

# NRB Bank Limited

## Independent Auditor's Report and Audited Financial Statements For the year ended 31 December 2016



**ACNABIN**

*Chartered Accountants*

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**Independent Auditor's Report  
TO THE SHAREHOLDERS OF NRB Bank Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of NRB Bank Limited ("the Bank"), which comprise the balance sheet as at 31 December 2016, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements and Internal Controls**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note # 2.1 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 (amended in 2013) and the Bangladesh Bank Regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

**Auditors' Responsibility**

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

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

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





### **Opinion**

In our opinion, the financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note # 2.1.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Company (Amendment upto 2013) Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) 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:
  - i) internal audit, internal control and risk management arrangements of the Bank as disclosed in note # 3.11 to the financial statements appeared to be materially adequate;
  - ii) 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;
- (c) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- (d) the balance sheet and profit and loss account of the of the Bank dealt with by the report are in agreement with the books of account;
- (e) the expenditure incurred was for the purposes of the Bank's business;
- (f) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;
- (g) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- (h) the records and statements submitted by the branches have been properly maintained and in the financial statements;



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- (i) the information and explanation required by us have been received and found satisfactory;  
and
- (j) We have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 1,500 person hours for the audit of the books and accounts of the Bank.

Dhaka,  
25 February 2017

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**NRB Bank Limited**  
**Balance Sheet**  
**As at 31 December 2016**

	Notes	31.12.2016 Taka	31.12.2015 Taka
<b><u>PROPERTY AND ASSETS</u></b>			
Cash	4	1,582,930,523	1,232,158,263
Cash in hand (including foreign currencies)	4.1	551,507,068	314,838,107
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	4.2	1,031,423,454	917,320,156
<b>Balance with other banks and financial institutions</b>	<b>5</b>	<b>2,284,315,190</b>	<b>1,927,128,907</b>
In Bangladesh	5.1	2,212,520,857	1,852,636,347
Outside Bangladesh	5.2	71,794,333	74,492,560
<b>Money at call and short notice</b>		<b>-</b>	<b>-</b>
<b>Investments</b>	<b>6</b>	<b>6,943,877,096</b>	<b>5,384,905,980</b>
Government	6.1	5,279,185,628	3,852,853,284
Others	6.2	1,664,691,468	1,532,052,696
<b>Loans and advances</b>	<b>7</b>	<b>12,589,367,101</b>	<b>11,092,416,174</b>
Loans, cash credit, overdrafts etc.	7.1	12,586,888,187	11,086,048,229
Bills purchased and discounted	7.2	2,478,914	6,367,945
<b>Fixed assets including premises, furniture and fixtures</b>	<b>8</b>	<b>392,159,040</b>	<b>348,348,777</b>
<b>Other assets</b>	<b>9</b>	<b>937,190,365</b>	<b>549,664,156</b>
<b>Non - banking assets</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>24,729,839,315</b>	<b>20,534,622,257</b>
<b><u>LIABILITIES AND CAPITAL</u></b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	<b>10</b>	<b>820,000,000</b>	<b>1,960,000,000</b>
<b>Deposits and other accounts</b>		<b>17,465,634,785</b>	<b>13,356,543,346</b>
Current deposits and other accounts	11.1	2,745,655,693	791,361,409
Bills payable	11.2	77,824,142	31,368,871
Savings bank deposits	11.3	1,609,988,324	863,962,753
Fixed deposits	11.4	13,032,166,627	11,669,850,313
Bearer certificates of deposit		-	-
Other deposits		-	-
<b>Other liabilities</b>	<b>12</b>	<b>1,385,115,058</b>	<b>739,563,087</b>
<b>Total liabilities</b>		<b>19,670,749,844</b>	<b>16,056,106,433</b>
<b>Capital/shareholders' equity</b>		<b>5,059,089,471</b>	<b>4,478,515,824</b>
Paid up capital	13.2	4,000,000,000	4,000,000,000
Statutory reserve	14	218,114,533	74,251,039
Other reserve	15	352,820,290	297,531,841
Retained earnings	16	488,154,648	106,732,944
<b>Total liabilities and shareholders' equity</b>		<b>24,729,839,315</b>	<b>20,534,622,257</b>





**NRB Bank Limited**  
**Profit and Loss Account**  
**For the year ended 31 December 2016**

	Notes	2016 Taka	2015 Taka
<b>OPERATING INCOME</b>			
Interest income	19	1,723,870,906	1,384,095,384
Interest paid on deposits and borrowings etc.	20	(1,220,400,726)	(1,101,908,248)
<b>Net interest income</b>		<b>503,470,180</b>	<b>282,187,136</b>
Investment income	21	1,081,002,316	776,173,414
Commission, exchange and brokerage	22	87,682,055	60,894,921
Other operating income	23	8,218,529	5,034,088
		<b>1,176,902,900</b>	<b>842,102,423</b>
<b>Total operating income (a)</b>		<b>1,680,373,080</b>	<b>1,124,289,559</b>
<b>OPERATING EXPENSE</b>			
Salaries and allowances	24	337,976,127	262,976,093
Rent, taxes, insurance, electricity etc.	25	226,042,068	156,242,558
Legal expenses	26	3,001,805	2,656,378
Postage, stamp, telecommunication etc.	27	21,258,873	18,444,575
Stationery, printing, advertisements etc.	28	21,999,332	21,394,198
Chief Executive's salary and fees	29	10,784,851	11,787,071
Directors' fees	30	1,693,291	1,804,546
Auditors' fees	31	327,750	264,500
Depreciation and repair of bank's assets	32	99,699,210	70,933,386
Other expenses	33	147,161,721	184,015,891
		<b>869,945,028</b>	<b>730,519,196</b>
<b>Total operating expenses (b)</b>		<b>810,428,052</b>	<b>393,770,363</b>
<b>Profit before provision (c = (a-b))</b>			
Provision against loans and advances		1,971,926	35,353,111
General provision		80,998,785	3,801,995
Specific provision		82,970,711	39,155,106
Provision for off-balance sheet items		8,139,870	1,248,353
Provision for diminution in value of investments		-	9,438,686
Other provisions		-	-
<b>Total provision (d)</b>	34	<b>91,110,581</b>	<b>49,842,145</b>
<b>Profit before taxation e=(c-d)</b>		<b>719,317,470</b>	<b>343,928,218</b>
<b>Provision for taxation (f)</b>		<b>194,032,272</b>	<b>107,582,054</b>
Current tax	12.4	204,197,374	99,238,083
Deferred tax expense/(income)	12.5	(10,165,102)	8,343,971
		<b>525,285,199</b>	<b>236,346,164</b>
<b>Net profit after taxation (g=e-f)</b>			
<b>Appropriations:</b>			
Statutory reserve	14	143,863,494	68,785,643
General reserve		-	-
Dividends		-	-
		<b>143,863,494</b>	<b>68,785,643</b>
<b>Retained earnings</b>		<b>381,421,705</b>	<b>167,560,521</b>
<b>Earnings per share (EPS)</b>	37	<b>1.31</b>	<b>0.59</b>

The annexed notes 1 to 42 form an integral part of these financial statements.

Chairman

Director

Director

Managing Director & CEO

This is the profit and loss account referred to in our separate report of even date.

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Chartered Accountants

Dhaka,  
25 February 2017





**NRB Bank Limited**  
**Cash Flow Statement**  
**For the year ended 31 December 2016**

	Notes	2016 Taka	2015 Taka
<b>Cash flows from operating activities</b>			
Interest receipts in cash		2,117,125,342	1,804,159,384
Interest payments		(1,231,618,530)	(1,052,366,574)
Dividend receipts		43,454,501	6,987,000
Fees and commission receipts		87,682,055	60,894,921
Cash payments to employees		(348,760,978)	(263,181,531)
Cash payment to suppliers		(6,606,225)	(7,919,938)
Income tax paid		(33,483,080)	(27,041,571)
Receipts from other operating activities	35	8,218,529	5,034,088
Payments for other operating activities	36	(434,935,215)	(309,811,021)
<b>(i) Operating profit before changes in operating assets and liabilities</b>		<b>201,076,400</b>	<b>216,754,757</b>
<b>Increase/(decrease) in operating assets and liabilities</b>			
Loans and advances to customers		(1,496,950,927)	(4,800,526,359)
Other assets		(257,837,680)	(118,713,063)
Deposits from customers		4,109,091,439	5,551,716,677
Other liabilities		614,676,078	355,953,132
<b>(ii) Cash generated from operating assets and liabilities</b>		<b>2,968,978,911</b>	<b>988,430,386</b>
<b>Net cash flow from operating activities (a)=(i)+(ii)</b>		<b>3,170,055,311</b>	<b>1,205,185,143</b>
<b>Cash flows from investing activities</b>			
Purchase of trading securities		(1,371,043,895)	(721,776,896)
Proceeds from Sale of trading securities, shares, bonds, etc.		306,695,272	235,663,575
Purchase of shares and bonds		(132,638,773)	(870,753,434)
Purchase of property, plant and equipment		(125,062,873)	(149,303,882)
<b>Net cash used in investing activities (b)</b>		<b>(1,322,050,269)</b>	<b>(1,506,170,637)</b>
<b>Cash flows from financing activities</b>			
Borrowings from other banks, financial institutions and agents		(1,140,000,000)	567,550,000
Dividend paid		-	-
<b>Net (used in)/Cash flows from financing activities (c)</b>		<b>(1,140,000,000)</b>	<b>567,550,000</b>
<b>Net increase in cash and cash equivalents (a+ b +c)</b>		<b>708,005,043</b>	<b>266,564,507</b>
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		3,159,526,370	2,892,961,862
<b>Cash and cash equivalents at end of the year (*)</b>		<b>3,867,531,413</b>	<b>3,159,526,370</b>
<b>(*) Cash and cash equivalents</b>			
Cash in hand (including foreign currencies)		551,507,068	314,838,107
Balance with Bangladesh Bank and its agent bank (s)		1,031,423,454	917,320,156
Balance with other banks and financial institutions		2,284,315,190	1,927,128,906
Money at call and short notice		-	-
Prize bond		285,700	239,200
		<b>3,867,531,413</b>	<b>3,159,526,370</b>

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

Dhaka,

25 February 2017

Chairman

Director

Director

Managing Director & CEO



**NRB Bank Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2016**

Particulars	(Amount in Taka)				
	Paid up capital	Statutory reserve	Other Reserve	Retained earnings	Total
<b>Balance as at 1 January 2016</b>	<b>4,000,000,000</b>	<b>74,251,039</b>	<b>297,531,842</b>	<b>106,732,944</b>	<b>4,478,515,824</b>
Reserve for amortization of HTM securities	-	-	49,277	-	49,277
Reserve for revaluation of HFT securities	-	-	55,239,171	-	55,239,171
Net profit after tax for the year	-	-	-	525,285,199	525,285,199
Transfer to statutory reserve	-	143,863,494	-	(143,863,494)	-
<b>Balance as at 31 December 2016</b>	<b>4,000,000,000</b>	<b>218,114,533</b>	<b>352,820,290</b>	<b>488,154,649</b>	<b>5,059,089,471</b>
<b>Balance as at 1 January 2015</b>	<b>4,000,000,000</b>	<b>5,465,396</b>	<b>24,662,766</b>	<b>(60,827,577)</b>	<b>3,969,300,585</b>
Reserve for amortization of HTM securities	-	-	(679,455)	-	(679,455)
Reserve for revaluation of HFT securities	-	-	273,548,531	-	273,548,531
Net profit after tax for the year	-	-	-	236,346,164	236,346,164
Transfer to statutory reserve	-	68,785,643	-	(68,785,643)	-
<b>Balance as at 31 December 2015</b>	<b>4,000,000,000</b>	<b>74,251,039</b>	<b>297,531,842</b>	<b>106,732,944</b>	<b>4,478,515,824</b>

The annexed notes 1 to 42 form an integral part of these financial statements.

Dhaka,  
25 February 2017

Chairman

Director

Director

Managing Director & CEO





**NRB Bank Limited**  
Liquidity Statement  
(Analysis of maturity of assets and liabilities)  
As at 31 December 2016

(Amount in Taka)

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Assets:</b>						
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	1,582,930,523	-	-	-	-	1,582,930,523
Balance with other banks and financial institutions	1,334,315,190	550,000,000	400,000,000	-	-	2,284,315,190
Money at call and on short notice	-	-	-	-	-	-
Investments	544,084,132	30,246,330	300,000,000	668,685,456	5,400,861,179	6,943,877,096
Loans and advances	6,037,465,612	956,948,903	1,360,916,984	2,775,345,324	1,458,690,278	12,589,367,101
Fixed assets including premises, furniture and fixtures	-	-	-	-	392,159,040	392,159,040
Other assets	131,541	362,976,923	88,504,640	485,577,260	-	937,190,365
Non banking assets	-	-	-	-	-	-
<b>Total assets (A)</b>	<b>9,498,926,997</b>	<b>1,900,172,156</b>	<b>2,149,421,624</b>	<b>3,929,608,041</b>	<b>7,251,710,496</b>	<b>24,729,839,315</b>
<b>Liabilities:</b>						
Borrowings from other banks, financial institutions and agents	420,000,000	400,000,000	-	-	-	820,000,000
Deposits	3,259,596,472	5,110,748,399	8,163,347,194	526,775,732	405,166,989	17,465,634,785
Provision and other liabilities	559,001,306	232,510,834	19,021,899	5,359,801	569,221,217	1,385,115,058
<b>Total liabilities (B)</b>	<b>4,238,597,778</b>	<b>5,343,259,233</b>	<b>8,182,369,093</b>	<b>532,135,534</b>	<b>974,388,206</b>	<b>19,670,749,844</b>
<b>Net liquidity gap (A - B)</b>	<b>5,260,329,219</b>	<b>(3,443,087,076)</b>	<b>(6,032,947,469)</b>	<b>3,397,472,507</b>	<b>6,277,322,290</b>	<b>5,059,089,471</b>



**NRB Bank Limited**  
**Notes to the Financial Statements**  
**As at and for the year ended 31 December 2016**

**1.0 The Bank and its activities**

**1.1 Reporting entity**

The NRB Bank Limited ("the Bank") is a private commercial bank (PCB), incorporated as a public limited company in Bangladesh on 19 March 2013 under the Companies Act, 1994. It started its banking businesses from 04 August 2013 under the license issued by Bangladesh Bank. The Bank has currently 25 branches, 26 ATM booths and 1770 shared ATM booths all over Bangladesh. The Bank had no overseas branches as at 31 December 2016.

