

NRB Bank Limited

Independent Auditor's Report and Audited Financial Statements For the year ended 31 December 2017



ACNABIN

Chartered Accountants

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

Report on the Financial Statements

We have audited the accompanying financial statements of NRB Bank Limited ("the Bank"), which comprise the balance sheet as at 31 December 2017, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and Internal Controls

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

Auditors' Responsibility

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

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

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



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

Opinion

In our opinion, the financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note # 2.1.

Report on Other Legal and Regulatory Requirements

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

- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
 - i) internal audit, internal control and risk management arrangements of the Bank as disclosed in note # 3.11 to the financial statements appeared to be materially adequate;
 - ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank;
- (c) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- (d) the balance sheet and profit and loss account of the Bank dealt with by the report are in agreement with the books of account;
- (e) the expenditure incurred was for the purposes of the Bank's business;
- (f) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;
- (g) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- (h) the records and statements submitted by the branches have been properly maintained and in the financial statements;



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- (i) the information and explanation required by us have been received and found satisfactory;
and
- (j) We have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 1,450 person hours for the audit of the books and accounts of the Bank.

Dhaka,
25 March 2018

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NRB Bank Limited
Balance Sheet
As at 31 December 2017

PROPERTY AND ASSETS	Notes	31.12.2017 Taka	31.12.2016 Taka
Cash	4	2,593,192,121	1,582,930,522
Cash in hand (including foreign currencies)	4.1	545,916,638	551,507,068
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	4.2	2,047,275,483	1,031,423,454
Balance with other banks and financial institutions	5	3,208,154,343	2,284,315,190
In Bangladesh	5.1	3,185,780,844	2,212,520,857
Outside Bangladesh	5.2	22,373,499	71,794,333
Money at call and short notice		-	-
Investments	6	4,953,018,727	6,943,877,096
Government	6.1	3,374,533,063	5,279,185,628
Others	6.2	1,578,485,664	1,664,691,468
Loans and advances	7	22,920,907,531	12,589,367,101
Loans, cash credit, overdrafts etc.	7.1	22,903,735,905	12,586,888,187
Bills purchased and discounted	7.2	17,171,626	2,478,914
Fixed assets including premises, furniture and fixtures	8	438,873,065	392,159,041
Other assets	9	825,941,133	937,190,365
Non - banking assets		-	-
Total assets		34,940,086,920	24,729,839,315
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	4,614,037,715	1,200,212,826
Deposits and other accounts		23,933,484,680	17,465,634,785
Current deposits and other accounts	11.1	4,649,946,451	2,745,655,693
Bills payable	11.2	162,292,400	77,824,142
Savings bank deposits	11.3	2,662,962,119	1,609,988,324
Fixed deposits	11.4	16,458,283,710	13,032,166,627
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	12	1,723,194,298	1,004,902,233
Total liabilities		30,270,716,693	19,670,749,844
Capital/shareholders' equity		4,669,370,227	5,059,089,471
Paid up capital	13.2	4,000,000,000	4,000,000,000
Statutory reserve	14	339,382,846	218,114,533
Other reserve	15	177,951	352,820,290
Retained earnings	16	329,809,430	488,154,648
Total liabilities and shareholders' equity		34,940,086,920	24,729,839,315

OFF-BALANCE SHEET ITEMS

Contingent liabilities

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

Notes	31.12.2017 Taka	31.12.2016 Taka
17	8,581,567,216	1,838,962,449
	1,217,446,861	296,793,759
	4,977,876,446	824,271,388
	2,231,154,287	690,530,901
	155,089,622	27,366,401
	-	-

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
Undrawn formal standby facilities, credit lines and other commitments

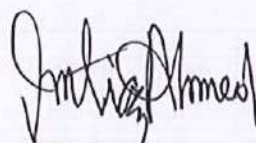
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Total Off-Balance Sheet items including contingent liabilities


8,581,567,216	1,838,962,449
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The annexed notes form an integral part of these financial statements.


Chairman

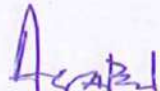

Director


Director


Managing Director & CEO

This is the balance sheet referred to in our separate report of even date.

Dhaka,
25 March 2018


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NRB Bank Limited
Profit and Loss Account
For the year ended 31 December 2017

	Notes	2017 Taka	2016 Taka
OPERATING INCOME			
Interest income	19	2,139,473,152	1,723,870,906
Interest paid on deposits and borrowings etc.	20	(1,388,549,734)	(1,220,400,726)
Net interest income		750,923,418	503,470,180
Investment income	21	1,045,989,346	1,081,002,316
Commission, exchange and brokerage	22	215,458,048	87,682,055
Other operating income	23	12,800,206	8,218,529
		1,274,247,600	1,176,902,900
Total operating income (a)		2,025,171,018	1,680,373,080
OPERATING EXPENSE			
Salaries and allowances	24	477,805,053	337,976,127
Rent, taxes, insurance, electricity etc.	25	256,128,167	226,042,068
Legal expenses	26	3,174,208	3,001,805
Postage, stamp, telecommunication etc.	27	24,735,774	21,258,873
Stationery, printing, advertisements etc.	28	38,354,662	21,999,332
Chief Executive's salary and fees	29	16,760,000	10,784,851
Directors' fees	30	4,474,789	1,693,291
Auditors' fees	31	402,500	327,750
Depreciation and repair of bank's assets	32	148,304,828	101,200,977
Other expenses	33	201,366,754	145,659,954
Total operating expenses (b)		1,171,506,735	869,945,028
Profit before provision (c = (a-b))		853,664,283	810,428,052
Provision against loans and advances			
General provision		80,280,969	1,971,926
Specific provision		99,011,926	80,998,785
Provision for off-balance sheet items		67,426,048	8,139,870
Provision for diminution in value of investments		603,776	-
Other provisions		-	-
Total provision (d)	34	247,322,718	91,110,581
Profit before taxation e=(c-d)		606,341,565	719,317,470
Provision for taxation (f)		163,418,470	194,032,271
Current tax	12.5	173,858,261	204,197,374
Deferred tax income	12.6	(10,439,791)	(10,165,102)
Net profit after taxation (g=e-f)		442,923,095	525,285,199
Appropriations:			
Statutory reserve	14	121,268,313	143,863,494
General reserve		-	-
		121,268,313	143,863,494
Retained earnings		321,654,782	381,421,705
Earnings per share (EPS)	37	1.11	1.31

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

Chairman

Director

Director

Managing Director & CEO

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

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Dhaka,
25 March 2018

NRB Bank Limited
Cash Flow Statement
For the year ended 31 December 2017


	Notes	2017 Taka	2016 Taka
Cash flows from operating activities			
Interest receipts in cash		2,508,490,541	2,117,125,342
Interest payments		(1,321,348,349)	(1,231,618,530)
Dividend receipts		94,102,550	43,454,501
Fees and commission receipts		215,458,048	87,682,055
Cash payments to employees		(494,565,053)	(348,760,978)
Cash payment to suppliers		(12,728,382)	(6,606,225)
Income tax paid		(131,196,316)	(33,483,080)
Receipts from other operating activities	35	12,800,206	8,218,529
Payments for other operating activities	36	(568,793,635)	(434,935,215)
(i) Operating profit before changes in operating assets and liabilities		302,219,610	201,076,399
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers		(10,331,540,430)	(1,496,950,927)
Other assets		(63,546,349)	(257,837,680)
Deposits from customers		6,467,849,895	4,109,091,439
Other liabilities		642,653,230	614,676,078
(ii) Cash generated from operating assets and liabilities		(3,284,583,654)	2,968,978,910
Net cash (used in)/flow from operating activities (a)=(i)+(ii)		(2,982,364,044)	3,170,055,310
Cash flows from investing activities			
Purchase of trading securities		1,552,010,225	(1,371,043,895)
Proceeds from sale of trading securities, shares, bonds, etc.		462,448,709	306,695,272
Purchase of shares and bonds		86,205,805	(132,638,773)
Purchase of property, plant and equipment		(142,133,691)	(125,062,873)
Net cash flow/ (used in) investing activities (b)		1,958,531,048	(1,322,050,269)
Cash flows from financing activities			
Borrowings from other banks, financial institutions and agents		3,413,824,889	(1,140,000,000)
Dividend paid		(455,641,440)	-
Net cash flow/ (used in) from financing activities (c)		2,958,183,449	(1,140,000,000)
Net increase in cash and cash equivalents (a+ b +c)		1,934,350,452	708,005,043
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		3,867,531,412	3,159,526,370
Cash and cash equivalents at end of the year (*)		5,801,881,864	3,867,531,413
(*) Cash and cash equivalents			
Cash in hand (including foreign currencies)		545,916,638	551,507,068
Balance with Bangladesh Bank and its agent bank (s)		2,047,275,483	1,031,423,454
Balance with other banks and financial institutions		3,208,154,343	2,284,315,190
Money at call and short notice		-	-
Prize bond		535,400	285,700
		5,801,881,864	3,867,531,413

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

Dhaka,
25 March 2018


Chairman


Director


Director


Managing Director & CEO



NRB Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2017

Particulars	Paid up capital	Statutory reserve	Other Reserve	Retained earnings	Total
Balance as at 1 January 2017	4,000,000,000	218,114,533	352,820,290	488,154,648	5,059,089,471
Net profit after tax for the year	-	-	-	442,923,095	442,923,095
Transfer to statutory reserve	-	121,268,313	-	(121,268,313)	-
Addition/ (adjustment) made during the year	-	-	(352,642,339)	-	(352,642,339)
Dividend Paid	-	-	-	(480,000,000)	(480,000,000)
Balance as at 31 December 2017	4,000,000,000	339,382,846	177,951	329,809,430	4,669,370,227
Balance as at 1 January 2016	4,000,000,000	74,251,039	297,531,842	106,732,944	4,478,515,824
Net profit after tax for the year	-	-	-	525,285,199	525,285,199
Transfer to statutory reserve	-	143,863,494	-	(143,863,494)	-
Addition/ (adjustment) made during the year	-	-	55,288,448	-	55,288,448
Balance as at 31 December 2016	4,000,000,000	218,114,533	352,820,290	488,154,648	5,059,089,471

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

Dhaka,
25 March 2018


Chairman


Director


Managing Director & CEO



NRB Bank Limited
Liquidity Statement
(Analysis of maturity of assets and liabilities)
As at 31 December 2017

(Amount in Taka)

