

**AUDITOR'S REPORT
&
AUDITED FINANCIAL STATEMENTS
OF
Bengal Commercial Bank Limited**

FOR THE YEAR ENDED 31 DECEMBER 2021

Independent auditor's report

To the shareholders of Bengal Commercial Bank Limited
Report on the Audit of Financial Statements

Opinion

We have audited the Financial Statements of Bengal Commercial Bank Limited which comprise the balance sheet as at 31 December 2021, and the profit and loss account, cash flow statement, statement of changes in equity for the period then ended and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements of the Bank give a true and fair view of the balance sheet of the Bank as at 31 December 2021, and of its profit and loss account, its cash flows for the period 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.

Other matter

The Financial Statements of the Bank as at and for the period ended 31 December 2020 were audited by us and expressed an unmodified opinion on those statements on 28 June 2021.

Other Information

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

Our opinion on the Financial Statements do not cover the other information and we do not express any form of assurance conclusion thereon.



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 IFRS 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 up to date) and the Bangladesh Bank Regulations require the management to ensure effective internal audit, internal control and risk management function 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Bank 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 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.

Report on other legal and regulatory requirements

In accordance with the Companies Act, 1994, the Bank Company Act, 1991 (as amended up to date), 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 the Bank.
- (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 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;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the expenditures incurred were for the purpose of the Bank's business for the period;
- (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) the information and explanations required by us have been received and found satisfactory;
- (ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (x) we have reviewed over 80% of the risk-weighted assets of the Bank and spent over 920 person-hours; and
- (xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.


Place: Dhaka, Bangladesh

Dated: April 04, 2022

Signed for & on behalf of

MABS & J Partners

Chartered Accountants



Nasir Uddin Ahmed, FCA, FCS, CGMA, ACMA (UK)

Deputy Managing Partner

ICAB Enrollment No: 535

DVC No: 2204040535AS922188

BENGAL COMMERCIAL BANK LIMITED

Balance Sheet

As at 31 December 2021

	Notes	31.12.2021 <u>TAKA</u>	31.12.2020 <u>TAKA</u>
PROPERTIES & ASSETS			
Cash	3		
Cash in hand (Including foreign currencies)		104,560,987	31,129
Balance with Bangladesh Bank and Its agent Bank(s) (including foreign Currency)		225,749,995	-
		<u>330,310,982</u>	<u>31,129</u>
Balance with other banks and financial institutions	4		
In Bangladesh		4,463,849,792	4,138,917,746
Outside Bangladesh		6,697,316	-
		<u>4,470,547,109</u>	<u>4,138,917,746</u>
Money at Call and short notice	5	-	-
Investments	6		
Government		414,489,963	-
Others		619,545,509	-
		<u>1,034,035,472</u>	<u>-</u>
Loans and Advances			
Loans, Cash Credits, Overdrafts etc	7	2,429,281,061	-
Bills purchased and discounted		-	-
		<u>2,429,281,061</u>	<u>-</u>
Fixed assets including premises, furniture & fixtures	8	709,235,418	636,900,906
Other assets	9	179,284,582	53,468,432
Non-banking assets		-	-
Total Assets		<u>9,152,694,625</u>	<u>4,829,318,213</u>
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from other banks, financial institutions and agents	11	115,000,000	-
Deposits and other accounts	13		
Current accounts & other accounts		442,689,689	-
Bills Payable		14,788,603	-
Savings Bank Deposits		371,559,910	-
Fixed Deposits		3,464,643,540	-
Bearer Certificates of Deposits		-	-
Other Deposits		113,776,465	16,988,208
		<u>4,407,458,206</u>	<u>16,988,208</u>
Other Liabilities	14	<u>548,550,757</u>	<u>587,120,002</u>
Total Liabilities		<u>5,071,008,963</u>	<u>604,108,210</u>
Capital / Shareholders' Equity			
Paid up Capital	15	4,250,000,000	4,250,000,000
Share Premium		-	-
Statutory Reserve		-	-
General Reserve		-	-
Other Reserve		32,468	-
Retained Earnings		(168,346,807)	(24,789,997)
Total Shareholders' Equity	16	<u>4,081,685,661</u>	<u>4,225,210,003</u>
Total Liabilities and Shareholders Equity		<u>9,152,694,625</u>	<u>4,829,318,213</u>



BENGAL COMMERCIAL BANK LIMITED

Balance Sheet
As at 31 December 2021

	31.12.2021 <u>TAKA</u>	31.12.2020 <u>TAKA</u>
Off Balance Sheet Items		
Contingent Liabilities :		
Acceptances & Endorsements	-	-
Letters of Guarantee	181,482,368	-
Irrevocable Letters of Credit	79,914,044	-
Bills for Collection	-	-
Other Contingent Liabilities	-	-
Total Contingent Liabilities	261,396,412	-
17		
Other Commitments:		
Documentary credit and short term trade related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
Total Off-Balance sheet Items Including Contingent Liabilities	261,396,412	-


The annexed notes 01 to 47 form an integral part of these financial statements.



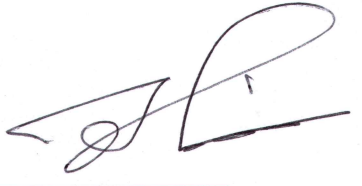
Managing Director & CEO



Director



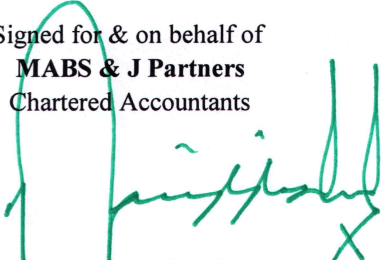
Director



Chariman

Signed as per our report of same date

Signed for & on behalf of
MABS & J Partners
Chartered Accountants


Nasir Uddin Ahmed, FCA, FCS, CGMA, ACMA (UK)
Deputy Managing Partner
ICAB Enrollment No: 535
DVC No: 2204040535AS922188

Dhaka,
April 04, 2022

BENGAL COMMERCIAL BANK LTD
Profit and Loss Account
For the year ended 31 December 2021

	Notes	2021 TAKA	2020 TAKA
Operating Income			
Interest Income	18	357,570,992	219,725,056
Interest paid on deposits and borrowings etc	19	106,850,238	-
Net Interest Income		250,720,754	219,725,056
Investment income	20	30,199,295	-
Commission, exchange and brokerage	21	1,329,805	-
Other Operating Income	22	3,978,394	-
		<u>35,507,494</u>	<u>-</u>
Total Operating Income (A)		<u>286,228,248</u>	<u>219,725,056</u>
OPERATING EXPENSES			
Salary and allowances	23	136,157,471	57,196,113
Rent, taxes, insurance, electricity etc.	24	11,505,189	25,286,720
Legal expenses	25	1,495,230	732,247
Postage, stamps, telecommunications etc.	26	1,690,889	249,708
Stationery, printing, advertisements etc.	27	6,697,266	1,225,249
Chief Executive's salary and Allowances	28	9,577,500	8,145,177
Directors' fees	29	1,028,026	428,978
Auditors' fees	30	230,000	172,500
Depreciation, Amortization and repair of banks assets	31	133,855,805	85,695,766
Other expenses	32	91,854,247	52,550,703
Total Operating Expenses (B)		<u>394,091,622</u>	<u>231,683,161</u>
Profit/(Loss) before provision (C) = (A-B)		(107,863,374)	(11,958,105)
	33		
Provision for Loans & Advances		21,923,000	-
Provision for Off-Balance Sheet Exposure		2,614,000	-
Provision for diminution in value of investments		3,578,488	-
Other provisions		500,000	-
Total Provisions (D)		<u>28,615,488</u>	<u>-</u>
Total Profit/(Loss) before Taxes (C-D)		(136,478,862)	(11,958,105)
Provision for Taxation			
Current Tax	14.7	4,707,546	10,035,711
Deferred Tax	14.8	2,370,402	2,796,181
		<u>7,077,948</u>	<u>12,831,892</u>
Net Profit/(Loss) after Taxation		<u>(143,556,810)</u>	<u>(24,789,997)</u>
Appropriations			
Statutory Reserve	16	-	-
Retained Surplus/(Shortfall)		(143,556,810)	(24,789,997)
Proposed Dividend		-	-
		<u>(143,556,810)</u>	<u>(24,789,997)</u>
Earnings Per Share (EPS)	34	<u>(0.34)</u>	<u>(0.06)</u>

The annexed notes 01 to 47 form an integral part of these financial statements.


Managing Director & CEO


Director


Director


Chariman

Signed as per our report of same date

Signed for & on behalf of
MABS & J Partners
Chartered Accountants


Nasir Uddin Ahmed, FCA, FCS, CGMA, ACMA (UK)
Deputy Managing Partner

ICAB Enrollment No: 535

DVC No: 2204040535 AS922188

Dhaka,
April 04, 2022

BENGAL COMMERCIAL BANK LTD
Cash Flow Statement
For the year ended 31 December 2021

	<u>Notes</u>	Jan-Dec 2021 TAKA	Jan-Dec 2020 TAKA
A. Cash flows from operating activities			
Interest Receipts in cash	37	318,618,066	219,725,055
Interest Payments	38	(42,664,191)	-
Dividend Receipts		14,795,607	-
Fees & Commission Receipts in cash		1,927,479	-
Recoveries of loans Previously written off		-	-
Cash Payments to employees		(145,734,971)	(65,341,290)
Cash Payments to suppliers		(8,388,156)	(1,474,958)
Income taxes paid		(29,121,936)	(21,972,506)
Receipt from other operating activities	39	3,978,394	-
Payment for other operating activities	40	(107,287,744)	(79,241,739)
i. Operating profit before changes in operating assets and liabilities.		6,122,547	51,694,563
Increase/Decrease in operating assets and liabilities:			
(Purchase)/Sale of government securities		(414,466,563)	-
Purchase/Sales of trading Securities		(619,545,509)	-
Loans and advances to Customers		(2,429,281,061)	-
Other assets	41	(42,337,597)	(31,495,927)
Deposit from banks		650,000,000	-
Deposit from customers/Others		3,676,283,951	16,988,208
Other Liabilities	42	(74,230,213)	574,288,110
ii. Cash flows from Operating Assets and Liabilities		746,423,007	559,780,391
Net Cash from operating activities (A)=(i + ii)		752,545,554	611,474,954
B. Cash flows from investing activities			
Proceeds from Sale of Securities		-	-
(Purchase)/Sale of property, plant & equipment	43	(205,015,264)	(722,526,078)
Net Cash from investing activities (B)		(205,015,264)	(722,526,078)
C. Cash flows from financing activities			
Receipt from Borrowings		115,000,000	-
Sub-Ordinated Bond		-	-
Dividends Paid		-	-
Cash received from Issuance of Shares/ Rights Shares		-	4,250,000,000
Net cash from financing activities (C)		115,000,000	4,250,000,000
D. Net Increase/(Decrease) in cash (A+B+C)		662,530,291	4,138,948,875
E. Effect of Exchange Rate Changes on Cash		(597,674)	-
F. Cash and Cash equivalents at beginning of the year		4,138,948,875	-
G. Cash and cash equivalents at the end of the year	44	4,800,881,491	4,138,948,875


The annexed notes 01 to 47 form an integral part of these financial statements.



Managing Director & CEO



Director



Director



Chariman

Dhaka
April 04, 2022



Bengal Commercial Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2021

Amount in BDT

Particulars	Paid-up capital	Statutory reserve	Assets revaluation reserve (land and other assets)	General reserve	Retained earnings	Total
Balance as at Commencement	4,250,000,000	-	-	-	(24,789,997)	4,225,210,003
Changes in Accounting Policy	-	-	-	-	-	-
Restated Balance	4,250,000,000	-	-	-	(24,789,997)	4,225,210,003
Surplus/Deficit on account of revaluation of Properties	-	-	-	-	-	-
Surplus/Deficit on account of revaluation of Currency Transaction Difference	-	-	32,468	-	-	32,468
Net gains and losses not recognized in the income statement	4,250,000,000	-	-	-	(24,789,997)	4,225,242,471
Net Profit/(Loss) Transferred to Retained Earnings	-	-	-	-	(143,556,810)	(143,556,810)
Dividends	-	-	-	-	-	-
Issue of Share Capital	-	-	-	-	-	-
Balance as at 31 December 2021	4,250,000,000	-	32,468	-	(168,346,807)	4,081,685,661
Balance as at 31 December 2020	4,250,000,000	-	-	-	(24,789,997)	4,225,210,003

The annexed notes 01 to 47 form an integral part of these financial statements.

Managing Director & CEO



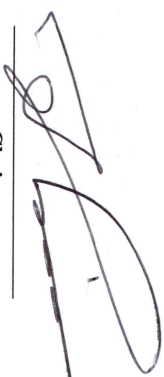
Director



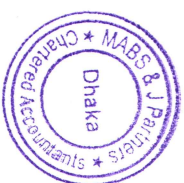
Director



Chairman



Dhaka
 April 04, 2022



Bengal Commercial Bank Limited
Liquidity Statement
(Asset and Liability Maturity Analysis)
As at 31 December 2021

Amount in BDT

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5-years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	330,310,982	-	-	-	-	330,310,982
Balances with other banks and financial institutions	1,720,547,108	2,750,000,000	-	-	-	4,470,547,108
Money at call and short notice	-	-	-	-	-	-
Investments	269,568,909	-	-	-	-	269,568,909
Loans and advances	41,731,242	822,218,000	-	37,590,000	726,876,563	1,034,035,472
Fixed assets including land, building, furniture and fixtures	10,080,789	20,161,578	832,525,685	567,642,947	165,163,187	2,429,281,061
Other assets	55,245,865	14,666,863	90,727,102	483,877,879	104,388,069	709,235,418
Non-banking assets	-	-	-	70,802,564	9,411,108	179,284,582
Total Assets	2,427,484,896	3,607,046,441	952,410,969	1,159,913,390	1,005,838,928	9,152,694,625
Liabilities						
Borrowing from other banks, financial institutions and agents	-	-	-	15,000,000	100,000,000	115,000,000
Deposits and other accounts	1,655,618,446	1,279,850,000	1,380,800,000	67,652,982	23,536,778	4,407,458,206
Provisions & other liabilities	30,636,847	33,249,786	37,056,286	191,757,468	235,940,531	528,640,917
Deferred Tax Liability	-	-	-	19,909,840	-	19,909,840
Total Liabilities	1,686,255,294	1,313,099,786	1,417,856,286	294,320,289	359,477,309	5,071,008,963
Net Liquidity Gap	741,229,603	2,293,946,656	(465,445,317)	865,593,101	646,361,619	4,081,685,661
Cumulative Net Liquidity Gap	741,229,603	3,035,176,258	2,569,730,941	3,435,324,042	4,081,685,663	-

The annexed notes 01 to 47 form an integral part of these financial statements.



Managing Director & CEO

Director

Director

Chairman

Dhaka
April 04, 2022

Bengal Commercial Bank Limited
Notes to the financial statements
as at and for the year ended 31 December 2021

1 Legal Status of the Bank and its principal activities

1.1 Legal form of the Bank

Bengal Commercial Bank Limited having its Registered Office at 94 Gulshan Avenue, Dhaka-1212, Bangladesh, was incorporated on 03 February 2020 as a Public Limited Company under the Companies Act, 1994 (As amended up to date) with Authorized Capital of Tk.15000 million and paid up capital of Tk. 4250 million. The Bank got Bangladesh Bank License vide Bangladesh Bank Letter ref no: BRPD (P-3)/745(60)/2013-1189 dated 23 February 2020 as per the Banking Companies Act, 1991 Section 31 and obtained licence for establishing Head Office on 13 July 2020, also got licence for Commercial Operation on 18 February 2021. Eventually, the Bank started its commercial operation from 11 March 2021.

As on 31st December 2021, the bank had 06-(six) branches and 01-(one) Sub-branches.

1.2 Nature of Business

The principle activities of the Bengal Commercial Bank Limited (BGCB) are to provide all types of commercial banking services to customers through branches, ATMS, Agent Banking Unit, Sub branches, and Corporate, Retail and SME units in Bangladesh. The Bank is also entitled to provide money market operations, financial intermediary services and any related financial services. Provisions of the Bank Companies Act 1991 (as amended up to date), Bangladesh Bank Directives and directives of other regulatory authorities are followed for carrying out all types of activities.

1.3 Islamic Banking Unit:

The bank obtained permission from Bangladesh Bank (The Central Bank of Bangladesh) to commence the operation of Dilkusha Branch as a Islamic Banking Branch vide Bangladesh Bank letter ref no: BRPD(LS-2)/745(73)/2021-994, dated: 28.10.2021, and subsequently the bank implemented Islamic banking operation from 01.01.2022, which is after the reporting period of this financial statement. The Islamic Banking Operation is governed under the rules and regulations of Bangladesh Bank.