The registered office of the Bank is located at SimpleTree - Anarkali, 89 Gulshan Avenue, Gulshan – 1, Dhaka, Bangladesh.

**1.2 Principal activities**

The principal activities of the Bank are to provide a comprehensive range of financial products and services, personal and commercial banking, trade services, and cash management to its customers.

**2.0 Basis of preparation of financial statements and significant accounting policies**

**2.1 Statement of compliance**

The financial statements of the Bank as at and for the year ended 31 December 2016 have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Bank Company Act 1991 (amended upto 2013), the rules and regulations issued by Bangladesh Bank, the Companies Act 1994 and the Securities and Exchange Rules 1987 .

In case any requirement of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of BFRS, the requirements of the Bank Company Act 1991 ((amendment) upto 2013), and provisions and circulars issued by Bangladesh Bank shall prevail.

Bank has departed from certain contradictory requirements of BFRSs in order to comply with the rules and regulations of Bangladesh Bank.

**i) Presentation of financial statements**

**BFRS:** As per BAS 1 financial statements shall comprise statement of financial position, comprehensive income statement, changes in equity, cash flows statement, adequate notes comprising summary of accounting policies and other explanatory information. As per Para 60 of BAS 1, the entity shall also present current and non-current assets and current and non-current 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 flows statement, changes in equity, liquidity statement) and certain disclosures therein are guided by the 'First Schedule' (section 38) of the Bank Company Act 1991 (amendment upto 2013) 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) Investments in shares and securities

**BFRS:** As per requirements of BAS 39 investments in shares and securities generally fall either under 'at fair value through Profit and Loss' account or under 'available for sale' account where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve account respectively.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003 investments in quoted and unquoted shares are revalued at the year-end market price and as per Net Assets Value (NAV) of last audited balance sheet respectively. As per instruction of another DOS circular letter 03 dated 12 March 2015, investment in Mutual Fund (closed-end) is revalued at lower of cost and (higher of market value and 85% of NAV). As such, provision is made for any loss arising from diminution in value of investments (portfolio basis); otherwise investments are recognized at costs.

## iii) Revaluation gains/losses on Government securities

**BFRS:** As per requirement of BAS 39, T-bills and T-bonds fall under the category of 'Held For Trading (HFT)' and 'Held To Maturity (HTM)' where any change in the fair value of HFT securities is recognized in Profit and Loss account, and amortized cost method is applicable for HTM securities and interest income is recognized through the profit and loss account.

**Bangladesh Bank:** According to DOS circular no. 05 dated 26 May 2008 and subsequent clarification in DOS circular no. 05 dated 28 January 2009, amortization loss is charged to profit and loss account, mark-to-market loss on revaluation of Government treasury securities (T-bills / T-bonds) categorized as HFT is charged to Profit and Loss account, but any unrealized gain on such revaluation is recognized to revaluation reserve account. T-bills/T-bonds designated as HTM are measured at the year end and losses on amortization are recognized to profit and loss account and gains to revaluation reserve account.

## iv) Provision on loans and advances

**BFRS:** As per BAS 39 an entity should undertake impairment assessment when objective evidence of impairment exists for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 16 dated 18 November 2014, a general provision @ 0.25% to 5% under different categories of unclassified loans (standard/ SMA loans) should be maintained regardless of objective evidence of impairment. And specific provision for sub-standard/doubtful/ bad-loss loans should be made at 20%, 50% and 100% respectively on loans net off eligible securities (if any). Also, a general provision @ 1% should be provided for off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

## v) Recognition of interest in suspense

**BFRS:** Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income are recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized 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 recognized as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

#### vi) Other comprehensive income and appropriation of profit

**BFRS:** As per BAS 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 (OCI) statement. BFRSs do not require appropriation of profit to be shown on the face of the statement of comprehensive income.

**Bangladesh Bank:** The templates of financial statements issued by BB 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. Furthermore, the above templates require disclosure of appropriation of profit on the face of profit and loss account.

#### vii) Financial instruments – presentation and disclosure

As per BB guidelines, in certain cases financial instruments are categorized, recognized, measured and presented differently from those prescribed in BAS 39. As such some disclosures and presentation requirements of BFRS 7 and BAS 32 cannot be made in these financial statements.

#### viii) Repo transactions

**BFRS:** 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 collateralized borrowing and the underlying asset continues to be recognized 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 derecognized in the seller's book and recognized in the buyer's book.

#### ix) Financial guarantees

**BFRS:** As per BAS 39, 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 a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

**Bangladesh Bank:** As per BRPD 14, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin.





**x) Cash and cash equivalent**

**BFRS:** BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.

**Bangladesh Bank:** Some highly liquid assets such as money at call and short notice, T-bills / T-bonds, prize bonds are not prescribed to be shown as cash and cash equivalents rather shown as face item in the balance sheet. However, in the cash flow statement, money at call and short notice and prize bonds are shown as cash and cash equivalents beside cash in hand, balance with BB and other banks.

**xi) Non-banking assets**

**BFRS:** No indication of non banking assets is found in any BFRSs

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

**xii) Cash flow statement**

**BFRS:** 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.

**xiii) Balance with Bangladesh Bank: (Cash Reserve Requirement)**

**BFRS:** Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

**Bangladesh Bank:** Balance with Bangladesh Bank is treated as cash and cash equivalents.

**xiv) Presentation of intangible asset**

**BFRS:** Intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38.

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

**xv) Off-balance sheet items**

**BFRS:** There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

**Bangladesh Bank:** As per BRPD circular no 14, dated 25 June 2003, off balance sheet items e. g. L/C, L/G, acceptance should be disclosed separately on the face of the balance sheet.

#### **xvi) Loans and advances net of provision**

**BFRS:** Loans and advances should be presented net of provision.

**Bangladesh Bank:** As per BRPD 14, provision on loans and advances/investments are presented separately as liability and cannot be netted off against loans and advances.

### **2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following material items:

- Government treasury securities (T-bills/T-bonds) designated as 'Held for Trading (HFT)' are marked-to-market weekly with resulting gain credited to revaluation reserve account but loss charged to profit and loss account.
- Government treasury securities (T-bills/T-bonds) designated as 'Held to Maturity (HTM)' are amortized yearly with resulting gain credited to amortization reserve account but loss charged to profit and loss account.

### **2.3 Functional and presentation currency**

These financial statements are presented in Bangladesh Taka (BDT), which is the Bank's functional and presentation currency. All financial information presented in Taka has been rounded off to the nearest Taka except when otherwise indicated.

### **2.4 Use of estimates and judgments**

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

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

### **2.5 Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currency of the operation the spot exchange rate at the date of the transactions. Monetary assets and liabilities denominated into the functional currency at the sport exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the sport exchange rate at the date that the fair value are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in the profit and loss account

### **2.6 Cash flow statement**

Cash Flow Statement is prepared principally in accordance with BAS 7 "Statement of Cash Flows" under direct method as per the guidelines of BRPD circular no. 14 dated 25 June 2003. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the year. It Cash Flows during the period have been classified as operating activities, investing activities and financing activities.



## 2.7 Reporting period

These financial statements of the bank cover one calendar year from 1 January to 31 December 2016.

## 2.8 Liquidity statement

The liquidity statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as at the close of the year as per following basis:

- i) Balance with other banks and financial institutions, money at call and short notice etc. on the basis of their maturity term.
- ii) Investments on the basis of their residual maturity term.
- iii) Loans and advances on the basis of their repayment/maturity schedule.
- iv) Fixed assets on the basis of their useful lives.
- v) Other assets on the basis of their adjustment.
- vi) Borrowings from other banks and financial institutions, as per their maturity/repayment term.
- vii) Deposits and other accounts on the basis of their maturity and behavioral trend.
- viii) Other long term liability on the basis of their maturity term.
- ix) Provisions and other liabilities are on the basis of their payment / adjustments schedule.

## 2.9 Statement of changes in equity

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

Particulars	Basis used
Balance with Other Banks and Financial Institutions	Maturity Term
Investments	Respective Maturity Terms
Loans and Advances	Repayment schedule basis
Fixed Assets	Useful life
Other Assets	Realization/Amortization basis
Borrowing from Other Banks, Financial Institutions and Agents	Maturity/Repayment terms
Deposits and Other Accounts	Maturity term
Other Liabilities	Payments/Adjustments schedule basis

## 3.0 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by group entities except otherwise instructed by Bangladesh Bank as the prime regulator.

Certain comparative amounts in the financial statements have been reclassified and rearranged to conform to the current year's presentation.





### **3.1 Assets and basis of their valuation**

#### **3.1.1 Cash and cash equivalents**

Cash and cash equivalents include notes and coins in hand and at ATM, balances held with Bangladesh Bank and its agent bank, balance with other banks and financial institutions, money at call and on short notice and prize bond.

#### **3.1.2 Investments**

All investments (other than government treasury securities) are initially recognized at cost, including acquisition charges associated with the investment. Accounting treatment of government treasury securities (categorized as HFT or/and HTM) is given following DOS Circular no. 05 dated 26 May 2008 and subsequent clarifications on 28 January 2009. All investment securities are initially recognized at cost, being fair value of the consideration given, including acquisition charges associated with the investment. The valuation method of investments used is:

##### **Held to Maturity (HTM)**

Investments which are intended to be held till maturity are classified as 'Held to Maturity' (HTM). These are measured at amortized cost at each year end by taking into account any discount or premium on acquisition. Premiums are amortized and discounts are accredited, using the effective or historical yield. Any increase or decrease in value of such investments is booked to equity but decrease to profit and loss account.

##### **Held for Trading (HFT)**

These are investments primarily held for selling or trading. After initial recognition, investments are marked to market weekly and any decrease in the present value is recognized in the Profit and Loss Account and any increase is booked to Revaluation Reserve Account through Profit and Loss Account.

##### **REPO and Reverse REPO**

The Bank has been recording transactions of REPO and reverses REPO following DOS circular no. 6 dated 15 July 2010 of BB. In case of REPO of both coupon and non-coupon bearing (T-bills) 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 does not accrue interest during REPO period.

##### **Investment in listed securities**

These securities are bought and held primarily for the purpose of selling them in future or held for dividend income which is reported at cost.

##### **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.

Provision for shares against unrealized loss (gain net off) has been made according to DOS circular no. 4 dated 24 November 2011 and for mutual funds (closed-end) as per DOS circular letter no. 3 dated 12 March 2015 of Bangladesh Bank.



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".

Investments are stated as per following bases:

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Govt. treasury securities - Held for Trading (HFT)	Cost	Fair Value	Loss to Profit and Loss Account, gain to Revaluation Reserve through Profit and Loss Account.
Govt. treasury securities - Held to Maturity (HTM)	Cost	Amortized cost	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Debenture/Bond	Face value	None	None
Shares (Quoted)	Cost	Lower of cost or market value	Loss (net off gain) to profit and loss account but no unrealized gain booking.
Shares (Unquoted)	Cost	Lower of cost or Net Asset Value (NAV)	Loss to profit and loss account but no unrealized gain booking.
Mutual fund (Closed-end)	Cost	Lower of cost and (higher of market value and 85% of (NAV)	Loss (net) to profit and loss account but no unrealized gain booking.
Prize bond	Cost	Cost	None

### 3.1.3 Loans, advances and provisions

Loans and advances are stated in the balance sheet on gross basis.

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

Commission and discounts on bills purchased and discounted are recognized at the time of realization.

General provisions @ 0.25% to 5% under different categories on unclassified loans (standard/SMA) and @ 1% on off balance-sheet exposures, and specific provisions @ 20%, 50% & 100% on classified (substandard/doubtful/bad loss) loans are made on the basis of quarter end review by the management and instructions 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 8, dated 2 August 2015. Provisions and interest suspense are separately shown under other liabilities as per First Schedule of Bank Company Act 1991 (amendment upto 2013), instead of netting off with loans.



Heads	Rates
<b>General provision on:</b>	
Unclassified (including SMA) general loans and advances	1%
Unclassified (including SMA) small and medium enterprise	0.25%
Unclassified (including SMA) Loans to BHs/MBs/SDs against Shares etc.	2%
Unclassified (including SMA) loans for housing finance and on loans for professionals	2%
Unclassified (including SMA) consumer financing other than housing financing and loans for professionals	5%
Short term agri credit and micro credit	2.5%
Off balance sheet exposures	1%
<b>Specific provision on:</b>	
Substandard loans and advances other than short term agri credit and micro credit	20%
Doubtful loans and advances other than short term agri credit and micro credit	50%
Bad/loss loans and advances	100%
Substandard short term agri credit and micro credit	5%
Doubtful short term agri credit and micro credit	5%

### 3.1.4 Property, plant and equipment

#### 3.1.4.1 Recognition and measurement

All fixed assets are stated at cost less accumulated depreciation as per BAS 16 "Property, Plant and Equipment". Land is measured at cost. The cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of the BFRS. The cost of an item of property, plant and equipment is recognized 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.