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets:						
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	2,593,192,121	-	-	-	-	2,593,192,121
Balance with other banks and financial institutions	1,128,154,343	1,550,000,000	530,000,000	-	-	3,208,154,343
Money at call and on short notice	-	-	-	-	-	-
Investments	249,938,782	150,000,000	766,462,934	765,555,467	3,021,061,544	4,953,018,727
Loans and advances	4,352,577,780	3,481,757,792	8,256,441,915	5,412,607,201	1,417,522,843	22,920,907,531
Fixed assets including premises, furniture and fixtures	-	-	-	-	438,873,065	438,873,065
Other assets	-	202,947,268	71,429,283	551,564,583	-	825,941,133
Non banking assets	-	-	-	-	-	-
Total assets (A)	8,323,863,026	5,384,705,060	9,624,334,132	6,729,727,251	4,877,457,452	34,940,086,920
Liabilities:						
Borrowings from other banks, financial institutions and agents	2,754,677,073	1,393,725,707	458,213,506	7,421,429	-	4,614,037,715
Deposits	3,472,779,189	8,818,193,477	9,831,784,365	1,065,559,592	745,168,057	23,933,484,680
Provision and other liabilities	398,268,836	354,444,784	14,857,163	7,571,309	948,052,205	1,723,194,298
Total liabilities (B)	6,625,725,099	10,566,363,968	10,304,855,034	1,080,552,330	1,693,220,263	30,270,716,693
Net liquidity gap (A - B)	1,698,137,927	(5,181,658,908)	(680,520,903)	5,649,174,921	3,184,237,189	4,669,370,227

NRB Bank Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

1.0 The Bank and its activities

1.1 Reporting entity

The NRB Bank Limited ("the Bank") is a private commercial bank (PCB), incorporated as a public limited company in Bangladesh on 19 March 2013 under the Companies Act, 1994. It started its banking businesses from 04 August 2013 under the license issued by Bangladesh Bank. The Bank has currently 36 branches, 35 ATM booths and 2100 shared ATM booths all over Bangladesh. The Bank had no overseas branches as at 31 December 2017.

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

1.2 Principal activities

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

2.0 Basis of preparation of financial statements and significant accounting policies

2.1 Statement of compliance

The financial statements of the Bank as at and for the year ended 31 December 2017 have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Bank Company Act 1991 (amended upto 2013), the rules and regulations issued by Bangladesh Bank, the Companies Act 1994 and the Securities and Exchange Rules 1987.

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

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

i) Presentation of financial statements

BFRS: As per BAS 1 financial statements shall comprise statement of financial position, comprehensive income statement, changes in equity, cash flows statement, adequate notes comprising summary of accounting policies and other explanatory information. As per Para 60 of BAS 1, the entity shall also present current and non-current assets and current and non-current liabilities as separate classifications in its statement of financial position.

Bangladesh Bank: The presentation of the financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flows statement, changes in equity, liquidity statement) and certain disclosures therein are guided by the 'First Schedule' (section 38) of the Bank Company Act 1991 (amendment upto 2013) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines of BB. In the prescribed format there is no option to present assets and liabilities under current and non-current classifications.



ii) Investments in shares and securities

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

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

iii) Revaluation gains/losses on Government securities

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

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

iv) Provision on loans and advances

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

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

v) Recognition of interest in suspense

BFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income are recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.



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

vi) Other comprehensive income and appropriation of profit

BFRS: As per BAS 1 other comprehensive income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income (OCI) statement. BFRSs do not require appropriation of profit to be shown on the face of the statement of comprehensive income.

Bangladesh Bank: The templates of financial statements issued by BB do not include other comprehensive income nor are the elements of other comprehensive income allowed to be included in a single other comprehensive income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity. Furthermore, the above templates require disclosure of appropriation of profit on the face of profit and loss account.

vii) Financial instruments – presentation and disclosure

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

viii) Repo transactions

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

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

ix) Financial guarantees

BFRS: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

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



x) Cash and cash equivalent

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

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

xi) Non-banking assets

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

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

xii) Cash flow statement

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

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

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

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

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

xiv) Presentation of intangible asset

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

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

xv) Off-balance sheet items

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

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



xvi) Loans and advances net of provision

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

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

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

2.5 Foreign currency transactions

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

2.6 Cash flow statement

Cash Flow Statement is prepared principally in accordance with BAS 7 "Statement of Cash Flows" under direct method as per the guidelines of BRPD circular no. 14 dated 25 June 2003. The Cash Flow Statement



shows the structure of and changes in cash and cash equivalents during the year. It cash flows during the year have been classified as operating activities, investing activities and financing activities.

2.7 Reporting year

These financial statements of the bank cover one calendar year from 1 January to 31 December 2017.

2.8 Liquidity statement

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

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

2.9 Statement of changes in equity

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

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

3.0 Significant accounting policies

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

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



3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

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

3.1.2 Investments

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

Held to Maturity (HTM)

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

Held for Trading (HFT)

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

REPO and Reverse REPO

The Bank has been recording transactions of REPO and reverses REPO following DOS circular no. 6 dated 15 July 2010 of BB. In case of REPO of both coupon and non-coupon bearing (T-bills) securities, the Bank adjusts the revaluation reserve account for HFT securities and stops the weekly revaluation (if the revaluation date falls within the REPO year) of the same security. For interest bearing security, the Bank does not accrue interest during REPO year.

Investment in listed securities

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

Investment in unquoted securities

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

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

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

Investments are stated as per following bases:

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

3.1.3 Loans, advances and provisions

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

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

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

General provisions @ 0.25% to 5% under different categories on unclassified loans (standard/SMA) and @ 1% on off balance-sheet exposures, and specific provisions @ 20%, 50% & 100% on classified (substandard/doubtful/bad loss) loans are made on the basis of quarter end review by the management and instructions contained in BRPD Circular no 14, dated 23 September 2012, BRPD Circular no 19, dated 27 December 2012, BRPD Circular no 16, dated 18 November 2014 and BRPD Circular no 8, dated 2 August 2015. Provisions and interest suspense are separately shown under other liabilities as per First Schedule of Bank Company Act 1991 (amendment upto 2013), instead of netting off with loans.



Heads	Rates
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 professionals	5%
Short term agri credit and micro credit	1%
Off balance sheet exposures	1%
Specific provision on:	
Substandard loans and advances other than short term agri credit and micro credit	20%
Doubtful loans and advances other than short term agri credit and micro credit	50%
Bad/loss loans and advances	100%
Substandard short term agri credit and micro credit	5%
Doubtful short term agri credit and micro credit	5%

3.1.4 Property, plant and equipment

3.1.4.1 Recognition and measurement

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

3.1.4.2 Subsequent costs

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

3.1.4.3 Depreciation

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

Category of fixed assets	Rate of depreciation
Furniture and fixture	10%
Machinery and Equipment	20%
Computer and Network Equipment	20%
Vehicle	20%
Software	12.5%
Mobile Phone	50%

3.1.5 Other assets

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

3.2 Liabilities and provisions

3.2.1 Borrowings from other banks, financial institutions and agents

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

3.2.2 Deposits and other accounts

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

3.2.3 Other liabilities

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

3.2.4 Dividend payments

Interim dividend is recognized only when the shareholders' right to receive payment is established. Final dividend is recognized when it is approved by the shareholders in AGM. However, the proposed dividend for the year 2017 has not been recognized as a liability in the balance sheet in accordance with BAS 10 Events after the Reporting Year. Dividend payable to the Bank's shareholders is recognized as a liability and deducted from the shareholders' equity in the year in which the shareholders' right to receive payment is established.

3.2.5 Provision for loans and advances

Provision for classified loans and advances is made on the basis of quarter-end review by the management and instructions contained in BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 16 dated 18 November 2014. Details are stated in Note 12.3 of these financial statements.

3.2.6 Provision for diminution of value of quoted securities

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



3.2.7 Provision for off-balance sheet exposures

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

3.2.8 Provision for other assets

Provision for other assets is made as per the instructions made in the BRPD circular No. 14 dated 25 June 2001 i.e. 100% provision is required on other assets which are outstanding for one year or more or classified as bad/loss.

3.2.9 Provision for nostro accounts

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

3.2.10 Provision for liabilities and accrued expenses

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

3.3 Share capital and reserves

Authorized capital

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

Paid-up capital

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

Statutory reserve

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

Revaluation reserve

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



3.4 Contingent liabilities

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

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

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

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

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

3.5 Revenue recognition

Interest income

Interest on unclassified loans and advances is recognized as income on accrual basis, interest on classified loans and advances is credited to interest suspense account with actual receipt of interest there from credited to income as and when received as per instruction contained in BRPD circular no 14 dated 23 September 2012, BRPD circular no 19 dated 27 December 2012 and BRPD circular no 16 dated 18 November 2014.

Fees and commission income

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

Investment income

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

Dividend income

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

Foreign exchange gain/ loss

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



Interest paid on borrowings and deposits

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

Other operating expenses

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

3.6 Employee benefits

Provident fund

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

Gratuity fund

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

Hospitalization insurance

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

Group life insurance

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

3.7 Taxation

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

Current tax

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



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

Deferred tax

Deferred tax is calculated on taxable/deductible temporary differences between tax base amount and carrying amount of assets and liabilities as required by BAS 12 "Income taxes" and BRPD Circular no. 11 dated 12 December 2011.

3.8 Offsetting

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

3.9 Earnings per Share

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

3.10 Reconciliation of books and account

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

3.11 Risk management and other related matters

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

Credit Risk

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

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



Liquidity Risk

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

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

Market Risk

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

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

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

To manage interest rate risk, ALCO regularly monitors various ratios and parameters. Bank deploys several analysis techniques (e.g. Rate Sensitive Gap Analysis, Duration Gap Analysis) to measure interest rate risk, its impact on Net Interest Income and takes insight about course of actions.

Foreign Exchange Risk

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

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



Operational Risk

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

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

Information and communication technology risk

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

Internal audit

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

Prevention of fraud

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

3.12 Event after the reporting year

All the material events after the reporting year have been considered and appropriate adjustments/disclosures have been made in the financial statements as per BAS 10 'Events after the Reporting Year'. Board's recommendation for dividend distribution is a common item presented in the note 42.

3.13 Related party disclosures

A party is related to the company if:

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

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

The Bank has complied the following BASs & BFRSs as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) during the preparation of financial statements as at and for the year ended 31 December 2017.

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



Sl. No.	BAS No.	BAS Title	Compliance Status
21	33	Earnings per Share	Complied
22	34	Interim Financial Reporting	Complied
23	36	Impairment of Assets	Complied
24	37	Provisions, Contingent liabilities and Contingent Assets	Complied
25	38	Intangible Assets	Complied
26	39	Financial Instruments: Recognition and Measurement	Complied *
27	40	Investment Property	Not Applicable
28	41	Agriculture	Not Applicable

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

* Subject to departure disclosed in note no. 2.1

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

3.15 Approval of financial statements

The financial statements were reviewed by the Audit Committee of the Board of the Bank in its 22nd meeting held on 25 March 2018 and was subsequently approved by the Board in its 63rd meeting held on the same date.

