

NRB Bank Limited
Auditors' Report and Financial Statements
as at and for the year ended 31 December 2014

Howladar Yunus & Co.

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INDEPENDENT AUDITORS' 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 2014 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 of NRB Bank Limited 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 2.0 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 Companies Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditor's 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 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 give a true and fair view of the financial position of the Bank as at 31 December 2014 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 2.0.

Chartered Accountants

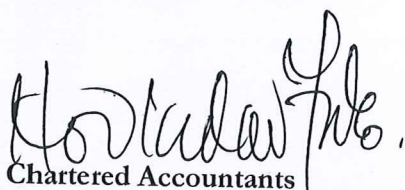
Correspondent firm of Grant Thornton International Ltd.

Howladar Yunus & Co.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Bank Companies 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 2.26 of 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 and its related entities [other than matters disclosed in these financial statements]
- (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 the profit and loss account dealt with by the report are in agreement with the books of account;
- (e) 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;
- (f) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- (g) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (h) the information and explanation required by us have been received and found satisfactory; and
- (i) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 1,150 person hours for the audit of the books and accounts of the Bank.



Chartered Accountants

Dated: Dhaka, 29 March 2015

NRB Bank Limited
Balance Sheet
as at 31 December 2014

| PROPERTY AND ASSETS | Notes | Amount in Taka | |
|---|--------------|-----------------------|----------------------|
| | | 2014 | 2013 |
| Cash | | | |
| Cash in hand (including foreign currencies) | 3 | 90,334,339 | 22,399,216 |
| Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies) | | 441,734,884 | 179,531,247 |
| | | 532,069,223 | 201,930,463 |
| Balance with other banks and financial institutions | 4 | | |
| In Bangladesh | | 1,592,454,132 | 4,807,308,106 |
| Outside Bangladesh | | 28,324,193 | 2,972,099 |
| | | 1,620,778,325 | 4,810,280,205 |
| Money at call and short notice | 5 | 740,000,000 | - |
| Investments | | | |
| Government | 6 | 2,858,207,312 | 93,181,446 |
| Others | | 661,299,262 | - |
| | | 3,519,506,574 | 93,181,446 |
| Loans and advances | 7 | | |
| Loans, cash credit, overdrafts etc. | | 6,291,889,815 | 453,813,988 |
| Bills purchased and discounted | | - | - |
| | | 6,291,889,815 | 453,813,988 |
| Fixed assets including premises, furniture and fixtures | 8 | 259,383,360 | 127,949,982 |
| Other assets | 9 | 527,876,809 | 278,808,107 |
| Non - banking assets | | - | - |
| Total assets | | 13,491,504,106 | 5,965,964,191 |
| LIABILITIES AND CAPITAL | | | |
| Liabilities | | | |
| Borrowings from other banks, financial institutions and agents | 10 | 1,392,450,000 | - |
| Deposits and other accounts | | | |
| Current accounts and other accounts | 11.1 | 314,766,713 | 39,241,541 |
| Bills payable | 11.2 | 61,196,277 | 16,572,929 |
| Savings bank deposits | 11.3 | 399,750,360 | 201,388,581 |
| Fixed deposits | 11.4 | 7,029,113,319 | 1,627,585,615 |
| Bearer certificates of deposit | | - | - |
| Other Deposits | | - | - |
| | | 7,804,826,669 | 1,884,788,666 |
| Other liabilities | 12 | 324,926,852 | 70,354,831 |
| Total liabilities | | 9,522,203,521 | 1,955,143,497 |
| Capital/shareholders' equity | | | |
| Paid up capital | 13.2 | 4,000,000,000 | 4,000,000,000 |
| Statutory reserve | 14 | 5,465,396 | 5,465,396 |
| Reserve for amortization of treasury securities (HTM) | 15.1 | 690,269 | 315,406 |
| Reserve for revaluation of treasury securities (HFT) | 15.2 | 23,972,497 | 40,862 |
| Surplus in profit and loss account \ Retained earnings | 16 | (60,827,577) | 4,999,030 |
| Total shareholders' equity | | 3,969,300,585 | 4,010,820,694 |
| Total liabilities and shareholders' equity | | 13,491,504,106 | 5,965,964,191 |



OFF-BALANCE SHEET ITEMS**Contingent liabilities**

Letters of guarantees
Acceptances and endorsements
Irrevocable letters of credit
Bills for collection
Other contingent liabilities
Total contingent liabilities

Other commitments

Documentary credits and short term trade-related transactions
Forward assets purchased and forward deposits placed
Undrawn note issuance and revolving underwriting facilities
Undrawn formal standby facilities, credit lines and other commitments
Liabilities against forward purchase and sale

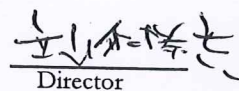
Total Off-Balance Sheet items including contingent liabilities

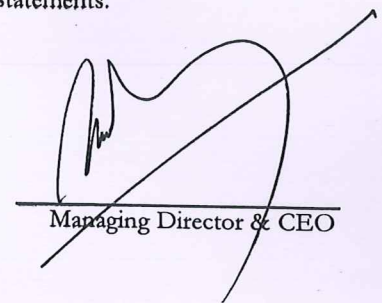
| Notes | Amount in Taka | |
|-------|----------------|---------|
| | 2014 | 2013 |
| 17 | | |
| | 118,471,813 | 212,500 |
| | 336,766,082 | - |
| | 442,196,936 | - |
| | 2,705,297 | - |
| | - | - |
| | 900,140,128 | 212,500 |
| | | |
| | - | - |
| | - | - |
| | - | - |
| | - | - |
| | - | - |
| | 900,140,128 | 212,500 |

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

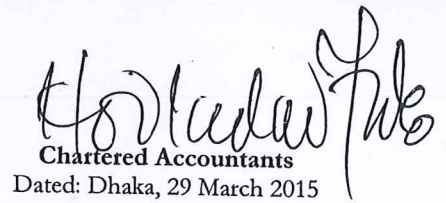

Chairman


Director


Director


Managing Director & CEO


Signed as per our annex report of same date


Chartered Accountants
Dated: Dhaka, 29 March 2015


NRB Bank Limited
Profit and Loss Account
for the year ended 31 December 2014

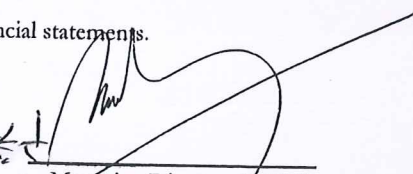
| | Notes | Amount in Taka | |
|--|-------|---------------------|--------------------|
| | | 2014 | 2013 |
| Interest income | 19 | 805,805,874 | 228,413,880 |
| Interest paid on deposits and borrowings etc. | 20 | (484,849,474) | (58,402,153) |
| Net interest income | | 320,956,400 | 170,011,727 |
| Income from investments | 21 | 122,951,591 | 359,041 |
| Commission, exchange and brokerage | 22 | 26,546,397 | 313,747 |
| Other operating income | 23 | 1,980,443 | 25,391 |
| | | <u>151,478,430</u> | <u>698,179</u> |
| Total operating income (A) | | 472,434,830 | 170,709,906 |
| Salaries and allowances | 24 | 194,536,296 | 53,105,205 |
| Rent, taxes, insurance, electricity etc. | 25 | 111,839,156 | 41,160,007 |
| Legal and professional expenses | 26 | 4,263,668 | 1,216,600 |
| Postage, stamp, telecommunication etc. | 27 | 13,782,858 | 3,827,618 |
| Stationery, printing, advertisements etc. | 28 | 12,344,735 | 11,751,590 |
| Managing Director's salary and fees | 29 | 10,311,356 | 3,931,272 |
| Directors' fees and expenses | 30 | 1,404,318 | 816,057 |
| Auditors' fees | 31 | 230,000 | 301,250 |
| Depreciation and repair of bank's assets | 32 | 34,036,344 | 6,799,588 |
| Other expenses | 33 | 69,248,506 | 17,085,143 |
| | | <u>451,997,237</u> | <u>139,994,330</u> |
| Total operating expenses (B) | | 451,997,237 | 139,994,330 |
| Profit/(loss) before provision (C=A-B) | | 20,437,593 | 30,715,576 |
| Provision for loans and advances | | | |
| General provision | | 61,386,050 | 3,386,469 |
| Specific provision | | - | - |
| | | <u>61,386,050</u> | <u>3,386,469</u> |
| Provision for off-balance sheet items | | 8,999,276 | 2,125 |
| Provision for diminution in value of investments | | - | - |
| Other provisions | | - | - |
| Total provision (D) | 34 | 70,385,326 | 3,388,594 |
| Total profit/(loss) before tax (C-D) | | (49,947,733) | 27,326,982 |
| Provision for current tax | 12.4 | 8,224,523 | 10,024,730 |
| Deferred tax expense | 12.5 | 7,654,351 | 6,837,826 |
| | | <u>15,878,874</u> | <u>16,862,556</u> |
| Net profit/(loss) after tax | | (65,826,607) | 10,464,426 |
| Appropriations | | | |
| Statutory reserve | 14 | - | 5,465,396 |
| General reserve | | - | - |
| | | <u>-</u> | <u>5,465,396</u> |
| Retained earnings carried forward | 16 | (65,826,607) | 4,999,030 |
| Earnings per share (EPS) | 37 | -0.16 | 0.03 |

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

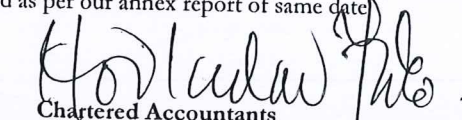

Chairman


Director


Director


Managing Director & CEO

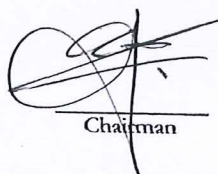
Signed as per our annex report of same date

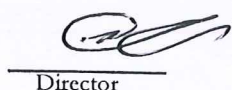

Chartered Accountants
Dated: Dhaka, 29 March 2015

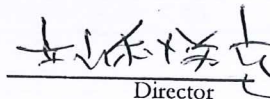
NRB Bank Limited
Cash Flow Statement
for the year ended 31 December 2014