#### 3.1.4.2 Subsequent costs

Subsequent costs are capitalized 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 derecognized. 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.

#### 3.1.4.3 Depreciation

Depreciation is charged at the following rates on all fixed assets on the basis of estimated useful lives as determined by fixed asset policy of the Bank. In all cases depreciation is calculated on the straight line method. Depreciation of the assets is charged from the date of acquisition and intended to use and no depreciation is charged from the date when the assets are disposed.

Category of fixed assets	Rate of depreciation
Furniture and fixture	10%
Machinery and Equipment	20%
Computer and Network Equipment	20%
Vehicle	20%
Software	12.5%

### 3.1.5 Other assets

As per BRPD circular No. 14 dated 25 June 2003, other assets/item(s) have been shown separately as 'income generating' and 'non income generating' in the relevant notes to the financial statements. Other assets include advance rent, advance for revenue and capital expenditure, stocks of stationary and stamps, security deposits to government agencies and unrealized income receivables etc.

## 3.2 Liabilities and provisions

### 3.2.1 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents include interest-bearing borrowings redeemable at call and Bangladesh Bank refinance. These items are brought to financial statements at the gross value of the outstanding balance.

### 3.2.2 Deposits and other accounts

Deposits and other accounts include non interest-bearing current deposit redeemable at call, bills payable, interest bearing on demand and special notice deposits, savings deposit and fixed deposit. These items are brought to financial statements at the gross value of the outstanding balance.

### 3.2.3 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxes, interest payable on borrowing, interest suspense and accrued expenses etc. Individual item-wise liabilities are recognized as per the guidelines of Bangladesh Bank and Bangladesh Financial Reporting Standards (BFRS).

### 3.2.4 Dividend payments

Interim dividend is recognized only when the shareholders' right to receive payment is established. Final dividend is recognized when it is approved by the shareholders in AGM. However, the proposed dividend for the year 2016 has not been recognized as a liability in the balance sheet in accordance with BAS 10 Events after the Reporting Period. Dividend payable to the Bank's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established.

### 3.2.5 Provision for loans and advances

Provision for classified loans and advances is made on the basis of quarter-end review by the management and instructions contained in BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 16 dated 18 November 2014. Details are stated in Note 13.4 of these financial statements.

### 3.2.6 Provision for diminution of value of quoted securities

Provision for diminution of value of quoted shares and mutual funds (closed-end), placed under other liability, has been made on portfolio basis (gain net off) following DOS circular No. 04 dated 24 November 2011 and DOS circular letter no. 03 dated 12 March 2015 respectively. For unquoted shares, provision has been made based on available NAV of respective nos of units. As on the reporting date, the Bank does not hold any open-end mutual fund. Details are stated in Note 13.7 of these financial statements



### 3.2.7 Provision for off-balance sheet exposures

In compliance with BRPD circular no. 14 dated 23 September 2012 and related earlier circulars, the Bank have been maintaining provision @ 1% against off-balance sheet exposures (mainly contingent assets/liabilities).

### 3.2.8 Provision for other assets

Provision for other assets is made as per the instructions made in the 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 or classified as bad/loss.

### 3.2.9 Provision for nostro accounts

Provision for unsettled transactions in nostro accounts is made as per FEPD circular no. FEPD (FEMO) / 01/2005-677 dated 13 September 2005 of Foreign Exchange Policy Department (FEPD) of Bangladesh Bank. On the reporting date, the Bank has no unsettled transactions outstanding for more than 3 months and no provision has been made in this regard.

### 3.2.10 Provision for liabilities and accrued expenses

In compliance with BAS 37, provisions for other liabilities and accrued expenses are recognized 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

## 3.3 Share capital and reserves

### Authorized capital

Authorized capital is the maximum amount of share capital that the Bank is authorized by its Memorandum and Articles of Association.

### Paid-up capital

The paid-up capital represents the amount of bank's capital that has been contributed by ordinary shareholders. The holders of ordinary shares are entitled to receive dividend as recommended by the Board and subsequently approved by the shareholders from time to time in the Annual General Meeting (AGM).

### Statutory reserve

In compliance with the provision of Section 24 of Bank Company Act 1991, the Bank transfers at least 20% of its profit before tax "Statutory Reserve Fund" each year until the sum of statutory reserve and share premium equal to the paid up capital of the Bank.

### Revaluation reserve

When the value of a government treasury security categorized as HTM increases as a result of amortization, the amount thus increased is recognized directly to equity as 'reserve for amortization'. However, any increase in the value of such securities categorized as HFT as a result of 'mark to market' is booked under equity as 'revaluation reserve' but any decrease is directly charged to profit and loss account as per DOS circular letter no. 05 dated 26 May 2008 & DOS Circular letter no 05, dated 28 January 2009.



### **3.4 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.

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

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

Contingent liabilities are not recognized but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognized in the financial statements as this may result in the recognition of income which may never be realized.

### **3.5 Revenue recognition**

#### **Interest income**

Interest on unclassified loans and advances is recognized as income on accrual basis, interest on classified loans and advances 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 and BRPD circular no 16 dated 18 November 2014.

#### **Fees and commission income**

Fees and commission income arises on services provided by the Bank and recognized as and when received basis. Commission charged to customers on letters of credit, letters of guarantee and acceptance are credited to income at the time of effecting the transactions except those which are received in advance.

#### **Investment income**

Income on investments is recognized on accrual basis. Investment income includes discount on treasury bills and zero coupon bonds, interest on treasury bonds, debentures and fixed deposits with other banks. Capital gain on investments in shares and dividend on investment in shares are also included in investment income.

#### **Dividend income**

Dividend income from investments is recognized at the time when it is declared, ascertained and right to receive the payment is established as per BAS 18 'Revenue'.

#### **Foreign exchange gain/ loss**

Exchange income includes all gain and losses from foreign currency day to day transactions, conversions and revaluation of non monetary items.





### **Interest paid on borrowings and deposits**

Interest paid on borrowings and deposits are calculated on 360 days basis (except for some treasury instruments which are calculated on 364 days basis) in a year and recognized on accrual basis.

### **Other operating expenses**

All other operating expenses are provided for in the books of the account on accrual basis according to the BAS 1 "Presentation of Financial Statements".

## **3.6 Employee benefits**

### **Provident fund**

The Bank operates a contributory provident fund for its permanent employees funded by both the employees and the Bank equally; employees contribute 10% basic salary and the Bank contributes an equal amount. The Bank's contribution is made each month and recorded under salary and allowances. This fund is managed by a separate trustee board i.e. "NRB Bank Employees' Provident Fund" and any investment decision out of this fund is made separately from that of the Bank's funds. The Commissioner of taxes, LTU, Dhaka has approved the provident fund as a recognized provident fund within the meaning of section 2 (52), read with the provisions of part – B of the first Schedule of Income Tax Ordinance, 1984. The recognition took effect from 30 April 2015.

### **Gratuity fund**

The Bank operates a Gratuity Fund scheme on "Continuing Fund Basis", in respect of which provision is made annually which is covering all its permanent eligible employees in accordance with Bank Service Rules. The Gratuity Fund is managed separately by 'NRB Employees Gratuity Fund Trust' and any investment decision out of this fund is also made by this Trust. The Second Secretary (Tax Exemption), National Board of Revenue, Dhaka has approved the NRB Bank Limited Employees' Gratuity Fund as a recognized Gratuity Fund within the meaning of Para 2,3 & 4, read with the provisions of Part - C of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from August 09, 2015.

### **Hospitalization insurance**

The Bank operates a health insurance scheme to its confirmed employees, their respective spouses and two children at rates provided in health insurance coverage policy.

### **Group life insurance**

The Bank operates a group life insurance scheme to its confirmed employees at rates provided in group life insurance coverage policy.

## **3.7 Taxation**

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

### **Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.





Provision for current income tax has been made on taxable income of the Bank @ 40% (0% on gain of govt. securities, 10% on capital gain of trading shares in Secondary Market and 20% on dividend income) as prescribed in the Income Tax Ordinance 1984.

#### **Deferred tax**

Deferred tax is calculated on taxable/deductible temporary differences between tax base amount and carrying amount of assets and liabilities as required by BAS 12 "Income taxes" and BRPD Circular no.11 dated 12 December 2012.

### **3.8 Offsetting**

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

### **3.9 Earnings per Share**

Basic earnings per share have been calculated in accordance with BAS 33 "Earnings per Share" which has been shown on the face of the profit and loss account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

### **3.10 Reconciliation of books and account**

Books of account in regard to inter-bank (in Bangladesh and outside Bangladesh) as well as inter-branches are reconciled at regular intervals to keep the unreconciled balances within non-material level.

### **3.11 Risk management and other related matters**

Financial Institutions are in the business of taking calculative risk and it is important how a bank decides on its risk appetite. The bank firmly believes that robust risk management is the core function that makes its business sustainable. The risk management systems in place at the Bank are discussed below:

#### **Credit Risk**

Credit risk is the risk of loss that may occur from the default of any counterparty to repay in accordance with agreed terms and conditions and/or deterioration of creditworthiness. Board of Directors is the apex body for credit approval of the Bank. However, they delegate authority to the Managing Director & CEO or other officers of the Credit Risk Management (CRM) Division. The Board also sets credit policies to the management for setting procedures, which together has structured the CRM framework in the bank. The Credit Policy Manual (CPM) contains the core principles for identifying, measuring, approving, and managing credit risk in the bank. The policy covers Corporate, Retail, Small and Medium Enterprise (SME) exposures. Policies and procedures together have structured and standardized CRM process both in obligor and portfolio level. There is a comprehensive credit appraisal procedure that covers Industry/Business risk, management risk, financial risk, facility structure risk, security risk, environmental risk, reputational risk, and account performance risk.

The bank follows the criteria for loan classification and provisioning requirement as stipulated in the BRPD circular no 14 dated September 23, 2012 and BRPD circular no 05 dated May 29, 2013. Adequate provision has been kept which is stated in Note 7.3.9 to the financial statements





### **Liquidity Risk**

Responsibility of managing and controlling liquidity of the bank lies with Asset Liability Committee (ALCO) that meets at least once in a month. Asset Liability Management (ALM) desk being primarily responsible for management of liquidity risk closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities. A monthly projection of fund flows is reviewed in ALCO meeting regularly. On monthly basis, ALCO monitors liquidity management by examining key ratios, maximum cumulative outflow, upcoming funding requirement from all business units, asset-liability mismatch etc.

ALCO also monitors concentration of deposits on large institutional depositors which is volatile in nature. In addition to these ratios, Bank prepares structural liquidity profile, maturity profile of term deposit, cash flow modeling, and contingency funding plan on monthly basis, which are analyzed in ALCO meeting to ensure liquidity at the level acceptable to the bank and regulators.

### **Market Risk**

Risk Management Unit (RMU) is responsible for overall monitoring, control, and reporting of market risk while Treasury Mid Office is an integral part of market risk management which independently evaluates and monitors treasury department's transaction from risk perspective. Overall risk parameters and exposures of the bank are monitored by RMU and periodically reported to Bank Risk Management Committee (BRMC). Market risk can be subdivided into three categories depending on risk factors: Interest Rate Risk, Foreign Exchange Risk, and Equity Price 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. Bank deploys 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.

### **Foreign Exchange Risk**

Foreign exchange risk is the risk that a Bank's financial performance or position will be affected by fluctuations in the exchange rates between currencies and implied volatility on foreign exchange options. Bank makes import payment and outward remittance as its outflow, whereas it gets foreign currency inflow as export receipts and inward remittance. Exchange rate risk arises, if, on a particular day, these inflow-outflows don't match and bank runs its position long/short from these customer driven activities. Bank also faces foreign exchange risk if it sources its funding in one currency by converting fund from another currency. Currently, the Bank is facing such transaction exposure in foreign currency for its off-shore banking unit. But these transactions exposure is always hedged.

The bank computes VaR (Value at Risk) on its foreign exchange position arising from customer driven foreign exchange transactions on daily basis. The bank maintains various nostro accounts in order to conduct operations in different currencies. The position maintained by the bank at the end of the day is within the stipulated limit prescribed by the Bangladesh Bank.





### **Operational Risk**

Operational Risk Unit under Internal Control & Compliance Division (ICCD) is primarily responsible for risk identification, measurement, monitoring, control, and reporting of operational risk. Internal Control (audit) Unit of ICCD also conducts risk-based audit at departmental and branch level throughout the year. Besides, 'Bank Risk Management Committee' (BRMC) which reports to MD & CEO also plays a supervisory role.

Operational risks are analyzed through review of Departmental Control Function Check List (DCFCL). This is a self assessment process for detecting high risk areas and finding mitigates of those risks. These DCFCLs are then discussed in monthly meeting of BRMC.

### **Information and communication technology risk**

The bank has a comprehensive IT security policy and procedures which are formally documented and endorsed by competent authority. To prevent attack from cyber criminals/fraudsters IT division (hereinafter IT) has established standard physical & environmental security measures to all sensitive areas e.g. data centre, Disaster Recovery (DR) site, power rooms, server rooms etc. IT has standard logical security measures e.g. access card, password protected Server, access log, measuring device logs, periodic testing results, etc. to all core devices i.e. server, PC etc., connecting devices i.e. switch, router etc., security devices i.e. firewall, IDS etc., all applications i.e. core banking system, antivirus, firewall, VPN, utilities etc., databases, networks and others. IT has standard design and practice in network connectivity, access, build-up, configuration, monitoring, maintenance and security. IT has Business Continuity Management (BCM) to support and handle any human made or natural incident/disaster; moreover regular backup schedule and retention avoids the risk of data loss based on the criticality of the system.