		31.12.2017 Taka	31.12.2016 Taka
4	Cash		
	Cash in hand (including foreign currencies) (Note-4.1)	545,916,638	551,507,068
	Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies) (Note-4.2)	2,047,275,483	1,031,423,454
		<u>2,593,192,121</u>	<u>1,582,930,522</u>

4.1 Cash in hand (including foreign currencies)

Local currency	519,547,452	534,357,931
Foreign currencies	26,369,186	17,149,137
	<u>545,916,638</u>	<u>551,507,068</u>

Cash in hand (local currency) includes balance of Cash held at Automated Teller Machine (ATM) of Tk. 28,372,000 as on 31.12.2017.

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

Local currency	1,920,172,212	954,542,930
Foreign currencies	127,103,271	76,880,524
	<u>2,047,275,483</u>	<u>1,031,423,454</u>

4.a Cash Reserve Ratio (CRR)

As per section 33 of Bank Company Act, 1991 (amended upto 2013) & MPD circular no. 01 dated 23 June 2014 issued by Bangladesh bank with effect from 24 June 2014, the Bank has maintained CRR of minimum 6.0% on daily basis and 6.5% on bi-weekly basis on weekly average total demand and time liabilities (ATDTL) of the base month which is two months back of reporting month (i.e. CRR of December 2017 is based on weekly average balance of October 2017). Reserve maintained by the bank as at 31 December are as follows:

Average total demand and time liabilities of October 2017	<u>24,046,320,715</u>	<u>13,962,402,272</u>
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Daily basis

Required reserve (6% of ATDTL)	1,442,779,243	837,744,136
Actual reserve held (7.58% of ATDTL)	1,823,336,145	965,472,565
Surplus	<u>380,556,902</u>	<u>127,728,429</u>

Bi-weekly basis:

The bank maintained excess cash reserve of Tk. 1,688,466,848/- (Tk. 383,185,036 was in 2016) against minimum requirement of 6.5% (of ATDTL) on bi-weekly basis which is the summation of excess cash reserve maintained over required in the last fortnight (bi-week) of 2017.

4.b Statutory Liquidity Ratio (SLR)

As per section 33 of the Bank Company Act, 1991 (amended upto 2013) & MPD circular no. 02 dated 10 December 2013 issued by Bangladesh bank with effect from 01 February 2014, the bank has maintained SLR of minimum 13% based on weekly average total demand and time liabilities (ATDTL) of the base month which is two months back of the reporting month (i.e. SLR of December 2017 is based on weekly average balance of October 2017). Reserve maintained by the bank as at 31 December are as follows:

Required reserve (13% of ATDTL)	3,126,021,693	1,815,112,295
Actual reserve held (17.42% of ATDTL) (Note-4.c)	4,187,876,956	5,888,612,291
Surplus	<u>1,061,855,263</u>	<u>4,073,499,996</u>

4.c Actual reserve held

Cash in hand
Excess reserve on CRR
Balance with Sonali Bank (local Currency)
Unencumbered approved securities (HFT)
Unencumbered approved securities (HTM)
Unencumbered approved securities (other eligible)

31.12.2017 Taka	31.12.2016 Taka
545,916,638	551,507,068
260,325,299	57,916,420
7,101,956	3,175
560,334,419	3,829,876,204
2,813,663,244	1,449,023,724
535,400	285,700
4,187,876,956	5,888,612,291

4.d Maturity grouping of cash

On demand
More than 1 month but not more than 3 months
More than 3 months but not more than 1 year
More than 1 year but not more than 5 years
More than 5 years

2,593,192,121	1,582,930,522
-	-
-	-
-	-
-	-
2,593,192,121	1,582,930,522

5 Balance with other banks and financial institutions

In Bangladesh
Outside Bangladesh

3,185,780,844	2,212,520,857
22,373,499	71,794,333
3,208,154,343	2,284,315,190

5.1 In Bangladesh
In current accounts with

Trust Bank Limited
Brac Bank Limited
Pubali Bank Limited
Agrani Bank Limited
Eastern Bank Limited

4,971,019	5,166,426
2,443,667	2,443,667
4,880	10,000
5,471,810	2,991,675
42,889,467	105,131,339
55,780,844	115,743,107

In fixed deposit accounts with Bank and NBFIs
With Banks:

National Bank of Pakistan
BRAC Bank Limited

-	250,000,000
-	196,777,750
-	446,777,750

With Financial Institutions:

People's Leasing & Financial Services Limited
First Finance & investment Limited
Fareast Finance & Investment Limited
Union Capital Limited
Bangladesh Finance & Investment Co Limited
Hajj Finance Limited
Premier Leasing & Finance Limited
Prime Finance & Investment Limited
Reliance Finance Limited
International Leasing and Finance Limited
National Finance Limited
Lanka Bangla Finance Limited
Bay Leasing and Investment Limited
GSP Finance Company (Bangladesh) Limited
IPDC Finance Limited

-	100,000,000
-	100,000,000
330,000,000	250,000,000
300,000,000	100,000,000
290,000,000	200,000,000
240,000,000	100,000,000
200,000,000	200,000,000
200,000,000	100,000,000
200,000,000	150,000,000
200,000,000	200,000,000
150,000,000	150,000,000
450,000,000	-
300,000,000	-
170,000,000	-
100,000,000	-
3,130,000,000	1,650,000,000
3,185,780,844	2,212,520,857

31.12.2017 Taka	31.12.2016 Taka
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5.2 Outside Bangladesh (NOSTRO Accounts)

Current Deposits

Habib American Bank, New York	1,185,927	23,670,624
United Bank of India	9,674,545	346,510
United Bank of India	415,701	4,989,479
Mizhuo Bank Ltd, Japan	146,188	187,997
Mashreq Bank PSC, New York	132,805	37,385,581
Mashreq Bank PSC, UK	7,966,159	621,639
Mashreq Bank PSC, UK	134,219	4,199,002
AB Bank Limited, Mumbai	413,500	393,500
National Commercial Bank, Saudi Arabia	2,304,455	-
	22,373,499	71,794,333

(Details are given in Annexure- B)

5.a Maturity grouping of balance with other banks and financial institutions

On demand	1,128,154,343	1,334,315,190
More than 1 month but not more than 3 months	1,550,000,000	550,000,000
More than 3 months but not more than 1 year	530,000,000	400,000,000
More than 1 year but not more than 5 years	-	-
More than 5 years	-	-
	3,208,154,343	2,284,315,190

6 Investments

Government	(Note-6.1)	3,374,533,063	5,279,185,628
Others	(Note-6.2)	1,578,485,664	1,664,691,468
		4,953,018,727	6,943,877,096

6.1 Government (Investment in govt. securities)

Treasury bills	(Note-6.1.1)	-	-
Treasury bonds	(Note-6.1.2)	3,124,058,881	5,278,899,928
Prize Bonds		535,400	285,700
Bangladesh Bank Bill		249,938,782	-
		3,374,533,063	5,279,185,628

6.1.1 Treasury bills

Unencumbered

91 days treasury bills	-	-
182 days treasury bills	-	-
364 days treasury bills	-	-
	-	-

6.1.2 Treasury bonds

Unencumbered

2 years treasury bond	-	30,246,330
5 years treasury bond	103,532,737	108,085,456
10 years treasury bond	332,117,256	1,038,735,688
15 years treasury bond	724,134,073	1,871,177,530
20 years treasury bond	1,964,274,815	2,230,654,924
	3,124,058,881	5,278,899,928

6.1.3 (i) Disclosure regarding outstanding repo as on 31 December 2017

Counter Party Name	Agreement	Reversal Date	Amount (1st leg)
Janata Bank Limited	27-Dec-17	3-Jan-18	456,674,041
Agrani Bank Limited	28-Dec-17	4-Jan-18	452,454,887
Total			909,128,927

(ii) Disclosure regarding outstanding reverse repo as at 31 December 2017

There is no outstanding reverse repo as at 31 December 2017 with the Bank.

(iii) Disclosure regarding overall transaction of Repo and Reverse repo

Counter party name	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under repo:			
With other Banks & Financial Institutions	309,174,178	1,440,042,607	556,653,897
Securities purchased under reverse repo:			
With other Banks & Financial Institutions	79,569,458	79,607,842	436,102

31.12.2017
Taka

31.12.2016
Taka

6.a Investments classified as per Bangladesh Bank Circular:

Held for Trading (HFT)

HFT T-Bills 91 Days	-	-
HFT T-Bills 182 Days	-	-
HFT T-Bills 364 Days	-	-
2 Years BGTB - HFT	-	30,246,330
5 Years BGTB - HFT	-	-
10 Years BGTB - HFT	244,222,010	950,788,780
15 Years BGTB - HFT	66,173,627	1,709,204,774
20 Years BGTB - HFT	-	1,139,636,319
	310,395,637	3,829,876,204

Held to Maturity (HTM)

HTM T-Bills 91 Days	-	-
HTM T-Bills 182 Days	-	-
HTM T-Bills 364 Days	-	-
2 Years BGTB - HTM	-	-
5 Years BGTB - HTM	103,532,737	108,085,456
10 Years BGTB - HTM	87,895,246	87,946,908
15 Years BGTB - HTM	657,960,446	161,972,755
20 Years BGTB - HTM	1,964,274,815	1,091,018,605
	2,813,663,244	1,449,023,724
	3,124,058,881	5,278,899,928

As per DOS Circular NO. 01 dated 19 January 2014, the maximum limit of holding approved Securities under Held to Maturity (HTM) is 125% of SLR for all primary dealer banks and NRB Bank Limited has invested in Treasury bonds under HTM category as per said circular.

6.2 Others

Corporate bonds	(Note-6.2.1)	394,750,000	513,000,000
Ordinary Shares and Mutual Funds	(Note-6.2.2)	766,462,934	601,691,468
Preference Share	(Note-6.2.3)	267,272,730	250,000,000
Commercial Paper	(Note-6.2.4)	150,000,000	300,000,000
		1,578,485,664	1,664,691,468

31.12.2017 Taka	31.12.2016 Taka
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6.2.1 Corporate bonds

Mercantile Bank Limited
City Bank Limited

160,000,000	200,000,000
234,750,000	313,000,000
394,750,000	513,000,000

6.2.2 Ordinary Shares and Mutual Funds

Quoted Shares

MJL Bangladesh Ltd.
Active Fine Chemicals Ltd.
Khulna Power Company Ltd.
Heidelberg Cement Bd. Ltd.
United Power Generation & Distr. Ltd.
Summit Power Ltd.
Jamuna Oil Company Ltd.
Aamra Networks Ltd.
IBBL Mudaraba Perpetual Bond
Nahee Aluminum Composite Panel Ltd.
Oimex Electrode Ltd.
Grameenphone Ltd.
ACI Ltd.
Uttara Finance And Investments Ltd.
Square Pharmaceuticals Ltd.
Delta Brac Housing Finance Corp. Ltd.
Yakin Polimar Ltd.
Fortune Shoes Ltd.