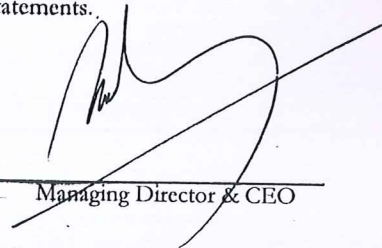
| | Notes | Amount in Taka | |
|--|-------|------------------------|----------------------|
| | | 2014 | 2013 |
| A) Cash flows from operating activities | | | |
| Interest receipts in cash | | 797,778,208 | 216,259,924 |
| Interest paid | | (334,828,629) | (38,080,685) |
| Fees and commission received | | 26,546,397 | 313,747 |
| Cash paid to employees | | (204,847,652) | (57,036,477) |
| Cash payment to suppliers | | (3,868,602) | (159,947,633) |
| Income tax paid | | (58,351,840) | (21,479,838) |
| Receipts from other operating activities | 35 | 1,980,443 | 25,391 |
| Payments for other operating activities | 36 | (211,012,376) | (76,883,343) |
| Cash generated from operating activities before changes in operating assets and liabilities | | 13,395,949 | (136,828,915) |
| Increase/(decrease) in operating assets and liabilities: | | | |
| Loans and advances to customers | | (5,838,075,827) | (453,813,988) |
| Other assets | | (60,508,692) | (118,860,474) |
| Deposits from other banks / borrowings | | 1,392,450,000 | - |
| Deposits from customers | | 5,920,038,003 | 1,884,788,666 |
| Other liabilities | | 19,154,877 | 64,131,317 |
| Net cash generated from operating activities | | 1,433,058,361 | 1,376,245,521 |
| | | 1,446,454,310 | 1,239,416,606 |
| B) Cash flows from investing activities | | | |
| (Purchase) of trading securities | | (2,740,719,369) | (93,163,946) |
| (Purchase) of shares and bonds | | (661,299,262) | - |
| (Purchase) of property and equipment | | (163,701,985) | (134,024,492) |
| Net cash used in investing activities | | (3,565,720,616) | (227,188,438) |
| C) Cash flows from financing activities | | | |
| Receipts from issue of ordinary shares | | - | 4,000,000,000 |
| Dividend paid | | - | - |
| Net Cash flows from financing activities | | - | 4,000,000,000 |
| D) Net increase in cash and cash equivalents (A+ B + C) | | (2,119,266,306) | 5,012,228,168 |
| E) Effects of exchange rate changes on cash and cash equivalents | | | |
| F) Cash and cash equivalents at beginning of the year | | 5,012,228,168 | - |
| G) Cash and cash equivalents at end of the year (D+E+F) | | 2,892,961,862 | 5,012,228,168 |
| Cash and cash equivalents at end of the year represents | | | |
| Cash in hand (including foreign currencies) | | 90,334,339 | 22,399,216 |
| Balance with Bangladesh Bank and its agent bank (including foreign currencies) | | 441,734,884 | 179,531,247 |
| Balance with other banks and financial institutions | | 1,620,767,239 | 4,810,280,205 |
| Money at call and short notice | | 740,000,000 | - |
| Prize bond | | 125,400 | 17,500 |
| | | 2,892,961,862 | 5,012,228,168 |

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


Chairman


Director


Director


Managing Director & CEO


Dated: Dhaka, 29 March 2015




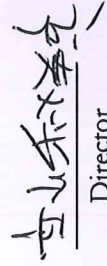
NRB Bank Limited
Statement of Changes in Equity
for the year ended 31 December 2014

| Particulars | Paid up capital | Statutory reserve | Share premium | Reserve for amortization of treasury securities (HTM) | Reserve for revaluation of treasury securities (HFT) | Retained earnings | Total |
|--|-----------------|-------------------|---------------|---|--|-------------------|---------------|
| | Taka | Taka | Taka | Taka | Taka | Taka | Taka |
| Balance as at 1 January 2014 | 4,000,000,000 | 5,465,396 | - | 315,406 | 40,862 | 4,999,030 | 4,010,820,694 |
| Statutory reserve | | | | | | | |
| Reserve for amortization of HTM securities | | | | 374,863 | | | 374,863 |
| Reserve for revaluation of HFT securities | | | | | 23,931,635 | | 23,931,635 |
| Net profit/(loss) for the year | | | | | | (65,826,607) | (65,826,607) |
| Balance as at 31 December 2014 | 4,000,000,000 | 5,465,396 | - | 690,269 | 23,972,497 | (60,827,577) | 3,969,300,585 |
| Balance as at 31 December 2013 | 4,000,000,000 | 5,465,396 | - | 315,406 | 40,862 | 4,999,030 | 4,010,820,694 |

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


Chairman


Director


Director


Managing Director & CEO

Dated: Dhaka, 29 March 2015



NRB Bank Limited
Liquidity Statement
(Analysis of maturity of assets and liabilities)
as at 31 December 2014

| Particulars | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | Above 5 years | Total |
|--|----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|
| | Taka | Taka | Taka | Taka | Taka | Taka |
| Assets: | | | | | | |
| Cash in hand (including balance with Bangladesh Bank and its agent Bank) | 532,069,223 | - | - | - | - | 532,069,223 |
| Balance with other banks and financial institutions | 620,778,325 | 680,000,000 | 320,000,000 | - | - | 1,620,778,325 |
| Money at call and on short notice | 740,000,000 | - | 0 | - | - | 740,000,000 |
| Investments | 481,589,825 | 137,492,275 | 56,952,270 | 217,937,509 | 2,625,534,695 | 3,519,506,574 |
| Loans and advances | 807,211,154 | 235,630,106 | 3,241,512,358 | 1,613,333,709 | 394,202,488 | 6,291,889,815 |
| Fixed assets including premises, furniture and fixtures | - | - | - | - | 259,383,360 | 259,383,360 |
| Other assets | 83,747,991 | 257,934,806 | 91,161,312 | 95,032,701 | - | 527,876,809 |
| Non banking assets | - | - | - | - | - | - |
| Total assets (A) | 3,265,396,517 | 1,311,057,187 | 3,709,625,940 | 1,926,303,919 | 3,279,120,543 | 13,491,504,106 |
| Liabilities: | | | | | | |
| Borrowings from other banks, financial institutions and agents | 1,392,450,000 | - | - | - | - | 1,392,450,000 |
| Deposits | 743,941,657 | 3,286,407,626 | 3,358,243,516 | 331,226,000 | 85,007,870 | 7,804,826,669 |
| Provision and other liabilities | 41,551,768 | 5,722,138 | 154,683,850 | 14,891,667 | 108,077,429 | 324,926,852 |
| Total liabilities (B) | 2,177,943,425 | 3,292,129,765 | 3,512,927,367 | 346,117,667 | 193,085,299 | 9,522,203,521 |
| Net liquidity gap (A - B) | 1,087,453,092 | -1,981,072,578 | 196,698,574 | 1,580,186,253 | 3,086,035,244 | 3,969,300,585 |



NRB Bank Limited
Notes to the Financial Statements
as at and for the year ended 31 December 2014

1. 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. Presently the bank has 11 branches, 13 ATM booths and 1500 shared ATM booths all over Bangladesh. The Bank had no overseas branches as at 31 December 2014.

The registered office of the Bank is located at Richmond Concord (7th Floor), 68 Gulshan Avenue, Gulshan Circle-01, Dhaka-1212.

1.2 Principal activities

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

2. Significant accounting policies and basis of preparation of financial statements

2.1 Statement of compliance

The financial statements of the Bank as at and for the year ended 31 December 2014 have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Bank Company (amendment) Act 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 the Bank Company (amendment) Act 2013, and provisions and circulars issued by Bangladesh Bank shall prevail.

i) Investment in shares and securities

BFRS: As per requirements of BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

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

ii) Revaluation gains/losses on Government securities

BFRS: As per requirement of BAS 39 where securities will fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognized through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortized cost method and interest income is recognized through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains or losses on amortization are recognized in other reserve as a part of equity.

iii) Provision on loans and advances

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

Bangladesh Bank: As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.



- iv) **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 is 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.
- v) **Other comprehensive income**
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 statement.
Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.
- vi) **Financial instruments – presentation and disclosure**
In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in BAS 39. As such full disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.
- vii) **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.
- viii) **Cash and cash equivalent**
BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.
Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.
- ix) **Cash flow statement**
BFRS: The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.
Bangladesh Bank: As per BRPD 14, cash flow is the mixture of direct and indirect methods.
- x) **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.
- xi) **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 14, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.



xii) 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 can not 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 Bills and Bonds designated as 'Held for Trading (HFT)' at present value using mark to market concept
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' at present value using amortization concept.

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 financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts 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 periods affected.

2.5 Cash flow statement

Cash flow statement has been prepared in accordance with the Bangladesh Financial Reporting Standard-7 "Cash Flow Statement" under direct method as recommended in the BRPD Circular No. 14, dated 25 June 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

2.6 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
- 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.

2.7 Reporting period

These financial statements cover one calendar year from 1 January 2014 to 31 December 2014.

2.8 Foreign currency transactions

Transactions in foreign currencies are translated into respective functional currencies at the standard mid rate of exchange ruling at the date of transactions as per BAS 21 "The Effects of changes in Foreign Exchange Rates". Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currencies at the standard mid rate of exchange prevailing on that date. Foreign exchange differences (rates at which transactions were initially recorded and the rate prevailing on the reporting date/date of settlements) of the Bank's monetary items are recorded in the Profit and Loss Account.

2.9 Cash and cash equivalents

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

2.10 Investments

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 are:



Held to Maturity (HTM)

Investments which are intended to be held to maturity are classified as "Held to Maturity". These are measured at amortized cost at each year end by taking into account any discount or premium in acquisition. Any increase or decrease in value of such investments is booked to equity.

Held for Trading (HFT)

Investment primarily held for selling or trading is classified in this category. 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 as per Bangladesh Bank DOS Circular No. 05, dated 28 January 2009 .

Investments are stated as per following basis:

| Investment class | Initial recognition | Measurement after initial recognition | Recording of changes |
|---------------------|---------------------|---------------------------------------|---|
| Govt. T-bills (HFT) | Cost | Fair Value | Loss to P & L, gain to Revaluation Reserve through P & L |
| Govt. T-bills (HTM) | Cost | Amortized cost | Increase or decrease in value to equity |
| Shares (Quoted) | Cost | Lower of cost or market value | Loss (gain net off) to P & L but no unrealised gain booking |
| Prize bond | Cost | Cost | None |

2.11 Loans and advances

Loans and advances are stated at gross amount. General provisions on unclassified loans and contingent assets, specific provisions for classified loans and interest suspense account thereon are shown under other liabilities. Provision against 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 and BRPD Circular no. 19 dated 27 December 2012 and BRPD Circular no. 16 dated 18 November 2014.

| Heads | Rates |
|--|---------|
| General provision on: | |
| 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 | 5% |
| Short term agri credit and micro credit | 2.5% |
| Off balance sheet exposures | 1% |
| Specific provision on: | |
| Substandard loans and advances other than short term agri credit and micro credit | 20.00% |
| Doubtful loans and advances other than short term agri credit and micro credit | 50.00% |
| Bad/loss loans and advances | 100.00% |
| Substandard short term agri credit and micro credit | 5.00% |
| Doubtful short term agri credit and micro credit | 5.00% |

2.12 Property, plant and equipment

2.12.1 Recognition and measurement

All fixed assets are stated at cost less accumulated depreciation as per BAS-16 " Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

2.12.2 Subsequent costs

The Bank recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred.