2 Basis of preparation and significant accounting policies

2.1 Statement of Compliance

Financial statements of the Bank have been prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRSs) and as per rules and regulations issued by Bangladesh Bank through BRPD Circular No. 14 dated 25 June 2003 with reference to the provisions of The Banking Companies Act 1991 (as amended upto date), Companies Act 1994, Rules, and regulations and circulars issued by the Bangladesh Bank from time to time.

In case any requirement of the Bank Companies Act 1991 (as amended) and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs as adopted, the requirements of the Bank Companies Act 1991 and provisions and circulars issued by Bangladesh Bank shall prevail.

As such the Bank has departed from those which are the requirements of IAS and IFRS in order to comply with the rules and regulations of Bangladesh Bank are disclosed below

i) Presentation of financial statements

IFRSs: As per IAS 1 financial statements shall comprise statement of financial position, comprehensive income statement, changes in equity, cash flow statement, adequate notes comprising summary of accounting policies and other explanatory information. As per IAS 1, the entity shall also present current and non-current assets and liabilities as separate classifications in its statement of financial position.

Bangladesh Bank: The presentation of the financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement) and certain disclosures therein are guided by the 'First Schedule' (section 38) of The Banking Companies Act 1991 (amendment up to date) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines of BB. In the prescribed format there is no option to present assets and liabilities under current and non-current classifications.

ii) Investment in Shares and Securities

IFRSs: As per requirements of IFRS 9, 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 either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments 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 value of investment; otherwise investments are recognised at cost.



iii) **Revaluation gains/losses on Government securities**

IFRSs: As per requirement of IFRS 9 “Financial Instruments: where securities will fall under the category of fair value through profit or loss account and any change in fair value of the asset is recognised through profit or loss account. Held for Trading (HFT), any change in the fair value of held for trading assets is recognised through 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 no. 5 dated 26 May 2008 and subsequent clarification in DOS circular no. 5 dated 28 January 2009, amortisation gain/loss is charged to profit and loss account, market-to-market loss on revaluation of government securities (T-bills/T-bonds) categorised as Held for Trading (HFT) is charged to profit and loss account, but any unrealised trading gain on such revaluation is recognised to revaluation reserve account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method but income/gain is recognised through equity.

iv) **Provisions on Loans and Advances:**

IFRSs: As per IFRS 9 an entity shall recognise an impairment allowance on investments (loan) based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for investment (loan) at an amount equal to the lifetime expected credit losses if the credit risk on these investments 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 investments (loans) 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 investments that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012), BRPD circular No. 05 (29 May 2013), BRPD circular No. 16 (18 November 2014), BRPD circular No. 08 dated 02 August 2015, BRPD Circular No. 15 (27 September 2017), BRPD Circular No. 01 (20 February 2018), BRPD Circular No. 03 (21 April 2019) a general provision at 0.25% to 2% under different categories of unclassified loans (Standard/ SMA loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively (except CMSME's Cottage, Micro & Small loans where 5% for sub-standard, 20% for doubtful investments and 100% for bad & loss investments. Also short-term agricultural and micro-credits where 5% for sub-standard and doubtful investments and 100% for bad & loss investments) for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures (except LC issued against Fast Track Electricity Project & Bills for Collection according to BRPD circular letter no. 01 dated 03 January 2018. BRPD circular no. 07 dated 21 June 2018 respectively). Such provision policies are not specifically in line with those prescribed by IFRS 9 “Financial Instruments”.

v) **Other comprehensive income**

IFRSs: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which are strictly to be followed by all Banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

vi) **Financial Instruments-Presentation and Disclosure**

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9.

vii) **Non Banking Assets**

IFRSs: No indication of non-banking assets is found in any IASs/IFRSs.

Bangladesh Bank: As per BRPD circular no.14 dated 25 June 2003, there exists a face item named non-banking assets.

viii) **Repo Transaction**

IFRSs: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the same (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a collateralised borrowing and the underlying asset continues to be recognised in the entity's financial statements. This transaction will be treated as borrowing and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per BB circulars/guidelines, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the same (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a normal sale transaction and the financial assets should be derecognised in the seller's book and recognised in the buyer's book.



ix) Financial Guarantees

IFRSs: 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 fails to make payment when due in accordance with the terms of the instrument. Financial guarantee liabilities are recognised initially at their fair value and is amortised over the life of the instrument. Any such liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are prescribed to be included within other liabilities.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, financial guarantees such as LC & LG should be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin and 1% general provision for all contingent liabilities.

X) Cash and Cash Equivalents: Cash and cash equivalent items should be reported as cash item as per IAS 7.

IFRSs: Cash and cash equivalent items should be reported as cash item as per IAS 7.

Bangladesh Bank: As per BRPD Circular 14 dated 25 June 2003, Cash and cash-equivalents consist of cash with Bangladesh Bank, with its agent bank(s), government securities (prize bond) and deposits with other banks.

XI) Cash flow statement

IFRSs: Cash flow statement can be prepared either in direct method or indirect method. The presentation method is selected to present cash flow information in a manner that is most suitable for the business or industry. Whichever method selected should be applied consistently.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, cash flow statement is to be prepared following a mixture of direct and indirect method.

XII) Balance with Bangladesh Bank (cash reserve requirement)

IFRSs: Balance with Bangladesh Bank should be treated as other assets as it is not available for use in day-to-day operations as per IAS 7.

Bangladesh Bank: Balance with Bangladesh Bank should be treated as cash and cash equivalents.

XIII) Off-balance sheet items

IFRSs: No concept of off-balance sheet items in any IFRS; so nothing to disclose as off-balance sheet items.

Bangladesh Bank: As per BRPD circular no.14 dated 25 June 2003, off-balance sheet items i.e. LC, LG, acceptance should be disclosed separately on the face of the balance sheet.

XIV) Presentation of loans and advance net of provision

IFRSs: Loans and advances shall be presented at amortised cost net of any write down for impairment (expected credit losses that result from all possible default events over the life of the financial instrument).

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

XV) Recognition of interest in suspense

IFRSs: Loans and advances to customers are generally classified as "loans and receivables" as per IFRS 9 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

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

XVI) Disclosure of appropriation of Profit

IFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed on the face of Profit and Loss Account.

XVII) Presentation of intangible asset

IFRSs: Intangible asset must be identified and recognized, and the disclosure must be given as per IAS 38

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD circular no. 14 dated 25 June 2003.

XIX) Uniform Accounting Policy:

In several cases Bangladesh Bank and Bangladesh Securities and Exchange Commission guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in IFRS 10. As such some disclosure, presentation Notes to the financial statements and measurement requirements of IFRS 10 cannot be made in financial statements.



2.2 Basis of measurement:

Financial Statements have been prepared on the historical cost basis except for the following:

- Government Treasury Bills and Bonds designated as 'Held for Trading' at present value using market to market with gains, if any credited to revaluation reserve.
- Government Treasury Bills and Bonds designated as 'Held for Maturity (HTM) at present value using amortisation concept.'

2.3 Going concern basis of accounting

These financial statements have been prepared on the basis of assessment of the Bank's ability to continue as a going concern. BGCB has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

2.4 Use of Estimates and Judgements

The preparation of the financial statements of the Bank in conformity with IFRSs requires 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 recognised in the period in which the estimate is revised and in any future period affected.

Key estimates include the following:

- Deferred tax assets/liabilities
- Useful lives of depreciable assets
- Provision on loans and Advances
Gratuity Fund

2.5 Foreign Currency Transaction:

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

Foreign Currency Translation

Foreign Currency Translation have been converted into equivalent Taka at the ruling exchange rates on the respective date of each transactions as per IAS 21 "The Effects of Changes in Foreign Exchange Rates"

In preparing solo financial statements, assets and liabilities in foreign currencies as at December 31, 2021 have been converted into Taka currency at the revaluation rate determined by the Bank and profit and loss accounts have been converted into monthly average rate

Differences arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting /crediting exchange gain or loss account.

2.6 Cash flow statement

Cash flow statement has been prepared in accordance with IAS 7 'Statement of Cash Flow' and under the guideline of BB BRPD circular no. 14 dated 25 June 2003. The statement shows the structure of changes in cash and cash equivalents during the financial year. Cash flow during the period have been classified as operating activities, investing activities and financing activities.

2.7 Reporting period

These financial statements of the the Bank cover one calendar year from 1 January to 31 December.

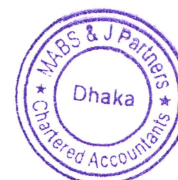
2.8 Statement of Changes in Equity

Statement of Changes in Equity has been prepared in accordance with IAS 1 "Presentation of Financial Statements" and following the guidelines of Bangladesh Bank BRPD circular no.14 dated 25 June 2003.

2.9 Liquidity statement

The liquidity statement has been prepared mainly on the basis of remaining maturity grouping of assets and liabilities as at the close of the year as per following bases:

Particulars	Basis of use
Cash, balance with other banks and financial institutions, money at call and short notice, etc.	Maturity term.
Investments	Respective maturity terms
Fixed assets	Useful life.
Other assets	Realisation/amortisation
Deposits and other accounts	Maturity and behavioral trend (non-maturity products).
Other long term liability	Maturity term.
Provision and other liability	Payment/adjustment schedule



2.10 Significant accounting policies

The accounting policies set out below have been applied in these financial statements, except otherwise instructed by Bangladesh Bank as the prime regulator.

A. Assets and basis of their valuation

i) Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, balance with other banks and financial institutions.

ii) Investments:

Investments include investment in securities, Repo and reverse Repo, and investment in subsidiaries.

iii) Investment in Securities

All investments in securities (bills and bonds) are initially recognized at purchase price excluding commission and accrued coupon interest. Investments are segregated in two broad categories. These are held to maturity (HTM) and held for trading (HFT).

Held to Maturity

Debt securities that a firm has intention to hold until maturity. These are reported at amortized cost therefore, they are not affected by swings in the financial markets.

Held for Trading

Held for trading securities are those which are held with intention of selling in order to generate profits. Held for trading securities are revalued at market price.

REPO and Reverse REPO

REPO and Reverse REPO are recorded based on DOS Circular no. 06, dated 15 July 2010 of Bangladesh Bank and subsequent clarification in DOS Circular no 03 dated 30 January 2012 and DOS circular no. 2 dated 23 January 2013. In the case of REPO of both coupon and non-coupon bearing (Treasury bill) securities, the Bank adjusts the Revaluation Reserve Account for HFT securities and stops the weekly revaluation (if the revaluation date falls within the REPO period) of the same security. For interest bearing security, the Bank fully accrues interest during REPO period.

Revaluation

As per Bangladesh Bank DOS circular letter no. 5 dated 28 January 2009, HFT securities are revalued each week using Marked to Market concept and HTM securities are amortized once a year according to Bangladesh Bank guidelines. The HTM securities are also revalued if these are reclassified to HFT category with the Board approval. Value of investment has been shown as under:

Investment Class	Initial Recognition	Measurement after initial recognition	Recording of Changes
Treasury Bill/Bond (HFT)	Cost	Fair Value	Loss to Profit & Loss Account, Gain to Revaluation Reserve through Profit and Loss Account
Treasury Bill/Bond (HTM)	Cost	Amortised Value	Increase or decrease in value of equity
Debenture/Bond	Face Value	None	None
Shares (Quoted)*	Cost	Lower of cost or market value	Loss (net) to profit and Loss Account but no unrealised gain booking
Prize Bond	Cost	None	None

* Quoted shares are bought and held primarily for the purpose of selling then in future or held for dividend income which are reported at cost. Unrealised gains are not recognized in the profit and Loss statement. But provision was made for diminution in value of investment.

Investment in unquoted securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

As per Bangladesh Bank DOS Circular # 04 dated 24 November 2011, provision for diminution in value of investment was made by netting off unrealised gain/ loss of shares from market price/ book value less cost price.

Besides, bank complied with Bangladesh Bank BRPD Circular 14 dated June 25, 2003 as follows, "All investments in shares and securities (both dealing and investment) should be revalued at the year-end. The quoted shares should be valued as per market price in the stock exchange(s) and unquoted shares as per book value of last audited balance sheet. Provision should be made for any loss arising from diminution in value of investments."

iv) Loans, advances and provisions

a) A loan and advance is a financial facility provided by the banks and financial institutions to help their customers in financial need. Loans and advances comprise of non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. These are recognised at gross amount on the date on which they are originated.



Loans, advances and provisions

b) Interest/profit is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest/profit on classified loans and advances/investments is kept in interest suspense account as per BRPD circulars no. 14 dated September 23, 2012 on Master Circular: Loan Classification and Provisioning. Interest/ profit is not charged on bad and loss loans and advances/ investments as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

c) Commission is recognised at the time of realisation.

d) Provision for loans and advances/investments is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circular no. 14 dated 23 September 2012, Bangladesh Bank BRPD circular no. 19 dated 27 December 2012, Bangladesh Bank BRPD circular no. 05 dated 29 May 2013, Bangladesh Bank BRPD circular no. 16 dated 18 November 2014, Bangladesh Bank BRPD circular no. 12 dated 20 August 2017, Bangladesh Bank BRPD circular no. 15 dated 27 September 2017, Bangladesh Bank BRPD circular no. 07 dated 21 June 2018, Bangladesh Bank BRPD circular no. 13 dated 18 October 2018, Bangladesh Bank BRPD circular no. 16 dated 21 July 2020, Bangladesh Bank BRPD circular no.52 dated 20 October 2020 and Bangladesh Bank BRPD circular no. 56 dated 10 December 2020

Provisions for Loans and Advances:

Rates of Provision on Loans and Advances/Investments are given below

Types of Loans and Advances	Provision				
	STD	SMA	SS	DF	BL
Consumer Financing-House Building	1%	1%	20%	50%	100%
Consumer Financing-Loans for Professionals	2%	2%	20%	50%	100%
Consumer Financing-Other than House Building and Professionals	2%	2%	20%	50%	100%
Loans to Brokerage Houses, Merchant Banks, Stock Dealers etc	2%	2%	20%	50%	100%
Small and Medium Enterprise (Medium)	0.25%	0.25%	20%	50%	100%
Small and Medium Enterprise (Cottage, Micro, Small)	0.25%	0.25%	5%	20%	100%
Short Term Agriculture/Micro Credit	1%	1%	5%	5%	100%
Others	1%	1%	20%	50%	100%
Off Balance Sheet Exposure	1%	N/A	N/A	N/A	N/A

v) Impairment of financial assets:

An asset is impaired when its carrying value exceeds its recoverable amount as per IAS 36 "Impairment of Assets". At each balance sheet date, Bengal Commercial Bank Limited assesses whether there is objective evidence that a financial asset or a group of financial assets i.e, loans and advances, of balance sheet items and investments is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if -

- there is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset up to the balance sheet date;
- the loss event had an impact on the estimated future cash flows of the financial asset or the group of financial assets; and a reliable estimate of the loss amount can be made.

The Bank reviews whether a further allowance for impairment should be provided in the profit and loss statement in addition to the provision made based on Bangladesh Bank guidelines or other regulatory requirements.

vi) Fixed assets (other than lease items)

The Bank applies the accounting requirements of IAS 16 'Property, Plant and Equipment' for its own assets which are held for current and future use in the business and are expected to be used for more than one year.

Recognition and measurement

Fixed assets are stated at cost less accumulated depreciation as per IAS 16. The cost of an item of fixed assets is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably.

The cost of an item of fixed assets comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purpose other than to produce inventories during that period

Subsequent costs

Subsequent costs are capitalised only when it is probable that the future economic benefits associated with the costs will flow to the entity and cost can be measured reliably. The carrying amount of the replaced portion is derecognised. The costs of day to day servicing of fixed assets, i.e. repairs and maintenance is charged to profit and loss account as expense when incurred.



vi) Depreciation

Depreciation is charged at the rates stated below on all the items of fixed assets on the basis of estimated useful lives as determined in the fixed asset policy of the Bank. In all cases depreciation is calculated on the straight line method. Charging depreciation commences from the day of acquisition and ceases at the date when the assets are disposed. .

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets have been capitalized as part of the cost of the assets and net sale proceeds (IAS 36)

Category	Rate of depreciation
Furnitures & Fixtures	15%
Machineries and equipment	20%
Digital Banking Equipment	10%
Computer and network equipment	20%
Vehicles	20%
Right of Use Asset*	Over the Lease Term
Intangible Assets: Software	20%

Repairs and maintenance are charged to profit and loss account as expense when incurred.