### **Internal audit**

The Bank has established an independent internal audit function with the head of internal control & compliance (ICC) reporting directly to the chairman of audit committee of the Board. The internal audit team performs risk based audit on various business and operational areas of the Bank on continuous basis. The audit committee and the Board regularly review the internal audit reports as well as monitor progress of previous findings.

### **Prevention of fraud**

Like any other banks and financial institutions, the bank is also exposed to the inherent risk of fraud and hence implemented a number of anti fraud controls and procedures specifically designed to prevent and detect any material instances of fraud or irregularities. As per the requirement of Bangladesh Bank regular reporting's are made on self assessment of various anti fraud controls as well as any incident of fraud and forgeries that have been identified by the Bank. Regular staff training and awareness programs are taken to ensure that all officers and staff of the Bank are fully aware of various fraud risks in their work area and prepared to deal with it.

## **3.12 Event 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 BAS 10 'Events after the Reporting Period'. Board's recommendation for dividend distribution is a common item presented in the note 42.



### 3.13 Related party disclosures

A party is related to the company if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company; has an interest in the company that gives it significant influence over the company; or has joint control over the company;
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

### 3.14 Compliance of Bangladesh Accounting standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs)

The Bank has complied the following BASs & BFRSs as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) during the preparation of financial statements as at and for the year ended 31 December 2016.

Sl. No.	BAS No.	BAS Title	Compliance Status
1	1	Presentation of Financial Statements	Complied *
2	2	Inventories	Not Applicable
3	7	Statement of Cash Flows	Complied
4	8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
5	10	Events after the Balance Sheet Date	Complied
6	11	Construction Contracts	Not Applicable
7	12	Income Taxes	Complied
8	16	Property, Plant & Equipment	Complied
9	17	Leases	Complied
10	18	Revenue	Complied
11	19	Employee Benefits	Complied
12	20	Accounting for Government Grants and Discloser of Government Assistance	Not Applicable
13	21	The Effects of Changes in Foreign Exchanges Rates	Complied
14	23	Borrowing Costs	Complied
15	24	Related Party Disclosures	Complied
16	26	Accounting and Reporting by Retirement Benefit Plans	Complied
17	27	Consolidated and Separate Financial Statements	Not Applicable
18	28	Investment in Associates	Not Applicable
19	31	Interest in Joint Venture	Not Applicable
20	32	Financial Instruments: Presentation	Complied *
21	33	Earnings per Share	Complied



Sl. No.	BAS No.	BAS Title	Compliance Status
22	34	Interim Financial Reporting	Complied
23	36	Impairment of Assets	Complied
24	37	Provisions, Contingent liabilities and Contingent Assets	Complied
25	38	Intangible Assets	Complied
26	39	Financial Instruments: Recognition and Measurement	Complied *
27	40	Investment Property	Not Applicable
28	41	Agriculture	Not Applicable

Sl. No.	BFRS No.	BFRS Title	Compliance Status
1	1	First-time Adoption of Bangladesh Financial Reporting Standards	Not Applicable
2	2	Share-based Payment	Not Applicable
3	3	Business Combinations	Not Applicable
4	4	Insurance contracts	Not Applicable
5	5	Non-Current Assets Held for Sale and Discontinued Operations	Complied
6	6	Exploration for and Evaluation of Mineral	Not Applicable
7	7	Financial Instruments: Disclosures	Complied *
8	8	Operating Segments	Not Applicable
9	10	Consolidated Financial Statements	Not Applicable
10	11	Joint Arrangements	Not Applicable
11	12	Disclosure of Interest in other Entities	Complied
12	13	Fair Value Measurement	Complied

\* Subject to departure disclosed in note no. 2.1.1

\* In order to comply with certain specific rules and regulations of the Central Bank (Bangladesh Bank) which are different from BAS/BFRS, some of the requirements specified in these BAS/BFRSs are not applied.

### 3.15 Approval of financial statements

The financial statements were reviewed by the Audit Committee of the Board of the Bank in its 17th meeting held on 25 February 2017 and was subsequently approved by the Board in its 48th meeting held on the same date.



		31.12.2016 Taka	31.12.2015 Taka
<b>4 Cash</b>			
Cash in hand (including foreign currencies)	(Note: 4.1)	551,507,068	314,838,107
Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)	(Note: 4.2)	1,031,423,454	917,320,156
		<b>1,582,930,523</b>	<b>1,232,158,263</b>
<b>4.1 Cash in hand (including foreign currencies)</b>			
Local currency		534,357,931	298,472,492
Foreign currencies		17,149,137	16,365,615
		<b>551,507,068</b>	<b>314,838,107</b>
<b>4.2 Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)</b>			
Local currency		954,542,930	863,906,699
Foreign currencies		76,880,524	53,413,457
		<b>1,031,423,454</b>	<b>917,320,156</b>
<b>4.a Cash Reserve Ratio (CRR)</b>			
As per section 33 of Bank Company Act, 1991 (amended upto 2013) & MPD circular no. 1 dated 23 June 2014 issued by Bangladesh bank with effect from 24 June 2014, the Bank has maintained CRR of minimum 6.0% on daily basis and 6.5% on bi-weekly basis on weekly average total demand and time liabilities (ATDTL) of the base month which is two months back of reporting month (i.e. CRR of December 2015 is based on weekly average balance of October 2016). Reserve maintained by the bank as at 31 December are as follows:			
Average total demand and time liabilities of October 2016 (Excluding inter-bank deposit)		<b>13,962,402,272</b>	<b>11,949,516,346</b>
<b>Daily basis</b>			
Required reserve (6% of ATDTL)		837,744,136	716,970,981
Actual reserve held with Bangladesh Bank*		965,472,565	864,150,525
<b>Surplus / (deficit)</b>		<b>127,728,429</b>	<b>147,179,544</b>
* As per Bangladesh Bank Statements			
<b>Bi-weekly basis:</b>			
The bank maintained excess cash reserve of Tk. 383,185,036 (Tk. 694,705,052 was in 2015) against minimum requirement of 6.5% (of ATDTL) on bi-weekly basis which is the summation of excess cash reserve maintained over required in the last fortnight (bi-week) of 2016.			
<b>4.b Statutory Liquidity Ratio (SLR)</b>			
As per section 33 of the Bank Company Act, 1991 (amended upto 2013) & MPD circular no. 2 dated 10 December 2013 issued by Bangladesh bank with effect from 1 February 2014, the bank has maintained SLR of minimum 13% based on weekly average total demand and time liabilities (ATDTL) of the base month which is two months back of the reporting month (i.e. SLR of December 2016 is based on weekly average balance of October 2016). Reserve maintained by the bank as at 31 December are as follows:			
Required reserve (13% of ATDTL)		1,815,112,295	1,553,437,125
Actual reserve held	(Note: 4.c)	5,888,612,292	4,255,123,356
<b>Surplus / (deficit)</b>		<b>4,073,499,996</b>	<b>2,701,686,231</b>
<b>4.c Actual reserve held</b>			
Cash in hand		551,507,068	314,838,107
Excess reserve on CRR		57,916,420	87,431,965
Balance with Sonali Bank (local Currency)		3,175	-
Unencumbered approved securities (HFT)		3,829,876,204	2,393,518,055
Unencumbered approved securities (HTM)		1,449,023,724	1,459,096,029
Unencumbered approved securities (other eligible)		285,700	239,200
		<b>5,888,612,291</b>	<b>4,255,123,356</b>

## 5 Balance with other banks and financial institutions

In Bangladesh  
Outside Bangladesh

31.12.2016 Taka	31.12.2015 Taka
2,212,520,857	1,852,636,347
71,794,333	74,492,560
<b>2,284,315,190</b>	<b>1,927,128,907</b>

### 5.1 In Bangladesh

#### *In Current Accounts with*

Trust Bank Limited  
Brac Bank Limited  
Pubali Bank Limited  
Agrani Bank Ltd, Zajira Branch  
Eastern Bank Limited

5,166,426	5,905,904
2,443,667	2,876,148
10,000	-
2,991,675	-
9,117,288	5,148,118
<b>19,729,057</b>	<b>13,930,170</b>

#### *In Short Term Deposit Accounts with*

Eastern Bank Limited  
Eastern Bank Limited  
The City Bank Limited  
Standard Bank Limited

96,014,050	123,888,124
-	12,408,899
-	2,001,626
-	407,528
<b>96,014,050</b>	<b>138,706,177</b>

#### *In Fixed Deposit Accounts with banks and NBFIs*

##### With banks

National Bank of Pakistan  
Modhumoti Bank Ltd  
BRAC Bank Ltd

250,000,000	250,000,000
-	100,000,000
196,777,750	-
<b>446,777,750</b>	<b>350,000,000</b>

##### With financial institutions:

International Leasing & Financial Services Ltd.  
People's Leasing & Financial Services Ltd.  
Prime Finance & Investment Ltd.  
IIDFC Limited  
National Finance Limited  
MIDAS Financing Ltd.  
Bangladesh Industrial Finance Co Limited  
Reliance Finance Limited  
Lanka Bangla Finance Ltd  
Haji Finance Ltd  
Bangladesh Finance & Investment Co Limited  
Premier Leasing & Finance Limited  
First Finance & investment Limited  
Fareast Finance & Investment Limited  
Union Capital Limited  
International Leasing and Finance Ltd

-	-
100,000,000	400,000,000
100,000,000	-
-	-
150,000,000	50,000,000
-	-
-	100,000,000
150,000,000	200,000,000
-	-
100,000,000	-
200,000,000	-
200,000,000	100,000,000
100,000,000	250,000,000
250,000,000	50,000,000
100,000,000	100,000,000
200,000,000	100,000,000
<b>1,650,000,000</b>	<b>1,350,000,000</b>
<b>2,212,520,857</b>	<b>1,852,636,347</b>

### 5.2 Outside Bangladesh

#### *In deposit account (non-interest bearing)*

Habib American Bank, New York  
United Bank of India  
United Bank of India  
Mizhuo Bank Ltd, Japan  
Mashreq Bank PSC, New York  
Mashreq Bank PSC, UK  
Mashreq Bank PSC, UK  
AB Bank Limited, Mumbai

23,670,624	46,028,193
346,510	171,633
4,989,479	1,783,432
187,997	233,839
37,385,581	24,580,153
621,639	1,120,286
4,199,002	182,522
393,500	392,502
<b>71,794,333</b>	<b>74,492,560</b>

(Details are given in Annexure- B)



		31.12.2016 Taka	31.12.2015 Taka
5.a	Maturity grouping of balance with other banks and financial institutions (according to remaining maturity grouping)		
	On demand	1,334,315,190	1,077,128,907
	In more than one month but not more than three months	550,000,000	400,000,000
	In more than three months but not more than one year	400,000,000	450,000,000
	In more than one year but not more than five years	-	-
	More than 5 years	-	-
		<u>2,284,315,190</u>	<u>1,927,128,907</u>
6	Investments		
	Government (Note: 6.1)	5,279,185,628	3,852,853,284
	Others (Note: 6.2)	1,664,691,468	1,532,052,696
		<u>6,943,877,096</u>	<u>5,384,905,980</u>
6.1	Government (Investment in govt. securities)		
	Treasury bills	-	-
	Treasury bonds	5,278,899,928	3,852,614,084
	Prize Bonds	285,700	239,200
		<u>5,279,185,628</u>	<u>3,852,853,284</u>
6.1.1	Treasury bills		
	Unencumbered		
	91 days treasury bills	-	-
	182 days treasury bills	-	-
	364 days treasury bills	-	-
		<u>-</u>	<u>-</u>
6.1.2	Treasury bonds		
	Unencumbered		
	2 years treasury bond	30,246,330	51,730,940
	5 years treasury bond	108,085,456	157,403,441
	10 years treasury bond	1,038,735,688	869,955,552
	15 years treasury bond	1,871,177,530	850,883,085
	20 years treasury bond	2,230,654,924	1,922,641,066
		<u>5,278,899,928</u>	<u>3,852,614,084</u>
6.1.3 (i)	Disclosure regarding outstanding repo as on 31 December 2016		
	There is no outstanding reverse repo as at 31 December 2016 with the Bank.		
(ii)	Disclosure regarding outstanding reverse repo as on 31 December 2016		
	There is no outstanding reverse repo as at 31 December 2016 with the Bank.		
(iii)	Disclosure regarding overall transaction of Repo and Reverse repo		

## 6.2 Others

		31.12.2016 Taka	31.12.2015 Taka
Corporate bonds	(Note: 6.2.1)	513,000,000	513,000,000
Ordinary Shares and Mutual Funds	(Note: 6.2.2)	601,691,468	369,052,696
Preference Share	(Note: 6.2.3)	250,000,000	50,000,000
Commercial Paper	(Note: 6.2.4)	300,000,000	600,000,000
		<b>1,664,691,468</b>	<b>1,532,052,696</b>

### 6.2.1 Corporate bonds

Mercantile Bank Limited	200,000,000	200,000,000
City Bank Limited	313,000,000	313,000,000
	<b>513,000,000</b>	<b>513,000,000</b>