2.12.3 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% to 20% |
| Machinery and Equipment | 20% |
| Computer and Network Equipment | 20% |
| Vehicle | 20% |
| Software | 12.5% |

2.13 Other assets

Other assets include all other financial assets and include fees and other unrealized income receivable, advance for operating and capital expenditure, pre-operating expense and stocks of stationery and stamps.

2.14 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents include interest-bearing borrowings.

2.15 Deposits and other accounts

Deposits and other accounts include non interest-bearing current deposit redeemable at call, interest bearing on demand and short-term deposits, savings deposit and fixed deposit.

2.16 Other liabilities

Other liabilities comprise item such as provision for loans and advances, provision for taxes, interest payable on deposit and borrowing and accrued expenses.

2.17 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.

2.18 Offsetting

Financial assets and financial liabilities are offset and the net amount reported 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.

2.19 Revenue recognition

Interest income

Interest on unclassified loans and advances have been accounted for as income on effective interest basis, interest on classified loans and advances have been 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 of Bangladesh Bank.

Investment income

Interest income from investments is Government other securities, debentures and bonds is accounted on accrual basis.

Fees and commission income

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

Interest paid on borrowings and deposits

Interest paid on Borrowings and Deposits are calculated on 360 days in a year and recognized on accrual basis.



2.20 Provision and accrued expenses

In compliance with BAS 37, provisions 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.

2.21 Provision for nostro accounts

The Bank maintains provision for nostro accounts in accordance with the guideline of Foreign Exchange Policy Department of Bangladesh Bank, FEPD Circular No. FEPD (FEMO) / 01/2005-677 dated 13 September 2005.

2.22 Provision for off-balance sheet exposures

In compliance with Bangladesh Bank guidelines, contingent liabilities have been disclosed under off-balance sheet items. As per BRPD Circular no. 14 dated 23 September 2012 and its related earlier circulars, the bank has been maintaining provision @ 1% against certain off-balance sheet exposures.

2.23 Taxation

Income tax expenses comprises current and deferred tax. Current and Deferred tax expenses is recognized in profit or loss account.

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 @ 42.5% as prescribed in the Finance Act, 2013 on the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per Income Tax 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.

2.24 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.

2.24 Earnings Per Share

Basic earnings per share has 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.

2.25 Reconciliation of books and account

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

2.26 Risk management

The risk is defined as the possibility of losses, financial or otherwise. The risk management of the Bank covers core risk areas of banking viz. credit risk, foreign exchange risk, asset liability risk, money laundering risk, information and communication technology security risk, Internal control & compliance risk. The prime objective of the risk management is that the Bank evaluates and takes well calculative business risks and thereby safeguards the Bank's capital, its financial resources and profitability from various business risks through its own measures and through implementing Bangladesh Bank's guidelines and following some of the best practices as under:

2.26.1 Credit risk Management

It arises mainly from lending, trade finance, leasing and treasury businesses. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. The failure may result from unwillingness of the counter party or decline in his / her financial condition. Therefore, the Bank's credit risk management activities have been designed to address all these issues.



The Bank has segregated duties of the officers / executives involved in credit related activities. Separate Corporate / SME / Retail divisions have been formed at Head Office which are entrusted with the duties of maintaining effective relationship with customers, marketing of credit products, exploring new business opportunities etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. For this purpose, three separate units have been formed within the Credit Risk Management (CRM) Division. These are (a) Credit Risk Management Unit (b) Credit Administration Unit and (c) Credit Monitoring and Recovery Unit. Credit Risk Management Unit is entrusted with the duties of maintaining asset quality, assessing risk in lending, sanctioning credit, formulating policy / strategy for lending operation, etc.

A thorough assessment is done before sanction of any credit facility at Credit Risk Management Unit. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility, etc. The assessment process at Head Office starts at Corporate Division by the Relationship Manager / Officer and ends at Credit Risk Management Unit when it is approved / declined by the competent authority. Credit approval authority has been delegated to the individual executives. Proposals beyond their delegation are approved / declined by the Executive Committee and / or the Management of the Bank.

In determining Single borrower / Large loan limit, the instructions of Bangladesh Bank are strictly followed. Internal audit is conducted at periodical intervals to ensure compliance of Bank's and Regulatory policies. Loans are classified as per Bangladesh Bank's guidelines.

2.26.2 Foreign exchange risk management

Foreign exchange risk is defined as the potential change in earnings due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements.

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

2.26.3 Asset liability Management

The Asset Liability Committee (ALCO) of the Bank monitors market risk and liquidity risk of the Bank. The market risk is defined as potential change in earnings due to change in rate of interest, foreign exchange rates which are not of trading nature. Asset Liability Committee (ALCO) reviews liquidity requirement of the Bank, the maturity of assets and liabilities, deposit and lending, pricing strategy and the liquidity contingency plan. The Primary objective of the ALCO is to monitor and avert significant volatility in Net Interest Income, return on assets, investment value and exchange earnings. The ALCO also monitors the Capital Adequacy Ratio on monthly/quarterly basis.

2.26.4 Money laundering risk management

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

2.26.5 Information and communication technology security risk management

Transformation of business process in response to technology driven customers' needs and services has brought in tremendous change in information technology platform in the Bank. The Bank has adopted measures to protect the information and communication platform from unauthorized access, modification, virus, disclosure and destruction in order to ensure business continuity, data safety and security thereby protecting customers' interest at large.

2.26.6 Internal control & compliance management

Internal Control is the process, effected by a company's Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies. Internal Controls are the policies and procedures established and implemented alone, or in concert with other policies or procedures, to manage and control a particular risk or business activity or combination of risks and business activities to which the company is exposed or in which it is engaged.

NRB Bank Limited has established an effective internal control environment through the Board of Directors, Management, organizational and procedural controls and an independent mechanism in order to ensure that the Bank is managed and controlled in sound and prudent manner right after its launching of business operations on 4 August 2013. The bank has taken all possible measures to identify its weakness through internal control system and to overcome the weaknesses.



The board of Directors of the Bank has established an Audit Committee to monitor the effectiveness of internal control system of the Bank. The Audit Committee meets the senior management periodically to discuss the effectiveness of internal control system of the bank and ensure that the management has taken appropriate actions as per the recommendations of the auditors and the Internal Control and Compliance Department (ICCD).

As per the approved audit plan 6 numbers of branches and 8 departments were brought under the audit & inspection tasks in 2014 and the ICCD could afford to complete the audit and inspection tasks as per its audit plan for the year.

The MANCOM of the Bank reviews on a yearly basis the overall effectiveness of the control system of the organization and provide feedback on a yearly basis to the Board of directors on the effectiveness of internal control policy, practice and procedure. Internal Control team conducts comprehensive internal audit of the internal control system of the Bank. The significant deficiencies identified by the Internal Control team are reported to the Audit Committee of the Board.

2.27 Compliance with Bangladesh Accounting standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs)

The Bank has complied the following BASs and BFRSs as adopted by ICAB during preparation of financial statements as at and for the year ended 31 December 2014.

| Name of the standards | Ref. | Status |
|--|--------|----------------|
| Presentation of Financial Statements | BAS-1 | Applied |
| Inventories | BAS-2 | Not Applicable |
| Statements of Cash Flows | BAS-7 | Applied |
| Accounting Policies, Changes in Accounting Estimates and Errors | BAS-8 | Applied |
| Events after the Reporting Period | BAS-10 | Applied |
| Construction Contracts | BAS-11 | Not Applicable |
| Income Taxes | BAS-12 | Applied |
| Property, Plant and Equipment | BAS-16 | Applied |
| Leases | BAS-17 | Applied |
| Revenue | BAS-18 | Applied |
| Employee Benefits | BAS-19 | Applied |
| Accounting for Government Grants and Disclosure of Government Assistance | BAS-20 | Not Applicable |
| The Effects of Changes in Foreign Exchange Rates | BAS-21 | Applied |
| Borrowing Costs | BAS-23 | Not Applicable |
| Related Party Disclosures | BAS-24 | Applied |
| Accounting and Reporting by Retirement Benefit Plans | BAS-26 | Not Applicable |
| Consolidated and Separate Financial Statements | BAS-27 | Not Applicable |
| Investments in Associates | BAS-28 | Not Applicable |
| Interests in Joint Ventures | BAS-31 | Not Applicable |
| Financial Instruments: Presentation | BAS-32 | Applied |
| Earnings Per Share | BAS-33 | Applied |
| Interim Financial Reporting | BAS-34 | Applied |
| Impairments of Assets | BAS-36 | Applied |
| Provisions, Contingent Liabilities and Contingent Assets | BAS-37 | Applied |
| Intangible Assets | BAS-38 | Applied |
| Financial Instruments: Recognition and Measurement | BAS-39 | Applied |
| Investment property | BAS-40 | Not Applicable |
| Agriculture | BAS-41 | Not Applicable |
| First-time adoption of Bangladesh Financial Reporting | BFRS-1 | Not applicable |
| Share based Payment | BFRS-2 | Not applicable |
| Business Combination | BFRS-3 | Not applicable |
| Insurance Contracts | BFRS-4 | Not applicable |
| Non-current Assets Held for Sale and Discontinued Operations | BFRS-5 | Not applicable |
| Exploration for and Evaluation of Mineral Resources | BFRS-6 | Not applicable |
| Financial Instruments: Disclosures | BFRS-7 | Not applicable |
| Operating Segments | BFRS-8 | Not applicable |

2.28 Approval of financial statements

The financial statements were reviewed by the Audit Committee of the Board of NRB Bank Limited in its 8th meeting held on 28 March 2015 and subsequently approved by the Board in its 23rd meeting held on 29 March 2015.



| Particulars | Amount in Taka | |
|-------------|----------------|------|
| | 2014 | 2013 |

3 Cash

3.1 Cash in hand (including foreign currencies)

| | | |
|--------------------|-------------------|-------------------|
| Local currency | 86,281,872 | 21,906,842 |
| Foreign currencies | 4,052,467 | 492,374 |
| | <u>90,334,339</u> | <u>22,399,216</u> |

3.2 Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)

| | | |
|--------------------|--------------------|--------------------|
| Local currency | 407,320,898 | 177,426,408 |
| Foreign currencies | 34,413,986 | 2,104,839 |
| | <u>441,734,884</u> | <u>179,531,247</u> |

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

Cash Reserve Requirement and Statutory Liquidity Ratio have been calculated and maintained in accordance with section 33 of Bank Companies Act, 1991, BRPD circular no.11 and 12, dated 25 August 2005, MPD circular no. 04 dated 01 December 2010 and DOS Circular no. 01 dated 19 January 2014.

