



# ANNUAL REPORT 2017



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## LETTER OF

To

All Shareholders of NRB Bank Limited Bangladesh Bank Bangladesh Securities & Exchange Commission Registrar of Joint Stock Companies & Firms

Dear Sir(s),

Annual Report of NRB Bank Limited for the year ended 31 December 2017.

We are pleased to enclose a copy of the Annual Report along with the Audited Financial Statements and Balance Sheet as at 31 December 2017, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement for the year ended 31 December 2017 together with notes thereon of NRB Bank Limited for your kind information and record.

Best regards,

Sincerely Yours,



### DISCLAIMER

This Annual Report 2017 contains audited financial statements of the Bank along with other financial disclosures. Some parts particularly the financial statements of the Bank are audited which are presented in page from 112 to 160. Review of business and financial analysis presented in the Directors Report sections are based on audited financials as well as management information mostly unaudited unless otherwise specified. The Bank while recognizing financial transactions and presenting financial statements followed by relevant Bangladesh Financial Reporting Standards (BFRS) except in some cases where the Bangladesh Bank instructed banks to follow their prescribed guidelines. However, if there grew any confusion, the Bank followed instructions of Bangladesh Bank being the prime regulator for banking companies.

Business 'outlook' and management estimates and assumptions in recognizing certain financial transactions presented in different parts of this Annual Report can be no assurance that actual outcomes will turn up to the tune of these projections. Some of the factors that may cause projected outcomes differ from the actual ones can be put forth, which are not comprehensive as well:

- Changes in macroeconomic outlook: The economy is likely to grow between 3.7% to 3.9% in 2018 and 2019. Slowing exports, falling remittances, weak internal and external demand, restrained industrial activities, rising food inflation and early floods may change the macro economic outlook.
- General business and political uncertainties: Negative impact of political deadlock, associated risks in business environment, price spiral, downbeat performance of capital market, declining demand for bank finance, environmental erosion, etc may erode the bank's earning substantially. In the absence of political agreement and stability, success in business is hard to achieve.
- Changes in Government and regulatory policy: Amendment of Bank Company Act 1991 and impact of such changes on banking business, underperformance of tax revenue by NBR, increased borrowing by government from banks, central bank directives for charging lower on banks' fees earnings, discontinuation of guidelines related to provisioning and rescheduling and others
- Deterioration in borrowers' credit quality: Risk of deterioration of credit quality of borrowers is inherent in banking business. This could be driven by political unrest, economic slowdown and supply side disruption. Abrupt changes in the import pricing may affect the commodity sectors. Banks are under obligation to maintaining provision against potential credit loss.
- Power crisis and immature infrastructure: Stumbling block of adequate infrastructure, storage of sufficient supply of power to production facilities, political turmoil, soaring of cost of surviving businesses may push to cause slower growth of manufacturing and industrial activities.
- Challenges in managing business: Excess liquidity has burdened the Banking Industry in Bangladesh due to lower demand of credit for private sector. Govt. borrowing sometimes distorts the business plan of the banking sector in Bangladesh to maintain the liquidity management. Unhealthy competition of the banking sector becomes risky to face the challenge to meet required ROI. Corporate tax burden hinders to meet the expected EPS of Shareholders.
- Rising capital requirement: Basel III might cause internationally active banks to maintain more capital and follow more stringent rules. The Bank while doing trade finance with those banks might have to follow more stringent rules. Effective control calls for higher investment in technology and increased operating expenses.

- Climate change and natural calamities:
   Bangladesh as one of the vulnerable countries to climate change effects and natural disaster lies on an alarming geographical location and risks considerable loss in agricultural sector accounting for a significant portion of GDP.
- ◆ Fraud or financial crime: Increasing frauds and financial crimes in the banking industry is denting industry confidence. The incidence is a direct outcome of weak corporate governance, control loopholes and IT inefficiencies. NRB Bank is all vigilant to prevent such untoward incident by virtue of strong and effective control system, high ethical practices, good corporate governance and risk management mechanism. However, the Bank cannot rule out any such surprise as the industry closely intertwined with sophisticated financial relationships.



# VISION

To be the leading dedicated financial institution for NRBs to invest in Bangladesh and for Bangladeshi individuals and corporates to access international markets.

# MISSION

NRB Bank aims to be the preferred provider of targeted financial services as a conduit for investment to and from Bangladesh for our Bangladeshi communities both domestically and internationally, to accelerate the industrialisation of Bangladesh.

We will strengthen these relationships by providing the right solutions that combine professionalism, expertise and financial strenght.





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### STATEMENT REGARDING

#### FORWARD LOOKING APPROACH

The Annual Report contains some forward looking statements regarding the business environment and its likely effect in the financial conditions of the bank. We wish to caution you that these statements are based on management's expectations, estimates, projections and assumptions. Words such as "expects," "anticipates," "plans," "believes," "scheduled," "estimates" and variations of these words and similar expressions are intended to identify forward-looking statements, which include but are not limited to projections of revenues, earnings, cash flows. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results and trends may differ materially from what is forecast in forward-looking statements due to a variety of factors, which are:

- Changes in the general economic condition resulting from natural calamities and political disturbances;
- Changes in monetary & fiscal policy budget;
- The effect of changes to our credit rating;
- Amendments to, and interpretations of, risk-based capital guidelines and reporting instructions;
- The risk that the Bank's risk management models may not take into account all relevant factors;
- Changing customer demand or preferences for business, including the effects of economic conditions on the business;
- Changes in government policy issues;
- Increase in Tax, VAT on banking services;
- Increase in CRR and SLR of the banks;
- Lending rates to finance essential items;
- Provisioning requirement would change the ROA and ROE;
- Volatility in interest rates and currency values;
- Volatility in capital market arising from speculations;
- Changes in international prices of essentials which is putting pressure on foreign exchange market resulting in volatility in the Foreign Exchange market;
- International embargo on certain countries is likely to affect remittances and trade;
- The accuracy and completeness of information of the Bank receives on customers and counterparties;
- The Bank's ability to expand existing distribution channels and to develop and realize revenues from new distribution channels;
- Compliance issues raised by the international forums which are likely to affect the export growth.

The preceding list of important factors is not exhaustive. When relying on forward looking statements to make decisions with respect to the Bank and its securities, investors and others should carefully consider the preceding factors, other uncertainties and potential events. The Bank does not undertake to update any forward looking statements, whether written or oral, that may be made from time to time by or on its behalf.

## **CORPORATE**

### DIRECTORY

Name of the Company NRB Bank Limited	Authorized Capital BDT 10,000 million	<b>Chairman</b> Mr. Mohammed Mahtabur Rahman
Legal Form Public Limited Company	<b>Paid-up Capital</b> BDT 4,000 million	<b>Vice Chairman</b> Mr. Tateyama Kabir Mr. Kamal Ahmed
Registered Office Simpletree- Anarkali, 89 Gulshan Avenue, Gulshan- 1, Dhaka- 1212, Bangladesh	<b>Total Capital (Tier-i &amp; ii)</b> BDT 4,942 million	Managing Director & CEO Mr. Md. Mehmood Husain
<b>Date of Incorporation</b> 19 March 2013	<b>Total Asset</b> BDT 34,940 million	<b>Deputy Managing Director</b> Mr. Saaduddin Ahmed
Formal Inauguration 04 August 2013	Statutory Reserves BDT 339 million	<b>Chief Risk Officer</b> Mr. Saaduddin Ahmed
C-108030/13	Capital Adequacy 18.36 %	Chief Operating Officer Mr. Imran Ahmed, FCA, CISA
Bangladesh Bank Permission No. BRPD (P-3)745(61)/2013-1932 April 25, 2013	Earnings Per Share BDT 1.11	<b>Chief Financial Officer</b> Mr. Badal Kumar Nath, FCA
Delivery Channels - No. of Branches 36 - No. of ATMs 35 - Real-time Online Banking - Internet Banking - SMS/Alert Banking - Debit/Credit Card with Global Access - Shared Network across the Country	<b>Net Asset Value Per Share</b> BDT 11.67	Company Secretary Mr. Md. Hasanul Haque  Legal Advisor Mr. Rafique-ul Huq Barrister-at Law
Credit Rating Short Term : ST 2 Long Term : A 3	Accounting Year-end December 31	Auditors ACNABIN, Chartered Accountants
<b>Total Manpower</b> Employee: 765	Credit Rating Agency Credit Rating Agency of Bangladesh Ltd (CRAB)	Tax Consultant ADN Associates
<b>Email</b> info@nrbbankbd.com	<b>Website</b> www.nrbbankbd.com	SWIFT Code NRBDBDDH
	<b>Contact Centre</b> (+88) 09666456000 16568	-

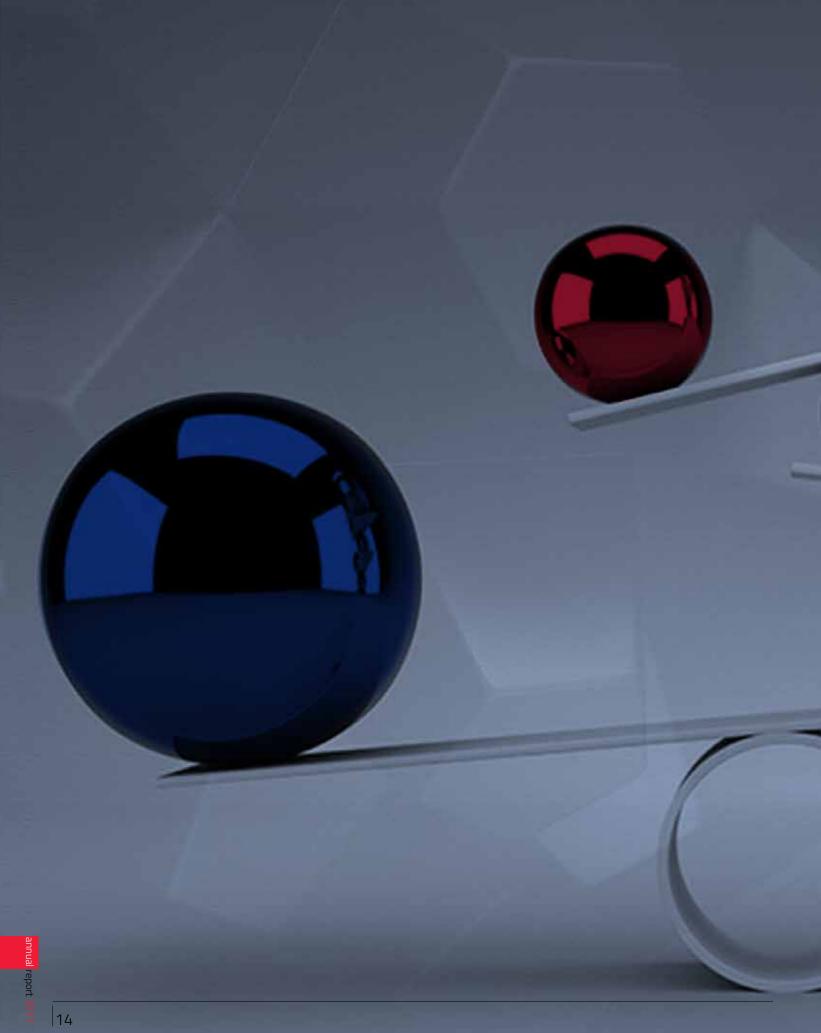
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# COMPANY MILESTONES

07 February, 2013	Bangladesh Bank issued No Objection Certificate for Registration with Registrar of Joint Stock Companies & Firms (RJSC) as Banking Company.
19 March, 2013	Registrar of Joint Stock Companies & Firms (RJSC) issued Certificate of Incorporation and Certificate for Commencement of Business for NRB Bank Limited.
09 April, 2013	The 1st Board Meeting of the Bank was held successfully.
18 April, 2013	Bangladesh Security Exchange Commission (BSEC) issued Letter of Consent for raising of Paid-Up Capital.
25 April, 2013	NRB Bank Limited received Banking License from Bangladesh Bank.
30 April, 2013	NRB Bank Limited was gazetted as a Scheduled Bank effective from 28 April, 2013.
28 May, 2013	NRB Bank Limited was officially Launched at Pan Pacific Sonargaon Hotel, Dhaka, Bangladesh.
01 August, 2013	Bangladesh Bank issued 1st Branch License of NRB Bank Limited.
04 August, 2013	NRB Bank Limited inaugurated its first branch (Main Branch) at NB Tower, 40/7, North Gulshan Avenue Gulshan – 2, Dhaka-1212, Bangladesh.
14 September, 2013	The Statutory Meeting of NRB Bank Limited was held successfully.
14 September 2013	NRB Bank inaugurated its second branch at Nafi Tower, 53 South Gulshan Avenue, Gulshan-1, Dhaka 1212, Bangladesh.
16 September 2013	NRB Bank inaugurated Sylhet Main Branch in Sylhet.
31 October 2013	NRB Bank Participated in British Bangladeshi Who's Who 2013.
03 November 2013	NRB Bank Participated in Bangladesh Caterers Association Award 2013, held in London, UK.
28 December 2013	NRB Bank inaugurated Chittagong Main Branch in Chittagong.
28 December 2013	NRB Bank inaugurated Joypara Branch, Dohar.
23 March 2014	NRB Bank Launches arrays of Retail Banking products.
25 March 2014	NRB Bank launched 1st offsite ATM at Dhanmondi.
22 June 2014	1st Annual General Meeting of NRB Bank
22 June 2014	NRB Bank Celebrates 1st Anniversary at Pan Pacific Sonargaon Hotel, Dhaka, Bangladesh.
23 June 2014	NRB Bank Call Centre inaugurated
23 June 2014	NRB Bank eBanking inaugurated
14 August 2014	NRB Bank Inaugurated Ashulia Branch
14 August 2014	NRB Bank Inaugurated Hotapara Branch
16 August 2014	NRB Bank launched SME banking.
18 August 2014	NRB Bank Inaugurated Bogra Branch.
31 August 2014	NRB Bank launched VISA EMV Debit Card.
01 November 2014	NRB Bank Launched VISA Credit Card
10 December 2014	NRB Bank Inaugurated Uttara Branch
28 December 2014	NRB Bank inaugurated Panchdona Branch

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#### Bismillahir Rahmanir Rahim

#### Dear Fellow Shareholders,

With immense pleasure, I would like to share a few topics with all Shareholders, Customers and other Stakeholders that drove our business and have had an impact on financial performance during 2017 for their necessary overview and record. Taking on the journey of banking business in the later part of 2013, the Bank has enriched its experience with learning and foresight and has grown stronger over the course of its operation in last five years. You will be happy to know that by the grace of Almighty Allah the past year has proven the strategic accuracy of the course we had taken and rewarded us with comparatively better results. At this occasion of 5th Annual General Meeting of NRB Bank, I feel proud to illustrate our success and growth to our partners whose constant support has made our voyage possible and worth taking.

#### **Challenging times**

2017 presented a challenging environment for the industry under the impacts of both global and domestic markets. The year can be chalked down as a prosperous one for the world economy. For Bangladesh, 2017 has been a mixed year of achievements and underlying challenges. Though some macro indicators reflected positive trends, the overall strength of the economy was weakening due to number of factors toward the second half of the year. One of the major achievements of the economy has been 7.28 percent economic growth in FY 2016-17 breaking the six percent cycle that continued for a decade or so. Major boost of growth came from the industrial sector followed by service sectors. The Banking sector exposed further weakness through major indicators such as non-performing loans, lower capital adequacy and the lack of governance in the sector. Though the BASEL III implementation is approaching in 2019, most of the Banks are not prepared as yet. The government has been recapitalizing the state-owned Banks for their losses every year without any fruition. Despite the central Bank's attempts to improve performance of banking sector, improvements are yet to be visible.

Taking into account the challenging contexts in which our impressive results were achieved during 2017, I wish to begin this review by extending my warm appreciation and congratulations to the Board and the dedicated management team led by our dynamic Managing Director & CEO.

#### Financial results showcase continued success

Despite the volatile economy and slow business activities, NRB Bank Limited has completed another successful year of business in 2017 having registered with commendable and steady growth in almost all key areas of performance than those of the previous year.

The foregoing decades of banking evolved and revolved around our borders in a rooted culture and belief — it now transcends the bounds to travel the whole world in a changing paradigm.

In a relatively stable but difficult business environment, Bank's performance was steady with continuous focus on quality credit growth. Even in the absence of attractive spreads, total loans and advances grew by 82.07%. Deposit growth was sufficient by 37.03%. The advance deposit (AD) ratio was 81.18%. Consequently, NRBBL's operating profit can be termed reasonable as the bank pursued cautious lending approach than reckless expansion of credit in a slow investment scenario to prevent untoward consequences. Cost of Fund was 5.98% in FY 2017 which was 6.60% in previous year which indicate higher business performance of NRBBL than that of the previous year. Bank's capital adequacy at the year-end was 18.36% against regulatory requirement of 11.25%. Total Capital was 4,942 million in FY 2017 which was 4,834 million in previous year. The ratio of Non-Performing Loan (NPL) to total advance was around 2.46% which is much lower than the industry average of 9.31%.

Risk Management landscape of the Bank underwent changes in cycle with the changes in global markets and regulatory frontiers. Banks put emphasis on Liquidity Coverage Ratio guidelines as an offshoot of Basel III Compliance and began the journey under Basel III Compliance at length with a view to strengthening the capital base. The followings are

summarized position of the Bank's financial highlights in FY 2017:

Figures in BDT million

Total Assets : 34,940
Total Deposits : 23,933

Total Loans and Advances : 22,921 Total Operating Profit : 853.66

Earnings per Share (EPS) (BDT) : 1.11

In recognition of our honorable Shareholders' support, and considering the Bank's earnings per share in 2017, the Board of Directors recommended a 'Stock Dividend @8.00%' for the year 2017.

#### **Customer Centricity**

The élite motto of our Bank is "Not Just Another Bank" which is not only an utterance but we literally mean it. We pay the utmost attention and sincere care to our customers in proving the motto. We have a wide range of products and services and continuously redesigning our products with competitive price to meet the customers' demands and satisfaction. We provide a full-fledged banking & financial services to different segments of clients including individuals, small and medium sized companies/entrepreneurs and corporate bodies etc. We are always keen to be present with our products & services in different fairs & campaigns arranged from time to time. We focus on digital solution in order to ensure Omni-channel presence and provide a true contextual banking experience to customers across web, mobile phones, tablets and so forth. We have spread our wings to fly to the doorsteps of our Customers with 36 Branches, 35 ATMs and a host of partners and alliances to support our business.

Growing SMEs - a strategic choice

The redefined SME sector received our strategic focus all through year. The SME sector is the backbone of the economy and this is reflected in our lending portfolio. Over 52.69% of our lending is to SMEs. With its potential to make a high contribution to the GDP, employment creation, export revenue, poverty alleviation and regional development, a strong SME sector spells good health and prosperity for the entire economy. The Bank has taken a number of initiatives during the year to improve the lives and livelihoods of those concomitant to this important sector.

#### **Envisioning future banking**

The foregoing decades of banking evolved and revolved around our borders in a rooted culture and belief – it now transcends the bounds to travel the whole world in a changing paradigm. With all vigor and passion, we are ready to face the thrill of new age banking. During the year, we invested in a digital solution that will cover the entire spectrum from online and mobile banking services to internal systems and processes.

Being forward looking citizen, our goal is to provide customers with a completely digital banking experience. Our new mobile banking offering, for example, will sit completely within the customer's phone, allowing them to do anything and everything related to banking wherever they are, whenever they want, without ever visiting any of our outlets at any stage. Winners, sometimes, with the advantages of a first mover, gainers, in other times, having an edge of digital synergy – our future banking model will continuously blend endless opportunities of mobile phones with the attitudes of modern banking for the dwellers of the new world.

#### Social and environmental attachment

Responding to regulatory efforts to frame uniform enterprise responsibility for social upliftment and protection of environment, we have developed a set of rules and objectives which guide the Bank in its assessment and management of social and environmental risks related to banking operations and lending activities. As a part of Loan Appraisal System, the exercise of the set rules now plays a key role in managing the risk profile and making lending and investment activities responsible. The Bank has also built alliance with the regulators

NRB Bank Ltd has completed another successful year of business in 2017 having registered with commendable and steady growth in almost all key areas of performance than those of the previous year. and some development groups to train staff so that they are able to identify and focus more on green lending opportunities. These are related to alternative energy generation from solar power and other environment friendly initiatives such as the implementation of carbon emission reduction programmes, and the installation of more efficient lighting systems in office premises. During 2017, the Bank disbursed BDT 124 million in green loans that will help to reduce the environmental footprint of borrowers.

Supporting communities mirrored our commitment for inclusive growth and development as well. Our support of small and agro based business continued to strengthen through our partnership with NGOs and Micro Finance bodies in the country.

The bank recognizes that growth must be inclusive to become sustainable. As a good corporate we are committed to the causes of humanity and society at large. Grants and donations that form the core part of our CSR activities aggregated the sum of BDT 27 million (approximately) during the year to prop up the leaning have-nots beside the fortunate better-offs.

#### Better governance with enhanced oversight

Bank gives high priority to good governance, which reflects on transparent ownership structure, management and accounting practice. The Board recognizes its role in promoting good governance and in creating a framework of best practices, processes and ethics to observe and promote high ethical standards.

As good as ensuring compliance with the applicable rules and regulations, the Board keenly monitored progress of implementation of Basel III regulations to ensure the financial soundness of the Bank. The Board's philosophy for better governance and institutional discipline was escalated to every sphere of Management with a unique pace and rhythm. Board Members were well aware of Anti Money Laundering compliance and vowed zero tolerance against lending frauds, cybercrime and trade based money laundering.

#### **Thanks and Gratitude**

Our Bank has successfully met the challenges in 2017 and I am sure that in the days to follow, the Bank will perform yet better and match your expectations. The sound foundation on which the Institution has been built, the inherent strength that it possesses and the stature that it has acquired over the years will stand in good stead in times to come. The relentless efforts of staff members at all levels help in achieving excellence and business growth. Together, let us commit ourselves to achieving higher performance and taking the Bank into the next orbit.

I would like to thank the Sponsors and the Members of the Board for their invaluable guidance & support to the Bank, express my appreciation to the Managing Director & CEO for his leadership & commitment and also to the entire Management team and employees for their passion, collective efforts and contribution to the progress & success of the Bank. I also express my earnest gratitude to the Government of the People's Republic of Bangladesh, the Central Bank of Bangladesh, the Ministry of Finance, Registrar of Joint Stock Companies & Firms, National Board of Revenue and Bangladesh Securities and Exchange Commission for the valuable guidance and support received from them. I also thank all financial Institutions and correspondent Banks for their continued confidence on us, their co-operation and support.

Mohammed Mahtabur Rahman Chairman





# MANAGING DIRECTOR &

#### CEO'S ROUNDUP



#### Dear Shareholders,

This is a great pleasure for me to present a round-up of financial and operational performance of our Bank for the year 2017. With the conclusion of year 2017, NRB Bank Limited has stepped into 6th year of operation and in the process, NRB Bank Limited is endeavoring to provide sustainable benefits by creating long lasting value for shareholders. We give utmost importance to key issues such as, a functional board and independence of management, function of board sub-committees, fair financial reporting, disclosure and compliance, thereby gradually building trust and confidence of people, and maintaining consistency in shareholders' value enhancement.

Our relentless focus on emerging opportunities has enabled the Bank to leap forward with a positive growth in challenging environment. We are steadily adding value through innovation and technology based service delivery through enriched channels and supported by a wide range of product offerings. Our efforts to reach grassroots level for financial inclusion is another endeavor of the Bank. 2017 was yet another year of success for NRB Bank Limited where we continued to retain growth in all areas of our operation.

#### **World Economic Review**

Global economic activity has been continuing to firm up. Global output was estimated to have grown by 3.7 percent in 2017, which is 0.1 percentage point faster than projected in the fall and ½ percentage point higher than in 2016. The pickup in growth has been broad based, with notable upside surprises in Europe and Asia. Global growth forecasts for 2018 and 2019 have been revised upward by 0.2 percentage point to 3.9 percent. The revision reflects increased global growth momentum and the expected impact of the recently approved U.S. tax policy changes. The cyclical upswing underway since mid-2016 has continued to strengthen. Some 120 economies, accounting for three quarters of world GDP, have seen a pickup in growth in

year-on-year terms in 2017, the broadest synchronized global growth upsurge since 2010.