### 6.2.2 Ordinary Shares and Mutual Funds

#### Quoted Shares

ACI Limited	26,627,106	5,805,487
Active Fine Chemicals Limited	92,437,720	119,808,800
Apex Footwear Limited	-	2,044,859
Baraka Power Limited	-	3,609,100
Delta Brac Housing	3,121,245	-
Far East Knitting & Dyeing Industries Limited	-	9,387,300
Fortune Shoes Limited	100,630	-
Grameenphone Limited	49,089,052	40,598,017
Heidelberg Cement Bd. Limited	10,661,280	12,793,097
IDLC Finance Limited	-	6,243,000
Jamuna Oil Company Limited	39,473,449	10,401,000
Khulna Power Company Limited	41,168,929	15,237,133
Lafarge Surma Cement Limited	-	1,160,900
MJL Bangladesh Limited	33,922,994	4,472,775
Saif Powertec Limited	-	3,557,000
Singer Bangladesh Limited	-	23,569,000
Square Pharmaceuticals Ltd.	5,890,545	42,529,917
Summit Power Limited	7,780,320	6,064,600
The City Bank Limited	-	15,784,000
United Power Generation & Distr.	15,436,815	-
Uttara Finance And Investments Limited	6,421,000	9,631,500
Yakin Polimar Ltd.	114,125	-
	<b>332,245,209</b>	<b>332,697,486</b>

#### Mutual Funds

AIMS 1st Mutual Fund	-	22,440,000
AIBL 1st Islamic Mutual Fund	28,806,442	-
GRAMEENS2	64,791,108	-
ICB2NDNRB	27,705,300	-
LR Global Bangladesh Mutual Fund One	44,861,050	13,835,573
MBL1STMF	59,193,150	-
RELIANCE1	3,169,194	-
SEBL1STMF	10,921,800	-
	<b>239,448,044</b>	<b>36,275,573</b>

#### IPO Application

Pacific Denims Limited	30,000,000	-
	601,693,252	-
	(1,844)	79,637
	<b>601,691,408</b>	<b>369,052,696</b>

(Details are given in Annexure- C)



### 6.2.3 Preference Share

Union Capital Limited  
Summit Narayananj Power Unit II Limited  
Summit Barisal Power Limited  
Doreen Power House & Technologies limited  
Star Ceramics Limited

31.12.2016 Taka	31.12.2015 Taka
40,000,000	50,000,000
10,000,000	-
50,000,000	-
100,000,000	-
50,000,000	-
<b>250,000,000</b>	<b>50,000,000</b>

### 6.2.4 Commercial Paper

Bangla Track  
Max Infrastructure  
GPH Isphat Ltd.  
KSRM Steel  
ECIL

-	200,000,000
-	200,000,000
-	200,000,000
200,000,000	-
100,000,000	-
<b>300,000,000</b>	<b>600,000,000</b>

### 6.a Remaining maturity grouping of investments

On demand  
In more than one month but not more than three months  
In more than three months but not more than one year  
In more than one year but not more than five years  
In more than five years

544,084,132	369,266,623
30,246,330	200,000,000
300,000,000	430,590,652
668,685,456	541,924,959
5,400,861,179	3,843,123,746
<b>6,943,877,096</b>	<b>5,384,905,980</b>

### 7 Loans and advances

Loans, cash credit, overdrafts etc.  
Bills purchased and discounted

(Note: 7.1)  
(Note: 7.2)

12,586,888,187	11,086,048,229
2,478,914	6,367,945
<b>12,589,367,101</b>	<b>11,092,416,174</b>

#### 7.1 Loans, cash credits, overdrafts etc.

##### Inside Bangladesh

Loans - General  
Cash credit  
Overdraft  
Staff Loan

10,005,189,141	9,329,005,488
-	-
2,386,788,571	1,659,555,436
194,910,475	97,487,305
12,586,888,187	11,086,048,229
-	-
<b>12,586,888,187</b>	<b>11,086,048,229</b>

##### Outside Bangladesh

#### 7.2 Bills purchased and discounted

##### Inside Bangladesh

Local bills /documents  
Foreign bills /documents

2,478,914	6,367,945
-	-
<b>2,478,914</b>	<b>6,367,945</b>

#### 7.a Residual maturity grouping of loans and advances

On demand  
In more than one month but not more than three months  
In more than three months but not more than one year  
In more than one year but not more than five years  
In more than five years

6,037,465,612	1,592,103,077
956,948,903	1,173,626,769
1,360,916,984	4,573,230,872
2,775,345,324	3,106,794,878
1,458,690,278	646,660,578
<b>12,589,367,101</b>	<b>11,092,416,174</b>

31.12.2016 Taka	31.12.2015 Taka
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### 7.3 Loans and advances on the basis of significant concentration

#### 7.3.1 Loans and advances to Directors, executives and others

Advance to Directors and their allied concerns	14,753,563	32,130
Advances to CEO & Managing Director	34,256,487	8,671,873
Advances to Other executives and staffs	160,653,989	88,888,150
Advances to Customers	4,120,971,711	3,788,903,370
Industrial loans and advances	8,258,731,352	7,205,920,652
	<b>12,589,367,101</b>	<b>11,092,416,174</b>

#### 7.3.2 Details of Large loan

Number of clients with amount of outstanding and classified loans and advances exceeding 10% of total capital of the Bank. Total capital of the Bank was Taka 4,834.16 million as at 31 December 2016.

Number of the clients	20	18
Amount of outstanding loans and advances	5,839,828,751	5,166,812,544
Amount of classified loans and advances	-	-
	<b>5,839,828,751</b>	<b>5,166,812,544</b>

#### 7.3.3 Industry-wise concentration of loans and advances

Commercial and Trading	1,714,779,751	1,303,626,557
Importer of Commodity	1,017,247,690	880,650,995
Construction	304,022,025	430,216,667
Electronics Goods	688,236,963	131,649,542
Individuals	1,054,704,523	749,127,696
Pharmaceuticals Industries	85,453,299	148,208,427
Readymade Garments Industry	176,679,908	108,059,308
Industries for Steel products	1,202,473,380	44,210,527
Textile Mills	2,400,128,906	746,856,700
Others	3,945,640,656	6,549,809,756
	<b>12,589,367,101</b>	<b>11,092,416,174</b>

#### 7.3.4 Sector - wise concentration of loans and advances

Government sector	-	-
Public sector	1,163,945,046	51,728,784
Private sector	11,425,422,055	11,040,687,390
	<b>12,589,367,101</b>	<b>11,092,416,174</b>

#### 7.3.5 Business segment - wise concentration of loans and advances

Corporate	5,611,561,054	5,645,804,826
SME	6,254,415,339	4,697,483,652
Consumer	528,480,232	651,567,672
Executives and staff	194,910,475	97,560,023
	<b>12,589,367,101</b>	<b>11,092,416,174</b>



### 7.3.6 Geographical location-wise concentration of loans and advances

#### Inside Bangladesh

Dhaka Division  
Chittagong Division  
Sylhet Division  
Rajshahi Division  
Khulna Division

#### Outside Bangladesh

31.12.2016 Taka	31.12.2015 Taka
9,697,298,204	9,281,528,419
2,663,072,211	1,728,913,306
167,026,755	76,395,944
54,167,414	5,578,504
7,802,517	-
<b>12,589,367,101</b>	<b>11,092,416,174</b>
-	-
<b>12,589,367,101</b>	<b>11,092,416,174</b>

### 7.3.7 Security/Collateral-wise concentration of loans and advances

Collateral of movable/immovable assets  
Local Banks and financial institutions guarantee  
Government guarantee  
Foreign bank guarantee  
Export documents  
Fixed deposit receipts  
FDR of other banks  
Government bonds  
Personal guarantee  
Other securities

7,363,459,373	5,174,183,268
-	-
-	-
-	-
-	-
1,814,024,297	1,351,659,134
-	-
-	-
2,553,540,883	1,758,446,799
858,342,548	2,808,126,973
<b>12,589,367,101</b>	<b>11,092,416,174</b>

### 7.3.8 Classified and unclassified bad loans & advances

#### Unclassified

Standard (Including Staff Loan)  
Special Mention Accounts (SMA)

#### Classified

Sub-standard  
Doubtful  
Bad/Loss

11,992,392,310	10,995,635,897
351,899,698	74,639,981
<b>12,344,292,008</b>	<b>11,070,275,878</b>
64,303,102	12,063,038
68,081,972	8,937,660
112,690,019	1,139,598
245,075,093	22,140,296
<b>12,589,367,101</b>	<b>11,092,416,174</b>

### 7.3.9 Particulars of required provision for loans and advances

#### General Provision on unclassified loans and advances

Loans (excluding SMA)  
Special mention account (SMA)  
Required provision on unclassified loans and advances  
Total provision maintained for unclassified loans and advances  
Excess/(shortage) of provision

95,036,170	97,713,181
5,561,387	2,412,450
<b>100,597,557</b>	<b>100,125,631</b>
<b>102,097,557</b>	<b>100,125,631</b>
<b>1,500,000</b>	<b>-</b>

#### Specific provision on classified loans and advances

Sub-standard  
Doubtful  
Bad/Loss  
Required provision on unclassified loans and advances  
Total provision maintained for unclassified loans and advances  
Excess/(shortage) of provision

6,031,736	2,276,511
14,013,816	1,354,545
64,755,228	170,940
<b>84,800,780</b>	<b>3,801,996</b>
<b>84,800,780</b>	<b>3,801,996</b>
-	-

Total Required provision for loans and advances  
Total provision maintained for loans and advances  
Total Excess/(shortage) of provision

185,398,337	103,927,627
<b>186,898,337</b>	<b>103,927,627</b>
<b>1,500,000</b>	<b>-</b>



### 7.3.10 Particulars of loans and advances

	31.12.2016 Taka	31.12.2015 Taka
i) Loans considered good in respect of which the bank is fully secured	561,686,531	6,525,842,402
ii) Loans considered good against which the bank holds no security other than the	163,778,360	1,758,446,799
iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor	270,781,709	2,808,126,973
iv) Loans adversely classified; provision not maintained there against	-	-
	996,246,600	11,092,416,174
v) Loans due by directors or officers of the bank or any of them either separately or	209,664,038	97,560,023
vi) Loans due from companies or firms in which the directors or officers of the bank have interest as directors, partners or managing agents or in case of private companies, as members	14,753,563	-
vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the bank or any of them either separately or jointly with any other person.	209,664,038	97,560,023
viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies, as members.	14,753,563	-
ix) Due from banking companies	-	-
x) Amount of classified loans on which interest has not been charged mentioned as follows:		
a) (Decrease)/increase of provision (specific)	62,566,288	-
Amount of loan written off	-	-
Amount realised against the loans previously written	62,737,228	3,801,995
b) Provision kept against loans classified as bad debts	23,844,651	2,010,942
c) Interest credited to interest suspense account	-	-
xi) Cumulative amount of written off loans	-	-
Opening Balance	-	-
Amount written off during the year	-	-
Closing Balance	-	-
The amount of written off loans for which law suit has been filed	-	-

### 8 Fixed assets including premises, furniture and fixtures

#### Cost:

Computer and Network Equipment	94,540,448	85,256,264
Furniture and fixtures	175,894,475	113,459,545
Vehicle	47,376,226	36,588,970
Machinery and Equipment	94,630,899	77,066,179
Software	158,041,183	134,549,400
Patents	-	110,000
	570,483,231	447,030,358
	178,324,191	98,681,580
	392,159,040	348,348,777

Less: Accumulated depreciation

Written down value at the end of the year

(Details are given in Annexure- A)



		31.12.2016 Taka	31.12.2015 Taka
<b>9 Other assets</b>			
<b>Income generating</b>			
Income receivable	(Note: 9.1)	378,838,082	249,149,553
<b>Non-income generating</b>			
Stationery, stamps, printing materials, etc.		822,515	691,836
Prepaid expenses		7,775,823	9,076,806
Advance rent		272,301,200	125,121,167
Security deposits with other entities		6,378,892	6,175,572
Advance income tax		140,345,243	106,862,162
Advances to vendors		62,514,435	39,741,126
Advances to staff for expenses		3,974,852	353,852
Dividend Receivable		18,648,333	7,442,500
Q-Cash and ATM receivable		1,434,796	629,721
Receivable against Sanchaypatra		43,984,844	4,147,989
Sundry receivables		171,350	271,871
		<u>558,352,283</u>	<u>300,514,603</u>
		<u><b>937,190,365</b></u>	<u><b>549,664,156</b></u>
<b>9.1</b>	Income receivable: Amount represents interest receivable on Govt. bill/bond, commercial paper/unquoted bond, loans and advances, term placement & balance with other banks .		
<b>10 Borrowings from other banks, financial institutions and agents</b>			-
In Bangladesh	(Note: 10.a)	820,000,000	1,960,000,000
Outside Bangladesh		-	-
		<u><b>820,000,000</b></u>	<u><b>1,960,000,000</b></u>
<b>10.a In Bangladesh</b>			
Rupali Bank Ltd		-	200,000,000
Janata Bank Ltd		-	-
Dutch Bangla Bank Ltd		-	290,000,000
Basic Bank Ltd		-	-
SBAC Ltd		-	-
Bangladesh Bank against Assured Liquidity Support		-	-
Bank Asia Ltd		420,000,000	380,000,000
Brac Bank Ltd		-	300,000,000
Modhumoti Bank Ltd		-	300,000,000
Marcentile Bank Ltd		-	200,000,000
One Bank Ltd		-	250,000,000
Southeast Bank Ltd		-	40,000,000
NCC Bank Ltd		200,000,000	-
Basic Bank Ltd		200,000,000	-
		<u>820,000,000</u>	<u>1,960,000,000</u>
<b>Outside Bangladesh</b>		<u><b>820,000,000</b></u>	<u><b>1,960,000,000</b></u>
<b>10.b Residual maturity grouping of borrowings from other banks, financial institutions and agents</b>			
On demand		420,000,000	1,160,000,000
In more than one month but not more than three months		400,000,000	800,000,000
In more than three months but not more than one year		-	-
In more than one year but not more than five years		-	-
In more than five years		-	-
		<u><b>820,000,000</b></u>	<u><b>1,960,000,000</b></u>

