

**Independent Auditor's Report and Financial Statements
of
National Bank of Pakistan Bangladesh Branches
For the year ended 31 December 2021**



ACNABIN
Chartered Accountants

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 **bakertilly**
NETWORK MEMBER

**Independent Auditor's Report
To the Management of National Bank of Pakistan Bangladesh Branches**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Bank of Pakistan Bangladesh Branches ("the Bank"), which comprise the balance sheet as at 31 December 2021 and the profit and loss account, statements of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as explained in note # 2.

Basis for Opinion

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

Emphasis of Matters

Without modifying our opinion as above, we are drawing attention to the following matters:

1. In note #2.31(b) to the financial statements, the Bank discloses that no actuarial valuation of the gratuity scheme has yet been done. It is a non-compliance of IAS-19.
2. In note # 8.08 to the financial statements the Bank discloses BDT 13,861 million (BDT 14,075 million in 2020) as loans and advances which include an amount of BDT 13,721 million (BDT 13,748 million in 2020) as bad/loss loans and advances as per BRPD circular no. 14 dated 23 September 2012. The bad/loss amount of loans and advances comprises 98.99% (97.67% in 2020) of total outstanding loans and advances as of 31 December 2021. However, we have received a 'Support Letter' from the National Bank of Pakistan- Head Office regarding the assurance of financial support to NBP, Bangladesh Branches in the foreseeable future, if there arises any threat to NBP, Bangladesh Branches to continue as a going concern.

3. In note # 11.01.01 to the financial statements, the Bank discloses the reasons for recognizing deferred tax assets.
4. In note # 15.01 to the financial statements, the Bank discloses the current status of the valuation of the eligible securities that the Bank has taken from the loanees.

Other Matter

The financial statements of the Bank for the year ended 31 December 2020 were audited by MABS&J Partners, Chartered Accountants, who expressed an unmodified opinion on those statements on 22 February 2021.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Bank, being branches of National Bank of Pakistan, is not required to publish a separate Annual Report and hence there is no other information to be audited.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with IFRSs as explained in note # 2, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 as amended and the Bangladesh Bank Regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

Report on other Legal and Regulatory Requirements

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

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of Bank other than matters disclosed in these financial statements;
- (iii) in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- (iv) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (v) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vi) the expenditures incurred were for the purpose of the Bank's business for the year;
- (vii) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (viii) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) we have reviewed over 80% of the risk-weighted assets of the Bank and spent over 3,000 person hours; and
- (xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dated, Dhaka

08 MAR 2022

ACNABIN, Chartered Accountants



Abu Sayed Mohammed Nayeem FCA

Partner

ICAB Enrolment Number: 0353

DVC: 2203080353AS746484

**NATIONAL BANK OF PAKISTAN
 BANGLADESH BRANCHES
 BALANCE SHEET
 AS AT 31 DECEMBER 2021**

Particulars	Notes	Amount in BDT	
		31-Dec-21	31-Dec-20
PROPERTY AND ASSETS			
Cash		1,183,422,270	734,374,788
Cash in hand (including foreign currency)	3.00	12,733,670	22,403,883
Balance with Bangladesh Bank & agent banks (including foreign currency)	4.00	1,170,688,600	711,970,905
Balance with other banks & financial institutions	5.00	122,183,544	290,511,060
In Bangladesh		-	-
Outside Bangladesh		122,183,544	290,511,060
Money at call on short notice	6.00	-	-
Investments (in shares / securities)	7.00	14,456,568,393	14,536,617,549
Government		14,456,568,393	14,536,617,549
Others		-	-
Loans & advances		13,861,231,217	14,075,914,977
Loan, cash credit, overdrafts etc.	8.00	12,591,280,617	12,805,964,377
Bills purchased & discounted	9.00	1,269,950,600	1,269,950,600
Fixed assets including premises, furniture & fixtures (restated)	10.00	64,065,503	89,768,897
Other assets (restated)	11.00	3,922,326,438	3,870,566,558
Non-banking assets	12.00	-	-
Total Assets		33,609,797,365	33,597,753,829
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	13.00	650,000,000	530,000,000
Deposits & other accounts	14.00	16,709,373,821	17,132,293,226
Current accounts and other accounts	14.01	13,867,279,836	13,190,490,147
Bills payable	14.02	4,016,185	10,185,902
Savings bank deposits	14.03	104,840,726	100,363,324
Fixed deposits	14.04	1,773,646,723	2,855,463,783
Scheme deposit	14.05	369,139,281	387,261,491
Bearer certificate of deposit	14.06	-	-
Other deposits (short term deposit)	14.07	590,451,070	588,528,580
Other liabilities (restated)	15.00	9,496,834,746	9,444,928,690
Total liabilities		26,856,208,567	27,107,221,916
Capital / Shareholders' Equity		6,753,588,798	6,490,531,913
Capital fund	16.00	14,163,513,703	14,163,513,703
Statutory reserve		-	-
Other reserve	17.00	47,084,988	89,869,642
Surplus in profit & loss account (restated)	18.00	(7,457,009,893)	(7,762,851,432)
Total Liabilities & Shareholders' Equity		33,609,797,365	33,597,753,829



Particulars	Notes	Amount in BDT	
		31-Dec-21	31-Dec-20
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	19.00	279,233,499	237,741,469
Acceptances & endorsements		-	-
Letters of guarantee	19.01	215,050,499	168,745,469
Irrevocable letters of credit (including back to back bills)	19.02	51,493,000	51,493,000
Bills for collection	19.03	12,690,000	17,503,000
Other contingent liabilities	19.04	-	-
Other commitments		13,048,384,050	12,518,096,850
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed	19.05	13,048,384,050	12,518,096,850
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total Off-Balance Sheet items Including Contingent Liabilities		13,327,617,549	12,755,838,319

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



Muhammad Khalid Mahmud, FCMA
 Head of Finance



Md. Quamruzzaman
 Country Manager & General Manager

Signed as per our annexed report of even date.

Dated: Dhaka

08 MAR 2022

ACNABIN, Chartered Accountants



Abu Sayed Mohammed Nayeem FCA
 Partner

ICAB Enrolment Number: 0353


DVC : 2203080353AS746484



**NATIONAL BANK OF PAKISTAN
BANGLADESH BRANCHES
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Particulars	Notes	Amount in BDT	
		2021	2020
Interest income	21.00	62,514,531	3,792,318
Interest paid on deposits and borrowing etc.	22.00	(613,163,269)	(1,237,015,134)
Net interest income		(550,648,737)	(1,233,222,815)
Investments income (in shares/securities)	23.00	1,106,576,303	1,243,983,732
Commission, exchange & brokerage	24.00	19,937,210	(6,058,503)
Other operating income	25.00	72,537	158,980
Total operating income		575,937,312	4,861,393
Salary & allowances	26.00	60,925,953	69,816,950
Rent, taxes, insurances, electricity etc. (restated)	27.00	32,955,653	42,736,102
Legal expenses & other professional fees	28.00	20,898,436	25,022,134
Postage, stamps and telecommunication etc.	29.00	639,372	604,829
Stationery, printing, advertisement etc.	30.00	1,038,608	1,929,631
General manager's salary and fees	31.00	7,213,700	7,213,700
Directors' fees	32.00	-	-
Auditors' fees	33.00	386,739	345,000
Charges on loan losses	34.00	-	-
Depreciation and repair of Bank's assets (restated)	35.00	60,862,835	45,486,109
Other expenses (restated)	36.00	35,006,733	17,685,885
Total operating expenses		219,928,028	210,840,340
Profit/(Loss) before provision		356,009,284	(205,978,947)
Provision for loan & advances	37.00	54,837,615	(786,684)
Provision for off-balance sheet exposure	38.00	-	2,377,415
Provision for diminution in value of investment	39.00	-	-
Other provisions (provision for other assets)	40.00	-	-
Total provision		54,837,615	1,590,730
Total profit/(loss) before taxes		301,171,669	(207,569,677)
Provision for taxation	15.02	35,000,000	7,497,772
Deferred tax expenses/(income) - (restated)	41.00	(39,669,871)	1,635,931
Net profit/ (loss) after taxation		305,841,540	(216,703,381)
Appropriation		305,841,540	(216,703,381)
Statutory reserve		Not Applicable	Not Applicable
General reserve		Not Applicable	Not Applicable
Dividends		Not Applicable	Not Applicable
Retained surplus / (deficit)		305,841,540	(216,703,381)
Earning Per Share (EPS)	47.00	Not Applicable	Not Applicable

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


Muhammad Khalid Mahmud, FCMA
Head of Finance


Md. Quamruzzaman
Country Manager & General Manager

Signed as per our annexed report of even date.

Dated: Dhaka

08 MAR 2022

ACNABIN, Chartered Accountants

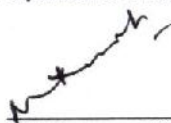

Abu Sayed Mohammed Nayeem FCA
Partner

ICAB Enrolment Number: 0353


DVG : 2203080353AS746484

**NATIONAL BANK OF PAKISTAN
 BANGLADESH BRANCHES
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2021**

Particulars	Notes	Amount in BDT	
		2021	2020
Cash flows from operating activities:			
Interest receipt in cash		1,140,981,803	1,265,582,010
Interest payments		(630,527,628)	(1,264,641,843)
Fee & commission receipt in cash	24.00	19,937,210	(6,058,503)
Cash payments to employees		(68,139,653)	(77,030,650)
Cash payments to suppliers		-	-
Income taxes paid		(62,480,675)	(37,653,011)
Receipts from other operating activities	25.00	72,537	158,980
Payments for other operating activities (restated)	43.00	(89,282,597)	(86,456,064)
Operating profit before changes in operating assets and liabilities		310,560,997	(206,099,082)
(Increase) / Decrease in operating assets/ liabilities			
Statutory deposits		-	-
Purchase/ Sale of trading securities		-	-
Loans and advances to other banks		-	-
Loans and advances to customers		214,683,761	21,618,654
Other assets (item wise)	44.00	50,453,707	23,924,718
Deposits from other banks		120,000,000	380,000,000
Deposits received from /returned to customers		(422,919,405)	(138,931,891)
Other liabilities account of customers		-	-
Trading liabilities		-	-
Other liabilities	45.00	71,612,784	(23,139,912)
Net cash from operating activities		33,830,847	263,471,570
Cash flows from investing activities			
Proceeds from sale of securities		2,557,200,000	2,136,700,000
Payment for purchase of securities		(2,578,235,492)	(3,018,634,453)
Purchase/ sale of property, plant & equipment		(7,046,870)	(3,791,048)
Purchase/ sale of subsidiaries		-	-
Net cash from investing activities		(28,082,363)	(885,725,500)
Cash flows from financing activities:			
Receipt from issue of loan capital & debt securities		-	-
Payment for redemption of loan capital & debt securities		-	-
Receipt from issuing ordinary share/receipt from head office		-	920,505,000
Lease payment		(35,589,515)	(19,368,498)
Dividend paid		-	-
Net cash from financing activities		(35,589,515)	901,136,502
Net increase / decrease in cash		280,719,967	72,783,490
Effects of exchange rate changes on cash & cash equivalent		-	-
Cash & cash equivalents at the beginning of the period		1,024,885,848	952,102,358
Cash and cash equivalents at the end of the period	46.00	1,305,605,814	1,024,885,848


 Muhammad Khalid Mahmud, FCMA
 Head of Finance

Dated: Dhaka


 Md. Quamruzzaman
 Country Manager & General Manager

08 MAR 2022



**NATIONAL BANK OF PAKISTAN
 BANGLADESH BRANCHES
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2021**

Particulars	Fund deposited with Bangladesh Bank	Other reserve	Profit & loss account	Total
Balance as at 01 January 2021	14,163,513,704	89,869,641	(7,762,851,432)	6,490,531,913
Changes in accounting policy	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	(42,784,654)	-	(42,784,654)
Adjustment of revaluation of investments	-	-	-	-
Currency translation difference	-	-	-	-
Net gain and losses not recognized in the income	-	-	-	-
Net profit/(loss) for the year	-	-	305,841,540	305,841,540
Revaluation of foreign currency	-	-	-	-
Dividend	-	-	-	-
Fund received from head office	-	-	-	-
Transfer to/from profit & loss A/C	-	-	-	-
Balance as at 31 December 2021	14,163,513,704	47,084,987	(7,457,009,893)	6,753,588,798
Balance as at 01 January 2020	13,243,008,703	123,380,402	(7,563,873,900)	5,802,515,205
Changes in accounting policy restated balance	-	-	17,725,848	17,725,848
Surplus/deficit on account of revaluation of properties	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	(33,510,761)	-	(33,510,761)
Adjustment of revaluation of investments	-	-	-	-
Currency translation difference	-	-	-	-
Net gain and losses not recognized in the income	-	-	-	-
Net profit/(loss) for the periods (restated)	-	-	(216,703,381)	(216,703,381)
Revaluation of foreign currency	-	-	-	-
Dividend	-	-	-	-
Issue of share capital/received from head office	920,505,001	-	-	920,505,001
Transfer to/from profit & loss A/C	-	-	-	-
Balance as at 31 December 2020	14,163,513,704	89,869,641	(7,762,851,432)	6,490,531,913
Other Reserves			2021	2020
General reserves			-	-
Retained earnings			-	-
Investment loss offsetting reserves			-	-
Share premium			-	-
Asset revaluation reserve			-	-
Dividend equalization A/C			-	-
Increase in HTM securities			29,640,069	74,310,064
Gain in revaluation of treasury bills & bonds HFT			17,444,919	15,559,578
Exchange equalization A/C			-	-
Total			47,084,988	89,869,642