92,078,913	33,922,994
80,535,135	92,437,720
44,926,922	41,168,929
42,371,902	10,661,280
22,626,419	15,436,815
20,597,784	7,780,320
2,900,156	39,473,449
2,340,000	-
19,539,000	-
64,919	-
64,810	-
-	49,089,052
-	26,627,106
-	6,421,000
-	5,890,545
-	3,121,245
-	114,125
-	100,630
328,045,958	332,245,209

Mutual Funds

Grameen One:Scheme Two
AIBL 1st Islamic Mutual Fund
Reliance One:The 1st Scheme of Reliance Insurance Mutual Fund
MBL 1st Mutual Fund
LR Global Bangladesh Mutual Fund One
Southeast Bank 1st Mutual Fund
ICB 2nd NRB Mutual Fund
ICB AMCL First Agrani Bank Mutual Fund

174,038,988	64,791,108
86,991,170	28,806,442
58,256,229	3,169,194
51,738,888	59,193,150
39,228,171	44,861,050
15,126,992	10,921,800
1,328,652	27,705,300
6,965,823	-
433,674,913	239,448,044

IPO Application

Bashundhara Paper Mills Limited
Aman Cotton Febrics Limited
Pacific Denims Limited

3,458,080	-
1,255,400	-
-	30,000,000
4,713,480	30,000,000

Free fund available

766,434,351	601,693,252
28,582	(1,784)
766,462,934	601,691,468

(Details are given in Annexure- C)

6.2.3 Preference Share

Summit Narayanganj Power Unit II Limited
Summit Barisal Power Limited
Doreen Power House & Technologies limited
Star Ceramics Limited
Union Capital Limited
Raj Lanka Power Company Limited

-	10,000,000
-	50,000,000
100,000,000	100,000,000
50,000,000	50,000,000
30,000,000	40,000,000
87,272,730	-
267,272,730	250,000,000

6.2.4 Commercial Paper

KSRM Steel
ECIL
Partex Laminates Ltd

31.12.2017 Taka	31.12.2016 Taka
-	200,000,000
-	100,000,000
150,000,000	-
150,000,000	300,000,000

6.b Remaining maturity grouping of investments

On demand
More than 1 month but not more than 3 months
More than 3 months but not more than 1 year
More than 1 year but not more than 5 years
More than 5 years

249,938,782	544,084,132
150,000,000	30,246,330
766,462,934	300,000,000
765,555,467	668,685,456
3,021,061,544	5,400,861,179
4,953,018,727	6,943,877,096

7 Loans and advances

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

(Note-7.1)
(Note-7.2)

22,903,735,905	12,586,888,187
17,171,626	2,478,914
22,920,907,531	12,589,367,101

7.1 Loans, cash credits, overdrafts etc.

Inside Bangladesh

Loans - General
Cash credit
Overdraft
Staff Loan

17,435,401,131	10,005,189,141
-	-
5,180,865,371	2,386,788,571
287,469,403	194,910,475
22,903,735,905	12,586,888,187

Outside Bangladesh

-	-
22,903,735,905	12,586,888,187

7.2 Bills purchased and discounted

Inside Bangladesh

Local bills /documents
Foreign bills /documents

15,371,626	2,478,914
1,800,000	-
17,171,626	2,478,914

7.a Residual maturity grouping of loans and advances

On demand
More than 1 month but not more than 3 months
More than 3 months but not more than 1 year
More than 1 year but not more than 5 years
More than 5 years

4,352,577,780	6,037,465,612
3,481,757,792	956,948,903
8,256,441,915	1,360,916,984
5,412,607,201	2,775,345,324
1,417,522,843	1,458,690,278
22,920,907,531	12,589,367,101

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
Advances to Other executives and staffs
Advances to Customers
Industrial loans and advances

21,717,672	14,753,563
30,725,865	34,256,487
256,743,538	160,653,989
8,728,485,931	4,120,971,711
13,883,234,526	8,258,731,352
22,920,907,531	12,589,367,101

31.12.2017 Taka	31.12.2016 Taka
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7.3.2 Details of Large loan

Number of clients with amount of outstanding and classified loans and advances exceeding 10% of total capital of the Bank. Total capital of the Bank was Taka 4942.32 million as at 31 December 2017.

Number of the clients	31	20
Amount of outstanding loans and advances	8,648,463,399	5,839,828,751
Amount of classified loans and advances	-	-
	8,648,463,399	5,839,828,751

7.3.3 Industry-wise concentration of loans and advances

Agriculture	642,959,391	468,286,828
Food & allied industries	1,037,253,133	657,465,185
Tobacco	101,926,164	352,561,667
Readymade garments	398,700,121	176,679,908
Textiles	2,734,163,332	2,400,128,906
Ship breaking & ship building	28,861,176	-
Basic metal & steel engineering	1,385,430,203	1,202,473,380
Non-metallic mineral products	258,923,017	239,744,280
Pharmaceuticals industry	-	85,453,299
Chemical & chemical products	363,675,160	369,253,760
Rubber & plastic industries	1,000,666,600	573,305,144
Reather & leather products	464,838,550	200,808,961
Wood, furniture & fixtures	230,364,578	31,816,100
Paper & paper products	28,443,593	2,626,860
Electronic goods & machineries	1,005,222,165	688,236,963
Power & gas	74,423,648	-
Other manufacturing industries	1,489,455,104	296,447,045
Construction & commercial real estate	2,116,050,913	304,022,025
Transport & communication	102,599,485	30,865,352
IT & telecommunication	337,481,410	40,904,017
Medical services	16,505,382	12,619,443
Hotel & restaurant services	21,892,517	14,996,527
Printing & publishing industries	44,513,437	39,835,825
Other service industries	663,562,510	553,240,267
NBFIs	545,189,796	5,181,763
Trade & commerce	4,527,925,928	2,732,027,441
Consumer credit	922,503,029	341,254,211
Credit card	603,797,631	187,226,022
Staff loan	287,469,403	194,910,475
Others	1,486,110,155	386,995,447
	22,920,907,531	12,589,367,101

7.3.4 Sector - wise concentration of loans and advances

Government sector	-	-
Public sector	1,423,502,580	1,163,945,046
Private sector	21,497,404,951	11,425,422,055
	22,920,907,531	12,589,367,101

7.3.5 Business segment - wise concentration of loans and advances

Corporate	9,030,404,110	5,611,561,054
SME	12,076,733,358	6,254,415,339
Consumer	1,526,300,660	528,480,232
Executives and staff	287,469,403	194,910,475
	22,920,907,531	12,589,367,101

31.12.2017 Taka	31.12.2016 Taka
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7.3.6 Geographical location-wise concentration of loans and advances

Inside Bangladesh

Dhaka Division	18,226,703,670	9,697,298,204
Chittagong Division	4,003,869,534	2,663,072,211
Sylhet Division	254,479,867	167,026,755
Rajshahi Division	393,221,571	54,167,414
Khulna Division	42,632,888	7,802,517
	22,920,907,531	12,589,367,101

Outside Bangladesh

-	-
22,920,907,531	12,589,367,101

7.3.7 Security/Collateral-wise concentration of loans and advances

Collateral of movable/immovable assets	12,251,175,994	7,363,459,373
Local Banks and financial institutions guarantee	-	-
Government guarantee	-	-
Foreign bank guarantee	-	-
Export documents	-	-
Fixed deposit receipts	3,542,761,556	1,814,024,297
FDR of other banks	135,859,015	-
Government bonds	-	-
Personal guarantee	6,354,797,658	2,553,540,883
Other securities	636,313,308	858,342,548
	22,920,907,531	12,589,367,101

7.3.8 Classified and unclassified bad loans & advances

Unclassified

Standard (Including Staff Loan)	21,540,234,529	11,992,392,310
Special Mention Accounts (SMA)	817,341,909	351,899,698
	22,357,576,439	12,344,292,008

Classified

Sub-standard	53,786,015	64,303,102
Doubtful	88,835,159	68,081,972
Bad/Loss	420,709,918	112,690,019
	563,331,092	245,075,093
	22,920,907,531	12,589,367,101

7.3.9 Particulars of required provision for loans and advances

General Provision on unclassified loans and advances

Loans (excluding SMA)	176,095,376	95,036,170
Special Mention Accounts (SMA)	6,210,164	5,561,387
Required provision on unclassified loans and advances	182,305,540	100,597,557
Total provision maintained for unclassified loans and advances	182,305,540	102,097,557
Excess of provision	-	1,500,000

Specific provision on classified loans and advances

Sub-standard	5,328,011	6,031,736
Doubtful	14,924,917	14,013,816
Bad/Loss	163,632,764	64,755,228
Required provision on unclassified loans and advances	183,885,691	84,800,780
Total provision maintained for unclassified loans and advances	183,885,691	84,800,780
Excess/(shortage) of provision	-	-



	31.12.2017 Taka	31.12.2016 Taka
Total Required provision for loans and advances	366,191,231	185,398,337
Total provision maintained for loans and advances	366,191,231	186,898,337
Total Excess/(shortage) of provision	-	1,500,000

7.3.10 Particulars of loans and advances

i) Loans considered good in respect of which the bank is fully secured	1,003,583,788	561,686,531
ii) Loans considered good against which the bank holds no security other than the debtors' personal guarantee	578,668,598	163,778,360
iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor	620,056,566	270,781,709
iv) Loans adversely classified; provision not maintained there against	-	-
v) Loans due by directors or officers of the bank or any of them either separately or jointly with any other persons	309,187,074	209,664,038
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	21,717,672	14,753,563
vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the bank or any of them either separately or jointly with any other person.	309,187,074	-
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.	21,717,672	14,753,563
ix) Due from banking companies	-	-
x) Amount of classified loans on which interest has not been charged mentioned as follows:		
a) (Decrease)/increase of provision (specific)	98,877,536	62,566,288
Amount of loan written off	-	-
Amount realised against the loans previously written off	-	-
b) Provision kept against loans classified as bad debts	163,632,764	62,737,228
c) Interest credited to interest suspense account	81,661,994	23,844,651
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	-	-