Global output was estimated to have grown by 3.7 percent in 2017, which is 0.1 percentage point faster than projected in the fall and ½ percentage point higher than in 2016. This stable average growth rate, however, marks divergent developments in different country groups.

In emerging and developing economies, growth was 4.2% in 2017 compared to 3.4% in 2016. With the recovery in commodity prices, particularly oil, the divergence in growth outlooks between commodity exporters and importers is set to narrow. In China, growth was 6.5% in 2017. This outlook reflects soft external demand, heightened uncertainty about global trade and slower private investment.

The financial markets have also seen strong growth both in developed and emerging markets. The US equity markets

continued their growth momentum, shaking off political uncertainties in the wake of the 2016 Presidential Elections. The new tax reform package passed by the US Congress in 2017 boosted the equity markets due to lowered corporate tax rates and measures that encourage investment.

#### **Bangladesh Economy**

Economic activities continued at a robust pace in Q1FY18, supported by buoyant domestic and external demand. Rapid private sector credit growth, higher import demand for investment, and a rebound in remittance inflows point to a strong domestic demand. At the same time, pick up in export growth, aided by the stronger-than-expected recovery in the advanced economies, implies strong external demand. On the supply side, activities were robust in the industry and service sectors, while agriculture was adversely affected by the weather shocks. According to recent revisions to the FY17 national accounts data, output grew by 7.28 percent, 8 basis points higher than the preliminary estimate. In the final estimates, the services sector grew more robustly than what was estimated initially. The downward revision to agriculture sector's growth was due to the floods in FY17.

GDP growth is expected to be moderate at 7.4% in FY2018 as domestic demand rises. Slower

export growth caused by weaker consumer demand in the euro area and the United Kingdom is expected in part because the currencies of these destination markets have depreciated against the dollar. Increases in wages and continued access to credit will help to sustain private consumption. Public investment is expected to strengthen through fiscal expansion as the authorities speed up their implementation of infrastructure projects. Growth in FY2019 is expected to rise at 7.6% as the broad momentum in the previous year continues.

#### STRATEGY AND PERFORMANCE

We tried to enhance our lending volume to diversified business and increase advance deposit (A/D) ratio of the Bank. We have also strengthened lending efforts to SME, Retail and Agriculture Sectors. We tried to maintain a robust liquidity, acquire retail deposits, make cautious lending and embarked upon timely review of existing portfolio where necessary. We made significant achievements in terms of growth of profits, Loans and advances, deposits, branches, capacity building, risk management, financial inclusion.

All of these have been possible due to able guidance of honorable Chairman, respected members of the Board of Directors and support from shareholders, depositors, customers and regulators. Your Bank maintained a comfortable liquidity, growth in deposits, loans, advances and network expansions. We ensured prudent lending, mobilized deposits from retail investors, diversified loans to SMEs and other good creditworthy enterprises and deliberately kept foreign exchange exposure at manageable level.

#### **Business and Financial Achievements**

NRB Bank has poised as one of the emerging financial institutions and maintained satisfactory growth across its Business Units. We took strategies to ensure sustainable and quality growth by adhering to compliance in all spheres of our operations, and perusing multiple sources of revenue. The Bank remained focused in all key areas like capital adequacy, quality asset growth and strong liquidity thereby ensuring sound financial health and optimum revenue.

I am pleased to say that despite challenging environment, NRB Bank has shown satisfactory results in all fronts of its operation. Total assets increased by 41.29% to BDT 34,940 million, deposits increased by 37.03% to BDT 23,933 million and loans and advances increased to BDT 22,921 million from BDT 12,589 million in the year 2016 – a positive growth of 82.07%. Bank's net non-funded business also increased by 367% to BDT 8,582 Million in 2017. Operating profit of the Bank increased to BDT 854 million from BDT 810 Million in 2016. The main key indicator of the Bank namely, Cost of deposit has come down to 5.98% from 6.60% in 2016.

In 2017, the Bank made a noteworthy growth in terms of foreign trade. The Import Business grew by 107.65% during the year 2017. The Bank recorded BDT 11,483 million import business at the end of the year 2017 against BDT 5,530 million of 2016. Export business stood at BDT 2,130 million till December 2017 against BDT 821 million at the end of 2016. The Guarantee business increased by 438% to BDT 5,051 million in 2017. During the year under review, the Bank also handled remittance business of BDT 566 million.

#### **DIVERSIFIED PRODUCTS AND SERVICES**

We launched several deposit and Loan products, which had drawn huge public attention encouraging us to introduce more and more innovative products. Among the Deposit products Monthly Benefit Scheme, Double/Triple Benefit Scheme, My DPS, My Future DPS, Secured DPS, Expat BDT Account, Expat FCY Account, RFCD Account, NITA Account, NRB My Savings Account, NRB FCY Account, Amar Shopno Account, Study Account, Pearl Account and Early Account are remarkable. In case of Loan products, My Loan, My Home Loan, NRB My Home Loan, My Car Auto Loan, Agricultural loan, SME loan, Women entrepreneur loan and Study Loan have received wide acceptance among people. We already have Debit and Credit Card services in collaboration with VISA CARDS. Because of these diversified products our retail deposits increased to BDT 15,690 million in 2017 from BDT 8,480 in 2016 marking a growth of 85%.

At NRB Bank Limited, we believe that technological sophistication is the precondition for attaining comparative advantages in the age of today's modern and highly competitive banking arena. As such, we are putting due emphasis on strengthening our IT platform and at the same time continuously providing more IT based products to our customers. From the very first day of our operation we are using Oracle Flex cube Universal Banking System, a scalable, robust and functionally rich centralized core baking software with the objective to deliver real time online integrated, hassle free banking services to our valued customers. We have already introduced internet banking service for our customers. Our endeavor to continuous improvement of technological support will bring efficiency to our operations and thereby ensure customer satisfaction to the extent of highest degree.

#### **PRIORITY SERVICES FOR NRBs**

As a matter of priority, NRB Bank Limited is committed to facilitate the Bangladeshi Diasporas to invest in Bangladesh and Bangladeshi individuals to get access to the international market. We have already established a dedicated desk for NRBs to counsel them regarding investment opportunities in Bangladesh. The Bank will devote in creating confidence for investment among the Bangladeshi expatriates offering desired services, attractive profitability and secured investment through various financial products. NRB Bank shall arrange need based and effective training as well as education program for the intending FC wage earners of Bangladesh to survive against competitors of other countries. We have already developed few products and services especially for NRBs. We are continuously increasing our drawing arrangements with foreign banks and exchange houses to facilitate remit their hard earned money to their near and dear ones within shortest possible time. We are working on creating awareness among our expatriates to remit money through banking channels, and thus how they can contribute to the development of the country.

#### **CORPORATE SOCIAL RESPONSIBILITY**

Banking Industry is an integral part of our economy and contributes to the society through various banking and financial services. The impact of business and role of business organizations on the society have become crucial issues. Business organizations are now

regarded as "Corporate Citizen" with obligation and responsibility to the society. On our part of contribution to the society as a socially responsible corporate entity, we are emphasizing on Emergency Disaster relief, Health, Education and Community Service responsibility. NRB Bank is well aligned with Bangladesh Bank's Guidelines on the aspect. In the year, 2017 NRB Bank donated BDT 27 million (approx.) for CSR activities.

#### **LOOKING AHEAD**

The year 2018 is expected to be the year of growth, as major micro-economic fundamentals remained fairly positive during 2017 which will continue to contribute to the economic growth and development. Various development and policy initiatives taken by the government are expected to drive the economy to a higher growth trajectory in the years ahead. However, amidst the changeover that is taking place in the banking arena, NRB bank is well positioned to overcome the impediments caused by sudden and abrupt shift in interest rates from low to high due to tightening money market and acute dearth of liquidity, and also a stronger US Dollar resulting from excessive pressure on Greenback to meet ever increasing import obligations through its strategic policy of low margin, higher ERR, higher volume of business with increased share of export business and technology driven existing products as well as development of newer products and services in future.

#### **OUR STRATEGIES FOR 2018**

In order to be successful in the backdrop of this rapidly changing competitive sector, we have prepared ourselves accordingly. Our strategy is to continue the business that we can do well. Better management of our exposure in corporate/commercial business and diversification of portfolio are our main focus. Among others the following are our priorities for 2018 –

- Focusing on disciplined Credit Risk Management especially credit appraisal process including documentation and monitoring with a view to maintaining strong asset quality.
- As banking industry is predicted to remain highly competitive with low interest margins, fee-based income and nonfunded income shall be a strategic priority in 2018.

- Strengthening the recovery against rescheduled and classified loans for reducing NPLs to a large extent through intensive recovery measures and further arresting fresh slippages.
- Branches network will seriously pursue SME business as RMs along with retail businesses.
   Corporate Head Office will facilitate the efforts by providing necessary resources and revenue sharing.
- Attaining lower cost of deposit & higher yield on advance by improving product mix will be at the forefront of 2018 business strategy.
- Branches network expansion will be slowed down to reduce operational cost and arrest downward pressure on Bank's operating profit.
- Alternatively a low cost distribution channel (kiosk) targeting retail customers segment penetration will be tested and piloted in the major urban areas primarily at Dhaka to harness retail deposits and broaden the deposit base with a careful consideration of operating cost.
- Operation processes in Retail, Cards and SME segments will be wrought to improve processes in order to achieve higher operational efficiency and effectiveness which in turn will yield higher productivity and reduce cost.
- Extensive trainings will be imparted to the employees to augment their banking knowledge in order to derive higher productivity, efficiency and customer delight.
- Being a tech savvy 4G Bank, Fintech Solutions & Digital marketing will be exploited consistently to attract new generation customers.

Taking all required steps to maintain its position as a fully compliant Bank in line with regulatory guidelines.

At NRB Bank, we are committed to unlocking a new horizon to the Bangladesh economy by facilitating NRB inward investment to Bangladesh and assisting Bangladeshi enterprises to access international markets. We will always remain focused to deliver service excellence through providing existing & innovative products in cost & time efficient manner, to all of our corporate customers, and also building the bridge between Bangladesh and NRB for overall economic development of Bangladesh.

#### **THANKS AND GRATITUDE**

On behalf of the Management, I express my sincere thanks and gratitude to the members of the Board of Directors for their policy guidelines and adequate support to the management to implement them. I also have my appreciation and thanks to the GoB, Ministry of Finance, Honorable Governor and other officials of Bangladesh Bank, SEC, RJSC for their continuous help and assistance, valuable guidance and co-operations provided to the Bank from time to time.

Md. Mehmood Husain Managing Director & CEO

## annual

# WEM

The NRB Bank family is deeply grieved by the sad demise of Mr. Fazlur Rashid Khan, Director & Sponsor Shareholder of NRB Bank Limited. He breathed his last on 10 February 2018 at a hospital in New York, USA (Inna Lillahi Wa Inna Ilayhi Raji'un).

Mr. Fazlur Rashid Khan had established himself as a very successful businessman in real estate development business in USA. Mr. Khan was also associated with various cultural organizations at home and abroad.

We pray to the Almighty Allah for salvation and eternal peace of his departed soul.

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# BOARD OF DIRECTORS'

**PROFILE** 



Mohammed Mahtabur Rahman

Chairman

Mr. Mohammed Mahtabur Rahman a seasoned businessman and well versed in a broad range of trade ventures around the world hails from Sylhet. Born in 1958, he completed his education there itself and pursued with passion his traditional family owned business, which was established in the holy city of Makkah, Kingdom of Saudi Arabia in the year 1970. He mastered the art of craftsmanship of the Fragrance Industry and surmounts the business to new heights. He is currently the Chairman & Managing Director of Al Haramain Perfumes Group of Companies and the Chairman of NRB Bank Limited, which is one of the leading 4th Generation Banks in Bangladesh.

After foreseeing the potential Fragrance Markets in the GCC & MENA region, he moved his entire operation & manufacturing units to the UAE and built the modern and well equipped Head Office fitted with ORACLE-ERP Server in an area of 33,000 sq ft and also established a Factory in the UAE covering an area of over 180,000 sq ft, which grew into a state-ofthe-art manufacturing unit using automatic & semi-automatic ultra-modern machineries including 'Agilent' quality control equipment in the R&D Department. The quality conscious Al Haramain Perfumes, has been accredited by the authorities with Dual ISO Certificates in QMS (ISO 9001:2008) & GMP (ISO 22716 : 2007) and received scores of Appreciation Certificates & Accolades.

He opened the first branch in Dubai and gradually expanded more than 100 branches all over the UAE/GCC countries & beyond in the name of Al Haramain Perfumes and the following sister concerns:

- ◆ Al Haramain Trading L.L.C
- Oudh Al Haramain
- ◆ Noor Al Haramain Trading L.L.C
- ♦ Al Halal Perfumes Industry L.L.C
- Al Halal Perfumes L.L.C was opened in the UAE, to cater to the fragrance needs of the mass markets.
- Al Haramain Perfumes L.L.C with many branches was opened in the Sultanate of Oman for Omanis in entire markets of the country.
- Al Haramain Perfumes Int'l W.L.L & Noor Al Haramain Perfumes Company W.L.L was opened in the State of Kuwait, with many branches, to cater to the Perfumery needs of the entire markets all over the country.
- Al Haramain Perfumes W.L.L with many branches was opened in the state of Qatar, to meet the Perfumery needs of the valuable Qatari Customers & others.
- Al Haramain Perfumes SPC with many branches in the neighborhood were opened in the Kingdom of Bahrain to satisfy the perfumery needs of elite Bahraini customers and others.
- Al Haramain Perfumes PTE LTD. was opened in Singapore to meet the fragrance needs of the markets of Singapore, Indonesia and Brunei.

- Al Haramain Perfumes SDN. BHD in Malaysia was opened to serve the perfumery needs of the entire Malaysian & other Asian Countries.
- Rich & Ruitz, yet another Perfume company has been established in France with a manufacturing facility for production and distribution to capture the entire European & the American markets.
- Al Haramain Perfumes showroom was opened in London to serve the perfumery needs of all our Customers of UK and Europe.
- 4 Corners Distribution Ltd. has been established in London to facilitate / distribute to our Distributors in the United Kingdom & European Markets.
- Al Haramain Perfumes Inc, was established in New York, USA to meet the fragrance needs of our customers in the United States of America.
- Emad Distribution Inc, has been launched in Texas, USA to facilitate/distribute to our Distributors in the United States of America and the South American countries.
- Al Haramain Perfumes PVT. LTD. was established and opened its first showroom at Jamuna Future Park in Dhaka, catering to the perfumery needs of Bangladeshi customers/markets.

Currently Mr. Mohammed Mahtabur Rahman is associated with the following organizations:

- Bangladesh Business Council Dubai, in which he is the Founder President, has been established for Bangladeshi Business Communities in Dubai and the Northern Emirates in UAE.
- Shaikh Khalifa Bin Zayed Bangladesh Islamia (Pvt.) School in Abu Dhabi, UAE in which he is the Sponsor.
- Al Arafah Islami Bank Ltd. in which he was the Sponsor/Director, is one of the popular banks in Bangladesh.
- AIBL Capital market services Ltd., a subsidiary of Al Arafah Islami Bank Limited, in which he is the Director.

- The University of Asia Pacific in which he is the Trustee, is one of the leading Universities in Bangladesh.
- Al Haramain Tea Co. Ltd. in Bangladesh, in which he is the Chairman, boosts the production of Bangladeshi Tea.
- Al Haramain Hospital Pvt. Ltd. in which he is the Chairman, is one of the most modern 250 Bed multi-disciplinary & multistoreyed Hospital in Sylhet, Bangladesh.
- Beani Bazar Cancer Hospital in which he is a Trustee provides better treatment and care facilities to cancer patients in Bangladesh.

#### **Awards**

- He was ranked the top Commercially Important Person (CIP) for 5 consecutive years from 2012 to 2016 by the Government of the Peoples' Republic of Bangladesh.
- He was also awarded the prestigious 'Bangladesh Bank Remittance Award' consecutively for 4 years from 2013 to 2016 in recognition of his highest remittance/investment into Bangladesh.
- He is also the recipient of Honorary Doctor of Philosophy in World Peace and Morality Business Administration of the International University of Morality-Thailand, in the year 2014.





Tateyama Kabir

Vice Chairman

Mr. Tateyama Kabir is Vice Chairman of the Board and also a member of the Executive Committee of the Board of Directors of NRB Bank Limited.

Mr. Kabir is a dual citizen of Bangladesh and Japan. He is the President of Kabir Auto Export Co. Ltd. He is one of the most successful exporters of cars from Japan around the world. He is expanding his investments in automobile sector in Bangladesh. He has the potentials to build relationship between Japan and Bangladesh. He is also Managing Director of Sumday Development Company Ltd. and the proprietor of Ocean Auto located in Bangladesh.

Mr. Tateyama Kabir is member of different social and cultural organizations including Dhaka Club, All Community Club and the Elite Lion's Club, Owners Association, Youth Club in Japan etc. He is equally active in many community development and social services programmes. He has remained an honourable patron to a good number of educational institutions contributing significantly to the advancement of country's education.

He has completed his Masters in Japanese language from University of Toyama, Japan. He is married to Mrs. Hasina Akther and is blessed with two daughters and one son.



#### Kamal Ahmed

Vice Chairman

Mr. Kamal Ahmed is Vice Chairman of the Board and also a member of the Audit Committee of the Board of Directors of NRB Bank Limited. Mr. Ahmed is the Deputy Managing Director of Seamark plc in the UK, IBCO Limited (UK), IBCO Enterprise (UK), Seamark (BD) Ltd and IBCO Food Industries in Bangladesh, Seamark (Holdings) Ltd, ManRu Shopping City in Bangladesh and Seamark USA Inc in the USA, which are all part of the Seamark Group of Companies headquartered in Manchester, England. The Group employs 4,000 people worldwide with distribution networks in Europe, the USA and Canada.

He takes full control of the Seamark Group in the absence of its Chairman and Chief

Executive and is in-charge of the Group's operations, including imports and the running of Seamark's UK factories. He is responsible for all matters related with production, including the processing and value adding of major seafood and their exports to both Western and Eastern European countries, the Middle East and Russia.

He also oversees the running of the Group's operations in Bangladesh, especially exports resulting in a number of gold medals and trophies for highest exports awarded to Seamark (BD) Limited from the Government of Bangladesh. In 2016, Mr. Kamal received from the Prime Minister the national export trophy award for highest exports during the years 2011-2012 and 2012 – 2013.

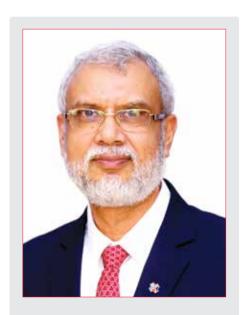
Seamark UK is also a recipient of an award for its export achievement - the prestigious Queen's Award.

He personally ensures that Seamark continues to set high standards in all aspects of food production in terms of hygiene, the environment and working conditions.

In addition, Mr. Kamal oversees the operations of the Group's hospitality sector – the famous Vermilion Restaurant and the newly opened Vermilion Hall, as well as the retail sector – Restaurant Wholesale Cash & Carry.

He always makes time lending his support to many charities and fundraising appeals that the Group is involved in and associated with. He is a Trustee of the Iqbal Bros Foundation Trust registered in the UK.

He has completed a degree in Business Management from Manchester Metropolitan University, UK.



#### M Badiuzzaman

Director

Mr. M Badiuzzaman is the Chairman of Executive Committee and a member of Risk Management Committee of the Board of Directors of NRB Bank. He is a versatile and experienced business professional with extensive knowledge and networking capacity to revolutionize business decision-making in international trade, commerce and the finance industry.

He is a proficient businessman involved with local and overseas companies in Bangladesh and Singapore. His business affiliations are:

- Chairman, Advance Homes Pvt. Ltd., Bangladesh (Residential and Commercial Real-Estate Development and Consultancy in Bangladesh)
- Managing Partner, Advance Corporation, Bangladesh (Export-Import and Commodity Trading in Bangladesh)
- Independent Director and Chairman of Audit Committee, Phoenix Insurance Company Ltd, Bangladesh.

- Chairman, Bangladesh-Singapore Investment & Technologies Ltd., Bangladesh (Technology and Development project-based Company in Bangladesh)
- Chairman, Bangladesh-Singapore Development Ltd., Bangladesh (Real-Estate Development & Sourcing Company in Bangladesh)
- Chairman, Strategic Enterprises Pvt. Ltd., Bangladesh (Importer and Consultancy Firm in Bangladesh)
- Managing Director, Tania International Pte. Ltd., Singapore (Export-Import and trading of Commodities and Business Consultancy in Singapore since 1990)
- Managing Director, Tania Development Pte. Ltd., Singapore (Commercial & Industrial Real Estate Management Company in Singapore since 2008)
- Sole Proprietor and Managing Editor, The Far Eastern Business Review, Singapore (International Business Publication in Singapore since 2013)

Mr. M Badiuzzaman is a Graduate from Dhaka University and holds corporate/individual membership of Singapore Business Federation (SBF), Singapore, Textile & Fashion Federation (TAFF), Singapore, International Business Forum of Bangladesh (IBFB), Real Estate and Housing Association of Bangladesh (REHAB) and Dhaka Chamber of Commerce and Industry (DCCI).



#### Imtiaz Ahmed

Director

Mr. Imtiaz Ahmed is the Chairman of Audit Committee of the Board of Directors of NRB Bank Limited.

Mr. Ahmed, a UK citizen and an NRB, was born in 1960 in Sylhet. He did his Masters in Social Science and obtained a Law degree from Dhaka University. After having moved to the UK for further education, he studied Law at the University of London. His growing interest in the philosophy of education led him to study for and obtain a PGCE from the University of East London. He has since been an educator in various London institutions, and lead the Bangladeshi Achievement Projects. He was also the Head of Bilingual Teachers in a borough council of London.

Mr. Ahmed has been enrolled as an advocate with the Bangladesh Supreme Court and a member of the Sylhet District Bar Association.





Mohammed Idrish Farazy

Mr. Mohammed Idrish Farazy is the Chairman of Risk Management Committee and member of the Executive Committee of the Board of Directors of NRB Bank Limited.

Mr. Farazy, the Chairman of National Exchange Company, Italy, with his continuous succeeding contributions is known to have grown the seeds of remittance business in Italy.

He has obtained a Bachelor's Degree in Business & Administration from the University of Darul Ihsan, Bangladesh.

In 2006, in recognition of his outstanding and proficient contributions in world of Remittance Business, he was awarded the Mother Teresa International award.

Due to his continuous effort he was awarded the prestigious, Bangladesh Bank Remittance Award, in 2014, 2015 and 2016 in recognition of highest remittance into Bangladesh in regards of National Exchange Company, Italy. He was also ranked as a Commercially Important Person (CIP) for two consecutive years 2012-13 & 2013-14 by the Government of Bangladesh.

He has been playing vastly important role in revolutionizing the Remittance Business Zone in Italy and all around the world; some of his other business affiliations are as follows:

- Chairman, National Exchange Company S.R.L, Italy
- Director, Farazy Hospital and Diagnostics Ltd., Bangladesh
- Director, Popular Travels and Tours, Italy



Iqbal Ahmed OBE DBA

Director

Mr. Iqbal Ahmed OBE DBA is the Founder and First Chairman of NRB Bank Limited and Chairman and Chief Executive of Seamark Group of companies and IBCO Food Industries Limited.

Seamark Group grew from a small family run business to supply seafood and various food products worldwide. Mr. Iqbal pioneered the import and export of frozen seafood in refrigerated containers and was the first to import Black Tiger shrimps into the UK and the EU. It wasn't long before he began to look at ways of expanding the family business, thus created Iqbal Brothers & Company, now IBCO Limited, importing and distributing frozen seafood and all kinds of frozen food products.