# 11 Deposits and other accounts

Current deposits and other accounts, etc.  
Bills payable  
Savings bank deposits  
Fixed deposits  
Bearer certificates of deposit  
Other Deposits

(Note: 11.1)  
(Note: 11.2)  
(Note: 11.3)  
(Note: 11.4)

31.12.2016 Taka	31.12.2015 Taka
2,745,655,693	791,361,409
77,824,142	31,368,871
1,609,988,324	863,962,753
13,032,166,627	11,669,850,313
-	-
-	-
<u>17,465,634,785</u>	<u>13,356,543,346</u>

## 11.1 Current deposits and other accounts, etc.

Current accounts  
Foreign currency deposits  
Deposit margin on facilities

2,482,627,443	735,655,397
90,009,676	24,837,699
173,018,574	30,868,313
<u>2,745,655,693</u>	<u>791,361,409</u>

## 11.2 Bills payable

Local currency  
Foreign currencies

77,824,142	31,368,871
-	-
<u>77,824,142</u>	<u>31,368,871</u>

## 11.3 Savings bank deposits

NRB savers  
NRB power savers  
NRB staff  
NRB my savings  
NRB my study  
NRB my salary  
NRB my early  
NRB pearl  
NRB amar shopno  
NRB isavings

301,858,645	170,548,196
747,752,697	483,303,693
20,915,508	11,403,711
121,190,964	62,311,982
6,906,606	2,983,549
34,088,619	16,133,862
55,840,456	37,458,366
320,152,181	79,766,880
943,660	52,514
338,987	-
<u>1,609,988,324</u>	<u>863,962,753</u>

## 11.4 Fixed deposits

Fixed deposits  
Short term deposits

11,479,951,975	10,772,854,857
1,552,214,651	896,995,456
<u>13,032,166,627</u>	<u>11,669,850,313</u>

## 11.5 Sector-wise break-up of deposits and other accounts

Government  
Other public sector  
Private sector

140,890,120	6,349,869
2,003,158,112	970,545,561
15,321,586,554	12,379,647,916
<u>17,465,634,785</u>	<u>13,356,543,346</u>

## 11.6 Maturity-wise grouping of deposits and other accounts

On demand  
In more than one month but not more than three months  
In more than three months but not more than one year  
In more than one year but not more than five years  
In more than five years

3,259,596,472	1,874,107,770
5,110,748,399	5,404,747,778
8,163,347,194	5,541,458,513
526,775,732	297,212,369
405,166,989	239,016,915
<u>17,465,634,785</u>	<u>13,356,543,346</u>



## 12 Other liabilities

		31.12.2016 Taka	31.12.2015 Taka
Privileged creditors	(Note: 12.1)	33,028,662	20,920,853
Interest payable		208,666,184	219,883,987
Interest suspense account		23,844,651	2,010,942
Provision for loans and advances	(Note: 12.2)	186,898,337	103,927,626
Provision on off-balance sheet exposures	(Note: 12.3)	18,389,624	10,249,754
Provision for diminution of quoted shares		9,438,686	9,438,686
Provision for expenses		65,286,690	31,767,774
Provision for current tax	(Note: 12.4)	321,684,710	117,487,336
Deferred tax liability	(Note: 12.5)	12,671,046	22,836,148
Q-Cash & ATM payable		7,674,198	3,853,605
Security deposits held		5,359,801	7,707,490
Sanchayapatra/bond purchased		69,200,000	51,600,000
Payable against BEFTN		34,110,779	2,801,986
EDF payable		380,212,826	131,356,653
Miscellaneous payable		8,648,864	3,720,246
		<b>1,385,115,058</b>	<b>739,563,087</b>

### 12.1 Privileged creditors

Three major categories of government dues are reported. Tax deduction at source, VAT and Excise duty payable to govt. exchequer.

Tax deduction at source	16,369,857	8,708,386
VAT deduction at source	6,094,048	2,735,187
Excise duty	10,564,757	9,477,280
	<b>33,028,662</b>	<b>20,920,853</b>

### 12.2 Provision for loans and advances

#### A. General

Balance at the beginning of the year	100,125,631	64,772,520
Add: Provision made during the year		
On general loans and advances	(1,411,655)	33,175,305
On Special Mention Account (SMA)	3,383,581	2,177,806
	1,971,926	35,353,111
Balance at the end of the year	<b>102,097,557</b>	<b>100,125,631</b>

#### B. Specific

Balance at the beginning of the year	3,801,995	-
Add: Provision made during the year	80,998,785	3,801,995
Less: Interest waiver during the year	-	-
Write off during the year	-	-
	-	-
Add: Recoveries of amounts previously written off	-	-
Specific provision made during the year for other accounts	-	-
	-	-
Balance at the end of the year	<b>84,800,780</b>	<b>3,801,995</b>
	<b>186,898,337</b>	<b>103,927,626</b>

#### C. Total provision on loans and advances (A+B)

### 12.3 Provision on off-balance sheet exposures

Balance as at 1 January	10,249,754	9,001,401
Add: Provision made during the year	8,139,870	1,248,353
Balance as at 31 December	<b>18,389,624</b>	<b>10,249,754</b>

31.12.2016 Taka	31.12.2015 Taka
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#### 12.4 Provision for current tax

Balance as at 1 January  
Add: Provision made during the year

117,487,336	18,249,253
204,197,374	99,238,083
<u>321,684,710</u>	<u>117,487,336</u>

#### 12.5 Deferred tax liability

Deferred tax liability recognized in accordance with the provision of BAS-12 "Income Taxes", is arrived as follows:

Balance as at 1 January  
Provision made during the year for deferred tax expense/(income)

22,836,148	14,492,177
(10,165,102)	8,343,971
<u>12,671,046</u>	<u>22,836,148</u>

Carrying amount on Balance Sheet Date	Tax base	Taxable/(deductible) temporary difference
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##### 31 December 2016

Fixed assets including premises, furniture and fixtures

Cost less accumulated depreciation	392,159,041	360,481,427	31,677,614
Net temporary difference			31,677,614
Applicable tax rate			40%
Deferred tax liability			<u>12,671,046</u>

##### 31 December 2015

Fixed assets including premises, furniture and fixtures

Cost less accumulated depreciation	348,348,777	291,258,408	57,090,369
Net temporary difference			57,090,369
Applicable tax rate			40%
Deferred tax liability			<u>22,836,148</u>

#### 12.a Nostro Reconciliation

	As Per Our Book		As per Their Book	
	Debit USD	Credit USD	Debit USD	Credit USD
Up to three months	36.47	500,832.50	504,200.65	390,875.15
More than three months but less than six months	-	-	-	-
More than six months but less than nine months	-	-	-	-
More than nine months but less than twelve months	-	-	-	-
More than twelve months	-	-	-	-
	<u>36.47</u>	<u>500,832.50</u>	<u>504,200.65</u>	<u>390,875.15</u>

The Bank is not required to make provision regarding the unreconciled debit balance as at balance sheet date since there was no debit entry aging more than three months.



31.12.2016 Taka	31.12.2015 Taka
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### 13 Share capital

#### 13.1 Authorized capital

1,000,000,000 ordinary shares of Taka 10 each	<u>10,000,000,000</u>	<u>10,000,000,000</u>
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#### 13.2 Issued, subscribed and fully paid up capital

400,000,000 ordinary shares of Taka 10 each issued for cash	<u>4,000,000,000</u>	<u>4,000,000,000</u>
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#### 13.3 Percentage of shareholdings

Particulars	2016		2015	
	Value of Share	% of Holding	Value of Share	% of Holding
<b>Shareholders' Group</b>				
Directors	3,012,012,000	75.30	3,162,012,000	79.05
Sponsor Shareholders	837,988,000	20.95	837,988,000	20.95
General Shareholders	150,000,000	3.75	-	-
	<u>4,000,000,000</u>	<u>100.00</u>	<u>4,000,000,000</u>	<u>100.00</u>

#### 13.4 Name of the Directors and their shareholdings as at 31 December

SL #	Name of the directors	2016		2015	
		% of Shareholding	Number of Shares	% of Shareholding	Number of Shares
1	Mr. Mohammed Mahtabur Rahman	6.25	25,000,000	10.00	40,000,000
2	Mr. Tateyama Kabir	2.50	10,000,000	2.50	10,000,000
3	Mr. Kamal Ahmed	2.50	10,000,000	2.50	10,000,000
4	Mr. Iqbal Ahmed OBE	5.00	20,000,000	5.00	20,000,000
5	Mr. Mohammed Idrish Farazy	2.50	10,000,000	2.50	10,000,000
6	Dato' Engr. Md. Ekramul Haque	4.50	18,000,000	4.50	18,000,000
7	Dr. Mahiul Muhammed Khan Muqit	7.80	31,201,200	7.80	31,201,200
8	Mr. Imtiaz Ahmed	0.50	2,000,000	0.50	2,000,000
9	Mr. Fazlur Rashid Khan	5.00	20,000,000	5.00	20,000,000
10	Mr. Nafih Rashid Khan	5.00	20,000,000	5.00	20,000,000
11	Mr. Naveed Rashid Khan	5.00	20,000,000	5.00	20,000,000
12	Mr. Mohammed Jamil Iqbal	5.00	20,000,000	5.00	20,000,000
13	Dr. Nesar Ahmed Choudhury	0.63	2,500,000	0.63	2,500,000
14	Mr. Abu Taher Mohammed Amanullah	6.00	24,000,000	6.00	24,000,000
15	Mr. M Badiuzzaman	5.00	20,000,000	5.00	20,000,000
16	Mr. Khalilur Rahman Choudhury	3.00	12,000,000	3.00	12,000,000
17	Mr. Rabin Paul	1.88	7,500,000	1.88	7,500,000
18	Mr. Mohammed Rafique Miah	0.75	3,000,000	0.75	3,000,000
19	Mr. Abdul Karim	5.00	20,000,000	5.00	20,000,000
20	Mr. Khandakar R Amin	1.50	6,000,000	1.50	6,000,000
	<b>Total</b>	<b>75.30</b>	<b>301,201,200</b>	<b>79.05</b>	<b>316,201,200</b>

#### 13.5 Capital to risk weighted assets ratio (BASEL III)

The calculation of CRAR under Basel III has been made as per "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" issued by Bangladesh Bank vide its BRPD Circular no. 18 dated December 21, 2014.

31.12.2016 Taka	31.12.2015 Taka
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**Tier-1 Capital:**
**A) Total Common Equity Tier 1 Capital**

Paid up capital  
Share premium  
Statutory reserve  
General reserve  
Retained earnings

4,000,000,000	4,000,000,000
-	-
218,114,533	74,251,039
-	-
488,154,648	106,732,944
4,706,269,182	4,180,983,983
-	112,967,985
<b>4,706,269,182</b>	<b>4,068,015,998</b>

Less: Regulatory adjustments

**A) Total Common Equity Tier 1 Capital**
**B) Additional Tier 1 Capital:**

Add: Additional Tier 1 Capital

Less: Regulatory adjustments

**C) Total Tier-1 Capital**

-	-
-	-
<b>4,706,269,182</b>	<b>4,068,015,998</b>

**Tier 2 Capital (Gone -Concern Capital)**

Subordinated Bond  
General provision maintained against unclassified loan  
General provision on off-balance sheet items  
Asset revaluation reserve  
Revaluation reserve of Government securities

-	-
102,097,557	100,125,631
18,389,624	10,249,754
-	-
12,331,383	12,331,383
<b>132,818,564</b>	<b>122,706,768</b>

Less: Regulatory adjustments

**D) Total Tier 2 Capital**

4,932,553	2,466,277
<b>127,886,011</b>	<b>120,240,492</b>

**E) Total capital(C+D)**

<b>4,834,155,193</b>	<b>4,188,256,490</b>
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**F) Total risk weighted assets (RWA)**

<b>17,616,988,831</b>	<b>16,042,657,964</b>
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**G) Required capital**

<b>4,000,000,000</b>	<b>4,000,000,000</b>
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**H) Capital surplus**

<b>834,155,193</b>	<b>188,256,490</b>
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**Capital to Risk-Weighted Assets Ratio/Capital adequacy ratio:**

Common Equity Tier- 1 / core capital to RWA against minimum requirement 4.5%

Tier- 1 / core capital to RWA minimum requirement 5.5%

Capital to Risk Weighted Assets against minimum requirement 10%

26.71%	25.36%
26.71%	25.36%
27.44%	26.11%

**14 Statutory reserve**

Balance as at 1 January

Add: Addition during the year ( 20% of pre-tax profit)

74,251,039	5,465,396
143,863,494	68,785,643
<b>218,114,533</b>	<b>74,251,039</b>

**15 Revaluation reserve**

HTM securities

(Note: 15.1)

HFT securities

(Note: 15.2)

60,091	10,814
352,760,199	297,521,028
<b>352,820,290</b>	<b>297,531,841</b>

**15.1 Reserve for amortization of treasury securities (HTM)**

Balance as at 1 January

Addition during the year

Adjustment made during the year

10,814	690,269
49,277	-
-	(679,455)
<b>60,091</b>	<b>10,814</b>





31.12.2016 Taka	31.12.2015 Taka
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**15.2 Reserve for revaluation of treasury securities (HFT)**

Balance as at 1 January  
Addition during the year  
Adjustment made during the year

297,521,028	23,972,497
55,239,171	273,548,531
-	-
<b>352,760,199</b>	<b>297,521,028</b>

**16 Retained earnings**

Balance as at 1 January  
Net profit/(loss) for the year  
Transfer to statutory reserve  
Balance as at 31 December

106,732,944	(60,827,577)
525,285,199	236,346,164
143,863,494	(68,785,643)
<b>488,154,648</b>	<b>106,732,944</b>

