I capital was 28.59 % of risk weighted assets (RWA) against minimum requirement of 5% of RWA.

Quantitative disclosure of capital adequacy		Amounts in Million Taka
A) Amount of regulatory capital to meet unforeseen losses		
Amount of minimum capital required to meet credit risk		1,096.55
Amount of minimum capital required to meet market risk		35.00
Amount of minimum capital required to meet operational risk		230.32
		1,361.86
Minimum Capital Requirement (MCR)		4,000.00
B) Actual capital maintained:		
Total tier I capital		3,893.54
Total tier II capital		149.00
Total tier III capital		-
		4,042.55
C) Additional capital over MCR maintained by the Bank		42.55
% of capital adequacy required		
Tier I		5.00%
Total		10.00%
% of capital adequacy maintained		
Tier I		28.59%
Total		29.68%

3.3 Credit Risk

Qualitative Disclosures:

The general qualitative disclosure requirement with respect to credit risk includes the following:

Definition of past due and impaired (for accounting purposes) assets

According to the Bangladesh Bank's Guidelines on Risk Based Capital Adequacy, claims that are past due for 90 days or more are clubbed under this past due category. Apart from Basel III requirement bank is maintaining its past due loan in accordance with the BRPD 14 dated September 23, 2012 on loan classification and provisioning.

Description of approaches followed for specific allowances and statistical methods.

The Bank is following the standardised approach in line with Bangladesh Bank guidelines and no other statistical model is used apart from the supervisory procedures prescribed by the Bangladesh Bank in this regard.

Bank's credit risk management policy

Credit risk is one of the major risks faced by the bank. This can be described as potential loss arising from the failure of counterparty to perform as per contractual agreement with the bank. The failure may result from unwillingness of the counterparty or decline in his/her financial condition. Therefore bank's credit risk management activities have been designed to address all these issues.

The bank has segregated duties of the officers/executives involved in credit related activities. Credit approval, administration, monitoring and recovery function have been segregated.

Credit risk has been considered as one of the most significant risks in terms of sustainability, regulatory and capital requirements, which National Bank of Pakistan, Bangladesh Operations is exposed to. Bank's policy is to develop a high quality and diversified credit portfolio comprising of corporate, SME and retail / personal customers in Bangladesh towards better credit risk management. Credit risk management focuses on the quality of customer's individual loans as well as the overall loans and advances portfolio, examining and reporting the underlying trends, concentrations and ensuring a sustainable credit risk culture throughout its Bangladesh Operations. Credit risk management system of the Bank also closely monitors the changes in economic and market conditions and guides business and functional management at all levels on their credit portfolio.

Thus the scope of credit risk management and identification practices need to follow the procedures below:

To identify and manage credit risk, the Bank engages in procedures such as-

- Set up and follow well defined strategy for credit origination and relationship management
- Follow Credit risk analysis and mitigation strategy both at pre and post approval level
- Follow defined Loan documentation and credit administration procedures
- Methodically approach Recovery and management of problem loans



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- v. Establish best practise for Portfolio management
- vi. Convey credit status through reporting

The Bank uses internal lending guidelines and procedures to ensure that all lending officers understand the Bank's appetite for risk in servicing counter party requirements, and thus facilitates evaluation and approval of individual credit transactions. The Bank has standard methods of analyzing various risk aspects involved in extending credit, considering risk areas such as business risk, financial risk, management risk, security risk, etc besides continuously reviewing the exposures and concentrations of the customer, group, industry, geography and lending types. Outcome of these risk analyses is used to establish internal credit risk grading for each borrower.

Maintenance of specific provision

National Bank of Pakistan, Bangladesh Operations strictly complies with its internal credit procedure prepared in line with prevailing Bangladesh Bank's guidelines including BRPD circular no. 05 dated 05 June 2006 and also made necessary ammendmend as per BRDP Circular No 14 Dated September 23, 2012 concerning management of non-performing loans, loan classification and provisioning.

