

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying Financial Statements of Agrani Bank Limited, which comprises the Balance Sheet as at December 31, 2008 and the Profit and Loss Account, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory notes thereto.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Bank Companies Act 1991 and relevant BRPD Circulars issued by Bangladesh Bank. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Financial Statements, prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and in the format prescribed by Bangladesh Bank vide BRPD Circular No. 14 dated 25 June 2003, give a true and fair view of the state of the Bank's affairs as at December 31, 2008 and of the results of its operations and of its cash flows for the year ended December 31, 2008 and comply with the applicable sections of the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations.

Capital Adequacy as required by Section 13(2) of the Bank Companies Act 1991 and BRPD Circular No. 05, dated 14 May 2007, has shown a shortfall of Tk 67.36 crore as at December 31, 2008 which was Tk 325.71 crore as at December 31, 2007 as detailed in Note - 13.4 to the Financial Statements.

We also report that:

- (a) 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;
- (b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;

- (c) the Bank's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts and returns;
- (d) the expenditure incurred was for the purposes of the Bank's business;
- (e) the financial position of the Bank as on December 31, 2008 and the profit for the year from January 01, 2008 to December 31, 2008 have been properly reflected in the Financial Statements and the Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP);
- (f) the Financial Statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the rules and regulations issued by Bangladesh Bank;
- (g) the Financial Statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (h) adequate provisions have been made for loans and advances and other assets which are, in our opinion, doubtful of recovery;
- (i) the records and statements submitted by the branches have been fairly maintained and consolidated in the Financial Statements;
- (j) the information and explanations required by us have been received and found satisfactory;
- (k) no benami and doubtful bank accounts came to our notice during the course of our audit;
- (l) foreign currency accounts have been converted by using mid rate;
- (m) 80% of the risk-weighted assets of the Bank have been audited; and
- (n) we have spent approximately 5000 man hours for the audit of books and accounts of the Bank.

A. Qasem & Co.
Chartered Accountants

Zoha Zaman Kabir Rashid & Co.
Chartered Accountants

Dated: March 30, 2009
Dhaka

Agrani Bank Limited
Balance Sheet
As at December 31, 2008

	Notes	2008 Taka	2007 Taka
<u>PROPERTY AND ASSETS</u>			
Cash:	03	8,663,286,977	8,584,441,263
Cash in Hand (including foreign currencies)		2,079,816,597	1,728,481,748
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		6,583,470,380	6,855,959,515
Balance with other banks and financial institutions:	04	1,457,506,665	3,360,727,185
In Bangladesh		1,033,964,077	1,111,786,077
Outside Bangladesh		423,542,588	2,248,941,108
Money at call and short notice:	05	820,000,000	1,110,000,000
Investments:	06	29,329,782,812	21,902,263,978
Government		27,110,078,580	19,714,838,500
Others		2,219,704,232	2,187,425,478
Loans and advances:	07	113,362,262,183	118,493,857,283
Loans, Cash Credit & Over Draft etc.		110,597,858,125	115,597,766,338
Bills Discounted and Purchased		2,764,404,058	2,896,090,945
Fixed assets including land, building, furniture and fixtures:	08	2,530,786,283	2,481,337,763
Other assets:	09	31,162,093,150	30,347,758,101
Non-banking assets:		-	-
Total assets		187,325,718,070	186,280,385,573
<u>LIABILITIES & CAPITAL</u>			
Liabilities:			
Borrowings from other banks, financial Institutions and agents	10	2,105,909,168	9,422,761,235
Deposit and other accounts:	11	146,814,621,768	135,921,381,916
Current deposits & other accounts		24,823,027,429	21,164,487,330
Bills payable		3,015,184,391	3,066,541,752
Savings bank deposits		64,855,561,211	60,011,825,052
Fixed deposits		54,120,848,737	51,678,527,782
Other liabilities:	12	31,985,974,022	37,593,533,139
Total liabilities		180,906,504,958	182,937,676,290
Capital/Shareholders' equity:			
Paid-up Capital	13	2,484,200,000	2,484,200,000
Reserve:		742,835,981	159,728,906
Statutory Reserve	14	737,835,981	159,728,906
General Reserve	15	5,000,000	-
Revaluation Reserve on investment in Govt. Securities (Annex-B.1)		425,278,208	
Retained surplus from profit and loss account	16	2,766,898,923	698,780,377
Total shareholders' equity		6,419,213,112	3,342,709,283
Total liabilities and shareholders' equity		187,325,718,070	186,280,385,573

Agrani Bank Limited
Off Balance Sheet Items
As at December 31, 2008

Contingent Liabilities:	<u>Notes</u>	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
Acceptances and Endorsements	17	46,164,500,358	67,961,485,412
Letters of Guarantee	17.a	1,117,077,122	1,050,604,255
Letters of Credit		20,434,338,854	42,568,362,821
Bills for Collection	17.b	11,376,898,986	11,069,872,267
Other Contingent Liabilities	17.c	2,156,830,396	2,132,659,069
Claims against the Bank not acknowledged as debt		11,079,355,000	11,139,987,000
Other commitments:		-	-
Documentary credit and short term trade-related transactions		-	-
Liability on account of outstanding forward exchange contract		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total Off-Balance Sheet Items		<u>46,164,500,358</u>	<u>67,961,485,412</u>

Agrani Bank Limited
Profit and Loss Account
For the year ended December 31, 2008

	2008	(May 17, '07 to Dec. 31 '07)
	<u>Taka</u>	<u>Taka</u>
Operating income		
Interest income	19 9,547,810,120	4,380,233,235
Interest paid on deposits, borrowings etc.	20 5,241,458,927	2,619,649,994
Net interest income	4,306,351,193	1,760,583,241
Investment income	21 1,845,034,527	949,921,751
Commission, exchange earnings and brokerage	22 3,147,798,727	1,424,781,198
Other operating income	23 440,083,191	328,922,154
Total operating income (A)	9,739,267,638	4,464,208,344
Operating expenses		
Salary and allowance	24 2,708,862,001	1,348,606,092
Rent, taxes, insurance, electricity etc.	25 248,066,548	122,771,951
Legal expenses	26 9,159,419	6,569,702
Postage, stamp, telecommunication etc.	27 77,952,539	38,368,267
Stationery, printing, advertisement etc.	28 90,517,575	45,346,073
Chief Executive's salary and fees	29 5,100,000	-
Directors' fees	30 1,376,590	549,040
Auditors' fees	841,000	2,013,680
Depreciation and repair of bank's assets	31 101,479,553	53,980,314
Sale from dealing with non banking assets	-	-
Other expenses	32 166,174,140	65,505,068
Total operating expenses (B)	3,409,529,365	1,683,710,187
Profit/(Loss) before amortization, provision & tax (C) = (A - B)	6,329,738,273	2,780,498,157
Amortization for Valuation Adjustment (D)	9.8 1,329,500,000	-
Profit/(Loss) before provision & tax (E) = (C - D)	5,000,238,273	2,780,498,157
Provision for loans and advances	33 1,851,216,000	1,618,001,212
Other provision	34 258,486,900	363,852,417
Total provision (F)	2,109,702,900	1,981,853,629
Net profit/(loss) before Tax (G) = (E-F)	2,890,535,373	798,644,528
Provision for tax		
Current tax	12.10 -	-
Deferred tax	9.6 244,309,752	(59,864,755)
	244,309,752	(59,864,755)
Net profit/(loss) after tax	2,646,225,621	858,509,283
Add. Retained surplus for the previous year	16 698,780,377	-
	3,345,005,998	858,509,283
Appropriation:		
Statutory Reserve	14 578,107,075	159,728,906
General Reserve	-	-
Retained surplus	2,766,898,923	698,780,377
Earnings Per Share (EPS)	13.3 106.52	34.56

Agrani Bank Limited
Cash Flow Statement
For the year ended December 31, 2008

	2008	(May 17, '2007 to Dec. 31 '2007)
Notes	Taka	Taka
A. Cash flows from operating activities		
Interest receipts in cash	11,230,859,797	5,023,538,840
Interest payments	(5,286,604,551)	(2,862,463,080)
Dividend receipts	4,826,097	3,730,156
Fees and commission receipts	1,254,631,298	497,497,986
Recovery of loans previously written off	71,665,570	71,645,564
Cash payment to employees	(2,709,451,362)	(1,340,968,179)
Cash payments to suppliers	(90,517,575)	(46,276,541)
Receipts from other operating activities	376,643,299	364,288,529
Payments for other operating activities	(540,218,140)	(253,534,603)
Operating profit/(loss) before changing in operating assets and liabilities	37 4,311,834,433	1,457,458,672
(Increase)/decrease in operating assets		
Treasury bills	(2,475,472,600)	6,394,910,242
Repo	1,150,000,000	2,100,000,000
Fund advanced to customers	5,131,595,100	(13,872,630,825)
Other assets	(2,313,506,563)	(2,692,518,912)
	1,492,615,937	(8,070,239,495)
Increase/(decrease) in operating liabilities		
Deposit from customers	10,893,239,852	(142,623,775)
Other liabilities	(7,251,669,651)	1,382,964,482
	3,641,570,201	1,240,340,707
Net cash from operating activities (A)	9,446,020,571	(5,372,440,116)
B. Cash flows from investing activities		
Other bond	(6,065,532,380)	(2,852,356,000)
Debenture	40,000,000	15,000,001
Purchase of securities	(72,278,754)	(24,000)
Purchase/ sales of properties, plant & equipment	(103,812,315)	(21,735,908)
Proceeds from sale of properties, plant & equipment	54,363,795	-
Net cash from investing activities (B)	(6,147,259,654)	(2,859,115,907)
C. Cash flows from financing activities		
Payment of long term borrowings	(1,118,778,229)	(408,743,828)
Receipt from other borrowings	(6,198,073,838)	6,845,845,817
Net cash from financing activities (C)	(7,316,852,067)	6,437,101,989
Net increase in cash and cash equivalents (A+B+C)	(4,018,091,150)	(1,794,454,034)
Effect of exchange rate change on cash and cash equivalent	1,907,951,444	879,862,062
Cash and cash equivalents at the beginning of the year	13,063,987,948	13,978,579,920
Cash and cash equivalents at the end of the year	38 10,953,848,242	13,063,987,948

Agrani Bank Limited
Statement of Changes in Equity
As at December 31, 2008

Particulars	Paid up Capital	Revaluation Reserve on Government Securities	Statutory Reserve	General Reserve	Profit and Loss Account	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 01, January 2008	2,484,200,000	-	159,728,906	-	698,780,377	3,342,709,283
Changes in accounting policy	-	-	-	5,000,000	-	5,000,000
Restated balance	2,484,200,000	-	159,728,906	5,000,000	698,780,377	3,347,709,283
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-
Surplus on account of revaluation of investments in Government Securities:	-	-	-	-	-	-
Held to Maturity		107,266,472				107,266,472
Held for Trading		318,011,736				318,011,736
Currency transaction differences	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-	-
Net profit for the year	-	-	-	-	2,646,225,621	2,646,225,621
Statutory Reserve	-	-	578,107,075	-	(578,107,075)	-
Balance as at December 31, 2008	2,484,200,000	425,278,208	737,835,981	5,000,000	2,766,898,923	6,419,213,112

	Up to 01 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets:						
Cash in hand	8,663,286,977	-	-	-	-	8,663,286,977
Balance with other banks and financial institutions	423,542,588	320,000,000	630,000,000	-	83,964,077	1,457,506,665
Money at call and short notice	820,000,000	-	-	-	-	820,000,000
Investment	292,758,813	7,012,087,760	6,138,259,189	6,690,500,426	9,196,176,624	29,329,782,812
Loans and advances	5,978,312,869	8,967,753,739	28,765,935,323	16,888,800,584	52,761,459,668	113,362,262,183
Fixed assets including land, furniture and fixtures	-	-	-	-	2,530,786,283	2,530,786,283
Other assets	1,172,035,280	1,398,760,131	1,982,570,324	962,256,140	25,646,471,275	31,162,093,150
Non-banking assets	-	-	-	-	-	-
Total Assets	17,349,936,527	17,698,601,630	37,516,764,836	24,541,557,150	90,218,857,927	187,325,718,070
Liabilities:						
Borrowing from Bangladesh Bank, Other banks, financial institutions and agents	1,286,036,802	-	2,482,464	2,110,832	815,279,070	2,105,909,168
Deposits	44,701,524,711	12,667,497,587	70,578,696,961	12,543,961,564	6,322,940,945	146,814,621,768
Other Accounts						
Provision and other liabilities	1,886,516,030	4,014,844,244	5,968,616,837	8,234,353,380	11,881,643,531	31,985,974,022
Total Liabilities	47,874,077,543	16,682,341,831	76,549,796,262	20,780,425,776	19,019,863,546	180,906,504,958
Net Liquidity Gap	(30,524,141,016)	1,016,259,799	(39,033,031,426)	3,761,131,374	71,198,994,381	6,419,213,112

Net result of the Liquidity Statement represents the Shareholders' Equity of the Bank.