		31.12.2017 Taka	31.12.2016 Taka
8	Fixed assets including premises, furniture and fixtures		
	Cost:		
	Computer and Network Equipment	120,393,724	94,540,448
	Furniture and fixtures	256,841,565	175,894,475
	Vehicle	47,376,226	47,376,226
	Machinery and Equipment	126,246,882	94,630,899
	Software	160,717,919	158,041,183
	Mobile Phone	1,040,605	-
		712,616,922	570,483,231
	Less: Accumulated depreciation	273,743,857	178,324,191
		438,873,065	392,159,041
	(Details are given in Annexure- A)		
9	Other assets		
	Income generating		
	Income receivable (Note-9.1)	204,042,501	378,838,082
	Non-income generating		
	Stationery, stamps, printing materials, etc.	1,296,930	822,515
	Prepaid expenses	7,693,973	7,775,823
	Advance rent	243,735,920	272,301,200
	Security deposits with other entities	6,378,892	6,378,892
	Advance income tax (Note-9.2)	271,541,559	140,345,243
	Advances to vendors	23,140,974	62,514,435
	Advances to staff for expenses	6,767,238	3,974,852
	Dividend Receivable	21,029,111	18,648,333
	Q-Cash and ATM receivable	335,786	1,434,796
	Receivable against Sanchaypatra	39,828,959	43,984,844
	Sundry receivables	149,290	171,350
		621,898,633	558,352,283
		825,941,133	937,190,365
9.1	Income receivable: Amount represents interest receivable on Govt. bill/bond, commercial paper/unquoted bond, loans and advances, term placement & balance with other banks.		
9.2	Advance income tax		
	Opening balance	140,345,243	106,862,162
	Add: Addition during the year	131,196,316	33,483,081
		271,541,559	140,345,243
10	Borrowings from other banks, financial institutions and agents		
	In Bangladesh (Note-10.a)	4,614,037,715	1,200,212,826
	Outside Bangladesh	-	-
		4,614,037,715	1,200,212,826
10.a	In Bangladesh		
	Basic Bank Ltd	-	200,000,000
	Bank Asia Ltd	250,000,000	420,000,000
	NCC Bank Ltd	100,000,000	200,000,000
	Bangladesh Bank	916,287,715	380,212,826
	Agrani Bank Ltd.	800,000,000	-
	Sonali Bank Ltd	750,000,000	-
	Rupali Bank Ltd	750,000,000	-



Janata Bank Ltd
UCBL
Uttara Bank Ltd.
SME Foundation

Outside Bangladesh

31.12.2017 Taka	31.12.2016 Taka
450,000,000	-
350,000,000	-
241,350,000	-
6,400,000	-
4,614,037,715	1,200,212,826
4,614,037,715	1,200,212,826

10.b Residual maturity grouping of borrowings from other banks, financial institutions and agents

On demand
More than 1 month but not more than 3 months
More than 3 months but not more than 1 year
More than 1 year but not more than 5 years
More than 5 years

2,754,677,073	420,000,000
1,393,725,707	400,000,000
458,213,506	380,212,826
7,421,429	-
-	-
4,614,037,715	1,200,212,826

11 Deposits and other accounts

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

(Note-11.1)
(Note-11.2)
(Note-11.3)
(Note-11.4)

4,649,946,451	2,745,655,693
162,292,400	77,824,142
2,662,962,119	1,609,988,324
16,458,283,710	13,032,166,627
-	-
-	-
23,933,484,680	17,465,634,785

11.1 Current deposits and other accounts, etc.

Current deposits
Foreign currency deposits
Deposit margin on facilities

3,851,702,371	2,482,627,443
130,629,188	90,009,676
667,614,893	173,018,574
4,649,946,451	2,745,655,693

11.2 Bills payable

Local currency
Foreign currencies

162,292,400	77,824,142
-	-
162,292,400	77,824,142

11.3 Savings bank deposits

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

743,582,662	301,858,645
1,148,421,057	747,752,697
27,992,783	20,915,508
362,484,499	121,190,964
10,594,555	6,906,606
47,481,395	34,088,619
38,016,381	55,840,456
283,436,212	320,152,181
745,002	943,660
207,573	338,987
2,662,962,119	1,609,988,324

11.4 Fixed deposits

Fixed deposits
Short term deposits

15,158,617,805	11,479,951,975
1,299,665,905	1,552,214,651
16,458,283,710	13,032,166,627

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

	31.12.2017 Taka	31.12.2016 Taka
Government	100,071,498	140,890,120
Other public sector	4,725,850,650	2,003,158,112
Private sector	19,107,562,531	15,321,586,554
	23,933,484,680	17,465,634,785

11.6 Maturity-wise grouping of deposits and other accounts

On demand	3,472,779,189	3,259,596,472
More than 1 month but not more than 3 months	8,818,193,477	5,110,748,399
More than 3 months but not more than 1 year	9,831,784,365	8,163,347,194
More than 1 year but not more than 5 years	1,065,559,592	526,775,732
More than 5 years	745,168,057	405,166,989
	23,933,484,680	17,465,634,785

12 Other liabilities

Privileged creditors	(Note-12.1)	115,213,783	33,028,662
Interest payable		275,867,568	208,666,184
Interest suspense account	(Note-12.2)	81,661,994	23,844,651
Provision for loans and advances	(Note-12.3)	366,191,231	186,898,337
Provision on off-balance sheet exposures	(Note-12.4)	85,815,672	18,389,624
Provision for diminution of quoted shares		10,042,462	9,438,686
Provision for expenses		98,626,811	65,286,690
Provision for current tax	(Note-12.5)	495,542,971	321,684,710
Deferred tax liability	(Note-12.6)	2,231,255	12,671,046
Q-Cash & ATM payable		5,611,575	7,674,198
Security deposits held		7,571,309	5,359,801
Sanchayapatra/bond purchased		152,825,000	69,200,000
Payable against BEFTN		15,915,815	34,110,779
Miscellaneous payable		10,076,852	8,648,864
		1,723,194,298	1,004,902,233

12.1 Privileged creditors

Tax deduction at source	79,621,800	16,369,857
VAT deduction at source	8,554,973	6,094,048
Excise duty	27,037,010	10,564,757
	115,213,783	33,028,662

12.2 Interest suspense account

Opening balance	23,844,651	2,010,942
Add: Amount transferred to "Interest Suspense" A/c during the year	62,649,575	22,258,286
	86,494,226	24,269,228
Less: Amount recovered from "Interest Suspense" A/c during the year	4,832,232	424,577
Less: Amount written off during the year	-	-
	81,661,994	23,844,651

12.3 Provision for loans and advances

A. General		
Balance at the beginning of the year	102,097,557	100,125,631
Add: Provision made during the year		
On general loans and advances	79,581,523	(1,411,655)
On Special Mention Account (SMA)	699,446	3,383,581
	80,280,969	1,971,926
Balance at the end of the year	182,378,526	102,097,557



	31.12.2017 Taka	31.12.2016 Taka
B. Specific		
Balance at the beginning of the year	84,800,780	3,801,995
Add: Provision made during the year	99,011,926	80,998,785
Less: Interest waiver during the year	-	-
Write off during the year	-	-
Add: Recoveries of amounts previously written off	-	-
Specific provision made during the year for other accounts	-	-
Balance at the end of the year	183,812,706	84,800,780
C. Total provision on loans and advances (A+B)	366,191,231	186,898,337

12.4 Provision on off-balance sheet exposures

Opening balance	18,389,624	10,249,754
Add: Provision made during the year	67,426,048	8,139,870
	85,815,672	18,389,624

12.5 Provision for current tax

Opening balance	321,684,710	117,487,336
Add: Provision made during the year	173,858,261	204,197,374
	495,542,971	321,684,710

12.6 Deferred tax liability

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

Opening balance	12,671,046	22,836,148
Provision made during the year for deferred tax expense/(income)	(10,439,791)	(10,165,102)
Balance as at 31 December	2,231,255	12,671,046

Carrying amount on Balance Sheet Date	Tax base	Taxable/(deductible) temporary difference
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31 December 2017

Fixed assets including premises, furniture and fixtures

Cost less accumulated depreciation	438,873,065	433,294,928	5,578,137
Applicable tax rate			40%
Deferred tax liability			2,231,255

31 December 2016

Fixed assets including premises, furniture and fixtures

Cost less accumulated depreciation	392,159,041	360,481,427	31,677,614
Applicable tax rate			40%
Deferred tax liability			12,671,046

12.a Nostro Reconciliation

	As Per Our Book		As per Their Book	
	Debit (USD)	Credit (USD)	Debit (USD)	Credit (USD)
Up to three months	18,091	821,123	729,441	1,335,608
More than three months but less than six months	-	22,896	-	41,012
More than six months but less than nine months	-	-	-	-
More than nine months but less than twelve months	-	-	-	1,193
More than twelve months	-	-	-	-
	18,091	844,019	729,441	1,377,813

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

31.12.2017 Taka	31.12.2016 Taka
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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
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13.2 Issued, subscribed and fully paid up capital

400,000,000 ordinary shares of Taka 10 each issued for cash	4,000,000,000	4,000,000,000
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13.3 Percentage of shareholdings

Particulars	2017		2016	
	Value of Share	% of Holding	Value of Share	% of Holding

Shareholders' Group

Directors	2,084,500,000	52.11%	3,012,012,000	75.30%
Sponsor Shareholders	1,410,000,000	35.25%	837,988,000	20.95%
General Shareholders	505,500,000	12.64%	150,000,000	3.75%
	4,000,000,000	100%	4,000,000,000	100%

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

SL #	Name of the directors	2017		2016	
		% of Shareholding	Number of Shares	% of Shareholding	Number of Shares
1	Mr. Mohammed Mahtabur Rahman	5.00%	20,000,000	6.25%	25,000,000
2	Mr. Tateyama Kabir	2.50%	10,000,000	2.50%	10,000,000
3	Mr. Kamal Ahmed	2.50%	10,000,000	2.50%	10,000,000
4	Mr. M. Badiuzzaman	4.74%	18,950,000	5.00%	20,000,000
5	Mr. Imtiaz Ahmed	0.50%	2,000,000	0.50%	2,000,000
6	Mr. Mohammed Idrish Farazy	2.50%	10,000,000	2.50%	10,000,000
7	Mr. Iqbal Ahmed OBE DBA	5.00%	20,000,000	5.00%	20,000,000
8	Mr. Khandakar R. Amin	2.00%	8,000,000	1.50%	6,000,000
9	Mr. Naveed Rashid Khan	5.00%	20,000,000	5.00%	20,000,000
10	Mr. Mohammed Jamil Iqbal	4.63%	18,500,000	5.00%	20,000,000
11	Mr. Nafih Rashid Khan	4.63%	18,500,000	5.00%	20,000,000
12	Mr. Fazlur Rashid Khan	4.50%	18,000,000	5.00%	20,000,000
13	Dr. Nesar Ahmed Choudhury	0.63%	2,500,000	0.63%	2,500,000