In line with above guidelines, the Bank reviews the loans and advances throughout the year so as to assess them in order to maintain the provision required thereagainst at the end of the each quarter during the year.

Provisioning rates

The specific provisioning rates on loans and advances is being maintained as guided by BRPD circular no. 14 dated 23 Septemebr 2012 and other subsequent ammendments of the same.

Base for provision

Provision is to be made at the prescribed rate on the net loan amount after deduction of the amount of interest in suspense and the allowable value of eligible securities from the outstanding balance of classified accounts in line with the above guidelines.

Moreover, BRPD circular no. 14, dated 23 September 2012 also warrants further provisioning based on our qualitative judgments in case where any uncertainty or doubts arises in respect of recovery of any continuous loan, demand loan or fixed term loan, which will also require the Bank to classify such loans on the basis of qualitative judgment.

Quantitative disclosure	Amounts in Million Taka
Total exposures of credit risk	
A. Funded	
a) Domestic	25,876.81
b) Overseas (Nostro Balances)	290.51
	26,167.32
B. Non-Funded	
a) Domestic	92.09
b) Overseas	-
	92.09
C. Distribution of risk exposure by claims	
a) Cash and cash equivalents	22.40
b) Claims on Bangladesh Government and Bangladesh	15,248.59
c) Claims on other sovereigns and central banks*	-
d) Claims on Bank for international settlements, International Monetary Fund and European Central Bank	-
e) Claims on multilateral development banks (MDBs)	-
f) Claims on public sector entities (other than Govt. of Bangladesh) in Bangladesh	-
g) Claims on banks & NBFIs:	-
Maturity over 3 months	-
Maturity less than 3 months	290.51
h) Claims on corporate (excluding equity exposure):	253.87
i) Claims under credit risk mitigation	-
j) Claims categorised as retail portfolio & small enterprise (excluding consumer finance)	73.74
k) Consumer finance	-
l) Claims fully secured by residential property	-
m) Claims fully secured by commercial real estate	-
n) Past due loans/NPL	6,368.49
o) Investments in premises, plant and equipment and all other fixed assets	23.92
p) Claims on fixed assets under operating lease	-
q) All other assets	-
i) Claims on GoB & BB (advance income tax)	48.67
ii) Staff loan/Investments	-



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iii) Other assets	3,837.14
r) Off-balance sheet items:-	
Claims on Banks:	
Maturity over 3 months	-
Maturity less than 3 months	-
Claims on corporate	92.09
Retail portfolio and small enterprises	-
	26,259.41
D. Details of exposure under credit risk mitigation (CRM)	
• Claims secured by financial collateral	-
• Net exposure after the application of haircuts	-
• Claims secured by eligible guarantee	-
E. Gross non-performing assets (NPAs)	13,748.31
Total loans and advances	14,075.91
Non-performing loans and advances including SMA	
Special mentioned account (SMA)	-
Sub-standard (SS)	-
Doubtful (DF)	-
Bad/loss (BL)	13,748.31
Total non-performing loans and advances	13,748.31
Non-performing assets (NPAs) to outstanding loans and advances (Excluding SMA)	97.67%
G. Movement of non-performing assets (NPAs)	
Opening balance	13,790.62
Addition during the year	(42.31)
Reduction during the year	-
Closing balance	13,748.31
H. Movement of specific provisions for NPAs	
Opening balance	7,397.34
Add: Provisions made during the period	(16.31)
Less :Write-off	-
Less: Write-back of excess provisions	(1.21)
Closing balance	7,379.82
I.Industry wise loans and advances	
1. Textile industries	5,136,510,028
2. Food & allied industries	226,303,962
3. Pharmaceuticals industries	-
4. Leather,chemical, cosmetics industries etc	511,522,844
5. Cement & ceramic Industries	-
6. Service industries(CNG)	55,407,157
7. Plastic industries	104,797,261
8. Telecommunication & mobile industry	483,969,724
9. Others	7,557,404,000
	14,075,914,976
J. Geographical location wise loans and advances	
In Bangladesh	
Dhaka Division	13,071,677,238
Chittagong Division	528,347,733
Sylhet Division	59,895,908
Khulna Division	109,938,244
Rajshahi Division	306,055,854
Rangpur Division	-
Outside Bangladesh	-