Traditionally, most clients prefer entering into saving deposit contracts, which are repayable on demand, but these are usually rolled over for the next periods repeatedly. As a result, savings deposits particularly are long-term deposits and relatively stable source of funds for the Bank.

AGRANI BANK LIMITED
Notes to the Financial Statements
As at and for the year ended December 31, 2008

1. BACKGROUND INFORMATION

1.1 Establishment and status of the Bank:

Agrani Bank Limited (the Bank) has been incorporated as a Public Limited Company on May 17, 2007 vide Certificate of Incorporation No. E 66888(4380)/07. The Bank has taken over the business of Agrani Bank (emerged as a Nationalized Commercial Bank in 1972, pursuant to Bangladesh Bank (Nationalization) order no. 1972 (P.O. NO.-26 of 1972) on a going concern basis through a Vendor Agreement signed between the Ministry of Finance of the People's Republic of Bangladesh on behalf of Agrani Bank and the Board of Directors on behalf of Agrani Bank Limited on November 15, 2007 with a retrospective effect from July 01, 2007. The Bank's current shareholdings comprise Government of the People's Republic of Bangladesh and other 10 (Ten) shareholders nominated by the Government. The Bank has 867 branches as on December 31, 2008 (with no overseas branch). The Bank, however, has two wholly-owned subsidiary Companies named Agrani Exchange House (Pvt.) Ltd. in Singapore and Agrani Remittance House SDN, BHD in Malaysia.

1.2 Nature of business:

The principal activities of the Bank are providing all kinds of commercial banking services to its customers and the principal activities of its subsidiaries are to carry on the remittance business and to undertake and participate in any or all transactions, and operations commonly carried or undertaken by remittance and exchange houses.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Scope and objective:

The accounting policy comprises principles and basic assumptions, concepts, rules, practices, and procedures adopted by the Management for reporting the activities of the Bank and financial statements preparation and presentation. The purpose of accounting policy is to provide the necessary organizational and methodological directions in carrying the accounting activity of the Bank.

2.2 Basis of preparation of Financial Statements:

These Financial Statements have been prepared as at December 31, 2008 in accordance with the "First Schedule" of the Bank Companies Act 1991 as amended under sub-section 38 (4) of that Act, Bangladesh Bank's Circulars, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and other rules and regulations applicable in Bangladesh on a going concern basis under historical cost convention.

2.2.1 Accounting period:

The financial period of the Bank covers one year from January 01, 2008 to December 31, 2008.

2.3 Investments:

2.3.1 Government securities:

a) Held to Maturity

Investments which have 'fixed or determinable payments' and are intended to be 'Held to Maturity' are classified as held to maturity.

b) Held for Trading

Investment classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or if designated as such by the management.

c) Revaluation

As per the DOS Circular letter no.-05, dated 26 May 2008, HFT securities are revaluated on weekly basis and HTM securities are amortized on yearly basis. The HTM securities are also revalued if they are reclassified to HFT category with the Board's approval. Any gain or loss on revaluation of HTM securities is recognised in the statement of changes in equity. Gain/(loss) on revaluation of HFT securities is recognised in the profit and loss account on weekly basis and gain on revaluation is transferred to statement of changes in equity on monthly basis.

Value of investments has been shown as under

Government Treasury Bills and Bonds (HTM) at present value (using amortisation concept)
Government Treasury Bills and Bonds (HFT) at present value (using marking to market concept)

2.3.2 Quoted and unquoted shares:

Investments in quoted shares have been shown at cost being lower than market value. Details are shown in annex-B.3 (1).

Provision has been made for diminution in value of unquoted shares. Details are shown in annex-B.3 (11).

2.3.3 Investment and related income:

- (a) Income on investments other than investment in shares is accounted for on accrual basis
- (b) Dividend income on investment in shares is accounted for in the year of receipt of such dividend.
- (c) Investments with no realistic prospect of recovery have been written off against full provision without affecting the claim amount of the Bank. Notional balances against the written off investments have been kept to maintain the detailed memorandum records for written off accounts.

2.4 Loans and advances:

2.4.1 Interest on loans and advance

- I. Interest is calculated on unclassified loans and advances and recognized as income during the year.
- II. Interest calculated on classified loans and advances as per Bangladesh Bank Circulars are kept in interest suspense account and credited to income on realization.
- III. Interest is calculated on a daily product basis but debited to the party's loan account quarterly. No interest is charged on loans and advances which are classified as bad and loss.
- IV. Total balance of loans and advances as on December 31, 2008 includes bad/loss loan Tk 22,723.60 million on which the Bank did not accrue any interest because of deterioration of quality of loans and advances determined by the management and on the basis of instructions contained in Bangladesh Bank Circulars as mentioned in Note-2.4.2 of this financial statements.
- V. Interest suspense and penal interest, if any, calculated on classified loans and advances are taken into income in the year of its receipt from the defaulting borrowers.

2.4.2 Provision for loans and advances

Provision for loans and advances has been made on the basis of instructions contained in Bangladesh Bank BRPD Circular no.05 dated June 05, 2006 in relation with BCD Circular no.34 dated 16 November 1989, BCD Circular no. 20 dated 27 December 1994, 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. 09 dated 20 August 2005 and BRPD Circular no. 17 dated 06 December 2005.

2.4.3 Interest and discount income

Interest on loans and advances and investment and discount income are stated at gross amount as per requirement of BRPD Circular no 14 dated 25 June 2003.

2.4.4 Written off loans and advances

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

2.4.5 Presentation of advances

- i) Advances are shown at gross amount as assets while interest suspense and loan loss provision against classified advances are shown as liabilities in the Balance Sheet as per BRPD Circular no. 14, dated 25 June 2003.
- ii) Staff loan of Tk 9,610.67 million allowed at concessional rate as approved by the authority are shown under advances as per BRPD Circular no. 14, dated 25 June 2003.

2.5 Fixed assets and depreciation:

- a) Fixed assets are stated at cost of acquisition less accumulated depreciation.
- b) Depreciation is charged on straight-line method on all fixed assets at the following rates per annum:

Land	Nil
Building	2.50%
Furniture and Fixture	10.00%
Library Books	10.00%
Motor Vehicles	20.00%
Office Equipment	20.00%
Electric Materials	20.00%
Computer and Computer accessories	20.00%

- c) Depreciation at the applicable rates is charged proportionately on additions made during the year from the month of their acquisition if such assets are acquired in the first half of the month. Depreciation is charged on assets retiring during the year for the period up to the end of the month of their retirement if assets are retiring in the second half of the month.
- d) Upon retirement of items of fixed assets the cost and accumulated depreciation are eliminated from the accounts and the resulting gains or losses, if any, are transferred to Profit and Loss Account.
- e) Repairs and maintenance costs of fixed assets are charged to Profit and Loss Account when incurred.

2.6 Other assets:

2.6.1 Provision for other assets

Other assets have been classified as per BRPD Circular No. 14 dated June 25, 2001 of Bangladesh Bank and necessary provisions made thereon accordingly and for items not covered under the circular adequate provisions have been made considering their realisability.

2.6.2 Write off of other assets

Other assets having no realistic prospect of recovery have been written off against full provision without reducing the claim amount of the Bank. Notional balances against other assets written off have been kept to maintain the detailed memorandum records for such accounts/assets.

2.7 Reconciliation of inter branch transactions:

Inter branch transactions are reconciled on a regular basis and balance of unreconciled entries at the closing date is accounted for according to its nature. Detailed reconciliation position is shown in Note-9.7.a to the financial statements.

2.8 Assets pledged as security:

The Bank has no secured liabilities except as mentioned in Note-10.2 to the financial statements and there was no asset pledged as security against liabilities.

2.9 Foreign currency translation:

Assets and liabilities denominated in foreign currencies are translated into Taka currency at the rates of exchange ruling at the year end and those in pre-liberation Pakistani currency have been translated at Tk 1 = Pak Rupee 1

Transactions in foreign currencies other than assets and liabilities are translated into Taka currency at the rates of exchange prevailing on the date of such transactions and resulting gains or losses are credited or charged to Profit and Loss Account.

2.10 Items treated as income:

Items have been treated as income when there exist no risk or uncertainty regarding its realisability.

2.11 Fees and commissions:

Fees and commissions consist mainly of fees for payment transactions in BDT and in foreign currencies, opening of letters of credit and issuance of guarantees. Fees and commissions are charged when falling due. Commissions arising from foreign currency transactions are reported as income.

2.12 Interest paid and expenses:

In terms of the provision of the International Accounting Standard (IAS-1) Presentation of Financial Statements, the interests and other expenses are recognized on accrual basis.

2.13 Retirement benefit scheme:

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

a) Contributory provident fund (CPF) scheme

- (i) Employees' contribution 10%
- (ii) Bank's contribution 10%
- (iii) This fund is operated by a Board comprising of 4 Trustees
- (iv) Gratuity: Employees enjoying contributory provident fund facilities are entitled to get gratuity for 2 months last basic pay drawn for each completed year of services subject to completion of minimum 10 years of services.

b) General pension fund scheme

i) Pension

The Bank operates a pension scheme. This fund is operated by a Board comprising of 6 Trustees.

ii) Annual provision

Year	% of basic pay
Up to 2001	15%
2004	25%
2005	30%
2006	35% (Actuarial valuation has been performed and necessary provision are being maintained in the accounts as per valuation)
2007 & 2008	30% (Necessary provisions are being maintained in the accounts)

This has been named as Superannuation Fund (SAF) created for paying pension to retiring employees.

iii) General provident fund (GPF)

Employees opted for pensions are also contributing 10%-30% of basic salary as per their desire to GPF. The Bank does not contribute any amount against these employees to the GPF. The Fund is shown under Sundry Deposit.

2.14 Death relief grant scheme:

The Bank operates a Death Relief Grant Scheme since January 01, 1989, which replaced the group insurance scheme. The scheme is applicable to all employees of the Bank and payments out of this fund are made to the successors of the employees on their death while in Bank's service and quantum of payment is determined as per scale and grade of such employees.

2.15 Taxation:

- i. Past tax liability of Agrani Bank: Income Tax assessment has been finalized up to 2002 and appeal pending for the year 2003, 2004 & 2005. Income Tax assessment for the year 2006 and 2007 is under process.
- ii. Current tax: No provision for current income tax has been provided in the accounts considering past losses assessed by the DCT (LTU - Dhaka). Details of Tax assessment is shown annex- E.
- iii. Deferred tax: As per Bangladesh Accounting Standard-12 deferred tax has been calculated. Calculation shows deferred tax assets of Tk 2,681,434,240 (Note - 9.6), which has been accounted for accordingly as against previous year's figure of Tk 2,925,743,991. Difference amount of Tk 244,309,752 has been debited to the Profit & Loss Account.

2.16 Liquidity statement:

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

2.17 Offsetting of asset and liability:

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

2.18 Post balance sheet events:

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

2.19 Segment reporting:

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

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

a) Geographical location wise segments report

Figure in million (Tk)

Particulars	For the year ended December 31, 2008						
	Branches of the banking entity and operations in line with geographical segments						
	Dhaka	Chittagong	Khulna	Rajshahi	Sylhet	Barisal	Total
No of Branches	262	174	128	196	58	49	867
Interest income on loans & advances	6,748.60	1,181.90	612.10	755.70	80.70	168.90	9,547.90
Interest on Branch A/C (Net)	(2,037.30)	809.40	159.90	317.80	617.60	132.60	-
Interest paid on deposits & borrowings	(2,897.00)	(977.00)	(352.40)	(462.30)	(403.40)	(149.30)	(5,241.40)
Net interest income	1,814.30	1,014.30	419.60	611.20	294.90	152.20	4,306.50
Investment income	1,845.00	-	-	-	-	-	1,845.00
Commission, exchange & brokerage	2,747.60	176.70	60.60	135.10	13.90	13.90	3,147.80
Other operating income	244.10	63.00	49.50	55.30	13.60	14.50	440.00
Total operating income	6,651.00	1,254.00	529.70	801.60	322.40	180.60	9,739.30
Allocated expenses	1,799.96	457.70	359.30	546.70	116.00	129.90	3,409.56
Operating profit (loss)	4,851.04	796.30	170.40	254.90	206.40	50.70	6,329.74
Operating profit (loss) as % of total operating profit of the Bank	77%	13%	3%	4%	3%	1%	100%

b) Segment report by nature of operation

Figure in million (Tk)

Nature of operation	December 31, 2008	
	Amount	In %
Operating profit from banking operation	4,382.80	69%
Operating profit from treasury operation	1,946.94	31%
Total operating profit	6,329.74	100%

2.20 Risk management:

The risks of Agrani Bank Limited have been defined as the possibility of losses, financial or otherwise. The Risk Management of the Bank covers 5 (five) Core Risk Areas of banking i.e. Credit Risk Management, Foreign Exchange Risk Management, Asset Liability Management, Prevention of Money Laundering and establishment of Internal Control and Compliance. 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. In this context, the Bank has implemented various steps as per the guidelines of Bangladesh Bank.