SL #	Name of the directors	2017		2016	
		% of Shareholding	Number of Shares	% of Shareholding	Number of Shares
14	Mr. Rabin Paul	1.88%	7,500,000	1.88%	7,500,000
15	Mr. Mohammed Rafique Miah	0.75%	3,000,000	0.75%	3,000,000
16	Mr. Abdul Karim	5.00%	20,000,000	5.00%	20,000,000
17	Mr. Mohammed Jahed Iqbal	0.38%	1,500,000	-	-
18	Dato' Engr. Md. Ekramul Haque*	-	-	4.50%	18,000,000
19	Dr. Mahiul Muhammed Khan Muqit*	-	-	7.80%	31,201,200
20	Mr. Abu Taher Mohammed Amanuallah*	-	-	6.00%	24,000,000
21	Mr. Khalilur Rahman Choudhury*	-	-	3.00%	12,000,000
Total		52.11%	208,450,000	75.30%	301,201,200

* No longer director for the year 2017

31.12.2017
Taka

31.12.2016
Taka

13.5 Capital to Risk Weighted Assets Ratio (CRAR) - as per BASEL III

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

Tier- I Capital:

Common Equity Tier I Capital

Paid up capital	4,000,000,000	4,000,000,000
Statutory reserve	339,382,846	218,114,533
Retained earnings	329,809,430	488,154,648
	4,669,192,276	4,706,269,181
Less: Regulatory adjustments	-	-
Total Common Equity Tier I Capital	4,669,192,276	4,706,269,181

Additional Tier I Capital:

Add: Additional Tier I Capital	-	-
Less: Regulatory adjustments	-	-
Total Tier- I Capital	4,669,192,276	4,706,269,181

Tier II Capital (Gone -Concern Capital)

Subordinated Bond	-	-
General provision maintained against unclassified loan	182,378,526	102,097,557
General provision on off-balance sheet items	85,815,672	18,389,624
Asset revaluation reserve	-	-
Revaluation reserve of Government securities	12,331,383	12,331,383
	280,525,581	132,818,564
Less: Regulatory adjustments	7,398,830	4,932,553
Total Tier II Capital	273,126,751	127,886,011

A) Total eligible capital

4,942,319,027 4,834,155,192

B) Total risk weighted assets (RWA)

Credit risk

Balance Sheet Business	20,046,698,938	11,982,002,346
Off- Balance Sheet Business	2,688,765,987	854,779,998
	22,735,464,925	12,836,782,344
Market Risk	1,732,979,073	3,129,931,433
Operational Risk	2,455,551,821	1,650,275,055
	26,923,995,819	17,616,988,831

C) Required capital

4,000,000,000 4,000,000,000

D) Capital surplus

942,319,027 834,155,192

31.12.2017 Taka	31.12.2016 Taka
17.34%	26.71%
17.34%	26.71%
18.36%	27.44%

Capital to Risk-Weighted Assets Ratio/Capital adequacy ratio:

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

Tier- 1 / core capital to RWA minimum requirement 6%

Capital to Risk Weighted Assets against minimum requirement 11.25%

14 Statutory reserve

Opening balance

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

218,114,533	74,251,039
121,268,313	143,863,494
339,382,846	218,114,533

15 Other reserve

General Reserve

Investment revaluation reserve

(Note-15.1)

-	-
177,951	352,820,290
177,951	352,820,290

15.1 Investment revaluation reserve (Treasury Bonds)

Revaluation reserve for

Held to maturity (HTM)

(Note-15.1.1)

Held for trading (HTF)

(Note-15.1.2)

36,156	60,091
141,795	352,760,199
177,951	352,820,290

15.1.1 Reserve for amortization of treasury securities (HTM)

Opening balance

Add: Addition during the year

Less: Adjustment made during the year

60,091	10,814
13,380	49,277
73,471	60,091
37,315	-
36,156	60,091

15.1.2 Reserve for revaluation of treasury securities (HFT)

Opening balance

Add: Addition during the year

Less: Adjustment made during the year

352,760,199	297,521,028
138,400,317	3,082,173,702
491,160,516	3,379,694,730
491,018,721	3,026,934,531
141,795	352,760,199

16 Retained earnings

Opening balance

Add: Net profit for the year

Less: Transfer to statutory reserve

Less: Dividend during the year

488,154,648	106,732,943
442,923,095	525,285,199
931,077,743	632,018,142
121,268,313	143,863,494
480,000,000	-
329,809,430	488,154,648

17 Contingent liabilities

Acceptances and Endorsements

Letters of Guarantee

Irrevocable letters of credit

Bills for Collection

1,217,446,861	296,793,759
4,977,876,446	824,271,388
2,231,154,287	690,530,901
155,089,622	27,366,401
8,581,567,216	1,838,962,449

**18 Income statement****Income:**

		2017 Taka	2016 Taka
Interest, discount and similar income	(Note-18.1)	2,508,490,541	2,246,813,871
Dividend income		76,591,582	48,433,335
Fees, commission and brokerage	(Note-18.2)	146,586,423	68,331,905
Gains <i>less</i> losses arising from dealing in securities		503,897,048	456,518,949
Gains <i>less</i> losses arising from investment securities		96,483,328	53,107,067
Gains <i>less</i> losses arising from dealing in foreign currencies		68,871,626	19,350,150
Income from non-banking assets		-	-
Other operating income	(Note-23)	12,800,206	8,218,529
Profit less losses on interest rate changes		-	-
		3,413,720,753	2,900,773,806

Expenses:

Interest paid on deposits and borrowings, etc.	(Note-20)	1,388,549,734	1,220,400,726
Losses on loans and advances		-	-
Administrative expenses	(Note-18.3)	874,720,316	644,642,463
Other expenses	(Note-33)	201,366,754	145,659,954
Depreciation on banks assets	(Note-32)	95,419,666	79,642,610
		2,560,056,469	2,090,345,754
		853,664,283	810,428,052

18.1 Interest, discount and similar income

Interest income	(Note-19)	2,139,473,152	1,723,870,906
Interest on treasury bills & bonds		369,017,388	522,942,965
		2,508,490,541	2,246,813,871

18.2 Fees, commission and brokerage

Commission		146,586,423	68,331,905
Brokerage		-	-
		146,586,423	68,331,905

18.3 Administrative expenses

Salaries and allowances	(Note-24)	477,805,053	337,976,127
Rent, taxes, insurance, electricity, etc.	(Note-25)	256,128,167	226,042,068
Legal and professional expenses	(Note-26)	3,174,208	3,001,805
Postage, stamp, telecommunication, etc.	(Note-27)	24,735,774	21,258,873
Stationery, printing, advertisement, etc.	(Note-28)	38,354,662	21,999,332
Managing Director's salary and fees	(Note-29)	16,760,000	10,784,851
Directors' fees & others expenses	(Note-30)	4,474,789	1,693,291
Auditors' fees	(Note-31)	402,500	327,750
Repair of Bank's assets	(Note-32)	52,885,163	21,558,366
		874,720,316	644,642,463

19 Interest income

Interest on advances		1,892,463,809	1,551,578,774
Interest on money at call and short notice		1,096,579	1,492,991
Interest on balance with other banks		1,346,686	3,905,647
Interest on placement with other banks and Financial Institutions		244,566,079	166,893,494
		2,139,473,152	1,723,870,906



	2017 Taka	2016 Taka
20 Interest paid on deposits and borrowings etc.		
Interest on deposits	1,237,992,737	1,054,200,985
Interest on borrowings	150,556,997	166,199,741
	1,388,549,734	1,220,400,726
21 Investment income		
Interest on Treasury Bill	195,773	972,276
Interest on Treasury Bond	433,104,383	595,917,519
Interest on bonds-Corporate	58,782,083	61,074,657
Interest on Commercial Paper	14,866,816	67,909,257
Gain from trading in Govt. Securities	503,897,048	456,518,949
Loss on sale of Govt. Securities	(32,142,886)	(93,927,583)
Loss on revaluation of Treasury Securities	(105,788,781)	(109,003,161)
Gain on shares traded in secondary market	96,483,328	53,107,067
Dividend on shares	76,591,582	48,433,335
	1,045,989,346	1,081,002,316
22 Commission, exchange and brokerage		
Fees and commission	146,586,423	68,331,905
Exchange gain (net off exchange loss)	68,871,626	19,350,150
Brokerage	-	-
	215,458,048	87,682,055
23 Other operating income		
Locker Rent	433,250	239,500
Rebate on nostro account	4,497,190	4,317,842
Swift charge recovered	1,966,376	534,432
Postage/telex charge recovered	1,168,907	1,213,690
Non operating income	4,734,483	1,913,065
	12,800,206	8,218,529
24 Salaries and allowances		
Basic salary	195,675,588	130,943,479
Allowances	193,721,071	135,808,177
Performance bonus	21,000,000	19,800,000
Festival bonus	32,666,683	22,021,128
Bank's Contribution to provident fund	16,741,710	11,403,343
Contribution to gratuity fund	18,000,000	18,000,000
	477,805,053	337,976,127
25 Rent, taxes, insurance, electricity etc.		
Rent, rate and taxes	208,471,249	188,213,453
Insurance premium	18,249,617	16,379,354
Utilities	29,407,301	21,449,261
	256,128,167	226,042,068
26 Legal expenses and professional expenses		
Legal expenses	-	-
Other professional expenses	3,174,208	3,001,805
	3,174,208	3,001,805



	2017 Taka	2016 Taka
27 Postage, stamps, telecommunication etc.		
Postage & Courier charges	1,692,150	975,131
Telephone	2,573,735	1,976,135
Swift and Bloomberg charges	6,095,885	4,660,568
Network link, internet, DC and DR	14,374,004	13,647,039
	24,735,774	21,258,873
28 Stationery, printing, advertisements etc.		
Printing and stationery	12,728,382	6,606,225
Publicity and advertisement	15,475,757	4,445,573
Promotional expense	10,150,523	10,947,535
	38,354,662	21,999,332
29 Managing Director's salary and allowances		
Basic salary	9,600,000	5,597,200
Allowances	3,600,000	2,827,931
Performance bonus	1,000,000	1,000,000
Festival bonus	1,600,000	800,000
Bank's Contribution to provident fund	960,000	559,720
	16,760,000	10,784,851
30 Directors' fees and other expenses		
Meeting attendance fees	2,848,000	1,192,000
Other expenses	1,626,789	501,291
	4,474,789	1,693,291
31 Auditors' fees		
Statutory audit fees	402,500	327,750
	402,500	327,750
32 Depreciation and repair of bank's assets		
Depreciation: (Annexure 'A')		
Furniture and fixtures	23,037,112	15,611,044
Machinery and equipment	21,702,056	17,205,753
Computer and network equipment	21,141,821	18,045,233
Vehicles	9,475,246	9,402,647
Software	19,853,775	19,377,933
Mobile Phone	209,656	-
	95,419,666	79,642,610
Repair of bank's assets		
Rented premises	3,422,711	3,377,932
Machinery and equipment	5,404,956	2,769,450
Computer and accessories	236,675	152,891
Software maintenance	43,820,821	15,258,093
	52,885,163	21,558,366
	148,304,828	101,200,977
33 Other expenses		
Car expenses	40,110,857	27,882,363
Security Guard and Support Staff	50,785,564	37,867,562
Books, periodicals and publications	2,023,945	767,311