14,075,914,977

K. Residual maturity grouping of loans and advances including bills purchased and discounted

Repayable on demand

With a residual maturity of :

Not more than 3 months

Over 3 months but not more than 1 year

Over 1 year but not more than 5 years

More than 5 years

13,969,827,345

67,477,237

38,610,395

14,075,914,977

L. Loans & advances (loans, cash credit & overdrafts etc)

In Bangladesh:

Cash credit

Loan against import merchandise

Loan against trust receipt

Loan against cash incentive

Overdraft

Demand loan

Term loan

Packing credit

7,540,787

561,817,547

3,942,138,819

594,612,119

768,987,9126

9975978

12,805,964,377

Inside Bangladesh

Bills purchased and discounted (Note # 9)

1,269,950,600

Total loans and advances

14,075,914,977

3.4 Assets

Qualitative disclosure

Assets of the Bank includes both banking book assets and trading book assets. Trading book assets consist of foreign currency in hand, balances of nostro accounts and investment in treasury bills/bonds under Held for Trading (HFT) while all other assets of balance sheet such as loans and advances, investment in treasury bills/bonds under Held to Maturity (HTM), money at call and short notice and all fixed assets are the part of banking book assets. Assets are also divided in earning assets and non earning assets. The Balance Sheet size of the National Bank of Pakistan, Bangladesh Operations as on 31 December 2020 increased by 2.68 % compared to 31 December 2019 All the fixed assets of the Bank are properly insured. Apart from the credit portfolio of traditional banking activities and fixed assets, the Bank has significant amount of investment in treasury bonds.

Earning assets:

Following assets are included as earning assets as these are generating revenue for the Bank:

Loans and advances/credit portfolio;

Investments;

Foreign currency held with Bangladesh Bank and overseas correspondent banks from which we earned interest.

Non-earning assets:

Non-earning assets are those assets from which do not generate revenue. Following are the components of non-earning assets:

Cash in hand and balance with Bangladesh Bank and it's agent bank in local currency

Fixed assets

Other assets

Foreign currency held with overseas correspondent banks' current account from which we do not earned any interest.

Overall loans and advances as at 31 December 2020 stood at 14,075.91 million registering 0.28 % decreased compared with 31 December 2019. Overall investments as at 31 December 2020 stood at Taka 14536.62 million registering 6.20 % positive growth compared with 31 December 2019.

Assets are monitored on a regular basis to cope with unexpected risk. Assets Liability Committee (ALCO) monitors and reviews the behaviour patterns of the assets. Assets are classified as per the directives of Bangladesh Bank.

Assets are classified as per directives and guidelines time to time issued by Bangladesh Bank. Classified loans and advances of the Bank as at 31 December 2020 was Taka 13,748.31 million which is 97.67 % of total loan portfolio. Classified loans and advances have decreased by Taka 42.31 million compared to the year 2019. Adequate specific provision has been kept against such classified loans and advances as per Bangladesh Bank guidelines.

Quantative Disclosures		Amounts in Million Taka
i) Banking book assets		
A. Cash in hand and balance with Bangladesh Bank excluding foreign currency (FC)		675.26
B. Balance with other banks excluding FC		675.26
C. Money at call and on short notice		-
D. Investment (HTM)		
a. Government		14,466.99
b. Qualifying (banks, etc)		-
c. Equities		-
d. Others		-
		14,466.99
E. Loans and advances		
a. Past Due		-
SMA		-
SS		-
DF		-
BL		13,748.31
b. Unclassified		327.60
		14,075.91
F. Risk weighted assets (RWA)		
a. Below 100% RWA		-
b. 100% RWA		-
c. Above 100% RWA		-
G. Rating Status		
a. Rated assets		-
b. Unrated assets		-
H. Other assets including fixed assets		3,909.72
i) Total banking book assets		33,127.89
ii) Trading book assets		
1. Foreign currencies held in hand		1.14
2. Foreign currencies held in Bangladesh Bank and nostro account		348.48
3. Investment (trading)		
a. Govt. (part of govt. HTM if held above the required SLR amount)		69.62
ii) Total trading book assets (1+2+3)		419.25
Total assets (i+ii)		33,547.14