2.20.1 Credit risk management

Credit Risk is one of the prime risks of the Bank. It indicates the potential loss arising from contractual failure of the borrower with the Bank. The failure may be resulted from unwillingness of the borrower or due to decline of the financial conditions. Therefore, Bank's Credit Risk Management activities have been designed to address all these issues.

On the basis of Bangladesh Bank's Credit Risk Management (CRM) policies, Agrani Bank Limited has formulated a Manual of Credit Risk Management Policies which has been approved by Bank's Board of Directors, already in force. These help to bring the credit operation of the Bank to the level of international standard.

The organizational structure of Bank's Head Office has been designed in line with CRM guidelines. The duties of the officers/executives, working in credit areas, have been segregated for smooth functioning. Credit approval, administration, monitoring and recovery function have been segregated and functioning accordingly. Credit Risk Management activities ensure maintaining asset quality, assessing risks in lending to particular customer, sanctioning credit, formulating policy/strategy for lending operation, etc.

A thorough due diligence is done before sanction of any credit facility as per Credit Risk Management Policy. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security against credit facility, etc. The assessment process is initiated at Branch/Credit Division which is placed before the Credit Committee (CRE-COM)/Board for approval/decline.

In determining single borrower/large loan limit, the instructions of Bangladesh Bank are strictly followed. Internal Audit is conducted at periodical interval to ensure compliance of the policies of the Bank and Regulatory bodies.

2.20.2 Foreign exchange risk management

The risk of foreign exchange transactions have been streamlined to earn a potential gain through the Treasury Department. i.e. Fund Management Division which is run by a group of structured manpower. Although the global economic scenario was very much alarming because of the crises in all economic phenomena, still the Bank has faced it prudently leading to higher profit compared with the previous record

of the Bank. It has become possible by Treasury Department through optimum use of open position limit fixed by Bangladesh Bank with a view to generating maximum revenue.

There is active participation in inter-bank foreign exchange market. The foreign exchange risk of the Bank is minimal as majority of the transactions are carried out on behalf of the customer's requirement for various trade finance and remittance activities. The Bank did not conduct any speculative deal in foreign currency for the year. To minimize any potential loss arising from currency fluctuation, the Bank does conduct cross currency activities to consolidate its currency position into a single foreign currency by converting its inflow of various currencies due to customer's export activities and remittances from abroad.

In compliance with the Bangladesh Bank Guidelines, Agrani Bank Limited has prepared Foreign Exchange Risk Management Manual covering the Foreign Exchange Risk and Policy related with Foreign Exchange dealings. As per terms and conditions of the Manual Treasury Front Office, Back Office and Mid Office have been established under separate management.

To facilitate the treasury functions individual limit for the dealers and dealing room limit including Stop Loss limit, Trigger limit and Counter Party limit have been fixed up and therefore there is no scope to take any excessive risk by any dealer. To keep the deal very much transparent and to avoid the future dispute a Voice Recorder has been set-up in the dealing room. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customer against L/C commitment and other outward remittances. No dealing on Bank's account was conducted during the year.

To support the activities of Treasury Department, an independent Treasury Back Office is functioning through an independent organizational chain. The personnel working under Back Office are very much well equipped to settle and reconcile the day to day deal transactions. Back Office is responsible for verification of the deals and passing of entries in the books of accounts. All Nostro accounts are reconciled on fortnightly basis and the management for its settlement reviews outstanding entry beyond 15 days.

2.20.3 Asset liability management

Asset and Liability Management is one of key essentials of managing a Bank's balance sheet efficiently. In line with the ongoing reform and modernization program, Agrani Bank Limited has retooled its ALM to deliver modern, dynamic, vibrant & futuristic process through the adaptation of international best recognized practice.

Considering all risk factors Agrani Bank Limited has established an effective ALM process for assessing, analyzing and reviewing various kinds of risk exposures arising from the composition and dynamics of the balance sheet. Asset Liability Committee (ALCOM) of the Bank regularly reviewing these risk exposures and advised for both the opportunities and threats to its liquidity and balance sheet positions as well as positions of maturing assets and liquidity contingency plan. The Bank maintained its liquidity at satisfactory level to meet the requirements of all types of customers.

At present the markets are fraught with various kinds of risk around the corner. Each element of risk is segmented, fragmented and quantified before it is loaded in the balance sheet of the Bank. A clear balance sheet management strategy is articulated to senior management from the beginning of the year so that they are fully aware of the ALM strategies.

2.20.4 Prevention of money laundering

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks the Bank has a designated Chief Compliance Officer at Head Office and compliance officers at branches, who independently review the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been established. Meticulous records of 'Know Your Customer (KYC)' & Transaction Profile (TP) are being maintained. Cash Transaction Report (CTR) & 'Suspicious Transaction Report (STR)' if any observed are sent to competent authority in strict adherence to Central Bank directives. Training has been continuously given to the category of officers and executives for developing awareness and skills for

identifying suspicious activities.

2.20.5 Internal control and compliance

Operational loss may arise from error and fraud due to lack of internal control and compliance. Management, through Internal Control and Compliance Division, controls operational procedure of the Bank. According to the Bangladesh Bank guidelines, Agrani Bank Ltd. has introduced three Units under Internal Control and Compliance (ICC). The three units are: Compliance, Monitoring and Audit and Inspection. The Monitoring unit is named as Audit Implementation Division. Internal Audit and Inspection Division undertakes periodical and special audit of the branches and Division at Head Office for review of operational effectiveness and internal/external compliance requirements. The Board Audit Committee subsequently reviews the very serious lapses (VSLs) identified by Audit and Inspection Division.

2.21 Related party transactions:

During the year the Bank has some transactions with the Government (owner of the Bank) in respect of banking business like loans and advances, guarantees and commitments as mentioned below:

Related party relationship disclosure during the year 2008 (IAS-24 Related Party Disclosure)				
Sl. no.	Name of Related Party	Related Party Relationship	Transaction Amount TK.	Nature
1	Government (Note-17.a)	Owner	52,906,071	Letter of Guarantee
2	Government (Note-6)	Owner	27,110,078,580	Government Securities
3	Government (Note-9)	Owner	5,933,319,347	Advance Income Tax
4	Ministry of Food and other Ministry (Note-7.3.b)	Owner	990,800,000	Loans and Advances
5	State Owned Enterprises (Annex- A)	Enterprises Owned by Government	3,093,700,000	Guarantees for Loans and Advances (Funded and Non-Funded) to State Owned Enterprises
6	Government (Note-11.d)	Owner	7,201,503,000	Deposit (CD, SB, FDR, STD and special purpose deposit)
7	Agrani Exchange House Pvt. Ltd., Singapore	Subsidiary Company	6,457,000	Investment in subsidiary company
8	Agrani Remittance House SDN.BHD, Malaysia	Subsidiary Company	8,967,168	Investment in subsidiary company

2.22 (a) Particulars of Directors and their interest in the Bank

Name and address	Status	Date of original appointment	No. of shares held in the Bank
1	2	3	4
Mr. Siddiquir Rahman Choudhury Former Secretary, Ministry of Finance Government of the Peoples Republic of Bangladesh, Bangladesh Secretariat, Dhaka	Chairman	23.04.2007	01
Mr. Ranjit Kumar Chakraborty, Joint Secretary, Finance Division, Ministry of Finance & Project Director , FMRP, BTMC Bhaban (6 th Floor) Kawran Bazar, Dhaka	Director	13.12.2006	01
Air Commodore Syed Imtiaz Hussain, ndu, psc, Armed Forces Division Dhaka Cantonment, Dhaka.	Director	26.02.2007	01
Captain Jamilur Rahman Khan (Retd.) Former Joint Secretary, Government of the Peoples Republic of Bangladesh, Bangladesh Secretariat,Dhaka	Director	13.05.2007	01
Mr. Md. Aftab Uddin Khan Former Additional Secretary, Cabinet Division, Government of the People's Republic of Bangladesh	Director	10.05.2007	01
Mr. Muhammed Farhad Hussain, FCA Senior Partner Hussain Farhad & Co. Chartered Accountants Former President The Institute of Chartered Accountants of Bangladesh.	Director	30.01.2008	01
Mr. Syed Abdul Muqtadir Senior Advisor United Airways (BD) Limited	Director	21.08.2008	01
Dr. Nazma Begum Professor Economics Department, University of Dhaka.	Director	21.08.2008	01
Mr. Mahbubur Rahman President International Chamber of Commerce Bangladesh	Director	21.08.2008	01
Mr. Sheikh Abdul Hafiz, FCA Senior Partner Rahman Rahman Huq Chartered Accountants	Director	31.08.2008	01
Mr. Syed Abu Naser Bukhtear Ahmed Agrani Bank Limited, Head Office, Dhaka.	CEO & Managing Director	13.04.2008	N/A

2.22 (b) Name of the Directors and their interest in different entities(31-12-2008)

Name of the Directors	Designation with ABL	Entities where they have interest	Position with the Entities
1	2	3	4
Mr. Siddiqur Rahman Choudhury	Chairman	N/A	N/A
Mr. Ranjit Kumar Chakraborty	Director	N/A	N/A
Air Commodore Syed Imtiaz Hussain	Director	N/A	N/A
Captain Jamilur Rahman Khan(Retd)	Director	N/A	N/A
Mr. Md. Aftab Uddin Khan	Director	N/A	N/A
Mr. Muhammed Farhad Hussain,FCA	Director	Hussain Farhad & Co. Chartered Accountants Bay Asset Management Ltd. Mediatech Ltd. WASA	Senior Partner Director Do Do
Mr. Syed Abdul Muqtadir	Director	N/A	N/A
Dr. Nazma Begum	Director	N/A	N/A
Mr. Mahbubur Rahman	Director	ETBL Holdings Limited Eastern Trading (Bangladesh) Ltd. ETBL Development Construction Ltd. ETBL Securities & Exchange Ltd. National Tyre & Rubber Industries Ltd. Century Cold Storage Ltd. Eastland Insurance Co. Ltd. International Publication Ltd. The Financial Express Bangladesh International Arbitration Center (BIAC) Biman Bangladesh Airlines Ltd. Dhaka Stock Exchange Ltd. UNESCAP Business Advisory Council , Bangkok ICC World Council , Paris Institute of Business Administration (IBA) University of Dhaka Bangladesh Open University (BOU) Radda MCH-FP Centre	Chairman Chairman & CEO Do Do Do Do Do Chairman Do Owner & Chairman Chairman Director Member, Board Of Governors/ Council Do Do Do Do
Mr. Sheikh Abdul Hafiz , FCA	Director	Rahman Rahman Huq Chartered Accountants	Senior Partner
Mr. Syed Abu Naser Bukhtear Ahmed Agrani Bank Ltd., Head Office, Dhaka	CEO/ Managing Director	N/A	N/A

2.23 Audit Committee (31-12-2008)

Name	Status with the Bank	Status with the Committee	Address	
			Present	Residence
Mr. Ranjit Kumar Chakraborty	Director	Chairman	Joint Secretary, Finance Division, Ministry of Finance & Project Director, FMRP, BTMC Bhaban (6 th Floor) Kawran Bazar, Dhaka.	B-19/E-5 (Swaranika) Easkaton Garden Govt. Officer's Quarters Dhaka.
Mr. Muhammed Farhad Hussain, FCA	Director	Member	Senior Partner Hussain Farhad & Co. Chartered Accountants	House # 15, Road # 12 Block # F, Niketon Gulshan-1, Dhaka.
Mr. Sheikh Abdul Hafiz, FCA	Director	Member	Senior Partner Rahman Rahman Huq Chartered Accountants 9, Mohakhali C/A (11th floor), Dhaka-1212. House # 29/A, Road # 5 Dhanmondi R/A, Dhaka-1205.	House # 29/A, Road # 5 Dhanmondi R/A, Dhaka-1205.

Important decisions were taken by the Audit Committee in 04 (four) meetings held during the reporting year 2008. In those meetings emphasis were given on the following issues:

- The committee recommended a criterion to appoint external auditors to conduct the audit on Annual Financial Statements.
- The committee was informed about the objections raised by the Commercial Audit, Bangladesh Bank Inspection Team, External Audit and Internal Audit Team and thus the committee advised the management to take effective measures to settle those irregularities soon.
- The committee was also informed about the steps taken for implementation of the detailed inquiry report as on 30-09-2007 made by Bangladesh Bank Inspection Team on our Head Office and 250 branches.
- The committee advised the management for submitting report to the Audit Committee regarding irregularities, forgeries etc.

Moreover, at the end session of 2008 the committee reviewed the implementation progress of Audit Plan-2008 and also looked into the proposed Audit Plan for 2009. The committee advised the Management to include the following aspects in the annual Audit Plan:

- To bring all branches, divisions and other offices under the audit programme.
- To chalk out a plan for completion of audit of all branches within 2(two) years.
- To provide emphasis on issue-based audit programme.
- To keep scope in Audit Plan for selection of branches, divisions and other offices on random basis.
- To re-audit at least 10% of the branches this year those were audited last year and start the first audit by a branch that was audited last year.
- Not to prepare a list of branches/divisions/offices for audit prior to beginning the audit so that the parties are not aware of the timing of the audit.
- To include criteria for selection of branches for auditing, determine required man days for audit and also basis for man day's calculation.
- To include auditing of all pledge godowns in the yearly Audit Plan.