	2017 Taka	2016 Taka
Donation and subscription	37,566,205	11,139,387
Staff recruitment and training expenses	1,668,136	1,585,074
Travelling expenses	4,191,278	3,934,969
Directors' travel and accommodation expenses	21,303,099	17,560,306
Entertainment	7,245,195	3,162,103
Business development expenses	7,172,788	6,306,088
Bank and other regulatory charges	1,406,073	716,505
Cash carrying expense	7,646,334	3,493,189
VISA expenses	5,570,753	4,759,904
AGM expenses	-	718,886
Contract point verification expenses	2,145,752	166,058
Sales and collection commission	4,034,320	134,006
Miscellaneous expenses	8,496,454	25,466,243
	201,366,754	145,659,954
34 Provision for loans, investments & off balance sheet items		
Provision for bad and doubtful loans and advances	99,011,926	80,998,785
Provision for unclassified loans and advances	80,280,969	1,971,926
Provision for off-balance sheet items	67,426,048	8,139,870
Provision for diminution in value of investments	603,776	-
	247,322,718	91,110,581
35 Receipts from other operating activities		
Locker Rent	433,250	239,500
Rebate on nostro account	4,497,190	4,317,842
Swift charge recovered	1,966,376	534,432
Postage/telex charge recovered	1,168,907	1,213,690
Non operating income	4,734,483	1,913,065
	12,800,206	8,218,529
36 Payments for other operating activities		
Rent, rates and taxes	256,128,167	226,042,068
Legal expenses and professional expenses	3,174,208	3,001,805
Postage and communication charges, etc.	24,735,774	21,258,873
Stationery, printing, advertisements etc.	25,626,280	15,393,108
Directors' fees & other expenses	4,474,789	1,693,291
Miscellaneous expenses	254,654,416	167,546,070
	568,793,635	434,935,215
37 Earnings per share (EPS)		
Net profit after tax	442,923,095	525,285,199
Number of ordinary shares outstanding	400,000,000	400,000,000
Earnings per share (EPS)	1.11	1.31

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

**A. Particulars of audit committee**

In pursuance of the directives of the Bangladesh Bank vide BRPD Circular no.11 dated 27 October 2013, the Board of Directors in its 60th meeting held on 28 December 2017 re-constituted an Audit Committee. Presently, the Audit Committee members are:

Sl. No.	Name	Status with the Board	Status with the Audit Committee	Educational Qualification
1	Mr. Imtiaz Ahmed	Director	Chairman	Post Graduate
2	Mr. Naveed Rashid Khan	Director	Vice Chairman	Bachelor of Science
3	Mr. Kamal Ahmed	Director	Member	Graduate of Business Management
4	Mr. Mohammed Jamil Iqbal	Director	Member	Hon's
5	Mr. Mohammed Rafique Miah	Director	Member	Bachelor of Commerce

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

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

Meetings held by the committee during the year by date:

17th Audit Committee Meeting held on 25.02.2017

18th Audit Committee Meeting held on 13.05.2017

19th Audit Committee Meeting held on 26.08.2017

20th Audit Committee Meeting held on 11.11.2017

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

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

39 Related party disclosures

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

i) Directors' interest in different entities

Name of Directors	Status with the Bank	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage of holding/ interest in the concern
Mr. Mohammed Mahtabur Rahman	Chairman	Al Haramain Perfumes Manufacturing & Oudh Processing Industry L.L.C, Ajman, UAE	Managing Director	49%
		Al Halal Perfumes Industry L.L.C, Ajman, UAE	Managing Director	25%
		Al Haramain Perfumes L.L.C. Dubai, UAE	Managing Director	49%
		Al Halal Perfumes L.L.C., Dubai, UAE	Managing Director	49%
		Al Haramain Trading L.L.C. Dubai, UAE	Managing Director	25%
		Noor Al Haramain L.L.C. , Dubai, UAE	Managing Director	25%
		Oudh Al Haramain (BR), Dubai, UAE	Manager	100%
		Best in Fragrance, Holy Makkah, KSA	Manager	25%
		Al Haramain Perfumes Int'l W.L.L., Kuwait	Managing Director	49%
		Noor Al Haramain Perfumes Co., Kuwait	Managing Director	49%
		Oudh Al Haramain W.L.L., Kuwait	Managing Director	49%
		Al Haramain Perfumes L.L.C. , Muscat, Oman	Managing Director	70%
		Al Haramain Perfumes, W.L.L., Doha, Qatar	Managing Director	49%
		Al Haramain Perfumes S.P.C, Bahrain	Managing Director	50%
		Al Haramain Perfumes Private Ltd. Singapore	Managing Director	99%
		Al Haramain Perfumes SDN BHD, Malaysia	Managing Director	50%
		Al Haramain Perfumes Pvt. Ltd., Dhaka,	Managing Director	1000 Shares
		AL Arafah Islami Bank Limited	Shareholder	9,334,181
		AIBL Capital Market Service Limited	Sponsor / Director	6,000,000
		Hamidia Tea Company Ltd., Sylhet, Bangladesh	Chairman	
		Al Haramain Hospitals Pvt Ltd., Sylhet,	Chairman	1000 Shares
		The University of Asia Pacific, Dhaka, BD	Trustee	
		Cancer Hospital, Biyani Bazar, Sylhet	Trustee	
		Bangladesh Business Council Dubai, UAE	Founder President	
Mr. Tateyama Kabir	Vice Chairman	Kabir Auto Export Co. Ltd. Japan	President	100%
		Ocean Auto Limited, Dhaka, Bangladesh	Proprietor	100%
		Sunday Development Company Ltd., Bangladesh	Managing Director	
Mr. Kamal Ahmed	Vice Chairman	Seamark PLC, United Kingdom	Deputy Managing Director	27%
		IBCO Limited, United Kingdom	Deputy Managing Director	30%
		IBCO Enterprise, United Kingdom	Deputy Managing Director	33%
		Seamark (BD) Limited, Bangladesh	Deputy Managing Director	20%
		IBCO Food Industries Limited, Bangladesh	Deputy Managing Director	23%
		Seamark (Holdings) Limited, Bangladesh	Deputy Managing Director	

Name of Directors	Status with the Bank	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage of holding/ interest in the concern
Mr. M Badiuzzaman	Director	Seamark (USA) Inc, USA	Deputy Managing Director	33%
		ManRu Shopping City, Bangladesh	Deputy Managing Director	35%
		Tania International PTE. Ltd., Singapore	Managing Director	65%
		Tania Development PTE. Ltd., Singapore	Managing Director	70%
		The Far Eastern Business Review, Singapore	Sole Proprietor & Managing Editor	100%
		Advance Homes Pvt. Ltd., Bangladesh	Chairman	60%
		Advance Corporation, Bangladesh	Managing Partner	70%
		Bangladesh Singapore Investment & Technologies Ltd., Bangladesh	Chairman	40%
		Bangladesh Singapore Development Limited	Chairman	40%
		Phoenix Insurance Company Limited, Bangladesh	Independent Director & Chairman of Audit Committee	0%
Mr. Imtiaz Ahmed	Director	Strategic Enterprises Pvt. Ltd., Bangladesh	Chairman	30%
		IMACULUS Ltd., UK	Director	-
Mr. Mohammed Idrish Farazy	Director	Forest View College, UK	Director/Secretary	-
		National Exchange Company S.R.L. Italy	Chairman	30%
		Popular Travels & Tours, Rome, Italy	Director	20%
Mr. Iqbal Ahmed OBE	Director	Farazy Hospital and Diagnostics Ltd.	Director	-
		Seamark PLC, United Kingdom	Chairman & Chief Executive	27%
		IBCO Limited, United Kingdom	Chairman & Chief Executive	40%
		IBCO Enterprise, United Kingdom	Senior Partner	33%
		Seamark (BD) Limited, Bangladesh	Chairman & Chief Executive	30%
		IBCO Food Industries Limited, Bangladesh	Chairman & Chief Executive	31%
		Seamark (Holdings) Limited, Bangladesh	Chairman & Chief Executive	-
		Seamark (USA) Inc., USA	Managing Director	33%
Mr. Khandakar R. Amin	Director	ManRu Shopping City, Bangladesh	Senior Partner	31%
		Father Realty Corporation (Commercial	Proprietor	100%
		Amin Realty Corporation (Commercial Building).	Proprietor	100%
		Hirapur Realty Corporation (Commercial	Proprietor	100%
		Surma Realty Corporation (Commercial	Proprietor	100%
		Indian Spice (Indian Restaurant)	Proprietor	100%
		India Place (Indian Restaurant)	Proprietor	100%
		Chile's Chocolate, (Mexican Restaurant)	Proprietor	100%
		Gallitos Expreess (Mexican Restaurant)	Proprietor	100%
		Gallitos Mexicans (Restaurant)	Proprietor	100%
		Hotel New York (Residential)	Proprietor	100%
		KH Carbon Factory	Proprietor	100%
		Khandakr Aquaculture Ltd.	Proprietor	100%
		Amin CNG Filling Station	Proprietor	100%
		Amin Gas station	Proprietor	100%
		Cafe New York	Proprietor	100%
		Dhaka New York Agro Fishers. Ltd.	Proprietor	100%