All scheduled banks have to maintain a CRR of minimum 6.0% on daily basis and 6.5% on bi-weekly basis on weekly average demand and time liabilities and SLR of minimum 19% based on weekly average demand and time liabilities of the base month which is two months back of the reporting month. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:

3.3.1 Cash Reserve Requirement (CRR)

| | | |
|----------------------------|-------------------|--------------------|
| Required reserve | 364,048,170 | 72,671,482 |
| Actual reserve maintained* | 407,375,353 | 177,426,408 |
| Surplus / (deficit) | <u>43,327,183</u> | <u>104,754,926</u> |

* As per Bangladesh Bank Statements

3.3.2 Statutory Liquidity Ratio (SLR)

| | | |
|---|----------------------|-------------------|
| Required reserve (including CRR) | 1,092,144,500 | 230,126,360 |
| Actual reserve maintained (including CRR) | 2,874,323,140 | 292,514,695 |
| Surplus / (deficit) | <u>1,782,178,640</u> | <u>62,388,335</u> |

3.3.3 Actual reserve held

| | | |
|---|----------------------|--------------------|
| Cash in hand | 90,334,339 | 21,906,842 |
| Balance with Bangladesh Bank (local Currency) | 407,375,353 | 177,426,408 |
| Unencumbered approved securities (HFT) | 1,857,583,406 | 34,705,070 |
| Unencumbered approved securities (HTM) | 518,904,642 | 58,458,875 |
| Unencumbered approved securities (other eligible) | 125,400 | 17,500 |
| | <u>2,874,323,140</u> | <u>292,514,695</u> |

4 Balance with other banks and financial institutions

| | | |
|--------------------|----------------------|----------------------|
| In Bangladesh | 1,592,454,132 | 4,807,308,106 |
| Outside Bangladesh | 28,324,193 | 2,972,099 |
| | <u>1,620,778,325</u> | <u>4,810,280,205</u> |



| Particulars | Amount in Taka | |
|-------------|----------------|------|
| | 2014 | 2013 |

4.1 In Bangladesh

In Current Accounts with

Trust Bank Limited
Brac Bank Limited
Eastern Bank Limited

| | |
|-----------|-----------|
| 2,118,113 | 2,040,400 |
| 2,131,777 | - |
| 1,601,337 | - |
| 5,851,227 | 2,040,400 |

In Short Term Deposit Accounts with

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

| | |
|------------|---------------|
| 66,596,013 | 1,054,646,470 |
| 19,319,199 | 12,925,174 |
| 303,847 | 3,237,312,216 |
| 383,846 | 383,846 |
| 86,602,905 | 4,305,267,706 |

In Fixed Deposit Accounts with banks and NBFIs With banks

Pubali Bank Limited

| | |
|-------------|---|
| 250,000,000 | - |
| 250,000,000 | - |

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
Hajj Finance Ltd
Bangladesh Finance & Investment Co Limited
Premier Leasing & Finance Limited
First Lease Finance & investment
Fareast Finance & Investment Limited
Union Capital Limited

| | |
|---------------|---------------|
| - | 50,000,000 |
| 100,000,000 | 50,000,000 |
| - | 100,000,000 |
| 100,000,000 | 150,000,000 |
| 100,000,000 | 50,000,000 |
| 50,000,000 | 50,000,000 |
| 100,000,000 | 50,000,000 |
| 100,000,000 | - |
| 50,000,000 | - |
| 100,000,000 | - |
| 50,000,000 | - |
| 100,000,000 | - |
| 100,000,000 | - |
| 50,000,000 | - |
| 250,000,000 | - |
| 1,250,000,000 | 500,000,000 |
| 1,592,454,132 | 4,807,308,106 |

4.2 Outside Bangladesh

Current account

Habib American Bank USD
Mashreq Bank USD
United Bank of India EURO
United Bank of India USD
Mizhuo Bank JPY
Mashreq Bank GBP
Mashreq Bank EUR

| | |
|--------------|-----------|
| 46,417,502 | 2,545,600 |
| 1,696,059 | - |
| 189,574 | 426,499 |
| (24,258,910) | - |
| 288,682 | - |
| 3,708,504 | - |
| 282,782 | - |
| 28,324,193 | 2,972,099 |

4.3 Maturity grouping of balance with other banks and financial institutions

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
More than 5 years

| | |
|---------------|---------------|
| 620,778,325 | 4,310,280,205 |
| 680,000,000 | 100,000,000 |
| 320,000,000 | 400,000,000 |
| - | - |
| - | - |
| 1,620,778,325 | 4,810,280,205 |



| Particulars | Amount in Taka | |
|--|----------------------|-------------------|
| | 2014 | 2013 |
| 5 Money at call and short notice | | |
| Banking company | - | - |
| Non-banking financial institutions | 740,000,000 | - |
| | 740,000,000 | - |
| Banking company | - | - |
| Non-banking financial institutions | | |
| Delta Brac Housing Finance Corporation Ltd. | 200,000,000 | - |
| Lanka Bangla Finance Ltd | 40,000,000 | - |
| Industrial and Infrastructure Development Finance Company | 150,000,000 | - |
| International Leasing And Financial Services Limited | 90,000,000 | - |
| Bangladesh Industrial Finance Company Limited | 50,000,000 | - |
| Prime Finance & Investment Ltd | 160,000,000 | - |
| Fareast Finance & Investment Ltd | 50,000,000 | - |
| | 740,000,000 | - |
| | 740,000,000 | - |
| 6 Investments | | |
| Government (Note 6.1) | 2,858,207,312 | 93,181,446 |
| Others (Note 6.2) | 661,299,262 | - |
| | 3,519,506,574 | 93,181,446 |
| 6.1 Investments classified as per Bangladesh Bank Circular: | | |
| Held for trading (HFT) | 1,857,687,956 | 34,705,070 |
| Held to maturity (HTM) | 517,978,220 | 58,458,876 |
| Other securities | 1,143,840,398 | 17,500 |
| | 3,519,506,574 | 93,181,446 |
| 6.1.1 Government (Investment in govt. securities) | | |
| Treasury bill | 136,297,769 | 93,163,946 |
| Treasury bonds | 2,239,368,407 | - |
| Assured liquidity support | 482,415,736 | - |
| Prize Bonds | 125,400 | 17,500 |
| | 2,858,207,312 | 93,181,446 |
| 6.1.2 Treasury bills | | |
| 91 days treasury bills | - | 83,994,319 |
| 182 days treasury bills | 58,982,706 | 8,894,697 |
| 364 days treasury bills | 77,315,063 | 274,930 |
| | 136,297,769 | 93,163,946 |
| 6.1.3 Treasury bonds | | |
| 2 years treasury bond | - | - |
| 5 years treasury bond | 329,110,024 | - |
| 10 years treasury bond | 1,182,266,612 | - |
| 15 years treasury bond | 557,909,270 | - |
| 20 years treasury bond | 170,082,501 | - |
| | 2,239,368,407 | - |
| 6.2 Others | | |
| Corporate bonds (6.2.1) | 513,000,000 | - |
| Shares (note-6.2.2) | 148,299,262 | - |
| | 661,299,262 | - |



| Particulars | Amount in Taka | |
|-------------|----------------|------|
| | 2014 | 2013 |

6.2.1 Corporate bonds

Mercantile Bank Limited
City Bank Limited

| | |
|--------------------|----------|
| 200,000,000 | - |
| 313,000,000 | - |
| 513,000,000 | - |

6.2.2 Investment in shares

Quoted

Active Fine Chemicals Limited
Square Pharmaceuticals Limited
Titas Gas Transmission & Distribution Co. Limited
AIMS Ist Mutual Fund
Benal Windsor Trermoplastics Limited
Singer Bangladesh Limited

| | |
|--------------------|----------|
| 90,000,000 | - |
| 5,837,800 | - |
| 26,320,000 | - |
| 4,396,098 | - |
| 5,716,729 | - |
| 15,200,995 | - |
| 147,471,622 | - |
| 827,640 | - |
| 148,299,262 | - |

Free fund available

Details are shown in Annexure-C

6.3 Maturity-wise 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

| | |
|----------------------|-------------------|
| 481,589,824 | 17,500 |
| 137,492,275 | 83,994,319 |
| 56,952,270 | 9,169,627 |
| 217,937,509 | - |
| 2,625,534,695 | - |
| 3,519,506,573 | 93,181,446 |

7 Loans and advances

Loans, cash credit, overdrafts etc. (Note 7.1)
Bills purchased and discounted

| | |
|----------------------|--------------------|
| 6,291,889,815 | 453,813,988 |
| 6,291,889,815 | 453,813,988 |

7.1 Loans, cash credit, overdrafts etc.

Inside Bangladesh

Loans (General)
Cash credit
Overdraft
Staff Loan

| | |
|----------------------|--------------------|
| 5,864,370,872 | 295,227,867 |
| - | - |
| 318,502,246 | 76,976,741 |
| 109,016,697 | 81,609,380 |
| 6,291,889,815 | 453,813,988 |
| 6,291,889,815 | 453,813,988 |

Outside Bangladesh

7.2 Maturity-wise 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

| | |
|----------------------|--------------------|
| 807,211,154 | - |
| 235,630,106 | - |
| 3,241,512,358 | 372,204,608 |
| 1,613,333,709 | - |
| 394,202,488 | 81,609,380 |
| 6,291,889,815 | 453,813,988 |



| Particulars | Amount in Taka | |
|-------------|----------------|------|
| | 2014 | 2013 |

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 | - | - |
| Advances to CEO & Managing Director | 9,329,180 | 9,867,703 |
| Advances to Other executives and staffs | 99,687,517 | 71,741,677 |
| Advances to Customers | 1,789,949,400 | 115,636,613 |
| Industrial Advances | 4,392,923,718 | 256,567,995 |
| | <u>6,291,889,815</u> | <u>453,813,988</u> |

7.3.2 Detail 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 4,000 million as at 31 December 2014.

| | | |
|--|----------------------|----------|
| Number of the clients | 8 | - |
| Amount of outstanding loans and advances | 3,294,109,397 | - |
| Amount of classified loans and advances | - | - |
| | <u>3,294,109,397</u> | <u>-</u> |

7.3.3 Industry-wise concentration of loans and advances

| | | |
|-------------------------------|----------------------|--------------------|
| Commercial and Trading | 930,166,930 | 44,743,580 |
| Importer of Commodity | 65,985,650 | - |
| Construction | - | - |
| Edible Oil Refinery Industry | - | - |
| Electronics Goods | 39,749,144 | - |
| Individuals | 374,491,613 | 144,845,678 |
| Pharmaceuticals Industries | 138,785,364 | 100,186,667 |
| Readymade Garments Industry | 2,734,951 | - |
| Ship Breaking Industry | - | - |
| Industries for Steel products | 99,766,446 | - |
| Telecommunication Sector | - | - |
| Textile Mills | 554,340,802 | - |
| Power Sector | - | - |
| Others | 4,085,868,915 | 164,038,063 |
| | <u>6,291,889,815</u> | <u>453,813,988</u> |