**17 Contingent liabilities**

Acceptances and Endorsements  
Letters of Guarantee  
Irrevocable letters of credit  
Bills for Collection

296,793,759	268,471,645
824,271,388	241,204,274
690,530,901	489,892,050
27,366,401	25,407,470
<b>1,838,962,449</b>	<b>1,024,975,439</b>



2016 Taka	2015 Taka
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**18 Income statement****Income:**

Interest, discount and similar income	(Note: 18.1)	2,246,813,871	1,910,935,723
Dividend income		48,433,335	13,669,500
Fees, commission and brokerage	(Note: 18.2)	68,331,905	42,144,851
Gains <i>less</i> losses arising from dealing in securities		456,518,949	206,492,857
Gains <i>less</i> losses arising from investment securities		53,107,067	29,170,718
Gains <i>less</i> losses arising from dealing in foreign currencies		19,350,150	18,750,070
Income from non-banking assets		-	-
Other operating income	(Note: 23)	8,218,529	5,034,088
Profit less losses on interest rate changes		-	-
		<b>2,900,773,806</b>	<b>2,226,197,807</b>

**Expenses:**

Interest paid on deposits and borrowings, etc.	(Note:20)	1,220,400,726	1,101,908,248
Losses on loans and advances		-	-
Administrative expenses	(Note:18.3)	643,140,696	481,859,628
Other expenses	(Note:33)	147,161,721	188,321,103
Depreciation on banks assets	(Note:32)	79,642,610	60,338,464
		<b>2,090,345,754</b>	<b>1,832,427,444</b>
		<b>810,428,052</b>	<b>393,770,363</b>

**18.1 Interest, discount and similar income**

Interest income	(Note:19)	1,723,870,906	1,384,095,384
Interest on treasury bills & bonds		522,942,965	526,840,339
		<b>2,246,813,871</b>	<b>1,910,935,723</b>

**18.2 Fees, commission and brokerage**

Commission		68,331,905	42,144,851
Brokerage		-	-
		<b>68,331,905</b>	<b>42,144,851</b>

**18.3 Administrative expenses**

Salaries and allowances	(Note:24)	337,976,127	263,480,674
Rent, taxes, insurance, electricity, etc.	(Note:25)	226,042,068	156,242,558
Legal and professional expenses	(Note:26)	3,001,805	2,656,378
Postage, stamp, telecommunication, etc.	(Note:27)	21,258,873	18,444,575
Stationery, printing, advertisement, etc.	(Note:28)	21,999,332	21,394,198
Managing Director's salary and fees	(Note:29)	10,784,851	11,282,490
Directors' fees & others expenses	(Note:30)	1,693,291	5,872,415
Auditors' fees	(Note:31)	327,750	264,500
Repair of Bank's assets	(Note:32)	20,056,599	2,221,840
		<b>643,140,696</b>	<b>481,859,629</b>

**19 Interest income**

Interest on advances		1,551,578,774	1,145,872,955
Interest on money at call and short notice		1,492,991	27,282,593
Interest on balance with other banks		3,905,647	9,879,975
Interest on placement with other banks and Financial Institutions		166,893,494	201,059,861
		<b>1,723,870,906</b>	<b>1,384,095,384</b>

**20 Interest paid on deposits and borrowings etc.**

Interest on deposits		1,054,200,985	940,708,475
Interest on borrowings		166,199,741	161,199,774
		<b>1,220,400,726</b>	<b>1,101,908,248</b>



**21 Investment income**

Interest on Treasury Bill
Interest on Treasury Bond
Interest on bonds-Corporate
Interest on Commercial Paper
Gain from trading in Govt. Securities
Loss on sale of Govt. Securities
Loss on revaluation of Treasury Securities
Gain on shares traded in secondary market
Dividend on shares

972,276	13,544,085
595,917,519	428,096,205
61,074,657	63,125,000
67,909,257	31,035,050
456,518,949	251,675,309
(93,927,583)	(45,182,452)
(109,003,161)	(8,960,001)
53,107,067	29,170,718
48,433,335	13,669,500
<b>1,081,002,316</b>	<b>776,173,414</b>

**22 Commission, exchange and brokerage**

Fees and commission
Exchange gain net off exchange losses
Brokerage

68,331,905	42,144,851
19,350,150	18,750,070
-	-
<b>87,682,055</b>	<b>60,894,921</b>

**23 Other operating income**

Locker Rent
Rebate received from foreign banks
Swift charge recoveries
Postage/telex charge recoveries
Other earnings

239,500	148,500
4,317,842	2,295,657
534,432	295,776
1,213,690	703,365
1,913,065	1,590,790
<b>8,218,529</b>	<b>5,034,088</b>

**24 Salaries and allowances**

Basic salary
Allowances
Performance bonus
Festival bonus
Bank's Contribution to provident fund
Contribution to gratuity fund

130,943,479	103,248,983
135,808,177	108,870,379
19,800,000	11,581,633
22,021,128	15,667,677
11,403,343	9,207,421
18,000,000	14,400,000
<b>337,976,127</b>	<b>262,976,093</b>

**25 Rent, taxes, insurance, electricity etc.**

Rent, rate and taxes
Insurance premium
Utilities

188,213,453	135,279,392
16,379,354	8,374,415
21,449,261	12,588,751
<b>226,042,068</b>	<b>156,242,558</b>

**26 Legal expenses and professional expenses**

Legal expenses
Other professional expenses

-	-
3,001,805	2,656,378
<b>3,001,805</b>	<b>2,656,378</b>

**27 Postage, stamps, telecommunication etc.**

Postage & Courier charges
Telephone
Swift and Bloomberg charges
Network link, internet, DC and DR

975,131	578,537
1,976,135	1,611,136
4,660,568	2,800,280
13,647,039	13,454,622
<b>21,258,873</b>	<b>18,444,575</b>



**28 Stationery, printing, advertisements etc.**

Printing and stationery  
Publicity and advertisement

6,606,225	7,919,938
15,393,108	13,474,260
<b>21,999,332</b>	<b>21,394,198</b>

**29 Managing Director's salary and allowances**

Basic salary  
Allowances  
Performance bonus  
Festival bonus  
Bank's Contribution to provident fund

5,597,200	5,045,806
2,827,931	5,365,484
1,000,000	-
800,000	871,200
559,720	504,581
<b>10,784,851</b>	<b>11,787,071</b>

**30 Directors' fees and other expenses**

Meeting attendance fees  
Other expenses

1,192,000	1,162,000
501,291	642,546
<b>1,693,291</b>	<b>1,804,546</b>

**31 Auditors' fees**

Statutory audit fees

327,750	264,500
<b>327,750</b>	<b>264,500</b>

**32 Depreciation and repair of bank's assets**

**Depreciation: (Annexure 'A')**

Furniture and fixtures  
Machinery and equipment  
Computer and network equipment  
Vehicles  
Software

15,611,044	10,409,220
17,205,753	13,255,236
18,045,233	16,773,915
9,402,647	6,610,473
19,377,933	13,289,621
<b>79,642,610</b>	<b>60,338,464</b>

**Repair of bank's assets**

Rented premises  
Machinery and equipment  
Computer and accessories  
Software maintenance

1,876,165	992,025
2,769,450	1,226,315
152,891	3,500
15,258,093	8,373,082
<b>20,056,599</b>	<b>10,594,922</b>
<b>99,699,210</b>	<b>70,933,386</b>

**33 Other expenses**

Car maintenance expenses  
Contractual service expenses  
Card expenses  
Books, periodicals and publications  
Donation and subscription  
Staff recruitment and training expenses  
Travelling expenses  
Directors' travel and accommodation expenses  
Entertainment  
Business development expenses  
Bank and other regulatory charges  
Amortization of pre-operating expenses  
Cash carrying expense  
VISA expenses  
AGM expenses  
Loss on sale of shares Traded in Secondary Market  
Contract point verification expenses  
Miscellaneous expenses

27,882,363	21,554,113
37,867,562	29,208,371
-	756,000
767,311	1,557,318
9,393,425	7,802,352
1,585,074	1,309,724
3,934,969	3,973,795
17,560,306	4,067,869
3,162,103	3,023,943
6,306,088	1,195,789
716,505	772,095
-	77,686,608
3,493,189	2,571,277
4,759,904	3,012,723
718,886	270,122
-	18,566,033
166,058	228,548
28,847,979	6,459,212
<b>147,161,721</b>	<b>184,015,891</b>





### 34 Provision for loans, investments & off balance sheet items

Provision for bad and doubtful loans and advances  
Provision for unclassified loans and advances  
Provision for off-balance sheet items  
Provision for diminution in value of investments

80,998,785	3,801,995
1,971,926	35,353,111
8,139,870	1,248,353
-	9,438,686
<b>91,110,581</b>	<b>49,842,145</b>

### 35 Receipts from other operating activities

Locker Rent  
Rebate received from foreign banks  
Swift charge recoveries  
Postage/telex charge recoveries  
Other earnings

239,500	148,500
4,317,842	2,295,657
534,432	295,776
1,213,690	703,365
1,913,065	1,590,790
<b>8,218,529</b>	<b>5,034,088</b>

### 36 Payments for other operating activities

Rent, rates and taxes  
Legal expenses and professional expenses  
Postage and communication charges, etc.  
Stationery, printing, advertisements etc.  
Directors' fees & other expenses  
Miscellaneous expenses

226,042,068	156,242,558
3,001,805	2,656,378
21,258,873	18,444,575
15,393,108	13,474,260
1,693,291	5,872,415
167,546,070	190,807,443
<b>434,935,215</b>	<b>387,497,629</b>

### 37 Earnings per share (EPS)

Net profit after tax  
Number of ordinary shares outstanding  
Earnings per share (EPS)

525,285,199	236,346,164
400,000,000	400,000,000
<b>1.31</b>	<b>0.59</b>

Earnings per share has been calculated in accordance with BAS 33: "Earnings Per Share (EPS)".

### 38 Audit committee

#### A. Particulars of audit committee

In pursuance of the directives of the Bangladesh Bank vide BRPD Circular no.11 dated 27 October 2013, the Board of Directors in its 40th meeting held on 31 July 2016 re-constituted an Audit Committee. Presently, the Audit Committee members are:

Sl. No.	Name	Status with the Board	Status with the Audit Committee	Educational Qualification
1	Mr. Imtiaz Ahmed	Director	Chairman	Post Graduate
2	Mr. Naveed Rashid Khan	Director	Vice Chairman	Bachelor of Social Science
3	Mr. Tateyama Kabir	Director	Member	Post Graduate
4	Mr. Rabin Paul	Director	Member	Higher Secondary Certificate
5	Mr. Mohammed Rafique Miah	Director	Member	Bachelor of Commerce

#### B. Meetings held by audit committee with senior management to consider and review the Bank's Financial Statements:

During the year under review the committee held several meetings to oversee / review various functions including reviewing the Annual Financial Statements in compliance with the Bangladesh Bank circular.

Meetings held by the committee during the year by date:

11th Audit Committee Meeting held on 21.01.2016  
12th Audit Committee Meeting held on 30.03.2016  
13th Audit Committee Meeting held on 29.05.2016

14th Audit Committee Meeting held on 24.08.2016

15th Audit Committee Meeting held on 27.10.2016

16th Audit Committee Meeting held on 27.12.2016

C. Steps taken for implementation of an effective internal control procedure of the Bank :

Through circular the committee placed its report regularly to the Board of Directors of the Bank mentioning its review results and recommendations on internal control system, compliance of rules and regulations and establishment of good governance within stipulated time.

### 39 Related party disclosures

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial and operating decisions that fall within the definition of 'Related Party' as contained in Bangladesh Accounting Standards (BAS) - 24 (related party disclosures) and as defined in the BRPD Circular no. 14 dated 25 June 2003. Related party information are given below:

i) Directors' interest in different entities

Name of Directors	Status with the Bank	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status
Mr. Mohammed Mahtabur Rahman	Chairman	Al Haramain Perfumes Manufacturing & Oudh Processing Industry L.L.C, Ajman, UAE	Managing Director
		Al Halal Perfumes Industry L.L.C, Ajman, UAE	Managing Director
		Al Haramain Perfumes L.L.C. Dubai, UAE	Managing Director
		Al Halal Perfumes L.L.C., Dubai, UAE	Managing Director
		Al Haramain Trading L.L.C. Dubai, UAE	Managing Director
		Noor Al Haramain L.L.C. , Dubai, UAE	Managing Director
		Oudh Al Haramain L.L.C., Dubai, UAE	Managing Director
		Best in Fragrance, Holy Makkah, KSA	Manager
		Al Haramain Perfumes Int'l W.L.L, Kuwait	Manager
		Noor Al Haramain Perfumes Co., Kuwait	Managing Director
		Oudh Al Haramain W.L.L., Kuwait	Managing Director
		Al Haramain Perfumes L.L.C. , Muscat, Oman	Managing Director
		Al Haramain Perfumes, W.L.L., Doha, Qatar	Managing Director
		Al Haramain Perfumes S.P.C, Bahrain	Managing Director
		Al Halal Perfumes S.P.C., Bahrain	Managing Director
		Al Haramain Perfumes Private Ltd. Singapore	Managing Director
		Al Haramain Perfumes SDN BHD, Malaysia	Managing Director
		Al Haramain Perfumes, Dhaka, Bangladesh	Managing Director
		AL Arafah Islami Bank Limited	Sponsor Shareholder
		AIBL Capital Market Service Limited	Sponsor Shareholder
		Hamidia Tea Company Ltd. Sylhet, Bangladesh	Chairman
		The University of Asia Pacific, Dhaka, BD	Trustee
		Cancer Hospital, Biyani Bazar, Sylhet	Trustee
Mr. Tateyama Kabir	Vice Chairman	Kabir Auto Export Co. Ltd. Japan	President
		Ocean Auto Limited, Dhaka, Bangladesh	Proprietor