Muhammad Khalid Mahmud, FCMA
 Head of Finance

Md. Quamruzzaman
 Country Manager & General Manager

Dated: Dhaka

08 MAR 2022



**NATIONAL BANK OF PAKISTAN
BANGLADESH BRANCHES
LIQUIDITY STATEMENT
ASSETS & LIABILITIES MATURITY ANALYSIS
AS AT 31 DECEMBER 2021**

Particulars	Up to 1 Months	1-3 months	3-12 months	1-5 years	More than 5 years	Total
ASSETS:						
Cash in hand	1,183,422,270	-	-	-	-	1,183,422,270
Balance with other banks & financial institutions	122,183,544	-	-	-	-	122,183,544
Money at call on short notice	-	-	-	-	-	-
Investments (in shares & securities)	1,219,610,845	-	668,118,712	7,817,873,561	4,750,965,276	14,456,568,393
Loan & advances	13,755,455,258	-	-	105,775,959	-	13,861,231,217
Fixed assets including premises, furniture & fixtures	4,942,091	9,884,182	44,478,819	4,760,411	-	64,065,503
Other assets	-	-	690,245,437	3,232,081,002	-	3,922,326,438
Non-banking assets	-	-	-	-	-	-
Total assets	16,285,614,007	9,884,182	1,402,842,967	11,160,490,933	4,750,965,276	33,609,797,365
LIABILITIES:						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	650,000,000	-	-	-	-	650,000,000
Deposits	8,313,480,705	5,331,387,220	2,240,994,891	211,019,483	22,040,453	16,118,922,751
Other accounts	590,451,070	-	-	-	-	590,451,070
Provision & other liabilities	-	81,818,374	-	9,415,016,372	-	9,496,834,746
Total liabilities	9,553,931,775	5,413,205,593	2,240,994,891	9,626,035,855	22,040,453	26,856,208,567
Net liquidity gap	6,731,682,233	(5,403,321,412)	(838,151,924)	1,534,455,078	4,728,924,823	6,753,568,798



Muhammad Khalid Mahmud, FCMA
Head of Finance



Md. Quamruzzaman
Country Manager & General Manager

Dated: Dhaka

08 MAR 2022



National Bank of Pakistan Bangladesh Branches
Notes to the Financial Statements
As at and for the year ended 31 December 2021

1.00 Status and nature of business:

a) Status of the Bank:

National Bank of Pakistan (NBP) was established under the National Bank of Pakistan Ordinance, 1949 and is listed on all the stock exchanges in Pakistan. Both of its registered and head office is situated at I.I. Chundrigger Road, Karachi. It has been operating its banking activities in Bangladesh at Dhaka since August 1994, at Chattogram since April 2004, at Sylhet since March 2008 and at Gulshan since April 2008. Sylhet branch has been closed from 01 October 2021.

b) Nature of business

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

2.00 Basis for preparation

2.01 Statement of compliance

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

a) Investment in shares & securities:

IFRS: As per requirements of *IFRS 9: Financial Instruments*, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall under either "at fair value through profit or loss account", "at fair value through other comprehensive income" or "amortized cost" where any change in the fair value (as measured in accordance with *IFRS 13: Fair Value Measurement*) at the year-end is taken to profit and loss account or other comprehensive income respectively.

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

b) Revaluation gain & loss on government securities:

IFRS: As per the requirement of *IFRS 9: Financial Instruments* where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognized through the profit and loss account. Securities designated as amortized cost are measured at effective interest rate method and interest income is recognized through the profit and loss account.

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

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

c) Provision on loans & advances:

IFRS: As per IFRS 9 an entity shall recognize an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per the Bangladesh Bank BRPD Circular letter no. 52 dated 29 December 2021, BRPD Circular letter no. 50 dated 14 December 2021, BRPD Circular no. 52 dated 20 October 2020, BRPD Circular no. 16 dated 21 July 2020, BRPD Circular no. 56 dated 10 December 2020, BRPD Circular Letter no. 24 dated 17 November 2019, BRPD Circular Letter no. 6 dated 19 May 2019, BRPD Circular no. 5 dated 16 May 2019, BRPD Circular no. 3 dated 21 April 2019, BRPD circular no. 1 dated 20 February 2018, BRPD circular no. 15 dated 27 September 2017, BRPD circular no. 16 dated 18 November 2014, BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 05 dated 29 May 2013, a general provision at 0.25% to 5% under different categories of unclassified loans (standard/ SMA loans) should be maintained regardless of objective evidence of impairment. Specific provision for sub-standard loans, doubtful loans and bad losses should be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Also, a general provision at 1% should be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9.

d) Other comprehensive income:

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

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

e) Financial instruments presentation & disclosure:

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in *IFRS 9*. As such some disclosures and presentation requirements of *IAS 32 Financial Instruments Presentation* and *IFRS 7 Financial Instruments Disclosures* cannot be made in the financial statements.

f) Repo & reverse repo transactions:

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

Bangladesh Bank: As per DOS Circular letter 6 dated 15 July 2010 and DOS Circular letter 2, dated 23 January 2013, when a bank sells a financial asset and simultaneously enter into an agreement to

repurchase the assets (or a similar assets) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction and the financial assets are derecognized in the seller's books and recognized in the buyer's book.

g) Financial guarantee:

IFRS: As per *IFRS 9*, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fail to make payment when due in accordance with the terms of debt instruments. Financial guarantee liabilities are recognized initially at their fair value and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognized less, income recognized in accordance with the principles of *IFRS 15*. Financial guarantee is included within other liability.

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

h) Cash & cash equivalent:

IFRS: As per *IAS 7 Statement of Cash Flows*, cash comprises cash on hand and demand deposits and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash and cash equivalent items should be reported as cash items.

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

i) Recognition of interest in suspense:

IFRS: Loans and advances to customers are generally classified at amortized cost as per *IFRS 9* and interest income is recognized by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortized cost of these loans and advances.

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

j) Non-banking assets:

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

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

k) Cash flow statement:

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

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

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

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

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

m) Presentation of intangible assets:

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

Bangladesh Bank: As per BRPD 14 dated 25 June 2003, there is no regulation on intangible assets.

n) Off-balance sheet items:

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

Bangladesh Bank: As per BRPD 14 dated 25 June 2003, off-balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately in the face of the Balance Sheet.

o) Loans & advances / investments net off provision:

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

Bangladesh Bank: As per BRPD 14 dated 25 June 2003, provision on loans and advances / investments is presented separately as liability and cannot be netted off against loans and advances / investments.

p) Recognition of derivatives:

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

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

2.02 Estimates and judgments

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

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

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

2.03 Going Concern

The financial statements, namely Balance Sheet, Profit & Loss Account, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement and relevant notes and disclosure thereto, have been prepared on going concern basis under historical cost convention, and in accordance with First Schedule of the Bank Companies Act 1991 (amended 2013), amended by BRPD circular no. 14 dated 25 June 2003.

2.04 Basis of measurement:

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

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

Value of investments has been enumerated as follows:

Items	Applicable accounting value
Government treasury bills-HTM	Amortized value
Government treasury bills-HFT	Market value
Government treasury bonds-HTM	Amortized value
Government treasury bonds-HFT	Market value
Prize bond	At cost

2.05 Branch consolidation

The Bank is working in Bangladesh as a foreign branch of National Bank of Pakistan, incorporated in Pakistan and does not have any subsidiaries in Bangladesh; as such IFRS 10 "Consolidated Financial Statements" does not have any impact in these financial statements. To have an overall financial position in a single set of financial statements of Bangladesh operations, consolidated record for the statement of affairs and income and expenditure of the branches were maintained at the Controlling Office, 80 Gulshan Avenue, Dhaka of the Bank based on which these financial statements have been prepared.

2.06 Functional and presentation currency

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

2.07 Foreign currency transaction:

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

- (a) Foreign currency transactions are converted into Taka currency at the exchange rates prevailed on the dates of such transactions.
- (b) Assets and liabilities outstanding on 31 December 2021 in foreign currency have been converted into Taka currency at the following rates:

Country	Currency	Mid-rate (Equivalent Taka)
U. S. A	USD 1	85.350
ACU Dollar	USD 1	85.350
U. K	GBP 1	115.154
JAPAN	JPY 1	0.772
EUROPE	EURO 1	96.591

Gains and losses of transactions are dealt with through exchange account in profit and loss account except balance held with Bangladesh Bank in foreign currency against "Capital Fund".

2.08 Loans & advances

- a) Loans and advances have been stated at gross value as per requirements of the Banking Companies Act, 1991 amended up to 2013.

- b) Interest is calculated on daily product basis but charged and accounted for quarterly on accrual basis.
- c) Interests on regular loans and advances have been accounted for as income on accrual basis.
- d) Provision for loans and advances / investments is made on the basis of the following instructions contained in Bangladesh Bank BRPD Circular letter no. 52 dated 29 December 2021, BRPD Circular letter no. 50 dated 14 December 2021, BRPD Circular no. 52 dated 20 October 2020, BRPD Circular no. 16 dated 21 July 2020, BRPD Circular no. 56 dated 10 December 2020, BRPD Circular Letter no. 24 dated 17 November 2019, BRPD Circular Letter no. 6 dated 19 May 2019, BRPD Circular no. 5 dated 16 May 2019, BRPD Circular no. 3 dated 21 April 2019, BRPD circular no. 1 dated 20 February 2018, BRPD circular no. 15 dated 27 September 2017, BRPD circular no. 16 dated 18 November 2014, BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 05 dated 29 May 2013. The rates of provision for loans and advances / investments are given below:

Particulars	Rate
General provision on unclassified general loans and advances / investments	1%
General provision on unclassified small and medium enterprise financing	0.25%
General provision on interest receivable on loans / investments	1%
General provision on unclassified loans / investments for housing finance	1%
General provision on loans for professionals and loans to BHs/MBs against share etc.	2%
General provision on unclassified consumer financing other than housing finance and professionals	5%
General provision on short term Agriculture/Micro Credit	1%
General provision on credit card	2%
General provision on Special Mention Account (SMA) except Short Term Agriculture Loans	0.25%-5%
Specific provision on substandard loans and advances / investments	5%-20%
Specific provision on doubtful loans and advances / investments	5%-50%
Specific provision on bad / loss loans and advances / investments	100%

*1% and 2% General provisions are made for "Special General Provision COVID-19" as per BRPD Circular Letter No. 56 dated 10 December 2020 and Circular letter no. 52 dated 29 December 2021 respectively.

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

2.09 Provision for off balance sheet exposure:

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

2.10 Fixed assets:

- a) Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Bank and the cost of the assets can be reliably measured. Subsequently, these are stated at cost less accumulated depreciation as per IAS-16 *Property, Plant and Equipment*. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.
- b) The depreciation of fixed assets has been charged as per Head Office circular No. 34/2006 dated May 09, 2006 in order to comply with the requirements of International Accounting standards. Depreciation is charged from the month the assets are brought into use and no depreciation is charged from the month the assets are sold/ disposed of. The method and rate of depreciation are as follows:

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

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

2.11 Intangible assets:

- a) An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of assets can be measured reliably.
- b) Software represents the value of computer application software licensed for use of the Bank, other than software applied to the operation software system of computers. Intangible assets are carried at its cost, less accumulated amortization and any impairment losses. Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditures that are incurred in customizing the software for its intended use.
- c) Expenditure incurred on software is capitalized only when it enhances and extends the economic benefits of computer software beyond their original specifications and lives and such cost is recognized as capital improvement and added to the original cost of software.
- d) Software is amortized using the straight-line method over the estimated useful life commencing from the date of the application. Software is available for use over its useful economic life.