*Right of Use Asset is Depreciated over the lease term as per IFRS 16: Lease. (Note vii)

vii) Revaluation

The frequency of revaluation depends upon the movement in the fair value of the items of property, plant and equipment being revalued.

Increases in the carrying amount as a result of revaluation is credited directly to shareholders' equity under the heading of revaluation surplus. Decreases in the carrying amount as a result of revaluation is recognised as an expense. However, a revaluation decrease is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of the same assets.

viii) Impairment of Fixed Assets

An asset is impaired when its carrying value exceeds its recoverable amount as per IAS 36 'Impairment of Assets'. The bank has a policy to review the carrying value of financial and non-financial assets and assess whether there is any indication that an asset may be impaired and/or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recovered. If any such indication exists, the bank will make an estimate of the recoverable amount of the asset. The carrying value of the asset will be reduced to its recoverable amount if the recoverable amount is less than its carrying amount with associated impairment losses recognised in the profit and loss account. However, impairment of any financial assets is guided by relevant BB circulars/instructions and IFRS 9. During the year there was no indication of impairment of fixed assets.

ix) Derecognition of fixed assets

The carrying amount of an item of fixed assets is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of fixed assets is to be recorded in profit or loss when the item is derecognised.

No fixed asset was derecognized during the year. Details of fixed assets are presented in note 8 and 'Annexure - C' of these financial statements.

x) Intangible assets

Intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are to be classified as per IAS 38 'Intangible Assets' which comprises the value of all licensed computer software including core banking software of the Bank, cards management software, cheque processing software (i.e. BEFTN), software of subsidiaries and other integrated customised software for call center, ATM service, Finance and HR operations i.e. PMS, FAR, HRMS, Payroll Management System etc.

Software: As per the approval of the Board, the Bank decided to purchase software from Flora Systems Limited and subsequently a work order has been issued. On 30th December 2020 software has become functional and recognized in the financial statements at cost less accumulated amortisation. Initial cost will be comprised of license fees paid at the time of purchase and other directly attributable costs incurred for customising the software for its intended use. The value of the software is amortised using the straight line method over the estimated useful life of 5 (five) years commencing from the date at which the application of the software is made available for use.

xi) Leases

IFRS 16: "Leases" is effective from 1 January 2019, as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Bengal Commercial Bank Ltd. has applied IFRS 16 Leases through recognition, measurement and disclosure in the Financial Statements - 2021

At inception of a contract, the Bank assesses whether the contract is, or contains, a lease. 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.

The bank applies a single recognition and measurement approach for all leases, except for short-term leases, or, and lease of low value of assets. The bank recognises lease liabilities to make lease payment and right-of-use assets representing the right to use the underlying assets.



Right-of-Use Assets (ROU)

The bank recognises the Right-of-Use assets at the date of contract with the lessor (i.e. the date the underlying asset is available for use). ROU assets are measured at cost less any accumulated depreciation and impairment of losses and adjusted for any measurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payment made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the lease term, or remaining period of the lease term.

Lease Liabilities

The bank recognised lease liabilities which is present value of lease payments to be made over the lease term from the date of Contract with the Lessor. The lease payments include fixed and variable lease payment (less any adjustment for initial payment), and amount is expected to be paid under residual value of guarantees. The lease payments also include the exercise price of purchase option reasonably certain to be exercised by the bank and payment of penalties for terminating the lease. The lease payment has been discounted using maximum deposit rate fixed by the Government of Bangladesh which is 6% per annum.

xii) Other assets

Other assets include mainly advance office rent, payment of advance income tax for which assessment of tax has not been completed yet and all other financial assets, fees and other unrealized income receivable, advance for operating and capital expenditures and stocks of stationery and stamps, etc.

xiii) Receivables:

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

xiv) Non-banking assets

Non-banking assets are usually acquired due to failure of borrowers to repay the loan in time taken against mortgaged properties. There was no assets acquired in exchange for loan during the period of financial statements.

B. Capital, Reserve, Liabilities and provisions and basis of their valuation

i) Borrowing from other banks, financial institutions and agents

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

ii) Deposits and other accounts

Deposits and other accounts include non-interest bearing current deposits redeemable at call, interest bearing short-term deposits, savings deposits and fixed deposits which are initially measured at the consideration received. These items are subsequently measured and accounted for at the gross value of the outstanding balance in accordance with the contractual agreements with the counterparties.

iii) Other liabilities

Other liabilities comprise items such as provision for accrued expenses. Individual item-wise liabilities are recognised as per the guidelines of Bangladesh Bank (BB) and International Financial Reporting Standards (IFRSs).

iv) Dividend payments

Interim dividend is recognised only when the shareholders' right to receive payment is established. Final dividend is recognised when it is approved by the shareholders in AGM. Dividend payable to the Bank's shareholders is recognised as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established. Due to Operating Loss no Dividend was paid during the year.

v) Provision for loans and advances

As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 16 dated 18 November 2014 and BRPD circular no. 3 dated 21 April 2019, provisions for loans and advances is to be kept after each quarter end.

vi) Provision against investment in capital market:

For recognition of loss suffered from investment in capital market, provision is to be provided on unrealized loss (gain net off) according to DOS Circular No. 04 dated 24 November 2011 on portfolio.

vii) Provision for off-balance sheet exposures

As per BRPD circular no. 07 dated 21 June 2018 and BRPD circular no. 13 dated 18 October 2018, Banks need to maintain provision @0% to 1% against off-balance sheet exposures.



viii) Provision for nostro accounts

According to guidelines of Foreign Exchange Policy Department of Bangladesh Bank, circular no. FEOD (FEMO)/01/2005-677 dated 13 September 2005, Bank is required to make provision regarding the un-reconciled debit balance of Nostro Account for more than three months as at balance sheet date.

Since there was no unreconciled entries which are outstanding for more than three months, thereafter no provision has been made.

ix) Provision for other assets:

As per BRPD Circular No. 14 dated 25 June 2001 i.e. 100% provision is required on other assets which are outstanding for one year or more. As on 31.12.2020 there were no other assets which were outstanding for one year or more.

x) Provision for liabilities and accrued expenses

In compliance with IAS 37, provisions for other liabilities and accrued expenses are recognised in the financial statements when the Bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

xi) Retirement/post-employment benefits

The retirement benefits accrued for the employees of the Bank as on reporting date has been accounted for in accordance with the provision of International Accounting Standard-19, "Employees Benefits". Various types retirement benefit schemes of the bank are as follows:

Provident fund

A "Defined Contribution Plan" is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal constructive obligation to pay further amounts. Provident Fund benefits are given to the staff of the Bank in accordance with the Provident Fund Rules. Permanent employees of the bank are contributing 10% of their basic salary as provident fund. The bank also contributes equal amount of the employees contribution to the fund.

Gratuity

Gratuity is a form of monetary benefit paid to a worker upon being terminated or retired from employment. Gratuity is voluntarily given by way of favour and is an act of grace. Gratuity is not founded on any legal liability but a mere bounty stemming from appreciation and graciousness and therefore, it is capable of being given or withheld at the discretion of the giver. Gratuity Fund benefits will be given to the staff of the Bank in accordance with the approved Gratuity Fund Rules, as approved by the board of directors.

Life and Medical Insurance:

The bank has a group life and Medical and Medical Insurance scheme to ensure that the healthcare support of the employees is adequately and promptly met. The policy covers all aspects of healthcare needs including hospitalization, Maternity Benefits, Natural or Accidental Death, Permanent Total/Partial Disability etc of employees and their family. The premium amount is subscribed from the employees with equal contribution of the Bank.

C. Share capital and reserves

i) Authorized and issued capital

The authorized capital of the Bank is the maximum amount of share capital that the Bank is authorised by its Memorandum and Articles of Association to issue (allocate) among shareholders. This amount can be changed by shareholders' approval upon fulfilment of relevant provisions of the Companies Act 1994. Part of the authorised capital usually remains unissued. The part of the authorised capital already issued to shareholders is referred to as the issued share capital of the Bank. Authorized Capital of the Bank as on 31 December 2021 was at BDT 15,000 million.

ii) Paid-up capital

Paid-up Capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders meetings. In the event of a winding-up of the company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

iii) Share premium

The Share premium represents the excess amount received by the Bank from its shareholders over the nominal/par value of its share. The amount of share premium can be utilised as per the provision of section 57 of the Companies Act 1994. Currently, the Bank does not have any share premium.

iv) Statutory reserve

In accordance with provisions of section 24 of the Bank Company Act, 1991 (amendment up to 2019), no Statutory Reserved has been maintained due to Operating Loss.



v) **Asset revaluation reserve**

When an asset's carrying amount is increased as a result of revaluation, the increased amount (netting off deferred tax liability) which may arise against such revaluation gain as per IAS 12 'Income Tax', is credited directly to equity under the heading of assets revaluation reserve as per IAS 16 'Property, Plant and Equipment'.

vi) **Non-Controlling (Minority) Interest**

Non-controlling (minority) interest in business is an accounting concept that refers to the portion of a subsidiary company's stock that is not owned by the parent company

vii) **Contingent Liabilities**

Any 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 any present obligation that arises from past events but is not recognised 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 recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognised in the financial statements as this may result in the recognition of income which may never be realised

D. **Revenue recognition**

Revenue is recognized as per IFRS 15. IFRS 15 deals with revenue recognition and establishes principles for reporting useful

i) **Interest income**

Interest on unclassified loans and advances (except those of rescheduled and stay order accounts) is recognised as income on accrual basis, interest on classified loans and advances (including rescheduled and stay order accounts) is credited to interest suspense account with actual receipt of interest there from credited to income as and when received as per instruction contained in BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 16 dated 18 November 2014 and BRPD circular no. 03 dated 21 April 2019

ii) **Income from investments (interest and others)**

Income on investments in Government and other securities, debentures and bonds is required to account for on accrual basis as per the provisions of IFRS 15 'Revenue from Contracts with Customers' and relevant BB guidelines. Capital gain on investments in shares and dividends on investment in shares are included in investment income.

iii) **Fees and commission income**

The Bank earns fees and commissions from diverse range of services provided to its customers. This includes fees and commission income arising on financial and other services provided by the Bank including trade finance, debit cards, passport endorsement, loan processing, loan syndication and locker facilities, etc. Fees and commission income is recognised on the basis of realisation.

iv) **Dividend Income:**

Dividend income from investments is recognized at the time when it is declared, ascertained and right to receive the payment is established. It is recognized when

- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The amount of the revenue can be measured reliably.

v) **Interest paid on borrowing and other deposits:**

Interest expenses are recognized on accrual basis taking into account of daily balance outstanding at the rate applicable for respective deposits and interest on savings and SND accounts is credited to depositors account on half yearly basis. No interest is applicable on the balance lying in current deposit account. Interest on FDR accrued but not due to clients A/c was credited to 'Other Liability A/c - Interest Payable'

vi) **Other Operating Expense**

Expenses incurred by the Bank are recognised on accrual basis when a performance obligation is satisfied by receiving a promised service by the bank as per IFRS 15 'Revenue from Contracts with Customers'.

vii) **Taxation**

The expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity.

a. **Current tax**

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. Provision for current income tax has been made as per prescribed rate in the Income Tax Ordinance 1984 on the accounting profit made by the Bank after considering some of the add-backs to income and disallowances of expenditure as per income tax laws with IAS 12 "Income Taxes". Tax Assets under the group head of other assets are recognized for payment of advance income tax, tax deducted at source and tax paid at the time of IT Return for the year/years for which assessment has not been yet finalized. On the other hand, the tax provision (estimated as per IAS 12, provision of latest Finance Act, related SROs/ Guidelines, etc., issued by National Board of Revenue-NBR) are recognized as tax liability under the head of other liability (note: 14.7 for the year/years for which assessment has not been yet finalized.



b. Deferred tax

Deferred tax assets or liabilities are recognised by the Bank on deductible or taxable temporary differences between the carrying amount of assets and liabilities used for financial reporting and the amount used for taxation purpose as required by IAS 12 'Income Taxes' and BRPD circular no.11 dated 12 December 2011. Deferred tax assets is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which they can be used. Deferred tax assets and liabilities are reviewed at each reporting period and are measured at the applicable tax rate as per tax laws that are expected to be applied when the assets is realised and liability is settled. Any unrecognised deferred tax assets or liabilities are reassessed at each reporting period and recognised only if that has become probable that future taxable profit or loss will be available against which they can be used or settled.

Details of deferred tax assets or liabilities and amount recognised in profit and loss account for deferred tax income or expense are given in note 14.8 in the financial statements.

E. Others

i) Materiality and aggregation

Each material class of similar items has been presented separately in the financial statements. Items of dissimilar nature also have been presented separately unless they are immaterial in accordance with IAS 1 'Presentation of Financial Statements'.

ii) Earnings per share (EPS)

As per IAS 33 'Earnings per Share' the Bank has been reporting 'Basic EPS' as there has been no dilution possibilities during the year. Basic EPS is computed by dividing the profit or loss attributable to ordinary shareholders of the Bank by the number of ordinary shares outstanding during the period.

iii) Reconciliation of Books of Account

Books of account in regard to inter-Bank are reconciled on monthly basis.

iv) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged as per IAS 24 'Related Party Disclosures', Bangladesh Bank & BSEC guidelines. Details of the related party transactions have been disclosed in Note 47.0

v) Events after the reporting period

All the material events after the reporting period have been considered and appropriate adjustments/disclosures have been made in the financial statements as per IAS 10 'Events after the Reporting Period'.

vi) Operating Segments

Business segments report consists of products and services whose risks and returns are different from those of other business segments. The Bank has a policy to establish reportable segments, as described below, which are the Bank's strategic business units. The strategic business units offers different products and services, and will be managed separately based on the Bank's management and internal reporting structure. Each of the strategic business units of the Bank will be periodically reviewed by

Segment Name	Description	Status
Corporate Banking	This unit focuses on large corporate groups including structured/syndicated finance with a variety of advances & deposit	Operational
SME Banking	Includes loans, deposits and other transactions and balances with SME customers.	Operational
Consumer Banking	Includes loans, deposits and other transactions and balances with retail customers.	Operational
Treasury	Treasury unit undertakes the Bank's funding and maintenance of SLR, Asset-liability management through money market operation, Fx, Market dealings, investing in derivatives including forwards, futures and swaps	Operational
Investment Banking	Includes the Bank's trading, investment in equities and other capital market activities.	Operational
Card and Alternate Delivery Channel	This includes offering a variety of debit card and credit card to the customers according to their needs.	Operational
Mobile Financial Services	Mobile Financial Services came up with the aim to cover a large number of people under banking channel through mobile network	Not Operational



vii) Risk management and other related matters

Today's most risky nature of Banking business has caused the Central Banks of every country much concerned about the risk factors affecting the financial position of the banks. In this connection every Central Banks have come forwarded to establish a general framework to defeat the risk factors considering the laws of the land. Bangladesh Bank has also undertaken an overall core-risk management project under which every bank shall be bounded to the authoritative covenants to install risk management system. Bengal Commercial Bank Ltd. has established approved policies covering major areas such as (a) Credit Risk Management, (b) Foreign Exchange Risk Management, (c) Asset Liability Management Risk (d) Money Laundering Risk (e) Internal Control & Compliance Risk and (f) Information & Communication Technology Security Risk (g) Internal Audit (h) Fraud and Forgeries to the DOS circular no: 02 (15 February 2012) regarding 'Risk Management Guidelines' for Banks, Bank Companies Act 1991 (as amended upto 2013) and other guidelines. of Bangladesh Bank.

In addition, the bank is also following relevant Bangladesh Bank guidelines on risk based capital adequacy, stress testing and managing the banking risks in other core risk areas.

The bank has established an independent Risk Management Division (RMD) as per DOS circular no:02 (15 February 2012). The RMD conducts stress testing as per DOS circular no: 01 (23 February 2011), for examining the Bank's capacity of handling future shocks, as well as deals with all potential risks that might occur in future.

The prime objective of the risk management is that the bank takes well calculative business risks while safeguarding the bank's capital, its financial resources and profitability from various risks. In this context, the bank took steps to implement the guidelines of Bangladesh Bank as under:

a) Credit risk

Credit risk can be defined as the risk of a potential loss to the Bank when a borrower or counterparty is either unable or unwilling to meet its financial obligations. Granting loans and advances is the core business of BGCB and as such credit risk is its most material risk. The credit risk arises primarily from Corporate Banking, SMEs and Retail loans and advances. Given the scale and materiality of Bank's loan book, managing the credit quality of the lending portfolio is a key focus area with the objective of minimizing probable losses and maintaining credit risk exposure within acceptable parameters.