7.3.4 Sector-wise concentration of loans and advances

| | | |
|---------------------|----------------------|--------------------|
| Government | - | - |
| Other public sector | 99,766,446 | - |
| Private sector | 6,192,123,369 | 453,813,988 |
| | <u>6,291,889,815</u> | <u>453,813,988</u> |

7.3.5 Business segment-wise concentration of loans and advances

| | | |
|----------------------|----------------------|--------------------|
| Corporate | 4,933,826,514 | 264,224,729 |
| SME | 983,571,688 | 44,743,580 |
| Consumer | 265,474,916 | 63,236,298 |
| Executives and staff | 109,016,697 | 81,609,380 |
| | <u>6,291,889,815</u> | <u>453,813,988</u> |



| Particulars | Amount in Taka | |
|-------------|----------------|------|
| | 2014 | 2013 |

7.3.6 Geographical location-wise concentration of loans and advances

| | | |
|---------------------|----------------------|--------------------|
| Dhaka Division | 4,556,852,387 | 420,277,613 |
| Chittagong Division | 1,685,574,350 | - |
| Sylhet Division | 48,688,969 | 33,536,375 |
| Rajshahi Division | 774,109 | - |
| Khulna Division | - | - |
| | <u>6,291,889,815</u> | <u>453,813,988</u> |

7.3.7 Security/Collateral-wise concentration of loans and advances

| | | |
|--|----------------------|--------------------|
| Collateral of movable/immovable assets | 2,073,337,187 | 231,907,000 |
| Local Banks and financial institutions guarantee | - | - |
| Government guarantee | - | - |
| Foreign bank guarantee | - | - |
| Export documents | - | - |
| Fixed deposit receipts | 674,571,696 | 76,976,740 |
| FDR of other banks | - | - |
| Government bonds | - | - |
| Personal guarantee | 1,364,469,939 | 44,743,580 |
| Other securities | 2,179,510,993 | 100,186,667 |
| | <u>6,291,889,815</u> | <u>453,813,988</u> |

7.3.8 Classified, unclassified, doubtful and bad loans & advances

Unclassified

| | | |
|---------------------------------|----------------------|--------------------|
| Standard (Including Staff Loan) | 6,291,733,858 | 453,813,988 |
| Special Mention Accounts (SMA) | 155,957 | - |
| | <u>6,291,889,815</u> | <u>453,813,988</u> |

Classified

| | | |
|--------------|----------------------|--------------------|
| Sub-standard | - | - |
| Doubtful | - | - |
| Bad/Loss | - | - |
| | <u>6,291,889,815</u> | <u>453,813,988</u> |

7.3.9 Particulars of loans and advances

| | | |
|--|----------------------|--------------------|
| i) Loans considered good in respect of which the bank is fully secured | 2,747,908,883 | 308,883,740 |
| ii) Loans considered good against which the bank holds no security other than the debtors' personal guarantee | 1,364,469,939 | 44,743,580 |
| iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor | 2,179,510,993 | 100,186,667 |
| iv) Loans adversely classified; provision not maintained there against | - | - |
| | <u>6,291,889,815</u> | <u>453,813,988</u> |
| v) Loans due by directors or officers of the bank or any of them either separately or jointly with any other persons | 109,016,697 | 81,609,380 |
| 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 | - | - |



| Particulars | Amount in Taka | |
|--|----------------|------------|
| | 2014 | 2013 |
| 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. | 109,016,697 | 81,609,380 |
| 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. | - | - |
| ix) Due from banking companies | - | - |
| x) Classified loans for which interest has not been charged: | | |
| a) (Decrease)/increase of provision (specific) Amount of loan written off Amount realized against the loans previously written off | - | - |
| b) Provision kept against loans classified as bad debts | - | - |
| 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 |
| Furniture and fixtures |
| Vehicle |
| Machinery and Equipment |
| Software |
| Patents |

| | |
|--------------------|--------------------|
| 73,958,730 | 8,833,066 |
| 86,740,023 | 47,293,860 |
| 21,949,670 | 13,261,429 |
| 49,796,608 | 8,094,723 |
| 65,171,446 | 56,431,414 |
| 110,000 | 110,000 |
| 297,726,477 | 134,024,492 |
| 38,343,117 | 6,074,510 |
| 259,383,360 | 127,949,982 |

Less: Accumulated depreciation
Written down value at the end of the year

Details are shown in Annexure-A

9 Other assets

Income generating other assets

Income receivable (Note-9.1)

142,373,214 12,153,957

Non-income generating other assets

Stationery, stamps, printing materials, etc.

Prepaid expenses

Deferred pre-operating expenses

Advance rent

Security deposits with other entities

Advance income tax

Advances to vendors

Advances to staff for expenses

Cash & ATM receivable

Others

| | |
|--------------------|--------------------|
| 901,240 | 88,331 |
| 6,214,349 | 1,129,078 |
| 77,686,608 | 77,686,608 |
| 133,209,678 | 85,609,945 |
| 6,175,572 | 5,951,040 |
| 79,820,592 | 21,479,838 |
| 79,276,798 | 74,337,688 |
| 444,802 | 280,240 |
| 502,679 | 575 |
| 1,271,277 | 90,807 |
| 527,876,809 | 278,808,107 |

9.1 Income receivable: Amount represents interest receivable on loans and advances, interest on term placement & balance with other banks.



| Particulars | Amount in Taka | |
|--|----------------------|----------------------|
| | 2014 | 2013 |
| 10 Borrowings from other banks, financial institutions and agents | | |
| In Bangladesh | 1,392,450,000 | - |
| Outside Bangladesh | - | - |
| | 1,392,450,000 | |
| In Bangladesh | | |
| Rupali Bank Ltd | 330,000,000 | - |
| Janata Bank Ltd | 50,000,000 | - |
| Dutch Bangla Bank Ltd | 300,000,000 | - |
| Basic Bank Ltd | 150,000,000 | - |
| SBAC Ltd | 50,000,000 | - |
| Dutch Bangla Bank Ltd | 77,950,000 | - |
| Bangladesh Bank against Assured Liquidity Support | 434,500,000 | - |
| | 1,392,450,000 | - |
| Outside Bangladesh | - | - |
| | 1,392,450,000 | - |
| 11 Deposits and other accounts | | |
| Current deposits and other accounts, etc. (Note: 11.1) | 314,766,713 | 39,241,541 |
| Bills payable (Note: 11.2) | 61,196,277 | 16,572,929 |
| Savings bank deposits (Note: 11.3) | 399,750,360 | 201,388,581 |
| Fixed deposits (Note: 11.4) | 7,029,113,319 | 1,627,585,615 |
| | 7,804,826,669 | 1,884,788,666 |
| 11.1 Current deposits and other accounts, etc. | | |
| Current accounts | 242,932,088 | 36,929,238 |
| Foreign currency deposits | 9,297,284 | 2,099,803 |
| Deposit margin on facilities | 62,537,341 | 212,500 |
| | 314,766,713 | 39,241,541 |
| 11.2 Bills payable | | |
| Local currency | 61,196,277 | 16,572,929 |
| Foreign currencies | - | - |
| | 61,196,277 | 16,572,929 |
| 11.3 Savings bank deposits | | |
| NRB savers | 80,604,679 | 17,272,801 |
| NRB power savers | 272,475,903 | 170,308,213 |
| NRB staff | 11,460,202 | 12,657,590 |
| NRB my savings | 18,568,880 | 1,149,977 |
| NRB my study | 1,521,728 | - |
| NRB my salary | 1,029,115 | - |
| NRB my early | 14,089,853 | - |
| | 399,750,360 | 201,388,581 |
| 11.4 Fixed deposits | | |
| Fixed deposits | 6,789,658,163 | 1,626,966,465 |
| Short term deposits | 239,455,156 | 619,150 |
| | 7,029,113,319 | 1,627,585,615 |
| 11.5 Sector-wise break-up of deposits and other accounts | | |
| Government | 212,382,005 | - |
| Other public sector | 317,890,396 | 61,648,970 |
| Private sector | 7,274,447,219 | 1,823,139,696 |
| | 7,804,719,620 | 1,884,788,666 |



| Particulars | Amount in Taka | |
|-------------|----------------|------|
| | 2014 | 2013 |

11.6 Maturity-wise grouping of deposits and other accounts

| | | |
|---|----------------------|----------------------|
| On demand | 743,941,654 | 254,023,630 |
| In more than one month but not more than three months | 3,286,407,626 | 1,227,063,495 |
| In more than three months but not more than one year | 3,358,243,516 | 115,444,779 |
| In more than one year but not more than five years | 331,226,000 | 288,044,262 |
| In more than five years | 85,007,870 | 212,500 |
| | <u>7,804,826,667</u> | <u>1,884,788,666</u> |

12 Other liabilities

| | | | |
|--|--------------|--------------------|-------------------|
| Privileged creditors | (Note: 12.1) | 11,691,466 | 9,046,031 |
| Interest payable | | 170,342,313 | 20,321,468 |
| Provision for loans and advances | (Note: 12.2) | 64,772,520 | 3,386,469 |
| Provision on off-balance sheet exposures | (Note: 12.3) | 9,001,401 | 2,125 |
| Provision for expenses | | 19,037,213 | 18,438,249 |
| Provision for current tax | (Note: 12.4) | 18,249,253 | 10,024,730 |
| Deferred tax liability | (Note: 12.5) | 14,492,177 | 6,837,826 |
| Cash & ATM Payable | | 1,658,138 | 1,159,329 |
| Security Deposits Held | | 5,586,852 | 544,873 |
| Others Payable | | 10,095,518 | 593,731 |
| | | <u>324,926,852</u> | <u>70,354,831</u> |

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 | 7,183,657 | 6,619,898 |
| VAT deduction at source | 1,946,099 | 2,053,822 |
| Excise duty | 2,561,710 | 372,311 |
| | <u>11,691,466</u> | <u>9,046,031</u> |

12.2 Provision for loans and advances

A. General

| | | |
|--------------------------------------|-------------------|------------------|
| Balance at the beginning of the year | 3,386,469 | - |
| Add: Provision made during the year | | |
| On general loans and advances | 61,386,050 | 3,386,469 |
| On Special Mention Account (SMA) | - | - |
| | <u>61,386,050</u> | <u>3,386,469</u> |
| Balance at the end of the year | <u>64,772,520</u> | <u>3,386,469</u> |

B. Specific

| | | |
|--|-------------------|------------------|
| Balance at the beginning of the year | | |
| Less: Interest waiver during the year | - | - |
| Write off during the year | - | - |
| | <u>-</u> | <u>-</u> |
| Add: Recoveries of amounts previously written off | - | - |
| Specific provision made during the year for other accounts | - | - |
| | <u>-</u> | <u>-</u> |
| Balance at the end of the year | <u>-</u> | <u>-</u> |
| C. Total provision on loans and advances (A+B) | <u>64,772,520</u> | <u>3,386,469</u> |



| Particulars | Amount in Taka | |
|-------------|----------------|------|
| | 2014 | 2013 |