As the business grew further, it made sense to Mr. Iqbal to create a new company, Seamark which is more reflective of the size and scope of the operation. Seamark's first factory was set up in Manchester and was officially opened by The Rt Hon The Lord Deben, John Selwyn Gummer, the then Minister of Agriculture, Fisheries and Food. In 2000, Mr. Iqbal Ahmed established Seamark (BD) Limited in Bangladesh which was inaugurated by HRH Princess Anne.

His clear vision for the business has led to a

string of prestigious awards for Seamark in the UK and in Bangladesh. Excellence in the field has been recognised at home in the UK with a Queen's Award for Export Achievement in 1998 and a number of Gold trophy Awards from the Government of Bangladesh for achieving the highest exports of seafood for nearly every year between 2002 and 2014.

One of Mr. Iqbal Ahmed's biggest achievements is the successful establishment of NRB Bank Limited in Bangladesh, where he brought together 46 NRBs (non-resident Bangladeshis) entrepreneur investors from all over the world to invest in Bangladesh. Mr. Iqbal had a vision of creating a financial institution for Non-resident Bangladeshis. He dreamt of unlocking a new horizon to the Bangladesh economy by facilitating NRB inward and outward investment to and from Bangladesh, assisting Bangladeshi enterprises to access international market and increasing the inflow of foreign remittances.

Despite his busy schedule, Mr. Iqbal makes time for charity works. He is connected with, as sponsor, trustee or member, many charitable organizations in the UK and Bangladesh, mainly situated within the educational sector and healthcare involving rehabilitation, training and community work, including the development of Burunga Igbal Ahmed High School and College for 1400 students in Sylhet. He has supported and raised funds for the Manchester Children's Hospital Appeal, the Royal Manchester Eye Hospital Appeal and Ahsania Mission Cancer and General Hospital Appeal to name a few. He is the Chairman of UKBCCI (UK Bangladesh Catalyst of Commerce & Industry) which promotes business and entrepreneurship to young people in the UK and Bangladesh. He personally gets involved with his companies' CSR and has formed a charity registered in the UK called the Igbal Bros Foundation Trust which is currently fund raising for the Rohingya refugees.

He received his highest personal recognition when he was awarded an OBE (Officer of the Most Excellent Order of the British Empire) at the Queen's honours list in 2001 for his services to International Trade. He is a CIP (Commercially Important Person) in Bangladesh since 2009.

In July 2017, Mr. Iqbal was awarded by Manchester Metropolitan University an Honorary Degree of Doctor of Business Administration for his outstanding achievements in business and his significant contribution to the economy and regeneration of Manchester and Bangladesh. In October 2017, Mr. Iqbal was awarded an Honorary Fellowship Award from University Campus Oldham for his outstanding work in the community.

Over the years Mr. Iqbal Ahmed has played an active role as member, advisor or director in a number of government committees, ministries and advisory bodies in the UK such as SAAG (Southern Advisory Group, Competitiveness Council, BOND (a UKTI initiative), MOSAIC under the Business in the Community, New East Manchester, Ethical Trading Champion's Group, New Enterprise Council and Catalyst UK. He is currently an advisor to the Board of Trade, by invitation from the Rt Hon Dr Liam Fox MP, Secretary of State for International Trade and President of the Board of Trade.

Mr. Iqbal Ahmed has the ability to speak with such authority thus regularly sought as a speaker or panel member in international events and Universities such as Bangladesh Investment Summit in Singapore (2014, 2015), World Islamic Economic Forum in Dubai (2014), Inaugural Bangladesh Investment Summit in London (2013), Entrepreneurs Festival Manchester (2013, 2016), University of Dhaka (2015), and University College London (2015).

February 2017 sees the Publication of Mr. Iqbal Ahmed's autobiography entitled, King Prawn – Dreaming Big and Making It Happen, the story of the entrepreneurial genius.



Khandakar R. Amin

Director

Mr. Khandakar R. Amin is the Vice Chairman of the Executive Committee of the Board of Directors of NRB Bank Limited.

Mr. Amin is a Bangladeshi origin American Citizen. He was born in Noakhali on 31 December 1956. He is a successful entrepreneur.

He is the proprietor of the following businesses in U.S.A.:

Father Reality Corporation, Surma Reality Corporation, Amin Reality Corporation, Hirapur Reality Corporation, Indian Spice (Indian Restaurant), India Place (Indian Restaurant), Chile's Chocolate, (Mexican Restaurant), Gallitos Express (Mexican Restaurant) and Galliots Mexicans (Restaurant).

He is also the proprietor of the following businesses in Bangladesh:

Hotel New York (Residential), KH Carbon Factory, Khandakar Aquaculture Ltd., Amin CNG Filling Station, Amin Gas Station, Cafe New York and Dhaka New York Agro Fishers. Ltd. Mr. Amin is also involved in many social developments in Bangladesh and abroad.

He holds a Bachelor Degree. He is running his business successfully both in America and Bangladesh for the last 28 years.



Naveed Rashid Khan

Mr. Naveed Rashid Khan is the Vice
Chairman of the Audit Committee of NBR
Bank Ltd. He holds a Bachelor's of Social
Science in Economics and Business Finance
from Brunel University, London, United
Kingdom. Mr. Khan is a second generation
entrepreneur in his family business whose
entity is one of the largest Commodity
Trading Houses in Asia, dealing in Fertilizer
and Fertilizer raw materials, and food grains
such as rice, wheat and sugar.

Mr. Khan founded his own company, Commodity First DMCC in Dubai, UAE, and is now established there specialized in trading with new markets such as Europe, Africa, Nepal, India and Sri Lanka. His company is also highly involved in supplying Fertilizers to the Bangladesh market both to the public and private sector.

Mr. Khan is a keen traveler and has been fortunate enough to study in Bangladesh, Malaysia, Australia and the United Kingdom. This has enabled him to develop a practical knowledge of the global world today and the importance of reaching out to international markets to be successful.

In his private time, Mr. Khan is a keen enthusiast in natural photography and has attained several diploma certifications from Alliance Francaise, Dhaka in this field. He has also participated in various Photography Exhibitions.

He is a member of the Baridhara Society and also Gulshan Club.



Mohammed Jamil Iqbal

Director

Mr. Mohammed Jamil Iqbal is the Vice Chairman of Risk Management Committee and a member of Audit Committee of the Board of Directors of NRB Bank Limited.

Mr. Mohammed Jamil Iqbal is the founder and Chairman of Jamil Iqbal Ltd. which is one of the largest construction companies of Bangladesh. He is a successful NRB entrepreneur and investor. He is the chairman of Manor Trade and Divine Properties Ltd.

Mr. Iqbal is the proprietor of M/S. Md. Jamil Iqbal, Iqbal Auto, J.I. Stone and the owner of many Crushing plants. He deals in exports and imports. He is used to import construction materials and machineries. Mr. Iqbal is the partner of Al Anood Perfumes Co. (LLC), Deira, Dubai, UAE.

Mr. Iqbal comes of a noble Muslim family of Akakhajana (Borobari), Beanibazar, Sylhet. Having obtained graduation he engaged himself in various types of business. He is a member of the Sylhet Chamber of Commerce and Industry. He is associated with various socioeconomic activities.

Mr. Iqbal is a British Citizen. He is the highest Tax payer in Sylhet and received national award from the Government of the People's Republic of Bangladesh from assessment year 2007-08 to 2013-14 (07 years) at a stretch.



Nafih Rashid Khan

Director

Mr. Nafih Rashid Khan is a member of the Executive Committee of the Board of Directors of NRB Bank Limited.

An astute entrepreneur, Mr. Khan prides himself for being a primary part of the establishment, Deshi Group, since his early age. Its associated company, Bulk Trade International Ltd., is the largest trading house of fertilizer, fertilizer raw materials etc.

Based in Dubai, Mr. Khan is an honourable NRB, the Director of the company Commodity First DMCC that trades in agricultural commodities all over the world. He is also involved in operation of a fleet of ocean going cargo vessels.

Mr. Khan has completed his LLB (Honors) from the University of Edinburgh, Scotland.



Dr. Nesar Ahmed Choudhury

Dr. Nesar Ahmed Choudhury is a member of the Risk Management Committee of the Board of Directors of NRB Bank Limited.

Dr. Choudhury is General Practitioner and Principal Partner of Dr. Choudhury and Dr. Sultan Practice, and a tutor at Manchester Medical School.

Dr. Choudhury is a dual citizen of the UK and Bangladesh. He is the General Secretary of the Bangladesh Medical Association (UK). He is involved in other Bangladesh Welfare Services.

He has completed his MBBS from Sylhet MAG Osmani Medical College, Bangladesh and his MRCGP from the UK.



Rabin Paul

Director

Mr. Rabin Paul is a member of the Risk Management Committee of the Board of Directors of NRB Bank Limited.

Mr. Rabin Paul is a distinguished and well-respected figure in the Bengali community in UK. He arrived in the UK from Tajpur, Sylhet, in 1994. His father, the late Ronodhir Paul, was the reputed headmaster of Goalabazar High School and assistant headmaster of Sharpur Azad Bokht High School and his mother, Shikha Rani Paul, is a retired teacher.

An entrepreneur, Mr. Paul has worked relentlessly to ensure the success of his businesses. He has enjoyed continuous success as the Chairman of General Auto Services - one of the most successful and well-recognized accident management companies in the community. He is a Director of Claims Center Ltd. located in UK. He also manages his property portfolio in the UK.

Aside from managing his business interests, Mr. Paul is a keen believer in philanthropy and is used to donate to various causes. He is a Member of Goalabazar Public Library and Balagonj College, a Donor Member of Mongol Chandi Nishi Kanta Model High School and Noor Miah Girls School, Current Chairperson of Probashi Balagonj and Osmani Nogor Education Trust (UK) and Current Secretary of Sanaton Association (UK).



Mohammed Rafique Miah

Director

Mr. Mohammed Rafique Miah is a member of the Audit Committee of the Board of Directors of NRB Bank Limited.

Mr. Rafique came to London in 1993 and started work in the family business Greenline, an importing & distributing company.

He established Bangla Town Cash and Carry in 1994 which is well-known in the Bangladeshi community in UK. Mr. Rafique Miah is the Chairman of Bangladeshi Importers Association in the UK. He is also the Chairman & CEO of Le Chaina PLC; Director of Klaspad PLC and honorary president of Tower Hamlets Cricket Club.

Mr. Rafique graduated in Bangladesh, having completed his degree from MC College, Sylhet in Social Science.







Abdul Karim

Mr. Abdul Karim is a Sponsor Director of NRB Bank Limited.

Mr. Karim is an experienced businessman in the field of perfume industry. He started his business career by developing an interest towards the making of perfumes. His company, Hassan Shahin Ahmed Perfumes L.L.C. was established in 1982, in Dubai, UAE. The perfumes are imported and exported to and from around the globe. He now holds the position of Managing Director of the company.

His keen concern in helping the needy in every way has given him many opportunities to develop the community. He is the chairman of a charitable organization 'Sylhet Bivag Unnoyon Porishod' which is based in Dubai, UAE, the Chief Advisor of another organization 'Bangladesh Shomaj Kollyan Shomitee' in UAE, and one of the founder members of Bangladesh Business Council.



Mohammed Jahed Igbal

Director

Mr. Mohammed Jahed Iqbal is a member of the Executive Committee of the Board of Directors of NRB Bank Limited.

Mr. Mohammed Jahed Iqbal is a successful NRB entrepreneur and possesses excellent business background. He comes of a noble Muslim family of Beanibazar, Sylhet. Having obtained graduation he engaged himself in various types of businesses.

Mr. Iqbal is the owner of M/S. Md. Jahed Iqbal and the Managing Director of Jamil Iqbal Ltd. which is one of the largest construction companies of Bangladesh. He is also a Director of Jahed Iqbal Ltd. UK and a partner of Desert Star Trading LLC, UAE. He is also associated with various socioeconomic activities in Bangladesh and abroad.



Md. Mehmood Husain

Managing Director & CEO

Mr. Md. Mehmood Husain is the Managing Director and CEO of NRB Bank Limited. Prior to his new assignment Mr. Husain was the President and Managing Director of Bank Asia.

A post graduate in Economics from the University of Dhaka, he started his banking career in 1984 as the probationary officer with National Bank Ltd. During 33 years long career he served a number of reputed Banks in various important capacities including Additional Managing Director of Prime Bank Ltd. He attended numerous professional workshops and seminars at home and abroad.

Mr. Mehmood Husain is a member of Association of Bankers Bangladesh and life member of Bangladesh Economic Association. He is actively associated with various social organizations.

# SPONSORS &

### SHAREHOLDERS



Mohammed Mahtabur Rahman **UAE** 



Tateyama Kabir Japan



Kamal Ahmed **UK** 



M Badiuzzaman **Singapore** 



Imtiaz Ahmed **UK** 



Mohammed Idrish Farazy **Italy** 



Iqbal Ahmed OBE DBA **UK** 



Khandakar R. Amin USA



Naveed Rashid Khan **UAE** 



Mohammed Jamil Iqbal **UK** 



Nafih Rashid Khan UAE



Dr. Nesar Ahmed Choudhury UK



Rabin Paul **UK** 



Mohammed Rafique Miah UK



Abdul Karim **UAE** 



Mohammed Jahed Iqbal **UK** 



Bilal Ahmed **UK** 



Mohammad Jahangir Farazy **Italy** 



Nazrul Islam Italy



Dr. Quazi Mohafuzal Haque <mark>UK</mark>



Dr. Uddin Ahmed Afser **UK** 



Dr. A.B.M. Badrul Amin Siddique UK



Dr. Abul Kashem Mohammed Zakaria **UK** 



Mohammed Nazam Uddin **UK** 



Emdadur Hifzur Rahman **UK** 



Mohammed Enamur Rahman **UK** 



Surat Miah **UK** 



Rafiqul Islam **UK** 



Shabbir Ahmed Choudhury **UK** 



Monir Ali **UK** 



Ali Ahmed **UK** 



Salim Chowdhury **UK** 



Gulam Jilani Mahbub <mark>UK</mark>



Helal Rahman **UK** 



Misbah Abu Sadath **UK** 



Mohammed Giash Uddin **UK** 



Dulal Ahmed **UK** 



Mosharraf Hossain Canada



Mahiul Muhammed Khan Muqit **UK** 



Abdul Quayum Khalique **UK** 



Abdul Muhith **UK** 



Abdul Hai Khalique **UK** 



Abu Taher Mohammed Amanullah **Singapore** 



Shahela Ferdush Rahman **USA** 



Mohammed Emadur Rahman UAE



Bayzun N Chowdhury **UAE** 



Mohammed Ehsanur Rahman **UAE** 



Mohammed Ashfaqur Rahman **UAE** 



Nasrat Khalil Choudhury USA



Ehsanuzzaman **Singapore** 



Aminur Rashid Khan **UAE** 



Dr. Anower Farazy Italy





## **BOARD COMMITTEES**







**EXECUTIVE** COMMITTEE

Chairman

Members

Mr. M Badiuzzaman

Mr. Tateyama Kabir

Mr. Mohammed Idrish Farazy

Vice Chairman Mr. Khandakar R. Amin















Vice Chairman Mr. Naveed Rashid Khan

Members Mr. Kamal Ahmed Mr. Mohammed Jamil Iqbal Mr. Mohammed Rafique Miah











RISK MANAGEMENT COMMITTEE

**Chairman** Mr. Mohammed Idrish Farazy

Vice Chairman Mr. Mohammed Jamil Iqbal

Members Mr. M Badiuzzaman Dr. Nesar Ahmed Choudhury Mr. Rabin Paul











# annual report 201

# DIRECTOR'S

## ECONOMIC REVIEW OF 2017

The Directors take immense pleasure in presenting the Directors' Report, along with the audited financial statements of the Bank for the year ended 31 December 2017 and the Auditor's report thereon for consideration of the honorable shareholders. In this report, we have emphasized on current world economy, Bangladesh's economy, business activities and some related financial highlights of the Bank. An overview of this report would indicate continuous growth of the Bank amidst stiff competition and adversities both at domestic and international level.

#### **GLOBAL ECONOMY**

The global cyclical upswing that began midway through 2017 continues to gather strength. Only a year and a half ago, the world economy faced stalling growth and financial market turbulence.

The picture now is quite different. Global growth, which was the weakest in 2016 at 3.2 percent since the global financial crisis, have grown to 3.7 percent in 2017. The growth forecasts for 2018 is 0.2 percentage point stronger compared with the 2017 which is supported by higher investment, trade and industrial production coupled with increasing business and consumer confidence. Financial conditions remain buoyant across the world, and financial markets seem to be expecting little turbulence going forward, even as the Federal Reserve continues its monetary normalization process and the European Central Bank inches up to its own.

These positive developments give good cause for greater confidence, but neither policymakers nor markets should be lulled into complacency. A closer look suggests that the global recovery may not be sustainable—not all countries are participating, inflation often remains below target with weak wage growth, and the medium-term outlook still disappoints in many parts of the world. Global inflation rose in 2017, reflecting the continued cyclical recovery in demand and higher commodity prices. The US consumer price inflation was 2.1% in 2017, up from 1.3% in 2016, and the euro area inflation reached 1.4% in 2017, up from 1.1% in 2016. The recovery is also vulnerable to serious risks. The global unemployment rate has risen modestly from 5.7% to 5.8% in 2017 representing an increase of 3.4 million in the number of jobless people.

However, advanced-economy growth was 1.8% in 2017. In the United States, manufacturing activity will likely be rebound, contributing to a mild pickup in growth. In the Euro Area and Japan, supportive monetary and, to a lesser extent, fiscal policies should help support activity this year.

In emerging and developing economies, growth was 4.2% in 2017 compared to 3.4% in 2016. With the recovery in commodity prices, particularly oil, the divergence in growth outlooks between commodity exporters and importers is set to narrow. In China, growth was 6.5% in 2017. This outlook reflects soft external demand, heightened uncertainty about global trade and slower private investment.

Hence, Global growth is expected to be sustained over the next couple of years—and even accelerate somewhat in emerging market and developing economies (EMDEs) due to a rebound in commodity exporters. Although near-term growth could surprise on the upside, the global outlook is still subject to substantial downside risks, including the possibility of financial stress, increased protectionism, and rising geopolitical tensions. With output gaps closing or closed in many countries, supporting aggregate demand with the use of cyclical policies is becoming less of a priority.

The financial markets have also seen strong growth both in developed and emerging markets. The US equity markets continued their growth momentum, shaking off political uncertainties in the wake of the 2016 Presidential Elections. The new tax reform package passed by the US Congress in 2017 boosted the equity markets due to lowered corporate tax rates and measures which encourage investment.

The tax reform package is expected to boost short term growth, but the increased fiscal deficit resulting from the tax reforms is expected to reduce long-term sustainability of the growth boost. The strong performance of US equity markets has, however, led to historically high valuations for US equities, with the S&P 500 trading at a CAPE ratio of over 30.

Downside risks to global economic recovery also exist to balance out growth momentum. Political uncertainty has increased acutely in the US under the Trump administration. Any potential adoption of trade restrictions or protective tariffs are likely to lead to a widening cycle of more protectionist measures potentially resulting in a trade war with major trade partners in Asia and elsewhere. At the same time, political fallout continues from the conduct of the 2016 Presidential Elections, with the various investigations and inquiries and associated protests likely to pose a threat to stability of the Trump administration. With the US government already having shut down once and major midterm elections scheduled for 2018, the political climate in the US unlikely to stabilize anytime soon. Any major political shock in the US could cause a major correction to the US equity markets, which are trading at historically high valuations, which could in turn precipitate a financial crisis. Aside from the political instability in the US, the evercontinuing geopolitical tensions in the Middle East and Korean Peninsula could pose threats to commodity prices and international trade.

#### **REGIONAL ECONOMY**

After leading global growth for two years, South Asia has fallen to second place, after East Asia and the Pacific. The region's slowdown is due to both temporary shocks and longer-term challenges. Regional economic growth was moderately slow to

6.9% in 2017 due to right mix of policies and reforms.

Given its weight in the region, India sets the pace for South Asia. Its Gross Domestic Product (GDP) growth reached 7.0% in 2017, due to surging imports and declining private investment along with the effects from withdrawing large amounts of banknotes and the introduction of the Goods and Services Tax (GST).

However, India's growth is expected to rebound to 7.3% in 2018. In Pakistan, major economic reforms are working in tandem with an improved security situation to push growth to an estimated 5.5% in 2018—the highest rates the country has seen in recent years. Sri Lanka's economic growth has reached 4.6% in 2017 and is estimated to achieve 5% growth in the years ahead. Public finances and reserves have improved despite a high budget deficit and public debt. Frequent natural disasters continue to weaken economic performance and are likely to increase poverty. Accelerating reforms to promote competitiveness, better governance, and a more balanced budget are critical to ensure sustained growth and development.

In South Asia's smaller economies—Maldives and Afghanistan— modest growth was maintained despite significant challenges. With tourism weak for a third straight year, Maldives is nevertheless forecasted to register growth of 4.1% for 2018. In Afghanistan, agriculture is expected to help spur growth to 3% in 2018. This will build on a gradual upward trend in growth over recent years.

#### **World Commodity Price**

Prices of industrial commodities continued to strengthen, while most agricultural prices remained broadly stable in 2017. In the oil market, inventories continue to fall amid strong demand, OPEC production restraint, and stabilizing U.S. shale oil production. Crude oil prices are expected to rise to \$56/bbl in 2018, a small downward revision from the April 2017 forecast. Metals & rice are expected to surge 22 percent in 2018 due to strong demand and supply constraints. With the exception of iron ore, metals prices are expected to increase moderately in 2018. Agricultural prices are anticipated to gain marginally in 2018. Most food markets are well supplied and the stocks-to-use ratios of some grains are forecast to reach multi-year highs.

#### **BANGLADESH ECONOMY**

The year 2017 saw Bangladesh achieve its highest ever GDP growth in recent years, with revised GDP growth hitting 7.28% as against the target of 7.2%. This was the highest growth achieved in South Asia for 2017, and one of the highest GDP growth rates among major economies in the world. The average GDP growth now stands at 6.26% over the past 10 years, and at 6.6% over the last 5 years, showing an increasing trend in GDP growth. The political situation also remains stable, with the internal security situation greatly improving after the 2016 Dhaka terrorist attack as a result of sustained police operations dismantling terrorist cells throughout the country. The government has set a GDP growth target of 7.40% for the 2018 fiscal year, which is achievable given the stable political climate, investments in power and transport infrastructure and the high private sector credit growth rates. Given current trends, GDP growth is likely to cross 8% in a few years.

#### **Bangladesh Economic Outlook**

- ◆ Economic activities in 1st half of FY 2018 forecasted a weaker expansion in all respects of macro economy especially infrastructural development and investment of government. It is mentionable that GDP growth reached 7.28% level for the first time in FY 2016-2017.
- Government of the Peoples' Republic of Bangladesh is very optimistic that Bangladesh would be able to reach 8% GDP growth in next two years focusing more concentration to less developed area. This will create huge employment, earnings and market demand which in turn expand the economy with credit demand.



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- In spite of rivalry among the banks, there will be a pressure from various corners of demand side to increase lending rate which will create more competition in money lending.
- If Government can ensure political stability, there might be chance of increasing private sector credit demand in coming years.
- The performance of capital market especially from second quarter FY 2017 demonstrated that investors are confident about their investment performance in capital market. As a result, more money will flow in capital market from money market; this may result increasing deposit rate in money market.
- At the same time, the Government's ambitious vision for 2021 sets strong development targets for Bangladesh that seeks to transform the country's socio economic landscape.

#### Foreign Exchange Reserve

The foreign exchanges reserve stood at USD 32.37 billion at the end of September 2017. Steady garment exports and remittances from Bangladeshis working overseas - two mainstays for the country of 160 million people, have helped build reserves in recent years.