BGCB's Credit Policy, which is approved by the Board of Directors, plays a central and strategic role in managing daily business activities. The policy defines the principles encompassing client selection, due diligence, early alert reporting, tolerable levels of concentration risk and portfolio monitoring, in line with the Bank's risk appetite. The approach is to avoid excessive credit risk on a counterparty or portfolio level by applying stringent underwriting standards combined with sound collateralization where feasible. The policy is reviewed regularly by the Board of Directors to ensure consistency with the Bank's business strategy.

b) Liquidity risk

Liquidity risk arises when the Bank cannot maintain or generate sufficient funds to meet its payment obligations as they fall due or can only do so at a material loss. This can arise when counterparties who provide funding to the Bank withdraw or do not roll over a line of funding or as a result of a general disruption in financial markets which lead to normal liquid assets becoming illiquid. The main sources of the Bank's funding are capital, core deposits from retail and commercial clients, wholesale deposits and access to borrowed funds from the interbank money market. The Bank also maintains a portfolio of readily marketable securities to further strengthen its liquidity position. BGCB manages liquidity risk in accordance with regulatory guidelines internal benchmarks. Also, the Contractual maturity of assets and liabilities and liquidity ratios to include adherence to regulatory requirements and monthly liquidity forecasts are reviewed at ALCO meetings. Furthermore, liquidity stress tests is carried out quarterly to assess the impact of extreme events.

c) Asset Liability Management Risk

Asset Liability Management (ALM) has been defined as a planned, structured and systematic process of managing the asset and liability with a view to lead the Bank to a balanced and sustainable growth through minimizing various business risk factors - market risk and liquidity risk. According to the Bangladesh Bank guidelines and considering the most practical aspects of the Bank, an approved policy manual on ALM has been prepared so that it could be followed consistently every sphere of the management. To support the ALM process, the Bank has established a committee called "Asset Liability Committee (ALCO)" headed by the Managing Director and holds meeting at least one in every month. ALM Desk, an exclusive functional and operational desk for the asset liability management, is embodied herewith the ALCO to function under the direct control of Treasury Division.

d) Market risk

Market Risk is the risk that changes in equity, bond and commodity prices, as well as movements in foreign exchange rates and interest rates that may adversely affect the Bank's trading and banking books. Market risk can be subdivided into three categories depending on risk factors: interest rate risk, foreign exchange risk, and equity price risk.

e) Interest rate risk

Interest rate risk is the risk to earnings or capital of the bank arising from movement of interest rates. The movement of interest rates affects bank's reported earnings and capital by changing:

- Net interest income
- The market value of trading accounts (and other instruments accounted for by market value), and
- Other interest sensitive income and expenses.

To manage interest rate risk, ALCO regularly monitors various ratios and parameters. The Bank has deployed several analysis techniques (e.g. rate sensitive gap analysis, duration gap analysis) to measure interest rate risk, its impact on net interest income and takes insight about course of actions.



f) Foreign exchange risk

Foreign exchange risk is defined as the potential change in earnings due to change in market price of foreign exchange. The foreign exchange risk of the bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. To Control risk, bank always keep its unhedged net open position within stipulated limit set by central bank.

Treasury Department independently conducts the transactions and the 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 revalued at Mark-to-Market rate as determined by Bangladesh Bank at the month-end. All Nostro accounts are reconciled on a monthly basis and outstanding entry beyond 30 days will be reviewed by the management for its settlement.

g) Equity price risk

Equity price risk is the risk of losses caused by changes in equity prices. These losses could arise because of changes in the value of listed shares held directly by the bank; changes in the value of listed shares held by a bank subsidiary; changes in the value of listed shares used as collateral for loans whether the loan was made for the purpose of buying the shares; and changes in the value of unlisted shares.

The risks will be monitored by Credit Committee under a well-designed policy framework.

h) Operational risk

Operational Risk is the risk of losses incurring due to human errors, inadequate or failed internal processes or systems or external events including legal risk. Legal risk arises when the Bank's business is not conducted in accordance with applicable laws, when the Bank may be liable for damages to third parties or when contractual obligations may be enforced against the Bank resulting from legal proceedings. The objective of the Operational Risk Management (ORM) is to establish sound control practices to increase the effectiveness of the Bank's resources and minimize financial losses. BGCB is in process to establish operational risk management unit for management of and reporting of operational risk. Currently, Bank uses the Basel III defined event types for loss classification but a comprehensive loss reporting, recording and tracking database yet to establish.

The Operational Risk may arise from error and fraud due to lack of or failure of internal control and compliance. Management controls the operational procedure through various policy and operational guidelines in conformity with best practices and complying with regulators' instructions. Internal Control and Compliance Division (ICCD) of the Bank evaluates effectiveness of the Internal Control System of the Bank. The Audit Committee of the Board subsequently reviews the reports of ICCD and given their suggestions and guidelines time to time for strengthening the operational procedure of the Bank.

i) Prevention of money laundering and terrorist financing

Bengal Commercial Bank Limited (BGCB) has framed an approved Money Laundering Prevention Policy Guideline so that it could be sufficient enough to protect the bank from tribulations of money laundering.

As per Money Laundering Prevention Act, 2002 and Money Laundering Prevention circular, a Central Compliance Unit (CCU) has been formed at Head Office in BGCB and a designated person has been nominated to supply any information if required and report any abnormal and suspicious transactions to Bangladesh Bank through CCU. Chief Anti Money Laundering Compliance Officer (CAMALCO) has been designated at head office and Branch Anti Money Laundering Compliance Officers (BAMALCO) will be assigned at branches.

Know Your Customer (KYC) profile, Risk Rating and Assessment (RRA) profile and Transaction Profile (TP) have been introduced as per the direction of Bangladesh Bank. These profiles facilitate and ease the KYC procedures, risk categorization, transaction monitoring process, suspicious activity reporting process, self-assessment process, independent procedures testing system etc. Proper record keeping procedure has been established also.

Various types of statements such as Quarterly STR, Quarterly KYC statement for legacy accounts, Bi-monthly statements etc will be sent to the Bangladesh Bank properly as per the requirements.

The training procedure has been conforming as per the action plan, which was given to Bangladesh Bank. It provides significant role to develop and to aware the staffs of BGCB about Anti Money Laundering. The management of the Bank is committed to train all of its workforces regarding anti money laundering.

j) Information and communication technology risk

BGCB adheres to the IT Security policies and procedures in line with ICT Security guideline of Bangladesh Bank. To prevent attack from Cyber criminals/fraudsters, BGCB IT has established standard physical and logical security measures for all sensitive IT infrastructures (e.g., Data Centre, Disaster Recovery Site, Power Rooms, Server Rooms, etc.). Besides, BGCB has standard logical IT security measures like access control system, intrusion detection, access log and periodic security assessment for all systems. Vulnerability assessment exercises, both internally and externally, are conducted regularly to identify security weakness and establish control for mitigation.

IT Security team has also taken initiatives to create awareness about cybersecurity among all BGCB employees and customers through retail and corporate channels. We have separate information system audit to identify control gaps and improve continually.



k) Internal audit

The Bank has a plan to established an independent internal audit function with the head of Internal Control & Compliance (ICC). The internal audit team will performs risk based audit on various business and operational areas of the Bank on continuous basis. The audit committee and the Board will regularly reviews the internal audit reports as well as monitor progress of previous findings. However, the Head of Audit being part of internal control & compliance, will report to audit committee of the Board and is responsible to audit committee of the Board.

l) Prevention of fraud

Fraud and Forgeries are a critical dimension, the banking industry is facing now a days. In order to safeguard the bank from all probable fraud and forgeries that may occur in any respect, the bank will take all possible safety security measures under direct supervision of ICCD. Concurrent audit, internal audit, Board audit etc. will be done periodically along with surprise audit from time to time. Moreover, there are a lot of safety measures initiated at the branch level also. The core banking solution Flora is designed to prevent IT related fraud and forgeries.

2B Compliance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs)

The Bank has complied with following IASs & IFRSs as adopted by ICAB during the preparation of financial statements as at and for the year ended 31 December 2021.

Name of IASs/IFRSs	IASs / IFRSs	No.	Status
Presentation of Financial Statements	IAS	1	*Applied
Inventories	IAS	2	N/A
Statement of Cash Flows	IAS	7	*Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS	8	Applied
Events after the Reporting Period	IAS	10	Applied
Income Taxes	IAS	12	Applied
Property, Plant and Equipment	IAS	16	Applied
Employee Benefits	IAS	19	Applied
Accounting for Government Grants and Disclosure of Government	IAS	20	N/A
The Effects of Changes in Foreign Exchange Rates	IAS	21	Applied
Borrowing Costs	IAS	23	N/A
Related Party Disclosures	IAS	24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS	26	N/A
Separate Financial Statements	IAS	27	Applied
Investments in Associates	IAS	28	N/A
Interests in Joint Ventures	IAS	31	N/A
Earnings per share	IAS	33	Applied
Interim Financial Reporting	IAS	34	Applied
Impairment of Assets	IAS	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS	37	*Applied
Intangible Assets	IAS	38	Applied
Financial Instruments: Recognition and Measurement	IAS	39	*Applied
Investment Property	IAS	40	N/A
Agriculture	IAS	41	N/A
First-time Adoption of International Financial Reporting Standards	IFRS	1	Applied
Share-based Payment	IFRS	2	N/A
Business Combinations	IFRS	3	Applied
Insurance Contracts	IFRS	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	IFRS	5	*Applied
Exploration for and Evaluation of Mineral Resources	IFRS	6	N/A
Financial Instruments: Disclosures	IFRS	7	*Applied
Operating Segments	IFRS	8	Applied
Financial Instruments	IFRS	9	*Applied
Consolidated Financial Statements	IFRS	10	Applied
Joint Arrangements	IFRS	11	N/A
Disclosure of Interests in Other Entities	IFRS	12	Applied
Fair Value Measurement	IFRS	13	*Applied
Regulatory Deferral Accounts	IFRS	14	N/A
Revenue from Contracts with Customers	IFRS	15	Applied
Leases	IFRS	16	*Applied

* Subject to departure described in note 2.1

N/A = Not Applicable

Reporting period

These financial statements cover the period from 1 January 2021 to 31 December 2021.

Approval of financial statements

The financial statements have been approved by the Board of Directors of the bank in its meeting held on 4th April, 2022



Changes in Accounting Policies

As per IAS 8 “ Accounting Policies, Changes in Accounting Estimates and Errors” Accounting Policies are applied consistently for comparability between financial statements of different accounting periods. Changes in Accounting Policies are applied retrospectively in the financial statements. Comparative amounts presented in the financial statements affected by the change in accounting policy for each prior period presented

IFRS 15 - Revenue from Contract with Customers

IFRS 15 “Revenue from Contracts with Customers” replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model includes: 1) identifying the contract with the customer, 2) identifying each of the performance obligations included in the contract, 3) determining the amount of consideration in the contract, 4) allocating the consideration to each of the identified performance obligations and 5) recognising revenue as each performance obligation is satisfied. The Bank has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

General

- (i) Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.
- (ii) Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.
- (iii) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- (iv) These financial statements cover one calendar year from 01 January 2021 to 31 December 2021 .



	<u>Notes</u>	<u>31.12.2021</u> <u>TAKA</u>	<u>31.12.2020</u> <u>TAKA</u>
3.0 Cash in hand			
Cash in hand	3.1	104,560,987	31,129
Balance With Bangladesh Bank and its agent Banks	3.2	225,749,995	-
		330,310,982	31,129
3.1 Cash in hand			
Local currency		103,783,887	31,129
Foreign currencies		777,100	-
		104,560,987	31,129
3.2 Balance with Bangladesh Bank and its agent Banks			
Bangladesh Bank			
Local currency		191,265,778	4,138,917,746
Foreign currencies		34,484,217	-
		225,749,995	4,138,917,746

3.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Requirements (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of the Bank Companies Act (As amended up to date) and Bangladesh Bank Mpd Circular no. 03 dated 09 April 2020.

A. Cash Reserve Requirement (CRR)

As per Bangladesh Bank MPD circular no. 03 dated 09 April, 2020 and BRPD(P-3)/744(27)/2020-4086 dated 18 June, 2020, Bank has to maintain 3.50% CRR on daily basis for Domestic Banking Operation (DBO) and 4.00% on bi-weekly basis for Domestic Banking Operation (DBO). CRR requirement is calculated on the basis of weekly Average of Total Demand and Time Liabilities (ATDTL) of the base month which is two months prior to reporting month. The reserve maintained by the Bank as at 31 December 2021 are as follows:

Daily Basis

Average Total Demand and Time Liabilities of October 2021

2,835,551,000	-
2,835,551,000	

Required Reserve

DBO (3.5% of of ATDTL) (A)

99,244,000	-
99,244,000	

Actual Reserved Maintained as Per Bangladesh Bank Statement (B)

191,210,958	
191,210,958	

Surplus (B-A)

91,966,958	
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Bi-Weekly Bank's CRR Maintenance

Required Reserve

DBO (4% of of ATDTL) (A)

113,422,000	-
113,422,000	-

Actual Reserved Maintained as Per Bangladesh Bank Statement (B)

191,210,958	-
191,210,958	-

Surplus (B-A)

77,788,958	-
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B. Statutory Liquidity Ratio (SLR)

As per Section 33 of the Bank Company Act, 1991 & MPD circular no. 02 dated December 10, 2013 issued by Bangladesh Bank with effect from February 1, 2014, Bank has to maintain SLR of minimum 13.00% based on weekly Average Total Demand and Time Liabilities (ATDTL) of the base month which is two months prior to reporting month. SLR maintained by the Bank as at 31 December 2021 are as follows:

Required Reserve (13% of ATDTL) for DBO (A)

368,622,000	
368,622,000	

Actual Reserve Maintained (B)

559,249,907	
559,249,907	

Surplus

190,627,907	
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C. Components of Statutory Liquidity Ratio (SLR)

Cash in hand

104,560,987	-
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Balance with Agent Bank

-	-
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Held to Maturity (HTM) Securities

376,876,560	-
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Held for Trading (HFT) Securities

-	-
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Excess From CRR (4%)

77,788,960	-
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Other Eligible Securities

23,400	-
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559,249,907	-
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As per Bangladesh Bank DOS Circular no. 26 dated 19 August, 2019, cash reserve (if nay) in excess of required CRR calculated on bi-weekly basis is considered as an eligible component of Statutory Liquidity Reserve for that particular day.