3.5 Equities: Disclosures for banking book position

Qualitative disclosure

The Bank has no investment in quoted shares.

3.6 Interest rate risk in the banking book (IRRBB)

Qualitative disclosure

Interest rate risk refers to fluctuations in Bank's net interest income and the value of its assets and liabilities arising from internal and external

factors. External factors cover general economic conditions.

Internal factors include the composition of the Bank's assets and liabilities, quality, maturity, interest rate and re-pricing period of deposits, borrowings, loans and investments. Rising or falling interest rates impact the Bank depending on Balance Sheet positioning. Interest rate risk is prevalent on both the assets as well as the liability sides of the Bank's Balance Sheet.

3.7 Market risk

Market risk in trading book

Views of board of directors on market risk

Market risk is the risk of adverse revaluation or movement of any financial instrument as a consequence of changes in market prices or rates.

Market risk exists in all trading, banking and investment portfolios but for the purpose of this report, it is considered as a risk specific to trading book of the Bank. The major types of market risk as specified in the Risk Based Capital Adequacy (RBCA) are as follows:

- i. Interest rate risk
- ii. Equity position risk
- iii. Foreign exchange risk and
- iv. Commodity risk

Among the above list, the main types of market risk faced by the Bank are interest rate risk and foreign exchange risk. The management of Bangladesh operations has given significant attention to market risk in trading book to assess the potential impact on the Bank's business due to the unprecedented volatility in financial markets.

Methods used to measure market risk

According to Bangladesh Bank guideline, National Bank of Pakistan, Bangladesh Operation is presently following the standardised approach for market risk under Basel III.

Market risk management system and policies and processes for mitigating market risk

The Bank has an independent market risk framework to assess, manage and control the risk management function, which is responsible for measuring market risk exposures in accordance with prescribed policies, and monitoring and reporting these exposures against the approved limits on a daily basis according to Bank's appetite for market risk.

Interest rate risk

Interest Rate Risk (IRR) is a major source of market risk and is unavoidable in any financial institution where the re-pricing of assets and liabilities are not identically matched. The ALCO of Bangladesh Operations manages the potential impact, which might be caused by the volatility of changes in the market interest rates and yield curves.

The securities (Treasury bills/bonds) acquired with the intention to trade by taking advantage of short-term price and interest rate movement is classified under the trading book. The marked to market (MTM) of securities in the trading book is done at market value as per the Bangladesh Bank guidelines.

Foreign exchange risk

All foreign exchange exposures and related risks are reviewed by the ALCO monthly, which provides additional guidance to treasury dealing room in managing the risks. This is to ensure that any adverse exchange rate movements on the results of the Bank due to un-hedged foreign exchange positions are restrained within acceptable parameters.

In addition to daily revaluation of spot position and monthly revaluation of forward positions the treasury uses Value at Risk (VaR) to assess the market risk. VaR provides a single number to the management that reflects the maximum loss, which can occur within a confidence level over a certain period of time.

Quantitative disclosure

The capital requirements for:

- A. Interest rate risk
- B. Equity position risk
- C. Foreign exchange risk
- D. Commodity risk

Amounts in
Million Taka

35.00

35.00

3.8 Operational risk

Qualitative disclosure

The Management of National Bank of Pakistan has strong corporate governance and bank operational risk is well monitored as a part of risk management process. A sound internal process to assess the operational risk through a robust Internal Control mechanism is in place.