12.3 Provision on off-balance sheet exposures

| | | |
|-------------------------------------|------------------|--------------|
| Balance as at 1 January | 2,125 | - |
| Add: Provision made during the year | 8,999,276 | 2,125 |
| Balance as at 31 December | <u>9,001,401</u> | <u>2,125</u> |

12.4 Provision for current tax

| | | |
|-------------------------------------|-------------------|-------------------|
| Balance as at 1 January | 10,024,730 | - |
| Add: Provision made during the year | 8,224,523 | 10,024,730 |
| Balance as at 31 December | <u>18,249,253</u> | <u>10,024,730</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 2014 | 6,837,826 | - |
| Add: Provision made during the year for deferred tax expense | 7,654,351 | 6,837,826 |
| Balance as at 31 December 2014 | <u>14,492,177</u> | <u>6,837,826</u> |

| | Carrying amount on balance sheet date Taka | Tax base Taka | Taxable/ (deductible) temporary difference Taka |
|---|--|------------------|---|
| Fixed assets including premises, furniture and fixtures | | | |
| At cost less accumulated depreciation | 259,383,361 | 225,284,121 | 34,099,241 |
| Net temporary difference | | | 34,099,241 |
| Applicable tax rate | | | 42.50% |
| Deferred tax liability/(asset) | | | <u>14,492,177</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 | - | 1,234,307 | 1,967 | 22,510 |
| More than three months but less than six month | - | - | - | - |
| More than six months but less than nine month: | - | - | - | - |
| More than nine months but less than twelve mo | - | - | - | - |
| More than twelve months | - | - | - | - |
| | <u>-</u> | <u>1,234,307</u> | <u>1,967</u> | <u>22,510</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.

13 Share capital

13.1 Authorized capital

| | | |
|---|----------------|----------------|
| 1,000,000,000 ordinary shares of Taka 10 each | 10,000,000,000 | 10,000,000,000 |
|---|----------------|----------------|

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> |
|---|----------------------|----------------------|

13.3 Percentage of shareholdings as at 31 December 2014

| Shareholders' group | No. of shares | (%) of share holding | Taka |
|----------------------|---------------|----------------------|---------------|
| Directors | 316,201,200 | 79.05% | 3,162,012,000 |
| Sponsor Shareholders | 83,798,800 | 20.95% | 837,988,000 |
| Total | 400,000,000 | 100.00% | 4,000,000,000 |



| Particulars | Amount in Taka | |
|-------------|----------------|------|
| | 2014 | 2013 |

13.4 Name of the Directors and their shareholdings as at 31 December 2014

| SL No. | Name of the directors | Status | Shareholding Percentages | Number of Shares |
|--------|----------------------------------|----------|--------------------------|------------------|
| 1 | Mr. Iqbal Ahmed OBE | Chairman | 5.00 | 20,000,000 |
| 2 | Mr. Mohammed Mahtabur Rahman | Director | 10.00 | 40,000,000 |
| 3 | Dato' Eng. Md. Ekramul Haque | Director | 4.50 | 18,000,000 |
| 4 | Mr. Mohammed Idrish | Director | 2.50 | 10,000,000 |
| 5 | Dr. Mahiul Muhammed Khan Muqit | Director | 7.80 | 31,201,200 |
| 6 | Mr. Imtiaz Ahmed | Director | 0.50 | 2,000,000 |
| 7 | Mr. Kamal Ahmed | Director | 2.50 | 10,000,000 |
| 8 | Mr. Fazlur Rashid Khan | Director | 5.00 | 20,000,000 |
| 9 | Mr. Nafih Rashid Khan | Director | 5.00 | 20,000,000 |
| 10 | Mr. Naveed Rashid Khan | Director | 5.00 | 20,000,000 |
| 11 | Mr. Mohammed Jamil Iqbal | Director | 5.00 | 20,000,000 |
| 12 | Mr. Tateyama Kabir | Director | 2.50 | 10,000,000 |
| 13 | Dr. Nesar Ahmed Choudhury | Director | 0.63 | 2,500,000 |
| 14 | Mr. Abu Taher Mohammed Amanullah | Director | 6.00 | 24,000,000 |
| 15 | Mr. M Badiuzzaman | Director | 5.00 | 20,000,000 |
| 16 | Mr. Khalilur Rahman Choudhury | Director | 3.00 | 12,000,000 |
| 17 | Mr. Rabin Paul | Director | 1.88 | 7,500,000 |
| 18 | Mr. Mohammed Rafique Miah | Director | 0.75 | 3,000,000 |
| 19 | Mr. Abdul Karim | Director | 5.00 | 20,000,000 |
| 20 | Mr. Khandakar R Amin | Director | 1.50 | 6,000,000 |

13.5 Capital adequacy ratio (BASEL II)

Tier – I (Core capital)

| | | |
|-------------------------------|---------------|---------------|
| Paid up capital | 4,000,000,000 | 4,000,000,000 |
| Statutory reserve | 5,465,396 | 5,465,396 |
| General reserve | - | - |
| Dividend equalization reserve | - | - |
| Share premium | - | - |
| Retained earnings | (60,827,577) | 4,999,030 |
| | 3,944,637,820 | 4,010,464,426 |

Tier –II (Supplementary capital)

| | | |
|---|------------|-----------|
| General provision maintained against unclassified loan | 64,772,520 | 3,386,469 |
| General provision on off-balance sheet items | 9,001,401 | 2,125 |
| Exchange equalization reserve | - | - |
| Asset revaluation reserve | - | - |
| Revaluation reserve of HFT securities (up to 50% of the revaluation reserves) | 11,986,249 | - |
| Revaluation reserve of HTM securities (up to 50% of the revaluation reserves) | 345,134 | - |
| | 86,105,304 | 3,388,594 |

Tier –III (Additional Supplementary capital)

| | | |
|--|---------------|---------------|
| A) Total capital | 4,030,743,124 | 4,013,853,020 |
| B) Total risk weighted assets | 9,660,162,678 | 2,043,316,746 |
| C) Required capital based on 10% of RWA i.e. Taka 966,016,268 or 4,000,000,000 which is higher | 4,000,000,000 | 4,000,000,000 |
| D) Surplus/(deficiency) (A-C) | 30,743,124 | 13,853,020 |

Capital adequacy ratio:

| | Required | Held |
|-------------------------------------|---------------|-------|
| On core capital | 5% | 40.8% |
| On supplementary capital | Not specified | 0.89% |
| On additional supplementary capital | Not specified | - |
| On total capital | 10% | 41.7% |



| Particulars | Amount in Taka | |
|---|---------------------|--------------------|
| | 2014 | 2013 |
| 14 Statutory reserve | | |
| Balance as at 1 January | 5,465,396 | - |
| Add: Addition during the year (20% of pre-tax profit) | - | 5,465,396 |
| Balance as at 31 December | <u>5,465,396</u> | <u>5,465,396</u> |
| 15 Revaluation reserve | | |
| HTM securities (Note 15.1) | 690,269 | 315,406 |
| HFT securities (Note 15.2) | 23,972,497 | 40,862 |
| | <u>24,662,766</u> | <u>356,268</u> |
| 15.1 Reserve for amortization of treasury securities (HTM) | | |
| Balance as at 1 January | 315,406 | - |
| Addition during the year | 374,863 | 315,406 |
| Adjustment made during the year | - | - |
| Balance as at 31 December | <u>690,269</u> | <u>315,406</u> |
| 15.2 Reserve for revaluation of treasury securities (HFT) | | |
| Balance as at 1 January | 40,862 | - |
| Addition during the year | 23,931,635 | 40,862 |
| Adjustment made during the year | - | - |
| Balance as at 31 December | <u>23,972,497</u> | <u>40,862</u> |
| 16 Surplus in profit and loss account \ Retained earnings | | |
| Balance as at 1 January | 4,999,030 | - |
| Net profit/(loss) for the year | (65,826,607) | 10,464,426 |
| Transfer to statutory reserve | - | (5,465,396) |
| Balance as at 31 December | <u>(60,827,577)</u> | <u>4,999,030</u> |
| 17 Contingent liabilities | | |
| Letters of Guarantee | 118,471,813 | 212,500 |
| Acceptances and Endorsements | 336,766,082 | - |
| Letters of Credit | 442,196,936 | - |
| Bills for Collection | 2,705,297 | - |
| | <u>900,140,128</u> | <u>212,500</u> |
| 18 Income statement | | |
| Income: | | |
| Interest, discount and similar income (Note 18.1) | 928,757,465 | 228,772,921 |
| Dividend income | - | - |
| Fees, commission and brokerage (Note 18.2) | 18,123,723 | 305,300 |
| Gains less losses arising from dealing in securities | - | - |
| Gains less losses arising from investment securities | - | - |
| Gains less losses arising from dealing in foreign currencies | 8,422,673 | 8,447 |
| Income from non-banking assets | - | - |
| Other operating income (Note 23) | 1,980,443 | 25,391 |
| Profit less losses on interest rate changes | - | - |
| | <u>957,284,304</u> | <u>229,112,059</u> |
| Expenses: | | |
| Interest paid on deposits and borrowings, etc. (Note 20) | 484,849,474 | 58,402,153 |
| Losses on loans and advances | - | - |
| Administrative expenses (Note 18.3) | 350,480,125 | 116,834,676 |
| Other expenses (Note 33) | 69,248,506 | 17,085,143 |
| Depreciation on banks assets (Note 32) | 32,268,606 | 6,074,510 |
| | <u>936,846,711</u> | <u>198,396,482</u> |
| | <u>20,437,593</u> | <u>30,715,577</u> |