2.12 Impairment of Assets:

The Bank assesses at the end of each reporting period if events or changes in circumstances indicate that the carrying value of an asset may be impaired, whether there is any indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the bank makes an estimate of the asset's recoverable amount. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered as impaired and is written down to its recoverable amount by debiting to the profit & loss account. Fixed assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying amount of an asset may be impaired.

2.13 Other assets:

Provision for other assets

Other assets have been classified as per BRPD circular no. 14 dated 25 June 2003 of Bangladesh Bank and necessary provisions have been made thereon accordingly and for item not covered under the circular, adequate provision have been made considering their recoverability.

2.14 Leases

IFRS 16 Leases is effective for the annual reporting periods beginning on or after 1 January 2019. IFRS 16 defines that a contract is (or contains) a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 significantly changes how a lessee accounts for operating leases. Under previous IAS 17, an entity would rent an office building or a branch premises for several years with such a rental agreement being classified as operating lease would have been considered as an off-balance sheet item. However, IFRS 16 does not require a lease classification

test and hence all leases shall be accounted for as on balance sheet item except for some limited exceptions i.e. short-term lease and leases for low value items.

Under IFRS 16, an entity will recognize a right-of-use (ROU) asset (i.e. the right to use the office building, branches, service center, call center, warehouse, etc.) and a corresponding lease liability. The asset and the liability are initially measured at the present value of unavoidable lease payments. The depreciation of the lease asset (ROU) and the interest on the lease liability is recognized in the profit or loss account over the lease term replacing the previous heading 'lease rent expenses'.

While implementing IFRS 16, the Bank observed that IFRS 16 is expected to have impact on various regulatory capital and liquidity ratios as well as other statutory requirements issued by various regulators. In addition, there are no direction from National Board of Revenue (NBR) regarding treatment of lease rent, depreciation on ROU assets and interest on lease liability for income tax purposes and applicability of VAT on such items. Finally, paragraph 5 of IFRS 16 provide the recognition exemptions to short-term leases and leases for which the underlying asset is of low value. Although, paragraphs B3 to B8 of the Application Guidance (Appendix B) of IFRS 16 provide some qualitative guidance on low value asset, but this guidance is focused towards moveable asset and immovable asset like rental of premises (i.e. real estate) is not covered on that guidance, nor any benchmark on quantification guidance on low value items have been agreed locally in Bangladesh.

Nevertheless, as first step the Bank has defined 'low value asset' which are to be excluded from IFRS 16 requirement. Thereafter, the Bank has reviewed lease arrangements for 'office premises' for consideration under IFRS 16.

As per the preliminary assessment of leases for 'office premises', the Bank has concluded that the potential impact of these lease items in the Balance Sheet and Profit and Loss Account of the Bank is not considered to be material. Therefore, considering the above implementation issues the Bank has not taken IFRS 16 adjustments on the basis of overall materiality as specified in the materiality guidance in the 'Conceptual Framework for Financial Reporting' and in 'International Accounting Standard 1 Presentation of Financial Statements'. However, the Bank would continue to liaison with regulators and related stakeholders as well as observe the market practice for uniformity and comparability, and take necessary action in line with any guideline and market practice.

In 2021, the Bank completed an assessment for all the rental agreements and recognized Right-of-use assets and leases liabilities for all leases under the scope of IFRS 16 Leases. On this transition, the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 6%.

a) Bank as Lessor

Amount due from lessees under the finance leases are recorded as receivables at the amount of the Bank's net investment in the leases. Finance lease income is allocated to accounting periods as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

b) Bank as Lessee

For any new contracts entered into on or after 1 January 2019, the Bank considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Bank assesses whether the contract meets two key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Bank
- the Bank has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Bank has the right to direct the use of the identified asset throughout the period of use. The Bank assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

c) Impact of adopting IFRS-16

The following summarizes the impact of adopting IFRS-16 on the Bank's balance sheet and profit & loss account for the period then ended on 31 December 2021, for each of the line items affected. The policy is applied to all the lease agreements having lease term for 12 months or more as on 1 January 2020 and the

contracts entered into, or changed on or after that date. Impact for implementation of IFRS-16 is depicted below-

Impact on the balance sheet as on 31 December 2021:

Particulars	Balance before implementation	Adjustments	Balance after implementation
Fixed assets including premises furniture and fixture	18,027,107	46,038,396	64,065,503
Other assets	3,903,733,133	18,593,305	3,922,326,438
Other liabilities	9,371,097,915	125,736,831	9,496,834,746
Surplus in profit & loss account	(7,395,841,722)	(61,168,171)	(7,457,009,893)

Impact on the profit and loss account for the year ended 31 December 2021:

Particulars	Amount before implementation	Adjustments	Amount after implementation
Depreciation and repair of Bank's assets	14,406,894	46,455,941	60,862,835
Other expenses	31,806,046	3,200,687	35,006,733
Rent, taxes, insurances, electricity etc.	68,545,168	(35,589,515)	32,955,653
Deferred tax expenses/(income)	(1,709,467)	(37,960,404)	(39,669,871)

2.15 Nonbanking assets:

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

2.16 Reporting period:

The financial statements cover from 01 January 2021 to 31 December 2021.

2.17 Offsetting

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

2.18 Receivable

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

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

While preparing the financial statements, National Bank of Pakistan complied most of the IAS and IFRS, details of which are given below:

Sl. No.	Name of IAS	IAS	Status
1	Presentation of Financial Statements	1	Applied with some departures (note # 2.1)
2	Inventories	2	N/A
3	Statements of Cash Flows	7	Applied with some departures (note # 2.1)
4	Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
5	Events after the Reporting Period	10	Applied
7	Income Taxes	12	Applied
8	Property, Plant and Equipment	16	Applied
9	Employee Benefits	19	Applied
10	The Effects of Changes in Foreign Exchange Rate	21	Applied
11	Borrowing Cost	23	Applied
12	Related Party Disclosures	24	Applied
13	Accounting and Reporting by Retirement Benefit Plans	26	Applied
14	Consolidated and Separate Financial Statements	27	Not Applicable
15	Investment in Associates	28	Not Applicable
16	Interest in Joint Ventures	31	Not Applicable
17	Financial Instruments: Presentation	32	Applied with some departures (note # 2.1)
18	Earnings per Share	33	Not Applicable
19	Interim Financial Reporting	34	Not Applicable
20	Impairment of Assets	36	Applied
21	Provisions, Contingent Liabilities and Contingent Assets	37	Applied
22	Intangible Assets	38	Applied
23	Financial Instruments: Recognition and Measurement	39	Applied with some departures (note # 2.1)
24	Investment Property	40	Not Applicable

Sl. No.	Name of IFRS	IFRS	Status
1	First-time Adoption of International Financial Reporting Standards	1	Not Applicable
2	Share-Based Payment	2	Not Applicable
3	Business Combinations	3	Not Applicable
4	Insurance Contracts	4	Not Applicable
5	Non-current assets Held for Sale and Discontinued Operations	5	Not Applicable
6	Exploration for and Evaluation of Mineral Resources	6	Not Applicable
7	Financial Instruments: Disclosures	7	Applied with some departures (note # 2.1)
8	Operating Segments	8	Applied
9	Financial Instruments	9	Applied with some departures (note # 2.1)
10	Consolidated Financial Statements	10	Not Applicable
11	Joint Arrangements	11	Not Applicable

Sl. No.	Name of IFRS	IFRS	Status
12	Disclosure of Interest in Other Entities	12	Not Applicable
13	Fair Value Measurement	13	Applied with some departures (note # 2.1)
14	Regulatory Deferral Accounts	14	Not Applicable
15	Revenue from Contracts with Customers	15	Applied
16	Leases	16	Applied
17	Insurance Contract	17	Not Applicable

2.20 Revenue recognition

(a) Interest income:

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

(b) Investment income

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

(c) Fees and commission income:

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

2.21 Liquidity statement

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

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

2.22 Statement of cash flow

Cash flow statement has been prepared in accordance with the BRPD Circular No. 14, dated June 25, 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.



2.23 Statement of changes in equity

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

2.24 Taxation

(i) Current tax

Provision for current income tax has been made as per prescribed rate in the Finance Act, 2021 on the taxable income as per income tax law and International Accounting Standard (IAS) -12: "Income Taxes".

(ii) Deferred tax:

Deferred tax liabilities are the amounts of income tax payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of taxable temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax basis. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date. The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the profit and loss account. Disclosures of Deferred Tax have been made on the basis of the instructions contained in Bangladesh Bank BRPD Circular No. 11 dated 12 December 2011.

2.25 Deposits and other accounts:

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

2.26 Investment

Value of investment has been calculated as follows:

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

2.27 Reconciliation of inter-bank/inter-branch account

Accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences which may affect the financial statements significantly. Un-reconciled entries / balances in the case of inter-branch transactions as on the reporting date are not material.

2.28 Accounting for provision, contingent liabilities and contingent assets:

The Bank recognizes provision only when it has a legal or constructive obligation as a result of a past event and it is provable that an outflow of economic benefit will be required to settle the obligations, in accordance with the *IAS 37 Provision, Contingent Liabilities and Contingent Assets*.

2.29 Contingent liabilities

A contingent liability is:

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

A present obligation that arises from past events but is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.



Contingent liabilities are not recognized but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated. Contingent assets are not recognized in the financial statements as this may result in recognition of income which may never be realized.

2.30 Borrowings from other banks, financial institutions and agents

Borrowed funds include call money deposits, borrowings, re-finance borrowings and other term borrowings from banks, financial institutions and agents. These are stated in the balance sheet at amounts payable. Interest paid / payable on these borrowings is charged to the profit & loss account.

2.31 Retirement benefits to the employee:

(a) Provident Fund

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

(b) Gratuity/pension fund:

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

- i) Last drawn one-month basic salary for each completed years of confirmed / permanent service with the bank for the employees who have completed five years but less than fifteen years of confirmed / permanent service with the bank;
- ii) One and half times of last drawn basic salary for each completed years of confirmed / permanent service with the bank for the employees who have completed fifteen years or more of his confirmed / permanent service with the bank.

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

2.32 Workers' profit participation fund (WPPF)

SRO-336-AIN/2010 dated 5 October 2010 issued by the 'Ministry of Labour and Employment' declares the status of business of certain institutions and companies along with Bank & insurance companies as "Industrial Undertakings" for the purposes of Chapter-XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) which deals with the workers' participation in company's profit by way of 'Workers Participation Fund' and 'Welfare Fund'. This Act requires the "Industrial Undertakings" to maintain provision for workers' profit participation fund @ 5% on net profit. Since this requirement contradicts with the 'Section 11' of the 'Bank Companies Act 1991 (as amended up to 2013)', Banks in Bangladesh took up the issue collectively and sought opinion from 'Association of Bankers Bangladesh Limited (ABB)' on the same. ABB wrote a letter to the 'Ministry of Finance' of Government of People's Republic of Bangladesh on 09.03.2016 to draw attention of the honorable Finance Minister regarding relevance and applicability of Chapter XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) for Bank Companies and to obtain a direction on the issue. The 'Ministry of Finance' revealed their opinion that WPPF should not be relevant for Bank Companies and therefore, it should not be applied there. They also sought for an opinion on this issue from Bangladesh Bank. Subsequently, Bangladesh Bank agreed on all the logics and legal opinion collected by the ABB and expressed their consensus with them on 29.11.2016. In this backdrop, the 'Ministry of Finance' has given their instruction, vide letter no. 53.00.0000.311.22.002.17.130 dated 14.02.2017, for not applying Chapter XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) in Bank Companies. Therefore, no





provision in this regard has been made in the financial statements for the year ended on December 31, 2021.

2.33 Provision for Off-balance sheet exposures

Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines. Banks are required to maintain provision against Off-balance sheet items as per BRPD Circular # 14, dated 23 September 2012 and BRPD Circular # 07 dated 21 June 2018

2.34 Start Up Fund

SMESPD (SME and Special Programs Department) Circular No 05 (26 April 2021) issued by Bangladesh Bank, instructs Banks to maintain a 'Start Up Fund' by transferring 1% money from yearly net profit. The Bank has not made any provision for start-up fund as the Bank got the waiver from Bangladesh Bank.