2.24 General:

- Figures have been rounded off to the nearest taka.
- Prior period's figures have been shown for comparison purposes and rearranged wherever necessary to conform to current year's presentation.

December 31, 2008

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3 CASH	
3.1 Cash in Hand:	
Local Currency	1,996,332,077
Foreign Currencies	83,484,520
	<u>2,079,816,597</u>
3.2 Balance with Bangladesh Bank and its agent bank:	
Bangladesh Bank (Note-3.2.1)	6,191,138,782
Sonali Bank Limited as agent of Bangladesh Bank (Note 3.2.2)	392,331,598
	<u>6,583,470,380</u>
Total (Note 3.1+3.2)	<u><u>8,663,286,977</u></u>
3.2.1 Balance with Bangladesh Bank	
Local Currency	6,086,809,700
Foreign Currencies	104,329,082
	<u>6,191,138,782</u>
3.2.2 Balance with Sonali Bank Limited	
Local Currency	392,331,598
Foreign Currencies	-
	<u>392,331,598</u>
3.3 Cash Reserve Ratio and Statutory Liquidity Ratio:	
Cash Reserve Ratio and Statutory Liquidity Ratio have been calculated and maintained as per Section 33 of the Bank Companies Act 1991 and BRPD Circular No (P)683/2005-2996 dated 25-08-05.	
As per BRPD Circular No.12 dated 25th August, 2005 the amount of CRR required to be maintained @ 5% of average demand and time liabilities daily on bi-weekly average basis subject to the condition that the amount of CRR so maintained should not be less than @ 4% in any day.	
3.3.1 Minimum Reserve Required @ 4% of Average Demand and Time Liabilities	5,463,040,000
Actual Reserve held with Bangladesh Bank (31-12-2008)	6,902,757,000
Surplus/(deficit)	<u>1,439,717,000</u>
3.3.1.a Cash Reserve Ratio (CRR)	
Required Reserve @ 5% of Average Demand and Time Liabilities	6,828,800,000
Actual Reserve held with Bangladesh Bank (on average for last bi-weekly of December)	6,902,757,000
Surplus/(deficit)	<u>73,957,000</u>
3.3.2 Statutory Liquidity Ratio (SLR)	5,463,040,000
Required Reserve @ 13% of Average Demand and Time Liabilities	17,755,000,000
Actual Reserve held	29,512,000,000
Surplus/(deficit)	<u>11,757,000,000</u>
Total Surplus/(deficit) [3.3.1+3.3.2]	<u><u>11,830,957,000</u></u>
4 BALANCE WITH OTHER BANKS & FINANCIAL INSTITUTIONS	
In Bangladesh (Note-4.1)	1,033,964,077
Outside Bangladesh (NOSTRO Accounts: Debit balance -Annex C)	423,542,588
	<u><u>1,457,506,665</u></u>
4.1 In Bangladesh:	
a) Local Currency Bank	
Non Interest bearing deposit with ICB Islamic Bank Limited (Former The Oriental Bank Ltd.)	83,464,077
Commercial Bank of Ceylon (Indosuez)	500,000
First Security Bank Ltd.	-
	<u><u>83,964,077</u></u>

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Other Financial Institutions

Prime Finance and Investment Limited	100,000,000
Industrial Promotion & Development Company of Bangladesh Limited	100,000,000
Phoenix Leasing Company Limited	50,000,000
Bay Leasing & Investment Limited	30,000,000
International Leasing and Financing Service Limited (ILFS)	50,000,000
IDLC Finance Limited	200,000,000
Lanka Bangla Limited (Vanik Bangladesh Limited)	50,000,000
Bangladesh Financial Investment Company Limited (BFIC)	20,000,000
Industrial & Infrastructure Development Finance Co. Limited(IIDFC)	20,000,000
Peoples Leasing and Finance & Investment Limited	100,000,000
Far east Finance & Investment Limited	30,000,000
GSP Finance Company Bangladesh Limited	70,000,000
Uttara Finance & Investment Limited	50,000,000
Bangladesh Industrial Finance Company Limited	30,000,000
Union Capital	30,000,000
First Lease Int. Limited	20,000,000

950,000,000

1,033,964,077

b) Foreign currencies

-

1,033,964,077

4.2 Balance With Other Banks and Financial Institutions (Account wise):

Current & Other Accounts	423,542,588
Fixed Deposit Receipts (FDR)	1,033,964,077
	<u>1,457,506,665</u>

4.3 Maturity grouping of balances:

On demand	423,542,588
Less than three months	320,000,000
More than three months but less than one year	630,000,000
More than one year but less than five years	-
More than five years	83,964,077
	<u>1,457,506,665</u>

5 MONEY AT CALL AND SHORT NOTICE

Commercial Banks (Note 5.1)	820,000,000
	<u>820,000,000</u>

5.1 Commercial Banks:

Bank Asia Limited	150,000,000
Eastern Bank Limited	-
Standard Chartered Bank	-
BRAC Bank Limited	100,000,000
City Bank Limited	50,000,000
Mercantile Bank Limited	250,000,000
Habib Bank Limited	20,000,000
AB Bank Limited	100,000,000
IFIC Bank Limited	-
Jamuna Bank Limited	-
NCC Bank Limited	100,000,000
Mutual Trust Bank Limited	-
State Bank of India	-
The Trust Bank Limited	50,000,000
	<u>820,000,000</u>

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6 INVESTMENTS

Government Securities:	
Treasury Bills (mark to market) (annex-B)	10,245,693,600
Treasury and Other Bonds (annex B.1)	16,851,330,380
Prize Bonds (at cost)	13,054,600
	<u>27,110,078,580</u>
Inter Bank REPO	-
	<u>27,110,078,580</u>
Other Investments:	
Shares at cost [Annex-B3(i),B.3(ii)]	279,704,213
Debenture (at cost) [Annex - B.2]	1,940,000,019
Gold	-
	<u>2,219,704,232</u>
	<u>29,329,782,812</u>

6.1 Maturity Grouping of Investments:

On demand	292,758,813
Less than three months	7,012,087,760
More than three months but less than one year	6,138,259,189
More than one year but less than five years	6,690,500,426
More than five years	9,196,176,624
	<u>29,329,782,812</u>

6.2 Value of Investments:

Treasury Bills: (Annex - B)

Treasury Bills (28 Days)	-
Treasury Bills (91 Days)	3,572,964,022
Treasury Bills (182 Days)	1,821,468,135
Treasury Bills (1 year)	4,851,261,443
Inter Bank Repo	-
Total Treasury Bills:	<u>10,245,693,600</u>

Treasury Bonds (Annex - B.1)	13,773,965,380
Other Bonds (Annex - B.1)	3,077,365,000
Prize Bonds	13,054,600
Debentures (Annex - B.2)	1,940,000,019
Shares [Annex-B3(i),B.3(ii)]	279,704,213
	<u>19,084,089,212</u>
	<u>29,329,782,812</u>

6.3 Net Investments:

Carrying amount	29,329,782,812
Less: Provision [Note 12.8]	1,172,900
Net Investment	<u>29,328,609,912</u>

December 31, 2008

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7 LOANS & ADVANCES

7.1 As per classification into the following broad categories:

Loans, Cash Credits & Over Drafts etc.

In Bangladesh

a) Loans

Rural Credits	6,431,743,461
Weavers Credits	428,300,404
Industrial Credits	21,730,440,154
Jute Advances	5,804,126,556
Leather Sector Advances	3,491,989,958
Staff Loans	9,610,672,769
Loan (Others)	15,069,134,216
Small and Micro Credits	2,429,096,568
	<u>64,995,504,086</u>

b) Cash credits

Cash Credits	23,358,721,593
Packing Credits	708,537,421
Loan Against Imported Merchandise (LIM)	674,569,949
Payment Against Documents (PAD)	15,685,420,729
	<u>40,427,249,692</u>

c) Overdrafts

5,169,549,687

110,592,303,465

Outside Bangladesh

5,554,660

110,597,858,125

Bills Purchased & Discounted (Note 7.8)

In Bangladesh

Inland Bills Purchased 48,023,145

Outside Bangladesh

Foreign Bills Purchased 2,716,380,913

2,764,404,058

113,362,262,183

7.2 Maturity grouping of loans and advances :

Repayable on Demand	5,978,312,869
Not more than 3 months	8,967,753,739
More than 3 months but not more than 1 year	28,765,935,323
More than 1 year but not more than 5 years	16,888,800,584
More than 5 years	52,761,459,668
	<u>113,362,262,183</u>

7.3.a Disclosure for significant concentration:

Advances to allied concerns of Directors	-
Advances to Managing Director	-
Advances to Other Executives	7,173,392,003
Advances to Customers' Group	84,458,430,026
Industrial Credits	21,730,440,154
	<u>113,362,262,183</u>

7.3.b Disclosure for sector-wise loans and advances:

Government sector	990,800,000
Other public sector	21,713,300,000
Private sector	90,658,162,183
	<u>113,362,262,183</u>

7.3.c Detail of information on advances more than 10% of the Bank's total capital:

Number of the clients	84
Amount of outstanding advances (funded)	49,070,200,000
Amount of recovery	3,258,600,000

Detail information as at December 31, 2008 given in the enclosed Annex-A

December 31, 2008

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7.4 Geographical Location - wise Loans and Advances:

Urban:

Dhaka Region	67,453,397,100
Chittagong Region	16,366,249,097
Khulna Region	7,467,056,041
Rajshahi Region	8,361,555,820
Barisal Region	2,190,278,076
Sylhet Region	900,203,408
	<u>102,738,739,542</u>

Rural:

Dhaka Region	6,974,902,500
Chittagong Region	1,692,323,836
Khulna Region	772,118,086
Rajshahi Region	864,612,297
Barisal Region	226,481,937
Sylhet Region	93,083,985
	<u>10,623,522,641</u>
	<u>113,362,262,183</u>

7.5 Sector - wise Loans and Advances:

Agriculture and Fishery	6,431,741,462
Jute & Jute Goods	6,782,402,021
Transport Storage & Communication	806,001,526
Ship Breakings	733,701,050
Textile & Readymade Garments	13,739,405,250
Food & Allied Industry	4,718,701,110
Construction & Engineering	2,184,202,575
Pharmaceuticals and Chemicals	2,969,501,209
Leather Sector	4,404,901,020
Power Sector	69,401,025
Professional and Services	11,269,801,050
Housing Service	862,700,455
Wholesale/Retail Trading	18,659,201,020
Personal (staff and other personal loan)	11,693,601,220
Others	28,037,000,190
	<u>113,362,262,183</u>

7.6 Loans & Advances are Classified as per Bangladesh Bank Circular:

Unclassified (including staff loan)	85,530,357,183
Special Mention Account	2,342,721,000
Classified:	
Sub-Standard	1,700,070,000
Doubtful	1,065,519,000
Bad or loss	22,723,595,000
	<u>25,489,184,000</u>
	<u>113,362,262,183</u>

7.7 Particulars of Loans and Advances:

(i) Loans considered good in respect of which of the banking company is fully secured;	98,422,560,091
(ii) Loans considered good against which the banking company holds no security other than the debtor's personal guarantee;	7,325,624,194
(iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors;	7,614,077,898
(iv) Loans adversely classified; provision not maintained there against;	-
	<u>113,362,262,183</u>

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(v) Loans due by directors or officers of the banking company or any of them either separately or jointly with any other persons;	7,173,392,003
(vi) Loans due from companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or in case of private companies as members;	-
(vii) Maximum total amount of advances including temporary advance made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person;	7,714,517,096
(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 have interests as directors, partners or managing agents or in the case of private companies as members;	-
(ix) Due from bank companies;	-
(x) Amount of classified loan on which interest has not been charged, mentioned as follows:	
a) (Decrease) / increase in provision;	-
b) Amount of loan written off;	-
c) Amount realized against loan previously written off;	71,665,570
d) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet;	10,079,537,000
e) Interest creditable to the Interest Suspense A/c;	-
(xi) Cumulative amount of the written off loan;	24,220,572,000
(xii) Amount written off during the current period	8,870,500,000
(xiii) The amount of written off loan for which lawsuit has been filed;	24,220,572,000

7.8 Bills purchased and discounted :

In Bangladesh	48,023,145
Outside Bangladesh	2,716,380,913
	<u>2,764,404,058</u>

7.9 Maturity grouping of bills purchased and discounted :

Payable within 1 month	2,764,404,058
Over 1 month but less than 3 months	-
Over 3 months but less than 6 months	-
6 months or more	-
	<u>2,764,404,058</u>

7.10 Net Loans and advances:

Carrying amount	113,362,262,183
Less: Interest suspense and penal interest	6,723,764,252
Provision for loans and advances (Note-12)	11,526,237,174
	18,250,001,426
Net loans and advances	<u>95,112,260,757</u>