Name of Directors	Status with the Bank	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status
Mr. Kamal Ahmed	Vice Chairman	Seamark PLC, United Kingdom	Deputy Managing Director
		IBCO Limited, United Kingdom	Deputy Managing Director
		IBCO Enterprise, United Kingdom	Deputy Managing Director
		Seamark (BD) Limited, Bangladesh	Deputy Managing Director
		IBCO Food Industries Limited, Bangladesh	Deputy Managing Director
		Seamark (Holdings) Limited, Bangladesh	Deputy Managing Director
		Seamark (USA) Inc, USA	Deputy Managing Director
		ManRu Shopping City, Bangladesh	Deputy Managing Director
Mr. Iqbal Ahmed OBE	Director	Seamark PLC, United Kingdom	Chairman & Chief Executive
		IBCO Limited, United Kingdom	Chairman & Chief Executive
		IBCO Enterprise, United Kingdom	Senior Partner
		Seamark (BD) Limited, Bangladesh	Chairman & Chief Executive
		IBCO Food Industries Limited, Bangladesh	Chairman & Chief Executive
		Seamark (Holdings) Limited, Bangladesh	Chairman & Chief Executive
		Seamark (USA) Inc., USA	Managing Director
		ManRu Shopping City, Bangladesh	Senior Partner
Mr. Mohammed Idrish Farazy	Director	National Exchange Company S.R.L. Italy	Chairman
		Popular Travels & Tours, Rome, Italy	Director
		Al Safa S.A.S, Rome, Italy	Chairman
		National Trust Express (pvt) Ltd.Dhaka, BD	Director
		Euru International Company S.N.C., Italy	Chairman
Dato' Eng. Md. Ekramul Haque	Director	BEL Construction SDN BHD KL, Malaysia	Managing Director
		Taufika Energy Co. Ltd., Dhaka, Bangladesh	Managing Director
		Cynzar Energy Services Ltd., Dhaka, Bangladesh	Managing Director
Mr. Fazlur Rashid Khan	Director	Fazlur Rashid Khan Investment, USA	Proprietor
Mr. Nafih Rashid Khan	Director	Commodity First DMCC, Dubai, UAE	Managing Director
		Loch Shipping Intermediary FZE, UAE	Chairman & MD
		Jabbar Jute Mills Ltd. Bangladesh	Director
		Bangladesh Medical Science and Technology Limited, Bangladesh	Director
Mr. Naveed Rashid Khan	Director	Commodity First DMCC, Dubai, UAE	Managing Director
		Gentrade FZE, UAE	Chairman & MD
		Jabbar Jute Mills Ltd. Bangladesh	Director
		Bangladesh Medical Science and Technology Ltd	Director
Mr. Mohammed Jamil Iqbal	Director	Al Anood Perfumes Co., Dubai, UAE	Partner
		M/S. Md. Jamil Iqbal Construction, BD	Proprietor
		Jl Stone Supplier, Bangladesh	Proprietor
		New Maitri Stone Crushing, Bangladesh	Proprietor
		Divine Properties Limited, Bangladesh	Chairman
Dr. Nesar Ahmed Choudhury	Director	N.A. Choudhury Limited, U.K.	Director
		Lower Broughton Health Centre, U.K.	Partner
		Brookdale Surgery, U.K.	Partner
Mr. Abu Taher Mohammed Amanullah	Director	Amanco PTE. Ltd., Singapore	Chairman & CEO
		East west Placement Center, Philippines	Chairman & CEO
		EWPCI Testing Center, Philippines	Director
		East West Human Resources Center, BD	Chairman
		East West Training & Contractors Company Limited, Bangladesh	Chairman
		East west Engineering Ltd. Bangladesh	Chairman
Mr. M Badiuzzaman	Director	Tania International PTE. Ltd. Singapore	Managing Director
		Rajib Enterprise PTE. Ltd., Singapore	Managing Director
		Aangan Restaurant, Singapore	Proprietor
		Tania Development PTE. Ltd.Singapore	Managing Director
		Asia Pacific Realty Investment Services, Singapore	Proprietor

Name of Directors	Status with the Bank	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status
Mr. Khalilur Rahman Choudhury	Director	KRC Composite Textile Ind. Limited, BD	Managing Director
		Khalil Garments Limited, Bangladesh	Managing Director
		Khalil & Khalil Investment Limited, BD	Managing Director
		ATAIA Trading Corp. Limited, Bangladesh	Managing Director
		KRC CNG & Filling Station, Bangladesh	Proprietor
		Al-Hera Filling Station, Bangladesh	Proprietor
		KRC Industrial Park, Bangladesh	Proprietor
		KRC Rubber Plantation, Bangladesh	Proprietor
Mr. Rabin Paul	Director	Claims Center Limited, U.K.	Director
Mr. Mohammed Rafique Miah	Director	Bangla Trade UK Ltd. U.K.	Managing Director
Mr. Abdul Karim	Director	Hassan Shahin Ahmed Perfumes L.L.C. Dubai, UAE	Proprietor
Mr. Khandakar R. Amin	Director	Amin Realty Corporation, N.Y. USA	Proprietor
		Hirapur Realty Corporation, N.Y. USA	President
Mr. Md. Mehmood Husain	MD & CEO	Nil	Nil

ii) Significant contracts where Bank is a party & wherein Directors have interest : Nil

iii) Shares issued to Directors and Executives without consideration or exercisable at discount : Nil

iv) Lending Policies to Related Parties : Related parties are allowed Loans and Advances as per General Loan Policy of the Bank

v) Business other than Banking business with any related concern of the Directors as per Section-18(2) of the Bank Companies Act 1991 : Nil

vi) Investments in the Securities of Directors and their related concern : Nil

#### 40 Auditors work hour

The external auditor of the Bank, M/s ACNABIN., Chartered Accountants worked about 1500 man hour. They have reviewed more than 80% of the Bank's risk weighted assets as at the Balance Sheet date.

#### 41 General

Highlights on the overall activities of the bank have been furnished in Annexure - D.

#### 42 Events after the balance sheet date

The Board of Directors of NRB Bank Limited recommended 12% dividend (6% cash and 6% stock) in 48th Board Meeting held on 25 February 2017 for the year 2016. Eligible shareholders will be entitled to get this dividend subject to shareholders' approval in the 4th AGM.





NRB Bank Limited  
Schedule of fixed assets  
As at 31 December 2016

(Amount in Taka)

Particulars	Cost			Rate of Dep.	Depreciation			Written Down Value
	Balance as at 1 January 2016	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 December 2016	Charged during the Year	Disposal/ adjustment during the year	Balance as at 31 December 2016	
<b>At Cost</b>								
<b>Tangible Assets</b>								
Furniture and fixture	113,459,545	63,934,930	(1,500,000)	175,894,475	16,331,543	(720,499)	35,148,600	140,745,875
Machinery and equipment	77,066,179	17,564,720	-	94,630,899	17,205,753	-	37,096,686	57,534,213
Computer and network equipment	85,256,264	9,284,184	-	94,540,448	18,045,233	-	44,425,872	50,114,576
Vehicle	36,588,970	10,787,256	-	47,376,226	9,402,647	-	20,583,685	26,792,541
<b>Intangible assets:</b>								
Software	134,549,400	23,491,783	-	158,041,183	19,377,933	-	41,069,348	116,971,835
Patents	110,000	-	(110,000)	-	-	-	-	-
<b>As at 31 December 2016</b>	<b>447,030,358</b>	<b>125,062,873</b>	<b>(1,610,000)</b>	<b>570,483,232</b>	<b>80,363,109</b>	<b>(720,499)</b>	<b>178,324,191</b>	<b>392,159,041</b>
<b>As at 31 December 2015</b>	<b>297,726,477</b>	<b>149,303,882</b>	<b>-</b>	<b>447,030,358</b>	<b>60,338,464</b>	<b>-</b>	<b>98,681,580</b>	<b>348,348,777</b>



**NRB Bank Limited**  
Balance with other banks-Outside Bangladesh (Nostro Account)  
as at 31 December 2016

Name of the Bank	Account type	Currency type	2016			2015		
			FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
Habib American Bank, New York	CD	USD	300,770.32	78.70	23,670,624	586,344.17	78.50	46,028,193
United Bank of India	CD	ACU	63,398.72	78.70	4,989,479	2,000.00	85.82	171,633
United Bank of India	CD	ACU EUR	4,228.49	81.95	346,510	22,718.78	78.50	1,783,432
Mizhuo Bank Ltd, Japan	CD	JPY	280,091.00	0.67	187,997	359,035.00	0.65	233,839
Mashreq Bank PSC, New York	CD	USD	475,039.15	78.70	37,385,581	313,121.77	78.50	24,580,153
Mashreq Bank PSC, UK	CD	GBP	6,460.43	96.22	621,639	9,630.93	116.32	1,120,286
Mashreq Bank PSC, UK	CD	EUR	51,240.84	81.95	4,199,002	2,126.89	85.82	182,522
AB Bank Limited, Mumbai	CD	ACU	5,000.00	78.70	393,500	5,000.00	78.50	392,502
					<b>71,794,333</b>			<b>74,492,561</b>



**NRB Bank Limited**  
**Investment in Quoted Shares and Mutual Funds**  
**as at 31 December 2016**

Name of the Company	Face value per share	No. of shares	Cost of holding	Average Cost	Quoted rate per share as on 31.12.2016	Total market value of share as at 31.12.2016	Unrealized gain/(loss)
<b>Quoted Shares</b>							
ACI Limited	10	55,000	26,627,106	484	386	21,202,500	(5,424,606)
Active Fine Chemicals Limited	10	2,350,000	92,437,777	39	43	101,755,000	9,317,223
Delta Brac Housing Finance Corp. Limited	10	30,000	3,121,245	104	102	3,066,000	(55,245)
Fortune Shoes Limited	10	10,063	100,630	10	51	511,200	410,570
Grameenphone Limited	10	150,000	49,089,052	327	284	42,615,000	(6,474,052)
Heidelberg Cement Bangladesh Limited	10	20,000	10,661,280	533	552	11,046,000	384,720
Jamuna Oil Company Limited	10	200,000	39,473,449	197	182	36,320,000	(3,153,449)
Khulna Power Company Limited	10	600,000	41,168,929	69	63	37,500,000	(3,668,929)
MJL Bangladesh Limited	10	300,000	33,922,994	113	120	35,880,000	1,957,006
Square Pharmaceuticals Ltd.	10	25,000	5,890,545	236	249	6,227,500	336,955
Summit Power Limited	10	225,000	7,780,322	35	37	8,325,000	544,678
United Power Generation & Distribution Co.	10	100,000	15,436,815	154	142	14,160,000	(1,276,815)
Uttara Finance and Investments Ltd	10	100,000	6,421,000	64	61	6,130,000	(291,000)
Yeakin Polymer Limited	10	12,555	114,125	9	30	381,672	267,547
<b>Mutual Funds</b>							
AIBL 1st Islamic Mutual Fund	10	3,500,000	28,806,442	8	8	29,050,000	243,558
Grameen One : Scheme Two	10	6,000,000	64,791,108	11	12	73,800,000	9,008,892
ICB AMCL 2nd NRB Mutual Fund	10	3,500,000	27,705,300	8	8	29,400,000	1,694,700
LR Global Bangladesh Mutual Fund One	10	6,500,000	44,861,050	7	7	46,150,000	1,288,950
MBL 1st Mutual Fund	10	8,500,000	59,193,150	7	7	61,200,000	2,006,850
Reliance Insurance Mutual Fund	10	400,000	3,169,194	8	10	3,880,000	710,806
Southeast Bank 1st Mutual Fund	10	1,000,000	10,921,800	11	12	12,200,000	1,278,200
<b>Total</b>			<b>571,693,312</b>			<b>580,799,872</b>	<b>9,106,561</b>

**Annexure-D**

**NRB Bank Limited**  
**Highlights on the overall activities**  
**As at 31 December 2016**

SI No.	Particulars		2016	2015
1	Paid-up capital	Taka	4,000,000,000	4,000,000,000
2	Total capital (Tier-1 & Tier-2)	Taka	4,706,269,182	4,175,925,107
3	Surplus/(Shortage) Capital	Taka	706,269,182	175,925,107
4	Total assets	Taka	24,729,839,315	20,534,622,257
5	Total deposits	Taka	17,465,634,785	13,356,543,346
6	Total loans and advances	Taka	12,589,367,101	11,092,416,174
7	Total contingent liabilities and commitments	Taka	1,838,962,449	1,024,975,439
8	Loans to deposits ratio (total loans/total deposits)	%	72.08%	82.51%
9	Percentage of classified loans against total loans and advances	%	1.95%	0.20%
10	Profit after tax and provision	Taka	525,285,199	119,842,801
11	Classified loans during current year	Taka	245,075,093	22,140,296
12	Provisions kept against classified loans	Taka	84,800,780	3,801,995
13	Provision surplus/(deficit) against classified loans	Taka	-	-
14	Cost of fund (Interest expenses/Average deposits and borrowings)	%	6.60%	8.38%
15	Interest earning assets	Taka	23,779,327,992	19,885,758,877
16	Non-interest earning assets	Taka	950,511,323	648,863,380
17	Return on investment (ROI)	%	8.77%	8.72%
18	Return on assets (ROA) [PAT/ Average assets]	%	3.18%	2.02%
19	Income from investment	Taka	1,081,002,316	776,173,414
20	Earnings per share	Taka	1.31	0.30
21	Net income per share	Taka	1.31	0.30