2.35 Risk management

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

(a) Credit risk management:

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

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

(b) Foreign exchange risk management

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

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

(c) Assets liability management

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



(d) Prevention of money laundering

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

The Bank has implemented an enterprise-wide AML (Anti-Money Laundering) and CFT (Combating the Financing of Terrorism) compliance program, which covers all the activities of the Bank and is reasonably designed to comply with applicable laws and regulations. It is the policy of the Bank to take all reasonable and appropriate steps to prevent persons engaged in money laundering, fraud, or other financial crime, including the financing of terrorists or terrorist operations, from utilizing the Bank's products and services. The Bank makes every effort to remain in full compliance with all applicable AML and CFT laws, rules and standards in the jurisdictions in which it does business.

In order to facilitate compliance with AML and CFT requirements, the Bank has hired a Senior Executives as the CAMLCO (Chief Anti-Money Laundering Compliance Officer) and a team of employees with experience on AML and CFT requirements under law, as well as money laundering detection and prevention, to oversee AML and CFT program of the Bank.

(e) Information communication technology

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

2.36 Internal control

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

2.37 Liquidity risk:

The object of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Bank is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance. Management of liquidity and funding is carried out by Treasury Department under approved policy guidelines. Treasury front office is supported by a very structured Mid office and Back office. The Liquidity management is monitored by Asset



Liability Committee (ALCO) on a regular basis. A written contingency plan is in place to manage extreme situation.

2.38 Market risk

The exposure of market risk of the Bank is restricted to foreign exchange risk, interest rate risk and equity risk.

2.39 Interest rate risk

Interest rate risk may arise either from trading portfolio or non-trading portfolio. The trading portfolio of the Bank consists of Government treasury bills. The short-term movement in interest rate is negligible or nil. Interest rate risk of non-trading business arises from mismatches between the future yield of an asset and its funding cost. Asset Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

2.40 Operational risk

Operational risk 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. Internal Control and Compliance Division undertakes periodical and special audit of the branches and divisions at the Head Office for review of the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the Internal Control and Compliance Division.

2.41 Internal audit

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

Internal Audit mechanism is used as an important tool to ensure good governance of the bank. Internal Audit Activity of the bank is found effective and it provides senior management with a number of important services. These include detecting and preventing fraud, testing internal control, monitoring and compliance in respect of internal policies & procedures, applicable laws & regulations, instruction/guidelines of regulatory authority.

The Bank, being quite small in size and operation, the management posted one person as Head of Audit for Bangladesh Operations. In addition, time to time review from the Group internal audit team is also conducted.

2.42 Fraud and Forgeries

The increasing wave of fraud and forgery cases in the banking sector in recent time calls for concerted steps in identifying ways for reducing or preventing frauds and forgeries by analyzing the causes and effect of frauds and forgeries, and prescribing effective control strategies for salvaging frauds in the banking sector. The Bank does always pay due attention on anti-fraud internal controls for prevention of fraud and forgery. The Bank has already implemented some strategies like Financial Control Strategy, Personnel Control Strategy, Accounting Control Strategy, Credit Control Strategy, Cost Control Strategy, Administrative Control strategy, Process Control Strategy etc. in order to strengthening the control system further. Although it is not possible to eliminate all frauds because of the inherent limitations of Internal Control System, the Management has taken all the measures to keep the operational risk in a very minimum level. Internal Control and Compliance Division (ICCD) assesses and evaluates the effectiveness of Bank's anti-fraud internal control measures, recommends for further improvement in implementation of aforesaid strategies and reports to the Bangladesh Bank on effectiveness of controls at the end of each quarter following their prescribed format.



2.43 Events after the balance sheet date

There were no material events after the balance sheet date that may require adjustment or disclosure. While the overall effect of COVID 19 global pandemic on banks business in post years is still evolving at this point. The management is regularly monitoring the potential impact of the pandemic on the bank so that any foreseeable adverse impact can reasonably be managed.

2.44 Audit committee

According to BRPD Circular no 11 dated 27 October 2013, all banks are advised to constitute an audit committee comprising members of the Board. The audit committee will review amongst other the financial reporting process, the system of internal control and management of financial risks and the internal audit process.

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

The Bank's Management Committee during the year ended 31 December 2021 has comprised of following senior employees:

Name of the Persons	Designations	Educational and Professional Qualification
Md. Quamruzzaman	Country Manager/Country Head	M.Com (DU), MBA(Canada)
Syed Muhammad Jawwad Raza Naqvi	VP/DGM-Credit & Operations	MS, MBA (Islamia University, Bhawalpur, Pakistan), AIBP
Muhammad Khalid Mahmud	Head of Finance	M.Com, MBA(DU), FCMA
Habib ur Rehman	Chief Manager /AVP	MBA (Bahria University, Karachi), JAIBP
Mahfuzul Islam	Head of HR	MBA, MA (University of Dhaka), CFA

2.45 General

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





Note	Particulars	Amount in BDT	
		31-Dec-21	31-Dec-20
3.00	Cash in hand (Including foreign currencies)		
	In local currency	12,095,695	21,258,908
	In foreign currency	637,975	1,144,975
		12,733,670	22,403,883
3.01	Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)		
	Cash Reserve Requirement and Statutory Liquidity Ratio have been calculated and maintained in accordance with section 33 of Bank Companies Act, 1991 and MPD circular nos.01 & 02, dated June 23, 2014 and December 10, 2013 & DOS circular no.1 dated 19 January 2014 & MPD Circular no.01 dated April 03, 2018 & DOS circular letter no. 26 dated 19 August 2019 and MPD Circular no. 03 dated April 09, 2020.		
	4% Cash Reserve Requirement (CRR) is required on the Banks average time and demand liabilities which Bank maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Ratio, including CRR, on the same liabilities has also been maintained by the Bank in the form of treasury bills and bonds including balance with Bangladesh Bank. Both the reserve are maintained by the Bank as per statutory requirements, as shown below:		
3.02	CRR: 4% of average demand and time liabilities:		
	Required Reserve	652,954,000	607,256,000
	Required Percentage (%)	4.00%	4.00%
	Actual Reserve	701,108,358	654,000,487
	Actual Percentage (%)	4.29%	4.36%
	Surplus/ (Deficit)	0.29%	0.36%
3.03	SLR: 13% excluding CRR of average demand and time liabilities:		
	Required reserve	2,125,435,000	1,973,582,000
	Required percentage (%)	13.00%	13.00%
	Actual reserve	14,514,592,300	14,611,672,750
	Actual percentage (%)	88.92%	96.25%
	Surplus / (Deficit)	75.92%	83.25%
4.00	Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
	a) In Bangladesh Bank	1,170,688,600	711,970,905
	In local currency	701,108,358	654,000,487
	In foreign currency	469,580,241	57,970,418
	b) In agent bank	-	-
	In local currency	-	-
	In foreign currency	-	-
		1,170,688,600	711,970,905
5.00	Balance with other banks & financial institutions:		
	Inside Bangladesh		
	In short term deposit (Note # 5.01)	-	-
		-	-
	Outside Bangladesh (Note # 5.02)	122,183,544	290,511,060
	In current account	122,183,544	290,511,060
	In term deposit	-	-
		122,183,544	290,511,060





Note	Particulars	Amount in BDT	
		31-Dec-21	31-Dec-20
5.01	Inside Bangladesh		
	<u>Name of the bank</u>	<u>Nature of a/c</u>	
		-	-
		-	-
		-	-
5.02	Outside Bangladesh		
	<u>Bank name</u>	<u>Branch name</u>	
	Standard Chartered Bank, India	Calcutta	789,802
	HSBC, New York	Mumbai	781,473
	HSBC New York (Regular)	New York	-
	HSBC New York (Special)	New York	-
	NBP Bahrain (Regular)	Bahrain	-
	NBP Bahrain (Special)	Bahrain	-
	NBP (Regular)	New York	-
	NBP (Special)	New York	112,552,895
	NBP, Karachi	Karachi	74,784,756
	NBP, Karachi, Pakistan (Vostro)	Karachi	5,176,296
	NBP Tokyo (Regular)	Karachi	-
	NBP Tokyo (Special)	Tokyo	48,959
	NBP Tokyo (Special)	Tokyo	53,735
	NBP Frankfurt (Exchange position)	Frankfurt	-
	NBP Frankfurt (Special)	Frankfurt (Special)	3,372,393
	NBP London	London	209,528,106
	ICICI Mumbai	Mumbai	188,035
			186,694
			122,183,544
			290,511,060
	Annexure -A may kindly be seen for details of currency-wise amount and exchange rates.		
5.03	Maturity grouping of balance with other banks and financial institutions		
	Repayable on demand	122,183,544	290,511,060
	With a residual maturity of:		
	Not more than 3 months	-	-
	Over 3 months but not more than 1 year	-	-
	Over 1 year but not more than 3 years	-	-
	More than 3 years	-	-
		122,183,544	290,511,060
5.04	Segregation of balance with other banks and financial institutions	-	-
6.00	Money at call on short notice	-	-
6.01	Classification of money at call on short notice		
	Commercial banks (Note # 6.01.01)	-	-
	Financial institutions (public & private)	-	-
6.01.01	Commercial banks		
	a) Leading on call	-	-
	b) Placement on term basis	-	-
6.01	Maturity grouping of money at call on short notice		
	Repayable on demand	-	-
	With a residual maturity of:		
	Upto 1 month	-	-
	More than 1 month but less than 3 months	-	-
	More than 3 month but less than 1 year	-	-
	More than 1 year but less than 2 years	-	-
		-	-





Note	Particulars	Amount in BDT	
		31-Dec-21	31-Dec-20
7.00	Investment (shares & securities)		
	Government securities	14,456,538,393	14,536,402,749
	i. Government securities (Note # 7.01)		
	a) Held for trade	63,977,242	69,410,155
	b) Held for maturity	14,392,561,151	14,466,992,594
	ii. Prize bonds	30,000	214,800
	Other investments		
	i. Shares	-	-
	ii. Debentures & Bonds	-	-
	iii. Others Investments	-	-
	iv. Gold	-	-
	v. Others	-	-
		14,456,568,393	14,536,617,549
7.01	Comparable statement	Cost Price	Cost Price
	28 days treasury bill	-	-
	90 days treasury bill	-	-
	182 days treasury bill	-	1,213,551,904
	364 days treasury bill	1,215,259,725	636,405,220
	2 Yrs BGT-bond	1,042,687,586	402,481,827
	5 Yrs BGT- bond	1,620,829,858	1,611,192,966
	10 Yrs BGT bond	6,522,001,185	6,588,617,387
	15 Yrs BGT bond	2,095,735,664	2,113,927,764
	20 Yrs BGT bond	1,960,024,375	1,970,225,681
		14,456,538,393	14,536,402,749
7.02	Maturity grouping of investments		
	Repayable on demand	30,000	214,800
	With a residual maturity of:		
	Upto 1 month	1,219,580,845	1,213,551,904
	More than 1 month but less than 3 months	-	338,954,019
	More than 3 month but less than 1 year	668,118,712	998,877,335
	More than 1 Year	12,568,838,837	11,985,019,491
		14,456,568,393	14,536,617,549
8.00	Loans & advances (loans, cash credit & overdrafts etc)		
	In Bangladesh:		
	Cash credit	-	-
	Loan against import merchandise	7,540,787	7,540,787
	Loan against trust receipt	550,052,552	561,817,547
	Loan against cash Incentive	-	-
	Overdraft	3,801,872,533	3,942,138,819
	Demand loan	594,612,119	594,612,119
	Term loan	7,627,226,648	7,689,879,126
	Packing credit	9,975,978	9,975,978
		12,591,280,617	12,805,964,377
	Inside Bangladesh		
	Bills purchased and discounted (Note # 9)	1,269,950,600	1,269,950,600
	Total loans and advances	13,861,231,217	14,075,914,977