	<u>Notes</u>	<u>2021 TAKA</u>	<u>2020 TAKA</u>
4.0 Balance with other banks and financial institutions			
In Bangladesh	4.1	4,463,849,792	4,138,917,746
Outside Bangladesh	4.2	6,697,316	-
		4,470,547,108	4,138,917,746
4.1 In Bangladesh			
A. Term Deposit			
Janata Bank Limited		600,000,000	-
Agrani Bank Limited		3,650,000,000	-
		4,250,000,000	-
B. SND account			
Mercantile Bank Limited.		211,635,205	4,138,913,091
		211,635,205	4,138,913,091
C. CD account			
Trust Bank Limited.		2,214,587	4,655
		2,214,587	4,655
4.2 Outside Bangladesh (NOSTRO Accounts)			
AB Bank Limited, Mumbai, India		20,000	-
Habib American Bank NY, USD		6,677,316	-
		6,697,316	-
Details of NOSTRO Accounts along with Conversion and Unreconciled Position in Annexure-A			
4.3 Maturity grouping of balance with other banks & financial institutions			
On demand		220,547,108	827,783,549
Not more than three months		4,250,000,000	2,483,350,647
More than three months but less than one year		-	827,783,549
More than one year but less than five years		-	-
More than five years		-	-
		4,470,547,108	4,138,917,745
5.0 Money At Call and Short Notice			
Call money Lending	5.1	-	-
Short Notice Lending	5.2	-	-
		-	-
5.1 Call Money Lending-With banking Companies			
Call Money Lending-With banking Companies			
5.2 Short Notice Lending			
Short Notice Lending			
6.0 Investment			
Government	6.1	414,489,963	-
Others	6.2	619,545,509	-
		1,034,035,472	-
6.1 Government (Investment in Govt. Securities)			
Treasury Bond	6.1 (a)	376,876,563	-
Sukuk Islamic Bond		37,590,000	-
Prize Bonds		23,400	-
		414,489,963	-
6.1 (a) Treasury Bond			
Held to Maturity			
Treasury Bond (05 Years)		10,200,000	-
Treasury Bond (10 Years)		80,546,332	-
Treasury Bond (10 Years)		50,390,704	-
Treasury Bond (15 Years)		46,970,868	-
Treasury Bond (20 Years)		148,360,212	-
Treasury Bond (20 Years)		40,408,447	-
		376,876,563	-
6.2 Others (Investment in Other than Govt. Securities)			
Corporate Bonds	6.2 (a)	350,000,000	-
Ordinary Shares and Mutual Fund (MFs) (Annexure-B)		269,545,509	-
Preference Shares		-	-
Private Placement and Pre IPO		-	-
		619,545,509	-



	<u>Notes</u>	<u>31.12.2021</u> <u>TAKA</u>	<u>31.12.2020</u> <u>TAKA</u>
6.2 (a) Corporate Bond			
Unquoted			
North West Power Generation Company		200,000,000	-
Jamuna Bank Limited Subordinated Bond-IV		150,000,000	-
		350,000,000	-
6.3 Investment Classified as per Bangladesh Bank Circular			
Held for Trading		-	-
Held to Maturity		376,876,563	-
Other Securities		657,158,909	-
		1,034,035,472	-
6.4 Maturity-Wise Grouping			
On Demad		269,568,909	-
Up to 3 months		-	-
More than 3 months but not more than 1 year		-	-
More than 1 year but not more than 5 year		37,590,000	-
More than 5 years		726,876,563	-
		1,034,035,472	-
7.0 Loans & Advances			
Loans, Cash credit & overdraft etc	7.1	2,087,888,516	-
Small and Medium Enterprise	7.2	341,392,545	-
Bills purchased and discounted		-	-
		2,429,281,061	-
7.1 Loans, Cash Credits, Overdraft etc.			
Overdrafts		210,299,860	-
Demad Loans		1,109,528,985	-
Term Loans		560,734,448	-
Staff Loans		-	-
Lease Receivable		-	-
Cash Credit		-	-
Hire Purchase		6,071,559	-
Time Loan		-	-
Margin Loan		-	-
Loan Under COVID-19 stimulus Package		201,253,664	-
Other Loans and Advances		-	-
		2,087,888,516	-
7.2 Small and Medium Enterprise			
Overdrafts		32,567,391	-
Demad Loans		102,080,317	-
Term Loans		171,405,161	-
Loan Under COVID-19		35,339,677	-
Lease Receivable		-	-
Margin Loan		-	-
		341,392,545	-
7.3 Net Loans and Advances			
Gross Loans and Advances		2,429,281,061	-
Less: Interest Suspense		-	-
Less: Provision for Loans and Advances		21,923,000	-
		2,407,358,061	-
7.4 Loans and Advances under the following Broad Categories			
Inside Bangladesh			
Cash Credits		41,773,435	-
Overdrafts		437,687,157	-
Term Loan		732,139,608	-
Hire Purchase		6,071,559	-
Demand Loans		1,211,609,302	-
		2,429,281,061	-
Outside Bangladesh			
Cash Credits		-	-
Overdrafts		-	-
Hire Purchase		-	-
Term Loan		-	-
Time Loan		-	-
		-	-

	<u>Notes</u>	<u>31.12.2021</u> <u>TAKA</u>	<u>31.12.2020</u> <u>TAKA</u>
7.5 Geographic Location wise Portfolio grouping			
Urban			
Dhaka Division		2,429,281,061	-
Chattogram Division		-	-
Khulan Division		-	-
Sylhet Division		-	-
Barisal Division		-	-
Rajshahi Division		-	-
Rangpur Division		-	-
Mymensingh Division		-	-
		2,429,281,061	-
Rural			
Dhaka Division		-	-
Chattogram Division		-	-
Khulan Division		-	-
Sylhet Division		-	-
Barisal Division		-	-
Rajshahi Division		-	-
Rangpur Division		-	-
Mymensingh Division		-	-
		-	-
7.6 Loans and Advances on the basis of significant concentration			
7.6.1 Loans and Advances to Directors, Executives and Others			
a) Directors			
Credit Cards		-	-
Others		-	-
		-	-
b) Staff			
Managing Director and CEO		-	-
Senior Executive		-	-
Other Executives and Staffs		-	-
		-	-
c) Agriculture			
d) Industry			
Food Manufacturing		558,937,901	-
Beverage and Industry		-	-
RMG Industry		5,282,752	-
Textile Industry		-	-
Wood Cork and Allied Products		-	-
Furniture and Fixtures		-	-
Paper and Paper Products		10,036,778	-
Leather and Leather Products		351,266,831	-
Rubber Products		48,940,905	-
Chemical and Chemical Products		397,582,543	-
Basic Metal Products		385,292,016	-
Electrical Machinery and Apparatus		1,965,376	-
Other Manufacturing Industries		52,424,460	-
Ship Building		-	-
Ship Breaking		-	-
Pharmaceutical		-	-
Others		170,005,690	-
		1,981,735,252	-
e) Constructions		115,225,550	-
f) Power, Gas, Water and Sanitary Services		-	-
g) Trade Services		57,877,410	-
h) Housing Services		17,749,379	-
i) Transport, Storage and Communication		-	-
j) Banking and Insurance		-	-
k) Professional and Misc. Services		256,693,471	-
		2,429,281,061	-



7.7 Detail of Large Loan	Notes	31.12.2021	31.12.2020
		TAKA	TAKA
Number of clients with amount outstanding (Funded and Non Funded) and classification status to whom loans and advances sanctioned are 10% or more of the total regulatory capital of the Bank. Total capital of the bank was Taka 4,079877050			
Number of Clients		1	-
Amount of Outstanding loans and Advances		384,368,979	-
Amount of Outstanding loans and Advances		-	-

Client Wise Details are Given Below:

Name of the Client	Sanction Limit	Outstanding		Total	Classification Status
		Funded	Non-Funded		
		Amount in Million			
GPH ISPAT Limited	500.00	384.37	-	384.37	STD

7.8 Classified and Unclassified Loans and Advances

Unclassified

Standard	2,387,549,819	-
Special Mentioned Accounts (SMA)	41,731,242	-

Classified

Sub-Standard	-	-
Doubtful	-	-
Bad/Loss	-	-
Total	2,429,281,061	-

7.9 Sector-Wise Allocation of Loans and Advances

Government

Private

Agriculture	-	-
Industry	1,373,372,113	-
Service Industry	348,469,040	-
Agro-Based Industry	606,357,694	-
Commerce and Trade	57,877,410	-
Consumer Credit	30,863,695	-
Others	12,341,109	-
Total	2,429,281,061	-

7.10 Securities Wise Loans and Advances Including Bills Purchased and Discounted

Collateral of Moveable/Immoveable Assets	340,893,058	-
Local Banks and Financial Institutions Gurantee	-	-
Fixed Deposit Receipts (FDR)	39,957,207	-
FDR of Other Banks	-	-
Personal Gurantee and Other Securities	138,615,788	-
Other Securities	1,904,078,662	-
Without Securities	5,736,346	-
Total	2,429,281,061	-

7.11 Particulars of Loans and Advances

Loans considered good in respect of which the banking company is fully & partly secured.	380,850,265	-
Loans considered good against which the banking company holds no security than the	5,736,346	-
Loans considered good secured by the personal undertakings of one or more parties in	2,042,694,450	-
Loans adversely classified, provision not maintained there against.	-	-
Total	2,429,281,061	-
Loans due by directors or officers of the banking company or any of them either	-	-
Loans due by companies or firms in which the directors of the banking company have	-	-
Maximum total amount of advances including temporary advances made at any time	-	-
Maximum total amount of Investments including temporary Investment granted during	-	-
Due from banking companies	-	-
Amount of Classified Loan on which interest has not been	-	-
a) (Decrease)/ Increase in provision	-	-
Amount of Debts written off	-	-
Amount realised against loan previously written off	-	-
c) Interest creditable to the interest suspense account.	-	-
Cumulative amount of the wrtten off loan	-	-
Opening Balance	-	-
Amount Written off during the year	-	-
The amount of written off loans for which law suits have been filed	-	-
Total	2,429,281,061	-



7.12 Particulars of Required Provisions for Loans and Advances

Status	Base for Provision	Percentage (%) of required Provision	Required Provision 2021	Required Provision 2020
Unclassified				
All Unclassified Loans (Other than Small and Medium Enterprise Financing, Consumer Financing, Housing and Loans for Professionals)	2,057,295,073	1%	20,572,951	-
Small and Medium Enterprise Financing	299,391,052	0.25%	748,478	-
Housing Finance	12,086,854	1%	120,869	-
Loans to Professionals	-	-	-	-
Consumer Finance	18,776,841	2%	375,537	-
Staff Loan	-	0%	-	-
SMA (Same as UC i.e. 0.25%, 1% to 2%)	41,731,242	0.25%	104,328	-
Sub Total	2,429,281,061		21,922,162	
Classified				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Bad Loan	-	-	-	-
Sub Total				
Provision Required (Short Term Agricultural & Micro Credit)				
Unclassified				
Standard (Short Term Agri/ Micro Credit)	-	-	-	-
Classified				
SubStandard (Short Term	-	-	-	-
Doubtful (Short Term Agri/Micro Credit)	-	-	-	-
Bad or Loss (Short Term Agri/Micro Credit)	-	-	-	-
Total Required Provision for Loans and Advances and Off-Balance Sheet Items			24,536,126	
Total Provision maintained (Note: 14.1, 14.2)			24,537,000	
Excess Provision over minimum required provision prescribed by Bangladesh Bank			874	

7.13 Provision made for funded exposures only (Other than short term)

Unclassified				
Standard			21,818,672	-
SMA			104,328	-
Classified				
Substandard			-	-
Doubtful			-	-
Bad or Loss			-	-
Provision made for funded exposures only (Other than short term Agriculture & Micro Credit) (Note: 14.1)			21,923,000	-

Provision Made : (Short Term Agriculture & Micro Credit)

SubStandard (Short Term Agri/Micro Credit)				-
Doubtful (Short Term Agri/Micro Credit)				-
Bad or Loss (Short Term Agri/Micro Credit)				-

Grand Total

7.14 Particulars of provision for Off-Balance Sheet items

Particulars	Base for Provision	Percentage (%) of required Provision	Required Provision 2021	Required Provision 2020
Acceptance & Endorsement	-	-	-	-
Letter of Guarantee	181,482,368	1%	1,814,824	-
Irrevocable Letters of Credit	79,914,044	1%	799,140	-
Bill for Collection	-	-	-	-
Required Provision for Off-Balance Sheet Items	-	-	2,613,964	-
Provision Maintained (Note: 14.2)			2,614,000	
Excess Provision over minimum required provision prescribed by Bangladesh Bank			36	

	<u>Notes</u>	<u>31.12.2021</u> <u>TAKA</u>	<u>31.12.2020</u> <u>TAKA</u>
7.15 Disclosure of Document Verification System:			
As per Bangladesh Bank BRPD circular No: 04 and 35, dated January 04, 2021 and July 06, 2021 respectively instructions have been given to verify the audited financial statements of loan applicants through Document Verification System (DVS), a system developed by Institute of Chartered Accounts of Bangladesh (ICAB). Financial Reporting Council (FRC) also vide letter No: 178/FRC/APR/2021/27(10) dated 5th December given the same instruction. Bengal Commercial Bank Limited has taken necessary initiatives to comply with the instruction of Bangladesh Bank and FRC and the implementation of the system is in progress.			
7.16 Bill Purchased and Discounted under the following board categories			
Inside Bangladesh		-	-
Outside Bangladesh		-	-
		-	-
7.17 Maturity wise grouping of loans and Advances			
Payable on Demand		41,731,242	-
Not More than 3 Months		822,218,000	-
More than 3 month but not more than 1 year		832,525,685	-
More than 1 year but not more than 5 year		567,642,947	-
More than 5 Years		165,163,187	-
		<u>2,429,281,061</u>	<u>-</u>
7.18 Maturity wise grouping of Bill Purchased and Discounted			
Payable within one month		-	-
Over one month but less than three months		-	-
Over three months but less than six months		-	-
Six months or more		-	-
		-	-
8.0 Fixed assets Including Intangible Assets			
Fixed Assets including Premises, Furnitures & Fixtures of the Bank			
A Cost			
Furniture and fixtures		76,677,324	80,783,390
Office Equipment		30,625,803	23,847,613
Computer & equipments		56,239,343	26,260,696
Vehicles		27,658,608	18,318,610
		<u>191,201,077</u>	<u>149,210,309</u>
B Intangible Assets			
Software		26,345,611	26,000,000
Total Cost of Tangible and Intangible Assets		<u>217,546,688</u>	<u>175,210,309</u>
Less: Accumulated depreciation & amortization		37,825,544	9,609,096
Written down value at the end of the year		<u>179,721,144</u>	<u>165,601,213</u>
Lease Assets-Premises			
Right of use Assets	8.1	624,369,481	547,315,773
Less: Accumulated Depreciation		94,855,207	76,016,080
		<u>529,514,274</u>	<u>471,299,693</u>
Net Book Value at the end of the year		<u>709,235,418</u>	<u>636,900,906</u>
Fixed Assets Schedule:			
A schedule of Fixed assets is given in Annexure - C			
8.1 Right of use assets (Lease assets)			
Present value of Lease liabilities (obligation)		592,547,041	419,423,133
Initial payment (advance rent)		31,822,440	127,892,640
		<u>624,369,481</u>	<u>547,315,773</u>
The Cost of the Right of Use Assets includes the Lease Liability which is the present value of Lease Payments less incentive, plus initial direct payments and dismantling cost etc. The Right of Use Assets measured at Cost less Accumulated Depreciation.			
9.0 Other assets			
Income Generating			
Interest Receivable	9.1	54,347,011	-
Profit receivable from govt. sukuk Bond		9,604	-
		<u>54,356,615</u>	<u>-</u>
Non-Income Generating			
Stock of Stationery & Stamps		275,040	-
Account with Stock Broker		30,684,225	-
Advance Rent		1,488,000	-
Security Deposit		45,975	38,975
Suspense Account	9.2	360,000	93,600
Advance to Vendors		11,884,140	9,100,000
Other Prepayment (Staff)		28,452,805	22,263,352
Advance Insurance		643,340	-
Advance Tax & VAT	9.3	51,094,442	21,972,506
		<u>124,927,966</u>	<u>53,468,432</u>
		<u>179,284,582</u>	<u>53,468,432</u>



	Notes	31.12.2021 TAKA	31.12.2020 TAKA
9.1 Interest Receivable			
Interest Receivable on Subsidiary Receivable Account	9.1 (a)	1,637,982	-
Interest Receivable on Balance with Other Banks	9.1 (b)	42,386,386	-
Interest Receivable on Other than Government Securities	9.1 ©	2,499,681	-
Interest Receivable on Treasury Bond		7,822,962	-
		54,347,011	-
9.1 (a) Interest Receivable on Subsidiary Receivable Account			
Interest Recv. Under SME Stimulus Finance		388,901	-
Interest Receivable under Working Capital Stimulus Package		1,213,664	-
Interest Recv. on COVID19 Special loan package		35,417	-
		1,637,982	-
9.1 (b) Interest Receivable on Balance with Other Banks			
SND Account		3,155,714	-
FDR Account		39,230,672	-
		42,386,386	-
9.1 © Interest Receivable on Other than Government Securities			
Int. Receivable on Subordinate Bond		57,692	-
Int. Receivable on Corporate Bond		2,441,989	-
		2,499,681	-
9.2 Suspense accounts			
Advance against Meeting Expense		345,000	-
Advance against Other Expense		15,000	-
		360,000	93,600
9.3 The detail breakup of unadjusted suspense accounts are given below:			
Less than 03 Months		360,000	93,600
03 Months to Less than 06 Months		-	-
06 Months to Less than 09 Months		-	-
12 Months and above		-	-
		360,000	93,600
9.4 Advance tax paid			
Balance at the beginning of the year		21,972,506	-
Paid during the year		29,121,936	21,972,506
		51,094,442	21,972,506
9.5 Maturity Wise Grouping of Other Assets			
Up to 6 Months		86,126,691.72	-
Over 6 Months to 1 Year		12,076,668	-
Over 1 Year to 4 Years		52,582,442	-
Above 4 Years		45,975	-
		150,831,777	-
9.6 Classification Status of Other Assets			
Unclassified		179,284,582	-
Doubtful		-	-
Bad/Loss		-	-
		179,284,582	-
10.0 Non-Banking Assets			
Non-banking assets are those acquired by the banks in settlement of their debts. When a borrower express his inability to repay the loan in cash, and instead offers to the bank an asset including an asset given as collateral security like property to the bank to purchase in settlement of their dues, such assets when purchased by the banks are called as non banking assets. As on 31.12.2021 there was no Non-Banking assets.			
11.0 Borrowings from other banks, financial institutions & agent.			
In Bangladesh	11.1	115,000,000	-
Out Side Bangladesh		-	-
		115,000,000	-
11.1 In Bangladesh			
Borrowing from Bangladesh Bank			
BB Refinance agst. Stimulus - Corporate		100,000,000	-
BB Refinance agst. Stimulus - SME		15,000,000	-
		115,000,000	-
11.2 Security Against Borrowing from Other Banks and Financial Institutions and Agents			
Secured (Treasury Bill)		-	-
Unsecured		115,000,000	-
		115,000,000	-