8. FIXED ASSETS INCLUDING LAND, BUILDINGS, FURNITURE AND FIXTURES

Particulars	Land and Building	Furniture & Fixture	Motor Vehicles	Office Equipment	Electric Materials	Computers	Others (Library Books)	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Cost								
Balance at January 01, 2008	2,432,442,064	260,618,092	191,654,135	99,079,437	127,499,817	260,222,759	2,271,815	3,373,788,119
Addition during the year	-	29,111,515	235,842	9,670,891	7,801,911	59,259,053	229,370	106,308,582
Disposal / Transfer during the year	-	1,948,785	(173,060)	416,415	(388,252)	644,848	47,531	2,496,267
December 31, 2008	2,432,442,064	287,780,822	192,063,037	108,333,913	135,689,980	318,836,964	2,453,654	3,477,600,434
Less: Accumulated Depreciation								
Balance at January 01, 2008	89,675,688	205,538,495	178,594,993	86,703,446	118,833,368	211,365,778	1,738,588	892,450,356
Charge for the year	4,227,218	15,486,373	4,191,431	5,069,726	3,829,719	23,914,132	141,463	56,860,062
Adjustment for disposal / transfer	-	1,948,785	(173,060)	416,415	(388,252)	644,848	47,531	2,496,267
December 31, 2008	93,902,906	219,076,083	182,959,484	91,356,757	123,051,339	234,635,062	1,832,520	946,814,151
Net Book Value At:								
December 31, 2008	2,338,539,158	68,704,739	9,103,553	16,977,156	12,638,641	84,201,902	621,134	2,530,786,283
December 31, 2007	2,342,766,376	55,079,597	13,059,142	12,375,991	8,666,449	48,856,981	533,227	2,481,337,763

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9 OTHER ASSETS	
Investment in shares of subsidiary company (Note-9.1, 41 & annex-F& G)	15,424,168
Stationery, stamps, printing materials etc.	76,239,896
Accrued Income (Note - 9.3)	1,100,346,264
Income Receivable From Govt.	28,136,939
Discount Receivable on Treasury Bills	447,646,109
Advance Deposits & prepayments	2,330,851
Advance Tax Paid (Annex-E)	5,933,319,347
Advance Rent	33,982,193
Suspense Account (Note-9.2)	2,842,131,185
Demonetized Notes	187
Debit balance of Al Raji Foreign Exchange	347,892,609
D.D paid without advice	866,580,113
Net Balance with Pakistani Bank (Note-9.4)	-
Net Balance with Indian Bank (Note -9.5)	-
Protested Bills	20,064,050
Exempted Loans	371,746,659
Interest on Exempted Loans	772,432,751
Deferred Tax Assets (Note 9.6)	2,681,434,240
Foreign Correspondent draft paid	13,107,756
Indian Bank	28,550
Valuation Adjustment (Note-9.8)	11,966,381,639
Branch Adjustment (Note-9.7)	3,642,867,644
	<u><u>31,162,093,150</u></u>

All the other assets amounting to Tk. 31,162,093,150 mentioned in Note -9 except Investment in share of subsidiary companies (Agrani Exchange House (Pvt) Ltd. Singapore and Agrani Remittance House, Malaysia) are non income generating in nature.

9.1 This represents investment in shares of Agrani Exchange House (Pvt) Ltd., Singapore (Tk. 6,457,000) and Agrani Remittance House, SDN, BHD, Malaysia (Tk. 8,967,168) are wholly owned subsidiary companies of Agrani Bank Limited. As per International Accounting Standards-27 the Financial Statements of the parent and its subsidiaries are required to be combined on a line item basis by consolidating all items of assets, liabilities, equity, income and expenses but as per directive of Bangladesh Bank investment in subsidiary companies must be presented under the heading of "Other Assets". As the Bank Companies Act 1991 is the law, the Bank must comply, therefore investment in Agrani Exchange House (Pvt) Ltd & Agrani Remittance House SDN,BHD are presented in the Financial Statements in compliance with the Bank Companies Act. We have however for the purpose of full transparency enclosed the audited Financial Statements of Agrani Exchange House (Pvt) Ltd, Singapore and Agrani Remittance House, SDN, BHD, Malaysia for the year 2008 as annex-F&G respectively.

9.2 Suspense a/c

Sundry debtors -staff (Note-9.2 (i))	2,134,892
Sundry debtors -other (Note 9.2 (i))	120,367,994
Legal charges	47,622
Clearing adjustment	1,159,499
Advance against petty cash	719,601
Army pension (Note -9.2(ii))	1,847,467,025
Purchase of WES Bond	32,819,635
Loan application form	1,526,169
Civil pension	23,227,203
Payment against sanchaya patra	807,278,616
Defective/mutilated/burnt notes	5,382,929
	<u><u>2,842,131,185</u></u>

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9.2 (i) Sundry debtors- staff & others and clearing adjustment

An amount of Taka 6,498,261 remain un-recovered / unadjusted over one year and that amount has been provided in the accounts .

9.2 (ii) Army Pension

This represents pension paid to Army personnel by the Bank as per Government decision which is reimburseable. Against these an amount of Tk.1059.82 million already which shown in sundry deposit. Moverover an amount of Tk 119.40 million has been provided in the accounts against long outstanding.

9.3 Accrued income:

Accrued interest on Loans & Advances	181,601,372
Accrued interest on Investment	686,377,652
Accrued interest on Balance with Other Banks & Financial Institutions	67,420,538
Accrued commission, Exchange & Brokerage	87,440,112
Accrued Other Operating Income	77,506,590
	1,100,346,264

9.4 Net balance with Pakistani Bank:

Pakistan a/c	1
Exchange Transaction a/c.	1
	2
Less:- CBL General (Pak) a/c (Cr.)	2
	-

Net balance with Pakistani bank was TK. 33,842,386. These amount was written off in the year 2005

9.5 Net Balance with Indian Bank:

<u>Br.Code</u>	<u>Br. Name</u>	
254	Sadarghat, Dhaka	1
298	J.N. College, Dhaka	1
341	Sadarghat, Chittagong	1
472	Mirjumlam, N.Gonj	1
		4
Less:- Taken over liabilities of Indian Bank:		
254	Sadarghat, Dhaka	1
298	J.N. College, Dhaka	1
341	Sadarghat, Chittagong	1
472	Mirjumlam, N.Gonj	1
		4
		-

Net balance with Indian bank was TK. 4,824,561. These amount was written off in the year 2005 .

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9.6 Deferred Tax Assets:

Deferred tax assets have been computed in accordance with provision of IAS -12 based on taxable temporary difference in the carrying amount of the assets and its tax base as follows:

i) Written down value of fixed assets

a) Carrying amount at balance sheet date	2,530,786,283
b) Tax base	2,368,209,500
c) Taxable/(deductible) temporary difference (a-b)	<u>162,576,783</u>

ii) Gratuity provision

a) Carrying amount at balance sheet date	(6,121,319,538)
b) Tax base	-
c) Taxable/(deductible) temporary difference (a-b)	<u>(6,121,319,538)</u>

iii) Temporary difference (Taxable)

a) Carrying amount at balance sheet date (i.a+ii.a)	<u>(3,590,533,255)</u>
b) Tax base (i.b+ii.b)	<u>2,368,209,500</u>
c) Taxable/(deductible) temporary difference (i.c+ii.c)	<u>(5,958,742,755)</u>

iv) Applicable tax rate

45%

v) Deferred tax assets

(2,681,434,240)

Except fixed assets and provision for gratuity no other items have been considered during calculation of deferred tax due to having no considerable taxable temporary difference. As per calculation of Deferred Tax Assets balance for the year ended December 31, 2008 has decreased by the amount of Tk 244,309,752 and this has been debited to the profit and loss accounts .

9.7 Branch adjustment:

Debit balance

Main Office Account (M.O)	795,978,125,223
New General Account (N.G)	744,369,508,476
Instant Financial Massaging System (IFMS)	21,763,168,242
	1,562,110,801,941

Less:- Credit balance

Main Office Account (M.O)	774,156,583,885
New General Account (N.G)	763,024,264,823
Instant Financial Messaging System (IFMS)	21,287,085,589
	1,558,467,934,297
	<u>3,642,867,644</u>

During the year net balance of branch adjustment arrived as debit, therefore the balance has been shown under head "Other Assets "

9.7.a

Reconciliation position of Branch Adjustment Accounts

		31-Dec-08		
Year -Wise break up	Total No. of originating entries	Total No. of reconciled entries		
For the year 2005 N/G & M/O	3,878,489	3,878,485		
For the year 2006 N/G & M/O	4,302,445	4,300,033		
For the year 2007 N/G & M/O	3,461,053	3,445,125		
For the year 2008 N/G & M/O	2,942,873	2,841,422		
	14,584,860	14,465,065		
	Total originating amount in crore Tk.	Total reconciled amount in crore Tk.		
For the year 2005 N/G & M/O	82,683.53	82,683.52		
For the year 2006 N/G & M/O	170,115.96	170,087.29		
For the year 2007 N/G & M/O	227,799.55	227,358.93		
For the year 2008 N/G & M/O	207,185.04	204,208.52		
	687,784.08	684,338.26		
	Percentage of Reconciliation			
	No of Entries	Amount		
For the year 2005 N/G & M/O	99.9998%	99.9999%		
For the year 2006 N/G & M/O	99.9439%	99.9831%		
For the year 2007 N/G & M/O	99.5397%	99.8065%		
For the year 2008 N/G & M/O	96.5526%	98.5633%		
	Total No. of Debit outstanding entries	Total No. of Credit outstanding entries		
For the year 2005 N/G & M/O	4	-		
For the year 2006 N/G & M/O	1,352	1,060		
For the year 2007 N/G & M/O	7,843	8,085		
For the year 2008 N/G & M/O	44,160	57,291		
	53,359	66,436		
	Total amount of Dr. outstanding in crore Tk.	Total amount of Cr. outstanding in crore Tk.		
For the year 2005 N/G & M/O	-	-		
For the year 2006 N/G & M/O	19.43	9.24		
For the year 2007 N/G & M/O	224.03	216.59		
For the year 2008 N/G & M/O	1,775.37	1,201.15		
	2,018.83	1,426.98		
	Total No. of Dr. & Cr. outstanding entries	Total amount of Dr & Cr. outstanding in crore Tk.		
For the year 2005 N/G & M/O	4	-		
For the year 2006 N/G & M/O	2,412	28.67		
For the year 2007 N/G & M/O	15,928	440.62		
For the year 2008 N/G & M/O	101,451	2,976.52		
	119,795	3,445.81		

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9.8 Agrani Bank Limited has taken over the entire assets and liabilities of former Agrani bank through a Vendors Agreement executed between the Government of the People's Republic of Bangladesh and the Agrani Bank Limited on November 15, 2007 with retrospective effect from July 01, 2007. As per clause 7(2) of the said agreement assets & liabilities of Agrani Bank as on 30 June 2007 has been revalued by a professional Chartered Accountant firm to determine final value of assets & liabilities of the Bank. In determining the final value, the valuation adjustment of the Bank has been calculated at Tk.13,295,881,639 (fair value of total assets Tk.162,699,217,872 less fair value of total liabilities Tk.173,510,899,511 minus paid up share capital as purchase consideration Tk.2,484,200,000). A decision arrived at unanimously in a meeting of representative from the Ministry of Finance, The Government of the Peoples Republic of Bangladesh, Bangladesh Bank, Security & Exchange Commission The amortization process has been commenced from 2008. During the year 2008 Profit & Loss Account is debited by Tk. 1,329,500,000 and credited the same as valuation adjustment which disclosed in Note 11

10 BORROWING FROM OTHER BANKS INCLUDING FINANCIAL INSTITUTIONS & AGENTS

10.1 Classification into the following broad categories:

In Bangladesh	1,096,872,366
Outside Bangladesh	1,009,036,802
	2,105,909,168

10.2 Segregated as

Secured (Secured by D.P Notes and agreements)	1,096,872,366
Unsecured borrowing	1,009,036,802
	2,105,909,168

10.3 Maturity-wise grouping:

On Demand	1,286,036,802
On Maturity	819,872,366
	2,105,909,168

10.4 Term grouping:

10.4.1 Short Term Borrowing

T.T sold (With Sonali Bank Limited)	157,000,000
Borrowings from Bangladesh Bank	120,000,000
Credit Balance of NOSTRO Account (NOSTRO Accounts-Annex.-C)	1,009,036,802
	1,286,036,802

10.4.2 Long Term Borrowing

a) From Bangladesh Bank Counter Finance

Rural Housing Scheme	8,620,679
IFAD Loan -194	3,899,003
ADB Credit-821,773	43,349,413
	55,869,095

b) 5 & 7 Years Agrani bank Shilpa Unnayan Bond

	764,003,271
	2,105,909,168

11 DEPOSITS AND OTHER ACCOUNTS

11.a Deposits and Other Accounts (Category wise)

Current & Other contingency accounts (Note-11.a.1)	24,823,027,429
Bills payable (Note-11.a.2)	3,015,184,391
Saving Bank Deposits	64,855,561,211
Fixed Deposits (Note-11.a.3)	54,120,848,737
	146,814,621,768

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11.a.1 Current & Other contingency account