## SECTORAL PERFORMANCE Agriculture Sector

According to the Directorate of Agriculture Extension (DAE), the target for total cereal food grain production for FY18 in the country has been set at 41.38 million metric tons (mmt), 6.95 percent higher than the last year's actual production, while the target for acreage has been set at 12.41 million hectares, 4.73 percent higher than the previous year. After a year of good harvest, the target for the total rice production for FY18, which constitutes the lion's share of the total cereal crop, has been set at 36.18 mmt, among which production target for aush, aman, and boro are 2.65 mmt, 14.08 mmt and 19.45 mmt respectively which are slightly higher than those of previous year's actual production. Among the non-rice cereal crops, wheat production target has been set at 1.37 mmt

for FY18, slightly (4.58 percent) higher than the previous year's production, while the target for maize production has been set at 3.83 mmt.

#### **Industry Sector**

During Q1FY18, the industry sector activities seemed to register a satisfactory growth, benefited by the improvement in electricity supply, pragmatic fiscal policy and accommodative monetary policy. During July-August 2017 electricity production posted a growth of 5 percent (year-on-year) and large and medium scale manufacturing industry registered a noticeable growth of 10.34 percent during the period under review. The growth of large and medium scale manufacturing industry stemmed largely from the high growth of the production of non-metallic mineral products (34.49 percent), rubber and plastic products (2.79 percent), pharmaceuticals (40.70 percent), leather products (56.97 percent) and textile (27.95 percent) among others. On the other hand, at the same time, wearing apparel, food products, basic metal and transport equipment registered negative growth.

#### **Service Sector**

A number of proxy indicators (such as trade financing, bank advances to transport and communication sector, cargo handled through Chittagong port, etc.) depicted a picture of strong growth in the service sector activities during Q1FY18. Data on bank advances shows that credit (outstanding) to trade and commerce, and transport and communication sector rose by 18.73 percent and 27.12 percent respectively during Q1FY18 compared to the level of Q1FY17. Similarly, cargo handled through Chittagong port picked up by 15.2 percent in Q1FY18 compared to the corresponding period of the previous fiscal year.

## FISCAL SECTOR Expenditure

During Q1FY18, a preliminary estimate of total expenditure was BDT 682.7 billion (17.06 percent of annual target), which was 4.31 percent lower, in nominal terms, than that of Q1FY17. The current expenditure increased by 7.96 percent to BDT 445.1 billion whereas ADP expenditure grew substantially by 55.33 percent to BDT 167.6 billion (4.19 percent of annual ADP target) in Q1FY18 compared to that of Q1FY17.

#### **Revenue Collection**

In the first quarter of FY18, revenue collection of NBR increased by 20.06 percent to BDT 437.5 billion from BDT 364.4 billion in Q1FY17 which was 15.2 percent of the annual target for FY17. Revenue collection from income tax, value added tax (VAT), custom duties, and other sources were increased by 18.9 percent, 18.7 percent, 27.4 percent, and 19.8 percent respectively in Q1FY18 compared to that of Q1FY17.

## EXTERNAL SECTOR EXPORT

According to the data of Export Promotion Bureau (EPB), exports earnings increased by 7.23 percent to USD 8.66 billion in Q1FY18 from USD 8.08 billion in Q1FY17 (on adjusted fob basis export earnings increased by 8.08 percent to USD 8.55 billion in Q1FY18 from USD 7.91 billion in Q1FY17). Exports of RMG grew by 1.07 percent to USD 7.14 billion during the quarter under review, as export to European countries increased by 8.2 percent in Q1FY18. Among other major export items, tea increased by 16.7 percent and frozen shrimps and fish increased by 24.52 percent while earnings from export of raw jute decreased by 35.1 percent.

#### Import

Import payments increased by 28.4 percent to USD 13.18 billion in Q1FY18 from USD 10.27 billion in Q1FY17. Import of food-grains increased from USD 268.6 million in Q1FY17 to USD 730.0 million in Q1FY18. Imports of consumer and intermediate goods increased by 17.6

percent to USD 6.80 billion during Q1FY18 from USD 5.78 billion in Q1FY17. In Q1FY18, the opening of import LCs increased by 36.49 percent to USD 14.70 billion, of which LCs for petroleum and petroleum products (70.95 percent), consumer goods (98.62 percent), intermediate goods (35.33 percent), machinery for miscellaneous industries (41.03 percent), capital machinery (27.40 percent) and industrial raw materials (16.05 percent).

#### Remittance

The inflow of workers' remittances increased to USD 3.39 billion in Q1FY18 compared to USD 3.24 billion in Q1FY17. During Q1FY18, remittance increased in most of the sources except Saudi Arabia, UAE, Singapore and Malaysia. On the other hand, overseas employment for Bangladeshi workers increased in Q1FY18. During Q1FY18, remittance from the Gulf region increased by 1.24 percent to USD 1.87 billion, attributable decline in remittances from Saudi Arabia (-1.92 percent) and UAE (-7.21 percent) compared to Q1FY17.

Remittance from the Euro region during Q1FY18 increased by 51.8 percent and from the Asia Pacific region decreased by 23.15 percent. Remittance from the rest of the world (including the USA) also increased by 16.01 percent in Q1FY18 over Q1FY17 (Table IV 4)

#### Foreign Direct Investment (FDI)

Gross FDI inflows during the fiscal year 2016-17 reached USD 3037.92 million. The size of disinvestment (including capital repatriation, reverse investment, loans to parents, and repayments of intra-company loans to parents) during the fiscal year 2016-17 recorded USD 583.11 million which was 19.19% of gross FDI inflows. In the year 2017 net inflow's 41.01% were as Equity Capital, 51.04% as Reinvested Earnings and 7.95% as Intra Company Loans. Major portion of FDI flows came from Singapore (USD 701.40 million), United Kingdom (USD 313.87 million), USA (USD 208.71 million), Norway (USD 187.41 million), South Korea (USD 178.50 million), Hong Kong (USD 111.70 million), India (USD 95.41 million) and Netherlands (USD 90.40 million).

#### **Balance of Payment**

The current account balance (CAB) recorded a deficit of USD 1,791 million in Q1FY18 compared with a deficit of USD 1,480 million in the same period of the preceding fiscal year. The deficit in the CAB in Q1FY18 was due to the large deficit in the trade balance and negative growth of remittance inflow. The financial account recorded a surplus of USD 1,576 million in Q1FY18 compared to a surplus of USD 991 million in Q1FY17 and the capital account also recorded a surplus of USD 64 million compared to a surplus of USD 60 million in Q1FY17. The overall balance of payments (BOP) recorded a deficit of USD 0.36 billion in Q1FY18, lower than the surplus of USD 1.79 billion recorded in Q1FY17. The foreign exchanges reserve stood at USD 32.37 billion at the end of September 2017.

#### Inflation Rate

CPI inflation was 5.4 percent (point-to-point) in December 2017, pulling annual average to 5.9 percent. Inflation dynamics in Bangladesh significantly benefited from the declining food prices as the weight of food items in the CPI basket is pretty high 7.87. Non-food inflation has eased to 3.44 percent (point-to-point) in September 2017, up from 5.1 percent a year ago, reflecting favorable domestic production and global commodity prices. Average core inflation (non-food, non-fuel), a traditional measure of underlying long-term inflation, has also nosed down but remains elevated at around 6.12 percent in September 2017, indicating that inflation can pick up if buffeted by adverse shocks. [Source: Bangladesh Bureau of Statistics, \* Twelve Month Moving Average]

#### **Exchange Rate**

The weighted average nominal exchange rate increased at BDT 80.80 per US dollar in September 2017 compared to June 2017 at 80.60, higher than BDT 78.40 per US dollar in September 2016. The REER based exchange rate decreased to BDT 103.13 per USD at the end of September 2017, compared to BDT 104.45 per USD at the end of September 2016. During Q1FY18, Bangladesh Bank made intervention in foreign exchange market by selling foreign currency to smooth large exchange rate volatilities. Recent exchange rate movement has been consistent with maintaining export competitiveness as well as encouraging remittance inflows.

#### **Monetary Policy**

The movements of money and credit market indicators were loosely followed by the program path set in the monetary policy statement (MPS) for the first half (H1) of FY18. Broad money (M2) growth (10.43 percent) remained below the program path despite a growth of net foreign asset (6.6 percent) and moderate growth of private sector credit (17.8 percent). Domestic credit growth (12.8 percent) fell short of program rate due to negative growth of public sector credit (-13.5 percent). On the other hand, the Growth in Reserve money (RM) has fallen to 13.4 percent in Q1FY18 compared to 16.3 percent in Q4FY17 and 16.7 percent in Q1FY17. Reserve money growth was higher than the target set at 12.0 percent for December 2017, driven by net foreign asset of BB (7.6 percent) during the quarter under review.

#### **Money Supply and Credit Growth**

Growth in broad money (M2) has been falling since January 2017, but it bounced back in August and again decelerated to 10.4 percent in September 2017. M2 growth was within the programmed ceiling of 12.9 percent set for December 2017. Growth of net domestic asset, which constitutes about 74 percent of broad money, picked up in Q1FY18 and reached 11.8 percent from 9.8 percent in June 2017 due to higher growth in private sector credit. Growth of net foreign asset decelerated to 6.6 percent in September 2017 compared to 14.1 percent in June 2017 (Table III.2). Among the subcomponents of M2, currency outside banks, demand deposits and time deposits grew by 12.4 percent, 18.3 percent, and 9.2 percent (y-o-y) respectively. Narrow money (M1) grew by 14.9 percent in September 2017. Growth of credit to public sector started to slow down since September 2013, as NSD certificate sale started

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growing rapidly, and remained subdued until December 2014. Since then it has largely registered a negative growth (Chart III.5). This phenomenon suggests that the government has been relying more on NSD certificates for meeting up its credit needs. Credit to the public sector dipped to 13.5 percent in September 2017, while it registered a negative growth of 12.0 percent in June 2017.

#### **Interest Rate**

During June-November 2017, the weighted average lending rates have declined by 26 and deposit rates have increased by 6 basis points to 4.90%, respectively, leading to a narrowing of average spread by 32 basis points to 4.40 percent. The decline in interest rates reflects favorable inflation performance, ample liquidity, and an increase in competition in the banking system.

Although inflation has steadily declined in recent months, considering the fact that core inflation and inflation expectations remain elevated and inflation risks from higher commodity prices are on the upside, Bangladesh Bank's policy rates has been kept unchanged at the current level, with reporate at 6.75 percent and reverse reporate at 4.75 percent in the recent MP8.

#### **Call Money Rate**

The call money rate increased to 3.91 percent at the end of September 2017 from 3.71 percent at the end of June 2016. The spread between lending and deposit rates slashed down to 4.55 percent at the end of September 2017 compared to 4.91 percent at the end of June 2016.

### DIVERSIFIED PRODUCTS AND SERVICES OF NRB BANK

We have designed our retail loan and deposit products keeping in mind of the different customer segment, which have drawn huge attention amongst the target customer segment and encouraged us to introduce more innovative products and propositions. Among the Deposit products Monthly Benefit Scheme, Double/Triple Benefit Scheme, My DPS, My Future DPS, Secured DPS, Expat BDT Account, Expat FCY Account, RFCD Account, NITA Account, NRB My Savings Account, NRB FCY Account, Amar Shopno Account, Study

Account, Pearl Account and Early Account are remarkable. In case of Loan products My Loan, My Home Loan, NRB My Home Loan, My Car Auto Loan, Quick Loan, Quick Cash, Agricultural loan, SME loan, Women entrepreneur loan and Study Loan has received wide acceptance among people. We already have Debit and Credit Card services in collaboration with VISA cards which is highly accepted and appreciated by the users. Among all the fourth generation banks we have come up with best suit of retail and cards products in the market.

#### **BRANCH NETWORKS**

Our Bank also believes in network expansion and extending global outreach. We opened 11 new branches in 2017 including 6 rural and 5 urban branches and total branch networks stood at 36 at the end of the year 2017. Bank's own ATM networks stood at 35 in 2017 including 2.100 shared ATMs all over the country to provide services to our valued customers.

#### **IT PLATFORM**

At NRB Bank Limited, we believe that technological sophistication is the precondition for attaining comparative advantages in the age of today's modern and highly competitive banking arena. As such, we are putting due emphasis on strengthening our IT platform and at the same time continuously providing more IT based products to our customers. From the very first day of our operation we are using Oracle Flex cube Universal Banking System, a scalable, robust and functionally rich centralized core baking software with the objective to deliver real time online integrated, hassle free banking services to our valued customers. We have already introduced internet banking service for our customers. Our endeavor for continuous improvement of technological support will bring efficiency in our operations and thereby ensure customer satisfaction to the extent of highest degree.

#### **HIGHLIGHTS ON NRB SEGMENT**

NRB Bank Limited is committed to facilitate the Bangladeshi Diasporas round the globe to invest in Bangladesh and Bangladeshi individuals to get access to the international market. We have developed a proposition for the NRB retail customers with complete financial solution called 'My Bangladesh'. We have already established a dedicated desk for NRBs to counsel them regarding investment opportunities in Bangladesh. The Bank will devote in creating confidence for investment among the Bangladeshi expatriates offering desired services, attractive profitability and secured investment through various financial products. We are confident that these initiatives will in turn encourage and open the vista of opportunities for our intending manpower who are made fit and skilled to compete with their peer group of other countries. NRB Bank shall arrange need based effective training and education program for the intending FC wage earners of Bangladesh to survive against competitors of other countries. We are continuously increasing our drawing arrangements with foreign banks and exchange houses to facilitate remittance of their hard earned money to their near and dear ones within the shortest possible time. We are working on creating awareness among our expatriates to remit money through the banking channels whereby they can contribute efficiently to the development of the country.

#### **BETTERMENT OF ASSET QUALITY**

No doubt, maintaining quality asset is always a big challenge for the banking industry. As such, NRB Bank limited has taken an utmost care to diversify its loan portfolio in order to maintain NPL at a lower level. Apart from that, NRB Bank Limited has focused on the NPL management by strengthening monitoring on the possible segment of NPL. We have also setup a strong recovery unit and new mechanism to avoid lengthy, expensive and cumbersome procedures for recovering loans.

#### **COST CONTROL**

This year we are focusing on appropriating Profit after Tax at a higher level than the forgone

years. Unless we hold back expenses in phases, we can hardly expedite our earnings towards our goal. In three stages, we will try to do that:

- i) control cost of fund by healthy deposit mix enhancing share of low cost deposit and refinancing from Bangladesh Bank;
- ii) control operating expenses by boosting HR productivity, competitive bidding with the suppliers and rational promotion of banking business; and
- iii) control provisions against bad loans by accelerating recovery mechanism both ongoing and alternative.

#### **SOUND BUSINESS MIX**

We have prepared budget this year highlighting the importance on the sound business mix especially on the SME sectors, Women entrepreneur and Agricultural sectors. We also focused on the mobilizing of CASA deposits to bring down the Cost of Deposits (COD) to a competitive position with other peer banks. As such, we already emphasized on designing NRB products in addition to existing products to attract inward foreign remittance that will fetch a positive impact on the bank's Cost of Deposit. Non-funded business is also another solution to enrich sound business portfolio mix; these can facilitate bringing down Cost of Fund (COF) of the Bank that will ultimately assist in increasing our loan portfolio with attraction of blue-chip customers.

On the corporate side, we will try to focus on growth supportive sectors including large infrastructure and PPP in the economy. For a sound business mix, we will introduce a bundle of new products and services in tandem with rising demand and need.

## INTERNAL CONTROL AND RISK MANAGEMENT

2017 and around, we stayed most vigilant about financial scams, irregularities and other operational failures. We will ensure stable and well integrated operating process, new equipment to support work volume as well as strong customer complaint resolution process including Anti-money Laundering & Combatting Financing of Terrorism mechanism. To control credit losses, we

will ensure appropriate debt rating models, rigorous monitoring of portfolio performance and effective and timely response to needs and changes.

#### HR PRODUCTIVITY AND EFFICIENCY

We will give more concentration on HR productivity this year based on our experience and output in the last three years. We believe, heightened efficiency of HR forces adds more values to banking development than any other factors. We are committed to give every try to achieve the target by a combination of talent management, including expert bankers and brilliant chunk of business graduates, sharpening job efficiency, increasing learning crave and motivating through more reward and retribution.

#### **BUSINESS ETHICS TO REIGN SUPREME**

Whatever growth we achieve, we have to get back to the root: 'Ethical Standard' in every sphere of business for a sustainable growth. Business ethics is more oriented with culture than administrative response, as we have experienced for long. To establish a good ethics culture, we have formed Ethics Committee comprising the members of Senior Management. This year we will focus on building loyalty to the organization, training on ethical practices, recognizing ethical precedence in performance appraisals and transparency in all our banking operations.

#### **SHAREHOLDERS VALUE**

All of our actions must lead to an ultimate goal – maximization of shareholders' value for what we exist and excel. With this in mind, we will concentrate on enhancing profitability to raise Earnings per Share, Dividend as well as confidence of the Shareholders.

#### **HIGHLIGHTS OF FINANCIAL PERFORMANCE**

In 2017, banking sector in Bangladesh traversed through a journey where the sector has experienced several ups and downs in terms of governance, profitability and soundness. Reforms measures have been undertaken in an attempt to improve upon the structural constraints of the sector. Such measures have been driven by objectives such as increasing the capital adequacy of banks, streamlining guidelines for rescheduling of various types of loans, tightening provisions for non-performing loans, intensifying disclosure requirements and improving accounting system. These have undoubtedly improved the soundness of the sector over the years.

#### **TOTAL ASSETS**

The Bank's total assets stood at BDT 34,940 million in 2017 from BDT 24,730 million in 2016 registering a growth of 41.29 percent. The increase in assets of NRBBL was mainly driven by growth of customer deposits as the deposits were used for funding in credits and holding of securities for SLR purpose impacting on growth of assets. The bank witnessed a satisfactory growth scenario in credit and deposits mobilization.

#### CASH IN HAND AND BALANCE WITH BANGLADESH BANK & ITS AGENT BANK(S)

Cash in hand and Balance with Bangladesh Bank and its Agent Bank(s) of the bank stood at BDT 2,593 million in 2017 from BDT 1,583 million in 2016 registering a growth of 63.80 percent. The growth in deposits increased the Cash Reserve Requirement of the Bank which is maintained with Bangladesh Bank and its agent(s).

#### **BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS**

Balance with other banks and financial institutions of the bank stood at BDT 3,208 million in 2017 from BDT 2,284 million in 2016 showing a positive growth of 40.46 percent.



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#### INVESTMENT

Investment of the bank stood at BDT 4,953 million in 2017 from BDT 6,944 million in 2016 showing a negative growth of 28.67 percent. The bank purchased government treasury Bangladesh Bank bills to cover the increased SLR requirement.

#### LOANS AND ADVANCES

Loans and advances of the bank stood at BDT 22,921 million in 2017 from BDT 12,589 million in 2016 registering a growth of 82.07 percent. The increase in loans and advances was mainly due to growth in disbursing fresh loans.

#### **LIABILITIES (EXCLUDING EQUITY)**

Total liabilities of the bank stood at BDT 30,271 million in 2017 from BDT 19,671 million in 2016 registering a growth of 56.17 percent. The increase in liabilities was mainly due to growth in deposits and borrowings.

## BORROWING FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS

The borrowing of the bank stood at BDT 3,698 million which represents borrowings from other banks and Financial Institutions. The borrowed amount was mainly used for purchasing Treasury

Bills/Bonds which were devolved on the bank in excess of SLR requirement.

#### **DEPOSITS**

Deposits of the bank stood at BDT 23,933 million in 2017 from BDT 17,466 million in 2016 registering a growth of 37.03 percent. The growth was supported by branch network and high standard service provided to customers along with liability campaign carried out by retail liability team for mobilization of no cost and low cost deposits. Fixed deposits remained the main component of deposits contributing 68.77 percent of the total deposits.

#### **INTEREST INCOME**

During 2017, NRB Bank earned BDT 2,139 million as interest income, recording a growth of 24.07 percent over previous year. The growth in interest income was attributable to real growth in overall asset portfolio and efficient utilization of fund.

#### **INTEREST EXPENSE**

Interest paid on deposits and borrowings during 2017 was BDT 1,389 million, an increase over 2016 by 13.85 percent. Interest expenses increased due to the increment of deposit volume by 6,467 million and increase of cost of deposit.

#### INVESTMENT INCOME

Investment income during 2017 was recorded at BDT 1,046 million compared to BDT 1,081 million of 2016, posting a negative growth of BDT 35.00 million due to adverse movement in the money market.

Operating Profit of the bank for the year 2017 stood at BDT 853 million despite all the odds against high cost of deposit and significant operating expenditures in recruitment, opening of new branches, ATM booths and IT infrastructure. Profit/(loss) before tax (PBT) of the bank stood at BDT 606 million in 2017 compared to BDT 719 million in 2016.

#### **APPOINTMENT OF AUDITORS**

M/s. ACNABIN, Chartered Accountants successfully conducted the audit of NRB Bank for the year 2016 and 2017. As per provision of Bangladesh Bank Circular, they are eligible for reappointment. The Board Audit Committee in its 22<sup>nd</sup> meeting and subsequently the Board of Directors in its 63<sup>rd</sup> Meeting held on 25 March 2018 recommended to appoint M/s. ACNABIN, Chartered Accountants as external auditors of the Bank for conducting audit for the year 2018.

#### RETIREMENT AND RE-ELECTION OF DIRECTORS

In the 5<sup>th</sup> Annual General Meeting, election and re-election of Directors will be held as per Companies Act 1994, Bank Companies Act 1991, Bangladesh Bank's Circular, Articles of Association of the Bank and other prevailing rules & regulations.

#### **RELATED PARTY TRANSACTIONS**

The Directors and other key Management personnel are very much cautious to avoid any conflicts of interest in conformity with the prevailing rules and regulations. Related party transactions, when undertaken, are carried out on an arm's length basis without any special benefit to the related party. All such transactions have been approved by competent authority in compliance with Bangladesh Bank's BRPD circular no. 04 dated 23 February 2014. All related party transactions have been incorporated in Note-39 of the financial statements.

#### **MEETING OF THE BOARD**

During the year 2017, the number of the meetings held by the Board of Directors is 14 and by the Executive Committee is 14. The Audit Committee of the Board of Directors held 04 meetings and the Risk Management Committee of the Board sat for 04 meetings during the period under report.

#### REMUNERATION OF DIRECTORS

The Directors' Remuneration for the year ended 31 December 2017 has been given in Note 30 of the financial statements.

#### **DIVIDEND**

The Board of Directors of the Bank has recommended 'Stock Dividend @8.00%' to the Shareholders for the year ended on 31 December 2017 subject to approval of Bangladesh Securities and Exchange Commission and Shareholders in the 5<sup>th</sup> Annual General Meeting (AGM) of the Bank.

#### **ANNUAL GENERAL MEETING**

5<sup>th</sup> Annual General Meeting of the Bank will be held on Thursday, 28 June 2018 at 03:00 p.m. at Nazimgarh Garden Resort, Khadimnagar, Shah Paran, Sylhet 3103, Bangladesh. The Financial Statements were adopted in the 63<sup>rd</sup> Meeting of the Board of Directors held on 25 March 2018 for presentation to and approval of the Shareholders in the AGM.

## OUTLOOK, OPPORTUNITIES AND OUR STRATEGY

NRB Bank is making progress in embedding sustainability into business. We still believe that we have a lot of scope to do, a long way to go and will continue to build our programme as a team in the year ahead. We are confident that we can make our slogan "Not Just Another Bank" a success. Our presence in the market is growing steadily and we have proved our presence in all areas of operations. We have professionals with profound managerial talents and perhaps, and most importantly, we have a hard earned reputation amongst 4th Generation Banks and we are convinced of our ability to continue to thrive in all aspects of our business by 5 years' experience and driven by the ambition to continue reaching new heights in performance.

We perceive a positive outlook about the years ahead. The challenges we faced in the financial markets during the last year have been significant and are likely to continue to have an impact on banking operations in 2018. We remain confident that NRB Bank will successfully manage through this period of upheavals. The accomplishments of the past years and a well-planned growth strategy for future have already given us the confidence to keep the bank well positioned in 2018 and beyond.