Note	Particulars	Amount in BDT	
		31-Dec-21	31-Dec-20
8.01	Residual maturity grouping of loans and advances including bills purchased and discounted		
	Repayable on demand	-	-
	With a residual maturity of :		
	Not more than 3 months	13,755,455,258	13,969,827,345
	Over 3 months but not more than 1 year	-	67,477,237
	Over 1 year but not more than 5 years	105,775,959	38,610,395
	More than 5 years	-	-
		13,861,231,217	14,075,914,977
8.02	Cash and other approved collateral including approved securities against total outstanding loans and advances as at 31 December 2021	11,789,570,304	12,264,605,244
8.03	Countrywise classification of loans and advances (excluding bill purchased and discounted)		
	Inside Bangladesh	12,591,280,617	12,805,964,377
	Outside Bangladesh	-	-
		12,591,280,617	12,805,964,377
8.04	Loans and advances on the basis of significant concentration including bill purchased and discounted.		
	a) Loans and advances to directors of the bank	-	-
	b) Loans and advances to chief executive and other senior executives	-	-
	c) Loans and advances to customer group	13,861,231,217	14,075,914,977
	d) Others	-	-
		13,861,231,217	14,075,914,977
8.05	Loans and advances allowed to each customer exceeding 10% of Bank's total capital fund		
	Number of customers	5	7
	Classified amount thereon	6,244,424,603	7,046,918,087
	Measures taken for recovery	Yes	Yes
	Customer wise outstanding (funded & non funded) as on 31.12.2020 are as follows:		
	Cotton Group	2,867,931,266	2,867,931,266
	Nokon Group	473,113,040	473,113,040
	Worldtel Bangladesh Limited	-	376,583,474
	D.G. Knitting Comoranv	-	425,410,010
	Hard Trade Group	531,796,922	532,296,922
	Koba Group	545,859,656	545,859,656
	Ibrahim Group	1,825,723,719	1,825,723,719
	Ayesha Group	-	-
		6,244,424,603	7,046,918,087
8.06	Industry wise loans and advances		
	1. Textile industries	5,306,083,219	5,136,510,028
	2. Food & allied industries	194,075,250	226,303,962
	3. Pharmaceuticals industries	-	-
	4. Leather, chemical, cosmetics industries etc	269,175,164	511,522,844
	5. Cement & ceramic industries	-	-
	6. Service industries (CNG)	35,717,157	55,407,157
	7. Plastic industries	-	104,797,261
	8. Telecommunication & mobile industry	481,380,735	483,969,724
	9. Others	7,574,799,692	7,557,404,000
		13,861,231,217	14,075,914,977

Note	Particulars	Amount in BDT	
		31-Dec-21	31-Dec-20
8.07	Geographical location wise loans and advances		
	In Bangladesh	13,861,231,217	14,075,914,977
	Dhaka Division	12,877,375,807	13,071,677,238
	Chittagong Division	512,042,396	528,347,733
	Sylhet Division	57,318,916	59,895,908
	Khulna Division	109,938,244	109,938,244
	Rajshahi Division	304,555,854	306,055,854
	Rangpur Division	-	-
	Outside Bangladesh	-	-
		13,861,231,217	14,075,914,977
8.08	Classification of loans and advances (including bills purchased and discounted)		
	a. Unclassified :	140,381,131	327,603,552
	Superior	7,439,221	22,857,520
	Good	-	-
	Acceptable	-	-
	Marginal/Watchlist	132,941,910	304,746,032
	Special mention account	-	-
	b. Classified :	13,720,850,086	13,748,311,425
	Sub-standard	-	-
	Doubtful	-	-
	Bad/Loss	13,720,850,086	13,748,311,425
	Total	13,861,231,217	14,075,914,977

8.09 Particulars of required provision for loans and advances and off balance sheet exposure
8.09.01 Particulars of required provision for loans and advances funded
As per CL Report submitted to Bangladesh Bank as at 31 December 2021

Status	Outstanding	Base for provision	Rate (%)	Required Provision (2021)	Required Provision (2020)
(a) Unclassified-General Provision					
Small and medium enterprise	54,580,687	-	0.25%	136,452	921,717
Credit	-	-	2.50%	-	-
Others	85,800,443	-	1.00%	858,004	5,077,323
Special mention account	-	-	5.00%	-	-
Classified-Specific Provision					
Sub-standard	-	-	20.00%	-	-
Doubtful	-	-	50.00%	-	-
Bad/loss	13,720,850,086	7,254,678,049	100.00%	7,254,678,049	7,248,942,225
	13,861,231,217	7,254,678,049		7,255,672,505	7,254,941,265

As per instruction of Bangladesh Bank circular letter no. 52/2021 Dated 29 December 2021 & 53/2021 Dated 30 December 2021 regarding loan classification & Provisioning, General provision is extra required for 1.5% on SME & 2% on other than SME under General provision on loan and Advances for Covid-19

8.09.02 Particulars of required provision for loans and advances

Status	Outstanding	Base for provision	Rate (%)	Required Provision (2021)	Required Provision (2020)
(a) Unclassified-General provision					
Small and medium enterprise	54,580,687	-	0.25%	955,162	921,717
Agricultural loans & advances	-	-	2.50%	-	-
Others	85,800,443	-	1.00%	2,574,013	5,077,323
Special mention account	-	-	5.00%	-	-
Classified-Specific Provision					
Sub-standard	-	-	20.00%	-	-
Doubtful	-	-	50.00%	-	-
Bad/loss	13,720,850,086	7,397,976,349	100.00%	7,468,851,525	7,256,825,985
Total	13,861,231,217	7,397,976,349		7,472,380,700	7,262,825,025

Note	Particulars	Amount in BDT	
		31-Dec-21	31-Dec-20
xi)	Cumulative amount of written off loan		
	Opening balance	-	-
	Amount written off during the year	-	-
	The amount of written off loan for which law suit has been filed	-	-
9.00	Bills purchased and discounted		
	Payable in Bangladesh	1,269,950,600	1,269,950,600
	Payable outside Bangladesh	-	-
		1,269,950,600	1,269,950,600
9.01	Residual maturity grouping of bill purchased and discounted		
	With a residual maturity of:		
	Repayable within 1 (one) month	1,269,950,600	1,269,950,600
	Over 1 month but less than 3 months	-	-
	Over 3 months but less than 6 months	-	-
	6 months or more	-	-
		1,269,950,600	1,269,950,600
10.00	Fixed assets including premises furniture and fixture		
	Cost:		
	Furniture and fixture	16,971,083	17,027,967
	Electrical installation	16,654,077	16,654,077
	Computer & computer equipments	52,969,635	49,283,105
	Office equipment & machines	8,640,744	8,570,116
	Motor vehicles	13,911,274	13,911,274
	Software (Intangible Assets)	23,356,855	20,099,356
	New furnishing limit to executive	2,896,209	2,896,209
	Total cost	135,399,876	128,442,104
	Less: Accumulated depreciation	119,051,348	104,523,620
		16,348,528	23,918,484
	Lease assets -Premises		
	Right-of-use assets	183,920,925	157,277,000
	Less:Accumulated amortization	136,203,950	91,426,588
		47,716,975	65,850,412
	Net book value at end of the year	64,065,503	89,768,897
	Annexure -B may kindly be seen for details		
11.00	Other assets		
	Classification of other assets:		
	a) Income generating other assets	-	-
	Office Equipment		
	i) Income Tax paid at sources		
	In Bangladesh	111,139,924	48,659,248
	Outside Bangladesh	-	-
	ii) Stationary, stamps, printing materials etc.	1,515,607	1,542,583
	iii) Advance rent and advertisement	1,111,894	17,055,801
	iv) Interest accrued on investment but not collected, commission and brokerage receivable on shares and debenture and other income receivables	-	-
	v) Security deposit	452,600	472,600
	vi) Preliminary, formation and organizational expenses, renovation,	-	-
	vii) Branch adjustment (NBP General Account)	6,459,000	6,459,000
	ix) Receivable against sanchoypatra	-	-
	x) Receivable from Bangladesh Bank	98,600,000	98,600,000
	xi) Other (Note # 11.01)	3,703,047,414	3,697,777,325
		3,922,326,438	3,870,566,558
	b) Non-Income generating other assets:	-	-
	Total other assets	3,922,326,438	3,870,566,558

Note	Particulars	Amount in BDT	
		31-Dec-21	31-Dec-20
11.01	Others		
	Deferred tax assets (Note # 11.01.01)	3,014,317,584	2,976,804,616
	Sundries receivable (Note # 11.01.02)	425,573,163	426,847,861
	Adjusting A/C debit balance (Note # 11.01.03)	263,156,667	294,124,848
	Sundries	-	-
		3,703,047,414	3,697,777,325

11.01.01 Deferred tax assets

Opening balance	2,976,804,616	2,982,332,729
Deferred tax expenses / (income) - (restated)	37,512,968	(5,528,113)
Closing balance	3,014,317,584	2,976,804,616

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

After a long period of time, the Bank has made a profit during the year 2021. And the same trend continues in January and February 2022. The Bank believes that it can continue the same profit in the future because the Bank has already kept adequate provisions following the guidelines of Bangladesh Bank. As mentioned in note # 8.08 The Bank has already appointed some valuation firm to revalue the collateral securities (comprising mostly of land) taken from the loan parties. In cases, the value of the collateral securities increases which is most likely in the future the Bank will be required to keep less provision. This will ultimately increase the profit of the Bank. Also, the Bank has been chasing the default loanees and appointed lawyers to recover the money either by mutual understanding or through a court settlement. The Bank has already settled an amount of BDT 15.51 crore (from 1 borrower) in 2021 through court, and believes that in future, it can recover more money through a court settlement.

In addition to the above, interest on deposits has significantly decreased due to the decrease in the deposit rate, and the Bank has already settled a significant portion of the fixed deposit, which reduces the cost of the fund, which will ultimately increase the profit of the Bank. Due to the aforementioned reasons, the Bank believes that it can recover deferred tax assets with taxable income.

11.01.02 Sundries receivable includes interest receivable on IBP,B/E, LTR etc. 425,573,163 426,847,861

11.01.03 Adjusting A/C debit balance (Income receivable)

Interest on treasury bond	267,290,514	294,124,848
Interest receivable on agro loan	-	-
Interest on STD account	-	-
Interest on IFIC & Bangladesh Bank	-	-
Interest receivable on placement as call	-	-
Other receivable	-	-
	267,290,514	294,124,848

12.00 Non banking assets

-

13.00 Borrowings from other banks, financial institution & agents

650,000,000 530,000,000

In Bangladesh:
Secured:
Details of the above amount are as follows:

Premier Bank Limited	-	-
IPDC of BDS Limited	-	-
Bank Al Falah Limited	650,000,000	530,000,000
Bangladesh Development Bank Limited	-	-
Basic Bank Limited	-	-
Janata Bank Limited	-	-
Dutch Bangla Bank Limited	-	-
One Bank Limited	-	-
Agrani Bank Limited	-	-

Note	Particulars	Amount in BDT	
		31-Dec-21	31-Dec-20
	Outside Bangladesh:	650,000,000	530,000,000
	Unsecured:		
	Repayable on demand	-	-
13.01	Maturity grouping of borrowing from banks & financial institution and agents		
	With a residual maturity of		
	Not more than 1 month	650,000,000	500,000,000
	Over 1 month but not more than 6 months	-	30,000,000.00
	Over 6 months but not more than 1 year	-	-
	More than 1 year but not more than 5 years	-	-
	Unclaimed deposit 10 years or more	-	-
		650,000,000	530,000,000
14.00	Deposit & other accounts	16,709,373,821	17,132,293,226
14.01	Current deposit & other accounts		
	Cash credit account	-	-
	Current account	198,095,902	305,963,898
	Marginal deposit account	19,857,510	20,750,550
	Foreign currency accounts	12,973,939,545	12,709,060,523
	FDR Interest & other interest A/C	46,145,199	63,535,850
	NBP, Head Office, Karachi (Vostro)	629,241,680	91,179,325
		13,867,279,836	13,190,490,147
14.02	Bills payable		
	Payment order	4,016,185	10,185,902
		4,016,185	10,185,902
14.03	Saving deposit	104,840,726	100,363,324
14.04	Fixed deposit		
	Inter bank deposit (Note # 14.04.01)	400,000,000	1,350,000,000
	Sundry deposit	1,373,646,723	1,505,463,783
		1,773,646,723	2,855,463,783
14.04.01	Inter bank deposit		
	Bank Al Falah Limited	-	250,000,000
	Habib Bank Limited	400,000,000	800,000,000
	Midland Bank Limited	-	300,000,000
		400,000,000	1,350,000,000
14.05	Scheme deposit	369,139,281	387,261,491
14.06	Bearer certificate of deposit	-	-
14.07	Other deposit (short term deposit)	590,451,070	588,528,580
	Total deposits & other accounts	16,709,373,821	17,132,293,226