| Particulars | Amount in Taka | |
|---|--------------------|--------------------|
| | 2014 | 2013 |
| 18.1 Interest, discount and similar income | | |
| Interest income (Note 19) | 805,805,874 | 228,413,880 |
| Interest on treasury bills | 122,951,591 | 359,041 |
| | <u>928,757,465</u> | <u>228,772,921</u> |
| 18.2 Fees, commission and brokerage | | |
| Commission | 18,123,723 | 305,300 |
| Brokerage | - | - |
| | <u>18,123,723</u> | <u>305,300</u> |
| 18.3 Administrative expenses | | |
| Salaries and allowances (Note 24) | 194,536,296 | 53,105,205 |
| Rent, taxes, insurance, electricity, etc. (Note 25) | 111,839,156 | 41,160,007 |
| Legal expenses (Note 26) | 4,263,668 | 1,216,600 |
| Postage, stamp, telecommunication, etc. (Note 27) | 13,782,858 | 3,827,618 |
| Stationery, printing, advertisement, etc. (Note 28) | 12,344,735 | 11,751,590 |
| Managing Director's salary and fees (Note 29) | 10,311,356 | 3,931,271 |
| Directors' fees (Note 30) | 1,404,318 | 816,057 |
| Auditors' fees (Note 31) | 230,000 | 301,250 |
| Repair of Bank's assets (Note 32) | 1,767,738 | 725,078 |
| | <u>350,480,125</u> | <u>116,834,676</u> |
| 19 Interest income | | |
| Interest on advances | 392,375,706 | 1,931,596 |
| Interest on money at call and short notice | 15,446,285 | - |
| Interest on balance with other banks | 151,125,539 | 214,387,423 |
| Interest on placement with other banks and Financial Institutions | 246,858,343 | 12,094,861 |
| | <u>805,805,874</u> | <u>228,413,880</u> |
| 20 Interest paid on deposits and borrowings etc. | | |
| Interest on deposits | 447,014,722 | 46,574,531 |
| Interest on borrowings | 37,834,752 | 11,827,622 |
| | <u>484,849,474</u> | <u>58,402,153</u> |
| 21 Investment income | | |
| Interest on Treasury Bill | 2,564,752 | 359,041 |
| Interest on Treasury Bond | 83,215,048 | - |
| Interest on Reverse REPO | 7,233,511 | - |
| Interest on bonds-Corporate | 23,075,342 | - |
| Gain from trading in Govt. Securities | 4,519,651 | - |
| Gain on shares traded in secondary market | 1,583,287 | - |
| Dividend on shares | 760,000 | - |
| | <u>122,951,591</u> | <u>359,041</u> |
| 22 Commission, exchange and brokerage | | |
| Fees and commission | 18,123,723 | 305,300 |
| Exchange gain net off exchange losses | 8,422,673 | 8,447 |
| Brokerage | - | - |
| | <u>26,546,397</u> | <u>313,747</u> |
| 23 Other operating income | | |
| Locker Rent | 53,500 | 600 |
| Rebate received from foreign banks | 785,141 | - |
| SWIFT Charge Recoveries | 159,000 | - |
| Postage/telex charge recoveries | 548,637 | 750 |
| Miscellaneous | 434,165 | 24,041 |
| | <u>1,980,443</u> | <u>25,391</u> |



| Particulars | | Amount in Taka | |
|-------------|--|--------------------|-------------------|
| | | 2014 | 2013 |
| 24 | Salaries and allowances | | |
| | Basic salary | 86,693,334 | 20,505,346 |
| | Allowances | 96,902,492 | 28,400,144 |
| | Festival bonus | 10,940,470 | 4,199,715 |
| | | <u>194,536,296</u> | <u>53,105,205</u> |
| 25 | Rent, taxes, insurance, electricity etc. | | |
| | Rent, rate and taxes | 100,872,139 | 38,252,779 |
| | Insurance | 3,209,849 | 423,914 |
| | Utility | 7,757,168 | 2,483,314 |
| | | <u>111,839,156</u> | <u>41,160,007</u> |
| 26 | Legal expenses and professional expenses | | |
| | Legal expenses | - | - |
| | Other professional expenses | 4,263,668 | 1,216,600 |
| | | <u>4,263,668</u> | <u>1,216,600</u> |
| 27 | Postage, stamps, telecommunication etc. | | |
| | Postage & Courier | 412,127 | 428,506 |
| | Telephone | 1,200,441 | 121,192 |
| | Lan, Wan, Swift nad telex | 12,170,290 | 3,277,920 |
| | | <u>13,782,858</u> | <u>3,827,618</u> |
| 28 | Stationery, printing, advertisements etc. | | |
| | Printing and stationery | 3,868,602 | 1,434,952 |
| | Publicity and advertisement | 8,476,133 | 10,316,638 |
| | | <u>12,344,735</u> | <u>11,751,590</u> |
| 29 | Managing Director's salary and allowances | | |
| | Basic salary | 4,587,097 | 1,800,000 |
| | Allowances | 4,932,259 | 1,771,272 |
| | Festival bonus | 792,000 | 360,000 |
| | | <u>10,311,356</u> | <u>3,931,272</u> |
| 30 | Directors' fees and expenses | | |
| | Fees | 1,000,000 | 359,467 |
| | Other expenses | 404,318 | 456,590 |
| | | <u>1,404,318</u> | <u>816,057</u> |
| 31 | Audit fee | | |
| | Audit fee | 230,000 | 301,250 |
| | | <u>230,000</u> | <u>301,250</u> |
| 32 | Depreciation and repair of bank's assets | | |
| | Depreciation: (Annexure 'A') | | |
| | Furniture and fixture | 6,347,179 | 2,781,157 |
| | Machinery & Equipment | 6,018,766 | 616,931 |
| | Computer & Network Equipment | 9,191,075 | 415,649 |
| | Motor vehicles | 3,342,545 | 1,228,020 |
| | Software | 7,369,041 | 1,032,753 |
| | | <u>32,268,606</u> | <u>6,074,510</u> |
| | Repairs and Maintenance | | |
| | Rented premises | 1,054,802 | 317,240 |
| | Machinery & Equipment | 703,826 | 31,280 |
| | Computer and accessories | 9,110 | 376,558 |
| | | <u>1,767,738</u> | <u>725,078</u> |
| | | <u>34,036,344</u> | <u>6,799,588</u> |



| Particulars | Amount in Taka | |
|-------------|----------------|------|
| | 2014 | 2013 |

33 Other expenses

| | | |
|---|-------------------|-------------------|
| Car maintenance expenses | 26,067,520 | 2,674,462 |
| Contractual service expenses | 18,530,549 | 6,948,850 |
| ATM card expenses | 461,030 | 620,000 |
| Books, periodicals and publications | 772,620 | 45,675 |
| Donation and subscription | 1,995,242 | 966,850 |
| Staff recruitment and training expenses | 1,291,444 | 828,160 |
| Software maintenance expenses | 4,655,403 | - |
| Travelling expenses | 2,715,459 | 2,867,418 |
| Entertainment | 4,509,299 | 1,556,036 |
| Bank charges | 64,005 | 61,861 |
| Cash carrying expense | 645,951 | - |
| VISA expenses | 1,672,609 | - |
| AGM expenses | 453,592 | - |
| Miscellaneous expenses | 5,413,783 | 515,831 |
| | 69,248,506 | 17,085,143 |

34 Provision for loans & off balance sheet items

| | | |
|---|-------------------|------------------|
| Provision for bad and doubtful loans and advances | - | - |
| Provision for unclassified loans and advances | 61,386,050 | 3,386,469 |
| Provision for off-balance sheet items | 8,999,276 | 2,125 |
| | 70,385,326 | 3,388,594 |

35 Receipts from other operating activities

| | | |
|------------------------------------|------------------|---------------|
| Locker Rent | 53,500 | 600 |
| Rebate received from foreign banks | 785,141 | - |
| SWIFT Charge Recoveries | 159,000 | - |
| Postage/telex charge recoveries | 548,637 | 750 |
| Miscellaneous | 434,165 | 24,041 |
| | 1,980,443 | 25,391 |

36 Payments for other operating activities

| | | |
|---|--------------------|-------------------|
| Rent, rates and taxes | 111,839,156 | 41,160,007 |
| Legal expenses and professional expenses | 4,263,668 | 1,216,600 |
| Postage and communication charges, etc. | 13,782,858 | 3,827,618 |
| Stationery, printing, advertisements etc. | 8,476,133 | 11,751,590 |
| Directors' fees | 1,404,318 | 816,057 |
| Miscellaneous expenses | 71,246,244 | 18,111,471 |
| | 211,012,376 | 76,883,343 |

37 Earnings per share (EPS)

| | | |
|---------------------------------------|---------------|-------------|
| Net profit(loss) after tax | (65,826,607) | 10,464,426 |
| Number of ordinary shares outstanding | 400,000,000 | 400,000,000 |
| Earnings per share (EPS) | (0.16) | 0.03 |

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.12 dated 23 December 2002, the Board of Directors in its 1st meeting held on 09 April 2013 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. Mohammed Mahtabur Rahman | Director | Chairman | Bachelor of Arts |
| 2 | Mr. Kamal Ahmed | Director | Member | Graduate of Business Management |
| 3 | Mr. Khalilur Rahman Choudhury | Director | Member | Bachelor of Commerce |
| 4 | Mr. Imtiaz Ahmed | Director | Member | Post Graduate |
| 5 | Dr. Nesar Ahmed Choudhury | Director | Member | MBBS |

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:

3rd Committee Meeting held on 08.03.2014

4th Committee Meeting held on 13.04.2014

5th Committee Meeting held on 24.08.2014

6th Committee Meeting held on 21.10.2014

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

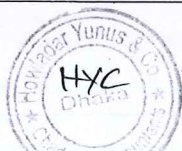
Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial and operating decisions that fall within the definition of 'Related Party' as contained in Bangladesh Accounting Standards (BAS)-24 (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, | Status |
|------------------------------|----------------------|--|--|
| Mr. Iqbal Ahmed OBE | Chairman | Seamark PLC, United Kingdom IBCO Limited, United Kingdom IBCO Enterprise, United Kingdom Seamark (BD) Limited, Bangladesh IBCO Food Industries Limited, Bangladesh Seamark (Holdings) Limited, Bangladesh Seamark (USA) Inc, USA ManRu Shopping City, Bangladesh | Chairman & Chief Executive Chairman & Chief Executive Senior Partner Chairman & Chief Executive Chairman & Chief Executive Chairman & Chief Executive Managing Director Senior Partner |
| Mr. Mohammed Mahtabur Rahman | Director | Al Haramain Perfumes Manufacturing & Oudh Processing Industry L.L.C, Ajman, UAE Al Halal Perfumes Industry L.L.C, Ajman, UAE Al Haramain Perfumes L.L.C. Dubai, UAE Al Halal Perfumes L.L.C., Dubai, UAE Al Haramain Trading L.L.C. Dubai, UAE Noor Al Haramain L.L.C. , Dubai, UAE Oudh Al Haramain L.L.C., Dubai, UAE Best in Fragrance, Holy Makkah, KSA Al Haramain Perfumes Int'l W.L.L., Kuwait Noor Al Haramain Perfumes Co., Kuwait Oudh Al Haramain W.L.L., Kuwait Al Haramain Perfumes L.L.C., Muscat, Oman Al Haramain Perfumes, W.L.L., Doha, Qatar Al Haramain Perfumes S.P.C, Bahrain Al Halal Perfumes S.P.C., Bahrain Al Haramain Perfumes Private Ltd. Singapore | Managing Director Managing Director Managing Director Managing Director Managing Director Manager Manager Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director |