#### THANKS AND GRATITUDE

With its professional fervor NRB Bank limited is ready to face the challenges of the years ahead with highest confidence. We are confident that our Bank has the ability to continue delivering its value added superior services to diversified segments of its clienteles. The Board of Directors take this opportunity to express its heartfelt appreciation and gratitude to the Government of the People's Republic of Bangladesh, Ministry of Finance, Bangladesh Bank, Bangladesh Securities & Exchange Commission and Register of Joint Stock Companies and Firms for their cooperation, valuable guidance and advices that they provided to us from time to time.

The Board of Directors also expresses deep appreciation to the Management and all Executives, Officers and Staff for their relentless efforts to the cause of betterment of this institution and also to the clients, sponsors, shareholders, patrons and well-wishers whose continued and unflinching support and patronization have enabled us to take this institution to its present growth trajectory.



Mohammed Mahtabur Rahman Chairman NRB Bank Limited

On behalf of the Board of Directors.

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# REPORT OF THE AUDIT

The Audit Committee of the Board of NRB Bank Limited was formed by the Board of Directors to provide independent oversight of the company's financial reporting, non-financial corporate disclosures, internal control systems and compliance to govern rules and regulations in compliance with Bangladesh Bank guidelines and Bangladesh Securities and Exchange Commission. Following are the major objectives of the Audit Committee:

- To review the financial reporting process, system of internal control and approach to manage risks, audit process, findings of Central Bank comprehensive audit and bank processes for monitoring compliance with laws and regulations and its own code of business conduct;
- To assist the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies and overall business plans set by the Board for effective functioning of the Bank.

#### **COMPOSITION AND QUALIFICATIONS**

In compliance with the section 3.2 (i) of Corporate Governance Notification issued by BSEC on 07 August 2012 and Bangladesh Bank BRPD Circular No.11, dated 27 October 2013, the Audit Committee of NRB Bank Limited was reconstituted by the Board in its 60th Meeting held on 28 December 2017 consisting of the following members:

Name	Status with Bank	Status with the Committee	Educational Qualification
Imtiaz Ahmed	Director	Chairman	Post Graduate
Naveed Rashid Khan	Director	Vice-Chairman	Bachelor of Social Science
Kamal Ahmed	Director	Member	Graduate of Business Management
Mohammed Jamil Iqbal	Director	Member	BA (Hon's)
Mohammed Rafique Miah	Director	Member	Bachelor of Commerce

The Company Secretary acts as the Secretary of the Audit Committee of the Board.

#### **ROLES AND RESPONSIBILITIES OF AUDIT COMMITTEE**

The roles and responsibilities of Audit Committee have been framed by following the provisions of BRPD Circular No 11 dated 27 October 2013, Corporate Governance Notification issued by BSEC on 07 August 2012, and other best practiced corporate governance guidelines and standards. Some important roles and responsibilities are as follows:

#### **Internal Control**

- Evaluate whether the bank's management has been able to build a compliance culture with respect to bank's internal control system;
- Consider the oversight of bank's compliance on recommendations made from time to time concerning establishment of an internal control framework by internal as well as external auditors;
- Apprise the board of any fraud-forgery, internal control lapses found by internal or external auditors and inspection team of regulatory authority or identification of such other areas and remedial measures therein.

#### **Financial Reporting**

- To review the Annual Financial Statements and meet with Management and External Auditor for reviewing annual financial statements before finalization;
- To discuss with management the company's major financial risk exposures and the steps that management has taken to monitor and control such exposures;
- To review along with management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval.

#### **Internal Audit**

- To guide, approve and review Internal Audit Plan, Internal Audit Process and Procedure, bank management body for ensuring compliance on audit recommendation(s) and scope of development, compliance status of audit recommendation, annual assessment of the performance of audit and inspection activity and the efficiency and effectiveness of internal audit function;
- To recommend audit findings to be placed to the Board of Directors.

#### **External Audit**

- To review and guide external auditor's management report and financial audit report, bank's management for ensuring compliance with audit recommendation;
- Assist the Board regarding the appointment of the external auditors.

The Audit Committee expresses its sincere thanks and gratitude to the Members of the Board, Management and the Auditors for their excellent support to the Committee when they carried out their duties and responsibilities.

On behalf of the Audit Committee,

Imtiaz Ahmed Chairman

The Audit Committee of the Board





Board of Directors NRB Bank Limited SimpleTree Anarkali (9Th Floor) 89 Gulshan Avenue Dhaka-1212.

#### SUB: CEO/CFO DECLARATION TO THE BOARD

The following is provided to the Board of Directors of NRB Bank Limited in our capacity as the persons responsible for performing the functions of Managing Director & CEO and Chief Financial Officer of the Bank.

In accordance with the notification of Bangladesh Securities and Exchange Commission No. SEC/ CMRRCD/2006-158/134/Admin/44 dated 07, August, 2012 we declare that for the financial year ended 31 December 2017:

i. We have reviewed the financial statements for the year and that to the best of our Knowledge and belief:

- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;

ii. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violation of the Banks code of conduct.

**Badal Kumar Nath, FCA** Chief Financial Officer

Md. Mehmood Husain Managing Director & CEO

# CORPORATE GOVERNANCE REPORT

Corporate governance is the set of principles, policies, procedures and clearly defined responsibilities and accountabilities framed to overcome the conflicts of interest inherent in the corporate world. Corporate in today's business world is subject to a variety of conflicts of interest arising out of inherent complexities in forms and structures. Fairness, transparency, accountability and responsibility are the standards of Corporate Governance. It is about commitment to values and maintaining ethics in the conduct of business.

Corporate Governance must be there in a reputable organization in order to:

- Eliminate or mitigate conflicts of interest, particularly of those between management and shareholders
- Ensure that the assets of the company are used efficiently and effectively and in the best interest of its shareholders and stakeholders

From the view point, conflicts of interest among Management, Stakeholders, Directors and Shareholders are the primary focus of most of the elements of corporate governance. Board of directors is a critical component for ensuring check and balance that lies at the heart of corporate governance. Board members owe a duty to make decisions based on what ultimately is best for the long-term interests of the shareholders. In order to do this effectively, Board members need a combination of three things:

- Independence
- Experience and
- Resources

#### **Corporate Governance Practice at NRB Bank**

The corporate governance practices of NRB Bank are guided by the directives of regulatory bodies: Bangladesh Bank and Bangladesh Securities and Exchange Commission. However, the Bank's corporate governance philosophy encompasses not only regulatory and legal requirements but also embodies various internal rules, policies, procedures and practices based on the best practices of local and global banks. At the bank, we attach a simple meaning to 'Corporate Governance' which is 'Due diligence' in observing responsibilities by Board as well as by Management to safeguard interest of key stakeholders i.e. depositors, shareholders, employees and the society as a whole. Two very important pillars of a good corporate governance structure are:

- Transparency and
- Accountability

These two pillars are backed by strong Internal Control and Compliance Structure and MIS capabilities in the bank.

#### **Composition of Board of Directors**

According to Clauses 94 of the Articles of Association of NRB Bank Limited, the Board of Directors is currently constituted with 17 (Seventeen) Directors among whom 16 (Sixteen) are Non-Executive Directors including the Chairman and 1 (one) is Managing Director & CEO (Ex-Officio). All the Directors are well-qualified, experienced professionals and carrying tremendous value in their respective management capability. These Directors are successful businessmen in their own field and they also hold very responsible positions in public life. Directors have declared their respective interests and directorships at the time of joining the Board and also their dealings in Bank's securities are on full disclosure and arms length basis. The Board meets at least once every Month. For smooth running of the Bank as well as for effective day-to-day management, they have delegated certain powers to the Managing Director. All essential management issues are discussed in the meetings of the Board and decisions are made on the basis of management opinion and exchange of views.

#### **Meetings of the Board of Directors**

The Board of Directors meets on regular basis: usually once in a month but emergency meetings are called when deemed necessary. Management provides information, references and detailed working papers for each agenda to all Directors well ahead of the date scheduled for meeting. Chairman of the Board of Directors allocates sufficient time for the Directors to consider each agenda item in a prudent way and allow them to freely discuss, inquire, and express opinions on the items of interest so that they can fulfill their duties to the best of their abilities. In 2017, a total of 14 meetings of the Board of Directors were held.

#### Responsibilities of Chairman and Chief Executive Officer

Roles of the Chairman of Board of Directors and the Managing Director are clearly spelled out in writing and have been agreed by the Board. The Chairman supervises the operation and effectiveness of the Board of Directors. As the Chief of the Board, he approves the agenda for the Board meetings with the assistance of the Managing Director and the Company Secretary. He further ensures that there is effective communication with stakeholders and promotes compliance with the highest standards of corporate governance. On the other hand, the Managing Director is responsible for implementation of agreed strategy and holds delegated authority from the Board for the day-to-day management of Bank business. Being the Head of Management Team, he is accountable to the Board and its Committees to run and manage the Bank in accordance with prescribed policies, principles and strategies adopted by the Board and guidelines from the Central Bank, BSEC and other regulatory bodies. In NRB-BL, the corresponding responsibilities of the Chairman and the Managing Director imply that the Management of the Bank handles daily affairs of the Bank as a separate entity from the Board of Directors and both work in the common interests of the Bank and its stakeholders. Difference of opinion is settled in a harmonious way towards achieving more of Bank's goal together.

## Benefits provided to the Directors and the Managing Director

As per Bangladesh Bank BRPD Circular No. 11 dated October 27, 2013, banks in the country can only provide the following facilities to the Directors:

 The Chairman of the Board of Directors may be provided with car, telephone, office chamber and private secretary.

- Directors are entitled to fees and other benefits for attending the Board/ Executive Committee/Audit Committee/ Risk Management Committee meetings (Notes to the Financial Statements, note # 30)
- Managing Director is paid salaries and allowances as per approval of the Board and Bangladesh Bank (Notes to the Financial Statements note # 29)

NRBBL is compliant with the Bangladesh Bank Circulars and Guidelines in respect of the above.

#### **Functions of the Board**

The Board of Directors has the responsibility to the shareholders for overall guidance and control of the Bank. Among its key responsibilities, the Board approves all policies and strategies formulated by the Bank Management as well as ratify all decisions/approvals made by other Committees of the Board including the Executive Committee (EC) of the Board. The Board, while discharging its responsibilities, is committed to high standards of governance designed to protect the interests of shareholders along with all other stakeholders with highest level of integrity, transparency and accountability. The Directors of the Board are confident that they did their best in protecting stakeholders from the impacts of the difficult circumstances confronted during the year, as set out in the Directors' Report. The Board has initiated a fundamental review of risk governance with a view to being better equipped to anticipate financial market and economic discontinuities and trends in the future. This is monitored by a Committee of Directors and supported by independent Risk Management Division (RMD) of the Bank. The Board is committed to implementing the recommendations that emerge from the review of the Committees concerned.

#### **Independence of Non-Executive Directors**

All the Non-Executive Directors enjoy full freedom to carry out their respective responsibilities. They attend Board meetings regularly and participate in the deliberations and discussions effectively. They actively involve in the matter of formulation of general strategies of the Bank. But they do not participate in or interfere into the administrative or operational or routine affairs of the Bank. However, they ensure confidentiality of the Bank's agenda papers, discussions at the Board/Committee Meetings, Notes and Minutes.

#### **Board Committees and their Responsibilities**

To ensure good governance i.e. corporate governance in bank management, Bangladesh Bank issued a circular (BRPD Circular No. 11 dated 27 October 2013) wherein it restricted banks to form more than three committees or sub-committees of the Board.

To ensure proper accountability and transparency through 'due diligence', the Bank has three Board committees namely Executive Committee, Audit Committee and Risk Management Committee of the Board of Directors mainly to oversee and guide the operations, performance and strategic directions of the Bank.

#### **Executive Committee of the Board (EC)**

In accordance with Bangladesh Bank instruction, the Board of Directors of NRB Bank has formed Executive Committee with 6 (six) members. The Executive Committee is responsible for the review of the policies and guidelines issued by Bangladesh Bank in terms of credit and other operations of the banking industry. The Committee supervises the degree of execution of the policies and guidelines entrusted with the management. In the normal course of business, the EC of the Board approves the credit proposals in line with approved policy of the Board. Management is advised to exercise due diligence of the credit policy and risk management at the time of assessing credit proposals. The EC in its continuous efforts guides the Management to develop uniform and minimum acceptable credit standards for the Bank.

#### Audit Committee of the Board (BAC)

The Board Audit Committee meets the external auditor and provides them the recommendations on the overall audit plan. They also discuss the auditor's interaction with the Management and the Management's response as well as corrective actions taken. They review the quarterly financials and approve Quarterly, Half Yearly and Annual financial reports of the Bank. The Audit Committee also meets the Head of Internal Control & Compliance of the Bank to review their charter, scopes of work and the organization structure. The inspection reports from regulators are also presented to the Audit Committee for their review and action. The Board Audit Committee of NRB Bank consists of 5 (five) Directors and is constituted with the members not included in the Executive Committee of the Board. Company Secretary is the member secretary to the committee.

## The Board Audit Committee assists the Board in carrying out its responsibilities relating to:

- integrity of the financial statements and any related formal announcements;
- overseeing the relationship between the Board and its external auditors;
- review of the Bank's internal controls, including financial controls;
- assessment of the effectiveness of the internal audit, compliance and risk management functions;
- review of the internal and external audit plans and subsequent findings;
- ensure compliances of accounting policies namely Bangladesh Accounting Standards (BAS);
- review of the auditors' report internal and external:
- obligations under applicable laws and regulations including Securities and Exchange Commission Guidelines; and
- review of the effectiveness of the services provided by the external auditors and other related matters.

NRB Bank Board Audit Committee held 04 (four) meetings in 2017 and had thorough discussions and review session with the CEO, Head of Internal Control & Compliance, External Auditors etc. Highlights of the Audit Committee activity during the year 2017 are appended in the Report of the Audit Committee at page no 52 -53.

#### Risk Management Committee of the Board (RMC)

According to Bank Company (Amendment) Act, 2013 and BRPD Circular No. 11 dated October 27, 2013, the Bank has constituted Risk Management Committee (RMC). RMC has been formed by the Board essentially to play an effective role in reducing ensued and potential risks in the process of implementation of bank's strategy and work-plan as devised by the Board of Directors. The Committee, in addition, ensures efficient execution of related responsibilities of the Board. The RMC has the responsibility of oversee as regards, whether proper risk mitigation processes/ methods are being applied and required capital and provisions are maintained by management after it has duly identified and measured credit risk, foreign exchange risk, internal control & compliance risk, money laundering risk, ICT risk, operating risk, interest risk, iquidity risk and other risks. Risk Management Committee of NRB Bank consists of 5 (five) members chosen from the Board. The Company Secretary of the Bank acts as the secretary to the Committee. All the committee members have honesty, integrity and ability to invest adequate time in affairs of the Committee. All of the members of RMC have adequate insight about banking business, bank operation, various risks along with knowledge about their own duties and responsibilities. Risk Management Committee has the following responsibilities:

- To design mechanism to determine and control risks
- To prepare organizational structure
- To review and approve risk management policy
- To implement data preservation and reporting system
- To supervise the status of implementation of all risk management principles
- To ensure compliance on directives issued from regulatory bodies from time to time.

NRB Bank Risk Management Committee (RMC) held 04 (four) meetings in 2017 and had thorough discussions and review session with the CEO and CRO on various risk related issues.

#### Appointment of External Auditors and the purview of their activities

As per recommendation of the Board of Directors, the shareholders of the Bank in the 4<sup>th</sup> AGM held on 10 December 2017 approved the appointment of M/s. ACNABIN, Chartered Accountants as the statutory auditors of the Bank for the year 2017. In compliance with the provision 4 of BSEC guidelines, the External Auditors were not engaged in any of the following services during the year 2017:

- Appraisal or valuation services or fairness opinions.
- Financial information system design and implementation.
- Bookkeeping or other services related to accounting records or financial statements.
- Broker-Dealer services.
- Actuarial services.
- Internal audit services.
- Any other service that the Audit Committee of the Board determined.

#### **Internal Control & Compliance**

The Directors acknowledge their responsibility for building the systems of internal control and for reviewing their effectiveness at regular interval. Such systems are designed to control, rather than eliminate the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss. The losses could stem from the nature of the Bank's business in undertaking a wide range of financial services that inherently entail varying degrees of risk. The Bank has established a comprehensive framework to document and test its internal control structures and procedures conforming to the requirements of regulatory bodies. The Bank's overall control systems include:

- A clearly defined organizational structure with defined authority limits and reporting mechanisms to senior management and to the Board of Directors;
- Establishment of Committees with duties and responsibilities in core policy areas;
- A complete set of policies and procedures related to financial controls, asset and liability

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management (including major risks in financial managements);

- Code of Conduct setting out the standards of behaviour expected of all levels of directors, officers and employees; and
- Regular reporting by business divisions/ units that helps assess the progress against business objectives to be monitored, trends to be evaluated and variances to be acted upon.

The controls as outlined above are rooted within the operations of the Board and reviewed by Bank's Internal Audit. The review focuses the areas of greater risk as identified by risk analyst. The Directors confirm that the Board, by properly engaging the Committees, has reviewed the effectiveness of internal control for the year ended 31 December 2017. This process ensured an internal control system to the tune of best financial reporting practice throughout the financial year and up to the date of the signing of these financial statements. There was an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various committees and Bank's risk management actions and the extent to which various significant challenges are understood and addressed.

#### **Human Capital**

'Employee First' is the motto of the bank. We believe that the source of our competitive advantages laid deep inside our company, in our people. Our core brand has always been our employees, appreciated for their passion to perform. For us, employees are the best brand. We do not offer our employees a job, we offer them a career to pursue.

#### Management committees and their responsibilities

In an effective CG Structure, bank management has a collective mandate under the leadership of MD & CEO to carry out daily operations in the best interest of the stakeholders. The Management team of NRBBL is headed by the Managing Director & Chief Executive Officer, Mr. Md. Mehmood Husain. Several Management Committees have been formed to handle the banking operation and identify and manage risk. The committees are SMT, ALCO, RMC, Investment Committee, Credit and Purchase Committee etc. Managing Director leads the three most important Committees, SMT, ALCO and Investment Committee.

SMT is considered the highest decision and policy making authority of the management which consists of the CEO and different business and support unit heads. The major roles and responsibilities of SMT are as follows:

- Set or review vision, mission and strategies of the Bank as a whole and for business units for effective discharging of management responsibilities.
- Analysis of business and financial performance of the Bank.
- Monthly business review and analyses of each business unit (Corporate, SME, Retail and Treasury) performance
- Review and discuss policies and procedures of the Bank and make changes if necessary before taking to the Board.
- Discuss and approve Budget before forwarding to Board.

Election / Re-election of Directors

Election and Re-election of Directors are held as per Companies Act 1994, Bank Company Act 1991, Bangladesh Bank's Circulars and other prevailing rules & regulations.

#### The Community

In our sustainability planning, we recognize the importance of contributing to the society and the community as ardently as possible. We are aware that Bank's financed projects pose no adverse impacts on environment. Clients are also made aware of environmental compliance along with other regulatory compliance, such as, credit rating. Specific allocation (10% of Bank's net profit) is made for CSR initiatives every year to optimize values for the community and the habitat.

#### The Government

NRB Bank is always tax compliant as a responsible corporate business house. The Bank makes payment of corporate tax on time and sometimes even before the time it takes effect. The Bank deducts excise duty, withheld tax and VAT on time from employee's salary, as well as customers and vendors, and deposits to Government Treasury on time. During 2017, NRBBL paid advance corporate tax of BDT 100.70 million while deposited withheld tax of BDT 216.98 million, VAT of BDT 98.63 million and Excise Duty of BDT 27.04 million.

#### **Related Party Transactions**

The Bank in its normal course of business, conducted financial transactions with some entities or persons that fall within the purview of 'Related Party' as contained in BAS 24 (Related Party Disclosures) and as defined in Bangladesh Bank BRPD circular 04, dated 23.02.2014. A statement of Related Party Transactions has been given at page no. 153 of the Report (Notes to the Financial Statement, note # 39).

#### **Compliance Status on Corporate Governance Guidelines**

Bangladesh Securities and Exchange Commission (BSEC) has introduced a checklist for Compliance Status of Corporate Governance Guidelines vide Notification dated 07 August 2012 for the Companies listed with Stock Exchanges. Bank's Status of compliance is appended below:

## Status of Compliance with the conditions imposed by the Securities and Exchange Commission's Notification No. SEC/CMR-RCD/2006-158/134/Admin/44 dated August 07, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition	Tialo	Compliance Status (Put √ in the appropriate column)		Explanation for non- compliance with the
No.	Title	Complied	Not Complied	condition
1.00	BOARD OF DIRECTORS			
1.1	Board's Size: Board members should be not less than 5 (five) and more than 20 (twenty)	V		
1.2	Independent Directors:	-	-	-
1.2 (i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.		V	An Independent Director has been appointed by the Board of Directors in its 64 <sup>th</sup> meeting held on 22.04.2018 subject to approval of BSEC and BB. The Board has been looking for suitable candidate(s) for further appointment as Independent Director(s) in the Board of Directors of the Bank
1.2 (ii) a)	Independent director do not hold any share or hold less than one percent (1%) shares	V		
1.2 (ii) b)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares	V		
1.2 (ii) c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies:	V		
1.2 (ii) d)	who is not a member, director or officer of any stock exchange;	V		
1.2 (ii) e)	who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	V		
1.2 (ii) f)	who is not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;	V		
1.2 (ii) g)	who shall not be an independent director in more than 3 (three) listed companies;	V		
1.2 (ii) h)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	V		
1.2 (ii) i)	Who has not been convicted for a criminal offence involving moral turpitude	V		
1.2 (iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	V		

Condition		Compliance √ in the ap colu	propriate	Explanation for non- compliance with the
No.	Title	Complied	Not Complied	condition
1.2 (iv)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	V		
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	V		
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	V		
1.3	Qualification of Independent Director (ID)	V		
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	V		
1.3 (ii)	The independent director must have at least 12 (twelve) years of corporate management / professional experiences.	V		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			No such event occurred
1.4	Chairman of the Board and Chief Executive Officer: The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals.	V		
1.2	Independent Directors:	V		
1.3	Qualification of Independent Director (ID)	V		
1.4	Chairman of the Board and Chief Executive Officer: The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals.	V		
1.5	The Directors' Report to Shareholders:			
1.5 (i)	Industry outlook and possible future developments in the industry.	V		
1.5 (ii)	Segment-wise or product-wise performance.	V		
1.5 (iii)	Risks and concerns.	V		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	V		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	V		
1.5 (vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	V		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.			N/A
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.			N/A

Condition		Compliance √ in the ap colu	propriate	Explanation for non- compliance with the
No.	Title	Complied	Not Complied	condition
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.			N/A
1.5 (x)	Remuneration to directors including independent directors.	V		
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	V		
1.5 (xii)	Proper books of account of the issuer company have been maintained.	V		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	V		
1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	V		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	V		
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	V		
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	V		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	V		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	V		
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	V		
1.5 (xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by			
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	V		
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	V		
1.5 (xxi) c)	Executives;			
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	V		



Condition	Tial	Compliance √ in the ap colu	propriate	Explanation for non- compliance with the
No.	Title	Complied	Not Complied	condition
1.5 (xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:-			
1.5 (xxii) a)	A brief resume of the director;	V		
1.5 (xxii) b)	Nature of his/her expertise in specific functional areas;	V		
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	V		
2.00	CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY S	ECRETARY (CS	5)	
2.1	Appointment: The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	V		
2.2	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors.	V		
3.00	AUDIT COMMITTEE			
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	V		
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	V		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	V		
3.1	Constitution of the Audit Committee			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members.	V		
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	V		
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	V		
3.1 (iv)	No vacancy for more than one month.			No such case
3.1 (v)	The company secretary shall act as the secretary of the Committee.	V		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.		V	After completing appointment
3.2	Chairman of Audit Committee			process, inclusion of Independent
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.		V	Director will be considered

Condition	Title		Status (Put propriate mn)	Explanation for non- compliance with the
No.	Title	Complied	Not Complied	condition
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	V		
3.3	Role of Audit Committee:			
3.3 (i)	Oversee the financial reporting process.	V		
3.3 (ii)	Monitor choice of accounting policies and principles.	$\checkmark$		
3.3 (iii)	Monitor Internal Control Risk management process.	V		
3.3 (iv)	Oversee hiring and performance of external auditors.	$\checkmark$		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	V		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	V		
3.3 (vii)	Review the adequacy of internal audit function.	V		
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	V		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	V		
3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee.			N/A
3.4.1	Reporting of the Audit Committee:			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	V		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
3.4.1 (ii) a)	Report on conflicts of interests;			No such matter to report
3.4.1 (ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;			No such matter to report
3.4.1 (ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations;			No such matter to report
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.			No such matter to report
3.4.2	Reporting to the Authorities			No such matter to report
3.5	Reporting to the Shareholders and General Investors	V		

Condition No.	tion	Compliance Status (Put √ in the appropriate column)		Explanation for non- compliance with the
NO.	Fittle	Complied	Not Complied	condition
4.00	EXTERNAL/STATUTORY AUDITORS			
4 (i)	Appraisal or valuation services or fairness opinions.	V		
4 (ii)	Financial information systems design and implementation.	V		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	V		
4 (iv)	Broker-dealer services.	V		
4 (v)	Actuarial services.	V		
4 (vi)	Internal audit services.	V		
4 (vii)	Any other service that the Audit Committee determines.	V		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	V		
5.00	SUBSIDIARY COMPANY			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			N/A
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			N/A
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			N/A
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			N/A
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
6.00	DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (C	FO)		
6.(i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:			
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	V		
6 (i) b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	V		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	V		
7.00	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE			

Condition	Title	Compliance Status (Put √ in the appropriate column)		Explanation for non- compliance with the
No.		Complied	Not Complied	condition
7 (i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/ Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.		V	Yet to introduce
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	V		

#### Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance as per BRPD Circular No. 11 dated 27 October 2013.