Note	Particulars	Amount in BDT	
		31-Dec-21	31-Dec-20
14.08	Maturity grouping of current account and other account		
	Repayable on demand	5,917,697	5,917,697
	With a residual maturity of		
	Not more than 1 month	-	-
	Over 1 month but more than 6 months	7,627,835,466	462,931,290
	Over 6 months but not more than 1 year	6,106,258,771	12,461,452,425
	More than 1 year but not more than 5 years	127,267,902	260,188,734
	Unclaimed deposit 10 years or more	-	-
		13,861,362,139	13,184,572,449
14.09	Maturity grouping of inter bank deposit		
	Total deposit & other accounts	-	-
	With a residual maturity of		
	Repayable within 1 month	400,000,000	1,250,000,000
	Over 1 month but within 6 months	-	100,000,000
	Over 6 months but not more than 1 year	-	-
	Over 1 year but not more than 5 years	-	-
	Over 5 years but within 10 years	-	-
	Unclaimed Deposits for 10 years or more	-	-
		400,000,000	1,350,000,000
14.10	The Bank has obtained various foreign currency (FC) deposits from its overseas network for an aggregate amount of BDT 12,964,248,600 at 31 December 2021. Corresponding SWAP arrangements have also been structured with a number of third party banks to repurchase these foreign currency deposits. As per section 39(a) of IAS 21- "The Effects of Changes in Foreign Exchange Rates, assets and liabilities for each statement of financial position has been translated at the closing rate at the date of that statement of Financial position.		
15.00	Other liabilities		
	Provision for loan and advances (funded only) (Note # 15.01)	7,527,831,228	7,512,506,050
	Provision for taxation (Note # 15.02)	68,694,202	33,694,202
	Provision for off balance sheet exposure (Note # 15.03)	3,333,822	3,333,822
	Adjusting account credit (Note # 15.04)	51,871,634	38,160,100
	Interest suspense account (Note # 15.01.C)	1,740,483,038	1,769,832,799
	Provision for gratuity	38,340,403	38,743,063
	Vat and Tax Payable	25,349,863	2,648,264
	Withholding tax(employees salary)	1,061,282	861,629
	Lease liability (Note #15.05)	38,606,219	44,351,122
	Interest payable on borrowings	1,263,056	797,639
		9,496,834,746	9,444,928,690
	No provision is made for good borrowers because our borrowers do not meet the conditions prescribed in BRPD circular Nos. 03 dated 15 February 2016 and 06 dated 19 March 2015 issued by Bangladesh Bank		
	Provision on loans & advances		
15.01	(a) Specific provision against classified loans & advances		
	Provision held at the beginning of the year	7,379,819,084	7,397,336,098
	Fully provided debts written off	-	-
	Provision against recoveries of classified loans & advances	(39,512,437)	(1,211,834)
	Net charge to profit & loss account	128,544,878	(16,305,181)
	Provision held at the end of the year	7,468,851,524	7,379,819,084

While calculating the specific provision on loans and advances, the Bank followed the rules prescribed by Bangladesh Bank (The Central Bank of Bangladesh). As per the guideline of Bangladesh Bank, NBP BB is required to conduct classification- activities quarterly. These activities must include periodic revaluations of collateral, no less frequently than one year for movables and no less frequently than three years for immovables. Considering the same the Bank decided to revalue the collateral, especially in the cases where the immovable properties were revalued before 3 years as on 31 December 2021 (i.e. loans having outstanding amounting to BDT 11,184,517,786 from 130 parties). The Bank has already appointed valuers for the valuation of the collaterals of the borrowers and has already completed a revaluation of the collateral of 5 loanees and updated the value of the eligible securities and specific provisions. It is also mentionable here that the Bank has 3 loan parties where the valuer has raised the question regarding the ownership of the loan parties. The Bank has taken legal opinion in this regard from Serajul Huq's Associates. The lawyer has advised continuing the same treatment as previous years in the case of those 3 loan parties.

Note	Particulars	Amount in BDT	
		31-Dec-21	31-Dec-20
(b) Movement of general provision (1% on unclassified loans & advances)			
	Provision held at the beginning of the year	132,686,966	117,168,470
	Addition during the year	2,809,874	
	Provision transferred for classified loans and advances	(76,517,136)	15,518,496
	Balance at the end of the year	58,979,704	132,686,966
	Provision for classified loans and advances		
	Total provision for loans & advances (a+b)	7,527,831,228	7,512,506,050
(c) Movement of interest in suspense against classified loans & advances			
	Balance at the beginning of the year	1,769,832,799	1,770,905,662
	Amount transferred to suspense account during the year	(29,349,760)	(1,072,864)
	Amount recovered from suspense account during the year		
	Amount written off/waived during the year		
	Balance at the end of the year	1,740,483,038	1,769,832,799
15.02 Provision for income tax			
	Opening balance	33,694,202	32,996,286
	Add: Provision made during the year	35,000,000	7,497,772
		68,694,202	40,494,058
	Less: Payments during the year		6,799,856
	Balance as at the year end	68,694,202	33,694,202
15.02.01 Details of provision for corporate tax & advance corporate tax			
A. Advance Tax			
	Balance of income tax on 1st January	48,659,248	17,806,093.23
	Paid during the year	62,480,675	30,853,155
		111,139,924	48,659,248
B. Provisions:			
	Balance of income tax on 1st January	33,694,202	32,996,286
	Provision made during the year	35,000,000	7,497,772
		68,694,202	40,494,058
	Net balance deficit / (surplus) at the year end (B-A)	(42,445,722)	(8,165,190)
15.02.02 Provision for corporate tax*		35,000,000	7,497,772
	*A Provision of BDT 35,000,000 has been made in the books of account as "Provision for Taxation" as prescribed by the particular year Finance Act (Minimum Tax) on the accounting loss made by the bank even after considering some of the add backs to income and disallowances of expenditure as per Income Tax Ordinance, 1984 & Rule thereto.		
15.03 Provision for off balance sheet exposure		3,333,822	3,333,822
15.04 Adjusting account credit			
	Provision for expenses	14,702,741	9,745,670
	Provision for interest on call money, fcy & swap	36,792,642	27,693,180
	Provision for office rent		
	Provision for audit and credit rating	376,250	721,250
		51,871,634	38,160,100
15.05 Lease liability			
	Current	36,731,115	19,465,409
	Non-current	1,875,104	24,885,713
		38,606,219	44,351,122



Note	Particulars	Amount in BDT	
		31-Dec-21	31-Dec-20
16.00	Capital fund:		
	Under Section 13(4) of Banking Companies Act, 1991 and Bangladesh Bank Circular No. BRPD 11 dated 14 August 2008 the required capital and reserves of the bank at the close of the business on 11 August 2011 should be Tk. 4 billion. Preliminary Expenses for branch incorporation of BDT.12,980,500 received from National Bank of Pakistan, Head Office Karachi has been shown as additional capital of the Bangladesh Branch which is approved by the Bangladesh Bank vide Circular No. BRPD (P) 720/98-1369 Dated 26-04-98. The bank also provided BDT 57,400,000 and BDT 329,980,500 as on 30-09-2002, BDT 191,970,790 as on 31-03-2004, BDT 489,740,302 in the year 2009, BDT 2,091,575,000 in the year 2011, BDT 911,950,000 in the year 2013, BDT 6,157,250,000 in the year 2014 and BDT 1,633,800,000 in the year 2015 and BDT 420,000,000 in 2019 and BDT 920,505,000 in 2020. The constituents of the Capital of the Bank as of 31st December 2021 is presented below:		
		USD	Rate
	(a) Capital fund received from H.O	178,321,315	76.87
	(b) Amount in local currency		
	Preliminary expenses		
	National Bank of Pakistan, Head Office, Karachi		
	(C) Profit retained/converted as capital		
	Total capital fund	14,163,513,703	14,163,513,703

16.01 Capital (Equity) adequacy ratio (CAR)

According to section 13(3) of the Banking Companies Act 1991, as amended by BRPD Circular No. 11 (14 August 2008) and BRPD Circular No. 24 (03 August 2010) all banks are required to maintain a capital that is higher of BDT 4.00 billion or the minimum capital requirement calculated as 10% of risk weighted assets (RWA). In case of foreign bank working in Bangladesh, the stated amount need to be deposited with Bangladesh Bank which can be in the form of cash or in unencumbered approved securities. The maintained capital by the Bank is significantly higher, currently it is maintaining 30.99% which is higher than the required capital of 10% of the RWA of the Bank at 31 December 2021. The details calculation of the CAR are as follows:

Total risk weighted assets as on 31 December 2021	13,453,815,215	13,618,608,655
10% Of risk weighted assets	1,345,381,522	1,361,860,866
Required equity	4,000,000,000	4,000,000,000
A) Core capital (Tier - I)		
i) Paid up capital (Statutory Capital)		
a) Fund from HO & kept with Bangladesh Bank (FCY+T. Bills/Bonds)	14,392,561,151	14,466,992,594
ii) Profit retained as capital	-	-
iii) Retained earnings	(7,457,009,893)	(7,769,117,471)
iv) Adjustment for deferred tax	(2,838,163,579)	(2,804,331,252)
Sub total-A	4,097,387,679	3,893,543,871
B) Supplementary capital (Tier - II)		
i) General provision	58,979,704	132,686,966
ii) Provision for off balance sheet exposure	3,333,822	3,333,822
iii) Revaluation reserve for fixed assets, securities & equity securities	-	-
iv) Exchange equalization account	-	-
v) Preliminary expenses remitted by HO	12,980,500	12,980,500
Sub Total-B	75,294,026	149,001,288
Grand Total (A+B)	4,172,681,705	4,042,545,159
Capital Surplus / (Shortfall) against total minimum requirement	172,681,705	42,545,159
Capital adequacy ratio on the basis of the RWA	31.01%	29.68%



Note	Particulars	Amount in BDT	
		2021	2020
20.00	Income statement		
	Income:		
	Interest, discount and similar income	1,169,090,835	1,247,776,050
	Dividend income	-	-
	Fees, commission and brokerage	19,937,210	(6,058,503)
	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	72,537	158,980
	Profit less losses on interest rate changes	-	-
		1,189,100,581	1,241,876,527
	Expenses:		
	Interest, fee and commission	613,163,269	1,237,015,134
	Losses on loans and advances	-	-
	Administrative expenses	124,058,460	147,668,345
	Other operating expenses	35,006,733	17,685,885
	Depreciation on banking assets	60,862,835	45,486,109
		833,091,297	1,447,855,474
	Profit before tax and provision	356,009,284	(205,978,947)
21.00	Interest income		
	Loans & advances	62,310,088	2,510,844
	Money at call on short notice	-	-
	Interest on other accounts	-	-
	Discount on credit bills negotiated	-	-
	Interest on foreign bank accounts	8,344	48,834
	Interest on Bangladesh Bank accounts	196,100	1,232,641
		62,514,531	3,792,318
22.00	Interest paid on deposits and borrowings etc:		
	Interest paid on savings deposit	3,629,348	3,594,305
	Interest paid on fixed deposits	124,598,442	341,773,078
	Interest paid on short term deposits	2,901,815	7,555,889
	Interest paid on call deposits	34,972,389	35,070,889
	Interest paid on NBP general A/C	-	-
	Interest paid on scheme deposit	40,693,260	40,060,735
	Interest paid on others	406,368,016	808,960,238
		613,163,269	1,237,015,134





Note	Particulars	Amount in BDT	
		2021	2020
23.00	Investment income (in shares / securities)		
	Interest on treasury bill	21,053,443	105,416,489
	Interest on treasury bonds	1,085,522,861	1,138,567,243
	Interest on Bangladesh Bank bills	-	-
		1,106,576,303	1,243,983,732
24.00	Commission & exchange income		
	Commission	1,884,514	1,693,622
	Exchange gain / (loss)	18,052,696	(7,752,126)
		19,937,210	(6,058,503)
25.00	Other operating income		
	Locker rent	-	-
	Miscellaneous earnings	72,537	158,980
		72,537	158,980
25.01	Miscellaneous earnings include recovery of bank charges.		
26.00	Salary & allowances		
	Basic pay	21,077,218	23,734,980
	Allowances	30,278,071	31,552,479
	Bonus	3,412,554	6,841,895
	Banks contribution to provident fund	2,239,974	1,562,772
	Banks contribution to gratuity fund	357,134	2,650,173
	Group insurance	-	-
	Salary of temporary staff	3,561,002	3,474,651
		60,925,953	69,816,950
27.00	Rent, taxes, insurances, lighting etc		
	Rent & taxes (restated)	30,367,856	40,097,716
	Insurance	-	-
	Electricity and lighting	2,587,797	2,638,386
		32,955,653	42,736,102
28.00	Legal & other professional expenses		
	Legal expenses	19,461,267	22,481,089
	Other professional expenses	1,392,169	2,164,795
	Credit rating fees	45,000	376,250
		20,898,436	25,022,134
29.00	Postage, stamps and telecommunication etc.		
	Postage & stamp	355,949	355,351
	Telephone (office)	217,626	193,073
	Telephone (residence)	65,797	56,405
		639,372	604,829
30.00	Stationery, printing, advertisement etc.		
	Office & security stationery	776,826	958,040
	Publicity & advertisement	261,782	971,591
		1,038,608	1,929,631