Current Deposits	19,417,424,192
Balance with ATM	22,280,411
Sundry Deposits (Note-11.a.1.1)	5,176,760,332
Call Deposits	206,562,494
	<u>24,823,027,429</u>

11.a.1.1 Sundry Deposits

General Provident Fund	2,223,230,113
Margin on Bills purchased	44,688,891
Margin on Letters of Credit	1,101,082,763
Margin on Letters of Guarantee	129,233,521
Miscellaneous Margin	1,977,565
Key Deposit	2,881,722
Staff Cash Security	300,860
Foreign correspondence charges	16,865,288
F.C. BCCI	13,435,356
F. C Exp. Proceeds	51,453,693
Com. Payable to Govt.	22,767,689
Clearing Adjustment (subsequently adjusted)	(58,491,759)
Self Employment Promotion	134,975
Teachers Payment	246,921,715
Boisko Bhata	1,427,380
FSSAP	22,829,762
Freedom Fighter Allowance	6,767,296
Army Pension	1,059,824,229
Small Enterprise Development	138,911,875
G.C.B.R against Loan	39,927,835
Security Receipt	1,018,356
Rural Finance Programme	2,550,873
Others	107,020,334
	<u>5,176,760,332</u>

11.a.2 Bills payable

Draft payable	563,354,958
TT's payable	31,989,817
MT's payable	-
Pay slip issued	99,778,562
Pay order issued	1,201,408,218
Inland Bill proceeds Awaiting for Remittance	1,721,247
Foreign Bill proceeds Awaiting for Remittance	964,396,946
Overdue DD payable	18,141,466
Upahar cheque sold A/C	70,359
Foreign D.D, T.T, & TC payable	134,322,818
	<u>3,015,184,391</u>

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11.a.3 Fixed Deposits

Fixed Deposits	28,695,772,036
Spl. Notice Time Deposits	18,183,036,245
Deposit Pension Scheme	1,268,129,581
Agrani Bank Pension Scheme	5,665,493,777
Month wise Fixed Deposits	3,251,880
Non Resident Spl. Deposits	19,240,515
Agrani Bank Bishesh Shanchay	285,924,703

54,120,848,737

11.b Maturity Grouping of Deposits and Other Accounts

Repayable on demand;	35,819,701,540
Repayable within 1 month;	8,881,823,171
Over 1 month but within 3 months;	12,667,497,587
Over 3 months but within 1 year;	70,578,696,961
Over 1 year but within 5 years;	12,543,961,564
Over 5 years but within 10 years;	6,322,940,945

146,814,621,768

11.c Geographical Location - wise Deposits

Dhaka Region	76,469,726,138
Chittagong Region	29,278,900,152
Khulna Region	10,761,361,357
Rajshahi Region	15,640,138,917
Barisal Region	4,696,388,807
Sylhet Region	9,968,106,397

146,814,621,768

11.d Sector- wise Deposits

Government Sector	
Presidency, PM's Office Ministry & Judiciary	7,201,503,000
Autonomous & Semi Autonomous Bodies	9,210,107,000
	16,411,610,000
Deposit money bank	2,274,250,000
Other public sector	20,934,016,000
Private sector	107,194,745,768

146,814,621,768

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12 OTHER LIABILITIES	
Interest suspense (Note-12.6)	6,721,325,922
Penal interest	2,438,330
Interest suspense against FDR	-
Provision for expenses (Note -12.14)	1,893,796,654
Sundry creditors	837,542,783
Tax deducted at source	84,036,657
VAT on services	43,192,330
Excise duty	156,459,051
Levy on interest payment	27,090,509
Levy & Surcharge on int. payment	1,228,180
Provision for taxation (Note-12.10 & annex-E)	1,428,995,961
Provision for bad and doubtful debts (Note-12.1.)	10,369,669,594
General provision maintained against unclassified loan (Note-12.2)	986,573,000
General provision for special mention account (Note-12.3)	107,338,000
3 % General reserve for consumer financing (Note-12.5)	62,656,580
Provision for off balance sheet exposures (Note-12-15)	64,262,000
Provision for investment (Note - 12.8)	1,172,900
Provision for protested bill (Note- 12.9)	20,086,341
Provision for doubtful assets (Note- 12.7)	1,321,778,722
Provision for Balance with Al-Raji com. Foreign Exchange	347,892,609
Provision for Ex-Gratia & Bonus	346,918,168
Exchange Equalization	72,341,228
Exchange adjustment	36,759,252
Employees super annuation fund (Note-12.11.a)	5,828,977,447
Employees gratuity fund (Note-12.11.b)	292,342,091
Death relief grant scheme (Note-12.12)	89,929,693
Amount to be transferred to staff benevolent trust	30,000,000
Reserve for unforeseen losses	7,454,029
Duty draw back imprest fund	185,428
Doctors self employment program	1,600,000
Collection accounts	9,202,748
Cash incentive to garments exporters	30,379
10% cash subsidy to exporting spinning mills	90,115
Cash incentive to leather goods exporters	-
Cash incentive to frozen foods exporters	-
Cash incentive to agri & agri product	-
SPL account OPEC fund	70,508,242
SPL account MEDU fund	569,477,150
Export development fund	122,703,244
Govt. bond for land mortgage loan	979,897
Special block account	187
SPL block account (DD,TT, MT & PO)	9,730,948
Unclaimed deposit 10 years & above (Note-12.13)	4,521,671
Dividend payable to Govt. exchequer	-
Employees Benevolent Fund	5,201,487
Service charge on CIB report	922,980
Provision for balance of bilateral trade	2
Provision for agri credit exemption on river erosion	1,176,472
Interest waived on staff house building loan	7,385,041
	<u>31,985,974,022</u>
12.1 Provision for loans and advances:	
Provision held at the beginning of the year	12,691,779,000
Recoveries of amount previously written off	2,915,700
Specific provision for the year	1,909,379,000
Less. Written off/waived	(4,234,404,106)
Provision held at the end of the year	<u>10,369,669,594</u>
12.2 General Provision maintained against unclassified loans:	
Provision held at the beginning of the year	991,776,000
Amount transferred to "Provision for Unclassified Loan during the year	-
Provision add back for the year	(5,203,000)
Provision held at the end of the year	<u>986,573,000</u>
12.3 General Provision for Special Mention Account:	
Provision held at the beginning of the year	181,030,000
Amount transferred to "Provision for Special Mention Account during the year	-
Provision add back for the year	(73,692,000)
Provision held at the end of the year	<u>107,338,000</u>

12.4 Calculation of provision for Loans & Advances :

(Amount in Thousand Taka)

Particulars	Balance as on 31.12.08	Base for provision	Rate of provision	Provision required	Provision maintained
A) General provision					
i) Standard					
Small and Medium Enterprise Financing (S&MEF)	9,807,968	9,807,968	1%	98,080	98,080
Consumer Financing (other than Housing Finance and Loans for Professionals to setup business)	2,088,560	2,088,560	5%	104,428	104,428
Other than S& MEF & CF	60,427,308	60,427,308	1%	604,273	604,273
Short Term Agri. Credit & Micro Credit	3,595,848	3,595,848	5%	179,792	179,792
Sub total	75,919,684	75,919,684		986,573	986,573
ii) Special Mention Accounts (SMA)	2,342,721	2,146,757	5%	107,338	107,338
Total unclassified loan (i+ii)	78,262,405	78,066,441		1,093,911	1,093,911
B) Specific provision					
i) Substandard					
Other than short term Agri.Credit & Micro Credit	1,015,495	550,829	20%	110,166	110,166
Short Term Agri.Credit & Micro Credit	684,575	648,159	5%	32,408	32,408
Subtotal	1,700,070	1,198,988		142,574	142,574
ii) Doubtful					
Other than short term Agri. Credit & Micro Credit	519,218	243,508	50%	121,754	121,754
Short Term Agri. Credit & Micro Credit	546,301	516,084	5%	25,804	25,804
Sub total	1,065,519	759,592		147,558	147,558
iii) Bad/Loss	22,723,595	10,079,537	100%	10,079,537	10,079,537
Subtotal (i+ii+iii)	25,489,184	12,038,117		10,369,669	10,369,669
C) Staff Loan	9,610,673	-	-	-	-
Grand total (A+B+C)	113,362,262	90,104,558	-	11,463,580	11,463,580

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12.5 3% General reserve for consumer financing:

Reserve held at the beginning of the year	41,924,580
Additional reserve for the year	20,732,000
Reserve held at the end of the year	<u>62,656,580</u>

12.6 Interest Suspense Account:

Balance at the beginning of the year	9,496,248,453
Amount transferred to "Interest Suspense" A/c during the year	2,301,660,759
Transferred to Income during the year	(429,404,290)
Amount waived/written off during the year	(4,647,179,000)
Balance at the end of the year	<u>6,721,325,922</u>

12.7 Provision for Doubtful Assets:

Balance at the beginning of the year	1,197,910,722
Amount transferred to "Provision for doubtful assets" during the year	124,181,000
Amount written off during the year (Note-2.6.b)	(313,000)
Amount add back during the year	-
Balance at the end of the year	<u>1,321,778,722</u>

12.8 Provision for Investment:

Balance at the beginning of the year	1,235,000
Amount add back during the year	(62,100)
Balance at the end of the year	<u>1,172,900</u>

12.9 Provision for protested bills:

Balance at the beginning of the year	17,386,341
Recoveries of amount previously written off	
Amount transferred to "Provision for Protested Bills" A/c during the year	2,700,000
Amount written off during the year (Note no.2.6.b)	-
Amount add back during the year	-
Balance at the end of the year	<u>20,086,341</u>

12.10 Provision for taxation :

Balance at the beginning of the year	1,428,995,961
Amount transferred to "Provision for Income Tax" during the year	-
Balance at the end of the year	<u>1,428,995,961</u>

This represents provision for income tax payable to the Government. Income Tax assessment has been finalized up to 2002 and appeal pending 2003, 2004 & 2005. Income Tax assessment for the year 2006 and 2007 is under process. No provision for current income tax has been provided in the accounts considering past losses assessed by the DCT (LTU - Dhaka). Details of Tax assessment is shown annex-E .

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12.11.a Employees super annuation fund

Balance at the beginning of the year	6,429,645,578
Amount credited during the year	339,375,137
Amount transferred to SAF during the year	(940,043,268)
Balance at the end of the year	<u><u>5,828,977,447</u></u>

12.11.b Employees gratuity fund

Balance at the beginning of the year	8,478,657
Amount credited during the year	304,668,589
Amount of Gratuity paid during the year	(20,805,155)
Balance at the end of the year	<u><u>292,342,091</u></u>

12.12 Death relief grant scheme:

Balance at the beginning of the year	83,629,693
Amount transferred to "Death relief grant scheme" A/c during the year	12,500,000
Amount of payment during the year	(6,200,000)
Balance at the end of the year	<u><u>89,929,693</u></u>

12.13 As per section 35 of Bank Companies Act.1991 this amount should be transferred to Bangladesh bank on completion of formalities mentioned in the section.

12.14 Provision for expenses:

Provision for Interest on DPS	107,362,390
Provision for Interest on SNTD	10,736,807
Provision for Interest on FDR	904,617,448
Provision for Interest on ABPS	354,354,644
Provision for Interest on Borrowings	40,170,705
Un-disbursed Salary and Other staff benefit	1,431,287
Provision for Interest on provident fund	-
Unearned discount	419,577,022
Provision for ABS	6,557,504
Other provision expenses	48,988,847
Total provision of expenses	<u><u>1,893,796,654</u></u>

12.15 Provision for off balance sheet exposure:

Balance at the beginning of the year	62,594,000
Provision made during the year	1,668,000
Balance at the end of the year	<u><u>64,262,000</u></u>

13 Share Capital:

13.1 Authorized Capital :

The authorized capital of the Bank is Tk 800 crore divided into 80,000,000 ordinary shares of Taka 100.00 each.

13.2 Issued, subscribed and fully paid up capital :Tk. 2,484,200,000

The paid up capital of the Bank is Tk. 2,484,200,000 divided into 2,484,200 ordinary shares of Tk. 100.00 each of which 24,841,990 fully paid up ordinary shares of Tk. 100 each issued to the Government of the People's Republic of Bangladesh represented by Secretary, Finance Division, Ministry of Finance of the Government of the People's Republic of Bangladesh and other 10 (Ten) fully paid up ordinary shares of Tk. 100 each issued to other 10 (Ten) share holders of the Bank who are nominated by the Government of the People's Republic of Bangladesh

13.3 Basic Earnings Per Share :

Basic earnings per share has been calculated in accordance with BAS -33 " Earnings per Share". This has been calculated by dividing the net profit for the year attributable to ordinary shares by the number of ordinary shares outstanding during the year.

13.4 Capital adequacy ratio:

There remains adjusted capital shortfall of Tk 67.36 crore of the bank as per requirement of section 13 (2) of the Bank Company Act, 1991 and BRPD Circular No. 10 Dated: November 24, 2002 and BRPD circular no 05 May 14,2007 Details of which are given below.

Figure in crore Tk.