	Notes	31.12.2021 TAKA	31.12.2020 TAKA
11.3 Maturity Grouping of Borrowings from other banks, financial institutions & agent.			
Payable on demand		-	-
Payable within one month		-	-
Over one month but within six months		115,000,000	-
Over six month but within one year		-	-
Over one year but within five years		-	-
Over five years but within ten years		-	-
		115,000,000	-
11.4 Disclosure Regarding REPO			
Disclosure Regarding REPO Transaction of the bank are given as per Bangladesh Bank DOS Circular No. 6, dated July 15, 2010			
a. (i) Disclosure Regarding REPO Outstanding REPO as on 31 December			
SL #	Counter Party Name	Agreement Date	Reversal Date
-	-	-	-
(ii) Disclosure Regarding Outstanding Reverse REPO as on 31 December			
SL #	Counter Party Name	Agreement Date	Reversal Date
-	-	-	-
b. Disclosure Regarding Overall Transaction of REPO & Reverse REPO			
Particulars	Minimum Outstanding During the Year	Maximum Outstanding During the Year	Daily Average Outstanding During the Year
Securities Sold Under Repo			
i. With Bangladesh Bank			
ii. With Other Bank & FIS			
Securities Purchased under Reverse Repo			
i. With Bangladesh Bank			
ii. With Other Bank & FIS	80,344,824	92,037,345	82,041,235
12.0 Money at Call and Short Notice			
Money at Call and Short Notice		-	-
13.0 Deposit and Other Accounts			
Deposit From Banks	13.1	650,000,000	-
From Customers	13.2	3,757,458,206	-
		4,407,458,206	-
13.1 Deposit from Banks			
Fixed Deposit			
Uttara Bank Limited		100,000,000	-
South East Bank Limited		100,000,000	-
Bank Asia Limited		250,000,000	-
Mercantile Bank Limited		200,000,000	-
		650,000,000	-
13.2 Deposits and other accounts			
Current Deposit and other accounts	13.2.1	442,689,689	-
Bills Payable		14,788,603	-
Savings Bank Deposit	13.2.2	371,559,910	-
Fixed Deposits	13.2.3	2,814,643,540	-
Other Deposit	13.2.4	113,776,465	16,988,208
		3,757,458,206	16,988,208
13.2.1 Current Deposit and other accounts			
Current Deposit		353,467,449	-
Accrued Interest	13.2.1 (a)	64,186,047	-
Margin on Facilities		24,101,933	-
FC Held		934,260	-
		442,689,689	-
13.2.1 (a) Accrued Interest			
Int. Payable on Bengal Fixed Deposit-100 Days		614,731	-
Int. Payable on Bengal Fixed Deposit Account-200 Days		663,274	-
Int. Payable on Bengal Fixed Deposit Account - 3 Months		5,320,837	-
Int. Payable on Bengal Fixed Deposit Account - 6 Months		9,562,681	-
Int. Payable on Bengal Fixed Deposit Account - 01 Year		44,302,135	-
Int. Payable on Bengal Monthly Earning Fixed Deposit Ac-01 Year		58,795	-
Int. Payable on Bengal Double Benefit Fixed Deposit Account		273,359	-
Int. Payable on Bengal Monthly Earning Fixed Deposit Ac-02 Years		36,130	-
Int. Payable on Bengal Monthly Earning Fixed Deposit Ac-03 Years		43,550	-
Int. Payable on Bengal Fixed Deposit- 31 Days		1,053,611	-
Int. Payable on Bengal Fixed Deposit- 90 Days		2,256,944	-
		64,186,047	-



	Notes	31.12.2021 TAKA	31.12.2020 TAKA
13.2.2 Saving Bank Deposit			
Saving Bank Deposit		245,443,761	-
Short Notice Deposit		126,116,149	-
		371,559,910	-
13.2.3 Fixed Deposit			
Fixed Deposit		2,794,885,025	-
Deposit Under Scheme		19,758,515	-
		2,814,643,540	-
13.2.4 Other Deposit			
Sundry Deposit	13.2.4.(a)	111,699,386	16,988,208
Settlement Account		2,069,811	-
Others		7,268	-
		113,776,465	16,988,208
13.2.4.(a) Sundry deposits			
SME Foundation Pre-finance Scheme		94,650,000	-
PF (Bank and Own Contribution)		7,002,038	1,829,575
Security Deposit		934,740	488,372
Withholding Tax Payable		3,006,161	6,321,896
Withholding VAT Payable		2,548,147	8,315,465
Excise Duty		3,026,450	-
Others		531,851	32,900
		111,699,386	16,988,208
Provident fund amount has been kept as per labour laws 2015 where it has been mentioned that both employee and employers will contribute the same amount in employee provident fund.			
13.3 Payable on Demand and Time Deposit			
i) Demand Deposit			
Current Deposits		442,689,689	-
Saving Deposits (10% of Total Saving Deposit)		24,544,376	-
Sundry Deposit		9,112,608	16,988,208
Bills Payable		14,788,603	-
Other Demand Deposit		2,077,079	-
		493,212,355	16,988,208
ii) Time Deposit			
Saving Deposits (90% of Total Saving Deposit)		220,899,385	-
Fixed Deposit		3,444,885,025	-
Deposit Pension Scheme		19,758,515	-
Special Notice Deposit		126,116,149	-
Security Deposit		934,740	-
Others Time Deposit		101,652,038	-
		3,914,245,851	-
		4,407,458,206	16,988,208
13.4 Maturity wise Grouping of Deposits and Other Accounts			
Inter- Bank Deposits			
Payable on demand		-	-
Payable within one month		650,000,000	-
Over one month but within six months		-	-
Over six month but within one year		-	-
Over one year but within five years		-	-
Over five years but within ten years		-	-
		650,000,000	-
Other Deposits			
Payable on demand		599,845,470	-
Payable within one month		817,489,909	-
Over one month but within six months		1,665,481,999	-
Over six month but within one year		622,307,607	-
Over one year but within five years		33,227,693	-
Over five years but within ten years		19,105,529	-
		3,757,458,206	-
		4,407,458,206	-

	<u>Notes</u>	<u>31.12.2021</u> <u>TAKA</u>	<u>31.12.2020</u> <u>TAKA</u>
13.5 Sector-wise deposits			
Government		-	-
Semi-Government		-	-
Deposit from Banks		-	-
Other Public		51,528,270	-
Foreign Currency Deposits		934,260	-
Private		4,354,995,676	16,988,208
		4,407,458,206	16,988,208
14.0 Other Liabilities			
Provision for Loans and Advances	14.1	21,923,000	-
Provision for Off Balance Sheet Items	14.2	2,614,000	-
Provision for diminution in value of Investment	14.3	3,578,488	-
Payable to Vendors		46,640,463	-
Payable Others		562,500	155,302,465
Adjusting Account Credit Balance		20,504,383	276,250
Provision for Gratuity		5,362,018	337,500
Provision for Leave Encashment Benefit		6,104,680	-
Provision for Climate Risk Fund	14.4	500,000	-
Provision for Start-up Fund	14.5	-	-
Payable Against Preliminary Expense		-	15,712,553
Lease Liabilities (IFRS 16)	14.6	420,851,385	402,659,342
Provision for Tax	14.7	14,743,257	10,035,711
Deferred Tax Liability	14.8	5,166,582	2,796,181
		548,550,757	587,120,002
14.1 Provision for Loans and Advances			
Unclassified			
Opening Balance		-	-
Add: Provision made during the year		21,923,000	-
Less: Waiver during the year		-	-
Balance as at 31 December		21,923,000	-
Classified			
Opening Balance		-	-
Add: Provision made during the year		-	-
Add: Recoveries of amount previously written off		-	-
Less: Waiver during the year		-	-
Less: Adjustment for Loan Written Off During the year		-	-
		21,923,000	-
14.2 Provision for Off Balance Sheet Items			
Opening Balance		-	-
Add: Provision made during the year		2,614,000	-
Closing Balance		2,614,000	-
14.3 Provision for diminution in value of Investment			
Opening Balance		-	-
Add: Provision made during the year (Quoted and Unquoted, details in Annexure-B)		3,578,488	-
Closing Balance		3,578,488	-
Provision for diminution (gain net off) of value of quoted Shares has been made as per DOS Circular No: 04, Dated November 2011 and provision for mutual fund (close-end) has been calculated as per DOS circular no. 03, dated 12 March 2015 of Bangladesh Bank			
14.4 Provision for Climate Risk Fund			
As per Bangladesh Bank GBSRD Circular NO: 04 dated 09.07.2015 Banks and Financial Institutions need to allocate at least 10%			
Opening Balance		-	-
Add: Provision made during the year		500,000	-
Closing Balance		500,000	-
14.5 Provision for Start-Up Fund			
According to SMESPD Circular no. 04 dated March 29, 2021 and SMESPD Circular letter no. 05, Dated April 26, 2021, Schedule Bank will form start Up fund for extending Loan/Refinance facilities view to creation of New Entrepreneur and self-employment in the country. The basis of Start Up is the 1% of net profit of that concern year and Bank will extend credit to that amount for prospective client as mentioned in the circular. The bank incurred Net loss in the year 2021, hence no provision has been kept in this connection.			



	Notes	31.12.2021 TAKA	31.12.2020 TAKA
14.6 Lease Liabilities (Present value of lease payments)			
The bank recognised lease liabilities which is present value of lease payments to be made over the lease term from the date of Contract with the Lessor. The lease payments include fixed and variable lease payment (less any adjustment for initial payment), and amount is expected to be paid under residual value of guarantees. The lease payments also include the exercise price of purchase option reasonably certain to be exercised by the bank and payment of penalties for terminating the lease. The lease payment has been discounted using maximum deposit rate fixed by the Government of Bangladesh which is 6% per annum. The amount of VAT and TAX due is included in Withholding VAT Payable and Withholding TAX Payable and deducted from Lease Liability.			
Opening Balance		402,659,342	419,423,133
Add: Addition During the Year		121,247,348	
Add: Interest Charge during the year		20,821,324	18,051,425
Less: Payment made during the year		123,876,629	34,815,216
Balance as at 31 December		420,851,385	402,659,342
Lease Liabilities - Non Current Portion		356,656,997	284,384,104
Lease Liabilities - Current Portion		64,194,388	118,275,238
		420,851,385	402,659,342
The Lease Liabilities - Current Portion comprises Lease Liability payable in the next Twelve (12) months, plus any interest accrued, plus any unpaid rent and unpaid advance rent to lessor.			
14.7 Current tax Liability/ (assets)			
Current tax expenses			
Balance at the beginning of the year		10,035,711	-
Settlement/adjustments for previous year		-	-
Add: Provision made during the year	14.7.1	4,707,546	10,035,711
		14,743,257	10,035,711
Income Tax Paid During the Year			
Advance Tax paid in Cash		246,500	-
Advance Tax Paid at Sources		28,414,136	21,972,506
Advance Tax on Treasury Bonds		461,300	-
		29,121,936	21,972,506
14.7.1 Provision for Current Tax Made during the year			
Income tax @ 40% on estimated taxable Business Profit		-	10,035,711
Income tax @ 20% on Dividend Income		1,916,576	-
Income tax @ 10% on Capital Gain on sale of Shares		521,273	-
Minimum Tax (u/s 82 (C) of the ITO 1984)		2,269,697	-
Estimated total provision required		4,707,546	10,035,711
Computation of Taxable Business Profit			
Profit before Tax		(136,478,862)	(11,958,105)
Add: Inadmissible expenses		335,628,548	122,230,145
Less: Admissible Expenses for Separate consideration		257,458,696	6,650,872
Estimated Taxable Business Profit for the year		(58,309,010)	103,621,168
14.8 Deferred Tax Liability (Net of Asset)			
Balance at the beginning of the year		2,796,181	-
Add: Provision made during the year	14.8.1	2,370,402	2,796,181
		5,166,582	2,796,181
14.8.1 Deferred Tax Liability			
Deferred Tax Liability	14.8.1 (a)	6,704,094	4,055,415
Deferred Tax Asset	14.8.1 (b)	4,333,693	1,259,234
		2,370,402	2,796,181
14.8.1 (a) Deferred Tax Liability			
Opening Balance		4,055,415	4,055,415
Addition During the Year		6,704,094	-
Closing Balance		10,759,509	4,055,415
14.8.1 (b) Deferred Tax Asset			
Opening Balance		1,259,234	1,259,234
Addition During the Year		4,333,693	-
Adjustment made during the year		-	-
Closing Balance		5,592,926	1,259,234

Deferred tax assets/(liabilities) have been recognised and measured as per IAS-12: Income Taxes.



	Notes	31.12.2021 TAKA	31.12.2020 TAKA
15.0 Share Capital			
Opening balance		4,250,000,000	4,250,000,000
Add: Bonus shares issue		-	-
		<u>4,250,000,000</u>	<u>4,250,000,000</u>
15.1 Authorized Capital			
1,50,00000 ordinary shares of Tk. 10.00 each		<u>15,000,000,000</u>	<u>15,000,000,000</u>
15.2 History of Paid Up Capital			

Year	Number of Shares Issued	Cumulative Paid up Capital
2021	-	4,250,000,000
2020	425,000,000	4,250,000,000

15.3 Percentage of Shareholdings at the closing date

As per clause (VI) of the Memorandum of Association and Article of Association the authorized capital of the Bank is BDT 15000000000 and issued fully paid up capital is BDT 4250000000 denominated by BDT 10 per share. Detail break-up capital as on 31st December 2021 is as follows:

Shareholders group	No. of Shares	% of Share Holdings	BDT
Directors & Sponsors	425000000	100%	4,250,000,000
Genera Public	-	-	
Financial Institutions	-	-	

15.4 Name of the Directors and their Shareholdings as at 31 December 2021

Sl	Name of the Directors	Status	No. of Shares at 31st December 2021
1	Mr. Md. Jashim Uddin	Chairman	2,12,50,000
2	Alhaj Mahbubul Alam	Vice Chairman	2,12,50,000
3	Engr. Ghulam Mohammed Alomgir (Representing Max Infrastructure Limited)	Director	2,12,50,000
4	Mrs. Jesmin Akhter	Director	1,70,00,000
5	Mr. Firoz Alam	Director	2,12,50,000
6	Mr. Shamsul Alam	Director	2,12,50,000
7	Mr. Md. Shahabuddin	Director	2,12,50,000
8	Mr. Dilip Kumar Agarwala	Director	2,12,50,000
9	Mr. Joshoda Jibon Debnath (Representing Technomedia Limited)	Director	2,12,50,000
10	Mrs. Tasmin Mahmud	Director	2,12,50,000
11	Mr. S.M. Faruqi Hasan	Director	1,18,15,000
12	Mr. Md. Iqbal Hossain Chowdhury (Representing B. Dash Japan Co., Limited)	Director	1,97,62,500
13	Mr. Muhammad Jamaluddin (Representing KDS Textile Mills Limited)	Director	2,12,50,000
14	Mrs. Rokeya Khatun. FCA (Representing limeeyat Apparels Limited)	Director	2,12,50,000
15	Mr. Khawja Mahtab Uddin (Representing Starlight Sweaters Limited)	Director	2,12,50,000
16	Mrs. Rabeya Begum (Representing Ramisha BD Ltd)	Director	2,12,50,000
17	Mr. Shanzoy Sarker (Representing Bengal Plastics Limited)	Director	2,12,50,000

15.5 Capital to Risk-Weighted Asset Ratio (CRAR)

i) Core Capital (Tier-1)

a) Common Equity Tier I

Paid-up Capital	4,250,000,000	-
Statutory Reserve	-	-
General Reserve	-	-
Retained Earnings	(168,346,807)	-
	4,081,653,193	

Less: Regulatory Adjustment

Goodwill and Other Intangible Assets

Reciprocal crossholdings in the CET-1 capital banking, NBF1 & Insurance Entities

	-	-
	26,345,611	-
	-	-
	26,345,611	-

b) Additional Tier I Capital

ii) Supplementary Capital (Tier-II)

General Provision on unclassified loan

General Provision for off-balance Exposure

Revaluation Reserve of Govt. Securities

Asset Revaluation Reserve

	21,923,000	
	2,614,000	
	32,468	
	-	
	24,569,468	

Less: Regulatory Adjustment

Revaluation reserve for Fixed Assets, Govt Securities & Equity Securities

Reciprocal Crossholdings in the T-2 Capital of Banking, NBF1 & Insurance Entities

	32,468	
	-	
	32,468	



	Notes	31.12.2021 TAKA	31.12.2020 TAKA
A) Total Capital (Tier-I + Tier-II)		4,079,877,050	
Total Assets including Off-Balance Sheet Items		9,414,091,037	
B) Total Risk Weighted Assets		4,595,865,675	-
C) Required Capital Except conservation buffer (10% of total Risk Weighted Assets)		459,586,568	-
D) Required Capital plus conservation buffer (12.50% of total Risk Weighted Assets)		574,483,209	-
E) Surplus (A-D)		3,505,393,841	-
Capital to Risk Weighted Asset Ratio		88.77%	-

Capital to Risk Weighted Asset Ratio (Details)

Capital Requirement	2021	
	Required	Held
Tier-I	6%	88.24%
Tier-II	4%	0.53%
Total Capital	10%	88.77%
Total Capital Plus Capital Conservation Buffer	12.50%	88.77%

15.6 Breakdown of Gross Risk-Weighted Assets (RWA) in the various categories of Risk Weights

a) Risk Weights for Credit Risk

Risk Weights (Both B/S & Off-B/S)	Principle Amount	Risk Weighted Assets
0%	1,412,322,458	1,412,322,458
20%	5,634,733,145	1,126,946,629
40%	-	-
50%	558,937,901	279,468,951
60%	-	-
75%	65,999,547	49,499,660
80%	-	-
0%	-	-
25%	702,527,458	878,159,323
13%	-	-
15%	-	-

3,746,397,020

b) Risk Weights for Operational Risk

429,342,372

C) Risk Weights for Market Risk

420,126,283

4,595,865,675

16.0 Composition of Shareholder's Equity

Paid up Capital		4,250,000,000	-
Statutory Reserve	16.1	-	-
General Reserve	16.2	-	-
Other Reserve Including Assets Revaluation Reserve	16.3	32,468	-
Retailed Earnings	16.4	(168,346,807)	-
		<u>4,081,685,661</u>	-

16.1 Statutory Reserve

As per section 24(1) of the Bank company Act, 1991 (amendment upto date), an amount equivalent to 20% of the profit before taxes for the year has to be transferred to the statutory reserve fund as. As on 31.12.2021 there was operating loss, hence no statutory reserve has been maintained.