Note	Particulars	Amount in BDT	
		2021	2020
31.00	Chief executive's salary & allowances (General manager's salary and fees)		
	Basic salary	3,306,000	3,306,000
	Bonus	702,500	702,500
	Allowance	3,205,200	3,205,200
	Pension fund	-	-
		7,213,700	7,213,700
32.00	Director's fees	-	-
33.00	Audit fees	386,739	345,000
34.00	Charges on loan losses / write off loans & advances		
	Waiver of loans & advances	-	-
35.00	Depreciation and repairs of bank's assets		
	Depreciation		
	Furniture & fixtures	441,428	478,646
	Computer & computer equipments	6,106,827	4,876,941
	Office equipment & electrical installation	446,735	460,581
	Depreciations of others	-	-
	Motor vehicles	474,197	1,410,802
	Software (Intangible Assets)	6,744,190	5,319,839
	Depreciations -Right of use assets	44,777,362	31,455,400
	New furnishing limit to executives	314,352	253,562
		59,305,091	44,255,771
	Repair		
		1,557,744	1,230,339
		60,862,835	45,486,109
36.00	Other expenses		
	Outside chamber entertainment	735,121	677,926
	Inside chamber entertainment	4,504	-
	Local conveyance	436,111	270,798
	Computer expenses	1,385,632	1,742,086
	Software maintenance	797,123	1,059,923
	Fuel expenses	698,840	663,527
	Books & newspapers	12,300	11,800
	Travelling expenses	1,257,063	1,031,913
	Sundry expenses	22,083,523	4,947,492
	SWIFT expenses	812,509	564,303
	Tax & insurance of motor car	290,291	318,650
	Cash carrying charge	51,106	70,400
	Water & sewerage	33,640	51,584
	Office gas expenses	25,380	22,520
	Loss on revaluation on treasury bond	-	-
	Cash remittance	150	200
	Loss on fixed asset disposal	194,158	-
	Clearing house maintenance charge	1,805	5,007
	Medical attendance	239,804	278,918
	General insurance	2,216,944	2,532,384
	Rented premises repair	357,615	338,600
	Interest expense (lease)	3,200,687	3,097,856
	Training expenses	172,428	-
		35,006,733	17,685,885



Note	Particulars	Amount in BDT	
		2021	2020
37.00	Provision for loans and advances		
	Provision for loans and advances(funded exposures)	54,837,615	(786,684)
		54,837,615	(786,684)
38.00	Provision for off balance sheet exposure		
	Provision for off balance sheet*	-	2,377,415
		-	2,377,415
	* Created for Covid 19		
39.00	Provision for dimension in value of investment	-	-
40.00	Other provision		
	Provision for other asset	-	-
		-	-
41.00	Deferred tax expenses/(income)		
	Opening deferred tax assets / (liabilities)	2,976,804,616	2,978,775,014
	Closing deferred asset/ (liabilities)	3,016,474,487	2,977,139,083
	Deferred tax expenses/(income)	(39,669,871)	1,635,931
42.00	Litigation pending against banks		
	Number of litigation pending against the bank	13	13
43.00	Payments for other operating activities		
	i) Rent, taxes, insurance, electricity etc.	65,344,481	62,104,600
	ii) Legal expenses & other professional fees	20,898,436	25,022,134
	iii) Stationery, printing, advertisement etc.	1,038,608	1,929,631
	iv) Auditors fees	386,739	345,000
	v) Repairs	1,557,744	1,230,339
	vi) Charges on loan loss	-	-
	vii) Other expenses	35,006,733	14,588,030
	viii) Postage, stamp & telecommunications	639,372	604,829
	ix) Adjusting account (credit balance)	-	-
		124,872,111	105,824,562
44.00	Increase/(decrease) of other Assets		
	i) Stationery, stamps, printing materials etc.	1,515,607	1,542,583
	ii) Advance rent and advertisement	17,578,723	35,679,534
	iii) Interest accrued on investment but not collected, Commission and brokerage receivable on shares and debenture and other income receivable	-	-
	iv) Security deposit	452,600	472,600
	v) Branch adjustment (NBP general account)	6,459,000	6,459,001
	vi) Suspense account	-	-
	vii) Receivable from Bangladesh Bank	98,600,000	98,600,000
	viii) Others	688,666,790	720,972,709
		813,272,720	863,726,427
	Increase/(decrease) of other assets:	(50,453,707)	(23,924,718)
45.00	Increase/ (decrease) of other liabilities		
	Adjusting account credit (Note # 15.04)	51,871,634	38,160,100
	Net balance due to head office and other branch	-	-
	Others	95,105,347	37,204,095
		146,976,980	75,364,196
	Increase/(decrease)of other liabilities:	71,612,784	(23,139,912)



Note	Particulars	Amount in BDT	
		2021	2020
46.00	Cash and Cash Equivalent		
	Cash in hand (local currency)	12,095,695	21,258,908
	Cash in hand (foreign currency)	637,975	1,144,975
	Balance with Bangladesh Bank	1,170,688,600	711,970,905
	Balance with other banks & financial institution	122,183,545	290,511,060
		1,305,605,814	1,024,885,848
47.00	Earnings per share (EPS)	Not Applicable	Not Applicable
48.00	Related party disclosures		
	i) Significant contracts where Bank is party and wherein directors have interest	Nil	Nil
	ii) Shares issued to directors and executives without consideration or exercisable at discount:	Not Applicable	Not Applicable
	iii) Related party transactions	22,227,848	20,922,848
	iv) Lending policies to related parties	Not Applicable	Not Applicable
	v) Lending to related parties is attested as per requirements	Not Applicable	Not Applicable
	vi) Loan and advances to directors and their related concern	Not Applicable	Not Applicable
	vii) Business other than banking business with any related concern of the directors as per Section 18(2) of the Banking Companies Act 1991	Not Applicable	Not Applicable
	viii) Investment in the securities of directors and their related concern	Not Applicable	Not Applicable
	ix) Assets pledged as security for liabilities	Nil	Nil
	x) Listing of pledged collaterals	Nil	Nil

Muhammad Khalid Mahmud, FCMA
Head of Finance

Md. Quamruzzaman
Country Manager & General Manager



**National Bank of Pakistan
Bangladesh Branches
Balance with other Banks outside Bangladesh (Nostro Account)
As at 31 December 2021**

Annexure-A

PC Bank A/C Number	A/C Type	Currency	2021			2020		
			FC Amount	Ex. Rate	Equivalent BDT	FC Amount	Ex. Rate	Equivalent BDT
9010704000	CD	ACU \$	9,254	85.35	789,802	9,254	84.45	781,473
9010705000	CD	ACU \$	-	-	-	-	-	-
9010707000	CD	USD	-	-	-	-	-	-
9010708000	CD	USD	-	-	-	-	-	-
9011602011	CD	USD	1,318,722	85.35	112,552,895	885,551	84.45	74,784,756
9011602012	CD	USD	-	-	-	-	-	-
9011602021	CD	ACU \$	61,294	85.35	5,231,461	61,294	84.45	5,176,296
9020407003	CD	ACU \$	-	-	-	-	-	-
9011602031	CD	JPY	63,419	0.77	48,959	63,419	0.85	53,735
9011602032	CD	JPY	-	-	-	-	-	-
9011602041	CD	EURO	34,914	96.59	3,372,393	2,023,922	103.53	209,528,106
9011602042	CD	EURO	-	-	-	-	-	-
9011602051	CD	GBP	1,633	115.15	188,035	1,633	114.33	186,694
9011602052	CD	GBP	-	-	-	-	-	-
9010706000	CD	USD	-	-	-	-	-	-
					122,183,545	290,511,060		



**National Bank of Pakistan
Bangladesh Branches
Fixed Asset Schedule
As at 31 December 2021**

Annexure B
Amount in BDT

Cost						Rate of Dep.	Depreciation				Written down value as on 31-Dec-21	Written down value as on 31-Dec-20
Cost as on	Book Value as on	Addition during the year	Disposal/ adjustment during the year	Balance as on	Cost as on		Accumulated Dep.	Dep. Charged during the year	Disposal/ adjustment during the year	Total dep. as on		
01-Jan-21	01-Jan-21			31-Dec-21	31-Dec-21							
2	3	4	6	(3+4-6)=7	(2+4-6)=8	9	10	11	12	(10+11-12)=13	(8-13)=14	15
17,027,967	3,891,520	27,923	84,807	3,834,636	16,971,083	10%	13,136,447	441,428	-	13,577,875	3,393,208	3,891,520
16,654,077	1,717,930	-	-	1,717,930	16,654,077	20%	14,936,147	323,974	-	15,260,121	1,393,956	1,717,930
49,283,105	7,222,726	3,686,529	-	10,909,255	52,969,635	33.33%	42,060,380	6,106,827	-	48,167,206	4,802,428	7,222,726
8,570,116	1,278,406	70,628	-	1,349,034	8,640,744	20%	7,291,710	122,760.92	-	7,414,471	1,226,273	1,278,406
13,911,274	474,203	-	-	474,203	13,911,274	20%	13,437,071	474,197	-	13,911,267	7	474,203
20,099,356	8,394,601	3,261,790	4,291	11,652,100	23,356,855	33.33%	11,704,755	6,744,190	-	18,448,945	4,907,910	8,394,601
2,896,209	939,098	-	-	939,098	2,896,209	20%	1,957,111	314,352	-	2,271,463	624,746	939,098
157,277,000	157,277,000	26,643,925	-	183,920,925	183,920,925	NA	91,426,588	44,777,362	-	136,203,950	47,716,975	65,850,412
285,719,104	181,195,484	33,690,795	89,098	214,797,181	319,320,801		195,950,208	59,305,091	-	255,255,299	64,065,503	89,768,896



National Bank of Pakistan - Bangladesh Branches
Disclosures under Pillar III of Basel III for the year ended 31 December 2021
Disclosure policy:

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

Scope of applications
Qualitative disclosure

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

Quantitative disclosure

The Bank's capital as at 31.12.2021 stood BDT 4,172.68 Million. Though the Capital Adequacy Ratio (CAR) is 31.01 % much more above than the minimum requirement of 10% of Risk Weighted assets and there is an excess in the capital of BDT 172.68 Million as at 31.12.2021

Disclosures framework

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

Capital structure
Qualitative disclosure

The Bank's total capital as of 31 December 2021 was BDT 4,172.68 million out of which 98.20% i.e BDT 4,097.39 million was under Tier-I, highest quality of Capital elements, and remaining 1.8% i.e. BDT 75.29 million was under Tier-II. The main features of our Tier-I capital is BDT 14,392.56 million kept with Bangladesh Bank as per section 13 (4) of Banking Companies Act 1991 and the remaining (10,295.17) million is the retained loss due to specific provision against classified portfolio as at 31 December 2021. The Bank's Tier-II capital consists of general provision of BDT 62.31 million and remaining BDT 12.98 Million prilliminary expenses approved as capital as at 31 December 2021. The proportion of Tier-I & Tier-II capital as per BASEL III guideline has been duly maintained.

Quantitative Disclosure	Amounts in Million BDT
A) Amount of Tier-1 capital	
Fully paid-up capital/ capital deposited with BB	14,392.56
Non-repayable share premium account	-
Statutory reserve	-
General reserve	-
Retained earnings	(7,457.01)
Minority interest in subsidiaries	-
Non-cumulative irredeemable preferences shares	-
Dividend equalisation account	-
	6,935.55
B) Amount deducted from Tier-1 capital	
• Goodwill	-
• Shortfall	-
• Others	(2,838.16)
	4,097.39
C) Net total of Tier-1 Capital (A+B)	4,097.39
D) Total amount of Tier 2 capital, net of deductions from Tier 2 capital	75.29
E) Total eligible capital (C+D)	4,172.68



**Capital adequacy****Qualitative disclosure of capital adequacy**

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

The Bank's Capital Adequacy Ratio (CAR) as at 31 December 2021 is 31.01 % as against the minimum requirement of 10% as of 31 December 2021 as per BRPD circular no. 10 dated 10 March 2012. Tier-I capital was 30.46 % of risk weighted assets (RWA) against minimum requirement of 5% of RWA.