Name of Directors	Status with the Bank	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage of holding/ interest in the concern
Mr. Naveed Rashid Khan	Director	Jabbar Jute Mills Ltd. Bangladesh	Director	10%
		Gentrade FZE, UAE	Chairman & MD	100%
		Bangladesh Medical Science and Technology Ltd	Director	10%
		Commodity First DMCC, Dubai, UAE	Managing Director	50%
		Comodity First Pte Ltd, Singapore	Director	50%
Mr. Mohammed Jamil Iqbal	Director	Al Anood Perfumes Co., Dubai, UAE	Partner	24%
		M/S. Md. Jamil Iqbal, BD	Proprietor	100%
		Jl Stone Supplier, Bangladesh	Proprietor	100%
		New Maitri Stone Crushing, Bangladesh	Proprietor	100%
		Jamil Iqbal Ltd.	Chairman	50%
Mr. Nafih Rashid Khan	Director	Commodity First DMCC, Dubai, UAE	Managing Director	50%
		Loch Shipping Intermediary FZE, UAE	Chairman & MD	100%
		Jabbar Jute Mills Ltd. Bangladesh	Director	10%
		Bangladesh Medical Science and Technology	Director	10%
		Comodity First Pte Ltd, Singapore	Director	50%
Mr. Fazlur Rashid Khan	Director	Fazlur R. Khan Investment, USA	Proprietor	100%
		21-23, 21-27, 21-31 LLC	Managing Director	100%
Dr. Nesar Ahmed Choudhury	Director	N.A. Choudhury Limited, U.K.	Director	50%
		Dr. N.A. Choudhury and Dr. Sultan Partnership	Partner	50%
		Brookdale Surgery Newton Health, U.K.	Partner	50%
Mr. Rabin Paul	Director	Claims Center Limited, U.K.	Director	50%
Mr. Mohammed Rafique	Director	Bangla Trade UK Ltd. U.K.	Managing Director	100%
Mr. Abdul Karim	Director	Hassan Shahin Ahmed Perfumes L.L.C. Dubai,	Proprietor	100%
Mr. Mohammed Jahed Iqbal	Director	M/S. Md. Jahed Iqbal	Proprietor	100%
		Jahed Iqbal Ltd. UK	Director	100%
		Desert Star Trading LLC	Partner	24%
		Jamil Iqbal Ltd.	Managing Director	50%
		Sunday Development Company Ltd.	Director	
Mr. Md. Mehmood Husain	MD & CEO	Nil	Nil	

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

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

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

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

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

Related party transactions

The significant related party transactions during the year were as follows:

A) Funded & Non-funded facilities:

i) Funded facilities:

Name of the Organisation	Representing Directors of NRBBL	Nature of Interest of the Director with the Organisation	Nature of Facility	Sanctioned Amount	Outstanding as at 31 December 2017
Shawrma King	Monir H. Farazy Brother of Director	Guarantor	Demand Loan, OD	20,000,000	21,717,672



B) Transactions relating to procurement, service & rent:

Name of the Company	Related Directors of NRBBL	Nature of Transactions	Amount of Transaction made in 2017
Manru Shopping City	Mr. Iqbal Ahmed OBE	Rental payment for NRBBL Sylhet Main Br, Sylhet.	3,319,095
KRC Centre	Mr. Khalilur Rahman Chowdhury	Rental payment for NRBBL Hotapara Br, Gazipur.	331,460
Advance Zaman Centre	Mr. M. Badiuzzaman	Advance rental payment for NRBBL Ghonapar Br, Gopalgonj.	2,520,000
Al Haramain Perfumes (PVT.) Ltd.	Mr. Mohammed Mahtabur Rahman	Payment for purchasing perfumes	335,696
Ocean Auto	Mr. Tateyama kabir	Lease rental payment of vehicle	1,599,996

Related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged as per BAS 24 'Related Party Disclosures'. The Bank in normal course of business had transactions with other entities that fall within the definition of 'Related Party' as contained in BAS 24 and as defined in BRPD circular no. 04 dated 23 February 2014.

40 Auditors work hour

The external auditor of the Bank, M/s ACNABIN., Chartered Accountants worked about 1450 man hour. They have reviewed more than 80% of the Bank's risk weighted assets as at the Balance Sheet date.

41 General

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

42 Events after the balance sheet date

The Board of Directors of NRB Bank Limited recommended 8% stock dividend in 63rd Board Meeting held on 25 March 2018 for the year 2017. Eligible shareholders will be entitled to get this dividend subject to shareholders' approval in the 5th AGM.



NRB Bank Limited
Schedule of fixed assets
As at 31 December 2017

Particulars	Cost				Rate of Dep.	Depreciation			Written Down Value
	Balance as at 1 January 2017	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 December 2017		Charged during the year	Disposal/ adjustment during the year	Balance as at 31 December 2017	
(Amount in Taka)									
At Cost									
Tangible Assets									
Furniture and fixture	175,894,475	82,337,090	(1,390,000)	256,841,565	10%	23,591,077	(553,964)	58,185,712	198,655,853
Machinery and equipment	94,630,899	31,615,983	-	126,246,882	20%	21,702,056	-	58,798,742	67,448,140
Computer and network equipment	94,540,448	25,853,276	-	120,393,724	20%	21,141,821	-	65,567,693	54,826,031
Mobile Phone	-	1,040,605	-	1,040,605	50%	209,656	-	209,656	830,949
Vehicle	47,376,226	-	-	47,376,226	20%	9,475,246	-	30,058,931	17,317,295
Intangible assets:									
Software	158,041,183	2,676,736	-	160,717,919	12.5%	19,853,775	-	60,923,123	99,794,796
As at 31 December 2017	570,483,231	143,523,691	(1,390,000)	712,616,922		95,973,630	(553,964)	273,743,857	438,873,065
As at 31 December 2016	447,030,358	125,062,873	(1,610,000)	570,483,231		80,363,109	(720,499)	178,324,191	392,159,041



NRB Bank Limited
Balance with other banks-Outside Bangladesh (Nostro Account)
as at 31 December 2017

Name of the Bank	Account type	Currency type	2017			2016		
			FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
Habib American Bank, New York	CD	USD	14,340.11	82.70	1,185,927	300,770.32	78.70	23,670,624
United Bank of India	CD	ACU	116,983.61	82.70	9,674,545	63,398.72	78.70	4,989,479
United Bank of India	CD	ACU EUR	4,228.49	98.31	415,701	4,228.49	81.95	346,510
Mizhuo Bank Ltd, Japan	CD	JPY	200,368.00	0.73	146,188	280,091.00	0.67	187,997
Mashreq Bank PSC, New York	CD	USD	1,605.87	82.70	132,805	475,039.15	78.70	37,385,581
Mashreq Bank PSC, UK	CD	GBP	71,885.06	110.82	7,966,159	6,460.43	96.22	621,639
Mashreq Bank PSC, UK	CD	EUR	1,365.27	98.31	134,219	51,240.84	81.95	4,199,002
AB Bank Limited, Mumbai	CD	ACU	5,000.00	82.70	413,500	5,000.00	78.70	393,500
National Commercial Bank, Saudi Arabia	CD	SAR	104,500.00	22.05	2,304,455	-	-	-
					22,373,499			71,794,333

NRB Bank Limited
Investment in Quoted Shares and Mutual Funds
as at 31 December 2017

Name of the Company	Face value per share	No. of shares	Cost of holding	Average Cost	Quoted rate per share as on 31.12.17	Total market value of share as at 31.12.17	Unrealized gain/(loss)
Quoted Shares							
Active Fine Chemicals Limited	10	2,400,000	80,535,135	34	35	84,480,000	3,944,865
Aamra Networks Limited	10	60,000	2,340,000	39	98	5,862,000	3,522,000
Heidelberg Cement Bangladesh Limited	10	80,000	42,371,902	530	425	33,992,000	(8,379,902)
Jamuna Oil Company Limited	10	15,000	2,900,156	193	190	2,845,500	(54,656)
Khulna Power Company Limited	10	664,010	44,926,922	68	59	38,844,585	(6,082,337)
MJL Bangladesh Limited	10	750,000	92,078,913	123	109	81,825,000	(10,253,913)
Nahee Aluminum Composite Panel Limited	10	7,141	64,919	9	73	524,149	459,230
Oimex Electrode Limited	10	7,129	64,810	9	65	464,811	400,001
Summit Power Limited	10	500,000	20,597,784	41	36	17,950,000	(2,647,784)
United Power Generation & Distribution Company Limited	10	125,000	22,626,419	181	181	22,637,500	11,081
IBBL Mudaraba Perpetual Bond	1,000	20,000	19,539,000	977	983	19,660,000	121,000
Mutual Fund							
AIBL 1st Islamic Mutual Fund	10	10,000,000	86,991,170	9	8	80,000,000	(6,991,170)
Grameen One : Scheme Two Mutual Fund	10	11,771,337	174,038,988	15	16	182,455,724	8,416,736
ICB AMCL 2nd NRB Mutual Fund	10	130,000	1,328,652	10	11	1,378,000	49,348
ICB AMCL First Agrani Bank Mutual Fund	10	845,117	6,965,823	8	8	6,845,448	(120,375)
LR Global Bangladesh Mutual Fund One	10	5,200,000	39,228,171	8	8	43,160,000	3,931,829
MBL 1st Mutual Fund	10	6,287,435	51,738,888	8	9	57,215,659	5,476,771
Reliance One: The 1st Scheme of Reliance Insurance Mutual Fund	10	5,006,003	58,256,229	12	11	55,066,033	(3,190,196)
Southeast Bank 1st Mutual Fund	10	1,160,000	15,126,992	13	14	16,472,000	1,345,008
Total			761,720,871			751,678,409	(10,042,462)

NRB Bank Limited
Highlights on the overall activities
as at 31 December 2017

Sl No.	Particulars		2017	2016
1	Paid-up capital	Taka	4,000,000,000	4,000,000,000
2	Total capital (Tier-1 & Tier-2)	Taka	4,942,319,027	4,834,155,193
3	Surplus\ (Shortage) Capital	Taka	942,319,027	834,155,193
4	Total assets	Taka	34,940,086,920	24,729,839,314
5	Total deposits	Taka	23,933,484,680	17,465,634,785
6	Total loans and advances	Taka	22,920,907,531	12,589,367,101
7	Total contingent liabilities and commitments	Taka	8,581,567,216	1,838,962,449
8	Loans to deposits ratio (total loans/total deposits)	%	95.77%	72.08%
9	Percentage of classified loans against total loans and advances	%	2.46%	1.95%
10	Profit after tax and provision	Taka	442,923,095	525,285,199
11	Classified loans during current year	Taka	563,331,092	245,075,093
12	Provisions kept against classified loans	Taka	183,885,691	84,800,780
13	Provision surplus/(deficit) against classified loans	Taka	-	-
14	Cost of fund (Interest expenses/Average deposits and borrowings)	%	5.98%	6.60%
15	Interest earning assets	Taka	33,879,315,222	23,779,327,992
16	Non-interest earning assets	Taka	1,060,771,697	950,511,323
17	Return on investment (ROI)	%	5.70%	8.27%
18	Return on assets (ROA) [PAT/ Average assets]	%	1.48%	2.32%
19	Income from investment	Taka	1,045,989,346	1,081,002,316
20	Earnings per share	Taka	1.11	1.31
21	Net income per share	Taka	1.11	1.31