Opening Balance

Add : Transferred during the year

-	-
-	-
-	-

16.2 General Reserve

Opening Balance	-	-
Addition During the	-	-
Adjustment during the year	-	-
Closing Balance	-	-

16.3 Other Reserve Including Assets Revaluation Reserve

Opening Balance	-	-
Addition on revaluation of HTM Securities	32,468	-
	<u>32,468</u>	-



	Notes	31.12.2021 TAKA	31.12.2020 TAKA
16.4 Retained Earnings			
Opening Balance		(24,789,997)	-
Add: Profit/(Loss) for the year		(143,556,810)	(24,789,997)
		(168,346,807)	(24,789,997)
17.0 Contingent Liabilities			
Acceptances and endorsements		-	-
Letters of guarantees	17.1	181,482,368	-
Irrevocable letters of credit	17.2	79,914,044	-
Bills for collection		-	-
Others (Securities holding SC-Agrabad branch)		-	-
		261,396,412	-
17.1 Letters of Guarantees			
Bid Bond		37,385,000	-
Performance Gurantee		81,199,521	-
Advance Payment Gurantee		62,497,846	-
Payment Gurantee		400,000	-
		181,482,368	-
Balance for Which The Bank is Contingently Liable in respect of Gurantee Issued Favouring:			
Directors or Officers		-	-
Government		-	-
Bank and Other Financial Institution		-	-
Others		181,482,368	-
		181,482,368	-
17.2 Letter of Credit			
Letter of Credit (General)		79,070,757	-
Letter of Credit Back to Bank (Inland)		843,287	-
		79,914,044	-
	Notes	2021 TAKA	2020 TAKA
18.0 Income Statement			
Income			
Interest, Discount and Similar Income	18.1	357,570,992	219,725,056
Investment Income	20.0	30,199,295	-
Fees, Commission, Exchange and Brokerage	21.0	1,329,805	-
Other Operating Income	22.0	3,978,394	-
		393,078,486	219,725,056
Expenses			
Interest Paid	19.0	106,850,238	-
Administrative expenses	18.2	168,381,570	93,436,692
Depreciation on banks assets and Repair	30.0	133,855,805	85,695,766
Other operating expenses	32.0	91,854,247	52,550,703
		500,941,860	231,683,161
		(107,863,374)	(11,958,105)
18.1 Interest, discount and similar income			
Interest on loans and advances	18.1.1	50,064,814	-
Interest on money at call and short notice		140,528	-
Interest on placement with banks and Financial Institutions		307,365,393	219,725,056
Interest on foreign currency balances		257	-
		357,570,992	219,725,056
18.1.1 Interest on Loans and Advances			
Continuous Loan		9,501,473	-
Demadn Loan		25,706,055	-
Term Loan		14,857,287	-
		50,064,814	-
18.2 Administrative Expenses			
Salary and allowances	23.0	136,157,471	57,196,113
Rent, insurance, electricity etc.	24.0	11,505,189	25,286,720
Legal expenses	25.0	1,495,230	732,247
Postage, stamps, telecommunications etc.	26.0	1,690,889	249,708
Stationery, printing, advertisements etc	27.0	6,697,266	1,225,249
Chief Executive's salary and fees	28.0	9,577,500	8,145,177
Directors' fees	29.0	1,028,026	428,978
Auditors' fees	30.0	230,000	172,500
		168,381,570	93,436,692



	Notes	2021 TAKA	2020 TAKA
19.0 Interest Paid on Deposits, Borrowing and Others			
Interest on deposits		94,446,099	-
Interest on borrowings from Banks & FIs		12,404,139	-
Interest on borrowings from BB & others		-	-
Interest on Margin		-	-
		106,850,238	-
20.0 Investment Income			
Dividend Income		9,582,879	-
Interest on reverse REPO		104,417	-
Income on corporate bonds/Subordinate Bonds		2,499,681	-
Interest on Govt Treasury Bills		120,647	-
Interest on Govt treasury bonds	20.1	14,350,445	-
Income on Govt Shukuk Bond		9,604	-
Gain from government securities*		172,759	-
(Loss) on revaluation of treasury securities (HFT)*		(1,853,865)	-
Net Gain/(Loss) on sale of quoted securities		5,212,727	-
		30,199,295	-
20.1 Interest on Treasury Bond (Net)			
Interest Income on Treasury Bond		17,178,175	-
Less: Interest Paid on Secondary Security Purchase (T-Bond)		(2,827,730)	-
		14,350,445	-
21.0 Commission, Exchange and Brokerage			
Commission	21.1	1,927,479	-
Exchange	21.2	(597,674)	-
Brokerage		-	-
		1,329,805	-
21.1 Fees, Commission and Brokerage			
Commission on L/C		305,100	-
Commission on L/G		1,592,678	-
Commission on PO, DD, TT, etc		23,731	-
Other Commission		5,970	-
		1,927,479	-
Commission income arises on service provided by the bank recognized on a cash basis. Commission charged the Customer on Letter of Credit			
21.2 Exchange Gain/(Loss)			
Exchange Gain/(Loss)		620,037	-
Less Exchange Loss		(1,217,711)	-
		(597,674)	-
22.0 Other Operating Income			
Loan Processing Fees		944,600	-
Trade Finance (LC Advising/Discrepancy/ Amendment, Swift Charge & Others)		34,001	-
E-Gp Income		13,600	-
VISA Card Fees and Charges		260,106	-
SMS Charge		788,100	-
Batch & RTGS settlement Charge		16,064	-
Account Service Charge		510,065	-
Locker Charge		8,000	-
Other Service Charge		1,403,858	-
		3,978,394	-
23.0 Salary and allowances			
Basic Salary		55,250,432	26,814,011
Allowances		56,970,801	26,730,224
Bonus		7,621,800	1,435,400
L/E Salary & Allowances		11,382,224	1,122,718
Bank's Contribution to Provident fund		4,932,213	1,093,761
		136,157,471	57,196,114
24.0 Rent, taxes, insurance, electricity etc.			
Rent		5,497,235	23,533,362
Rates		213,357	-
Rent (Garage)		52,500	25,200
Insurance charge	24.1	2,140,652	435,548
Electricity, Water & Gas		3,601,445	1,292,609
		11,505,189	25,286,719

While Implementing IFRS 16 leases, the Bank recognized Interest Expense on Lease Liabilities and depreciation on Right of Use Assets instead of Rental expenses of BDT 98,477,295 (Including VAT) incurred in 2021.



	Notes	2021 TAKA	2020 TAKA
24.1 Insurance charge			
Central Insurance Policy (Cash in Safe, Counter and Transit)		435,376	-
Insurance of Fixed Asset		150,729	435,548
Desposit Money Insurance to Bangladesh Bank		654,557	-
Insurance Premium – Life & Medical		899,990	-
		2,140,652	435,548
25.0 Legal & Professional Expenses			
Lawyer and Professional Fees		931,500	445,833
Consultancy / Advisory Services		310,500	-
Power of Attorney & Notary Public Charges		13,355	-
Credit Rating Agency Fees		134,370	161,250
Other Legal / Professional Fees		105,505	286,414
		1,495,230	893,497
26.0 Postage, stamps, telecommunications etc.			
Postage		939,626	415
Telecommunication charges		129,663	14,154
Mobile Bills		541,795	143,214
Internet		18,900	71,925
Stamps and Cartridge Paper		60,906	20,000
		1,690,889	249,708
27.0 Stationery, printing & advertisements etc.			
Computer Stationery		7,638	57,355
Printing Stationery		600,825	816,955
Security Stationery		65,000	-
Office Stationery		1,253,077	154,558
		1,926,540	1,028,868
Advertisement			
News paper		3,108,051	123,300
Electronic and Social Media		1,513,400	-
Other Advertisement		149,275	73,081
		4,770,726	196,381
Total Stationery, Printing & Advertisement		6,697,266	1,225,249
28.0 Chief Executive's salary and Allowances			
Basic salary		5,400,000	4,050,000
Festival Bonus		900,000	900,000
Allowance		2,400,000	2,452,677
Leave Fare Allowance		337,500	337,500
Banks Contribution to Provident Fund		540,000	405,000
		9,577,500	8,145,177
29.0 Directors Fees & Meeting Expenses			
Directors Fees		1,028,026	428,978
		1,028,026	428,978
Total Directors Fee		1,194,248	
Each director of the Bank is paid Tk. 8,000 as per BRPD circular letter no. 11 dated 4 October 2015 per board or board committee meeting attended in 2021.			
30.0 Auditor's fees			
Statutory		230,000	115,000
Others		-	57,500
		230,000	172,500
31.0 Depreciation and repair of bank's assets			
31.1 Depreciation			
Furniture/fixtures		12,134,562	5,398,915
Office Equipment		5,091,807	2,021,893
Computer & Equipments		9,961,691	574,920
Vehicle		5,377,565	1,584,748
Computer software		5,259,920	28,889
		37,825,544	9,609,365
Right to Use Assets (Lease Assets)		94,855,207	76,016,080
Total Depreciation		132,680,751	85,625,445
31.2 Repair & maintenance	31.2.1	1,175,053	70,591
Total		133,855,805	85,696,036



	<u>Notes</u>	<u>2021</u> <u>TAKA</u>	<u>2020</u> <u>TAKA</u>
31.2.1 Repair & Maintenance Expense			
Repair & Maint. - Motor Vehicle		50,653	70,591
Repair & Maint. - Machinery & Equipments		21,900	-
Software & Hardware Maintenance		1,102,500	-
		1,175,053	70,591
32.0 Other expenses			
Entertainment		1,328,264	636,441
Business Development Expenses		15,719,106	10,755,372
Car and Generator Expenses		8,170,017	224,642
Other Car Expenses		-	1,598,781
Cleaning & Sanitizing Expenses		83,170	39,480
Crockeries & Cutleries		292,614	57,236
Traveling		663,248	2,087,592
Misc expenditure		968,757	1,691,900
NID Verification Charges		22,725	621,000
Cleaning & Security Services		3,039,786	333,831
Books, Newspaper & Periodicals		15,700	10,118
Bank Charges		4,134,663	9,874
Excise Duty		440,000	221,708
Preliminary Expenses		-	15,712,553
Subscription		9,153,545	-
CSR (Donation To Govt)		5,000,000	-
Expenditure for Gratuity Fund		5,362,018	337,500
Card Expense		272,465	-
Recruitment & Training Expense		49,055	-
Provision for Expense		16,317,791	-
Interest on lease liabilities		20,821,324	18,051,425
		91,854,247	52,389,453
33.0 Provisions for loans and advances and Others			
Provisions for loans and advances will be based on instructions contained in Bangladesh Bank BRPD circulars/letters no. 16 dated 06 December 1998, 9 dated 14 May 2001, 9 and 10 dated 20 August 2005, 8 dated 07 August 2007, 10 dated 18 September 2007, 14 dated 23 September 2012, 19 dated 27 December 2012, 5 dated 29 May 2013, 16 dated 18 November 2014, 8 dated 02 August 2015, 12 dated 20 August 2017, 15 dated 27 September 2017, 01 dated 03 January 2018, 01 dated 20 February 2018, 01 dated 06			
Provision for Unclassified Loans and Advances		21,923,000	-
Provision for Classified Loans and Advances		-	-
Provision for Off Balance Sheet Items		2,614,000	-
Provision for Investment in Shares and Securities		3,578,488	-
Provision for Others		500,000	-
		28,615,488	-
34.0 Earning Per Share (EPS)			
Earnings per share (EPS) has been computed by dividing the profit after tax (PAT) by the weighted average number of ordinary shares outstanding as on 31 December 2021 as per IAS- 33 "Earnings Per Share".			
Net profit attributable to the shareholders of BGCB (a)		(143,556,810)	(24,789,997)
Number of ordinary shares outstanding (b)		425,000,000	425,000,000
Earnings per share (EPS) (a ÷ b)		(0.34)	(0.06)
Earning per share has been calculated in accordance with IAS 33: Earning Per Share (EPS).			
35.0 Net Asset Value Per Share (NAV)			
Total Assets		9,152,694,625	4,829,318,213
Less: Total Liabilities		(5,071,008,963)	(604,108,210)
Net Asset Value (a)		4,081,685,661	4,225,210,003
No. of Outstanding Share (b)		425,000,000	425,000,000
Net Asset Value per Share		9.60	9.94
36.0 Net Operating Cash Flows Per Share (NOCFPS)			
Net Cash received/ (used) from operating activities during the period (a)		752,545,554	611,474,954
No. of Ordinary Shares Outstanding (b)		425,000,000	425,000,000
Net Operating Cash Flows per Share (NOCFPS) (a ÷ b)		1.77	1.44



	Notes	2021 TAKA	2020 TAKA
37.0 Interest Receipts in cash			
Interest on Loans and Advances	18.11	357,570,992	219,725,055
Interest Income from Investment (Except Dividend and Gain From Shares and Securities)	20.00	15,403,688	-
		<u>372,974,681</u>	<u>219,725,055</u>
Add: Opening Interest Receivable		-	-
Less: Closing Interest Receivable	9.0	54,356,615	-
		<u>318,618,066</u>	<u>219,725,055</u>
38.0 Interest Paid on Deposit and Borrowing			
Interest Paid on Deposit and Borrowing	19.0	106,850,238	-
Add: Opening Interest Payable		-	-
Less: Closing Interest Payable on Deposit and Borrowing	13.2.1 (a)	64,186,047	-
		<u>42,664,191</u>	<u>-</u>
39.0 Receipt from Other Operating Activities			
Receipt from Other Operating Activities	21.0	3,978,394	-
		<u>3,978,394</u>	<u>-</u>
40.0 Payment for Other Operating Activities			
Rent, insurance, electricity etc.		11,505,189	25,286,719
Legal expenses		1,495,230	893,497
Directors' fees		1,028,026	428,978
Auditors' fees		230,000	172,500
Repair of Fixed Assets		1,175,053	70,591
Other expenses		91,854,247	52,389,453
		<u>107,287,744</u>	<u>79,241,739</u>
41.0 Cash Increase/Decrease in Other assets			
Stock of Stationery & Stamps		275,040	-
Account With Stock Broker		30,684,225	-
Advance Rent		1,488,000	-
Security Deposit		45,975	38,975
Suspense Account (note - 7.1)		360,000	93,600
Advance to Vendors		11,884,140	9,100,000
Other Prepayment (staff)		28,452,805	22,263,352
Advance Insurance		643,340	-
Advance Tax		51,094,442	21,972,506
		<u>124,927,966</u>	<u>53,468,433</u>
Advance Income Tax		(29,121,936)	(21,972,506)
		<u>95,806,030</u>	<u>31,495,927</u>
Less: Opening Other Assets		53,468,433	-
		<u>42,337,597</u>	<u>31,495,927</u>
42.0 Cash Increase/Decrease in Other Liabilities			
Payable to Vendors		46,640,463	-
Other Payable		562,500	155,302,465
Adjusting Account Credit Balance		20,504,383	276,250
Provision for Gratuity		5,362,018	337,500
Provision for Leave Encashment		6,104,680	-
Lease Liabilities		420,851,385	402,659,342
Payable against preliminary expenses		-	15,712,553
Revaluation Reserve of T-Bond (HTM)		32,468	-
		<u>500,057,897</u>	<u>574,288,110</u>
Less: Opening Other Liabilities		574,288,110	-
		<u>(74,230,213)</u>	<u>574,288,110</u>
43.0 Purchase/Sale of property, plant & equipment			
Closing Fixed Asset	8(A)	709,235,418	210,242,844
Less: Opening Fixed	8.1	636,900,906	471,299,693
		<u>72,334,512</u>	<u>681,542,537</u>
Add: Depreciation During the Year		132,680,751	-
Addition of Fixed Asset		<u>205,015,264</u>	<u>-</u>
44.0 Cash and Cash Equivalent of the Bank			
Cash in Hand	3.1	104,560,987	-
Balance with Bangladesh Bank & Agent Bank	3.2	225,749,995	-
Balance with Other Banks & Financial Institutions	4.0	4,470,547,108	-
Prize Bond	6.1	23,400	-
		<u>4,800,881,491</u>	<u>-</u>