The newly amended Section 15 of the Bank Company Act, 1991 (Amended upto 2018) includes provisions for prior approval of Bangladesh Bank before the appointment of new bank directors, as well as dismissal, termination or removal of any director from the post, director's fit & proper criteria; maximum number of directors; appointment of independent directors; appointment of maximum 2(two) members from a family as director; etc.  1.1	SL No.	Particulars	Compliance Status
Under section 15(4) of the Bank Company Act, 1991 (amended upto 2018), every banking company, other than specialized banks, at the time of taking prior approval from Bangladesh Bank for appointing/ reappointing directors should furnish all required documents along with the application:  1.2 Vacation of office of Director:  a) The office of director shall be vacated according to the instructions specified in section 108(1) of the Companies Act, 1994. Besides, when a bank director becomes defaulter and does not repay the loan within two months after getting a notice under the section 17 of the Bank Company Act, 1991; provides false statement at the time of appointment; or fails to fulfil the minimum eligibility criteria, the office of the director will be vacated.  b) If the office of a director is vacated by a notice under the section 17 of BCA, the person will not be eligible to become a director of the bank or any other bank or any financial institution for one year from the date of repayment of the total amount due to the bank. It is mentionable here that the dues can be adjusted with the shares held by the director in that bank. When a director receives a notice under section 17 of BCA, 1991, he/she can't transfer his/her shares of that bank until he/she repays all the liabilities of the noticed bank or financial institution.  c) Besides, Bangladesh Bank can remove a director or chairman of a bank, except state owned banks, for conducting any kind of activities that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can supersede the board of a banking company	1	The newly amended Section 15 of the Bank Company Act, 1991 (Amended upto 2018) includes provisions for prior approval of Bangladesh Bank before the appointment of new bank directors, as well as dismissal, termination or removal of any director from the post; director's fit & proper criteria; maximum number of directors; appointment of independent directors; appointment of maximum 2(two) members from a family	Complied
<ul> <li>a) The office of director shall be vacated according to the instructions specified in section 108(1) of the Companies Act, 1994. Besides, when a bank director becomes defaulter and does not repay the loan within two months after getting a notice under the section 17 of the Bank Company Act, 1991; provides false statement at the time of appointment; or fails to fulfil the minimum eligibility criteria, the office of the director will be vacated.</li> <li>b) If the office of a director is vacated by a notice under the section 17 of BCA, the person will not be eligible to become a director of the bank or any other bank or any financial institution for one year from the date of repayment of the total amount due to the bank. It is mentionable here that the dues can be adjusted with the shares held by the director in that bank. When a director receives a notice under section 17 of BCA, 1991, he/she can't transfer his/her shares of that bank until he/she repays all the liabilities of the noticed bank or financial institution.</li> <li>c) Besides, Bangladesh Bank can remove a director or chairman of a bank, except state owned banks, for conducting any kind of activities that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can supersede the board of a banking company</li> </ul>	1.1	Under section 15(4) of the Bank Company Act, 1991 (amended upto 2018), every banking company, other than specialized banks, at the time of taking prior approval from Bangladesh Bank for appointing/	Complied
	1.2	<ul> <li>a) The office of director shall be vacated according to the instructions specified in section 108(1) of the Companies Act, 1994. Besides, when a bank director becomes defaulter and does not repay the loan within two months after getting a notice under the section 17 of the Bank Company Act, 1991; provides false statement at the time of appointment; or fails to fulfil the minimum eligibility criteria, the office of the director will be vacated.</li> <li>b) If the office of a director is vacated by a notice under the section 17 of BCA, the person will not be eligible to become a director of the bank or any other bank or any financial institution for one year from the date of repayment of the total amount due to the bank. It is mentionable here that the dues can be adjusted with the shares held by the director in that bank. When a director receives a notice under section 17 of BCA, 1991, he/she can't transfer his/her shares of that bank until he/she repays all the liabilities of the noticed bank or financial institution.</li> <li>c) Besides, Bangladesh Bank can remove a director or chairman of a bank, except state owned banks, for conducting any kind of activities that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can supersede the board of a banking company</li> </ul>	Complied

#### 1.3 Removal of Directors from office:

According to section 108(2) of the Companies Act, 1994, with the prior approval of Bangladesh Bank, a bank director other than specialized banks can be removed from his office for the reason specified in its Articles of Association. For this purpose, the reason and grounds of the dismissal/removal and copy of the decision of the board and list of directors should be submitted to Bangladesh Bank. In this case, the removal will be effective from the date of Bangladesh Bank's approval.

Not Applicable



SL No.	Particulars	Compliance Status
4.1(b)	<ul> <li>Credit and risk management: <ol> <li>The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, direct or indirect, into the process of loan approval.</li> <li>The board shall frame policies for risk management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The board shall monitor the compliance of the guidelines of Bangladesh Bank regarding key risk management.</li> </ol> </li> </ul>	Complied
4.1(c)	Internal control management: The board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The board will establish such an internal control system so that the internal audit process can be conducted independently from the management. It shall review the reports submitted by its audit committee at quarterly rests regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.	Complied
4.1(d)	<ul> <li>Human resources management and development: <ol> <li>Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer &amp; punishment of the officers immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.</li> <li>The board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The board shall get these programmes incorporated in its annual work plan.</li> <li>The board will compose Code of Ethics for every tier and they will follow it properly. The board will promote healthy code of conducts for developing a compliance culture.</li> </ol> </li> </ul>	Complied
4.1(e)	<ul> <li>Financial management: <ol> <li>The annual budget and the statutory financial statements shall be finalized with the approval of the board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.</li> <li>The board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board.</li> <li>The board will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to Bangladesh Bank guidelines.</li> </ol> </li></ul>	Complied
4.1(f)	Appointment of Chief Executive Officer (CEO): In order to strengthen the financial base of the bank and obtain confidence of the depositors, one of the major responsibilities of the board of directors is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The Board of directors will appoint a suitable CEO with the approval of the Bangladesh Bank.	Complied
4.1(g)	Other responsibilities of the Board: The board should follow and comply with the responsibilities assigned by Bangladesh Bank.	Complied

SL No.	Particulars	Compliance Status
4.2	Meeting of Board: Board of directors may meet once or more than once in a month if necessary. But Board of directors shall meet at least once in every three months. Excessive meetings are discouraged.	Complied
4.3	<ul> <li>Responsibilities of the Chairman of the Board of Directors: <ul> <li>a) As the chairman of the board of directors or chairman of any committee formed by the board or any director does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.</li> <li>b) The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.</li> <li>c) The chairman may be offered an office-room, a personal secretary/assistant, one peon/MLSS, one telephone at the office, one mobile phone to use inside the country and a vehicle in the business-interest of the bank subject to the approval of the board.</li> </ul> </li> </ul>	Complied
5	Formation of committees from the Board of Directors:  Each bank company can form 1(one) executive committee, 1(one) audit committee and 1(one) risk management committee with the directors. Board can't form any other permanent, temporary or subcommittee except the above mentioned three committees.	Complied
5.1	Executive committee: Executive committee should be formed with the members of the board to continue the urgent and daily or routine works between the intervals of two board meetings. Executive committee will perform according to their terms of reference determined by the board of directors.	Complied
5.1(a)	Organizational structure: i. Members of the committee will be nominated by the board of directors from themselves; ii. The executive committee will comprise of maximum 07 (seven) members; iii. Members may be appointed for a 03 (three)-year term of office; iv. Chairman of the Board of Directors can be the chairman of executive committee; v. Company secretary of the bank will be the secretary of the executive committee.	Complied
5.1(b)	<ul> <li>Qualifications of the Members:         <ol> <li>Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;</li> <li>Each member should be capable of making valuable and effective contributions in the functioning of the committee;</li> </ol> </li> <li>To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.</li> </ul>	Complied
5.1(c)	<ul> <li>Roles and Responsibilities of the Executive Committee: <ol> <li>The executive committee can decide or can act in those cases as instructed by the Board of directors that are not specifically assigned on full board through the Bank Company Act, 1991 and other laws and regulations</li> <li>The executive committee can take all necessary decision or can approve cases within power delegated by the board of directors.</li> <li>All decisions taken in the executive committee should be ratified in the next board meeting.</li> </ol> </li></ul>	Complied
5.1(d)	<ul> <li>Meetings:</li> <li>i. The executive committee can sit any time as it may deem fit.</li> <li>ii. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary;</li> <li>iii. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;</li> <li>iv. All decisions/observations of the committee should be noted in minutes.</li> </ul>	Complied

SL No.	Particulars	Compliance Status
5.2	Audit Committee: The board will approve the objectives, strategies and overall business plans of the bank and the audit committee will assist the board in fulfilling its oversight responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.	Complied
5.2(a)	Organizational structure:  i. Members of the committee will be nominated by the board of directors from the directors;  ii. The audit committee will comprise of maximum 05 (five) members, with minimum 2 (two) independent director;  iii. Audit committee will comprise with directors who are not executive committee members;  iv. Members may be appointed for a 03 (three) year term of office;  v. Company secretary of the bank will be the secretary of the audit committee.	Complied (An Independent Director has been appointed by the Board of Directors in its 64 <sup>th</sup> meeting held on 22.04.2018 subject to approval of BSEC and BB. The Board has been looking for suitable candidate(s) for further appointment as Independent Director(s) in the Board of Directors of the Bank. After completing appointment process, inclusion of Independent Director will be considered
5.2(b)	<ul> <li>Qualifications of the Member:</li> <li>i. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;</li> <li>ii. Each member should be capable of making valuable and effective contributions in the functioning of the committee;</li> <li>iii. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.</li> <li>iv. Professionally Experienced persons in banking/financial institutions specially having educational qualification in Finance, Banking, Management, Economics, Accounting will get preference in forming the committee.</li> </ul>	Complied
5.2(c)	Roles and Responsibilities of the Audit Committee	
5.2(c)(i)	<ol> <li>Internal Control:         <ol> <li>Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities;</li> </ol> </li> </ol> <li>Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS);</li> <li>Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management;</li> <li>Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management.</li>	Complied

SL No.	Particulars	Compliance Status
5.2(c)(ii)	<ol> <li>Financial Reporting:         <ol> <li>Audit committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules &amp; regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank;</li> </ol> </li> <li>Discuss with management and the external auditors to review the financial statements before its finalization.</li> </ol>	Complied
5.2(c)(iii)	<ol> <li>Internal Audit:</li> <li>Audit committee will monitor whether internal audit working independently from the management.</li> <li>Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process;</li> <li>Examine the efficiency and effectiveness of internal audit function;</li> <li>Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not.</li> </ol>	Complied
5.2(c)(iv)	<ol> <li>External Audit:</li> <li>Review the performance of the external auditors and their audit reports;</li> <li>Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not.</li> <li>Make recommendations to the board regarding the appointment of the external auditors.</li> </ol>	Complied
5.2(c)(v)	Compliance with existing laws and Regulations: Review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the board are being complied with.	Complied
5.2(c)(vi)	<ol> <li>Other Responsibilities:</li> <li>Submit compliance report to the board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities;</li> <li>External and internal auditors will submit their related assessment report, if the committee solicit;</li> <li>Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis. d) Meetings: 1. The audit committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit; 2. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary; 3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; 4. All decisions/ observations of the committee should be noted in minutes.</li> </ol>	Complied
5.2(d)	<ol> <li>Meetings:</li> <li>The audit committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit;</li> <li>The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary;</li> <li>To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;</li> <li>All decisions/observations of the committee should be noted in minutes.</li> </ol>	Complied
5.3	Risk Management Committee: To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently, a risk management committee will be formed. After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks etc.; the risk management committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.	Complied
5.3(a)	Organizational Structure:  1. Members of the committee will be nominated by the board of directors from themselves;  2. The Risk Management Committee will comprise of maximum 05 (five) members;  3. Members may be appointed for a 03 (three) year term of office;  4. Company secretary of the bank will be the secretary of the Risk Management Committee.	Complied

SL No.	Particulars	Compliance Status
5.3(b)	<ol> <li>Qualifications of the Member:</li> <li>Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;</li> <li>Each member should be capable of making valuable and effective contributions in the functioning of the committee;</li> <li>To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.</li> </ol>	Complied
5.3(c)	Roles and Responsibilities of the Risk Management Committee:	
5.3(c)(i)	Risk identification & control policy: Formulation and implementation of appropriate strategies for risk assessment and its control is the responsibility of Risk Management Committee. Risk Management Committee will monitor risk management policies & methods and amend it if necessary. The committee will review the risk management process to ensure effective prevention and control measures.	Complied
5.3(c)(ii)	Construction of organizational structure: The responsibility of Risk Management Committee is to ensure an adequate organizational structure for managing risk within the bank. The Risk Management Committee will supervise formation of separate management level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.	Complied
5.3(c)(iii)	Analysis and approval of Risk Management policy: Risk management policies & guidelines of the bank should be reviewed annually by the committee. The committee will propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit should be reviewed at least once annually and should be amended, if necessary.	Complied
5.3(c)(iv)	Storage of data & Reporting system: Adequate record keeping & reporting system developed by the bank management will be approved by the risk management committee. The committee will ensure proper use of the system. The committee will minute its proposal, suggestions & summary in a specific format & inform the Board of Directors.	Complied
5.3(c)(v)	Monitoring the implementation of overall Risk Management Policy: Risk Management Committee will monitor proper implementation of overall risk management policies. They will monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.	Complied
5.3(c)(vi)	<ol> <li>Other responsibilities:</li> <li>Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form;</li> <li>Comply instructions issued time to time by the controlling body;</li> <li>Internal &amp; external auditor will submit respective evaluation report whenever required by the committee.</li> </ol>	Complied
5.3(d)	<ol> <li>Meetings:</li> <li>The risk management committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit;</li> <li>The committee may invite Chief Executive Officer, Chief Risk Officer and any other Officer to its meetings, if it deems necessary;</li> <li>To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;</li> <li>All decisions/observations of the committee should be noted in minutes.</li> </ol>	Complied
6	Training for the Directors: The directors shall make themselves fully aware of the banking laws and other related rules and regulations for performing his duties properly.	Complied



## CHIEF RISK OFFICER'S REPORT

ON RISK MANAGEMENT

NRB Bank Ltd. has a comprehensive and a well-defined Risk Management Framework in place. The key components of the Bank's Risk Management architecture rely on the risk governance structure, comprehensive processes and internal control mechanism based on approved policies and guidelines. The Bank's Risk Management Framework focuses on the key areas of Risk such as Credit, Market, Operational, Liquidity, Strategy etc. risks and quantitative assessment of these risks, wherever possible, for effective and continuous monitoring & control.

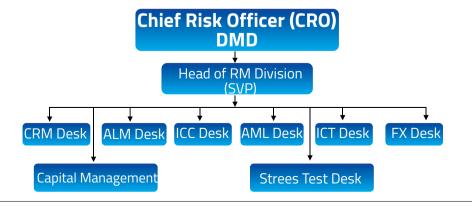
The Bank's Risk Management processes are guided by policies appropriate for various risk categories, independent risk oversight and periodic monitoring through the sub-committees of the Board. The Board sets the overall risk appetite and philosophy for the Bank. The Board Risk Management Committee of the Board, reviews various aspects of risks arising from the operations of the Bank. The Senior Management Team; Executive Risk Management Committee (ERMC), Credit Risk Management Committee (CREDCO) and Asset Liability Management Committee (ALCO) operate within the broad Risk Management Framework of the Bank.

The overall effectiveness of risk management functions is monitored by the Risk Management Division (RMD). The RMD is guided by the Chief Risk Officer (CRO). The Chief Risk Officer (CRO) is responsible for an effective implementation of an enterprise wide risk management framework and risk culture through various risk policies, processes, thresholds and controls that would enable prompt risk identification, accurate risk measurement and effective risk mitigation. CRO is also responsible for risk compliance and monitoring as well as reviewing and presenting various risk reports and policies to Board RMC and Board.

#### **Risk Management Process:**

Steps	Activity			
Identify	Establish the process for identifying and understanding business-level risks			
Assess	Agree and implement measurement and reporting standards and methodologies.			
Control	Establish key control processes and practices, including limit structures, impairment allowance criteria and reporting requirements			
Monitor- ing	<ul> <li>Monitor the operation of the controls and adherence to risk direction and limits.</li> <li>Provide early warning of control or appetite breaches</li> <li>Ensure that risk management practices and conditions are appropriate for the business environment.</li> </ul>			
Report	<ul> <li>Interpret and report on risk exposures, concentrations and risk-taking outcomes.</li> <li>Interpret and report on sensitivities and Key Risk Indicators.</li> <li>Communicate with external parties</li> </ul>			
Manage Challenge	<ul> <li>Review and challenge all aspects of the risk.</li> <li>Assess new risk-return opportunities.</li> <li>Review and challenge risk management practices.</li> </ul>			

#### NRB Bank's Present Organogram of Risk Management Division:



## Risk Management Committee (RMC) of the Board:

In accordance with Bank Company (Amendment) Act, 2013 and related BRPD Circular No: 11 dated October 27, 2013, a Risk Management Committee has been formed by the Board of Directors to play an effective role in reducing ensued and potential risks in the process of implementation of bank's strategy and work-plan as devised by the board of directors as well as efficient execution of related responsibilities of the board. Risk Management Committee oversees whether proper risk mitigation processes/methods are being applied and required capital and provisions are maintained by management after they have duly identified and measured credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, ICT risk, operating risk, interest risk, liquidity risk and other risks.

Following are the members of Risk Management Committee of Board of Directors at present:

SL	Name	Position in the Committee
1	Mr. Mohammed Idrish Farazy	Chairman
2	Mr. Mohammed Jamil Iqbal	Vice Chairman
3	Mr. M Badiuzzaman	Member
4	Dr. Nesar Ahmed Choudhury	Member
5	Mr. Rabin Paul	Member

In the year 2017, 4 (Four) meetings of the Risk Management Committee of the Board (BRMC) were held accordingly which are as follows:

Serial	Particulars	Meeting held on
1	9 <sup>th</sup> BRMC Meeting	8 <sup>th</sup> March, 2017
2	10 <sup>th</sup> BRMC Meeting	22 <sup>nd</sup> June, 2017
3	11 <sup>th</sup> BRMC Meeting	19 <sup>th</sup> September, 2017
4	12 <sup>th</sup> BRMC Meeting	12 <sup>th</sup> November, 2017

#### Roles and Responsibilities of RMC of the Board:

- Providing the Board with greater oversight of and advice on the risk management and compliance frameworks.
- Strengthening the governance, effectiveness and resourcing of the risk management and compliance frameworks.
- Arrangement to oversee policies and procedures of risk management.
- Supervise formation of separate committee in management level and activities.
- Monitoring the due execution of core risk management policy and principles.
- Providing steps to examine and approve data preservation and reporting system.
- Making recommendations relating to the risk appetite and particular risks or risk management practices;

#### **Executive Risk Management Committee:**

A strong management level Risk Management Committee is in place in the bank comprising the Heads of all core risk areas and related stakeholders. Executive Risk Management Committee holds monthly meeting where risk management initiatives, capital management and risk sensitivities issues are discussed in details on the basis of information and data on the risk profile of the Bank. A copy of the Minutes of the Meeting is placed to the regulatory body along with the Monthly Risk Management Report (MRMR). The minutes is also submitted to senior management for information and guidance. During 2017, twelve meetings were held on time and reports submitted to all concerned. Executive Risk Management Committee suggests indicative risk mitigation measures to ensure minimum risk with qualified capital adequacy.

#### The Executive Risk Management Committee are responsible for:

- Implementation of risk strategy approved by the Board of Directors;
- Developing policies and procedures for identifying, measuring and controlling risk;
- Providing appropriate resources to evaluate and control risk;

- Reviewing risk reports on a regular and timely basis; and
- Providing all reports required by the Board and its committees for the effective performance of risk management oversight functions.

#### Risk Management Division (RMD):

Risk Management Division (RMD) of the bank is responsible for establishing bank's risk management framework and to ensure that the procedures for identification, monitoring, mitigating and managing risks are in place and Bangladesh Bank risk management guidelines, core risk management guidelines of each area and Capital Adequacy under Basel Accord are being complied effectively. NRB Bank's risk mitigating technique is not to wait for the risk to manifest but to take precautionary measures before incident happens. To supplement the stand, RMD is extensively working on capacity building and exchange of ideas about risk management for creating a robust risk awareness and risk management culture within the bank.

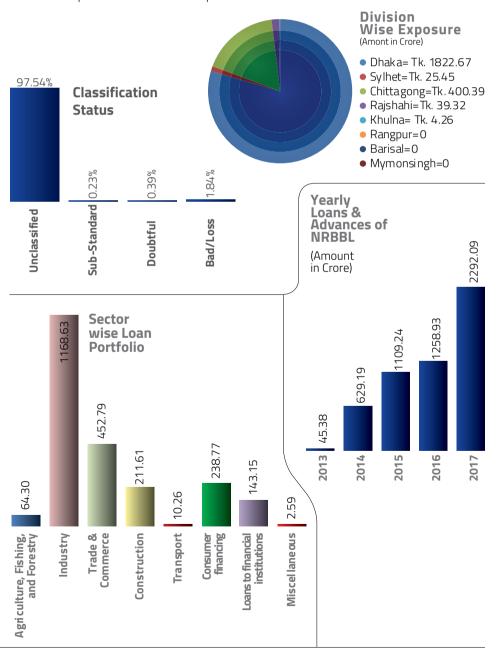
#### **Credit Risk Management:**

Lending is a continuous activity in the Bank with due focus on identification, measurement, monitoring and control of credit risk. Credit risk arises due to uncertainty in counterparty's ability to meet its obligations in accordance with agreed terms. The goal of credit risk management is to maximize Bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. The effective management of credit risk at the individual customer level transactions as well as at the portfolio level is a critical component of a comprehensive approach to risk management and essential to the long-term success of the Bank.