Operational risk Management process applied are as follows:

Risk based Audit has been rolled out to keep operational lapses at a minimum level in our all Branches by reinforcing Internal Audit throughout the year by ICC- Internal audit team, Regional Office as well as Head Office Pakistan Inspection team as a continuous process via on line and on site auditing through periodic basis.

on line and on site auditing through periodic basis.

In addition following mitigating steps are taken:

- Clear management reporting lines for each business units and branches with empowerment and accountability
- Appropriate segregation of duties
- Due diligence process in establishing customer relationship
- Regular staff rotation/transfers
- Regular system generated reporting to identify exceptional transactions
- Blanket Insurance cover against potential losses from internal & external events.

Performance gap of executives and staffs are being reviewed at the Management Committee Meeting and Audit Committee meeting and also in operation meeting held on monthly basis. Mitigation steps are decided and implemented accordingly.

Potential external events: Counter-party Risk are well monitored with enhanced due diligence. External threats Like, Payment gateway Control, Access Control/ Firewall etc. has been put in place and effectively working.

Operational Manuals are in place and Operating Instructions are being circulated regarding operational process with a view to mitigation of operational risk. Business Continuity Plan/ Disaster recovery site have been already worked out and are in place. HO team in the process to finalize the details of BCP.

Presently the bank is maintaining adequate capital to mitigate its operational risk as per RBCA guideline by following the "Basic Indicator Approach".

Quantitative Disclosure	Amounts in Million Taka
The capital requirements for operational risk	230.32

3.9 Liquidity ratio

Qualitative disclosure

Liquidity Risk is the the risk that the bank does not have sufficient financial resources to meet its obligations as they fall due or will have to do so at excessive cost. The risk arises from mismatch in the timing of cashflows.

The objective of liquidity framework is to allow the Bank to withstand very severe stresses. It is designed to adaptable to change the business modes, markets, regulators. The liquidity risk management framework requires:

- * Liquidity to manage by Bank on stand-alone basis with no reliance on the Bangladesh Bank;
- *to comply with all regulatory limits;
- *to maintain positive stressed cash flow;
- *monitoring the contingent funding commitments;
- *moitoring the structural term mismatch between maturing assets and liabilities;
- *maintenance of ribust and practical liquidity contingency plan;
- *maintain diverse sources of funding and adequate back up lines;

Liquidity management of the Bank is centered on the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) based on BASEL III. The Bank has ALM (Asseet liability management) desk to manage this risk. There are others tools like SLR,CRR,AD Ratio,MCO,MTF etc

The Bank has adopted Liquidity Coveragr Ratio (LCR) and Net Stable Funding Ratio for liquidity risk management. LCR ensures that Bank mainatnains enough high liquidity unencumbered liquid assets to meet its liquidity needs for 30 calendar time-line whereas NSFR ensures availability of stable funding is greater than required funding over 1 year period.

Bank has Asset Liability Management Committee (ALCO) to monitor the liquidity risk on a monthly basis.

Quantitative Disclosure	Amounts in Million Taka
Liquidity coverage ratio (%)	20.61%
Net stable funding ratio (%)	24.39%
Stock of high liquid assets	803.78
Total net cash outflows over the next 30 calendar days	3,899.98
Available amount of stable funding	6,351.05
Required amount of stable funding	26,035.08

4 Leverage ratio

Qualitative disclosure

Leverage ratio is the ratio of tier 1 capital to total on and off-balance sheet exposures. The leverage ratio was into the BASEL-III framework as a non-risk based backstop limit, to supplement risk-based capital requirements.

In order to avoid building up excessive on and off balance sheet leverage in the banking system, a simple transparent, non risk based leverage ratio has been introduced by the Bangladesh Bank. The leverage ratio acts as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives:

- constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy
- reinforce the risk based requirements with an easy to understand and non-risk based measure.