| | | | |
|----------------------------------|----------|---|--|
| | | Al Haramain Perfumes SDN BHD, Malaysia Al Haramain Perfumes, Dhaka, Bangladesh AL Arafah Islami Bank Limited AIBL Capital Market Service Limited United Airways (BD) Limited Hamidia Tea Company Ltd. Sylhet, Bangladesh The University of Asia Pacific, Dhaka, Bangladesh Cancer Hospital, Biyani Bazar, Sylhet Bangladesh Business Council Dubai, UAE Shaikh Khalifa Bin Zayad Bangladesh Isla-Mia Private School, Abu Dhabi. | Managing Director Managing Director Sponsor Shareholder Sponsor Shareholder Sponsor Director Chairman Trustee Trustee Founder President Sponsor |
| Dato' Eng. Md. Ekramul Haque | Director | BEL Construction SDN BHD KL, Malaysia Taufika Energy Co. Ltd., Dhaka, Bangladesh Cynzar Energy Services Ltd., Dhaka, Bangladesh | Managing Director Managing Director Managing Director |
| Mr. Mohammed Idrish | Director | National Exchange Company S.R.L. Italy Popular Travels & Tours, Rome, Italy Al Safa S.A.S, Rome, Italy National Trust Express (pvt) Ltd. Dhaka, Euru International Company S.N.C., Italy | Chairman Director Chairman Director Chairman |
| Mr. Kamal Ahmed | Director | Seamark PLC, United Kingdom IBCO Limited, United Kingdom IBCO Enterprise, United Kingdom Seamark (BD) Limited, Bangladesh IBCO Food Industries Limited, Bangladesh Seamark (Holdings) Limited, Bangladesh Seamark (USA) Inc, USA ManRu Shopping City, Bangladesh | Deputy Managing Director Deputy Managing Director Deputy Managing Director Deputy Managing Director Deputy Managing Director Deputy Managing Director Deputy Managing Director Deputy Managing Director |
| Mr. Tateyama Kabir | Director | Kabir Auto Export Co. Ltd. Japan OCEAN Auto, Dhaka, Bangladesh | President Proprietor |
| Mr. M. Badiuzzaman | Director | Tania International PTE. Ltd. Singapore Rajib Enterprise PTE. Ltd., Singapore Aangan Restaurant, Singapore Tania Development PTE. Ltd. Singapore Asia Pacific Realty Investment Services, | Managing Director Managing Director Proprietor Managing Director Proprietor |
| Dr. Nesar Ahmed Choudhury | Director | N.A. Choudhury Limited, U.K. Lower Broughton Health Centre, U.K. Brookdale Surgery, U.K. | Director Partner Partner |
| Mr. Khalilur Rahman Choudhury | Director | KRC Composite Textile Ind. Limited, Bangladesh Khalil Garments Limited, Bangladesh Khalil & Khalil Investment Limited, Bangladesh ATAIA Trading Corp. Limited, Bangladesh KRC CNG & Filling Station, Bangladesh Al-Hera Filling Station, Bangladesh KRC Industrial Park, Bangladesh KRC Rubber Plantation, Bangladesh | Managing Director Managing Director Managing Director Managing Director Proprietor Proprietor Proprietor Proprietor |
| Mr. Nafih Rashid Khan | Director | Commodity First DMCC, Dubai, UAE Loch Shipping Intermediary FZE, UAE Jabbar Jute Mills Ltd. Bangladesh Bangladesh Medical Science and Technology | Managing Director Chairman & MD Director Director |
| Mr. Naveed Rashid Khan | Director | Commodity First DMCC, Dubai, UAE Gentrade FZE, UAE Jabbar Jute Mills Ltd. Bangladesh Bangladesh Medical Science and Technology | Managing Director Chairman & MD Director Director |
| Mr. Mohammed Jamil Iqbal | Director | Al Anood Perfumes Co., Dubai, UAE M/S. Md. Jamil Iqbal Construction, Bangladesh JI Stone Supplier, Bangladesh New Maitri Stone Crushing, Bangladesh Divine Properties Limited, Bangladesh | Partner Proprietor Proprietor Proprietor Chairman |
| Mr. Abu Taher Mohammed Amanullah | Director | Amanco PTE. Ltd., Singapore East west Placement Center, Philippines EWPCI Testing Center, Philippines East West Human Resources Center, Bangladesh East West Training & Contractors Company Ltd, Bangladesh East west Engineering Ltd. Bangladesh | Chairman & CEO Chairman & CEO Director Chairman Chairman Chairman |
| Mr. Fazlur Rashid Khan | Director | Fazlur Rashid Khan Investment, USA | Proprietor |



| | | | |
|---------------------------|----------|---|-------------------------|
| 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. Rabin Paul | Director | Claims Center Limited, U.K. | Director |
| Mr. Khandakar R. Amin | Director | Amin Realty Corporation, N.Y. USA Hirapur Realty Corporation, N.Y. USA | Proprietor President |
| Mr. Muklesur Rahman | 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 Howladar Yunus & Co., Chartered Accountants worked about 850 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

There are no significant events subsequent to the balance sheet date to report which had an influence on the balance sheet or the income statement as at and for the year ended 31 December 2014.



NRB Bank Limited
Schedule of fixed assets
as at 31 December 2014

Annexure-A

| Particulars | Cost | | | | Depreciation | | | | Written down value as at 31 December 2014 |
|--------------------------------|------------------------------|---------------------------|-------------------------------------|--------------------------------|------------------------------|-------------------------|-------------------------------------|--------------------------------|---|
| | Balance as at 1 January 2014 | Additions during the year | Disposal/adjustment during the year | Balance as at 31 December 2014 | Balance as at 1 January 2014 | Charged during the year | Disposal/adjustment during the year | Balance as at 31 December 2014 | |
| | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | |
| Furniture and fixture | 47,293,860 | 39,446,163 | - | 86,740,023 | 2,781,157 | 6,347,179 | - | 9,128,336 | |
| Machinery and Equipment | 8,094,723 | 41,701,885 | - | 49,796,608 | 616,931 | 6,018,766 | - | 6,635,697 | |
| Computer and Network Equipment | 8,833,066 | 65,125,664 | - | 73,958,730 | 415,649 | 9,191,075 | - | 9,606,724 | |
| Vehicle | 13,261,429 | 8,688,241 | - | 21,949,670 | 1,228,020 | 3,342,545 | - | 4,570,565 | |
| Software | 56,431,414 | 8,740,032 | - | 65,171,446 | 1,032,753 | 7,369,041 | - | 8,401,794 | |
| Patents | 110,000 | - | - | 110,000 | - | - | - | - | |
| As at 31 December 2014 | 134,024,492 | 163,701,985 | - | 297,726,477 | 6,074,510 | 32,268,606 | - | 38,343,116 | |
| | | | | | | | | 259,383,361 | |



Annexure-B

NRB Bank Limited
Balance with other banks-Outside Bangladesh (Nostro Account)
as at 31 December 2014

| Name of the Bank | Account type | 2014 | | | |
|----------------------|--------------|---------------|--------------|---------------|--------------------------|
| | | Currency type | FC amount | Exchange rate | Equivalent Taka |
| Habib American Bank | CD | USD | 595,477.90 | 77.95 | 46,417,502 |
| Mashreq Bank | CD | USD | 21,758.29 | 77.95 | 1,696,059 |
| United Bank of India | CD | EURO | 2,000.00 | 94.79 | 189,574 |
| United Bank of India | CD | USD | (311,211.16) | 77.95 | (24,258,910) |
| Mizhuo Bank | CD | JPY | 443,035.00 | 0.65 | 288,682 |
| Mashreq Bank | CD | GBP | 30,630.59 | 121.07 | 3,708,504 |
| Mashreq Bank | CD | EUR | 2,983.34 | 94.79 | 282,782 |
| | | | | | <u><u>28,324,193</u></u> |



NRB Bank Limited
Investment in Quoted Shares
as at 31 December 2014

Annexure - C

| SL | Name of Company | Face value per share | No. of shares | Cost of holding | Average Cost | Quoted rate per share as at 31.12.2014 | Total market value of share as at 31.12.2014 | Unrealised gain/(loss) |
|---------------------|---|----------------------|---------------|-----------------|--------------|--|--|------------------------|
| 1 | Active Fine Chemicals Limited | 10 | 1,500,000 | 90,000,000 | 60 | 74 | 110,850,000 | 20,850,000 |
| 2 | Square Pharmaceuticals Limited | 10 | 23,000 | 5,837,800 | 254 | 259 | 5,945,500 | 107,700 |
| 3 | Titas Gas Transmission & Distribution Co. Ltd | 10 | 300,000 | 26,320,000 | 88 | 80 | 23,910,000 | (2,410,000) |
| 4 | AIMS Ist Mutual Fund | 10 | 170,000 | 4,396,098 | 26 | 29 | 4,879,000 | 482,902 |
| 5 | Benal Windsor Thermoplastics Limited | 10 | 100,000 | 5,716,729 | 57 | 59 | 5,940,000 | 223,271 |
| 6 | Singer Bangladesh Limited | 10 | 65,000 | 15,200,995 | 234 | 219 | 14,222,000 | (978,995) |
| Free fund available | | | | 147,471,622 | | | 165,746,500 | 18,274,878 |
| Total | | | | 827,640 | | | 165,746,500 | 18,274,878 |
| | | | | 148,299,262 | | | | |



Annexure-D

NRB Bank Limited
Highlights on the overall activities
as at 31 December 2014

| SI N | Particulars | | 2014 | 2013 |
|---------|--|------|----------------|---------------|
| 1 | Paid-up capital | Taka | 4,000,000,000 | 4,000,000,000 |
| 2 | Total capital (Tier-I & II) | Taka | 4,030,743,124 | 4,013,853,020 |
| 3 | Surplus \ (Shortage) Capital | Taka | 30,743,124 | 13,853,020 |
| 4 | Total assets | Taka | 13,491,504,106 | 5,965,964,189 |
| 5 | Total deposits | Taka | 7,804,826,669 | 1,884,788,666 |
| 6 | Total loans and advances | Taka | 6,291,889,815 | 453,813,988 |
| 7 | Total contingent liabilities and commitments | Taka | 900,140,128 | 212,500 |
| 8 | Loans to deposits ratio (total loans/total deposits) | % | 77.31% | 24.08% |
| 9 | Percentage of classified loans against total loans and advances | % | - | - |
| 10 | Profit/(loss) after tax and provision | Taka | (65,826,607) | 10,464,426 |
| 11 | Classified loans during current year | Taka | - | - |
| 12 | Provisions kept against classified loans | Taka | - | - |
| 13 | Provision surplus/(deficit) against classified loans | Taka | - | - |
| 14 | Cost of fund (Interest expenses/Average deposits and borrowings) | % | 9.83% | 11.97% |
| 15 | Interest earning assets | Taka | 12,846,617,151 | 5,571,360,057 |
| 16 | Non-interest earning assets | Taka | 644,886,955 | 394,604,132 |
| 17 | Return on investment (ROI) | % | 3.40% | 0.26% |
| 18 | Return on assets (ROA) [PAT/ Average assets] | % | -0.25% | 0.18% |
| 19 | Income from investment | Taka | 122,951,591 | 359,041 |
| 20 | Earnings per share | Taka | (0.16) | 0.03 |
| 21 | Net income per share | Taka | (0.16) | 0.03 |