The credit risk management policy provides framework for credit risk management system in the bank and embodies in itself the areas of risk identification, risk measurement, risk grading techniques adopted by the bank, documentation practice and the system adopted for management of problem loans. The credit policy deals with short term implementation as well as long term approach to credit risk management to achieve desired business goals. The credit policy provides clear and well defined delegation of loan sanctioning which links risk and exposure amount to level of

approval. Segment wise and borrower category-wise exposure limits are fixed and monitored by the bank to address the risk of concentration. The Bank's credit risk management structure with Executive Committee (EC) of Board at the apex level and Credit Risk Management Committee (CREDCO) at the executive level are responsible for overall credit risk management in the Bank. The committees periodically review the risk profile, evaluate the overall risk faced by the Bank and develop policies and strategies for identifying and managing credit risk at individual exposure level as well as portfolio level in sync with the bank's credit risk policy designed in accordance with regulatory guidelines.

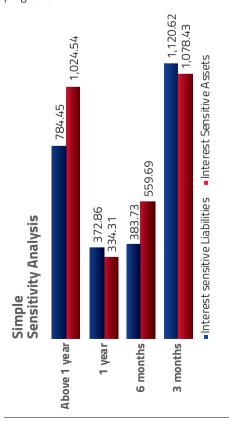
Credit audit system and loan review mechanism function independently of the credit processing and credit approval system thereby ensuring effective loan monitoring and management of credit risk & operational risk in the loan portfolio.



#### **Operational Risk Management:**

Operational risks may emanate from inadequate and/or missing controls in internal processes, people and systems or from external events or a combination of all the four. The bank has segment wise Risk Management policies to manage the operational risk in an effective, efficient and proactive manner. All Policies aim to assessing and measuring the magnitude of risks, monitoring and mitigating them through well-defined framework and governance structure.

Board of Directors and Senior Management of NRB Bank Limited has established an organizational culture that places high priority on the agenda to ensure effective operational risk management and adherence to sound operating controls. Senior Management transforms the strategic direction given by the Board through operational risk management policy. In addition, the management has focused on reinforcement of segregation of responsibilities and establishing accountability as well as transparency in its different spheres of business activities through written procedures, regular training and awareness programs.



#### **Operational Risk Cause Factors:**

Risk Cause Factor	Details of Risk Cause Factors
Process	Inadequate/inappropriate guidelines, policies & procedures Inadequate/ failure of communication Erroneous data entry Inadequate reconciliation Poor customer/ legal documentation Inadequate security control Inadequate change management process Inadequate back up/ contingency plan
People	Breach of internal guidelines, policies & procedures Breach of delegated authority Criminal acts (internal) Inadequate segregation of duties/ dual control Inexperienced staff Staff oversight Unclear roles & responsibilities High turnover
System	Inadequate hardware / network/ server maintenance
External	Criminal acts Vendor mis-performance Man-made disaster Natural disaster Political/ legislative/ regulatory cause.

#### **Market Risk Management:**

Market risk arises when movements in market factors (foreign exchange rates, interest rates, credit spreads and equity prices) impact the Bank's income or the market value of its portfolios. NRB Bank has an integrated, straight-through processing and state-of-the-art treasury system for enabling better risk management. To measures liquidity, currency, and interest rate risks through various metrics, viz. Liquidity Gap Analysis, Dynamic Cash Flow Analysis, Liquidity Coverage Ratio, along with other Liquidity Ratios and Market Value of Equity, Sensitivity Analysis, among others using robust internal risk models. NRB Bank regularly conducts stress testing to monitor the Bank's vulnerability towards extreme, but plausible unfavorable shocks. Bank also monitors and controls its risk, using various internal and regulatory risk limits, which are set according to a number of criteria, including economic scenario, business strategy, management experience, peer analysis and the Bank's risk appetite. The risk reporting mechanism in the Bank comprises disclosures, and reporting to the various management committees, viz. Investment Committee, Asset Liability Management Committee, among others.

Market risk may pertain to: Interest rate related instruments (interest rate risk), Foreign exchange rate risk (currency risk) and Equities (equity price risk)

#### **Interest Rate Risk:**

The risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship. Such changes usually affect securities inversely and can be reduced by diversifying (investing in fixed-income securities with different durations) or hedging (e.g. through an interest rate swap). Interest rate risk affects bank's balance sheet and income statement. When interest rate changes in the marketplace, it affects the interest income on loans, securities and interest cost on deposits & non-deposits borrowings. Changing interest rate also affects the



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market value of a bank's assets and liabilities and thereby changes the bank's net worth.

To manage interest rate risks, the Bank uses the following tools:

- Identifying and softening the interest rate risks on Bank products;
- Estimating interest rate risks, conducting gap-analysis and completing stress-testing;
- Establishing and controlling the observance of limits on the Bank's potential losses, connected with shifts in the profitability curve;

Transformation price formation system, which makes it possible for the Bank to operationally react to changing market conditions.

#### Foreign Exchange Risk:

Foreign exchange risk represents the current or prospective risk to earnings and capital arising from adverse movements in the exchange rates in relation to foreign currency transactions or assets denominated in foreign currency. The foreign currency risk for NRB Bank arises from proprietary positions taken by the Treasury and transactions undertaken to meet the requirements of customers.

To control currency risks, the Bank utilizes the following tools:

- Establishing and controlling the observance of limits on currency risks: stop-loss limits, limits on the volume of open positions, limits on the volume of potential bank losses.
- System indicators for early warnings about potential financial market crises;

#### **Equity Price Risk:**

Equity risk is the risk that the individual's equity/debt investments will depreciate because of stock market dynamics causing one to lose money. The Bank is conscious of systematic and unsystematic risks of the equity portfolio. NRB Bank has a limit structure to monitor and minimize the equity risk in the trading portfolio.

To control Equity price risks, the Bank uses the following instruments:

- Establishing and controlling the observance of equity price risk limits: stop-loss limits, limits on the volume of open positions, limits on the volume of the Bank's potential losses, connected with changes in the Equity price risk factor.
- System indicators for early warnings about potential financial market crisis;

#### Stress Testing Results for Interest rate, Foreign Exchange and Equity Risk:

Particulars	Minor	Moderate	Major
Shock applied by the bank	1%	2%	3%
Interest rate	(0.70)	(1.41)	(2.11)
CAR after interest rate shock	17.68	16.98	16.27
Shock applied by the bank	5%	10%	15%
Currency Appreciation	(0.20)	(0.03)	(0.05)
CAR after exchange rate shock	18.37	18.35	18.33
Shock applied by the bank	10%	20%	40%
Equity shock	(0.48)	(0.96)	(1.95)
CAR after equity shock	17.91	17.42	16.44

#### **Liquidity Risk Management:**

Liquidity risk arises when the Bank cannot maintain or generate sufficient funds to meet its payment obligations as they fall due or can only do so at a material loss. This can arise when counterparties who provide funding to the Bank withdraw or do not roll over a line of funding or as a result of a general disruption in financial markets which lead to normal liquid assets becoming illiquid. The main sources of the Bank's funding are capital, core deposits from retail and commercial clients, wholesale deposits and access to borrowed funds from the interbank money market. NRB Bank manages liquidity risk in accordance with regulatory guidelines and international best practices.

Contractual maturity of assets and liabilities, liquidity ratios to include adherence to regulatory requirements and monthly liquidity forecasts generated from the ALM system are reviewed at ALCO meetings. Furthermore liquidity stress tests are carried out to assess the impact of extreme events.

Results from inadequate liquid assets to meet bank's obligation Indicators:

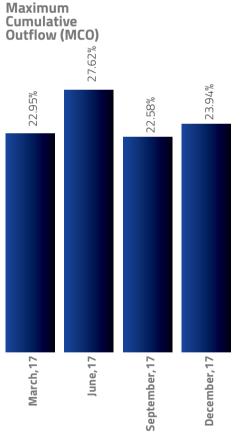
- Noticeable risks in any product line/area.
- Concentration in assets or liabilities.
- Credit quality deterioration.
- Assets funded by inappropriate deposits.
- Reduction in earnings or projection.
- Large size of off-balance sheet exposure.

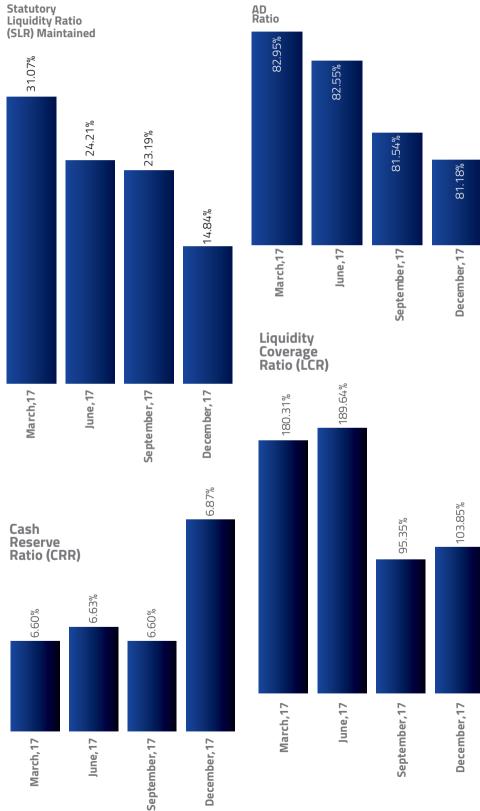
The Bank manages liquidity risks via the following way:

Evaluating liquidity risks by estimating instantaneous, short-term and long-term Bank liquidity, planning client payments and injections, gap-analysis, stress-testing and calculating required liquidity norms that comply with Bangladesh Bank requirements;

Forming liquidity reserves, which consist of the most liquid financial instruments with the highest credit quality, and maintaining their volume at the level necessary to guarantee the Bank's steady position in both normal and crisis situations. In the process of stress-testing, the Bank examined numerous stress-scenarios. Based on analyzing the current and forecast environmental state, the Bank selected a target scenario and based on evaluating its influence on the Bank's liquidity, the required level of liquidity reserves is determined; An early warning indicator system exists for the liquidity crisis.

Statutory





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#### Internal Control and Compliance Risk Management:

The strength of risk management practices regarding identification, measurement, monitoring and mitigation of risks depends on the quality of internal control and compliance (ICC). Control system helps ensure that the bank will comply with laws and regulations as well as policies, plans, procedures, and decrease the risk of unexpected losses or damage to the bank's reputation. It ensures reliable financial and managerial information that promote better strategic decision for a bank. Better internal controls allow a business to engage safely in more profitable activities that would be too risky for a competitor without those checks. The contribution of ICC is well understood in the event of a financial crisis where the banks that survive are those with a strong corporate culture, corporate governance and the system of ICC.



In 2017 IC&C Division conducted following No. of Audit:

Summary	No. of Audit
No. of Comprehensive Audit on Branches	25
No. of Comprehensive Audit at Head Office	01
No. of Spot Audits	06 DESCO Booths
No. of IT Audit	01

#### ICT Security Risk Management:

Adoption of latest banking technology and innovation continues to remain a thrust area of the bank with the affirmed objective of offering latest digital banking facilities to its customers. An integral part of NRB Bank's risk management endeavor is its strong "IT Security Policy" and its adherence to these principles. These policies define responsibilities and requirements for protecting information and information systems. They also define hardware, network, and related communication technologies and their use in providing financial services. Also Segregated job descriptions and responsibilities to minimize IT Risk; Need based trainings are being conducted time to time to grip the IT Risk in an efficient manner. NRBBL protects and secures its data in various ways. Data is kept in secured place prescribed by the Bank's policy.

NRBBL procured and implemented state of the art Hardware, Software and system in its data center and Disaster Recovery Site keeping in mind future scalability, efficiency, fault tolerance and high availability. The environmental security features of the data center and DRS have been provided high priority. The network system of the Bank has been reconfigured with latest technologies for highest availability, efficiency and security.

NRB Bank has taken necessary following stages to implement the process of ICT Security risk assessment:

- a) Adopt a lifecycle approach;
- b) Evaluate and analyze the risks;
- c) Identify informational assets and their values;
- d) Identify threats and vulnerabilities to information security;
- e) Plan the means and methods to minimize information risks;
- f) Establish multi-layered boundary defenes with help of R&D team to deploy a security wall

- between the untrusted external network and the trusted internal network;
- g) Plan for a proper disaster management related to IT services;
- h) Establish an IT governance framework inside the bank;
- i) Control measures implantation;
- j) IT risks monitoring and control;
- k) Build a risk- aware culture and develop skills of manpower;
- Managing IT risk using the effective, efficient and right tools;

## Money Laundering & Terrorist Financing Risk Management:

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. In line with the international standards and initiatives, Bangladesh has passed Money Laundering Prevention Act (MLPA), 2002. Afterwards several amendments were made and this year a new Money Laundering Prevention Act, 2012 has been passed. The Government has also enacted Anti-Terrorism Act (ATA) in 2009 aiming to combat terrorism and terrorism financing and this Act was also amended in 2012. Both the Acts have empowered Bangladesh Financial Intelligence Unit (BFIU), Bangladesh Bank (BB) to perform the anchor role in combating ML/TF through issuing instructions and directives for reporting agencies and building awareness in the financial sectors.

For prevention of Money Laundering and Terrorist Financing, the bank has a comprehensive policy which is approved by the Board. The bank has also nominated Chief Anti Money Laundering Compliance officer (CAMLCO) and Deputy CAMLCO at Corporate officer and Branch Anti Money Laundering Compliance officer (BAMLCO) at Branches, who independently would make the bank compliant on AML matters. The regulatory requirements are being complied with and the guidelines are being followed by the bank properly. Branch Anti Money Laundering Compliance officer (BAMLCO) at branches reviews and verifies the transactions of accounts to make Suspicious Transactions Reports (STR), and ensure AML & CFT compliance culture throughout the bank. Training is being

conducted continuously for all the officers of the bank to create awareness and develop the skill for ensuring KYC (Know your Clients) compliance and identifying suspicious activities/transactions.

#### **Environmental & Climate Change Risk:**

Environmental risk is a facilitating element of credit risk arising from environmental issues. It is the uncertainty or probable losses that originate from any adverse environmental or climate change events (natural or manmade) and the non-compliance of the country's environmental regulations. Environment and Climate change risk can hamper the business stability of the borrowers in respect of both-

#### i) Profitability ii) Reputation

We incorporated environmental and climate change risk as part of the existing credit risk methodology prescribed to assess a prospective borrower, this includes integrating environmental risks in the checklists, audit guidelines and reporting formats. All of this help mainstream environmental risk that covers possible sources of environmental risk such as land use, climate change related events (cyclone, drought), animal diseases/pathogens such as avian influenza, solid waste including waste feed, animal waste, carcasses, sediments, wastewater discharg-

es, hazardous materials, etc. NRB Bank maintains the following two (2) guidelines for credit approval procedures:

- i. Credit Risk Management including Credit Risk Grading as borrower analysis.
- Environmental Risk Management due diligence checklists for Environmental Risk Rating (EnvRR).

## Internal Capital Adequacy Assessment Process:

NRB Bank conducts a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) exercise as a consultative exercise involving business/operational and risk units of the Bank, on an annual basis. The Risk Management strategy of the Bank is laid down in the ICAAP document. The Risk units perform identification and assessment of risks through discussions with business units to identify all relevant material risks in their sphere of operation to which the Bank is, or may be exposed to, based on forward-looking strategic business plans and projection. The consolidation of the material risks from all business verticals provides a comprehensive view of risks for the Bank, as part of the ICAAP and form the 'Risk Universe' for the

Bank. The ICAAP is an integral part of the management and decision making process in the Bank. The main aspects of a rigorous SRP are as follows:

- Board and senior management oversight,
- Sound capital assessment,
- Comprehensive assessment of risks,
- Monitoring and reporting and
- Internal control review.

#### **Stress Testing:**

Stress testing, which is a key aspect of the ICAAP and the risk management framework, provides an insight on the impact of extreme but plausible scenarios on the Bank's risk profile and capital position. Based on the stress testing framework, the Bank conducts stress tests on its various portfolios and assesses the impact on its capital ratios and the adequacy of capital buffers for current and future periods. The Bank periodically assesses and refines its stress testing framework in an effort to ensure that the stress scenarios capture material risks as well as reflect market conditions and operating environment. The business and capital plans and the stress testing results of certain key group entities are integrated into the ICAAP.



Combined Stress Testing Result of NRB Bank as on 31st December, 2017:

	Minor	Shock	Moderate Shock		Major Shock	
Combined Shock	Changes in CRAR	CRAR after Shock (%)	Changes in CRAR	CRAR after Shock (%)	Changes in CRAR	CRAR after Shock (%)
	(2.69)	15.70	(6.93)	11.45	(12.96)	5.42

After applying combined shock, Capital to Risk Weighted Asset Ratio (CRAR) of the Bank falls to 15.70%, 11.45% and 5.42% respectively against minor, moderate and major shock. So, that bank can absorb minor, moderate level shock according to required capital.

Effective risk management is essential for ensuring sustainable organizational performance and aptly balancing growth and risk considerations. At NRB Bank, growth plans are duly supported by a comprehensive and integrated risk management framework which ensures that risk considerations form a critical input in business decisions. Through board approved policies, governance structures and clearly defined tools and techniques, the Bank's risk management framework sets the context for setting standards and establishing appropriate risk practices across the Bank.

Saaduddin Ahmed Chief Risk Officer

## DISCLOSURES ON RISK BASED CAPITAL

(Basel III)

Disclosure under Basel III is a way to ensure that stakeholders have access to key risk information that would enable them to gain a thorough understanding and knowledge of a deposit-taking institution's activities. The importance of disclosure is recognized by various bodies as a key tool for decision-making and market discipline. Accordingly, disclosures helps the bank to meet its mandate of protecting interest of depositors by ensuring that appropriate information is available for the public to understand the financial condition of NRB Bank and the risks to which we are exposed.

#### Implementation of Basel III:

Basel III refers to the latest capital and liquidity standards prescribed by the Bank for International Settlements (BIS). Bangladesh has entered into the Basel III regime effective from January 01, 2015. Bangladesh Bank (BB) had amended its capital standard which was based on Basel II and circulated a new regulatory capital and liquidity guidelines in line with Basel III of BIS. This new capital and liquidity standards has great implications for banks. The guidelines provide a transition schedule for Basel III implementation up to 2019. Upon full implementation of Basel III guidelines target, minimum capital to risk weighted assets ratio (CRAR) would be 12.50% and minimum Tier-1 Capital ratio would be 6.00%.

The Basel III framework consists of three-mutually reinforcing pillars:

- (i) Pillar 1: Minimum Capital Requirement (MCR)
- (ii) Pillar 2: Supervisory Review Process (SRP)
- (iii) Pillar 3: Market Discipline

#### Phase-in Arrangements

The phase-in arrangements for Basel III implementation are as follows:

	2015	2016	2017	2018	2019
Minimum Common Equity Tier-1 (CET-1) Capital Ratio	4.50%	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer		0.625%	1.25%	1.875%	2.50%
Minimum CET-1 plus Capital Conservation Buffer	4. 50%	5.125%	5.75%	6.375%	7.00%
Minimum T-1 Capital Ratio	5. 50%	5.50%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%
Minimum Total Capital plus Capital Conservation Buffer	10.00	10.625%	11.25%	11.875%	12.50%
Leverage Ratio	3%	3%	3% Readjustment	Migration 1	to Pillar 1
Liquidity Coverage Ratio	≥100%	≥100%	≥100%	≥100%	≥100%
Net Stable Funding Ratio	≥100%	≥100%	≥100%	≥100%	≥100%

#### **Components of Disclosure**

Disclosure is organized as per Bangladesh Bank requirement in the following components:

- Scope of Application
- 2. Capital Structure
- 3. Capital Adequacy
- 4. Credit Risk

- 5. Equities: Disclosures for Banking Book Positions
- 6. Interest Rate Risk in the Banking Book
- 7. Market Risk
- 8. Operational Risk
- 9. Leverage Ratio
- 10. Liquidity Ratio
- 11. Remuneration

#### a) Scope of application:

#### **Qualitative Disclosures** The name of the top corporate entity in the group NRB Bank Limited to which this guidelines applies b) An outline of differences in the basis of **NRB Bank Limited** consolidation for accounting and regulatory NRB Bank Limited was formally inaugurated on 4th August, 2013 as a purposes, with a brief description of the entities Public Limited Company (Banking Company) under the Companies Act within the group (i) that are fully consolidated; (ii) 1994 for carrying out all kinds of banking activities. Presently the Bank is operating its business centrally through corporate head office having 36 that are given a deduction treatment; and (iii) that branches, 06 DESCO Bill Collection Booths, 8 BRTA Collection Booths and are neither consolidated nor deducted (e.g. where 36 ATM booths all over Bangladesh. the investment is risk-weighted). Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the Not applicable group. Quantitative Disclosures The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or Not applicable subjected to an alternative method) included in the capital of the consolidated group.

#### b) Capital Structure:

#### **Qualitative Disclosures**

As per Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel III) introduced by Bangladesh Bank, 'Common Equity Tier-1 (CET 1)' Capital of NRBBL consists of (i) Paid-up Capital, (ii) Statutory Reserve and (iii) Retained Earnings.

NRB Bank does not have 'Additional Tier 1 (AT 1)' Capital since it did not issue any instrument that meets the qualifying criteria for Additional Tier 1 Capital.

a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or Tier 2. Tier-2 Capital consists of (i) General Provision (ii) Revaluation Reserves as on 31st December, 2014 (50% of Fixed Assets instruments) subject to regulatory adjustment/deduction i.e. 60% for 2017.

Compliance with Regulatory Requirements by NRB Bank:

Conditions for maintaining regulatory capital: The Bank complied with all the required conditions for maintaining regulatory capital as stipulated in the Basel III guidelines as per following details:

Particulars	Status of compliance
The bank has to maintain at least 4.50% of total Risk Weighted Assets (RWA) as Common Equity Tier 1 capital.	Complied
Tier 1 capital will be at least 6.00% of the total RWA.	Complied
Minimum capital to Risk Weighted Asset Ratio (CRAR) will be 11.25% of the total RWA.	Complied
Maximum limit of Tier-2 capital: Tier 2 capital can be maximum up to 4% of the total RWA or 88.89% of CET-1, whichever is higher.	Complied

#### **Quantitative Disclosures** b) The amount of Regulatory capital of NRB Bank Limited under Basel-III for 2017 is, as below: Amount in Million 1. Common Equity Tier-1 (Going Concern Capital) Solo Fully Paid-up Capital/Capital Deposited with BB 4,000.00 Statutory Reserve 339.38 **Retained Earnings** 329.81 Total Common Equity Tier-1 Capital 4,669.19 2. Tier-2 Capital (Gone-Concern Capital) General Provision 268.19 Revaluation Reserves for Securities up to 50% 12.33 Less: Revaluation Reserves for Fixed Assets, Securities & Equity Securities (followed Phase-in deductions as per (7.40)Basel III) Guideline Total Admissible Tier-2 Capital 273.12 Total Regulatory Capital 4942.31

#### c) Capital Adequacy:

#### **Qualitative Disclosures**

a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities. Assessing regulatory capital in relation to overall risk exposures of a bank is an integrated and comprehensive process. The Bank focuses on strengthening risk management and control environment rather than increasing capital to cover up weak risk management and control practices. NRBBL has been generating most of its incremental capital from retained profit. Besides meeting regulatory capital requirement, the Bank maintains adequate capital to absorb material risks foreseen. Therefore, the Bank's Capital to Risk Weighted Assets Ratio (CRAR) remained consistently within the comfort zone during 2017. The surplus capital maintained by NRBBL will act as buffer to absorb all material risks and to support the future activities. To ensure the adequacy of capital to support the future activities, the bank assesses capital requirements periodically considering future business growth.