	2008	2007
i) Total Assets (net) including Off-Balance Sheet Items (net). (Note-13.8)	17,755.99	18,863.74
ii) Total Risk Weighted Assets (Note-13.8)	8,051.07	7,949.45
iii) Minimum Required Capital (10% of Risk Weighted Assets)	805.11	794.94
iv) Actual Capital Held:	737.75	469.23
a) Core Capital (Tier - 1 Note 13.5)	599.39	334.27
b) Supplementary Capital (Tier - 2 Note 13.6)	138.36	134.96
v) Total Capital surplus/(shortfall) (iv - iii)	(67.36)	(325.71)
vi) Capital Adequacy Ratio (%):	9.16%	5.90%
a) Core Capital (against standard of minimum of 5%)	7.44%	4.20%
b) Supplementary Capital	1.72%	1.70%

13.5 Core Capital (Tier - 1):

Paid up capital	248.42	248.42
Statutory Reserve	73.78	15.97
General Reserve	0.50	-
Retained Earnings	276.69	69.88
	599.39	334.27

13.6 Supplementary Capital (Tier - 2):

General Provision maintained against UC loans	115.66	127.73
Provision for Off Balance Sheet Exposure	6.43	-
Revaluation Surplus on HTM Securities @ 50%	5.36	-
Exchange Equalization accounts	10.91	7.23
	138.36	134.96

13.7 Adjusted capital shortfall of Tk 67.36 crore (Note -13-4.v) as at Balance Sheet Date is expected to be covered and the Bank will be able to maintain its required level of capital by April 30, 2009 from its operating profit.

13.8 Computation of Risk- Weighted Assets:

Figure in crore Tk.

Particulars	TOTAL ASSETS IN PORTFOLIO (NET)	0% RISK ASSETS	20% RISK ASSETS	50% RISK ASSETS	100% RISK ASSETS
Cash in hand and in banks (Except banks abroad)	950.94	855.94	95.00	-	-
Money at call & short notice	82.00	82.00	-	-	-
Foreign currency balances held	61.14	61.14	-	-	-
Export and other foreign bills	271.64	-	-	271.64	-
Foreign investments	-	-	-	-	-
Import and inland bills	1,573.34	1.38	-	1,410.95	161.01
Advances	7,447.33	1,691.71	-	760.38	4,995.24
Investments	2,932.98	2,661.05	248.85	5.00	18.08
Head office and inter branch adjustment	364.29	364.29	-	-	-
Other assets (Net)	2,040.22	392.17	-	1,449.72	198.33
Off balance sheet items	2,032.11	710.53	-	1,321.58	-
Total	17,755.99	6,820.21	343.85	5,219.27	5,372.66
Total risk weighted assets (* % of risk factor)	8,051.07	-	68.77	2,609.64	5,372.66
Capital required @10% of the risk weighted assets	805.11	-	6.88	260.96	537.27

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14 STATUTORY RESERVE

Opening balance	159,728,906
Transferred during the year from profit & Loss A/C	578,107,075
Closing balance	<u><u>737,835,981</u></u>

This has been made in accordance with section 24 of the Bank Companies Act. 1991 and shall be maintained until it equals to Paid-up Capital.

15 GENERAL RESERVE

5,000,000

The amount was in the head of other liabilities "Dividend payable to Government exchequer". In the year 2008 the Bank debited other liabilities and credited general reserve.

16 RETAINED SURPLUS FROM PROFIT & LOSS ACCOUNT

Operating profit as on 31st December 2008 (Profit/(loss) before provision)	6,329,738,273
Less : Amortization for Valuation Adjustment (Note -9.8)	1,329,500,000
Profit / (loss) Before Provision & Tax	<u>5,000,238,273</u>
Less:	
General Provision for loans during the year (Note - 33)	(5,203,000)
Provision for Special Mention Account during the year (Note 33)	(73,692,000)
Provision for Bad and Doubtful loans during the year (Note 33)	1,909,379,000
3% General reserve for Consumer Financing (Note 33)	20,732,000
Other Provision (Note - 34)	258,486,900
	<u>2,109,702,900</u>
Net Profit / (loss) Before Tax	<u>2,890,535,373</u>
Less: Provision for Income Tax	
Current tax (Note- 12.10)	-
Deferred tax (Note - 9.6)	244,309,752
Net profit/(loss) after tax	<u>2,646,225,621</u>
Add : Retained Profit/(Loss) for the previous period	698,780,377
Less: Amount transferred to Statutory reserve fund	578,107,075
Retained Profit/(Loss) for the year	<u><u>2,766,898,923</u></u>

17 ACCEPTANCES AND ENDORSEMENTS (CONTINGENT LIABILITIES)

Letters of Guarantee (Note 17.a)	1,117,077,122
Letters of Credit	20,434,338,854
Bills for Collection (Note 17.b)	11,376,898,986
Other Contingent Liabilities (Note 17.c)	2,156,830,396
Claims against the bank not acknowledged as debt	11,079,355,000
	<u><u>46,164,500,358</u></u>

17.a Contingent Liabilities are explained in the following manner:

Claims lodged with the bank company, which is not recognized as loan	11,079,355,000
Money for which the Bank is contingently liable in respect of guarantee given favoring:	
Directors	-
Government	52,906,071
Banks and other financial institutions	14,036,769
Foreign Banks against government counter guarantee	417,261,185
Others	632,873,097
	<u><u>1,117,077,122</u></u>

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17.b Bills for collection:

Payable in Bangladesh	616,923,289
Payable outside Bangladesh	10,759,975,697
	<u>11,376,898,986</u>

17.c Other Contingent Liabilities:

Inland Travelers Cheque	42,944,452
Upahar Cheque	2,358,600
Shanchay Patra	1,422,623,344
Agrani Bank Shilpa Unnayan Bond	688,904,000
	<u>2,156,830,396</u>

Liability will be created for the Bank by the sales amount of Inland Travelers Cheque, Upahar Cheque, Shanchay Patra and Agrani Bank Shilpa Unnayan Bond, as such as saleable price of present stock of such instruments have been considered as contingent liabilities.

17.d Geographical Location - wise Contingent Liabilities

Dhaka Region	39,037,786,353
Chittagong Region	4,456,580,760
Khulna Region	984,756,175
Rajshahi Region	733,804,437
Barisal Region	45,620,295
Sylhet Region	905,952,338
	<u>46,164,500,358</u>

18 THE DISCLOSURES IN THE PROFIT AND LOSS ACCOUNT

December 31, 2008

Income:

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Interest, discount and similar income	11,388,018,550
Dividend income	4,826,097
Fee, commission and brokerage	3,147,798,727
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	440,083,191
Profit less Losses on interest rate changes:	-
Profit for changing interest rates on Loans & advances	-
Loss for changing interest rates on deposit	-

Expenses

Interest, fees and commission	5,241,458,927
Losses on loans and advances	2,109,702,900
Administrative expenses	3,186,495,163
Other operating expenses	166,174,140
Depreciation on banking assets	56,860,062

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19 INTEREST INCOME

Interest on Loans and Advances :

Interest on rural credit	465,954,111
Interest on Weavers Credit	1,396,160
Interest on Industrial credit	1,351,742,627
Interest on Jute Advance	492,249,983
Interest on Leather credit	190,501,447
Interest on Staff loans	343,509,023
Interest on loans (others)	1,180,026,822
Interest on Small and Micro credit	240,459,157
Interest on Overdrafts	550,535,914
Interest on cash credit	2,149,751,742
Interest on packing credit	49,304,010
Interest on loan against imported merchandise	77,549,827
Interest on payment against document	2,109,220,628
Interest on Foreign bills purchased	55,677,137
Interest on inland bills purchased	91,112
Interest on foreign currency loan	7,914
Sub-total	<u>9,257,977,614</u>

Interest on Balance with other Banks and Financial Institution :

Interest on call loans to Banks	70,972,206
Interest received from local banks	137,612,758
Interest received from foreign banks	9,581,972
Sub-total	<u>218,166,936</u>
Income from write off Loans and advances	71,665,570
	<u>9,547,810,120</u>

19.1 Geographical Location - wise Interest income ;

Dhaka Region	6,748,592,887
Chittagong Region	1,181,892,122
Khulna Region	612,114,605
Rajshahi Region	755,675,538
Barisal Region	168,878,964
Sylhet Region	80,656,004
	<u>9,547,810,120</u>

20 INTEREST PAID ON DEPOSITS & BORROWINGS

a) Interest paid on Deposits

Interest on Saving Deposits	1,554,527,290
Interest on SPI. notice time Deposits	393,864,278
Interest on Fixed Deposits	1,852,342,978
Interest on Deposit Pension Scheme	173,500,309
Interest on staff provident fund	245,670,937
Interest paid on NFCD	1,092,064
Interest paid on ABPSP	593,356,114
Interest on ABS	7,409,376
Interest paid on Non Resident Saving Deposits	5,275,897
Sub Total	<u>4,827,039,243</u>

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b) Interest paid to Banks

Interest paid to foreign banks	38,113,289
Interest on call loans	57,587,911
Interest paid to Bangladesh Bank	87,328,138
Interest paid to Other Bank	285,417
Sub Total	<u>183,314,755</u>

c) Interest paid on Borrowings

Interest Paid on Agrani bank shilpa unnayan bond	155,718,950
Discount on TT Sold	4,062,078
Interest Paid on Other Borrowings	71,323,901
Sub Total	<u>231,104,929</u>
	<u>5,241,458,927</u>

21 INVESTMENT INCOME

Interest on reverse Repo	154,145,779
Interest on Debenture	97,542,735
Dividend warrant	4,826,097
Interest on 15 years Gov.SPL treasury bond	103,085,001
Interest on 10 years treasury bond	-
Interest on 15 years treasury bond	17,665,103
Interest on T & T bond	17,807,329
Interest on 5 years treasury bond	962,239
Discount on 5 & 10 years Bond & 3 years T&T bond	19,857,035
Interest on 25 years Govt. jute bond	35,969,056
Interest on BSC bond	14,087,255
Interest on 5 years BADC bond	-
Interest on Ansar VDP bond	646,575
Interest on DBBL bond	8,890,411
Interest on 5 & 10 years govt. treasury bond	1,017,904,737
Discount on treasury bills	329,898,483
5 Years sick Bond	16,993,557
5 Years SPL Treasury Bond (kohinoor)	4,753,135
	<u>1,845,034,527</u>

The above investment income were earned from Dhaka region only.

22 COMMISSION /EXCHANGE EARNINGS & BROKERAGE

Commission on bills	49,126,108
Commission DD, TT, MT (Local)	154,437,511
Commission on travelers cheque	54,075
Commission on DD, TT, MT (Foreign)	4,476,246
Commission on Letters of Guarantee (Local)	10,668,815
Commission on Letters of Guarantee (Foreign)	5,466,000
Commission on Letter of Credit	685,622,951
Commission on Underwriting	16,894,075
Commission on Dividend Warrant	-
Commission on Export bill	113,145,227
Commission on service charge on LIM	4,344,077
Commission on Army Pension	79,873
Commission on Food procurement Bills	99,706,738
Foreign correspondence charges	9,900,983
Exchange account foreign currency	1,907,951,444
Commission on Sanchay patra	10,253,597
Commission on Sale and Purchase (share)	-
Consortium/Syndication Fee	6,340,494
Loan processing fee	24,351,641
Discount on bills	15,390
Miscellaneous Commission	44,963,482
	<u>3,147,798,727</u>

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22.1 Geographical Location - wise Commission, Exchange and brokerage	
Dhaka Region	2,747,588,211
Chittagong Region	176,729,961
Khulna Region	60,560,976
Rajshahi Region	135,130,644
Barisal Region	13,880,590
Sylhet Region	13,908,345
	<u>3,147,798,727</u>
23 OTHER OPERATING INCOME	
Rent on Properties & Godown	2,285,953
Profit on sale of shares and securities	9,239,216
Profit on sale of other assets	386,747
Postage Recoveries	83,855,539
Telegram Recoveries	11,296,128
Trunk-call Recoveries	2,122,249
Incidental charge Recoveries	18,029,295
Remittance	1,210,334
Insurance	144,630
Rent on SD Lockers	4,246,275
Service charge on Industrial credit	33,914
Service charge on rural credit	237,886
Service charge on Weavers/Hosiery credit	-
Service charge on other credit	50,031,803
Sales proceeds on loan application form	2,488,073
Closing Charges on deposit A/C	120,872,798
Closing Charges on Loan A/C	5,726,607
Service Charges on Sanchaya Patra	3,495,102
Service Charges on FSSAP	40,218,244
Sales proceeds of Export Enlistment forms & Tender schedule	2,781,068
Telephone, Telex & Swift charges	26,334,811
Rebate received from Foreign bank	19,757,121
Account Closing Charge	6,417,472
Proceeds realization certificate charges	2,484,548
Service Charge on Pension paid	504,831
Service Charge on Deposit A/C	25,882,547
	<u>440,083,191</u>
24 SALARY AND ALLOWANCE	
Salaries-officers	859,940,933
Salaries-staff	331,393,451
Dearness allowance (Officers & Staff)	116,192,728
Fringe Benefit (Officer & staff)	(638,819)
Bonus (officer & Staff)	194,358,133
Banks contribution to provident fund	11,692,232
Banks contribution to employees pension fund	324,502,575
Banks contribution to gratuity fund	7,335,623
Conveyance allowance	2,717,182
Entertainment allowance	158,027
Children education allowance	634,985
Hill Allowance	1,455,196
Honorarium & Fees	2,587,120
Medical Expenses	418,834
Medical Expenses consultation	637,700
Medical allowance	67,518,224
Uniform and other apparels	7,843,888
Overtime expenses	8,667,771
Staff income tax	7,900,000
Lunch subsidy	175,421,907
Sports and culture activities	3,868,500
House rent allowance (officers)	366,101,404
House rent allowance (staff)	157,613,935
Wages paid to temporary employees	11,936,984
Death relief grant scheme	12,500,000
Staff transport	13,631,816
Police & Ansar Expenses	10,300,400
DMD Allowance	375,060
Other allowance	11,796,212