The Bank has calculated the regulatory leverage ratio as per the guideline of Basel-III. The numerator, capital measure is calculated using the new definition of Tier I capital applicable from 01 January 2015. The denominator, exposure measure is calculated on the basis the Basel III leverage ratio framework as adopted by the Bangladesh Bank. The exposure measure generally follows the accounting value

Quantitative disclosure

	2020 BDT
Leverage ratio	16.60%
On balance sheet exposure	26,167.32
Off balance sheet exposure	93.84
Total Deduction from on and off balance sheet exposure/regulatory adjustments made to Tier 1 capital	2,804.33
Total exposure	23,456.83

4.1 Remuneration

NBP BD operations focuses to attract, retain and motivate top talents to meet its objectives. Bank has a competitive pay and benefits packages to fulfill its objectives

Banks rewards strategy aims to reward success. In order to ensure alignment between remuneration and Bank's business strategy, individual remuneration is determined through assessment of performance delivered against both annual and longterm objectives.

NBP's reward package consists of the following key elements:

Fixed Pay:

The purpose of the fixed pay is to attract and retain employees by paying market competitive pay for the role, skills, and experience required for the business. This includes basic salary, LFA and other allowances in accordance with local market practices.

Benefits :

NBP Bangladesh operations provided benefits in accordance with local market practice. There are medical insurance and life insurance policy for employees

*Key Features of NBP BD Operations remuneration framework include:

*assessment of performance with reference to clear and relevant objectives

*the use of discretion to assess the extent to which performance has been achieved.

Quantitative disclosures:

Number of meeting held by mainbody overseeing remuneration during the financial year	Not Applicable
Remuneration paid to the mainbody overseeing remuneration during the financial	Not Applicable
Number of employees having received a variable remuneration award during the financial year	Not Applicable
Guaranteed bonuses awarded during financial year:	
Number of employees	72

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Total amount of guaranteed bonuses	7,544,395.00
Sign-on awards made during the financial year:	
Number of employees	Nil
Total amount of sign-on awards	Nil
Severance payments during the financial year :	
Number of employee	Nil
Total amount of severance payment	Nil
Total amount of outstanding deferred remuneration (In cash)	Nil
Total amount of deferred remuneration paid out in the financial year	Nil
Breakdown of amount of remuneration awards for the financial year	Nil
Fixed and variable	
Variable pay	Nil
Deferred	Nil
Non-deferred	Nil



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National Bank Of Pakistan Bangladesh Branches Financial Highlights For the year ended 2020

SL.	Particulars	Amount in BDT	
		31-Dec-20	31-Dec-19
1	Paid up capital/capital fund	14,163,513,703	13,243,008,703
2	Total equity/capital	4,042,545,159	3,380,488,281
3	Total assets	33,547,136,668	32,672,760,181
4	Total deposits	17,132,293,226	17,298,851,826
5	Total loans and advances	14,075,914,977	14,115,332,789
6	Total contingent liabilities and commitments	12,755,838,319	12,001,237,808
7	Credit deposit ratio	82.16%	81.60%
8	Percentage of classified loans against total loans & advances	97.67%	97.70%
9	Profit after tax and provision	(205,243,572)	(664,781,528)
10	Total amount of classified loans & advances	13,748,311,425	13,790,624,601
11	Provision kept against classified loans & advances	7,379,819,083	7,397,336,098
12	Provision surplus/ (deficit) against classified loan	-	-
13	Cost of fund	7.05%	9.40%
14	Interest earning assets	28,981,014,004	27,857,681,605
15	Non-interest earning assets	4,586,122,664	4,815,078,576
16	Return on investment (ROI)	8.81%	8.30%
17	Return on assets(ROA)	-0.62%	-2.03%
18	Income from investment	1,243,983,732	1,124,673,900
19	Earning per share	Not Applicable	Not Applicable
20	Net income per share	Not Applicable	Not Applicable
21	Price earning ratio	Not Applicable	Not Applicable