	Notes	2021 TAKA	2020 TAKA
45.0 Reconciliation of Net Profit with Cash Flows from Operating Activities			
Net Profit After Tax		(143,556,810)	(24,789,997)
Provision for Tax		7,077,948	12,831,892
Provision for Loans & Advances & Contingent Liabilities		24,537,000	-
Provision for Diminution in value of Investments		3,578,488	-
Other Provision		500,000	-
(Increase)/ Decrease of Interest Receivable		(54,356,615)	-
Increase/(Decrease) of Interest Payable		64,186,047	-
Depreciation & Amortization of Fixed Assets		132,680,751	85,625,175
Effect of Exchange Rate Change		597,674	-
Income Tax Paid		(29,121,936)	(21,972,506)
Operating Profit before changes in operating assets & liabilities		6,122,547	51,694,564

46.0 Number of Employees

The number of employees receiving remuneration of Taka 36,000 or above per employee per year were 185-(One Hundred and Eighty Five Only)

46.1 Audit Committee

The Audit Committee of the Bank was constituted in the 1st meeting of the Board of Directors held on in compliance with the BRPD Circular No. 11, Dated 27 October, 2013. The Audit Committee was formed to assist the Board in Fulfilling its oversight responsibilities. The present Audit Committee consists of following members:

SL No	Name of Directors	Status with The Committee	Status with the Bank	Educational Qualification
1	Mr. Md. Iftokharul Amin	Chairman	Independent Director	MBA
2	Mr. A.N.M. Abul Kashem	Member	Independent Director	MSc
3	Mr. Shamsul Alam	Member	Director	B.Com
4	Mrs. Rokeya Khatun, FCA	Member	Director	MSS
5	Mrs. Rabeya Begum	Member	Director	Msc

Details of Audit Committee Meeting held in 2021

Particulars of the Meeting	No. of Meeting	Date of Meeting
Board Audit Committee Meeting	01	27th June 2021

Directors Fee: Each director of the Bank was paid Tk. 8,000 as per BRPD circular letter no. 11 dated 4 October 2015 per board or Audit committee meeting attended in 2021. Other Benefits: N/A

Disclosure by Audit Committee

- 1) The Committee reviewed the integrity of the Financial Statement of the Bank to ensure that these reflect a true and fair view of the Bank's state of affairs.
- 2) The committee while reviewing the financial statements ensured that the proper disclosure required International Accounting Standards as adopted in Bangladesh have been made and also complied with the Companies Act and various other rules and regulations applicable for banking business.
- 3) The Committee recommended The External Auditor to the Board for presenting the proposal before the shareholder in the upcoming AGM for approval.

47.0 Related Party Disclosure of the Bank

47.1 Name of the Directors and their interest in different entities:

SL	Name of Directors	Status with the Bank	Name of the Firms/Companies in Which they have interest
1	Md. Jashim Uddin	Chairman	1) Vice-Chairman of Bengal Group of Industries; 2) Vice-Chairman – Bengal Media Corporation Limited (RTV) 3) Director- Bengal Windsor Thermoplastics Limited 4) Director-Romania Food and Beverage Ltd. 5) Director- Bengal Cement Limited 6) Managing Director- Bengal Plastics Limited 7) Managing Director- Power Utility Bangladesh Limited. 8) Managing Director- Bengal Renewable Energy Limited. 9) Managing Director- Bengal Agro Industries Limited
2	Mahbubul Alam	Vice-Chairman	1) Chairman - M. Alam Gas Station Ltd., 2) Chairman - Anowara Alam Foundation, 3) Chairman - Surgescop Hospital Ltd. 4) Managing Director - Alam Trading Corporation, 5) Managing Director – R.M. Enterprise, 6) Managing Director - M.M. Trading.



SL	Name of Directors	Status with the Bank	Name of the Firms/Companies in Which they have interest
3	Engr. Ghulam Mohammed Alomgir (Representative of Max Infrastructure Limited)	Vice-Chairman	1) Chairman-MAX GROUP, one of the largest engineering conglomerates of Bangladesh. 2) Chairman- Max Industries Limited; 3) Chairman- Max Building Technologies Limited; 4) Managing Director- Max Power Limited; 5) Managing Director- Kushiara Power Company Ltd. 6) Managing Director-Max Electricity Generation Ltd.;
4	Jesmin Akhter		1) Director - Bengal Plastic Pipes Limited. 2) Director - Bengal Agro Industries Limited; 3) Director - Bengal Melamine Limited. 4) Director- Designer Washing and Dyeing Ltd.
5	Firoz Alam	Director	1) Independent Director - Bengal group of Industries; 2) Managing Director - Bengal Cement Ltd, 3) Managing Director - Bengal LPG Ltd, 4) Managing Director - Bengal flexipak Ltd. 5) Director - Bengal plastic, 6) Director - RTV (Bengal Media Corporation Ltd) 7) Director - Bengal Windsor Thermoplastics Limited 8) Director- Bengal Concept & Holdings Ltd 9) Director- Bengal Agro Industries Limited.
6	Shamsul Alam	Director	1) Director - Begal Group of Companies 2) Director- Bengal Plastics Limited 3) Director- Bengal Media Corporation Limited (RTV) 4) Director- Romania Food and Beverage Ltd 5) Director- Bengal Agro Industries Limited. 6) Director- Bengal Cement Limited 7) Managing Director - Bengal Adhesive and Chemicals Products Ltd.
7	Md. Shahabuddin	Director	1) Founder and Managing Director of Pacific Associates Limited; 2) Managing Director- Shahabuddin Textile Ltd. 3) Managing Director- Asiatic Spinning Ltd.
8	Dilip Kumar Agrawala	Director	1) Managing Director - Diamond World (BD) Ltd. 2) Managing Director- Diamond World Media Ltd 3) Managing Director - Prem's Collections Ltd.
9	Dr. Joshoda Jibon Debnath (Representative of Technomedia Limited)	Director	1) Founder - Technomedia LTD, one of the advanced IT supporting companies of BD 2) Chairman - Protection One (Pvt.) Ltd.; 3) Chairman - Lenden BD Ltd.; 4) Director - Plastic Card ID Ltd., 5) Director - Rajendra ECO Resort, 6) Director - Vibrant Software BD Ltd., 7) Independent Director - Shampur Sugar Mill Ltd.; 8) Managing Director - Delta Force Ltd.; 9) Managing Director - Pay Union BD Ltd.
10	Tasmin Mahmud	Director	1) Director - Cotton dyeing & Finishing Mills Ltd., 2) Director - Cotton Line (BD) Ltd., 3) Director - Cotton N Cotton Garments Industries Ltd., 4) Director - Pacific Cotton Ltd., 5) Director - BG Tel Limited;
11	S.M. Faruqi Hasan	Director	1) Chairman & CEO - Protik Developers Ltd. 2) Chairman & CEO - Protik Bone China Ltd. 3) Chairman & CEO - Protik Energy & Refinery Ltd. 4) Chairman & CEO - Protik Logistics Ltd. 5) Chairman & CEO - Hotel Lake Castle Ltd. 6) Managing Director & CEO - Protik Ceramics Ltd.
12	Md. Iqbal Hossain Chowdhury (Representative of B. Dash	Director	1) Chairman- Jams trading Ltd. 2) Director - JAPASTY Co. Ltd, 3) Managing Director - JAMS Auto Ltd.
13	Mr. Muhammad Jamaluddin (Representative of KDS Textile Mills Limited)	Director	1) Ex- Managing Director - BAPEX. 2) Ex-Member of Board of Directors - Bangladesh Petroleum Exploration & 3) Director - Grameen Shakti 4) Director - Pragati Life Insurance Company Ltd.,



SL	Name of Directors	Status with the Bank	Name of the Firms/Companies in Which they have interest			
14	Mrs. Rokeya Khatun, FCA (Representative of Ilmeeyat Apparels Limited)	Sponsor Shareholder	Sharmin Group-			
			1) Sharmin Apparels Ltd			
			2) Sharmin Fashions Ltd			
			3) Sharaf Apparels Ltd.			
			4) Ilmeeyat Apparels Ltd.			
			5) A M Design Ltd.;			
			6) A.M. Fashions Ltd.			
			7) Ishayat Apparels Ltd			
			8) Ishayat Fashions Ltd			
			9) Sharaf Washing & Dyeing Industries Ltd.			
			10) Ilmeeyat Washing & Dyeing Industries Ltd.			
15	Khawja Mahatab Uddion (Representative Of Starlight Sweaters Limited)	Director	Labib Group-			
			1) Matrix Sweaters Ltd.			
			2) Raidha Collections Ltd.			
			3) Sultana Sweaters Ltd.			
			4) Labib Dyeing Mills Ltd.			
			5) Juthi Packaging Industries Ltd.			
			6) R & R Agro Complex Ltd.			
			7) Nice Cotton Ltd.			
			Labib Poultry & Fisheries Ltd.			
			16	Mrs. Rabeya Begum (Representative of Ramisha BD Limited)	Director	Ramisha Group-
						1) Ramisha Composite Textiles Mills Ltd.
2) Ramisha Cold Storage Limited.						
3) Fareast Cold Storage Limited.						
4) Punot Cold Storage Limited.						
5) M/s. Ramisha Enterprise.						
17	Shanzoy Sarker (Representative of Bengal)	Director	1) General Manager (GM)-(Corporate Finance) of reputed Bengal Group of Industries			
18	Mr. Md. Iftekharul Amin	Independent Director	N/A			
19	Mr. A.N.M. Abul Kashem	Independent Director	N/A			

- 47.2 Significant Contracts where Bank is a party and wherein Directors have interest: NIL
- 47.3 Shares issued to Directors & Executives without consideration or exercise at discount: NIL
- 47.4 **Lending Policies to related parties:**
Lending to related parties are effected as per requirement of section 27(1) of the Banking Companies Act, 1991 (as amended up to date)
- 47.5 **Post Balance Sheet events (IAS-10)**
No material events occurring after balance sheet date came to our notice, which could affect the values reported in the financial statements significantly.
- 47.6 Business other than Banking business with any related concern of the Directors as per Section 18 (2) of the Bank Companies Act 1991 (as amended up to 2018) NIL
- 47.7 Investments in Securities of Directors and their related concern: NIL



Annexure- A

BENGAL COMMERCIAL BANK LIMITED
Balance With Other Banks-Outside Bangladesh (Nostro Account)

As at 31 December 2021

Name of the Bank	Account Type	Currency Type	2021		2020			
			FC Amount	Exchange Rate	Equvt. Taka	FC Amount	Exchange Rate	Equvt. Taka
Habib American Bank (NewYork)	CD	USD	78,417.29	85.15	6,677,585			
Sonali Bank (UK) Limited	CD	USD	-	-	-			
Sonali Bank (UK) Limited	CD	GBP	-	-	-			
Sonali Bank (UK) Limited	CD	EUR	-	-	-			
AB Bank Limited, Mumbai	CD	USD	231.56	85.15	19,731			
					6,697,316.30			



Bengal Commercial Bank Ltd.
Statement of Unreconciled Entries (Nostro Accounts)
As on 31 December 2021

(Figures in USD)

SL No.	Period of un-reconciliation	As per Local Book				As per Correspondents' Book			
		Debit Entries		Credit Entries		Debit Entries		Credit Entries	
		No	Amount	No	Amount	No	Amount	No	Amount
01	Less than 1 month	5	180.00					1	180.00
02	1 month or more but less than 3 month								
03	3 months or more but less than 6 months								
04	6 months or more but less than 9 months								
05	9 months or more but less than 12 months								
06	12 months or more								
	Total	5	180.00					1	180.00

Date upto which reconciliation (wash out) is completed - all entries: 31st december, 2021
Date upto which reconciliation (wash out) is completed - other than cr. entries of local book and entries against which 100% provision have been made: 31st December, 2021



Bengal Commercial Bank Limited

Investment in Shares as at 31 December 2021

SL No.	Name of the Company	Face Value	No. of Shares Including Bonus Shares	Cost of Holding	Cost of Per Share	Quoted rate per Share as at 31 Dec 2021	Total Market Value as at 31 Dec 2021
Quoted Shares							
1	Jamuna Oil	10	315604	54145746	171.56	171.10	53999844
2	Krishibid Feed Limited	10	86526	865260	10.00	10.00	865260
3	Mostafa Metal Industries Limited	10	26960	269600	10.00	10.70	288472
	Sub-Total			55280606			55153576
Mutual Fund (Quoted)							
1	First Bangladesh Fixed Income Fund	10	15285757	99420009	6.5	5.20	79485936
2	Grameen One (Scheme Two)	10	3765866	70033194	18.60	15.40	57994336
3	Popular 1st Mutual Fund	10	3694326	21219061	5.74	5.40	19949360
4	Reliance One 1st Scheme of Reliance Insurance	10	1078006	12834510	11.91	11.60	12504870
5	Trust Bank 1st Mutual Fund	10	1584441	10758128	6.79	5.70	9031314
	Sub-Total			214264902			178965817

Calculation of Required Provision against Investment in Shares

SL No	Particulars	Cost Value	Value Considered for maintaining Provision	Required Provision	Remarks
1	Quoted	54,145,746	53,999,844	(145,901)	Considered Market Value
2	Quoted (Mutual Fund)	214,264,902	210,832,315	(3,432,587)	Considered NAV as per Bangladesh Bank Guideline
	Grand Total	268,410,647	264,832,159	(3,578,488)	

* As per DOS circular No: 03, dated 12 March 2015 reduced market value of mutual fund of Tk. 3,18,66,498/- was not considered for calculating required provision.



Bengal Commercial Bank Limited
Schedule of Fixed Assets
As at 31 December 2021

Particulars	COST				DEPRECIATION				Written down value as on 31 Dec. 2021	
	Opening Balance at Cost as on 01 Jan. 2021	Addition during the year	Adjustment during the year	Total Cost as on 31 Dec. 2021	Rate	Charged up to 31 Dec. 2020	Adjustment during the year	Charged during the year		Total Depreciation as on 31 Dec. 2020
Land	-	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures	80,783,390	1,292,849	-	82,076,239	15.0%	5,398,915	-	12,134,562	17,533,477	64,542,762
Office Equipment	23,847,613	8,800,083	-	32,647,696	20.0%	2,021,893	-	5,091,807	7,113,699	25,533,996
Computer Equipment	26,260,696	30,553,567	-	56,814,263	20.0%	574,920	-	9,961,691	10,536,611	46,277,652
Vehicles	18,318,610	10,924,476	-	29,243,086	20.0%	1,584,478	-	5,377,565	6,962,043	22,281,043
Computer Software	26000000	374,500	-	26,374,500	20.0%	28,889	-	5,259,920	5,288,809	21,085,691
Right of use Assets (Lease assets)	547,315,773	153,069,788	-	700,385,561	-	76,016,080	-	94,855,207	170,871,287	529,514,274
Total as on 31 Dec. 2020	722,526,082	205,015,264	-	927,541,345		85,625,176		132,680,751	218,305,927	709,235,418