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		<u>2,708,862,001</u>
25	RENT, TAXES, INSURANCE, LIGHTING ETC.	
	Rent on Premises	152,427,590
	Rent on Godown	1,855,773
	Lighting Charge	24,839,731
	Insurance Charges on cash	-
	Insurance Charges on vehicles	2,255,605
	Insurance Charges on property	-
	Rates and Taxes	5,242,297
	Tax on immovable property	10,350
	Insurance Charges on Deposits	61,435,202
		<u>248,066,548</u>
26	LEGAL EXPENSES	
	Court fee	737,720
	Lawyer's fee	2,776,214
	Other legal expenses	5,645,485
		<u>9,159,419</u>
27	POSTAGE, STAMP, TELEGRAM & TELEPHONE	
	Postages	42,379,193
	Telegram Charges	318,080
	Telex & Teleprinter charges	13,414,816
	Stamps	2,682
	Telephone Charges (Office)	19,941,914
	Telephone Charges (Residence)	1,750,425
	Trunk-call charges	145,429
		<u>77,952,539</u>
28	STATIONERY, PRINTING, ADVERTISEMENT ETC.	
	Security Stationery	13,579,344
	Printing Stationery	53,461,565
	Paper & Table Stationery	13,175,189
	Advertisement publicity charge (Tender)	1,384,116
	Advertisement publicity charge (Development)	8,917,361
		<u>90,517,575</u>
29	CHIEF EXECUTIVE'S SALARY AND FEES	
	Remuneration	5,100,000
	Allowances	-
		<u>5,100,000</u>
30	DIRECTORS' FEES & MEETING EXPENSES	
	Directors' fees for attending board meetings	1,311,000
	Directors' Allowances	65,590
		<u>1,376,590</u>
31	DEPRECIATION & REPAIRS OF BANK'S ASSETS	
	a) Depreciation of Banks Assets:	
	Bank Buildings	4,227,218
	Furniture & fixtures	15,486,373
	Motor Vehicles	4,191,431
	Office Equipment	5,069,726
	Electric material	3,829,719
	Computers	23,914,132
	Library & Others	141,463
		<u>56,860,062</u>
	b) Repairs & Maintenance of Banks Assets:	
	Bank Buildings	1,650,747
	Furniture & fixtures	3,129,226
	Motor Vehicle	10,973,124
	Office Equipment	1,700,632
	Computers	20,122,433
	Repairs/Maintenance Elect. Equip & Lighting Materials	6,616,101
	Renovation & Maintenance of Branch Premises	427,228
		<u>44,619,491</u>

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101,479,553

32 OTHER EXPENSES

Conveyance/Transportation Charges	13,483,636
Petrol, Oil and Lubricants for vehicles	11,916,404
Petrol, Oil and Lubricants for generator	5,189,892
Entertainment: canteen & other	7,167,994
Entertainment: Out ceiling	6,086,091
Traveling and Conveyance	18,534,148
Traveling and Conveyance (Foreign)	-
Remittance (Through Bank)	3,583,022
Remittance (Cash)	31,791,888
Registration Charges	1,184,557
Mortgages expenses under house building	11,287,963
Bankers Clearing House charges	331,096
Loss on Sale of Furniture and Fixture	560
Loss on sale of share and securities	-
Loss on Sale of Other Assets	-
Newspapers & Periodicals	6,912,038
Upkeep of office premises	14,511,846
Business Development & Promotion	8,894,519
Training Expenses	4,449,455
Washing Charges	1,455,951
Closing expenses	8,928,390
Micro Enterprise Development Unit	-
Subscription	4,569,710
Donation	4,754,628
Funeral expenses	873,765
Fees and commission	266,587
	<u>166,174,140</u>

33 PROVISION FOR LOANS & ADVANCES

Provision for Bad & Doubtful Loans & Advances (Note-12.1)	1,909,379,000
Unclassified loans & advances (Note-12.2)	(5,203,000)
Special Mentioned Account (Note-12.3)	(73,692,000)
3% General reserve for consumer financing (Note-12.5)	20,732,000
	<u>1,851,216,000</u>

34 OTHER PROVISION

Provision for off balance sheet exposures (Note12.15)	1,668,000
Add back provision for investment (Note12.8)	(62,100)
Protested Bills (Note12.9)	2,700,000
Ex-Gratia & Bonus	100,000,000
Amount to be transferred to staff benevolent trust	30,000,000
Provision for un-used stationery	-
Provision for Balance with Al-Raji com. Foreign Exchange	-
Other Assets -Sundry debtors staff & others	-
Other Assets - clearing adjustment	-
Other Assets - exempted loan & interest on exempted loan (Note-12.7)	124,181,000
	<u>258,486,900</u>

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35 CASH RECEIPTS FROM OTHER OPERATING ACTIVITIES

Rent on Properties & Godown	2,285,953
Profit on sale of shares and securities	9,239,216
Profit on sale of other assets	386,747
Postage	63,779,243
Telegram	1,287,144
Trunk-call	1,622,249
Incidental charge	8,023,363
Remittance	1,210,334
Insurance	144,630
Rent on SD Lockers	4,246,275
Service charge on Industrial credit	33,914
Service charge on rural credit	237,886
Service charge on Weavers/Hosiery credit	-
Service charge on other credit	50,031,803
Sales proceeds on loan application form	1,991,251
Closing Charges on deposit A/C	120,872,798
Closing Charges on Loan A/C	5,726,607
Service Charges on Sanchaya Patra	1,314,283
Service Charges on FSSAP	31,308,482
Sales proceeds of Export Enlistment forms & Tender schedule	2,781,068
Telephone, Telex & Swift charges	26,334,811
Rebate received from Foreign bank	19,757,121
Account Closing Charge	6,417,472
Proceeds realization certificate charges	2,484,548
Service Charge on Pension paid	504,831
Service Charge on Deposit A/C	14,621,270
	<u>376,643,299</u>

36 CASH PAYMENT FOR OTHER OPERATING ACTIVITIES

Rent, taxes, insurance lighting etc.	248,066,548
Legal charges	9,159,419
Postage, stamps, telegrams and telephone	77,952,539
Auditors' fees	841,000
Directors' fees and allowances	1,376,590
Repairs to fixed assets	44,619,491
Other expenses	158,202,553
	<u>540,218,140</u>

37 OPERATING PROFIT BEFORE CHANGES IN OPERATING ASSETS & LIABILITIES

Profit before Income Tax	2,890,535,373
Add: Depreciation	56,860,062
Less : Effect of exchange rate changes	(1,907,951,444)
	<u>1,039,443,991</u>
Income receivable	<u>(74,638,238)</u>
	964,805,753
Expenses payable	(92,174,220)
Add: Provision & Amortization	3,439,202,900
	<u>4,311,834,433</u>

38 CASH & CASH EQUIVALENT AT THE END OF THE PERIOD

Cash in hand & with Bangladesh Bank & Sonali Bank Limited	8,663,286,977
Balance with Other Banks	1,457,506,665
Money at Call & Short Notice	820,000,000
Prize Bonds	13,054,600
	<u>10,953,848,242</u>

December 31, 2008

Taka

39 OWNERS' EQUITY

Paid up Capital	2,484,200,000
Statutory Reserve	737,835,981
General Reserve (Note 15)	5,000,000
Revaluation Reserve on investment in Govt. Securities (Annex-B.1)	425,278,208
Retained profit/(Loss) from profit and loss account	2,766,898,923
	<u>6,419,213,112</u>

40 CURRENT RATIO

The Bank had the following current assets and current liabilities as on 31 December 2008 & 2007 as per liquidity statement.

Current Assets:

Cash	8,663,286,977
Balance with other banks and financial institutions	1,373,542,588
Money at call and short notice	820,000,000
Investment	13,443,105,762
Loans and advances	43,712,001,931
Other assets	4,553,365,735
Total current assets	<u>72,565,302,993</u>

Current liabilities:

Borrowing from other banks, financial institutions and agents	1,288,519,266
Deposits	127,947,719,259
Provisions and other liabilities	11,869,977,111
Total Current liabilities	<u>141,106,215,636</u>
Current Liabilities exceeding current Assets	<u>(68,540,912,643)</u>

Current ratio: (Current assets / Current liabilities)

72,565,302,993
141,106,215,636
0.51

41 SALIENT FEATURES OF SUBSIDIARY COMPANIES

Agrani Exchange House Pvt. Ltd. Singapore

Total Assets	68,419,793
Total Liabilities	27,476,470
Capital and Reserve	40,943,323
Total Revenue	26,872,313

Agrani Remittance House SDN.BHD Malaysia

Total Assets	33,276,457
Total Liabilities	16,330,836
Capital and Reserve	16,945,621
Total Revenue	18,206,003

The conversion rate of Singapore \$ 1 = BDT 47.1887 and Malaysian RM 1 = BDT 19.5754 at 31st Dec 2008 & Singapore \$ 1 = BDT 47.4060 and Malaysian RM 1 =BDT 20.5393 at 31st Dec 2007.

42 PERFORMANCE EVALUATION

	<u>2008</u>	<u>2007</u>
a) Average Cost of Deposits	$= \frac{482.70}{13,568.32} \times 100 = 3.56\%$	$= \frac{243.15}{12,806.00} \times 100 = 3.80\%$
b) Average Cost of Borrowing	$= \frac{18.74}{649.18} \times 100 = 2.89\%$	$= \frac{7.32}{459.39} \times 100 = 3.19\%$
c) Average Cost of Agrani Bank Shilpa Unnayan Bond	$= \frac{15.57}{109.95} \times 100 = 14.16\%$	$= \frac{11.50}{212.72} \times 100 = 10.81\%$
d) Average Yield on Loans & Advances (performing loan)	$= \frac{932.96}{8,988.40} \times 100 = 10.38\%$	$= \frac{422.13}{8,154.73} \times 100 = 10.35\%$
e) Average Yield on Investments	$= \frac{184.50}{2,533.28} \times 100 = 7.28\%$	$= \frac{94.99}{2,541.06} \times 100 = 7.48\%$
f) Average Yield on Call loans to Bank	$= \frac{7.10}{68.83} \times 100 = 10.31\%$	$= \frac{5.53}{154.06} \times 100 = 7.18\%$
g) Average Yield on Balance with other Banks	$= \frac{13.76}{138.16} \times 100 = 9.96\%$	$= \frac{6.57}{108.02} \times 100 = 12.16\%$
h) Net Spread	4.57%	3.07%
i) Net Interest Margin	4.24%	3.69%
j) Contribution of non-interest bearing liabilities	-0.33%	0.62%
k) Bank did not receive any concessional rate bearing deposits to subsidise the loss on Government directives loans.		

43. CURRENCY ANALYSIS

The table below summarises the exposure to foreign exchange rate risk as of December 31, 2008. The Bank's assets and liabilities are included in their carrying amounts in million Bangladeshi Taka, broken down by currency.

Figure in million

Particulars	December 31, 2008					
	Taka	Equivalent Taka of US\$	Equivalent Taka of GBP	Equivalent Taka of EURO	Equivalent Taka of Other Currency	Total Taka
ASSETS						
Cash in Hand	1,997	36	12	22	13	2,080
Balance with Bangladesh Bank and its agent bank	6,479	81	2	19	2	6,583
Balance with other banks and financial institutions	1,034	57	93	11	263	1,458
Money at call and short notice	820	-	-	-	-	820
Investments	29,330	-	-	-	-	29,330
Loans and advances	113,362	-	-	-	-	113,362
Fixed assets	2,531	-	-	-	-	2,531
Other assets	31,162	-	-	-	-	31,162
Non-banking assets		-	-	-	-	-
Total assets	186,715	174	107	52	278	187,326
LIABILITIES						
Borrowings from other banks, financial Institutions and agents	1,097	933	-	73	3	2,106
Deposit	141,009	1,647	30	75	1,039	143,800
Bills Payable	2,881	105	4	2	23	3,015
Other liabilities	31,986	-	-	-	-	31,986
Total liabilities	176,973	2,685	34	150	1,065	180,907
Net position	9,742	(2,511)	73	(98)	(787)	6,419