Quantitative disclosure of capital adequacy	Amounts in Million BDT
A) Amount of regulatory capital to meet unforeseen losses	
Amount of minimum capital required to meet credit risk	1,053.11
Amount of minimum capital required to meet market risk	59.28
Amount of minimum capital required to meet operational risk	232.99
	1,345.38
Minimum Capital Requirement (MCR)	4,000.00
B) Actual capital maintained:	
Total tier I capital	4,097.39
Total tier II capital	75.29
Total tier III capital	-
	4,172.68
C) Additional capital over MCR maintained by the Bank	172.68
% of capital adequacy required	
Tire I	5.00%
Total	10.00%
% of capital adequacy maintained	
Tire I	30.46%
Total	31.01%

Credit Risk**Qualitative Disclosures:**

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

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

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

Description of approaches followed for specific allowances and statistical methods.

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

Bank's credit risk management policy

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

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





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

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

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

- i. Set up and follow well defined strategy for credit origination and relationship management
- ii. Follow Credit risk analysis and mitigation strategy both at pre and post approval level
- iii. Follow defined Loan documentation and credit administration procedures
- iv. Methodically approach Recovery and management of problem loans
- v. Establish best practise for Portfolio management
- vi. Convey credit status through reporting

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

Maintenance of specific provision

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

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

Provisioning rates

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

Base for provision

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

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

Quantitative disclosure	Amounts in Million BDT
Total exposures of credit risk	
A. Funded	
a) Domestic	26,018.76
b) Overseas (Nostro Balances)	122.18
	26,140.95
B. Non-Funded	
a) Domestic	116.86
b) Overseas	-
	116.86



C. Distribution of risk exposure by claims

a) Cash and cash equivalents	12.73
b) Claims on Bangladesh Government and Bangladesh	15,627.28
c) Claims on other sovereigns and central banks*	-
d) Claims on Bank for international settlements, International Monetary Fund and European Central Bank	-
e) Claims on multilateral development banks (MDBs)	-
f) Claims on public sector entities (other than Govt. of Bangladesh) in Bangladesh	-
g) Claims on banks & NBFIs:	-
Maturity over 3 months	-
Maturity less than 3 months	122.18
h) Claims on corporate (excluding equity exposure):	85.80
i) Claims under credit risk mitigation	-
j) Claims categorised as retail portfolio & small enterprise (excluding consumer finance)	54.59
k) Consumer finance	-
l) Claims fully secured by residential property	-
m) Claims fully secured by commercial real estate	-
n) Past due loans/NPL	8,251.99
o) Investments in premises, plant and equipment and all other fixed assets	64.07
p) Claims on fixed assets under operating lease	-
q) All other assets	-
i) Claims on GoB & BB (advance income tax)	111.14
ii) Staff loan/Investments	-
iii) Other assets	3,811.19
r) Off-balance sheet items:-	-
Claims on Banks:	-
Maturity over 3 months	-
Maturity less than 3 months	-
Claims on corporate	116.86
Retail portfolio and small enterprises	-
	26,257.81

D. Details of exposure under credit risk mitigation (CRM)

• Claims secured by financial collateral	-
• Net exposure after the application of haircuts	-
• Claims secured by eligible guarantee	-

E. Gross non-performing assets (NPAs)

Total loans and advances	13,720.85
Non-performing loans and advances including SMA	13,861.23
Special mentioned account (SMA)	-
Sub-standard (SS)	-
Doubtful (DF)	-
Bad/loss (BL)	13,720.85
Total non-performing loans and advances	13,720.85

Non-performing assets (NPAs) to outstanding loans and advances (Excluding SMA) 98.99%

G. Movement of non-performing assets (NPAs)

Opening balance	13,748.31
Addition during the year	(27.46)
Reduction during the year	-
Closing balance	13,720.85

H. Movement of specific provisions for NPAs

Opening balance	7,379.82
<u>Add</u> : Provisions made during the period	128.54
<u>Less</u> : Write-off	-
<u>Less</u> : Write-back of excess provisions	(39.51)
Closing balance	7,468.85



I. Industry wise loans and advances

1. Textile industries
2. Food & allied industries
3. Pharmaceuticals industries
4. Leather, chemical, cosmetics industries etc
5. Cement & ceramic industries
6. Service industries(CNG)
7. Plastic industries
8. Telecommunication & mobile industry
9. Others

	5,306
	194
	-
	269
	-
	36
	-
	481
	7,575
	13,861.23

J. Geographical location wise loans and advances
In Bangladesh

- Dhaka Division
- Chittagong Division
- Sylhet Division
- Khulna Division
- Rajshahi Division
- Rangpur Division

	12,877.38
	512.04
	57.32
	109.94
	304.56
	-
	-
	13,861.23

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

Repayable on demand

	-
--	---

With a residual maturity of :

- Not more than 3 months
- Over 3 months but not more than 1 year
- Over 1 year but not more than 5 years
- More than 5 years

	13,755.46
	-
	105.78
	-
	13,861.23

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

- Cash credit
- Loan against import merchandise
- Loan against trust receipt
- Loan against cash Incentive
- Overdraft
- Demand loan
- Term loan
- Packing credit

	-
	7.54
	550.05
	-
	3,801.87
	594.61
	7,627.23
	9.98
	12,591.28

Inside Bangladesh

Bills purchased and discounted (Note # 9)

	1,269.95
	1,269.95

Total loans and advances

	13,861.23
--	------------------



*The information provided from page number 53 to 58 has been made in line with the last LCR and NSFR report submitted to Bangladesh Bank, not based on these financial statements.

Assets

Qualitative disclosure

Assets of the Bank includes both banking book assets and trading book assets. Trading book assets consist of foreign currency in hand, balances of nostro accounts and investment in treasury bills/bonds under Held for Trading (HFT) while all other assets of balance sheet such as loans and advances, investment in treasury bills/bonds under Held to Maturity (HTM), money at call and short notice and all fixed assets are the part of banking book assets. Assets are also divided in earning assets and non earning assets. The Balance Sheet size of the National Bank of Pakistan, Bangladesh Operations as on 31 December 2021 increased by 0.04% compared to 31 December 2020. All the fixed assets of the Bank are properly insured. Apart from the credit portfolio of traditional banking activities and fixed assets, the Bank has significant amount of investment in treasury bonds.

Earning assets:

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

Loans and advances/credit portfolio;

Investments;

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

Non-earning assets:

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

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

Fixed assets

Other assets

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

Overall loans and advances as at 31 December 2021 stood at 13,861.23 million registering 1.53% decreased compared with 31 December 2020. Overall investments as at 31 December 2021 stood at BDT 14,456.57 million registering 0.55% negative growth compared with 31 December 2020.

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

Assets are classified as per directives and guidelines time to time issued by Bangladesh Bank. Classified loans and advances of the Bank as at 31 December 2021 was BDT 13,720.85 million which is 98.99% of total loan portfolio. Classified loans and advances have decreased by BDT 27.46 million compared to the year 2020. Adequate specific provision has been kept against such classified loans and advances as per Bangladesh Bank guidelines.

Quantative Disclosures	Amounts in Million BDT
i) Banking book assets	
A. Cash in hand and balance with Bangladesh Bank excluding foreign currency (FC)	713.20
B. Balance with other banks excluding FC	713.20
	713.20
C. Money at call and on short notice	-
	-
D. Investment (HTM)	
a. Government	14,392.56
b. Qualifying (banks, etc)	-
c. Equities	-
d. Others	-
	14,392.56
E. Loans and advances	
a. Past Due	-
SMA	-
SS	-
DF	-
BL	13,720.85
b. Unclassified	140.38
	13,861.23

F. Risk weighted assets (RWA)	-
a. Below 100% RWA	-
b. 100% RWA	-
c. Above 100% RWA	-
<hr/>	
G. Rating Status	-
a. Rated assets	-
b. Unrated assets	-
<hr/>	
H. Other assets including fixed assets	3,986.39
	3,986.39
i) Total banking book assets	32,953.39
<hr/>	
ii) Trading book assets	
1. Foreign currencies held in hand	0.64
2. Foreign currencies held in Bangladesh Bank and nostro account	591.76
3. Investment (trading)	
a. Govt. (part of govt. HTM if held above the required SLR amount)	64.01
ii) Total trading book assets (1+2+3)	656.41
Total assets (i+ii)	33,609.80

Equities: Disclosures for banking book position

Qualitative disclosure

The Bank has no investment in quoted shares.

Interest rate risk in the banking book (IRRBB)

Qualitative disclosure

Interest rate risk refers to fluctuations in Bank's net interest income and the value of its assets and liabilities arising from internal and external factors. External factors cover general economic conditions.

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

Market risk

Market risk in trading book

Views of board of directors on market risk

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

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

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

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

Methods used to measure market risk

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

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

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





Interest rate risk

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

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

Foreign exchange risk

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

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

Quantitative disclosure	Amounts in Million BDT
The capital requirements for:	
A. Interest rate risk	-
B. Equity position risk	-
C. Foreign exchange risk	59.28
D. Commodity risk	-
	59.28

Operational risk

Qualitative disclosure

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

Operational risk Management process applied are as follows:

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

In addition following mitigating steps are taken:

- a) Clear management reporting lines for each business units and branches with empowerment and accountability
 - b) Appropriate segregation of duties
 - c) Due diligence process in establishing customer relationship
 - d) Regular staff rotation/transfers
 - e) Regular system generated reporting to identify exceptional transactions
 - f) Blanket Insurance cover against potential losses from internal & external events
- Performance gap of executives and staffs are being reviewed at the Management Committee Meeting and Audit Committee meeting and also in operation meeting held on monthly basis. Mitigation steps are decided and implemented accordingly.

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

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

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



Quantitative Disclosure	Amounts in Million BDT
-------------------------	------------------------

The capital requirements for operational risk 232.99

Liquidity ratio

Qualitative disclosure

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

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

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

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

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

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

Quantitative Disclosure	Amounts in Million BDT
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Liquidity coverage ratio (%)	91.74%
Net stable funding ratio (%)	28.50%
Stock of high liquid assets	1,247.40
Total net cash outflows over the next 30 calendar days	1,359.71
Available amount of stable funding	7,338.04
Required amount of stable funding	25,750.17

Leverage ratio

Qualitative disclosure

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

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

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

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



Quantitative disclosure

	2021 BDT
Leverage ratio	17.50%
On balance sheet exposure	26,140.95
Off balance sheet exposure	116.86
Total Deduction from on and off balance sheet exposure/regulatory adjustments made to Tier 1 capital	2,838.16
Total exposure	23,419.65

Remuneration

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

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

NBPs reward package consists of the following key elements:

Fixed Pay:

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

Benefits :

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

*Key Features of NBP BD Operations remuneration framework include:

*assessment of performance with reference to clear and relevant objectives

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

Quantitive disclosures:

Number of meeting held by mainbody overseeing remuneration during the financial year	Nil
Remuneration paid to the mainbody overseeing remuneration during the financial	Nil
Number of employees having received a variable remuneration award during the financial year	Nil
Guaranteed bonuses awarded during financial year:	
Number of employees	68
Total amount of guranteed bonuses	4,115,054.41
Sign-on awards made during the financial year:	
Number of employees	Nil
Total amount of sign-on awards	Nil





Severance payments during the financial year :

Number of employee	Nil
Total amount of severance payment	Nil
Total amount of outstanding deferred remuneration (In cash)	Nil
Total amount of deferred remuneration paid out in the financial year	Nil
Breakdown of amount of remuneration awards for the financial year	Nil
Fixed and variable	
Variable pay	Nil
Deferred	Nil
Non-deferred	Nil



**National Bank Of Pakistan
 Bangladesh Branches
 Financial Highlights
 For the year ended 2021**

Particulars	Amount in BDT	
	2021	2020
Paid up capital/capital fund	14,163,513,703	14,163,513,703
Total equity/capital	4,172,681,705	4,042,545,159
Total assets	33,609,797,365	33,547,136,668
Total deposits	16,709,373,821	17,132,293,226
Total loans and advances	13,861,231,217	14,075,914,977
Total contingent liabilities and commitments	13,327,617,549	12,755,838,319
Credit deposit ratio	82.95%	82.16%
Percentage of classified loans against total loans & advances	98.99%	97.67%
Profit after tax and provision	305,841,540	(205,243,571)
Total amount of classified loans & advances	13,720,850,086	13,748,311,425
Provision kept against classified loans & advances	7,468,851,524	7,379,819,084
Provision surplus/ (deficit) against classified loan	-	-
Cost of fund	3.50%	7.05%
Interest earning assets	28,909,563,395	28,961,014,004
Non-interest earning assets	4,700,233,970	4,586,122,664
Return on investment (ROI)	7.63%	8.81%
Return on assets(ROA)	0.91%	-0.62%
Income from investment	1,106,576,303	1,243,983,732
Earning per share	Not Applicable	Not Applicable
Net income per share	Not Applicable	Not Applicable
Price earning ratio	Not Applicable	Not Applicable