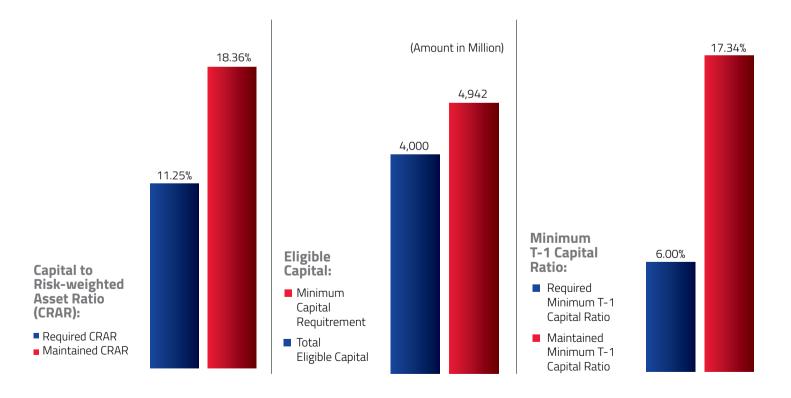
The Bank has computed the Capital Adequacy Ratio adopting the following approaches:

- a. Standardized Approach for Credit Risk to Compute Capital to Risk Weighted Ratio under Basel III, using Bangladesh Bank's prescription for:
- Accepting the credit rating agencies as External Credit Assessment Institutions (ECAI) for claims on corporate and eligible SME customers.
- Accepting Credit Risk Mitigation (CRM) against the financial securities.
- b. Standardized (rule based) Approach for Market Risk. and
- c. Basic Indicator Approach for Operational Risk.

Besides computing CRAR under the Pillar I requirement, the Bank also undertakes stress testing periodically in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, profitability and capital adequacy. The Bank has a Board approved policy on Internal Capital Adequacy Assessment Process (ICAAP) as stipulated by Bangladesh Bank. The bank conducts Internal Capital Adequacy Assessment Process (ICAAP) on annual basis to assess the sufficiency of its capital funds to cover the risks specified under Pillar- II of Basel guidelines. The adequacy of Bank's capital funds to meet the future business growth is being assessed in the ICAAP document.

Risk Management Division (RMD) under guidance of the SRP team/ERMC (Executive Risk Management Committee), is taking active measures to identify, quantify, manage and monitor all risks to which the Bank is exposed to.

Quantitative Disclosures	
Capital requirement under following Risk:	Amount in Million
<b>b)</b> Capital requirement for Credit Risk	2,273.55
c) Capital requirement for Market Risk	173.30
d) Capital requirement for Operational Risk	245.56
Total Capital Requirement (b+c+d)	2,692.40
Minimum Capital Requirement (MCR) Capital Adequacy Ratio (CRAR):	
1. Common Equity Tier 1 (CET 1) Ratio	17.34%
2. Tier 1 Capital Adequacy Ratio	17.34%
3. Tier-2 Capital Adequacy Ratio	1.01%
Capital to Risk-weighted Asset Ratio (CRAR)	18.36%
Capital Conservation Buffer	336.55
Minimum Capital Requirement (MCR)	4,000.00
Available Capital under Pillar 2 Requirement	942.32



#### d) Credit Risk:

#### Qualitative Disclosures

#### a) The general qualitative disclosure requirement with respect to credit risk:

#### i) Definitions of past due and impaired

As per relevant Bangladesh Bank guidelines, the bank defines the past due and impaired loans and advances for strengthening the credit discipline and mitigating the credit risk of the Bank. The impaired loans and advances are defined on the basis of (i) Objective/ Quantitative Criteria and (ii) Qualitative judgment.

For this purpose, all loans and advances are grouped into four (4) categories, namely-

- (a) Continuous Loan (b) Demand Loan (c) Fixed Term Loan and (d) Short-term Agricultural & Micro Credit. Definition of past due/overdue:
- i. Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/ overdue from the following day of the expiry date;
- ii. Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date;
- iii. In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue from the following day of the expiry date. iv. The Short-term Agricultural and Micro-Credit if not repaid within the fixed expiry date for repayment will be considered past due/overdue after six months of the expiry date. However, a continuous loan, demand loan or a term loan which will remain overdue for a period of 02 (two) months or more, will be put into the status of "Special Mention Account (SMA)", the prior status of becoming the loan into impaired/classified/ nonperforming.

Definition of impaired / classified /non-performing loans and advances are as follows:

#### Continuous loan is classified as follows:

Substandard: If it is past due /overdue for 3 (three) months or beyond but less than 6 (six) months; Doubtful: If it is past due / overdue for 6 (six) months or beyond but less than 9 (nine) months; and Bad/Loss: If it is past due / overdue for 9 (nine) months or beyond.

#### Demand loan is classified as follows:

Substandard: If it remains past due / overdue for 3 (three) months or beyond but not over 6 (six) months from the date of expiry or claim by the Bank or from the date of creation of forced loan;

Doubtful: If it remains past due / overdue for 6 (six) months or beyond but not over 9 (nine) months from the date of expiry or claim by the Bank or from the date of creation of forced loan;

Bad/Loss: If it remains past due / overdue for 9 (nine) months or beyond from the date of expiry or claim by the Bank or from the date of creation of forced loan.

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#### Fixed Term Loans are classified as follows:

In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'. In case of Fixed Term Loans: - Substandard: If the amount of past due installment is equal to or more than the amount of installment(s) due within 03 (three) months, the entire loan will be classified as "Sub-standard".

Doubtful: If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as "Doubtful".

Bad/Loss: If the amount of 'past due installment' is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as "Bad/Loss".

In case of any installment (s) or part of installment(s) of a Fixed Term Loan amounting up-to Taka 10 lacs is not repaid within the due date, the classification is as under:

Substandard: If the amount of past due installment is equal to or more than the amount of installment (s) due within 6 (six) months, the entire loan will be classified as 'Sub- standard';

Doubtful: If the amount of past due installment is equal to or more than the amount of installment (s) due within 9 (nine) months, the entire loan will be classified as 'Doubtful';

Bad/Loss: If the amount of past due installment is equal to or more than the amount of installment (s) due within 12 (twelve) months, the entire loan will be classified as 'Bad/Loss'.

#### Short-term Agricultural and Micro-Credit is classified as follows:

The Short-term Agricultural and Micro-Credit will be considered irregular if not repaid within the due date as stipulated in the loan agreement. If the said irregular status continues, the credit will be classified as 'Substandard' after a period of 12 months, as 'Doubtful' after a period of 36 months and as 'Bad/Loss' after a period of 60 months from the stipulated due date as per the loan agreement.

ii)	Description of
	approaches
	followed
	for specific
	and general
	allowances
	and statistical
	methods

	Rates of Provision				
Loan Type	Un- Classified		Cla	ssified	
	Standard	SMA	SS	DF	BL
House Building and loans for Professionals	2%	2%	20%	50%	100%
Other than house building and professionals	5%	5%	20%	50%	100%
Loans to BHs/MBs against share	2%	2%	20%	50%	100%
Small & Medium Enterprise	0.25%	0.25%	20%	50%	100%
Short term Agri /Micro Credit	2.5%	-	5%	5%	100%
_All Others	1%	1%	20%	50%	100%
Off Balance Sheet	1%	-	-	-	-

iii) Discussion of the Bank's Credit risk management policy. The Bank has put in place a well-structured Credit Policy duly approved by the Bank's Board of Directors. The Policy document defines organizational structure, role & responsibilities and, the processes whereby the Credit Risks carried out by the Bank can be identified, quantified & managed within the framework that the Bank considers consistent with its mandate and risk tolerance.

Credit Risk is monitored on a bank-wide total portfolio and compliance with the risk limits are approved by Board/Risk Management Committee of Board.

NRB Bank has taken earnest steps to put in place best credit risk management practices in the bank. Besides, the bank has framed a policy on Valuation Methodology with the approval by the Board. According to the methodology, such securities are normally accepted by the Bank that can protect the interest. These securities act as mitigation against the credit risk to which the bank is exposed.

#### **Quantitative Disclosures:**

b) Total gross credit risk exposures broken down by major types of credit exposure:

(Amount in Million)

Major Types	Continuous Loan	Demand Loan	Fixed Term Loan	Total
Small & Medium Enterprise Financing	2,763.45	5,273.48	3,396.84	11,433.77
Consumer Financing	1,026.35	0	817.07	1,843.42
Loans to BHs/MBs/Sds against Share	0	0	0	0
Housing Finance	0	0	256.78	256.78
Loan for Professionals to setup business (LP)	0	0	0	0
Short Term Agri. Credit	0	0	0	0
Others	1,391.07	6,145.18	1,563.22	9,099.47
Staff Loan	0	0	287.47	287.47
Total exposure	5,180.87	11,418.66	6,321.38	22,920.91

## c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure of NRBBL:

Geographical Distribution	Amount	Grand Exposure
Urban		
Dhaka	16,926.83	
Chittagong	3,968.81	
Sylhet	238.76	
Rajshahi	393.22	
Barishal	<u>-</u>	
Khulna	42.63	
Rangpur	<u>-</u>	21,570.25
Mymensingh	-	
Rural		
Dhaka	1,299.88	
Chittagong	35.06	
Sylhet	15.72	
Rajshahi	<u>-</u> _	
Barishal	<u>-</u>	1 250 66
Khulna	<u>-</u>	1,350.66
Rangpur	<u> </u>	
Mymensingh	-	
Total		22,920.91



#### d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure of NRBBL:

	(Amount in Million)
Industry Type	Amount
Agriculture	642.96
Food & allied industries	1,037.25
Tobacco	101.93
Readymade garments	398.70
Textiles	2,734.16
Ship breaking & ship building	28.86
Basic metal & steel engineering	1,385.43
Non-metallic mineral products	258.92
Pharmaceuticals industry	_
Chemical & chemical products	363.68
Rubber & plastic industries	1,000.67
Leather & leather products	464.84
Wood, furniture & fixtures	230.36
Paper & paper products	28.44
Electronic goods & machineries	1,005.22
Power & gas	74.42
Other manufacturing industries	1,489.46
Construction & commercial real estate	2,116.05
Transport & communication	102.60
IT & telecommunication	337.48
Medical services	16.51
Hotel & restaurant services	21.89
Printing & publishing industries	44.51
Other service industries	663.56
NBFIs	545.19
Trade & commerce	4,527.93
Consumer credit	922.50
Credit card	603.80
Staff loan	287.47
Others	1,486.11
Total	22,920.91

## e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure of NRBBL:

(Amount in Million)

						,
Time band	Continuous Loan	Demand Loan	Term Loan	Agricultural Credit	Staff Loan	Total
Up to 1 month	520.36	3,794.70	37.51	0	0	4,352.57
1 to 3 months	999.47	2,429.92	1.07	51.29	0	3,481.75
3 to 6 months	1,103.72	3,419.95	106.71	386.50	0	5,016.88
6 to 12 months	1,953.51	764.20	316.68	205.17	0	3,239.56
1 to 2 years	10.60	366.93	583.29	0	0.65	961.47
2 to 3 years	117.74	0	522.31	0	5.36	645.41
3 to 4 years	75.34	0	604.17	0	18.45	697.96
4 to 5 years	400.14	0	2,691.77	0	15.88	3,107.79
5 to 7 years	0	0	591.66	0	81.59	673.25
7 to 10 years	0	0	408.54	0	38.06	446.60
Over 10 years	0	0	170.20	0	127.47	297.67
Total	5,180.88	10,775.7	6,033.91	642.96	287.46	22,920.91

#### f) By major industry or counterparty type of NRBBL:

• Amount of impaired loans and if available, past due loans, provided separately:

(Amount in Million)

Industry	Impaired	Past due
Small & Medium Enterprise Financing	503.87	865.91
Consumer Financing	59.46	23.63
Housing Finance	0	0.47
Loans for Professionals to setup business	0	0
Loans to BHs/MBs/SDs against Shares etc.	0	0
Other Corporate Credit	0	1,315.86
Short Term Agri Credit & Micro Credit	0	0
Staff Loan	0	0.11
Total	563.33	2,205.98

#### ◆ Specific and general provision (Required)

Sector	General Provision	Specific Provision
Small & Medium Enterprise Financing	37.41	143.67
Consumer Financing	48.83	40.22
Housing Finance	5.14	0
Loans for Professionals to setup business	0	0
Loans to BHs/MBs/SDs against Shares etc.	0	0
Other Corporate Credit	84.57	0
Short Term Agri Credit & Micro Credit	6.43	0
Against Off-Balance Sheet	85.81	0
Grand Total	268.19	183.89



◆ CHARGES FOR SPECIFIC ALLOWANCES AND CHARGE-OFFS DURING THE PERI	OD.
Against Classified Loans & Advances	Amount in Million
Provision held on 1 January , 2017	84.80
(-) Fully provided debts written off	
(-)Recoveries from previously written off debts	
(+)Provisions made during the year	99.01
Net Charge to the Profit & Loss Account	99.09
Provision held at end of year	183.81
Against Unclassified Loans & Advances	Amount in Million
Provision held on 1 January, 2017	98.71
Provisions made during the year	77.46
Provision held at end of year	176.17
Against Special Mention Accounts	
Provision held on 1 January, 2017	3.38
Provisions made during the year	2.83
Provision held at end of year	6.21
General Provision for Off Balance Sheet Exposures	Amount in Million
Provision held on 1 January , 2017	18.39
Provisions made during the year	67.42
Provision held at end of year	85.81
Gross Non-Performing Assets (NPAs) of NRBBL:	(Amount in Million)
Gross Non-Performing Assets (NPAs)	563.33
Non-Performing Assets (NPAs) to outstanding loans & advances	
Movement of Non-Performing Assets for NPAs	
Opening balance	245.08
Additions	360.08
Reductions	(41.83)
Closing Balance	563.33
Movements of specific provisions for NPAs	
Opening balance	84.80
Provision made during the period	99.01
Write-off	0
Write back of excess provisions	0

183.81

Closing Balance

### e) Equities: Disclosures for Banking Book Position

Qualitative Disclosures:	The general qualitative disclosure requirement with respect to equity risk, including:				
Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and	Investment of NRB Bank in equities is divided into two categories: quoted equities (which are traded in the secondary market) and unquoted equities (which are not traded in the secondary market). Since the intent of holding unquoted equities is not trading, the same are considered as banking book equity exposure.				
Discussion of important policies covering the valuation and accounting of equity holdings in the banking book, This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices	Important policies covering equities valuation and accounting of equity holdings in the Banking Book are based on the use of the cost price method for valuation of equities primary aim is to invest in these equity securities for the purpose of capital gain by sethem in the future or held for dividend income. Dividends received from these equity securities are accounted for as and when received. Both Quoted and Un-Quoted equit securities are valued at cost and necessary provisions are maintained if the prices fal below the cost price. As per to Bangladesh Bank guidelines, the HFT equity securities revalued once in each week using marking to market concept and HTM equity security amortized once a year according to Bangladesh Bank guideline. The HTM equity security are also revalued if any, are reclassified to HFT category with the approval of the Boa of Directors. Preference is given to purchase of shares of strong companies at face valued placement/ IPO.				
Quantitative Disclosure					
Value disclosed in the balance sheet of investments, as well as the fair value of	Value of Investments in B	alance Sheet		Amount in Million	
those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different	Shares in Listed Companio	es (Valuation at average cost p	orice)	761.72	
from fair value.	Fair Market Value of shares in Listed Securities				
◆ The cumulative realized gains (losses) arisir	ng from sales and liquidation	ns in the reporting period.		173.49	
* Total unrealized gains (losses)				(10.04)	
* Total latent revaluation gains (losses)				Nil	
* Any amounts of the above included in Tier –	· 2 capital.			Nii	
◆ Capital requirements broken down by appropriate equity groupings, consistent	The capital requirements	for equity investments as of 3		was as under: (Amount in Million,	
with the bank's methodology, as well as the	Particulars	Amount(MV)	Weight	Capital Charge	
aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital	Specific Risk	751.68	10%	75.17	
	General Market Risk	751.68	10%	75.17	
requirements.	Total	1503.36		150.34	

#### **Qualitative Disclosures:**

(a) The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.

The Executive Level Committee - Asset Liability Management Committee (ALCO) has the overall responsibility of managing the interest rate risk in the banking book of the Bank. ALCO fixes the deposit and lending rates of the Bank and directs the investment activities of the Bank in line with its interest rate view. Limits are fixed from both Earnings and Economic Value Perspective and adherence monitored on a monthly basis.

The Bank follows following viewpoints to manage the IRR:

- a) Earnings perspective: Indicates the impact on Bank's Net Interest Income (NII) in the short term.
- b) Economic perspective: Indicates the impact on the net-worth of bank due to re-pricing of assets, liabilities and off-balance sheet items.

Risk measurement and reporting framework:

- Interest Rate Sensitivity Report: Measures mismatches between rate sensitive
  assets and rate sensitive liabilities in various tenor buckets based on re-pricing or
  maturity, as applicable.
- II. Duration Gap Analysis: A weighted maturity/ reprising schedule is used to evaluate the effects of changing interest rates on bank's economic value by applying sensitivity weights to each time band. Such weights are based on estimates of the duration of the assets and liabilities that fall into each time band.
- III. Stress Testing: This analysis is used for measuring the Interest rate risk on its Balance Sheet exposure for estimating the impact on the Capital to Risk Weighted Assets Ratio (CRAR).

#### **Quantitative Disclosures:**

**(b)** The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method of measuring IRRBB, broken down by currency.

(Amount in Million)

Interest Rate Risk in the banking book	Residual maturity bucket			
	3 months	6 months	1 year	Above 1 year
Interest Sensitive Assets (A)	10,784.27	5,596.88	33,43.09	10,245.41
Interest Sensitive Liabilities (B)	11,206.18	3,837.31	37,28.59	7,844.50
GAP (A-B)	-421.90	1,759.57	-385.50	2,400.91
Cumulative GAP	-421.90	1,337.67	952.17	3,353.08

#### CRAR after Shock:

Magnitude of Shock	Situation-1 1%	Situation-2 2%	Situation-3 3%
Regulatory Capital (After shock)	4659.50	4369.10	4078.60
RWA (After shock)	26902.70	26902.70	26902.70
CRAR (After shock)	17.32%	16.24%	15.16%
Total Assets	34940.10	34940.10	34940.10
Duration Gap in years	0.90	0.90	0.90
Changes in Market value of Equity due to an increase in interest Rate, $\Delta$ MVE	(290.47)	(580.93)	(871.40)

#### g) Market Risk:

Qualit	ative L	JISCIOSU	res:

Views of BOD on trading/ investment activities The Board approves all policies related to market risk, set limits and reviews compliance on a regular basis. The objective is to provide cost effective funding to finance assets growth and trade related transactions

The market risk covers the followings risks of the Bank's balance sheet:

- i) Interest rate risk;
- ii) Equity price risk;
- iii) Foreign exchange risk; and
- iv) Commodity price risk.

Methods used to measure Market risk

Standardized approach has been used to quantify the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. The methodology to calculate capital requirement under Standardized Approach for each of these market risk categories is as follows:

- a) Capital charges for interest rate risk= Capital Charge for General Market Risk
- b) Capital charges for Equity Position Risk=
   Capital Charge for Specific Risk+ Capital Charge for General Market Risk
- c) Capital charges for Foreign Exchange Risk= Capital Charge for General Market Risk
- **d)** Capital charges for Commodity Position Risk= Capital Charge for General Market Risk.

Market Risk Management System

To manage the interest rate risk, ALCO regularly monitors various ratios and parameters. Of the ratios, the key ratios that ALCO regularly monitors are Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), and Maximum Cumulative Outflow (MCO), Liquid asset to total assets, Volatile liability dependency ratio and Short term borrowing to Liquid assets ratio. ALCO also regularly monitors the interest rate sensitive gap and duration gap of total portfolio.

To manage foreign exchange risk of the bank, the bank has adopted the limit set by Bangladesh Bank to monitor foreign exchange open positions. Foreign exchange risk is computed on the sum of net short positions or net long positions, whichever is higher.

The Risk Management Division also reviews the market risk parameters on monthly basis and recommends on portfolio concentration for containing the RWA.

Policies and processes for mitigating market risk:

There are approved limits for Market risk related instruments both on-balance sheet and off-balance sheet items. The limits are monitored and enforced on a regular basis to protect against market risks. The ALCO of the Bank meets on regular basis to review the prevailing market condition, exchange rate, foreign exchange position and transactions to mitigate foreign exchange risks.

#### **Quantitative Disclosures:**

The Capital requirements for specified risk are as follows:	Capital Requirement (Amount in Million)
specified risk are as follows.	(Amount in Willion)
CI MALABITA	

SL	Market Risk	
A	Interest Rate Related instruments	11.64
В	Equities	150.34
C	Foreign Exchange Position	11.32
D	Commodities	0
	Total	173.30

#### h) Operational Risk:

Qualitative Disclosures:			
i) Views of BoD on system to reduce Operational Risk	Operational Risk is the risk of loss resulting from inadequate or faile people or systems or from external events. It includes legal risk but reputation risk. Operational risk is inherent in the Bank's business at operations.  As a part of continuous surveillance, the Senior Management Team Management Division, Internal Control and Compliance Division reg aspects of operational risk. The analytical assessment was reported Management Committee/Audit Committee of the Bank for review a appropriate policies, tools & techniques for mitigating operational risk.	excludes strategic and ctivities in day to day  (SMT), Risk ularly reviews different d to the Board/ Risk and formulating	
ii) Performance gap of executives and staffs	The bank believes that training and knowledge sharing is the bes knowledge gap. Therefore, it arranges trainings on a regular basis develop their expertise. The bank offers competitive pay package on performance and merit. It always tries to develop a culture wh can apply his/her talent and knowledge to work for the organizat standards in order to add more value to the company and for the	t way to reduce s for its employees to to its employees based nere all employees ion with high ethical	
iii) Potential external events	No potential external event is expected to expose the Bank to significant operational risk. The Bank has a separate Operational Risk Policy addressing specific issues involving Operational Risk.		
iv) Policies and Processes for mitigating operational risk:	Internal control mechanism is in place to control and minimize the If any controls are found to be ineffective during the course of Ris Assessment, corrective measures are adopted in due course. A min place for tracking the corrective actions plan periodically. The vipolicies viz., Risk Management Policy, Internal Control & Complian & AML; ICT Policy address issues pertaining to Operational Risk Management Policy.	sk & Control Self- nonitoring system is also arious Board approved nce Policy, Policy on KYC	
	In 2017 IC&C Division conducted following No. of audits:		
	No. of Comprehensive Audit on branches	25	
	No. of Comprehensive Audit at Head Office	1	
	No. of Spot audits	6 DESCO Booth	
	No. of IT Audit	1	
v) Approach for calculating capital charge for operational risk	The Bank follows the Basic Indicator Approach (BIA) in terms of E 18 dated 21 December 2014 Guidelines on Risk Based Capital Ac Regulatory Capital Framework for banks in line with Basel III). The capital charge for operational risk is a fixed percentage, denoted by positive annual gross income of the Bank over the past three yea the annual gross income for any year is negative or zero, that sho both the numerator and denominator when calculating the avera capital charge for operational risk is enumerated by applying the K = [(GI 1 + GI 2 + GI 3)]/n	dequacy (Revised be BIA stipulates the by (alpha) of average ars. It also states that if build be excluded from age gross income. The	
Quantitative Disclosures:	14		
·			
b)The capital requirements for operational risk			

RWA

2,455.55

(Amount in Million)

245.56

**Capital Requirement** 

Particulars

Minimum Capital Requirement: Operation Risk

#### i) Liquidity Ratio:

#### **Qualitative Disclosures:**

i) Views of BoD on system to reduce liquidity Risk

NRB Bank has proficient Board of Directors that has always been giving utmost importance to minimizing the liquidity risk of the bank. In order to reduce liquidity risk, strict maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Reserve (SLR) is also emphasized on a regular basis. As per Basel-III requirement, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are also maintained under the guidance of our honorable Board of Directors.

The Board of Directors of the Bank sets policy, different liquidity ratio limits, and risk appetite for liquidity risk management as per regulatory guidelines. The ALM Policy, the most important policy for Liquidity Risk Management is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign with changes in the economic landscape. The ALCO of the Bank formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the ALM Policy.

ii) Methods used to measure Liquidity risk

Liquidity measurement involves assessing all of a bank's cash inflows against its outflows to identify the potential for any net shortfalls including funding requirements for off balance sheet commitments.

An important aspect of measuring liquidity is making assumptions about future funding needs, both in the very short-term and for longer time periods. Another important factor is the critical role a bank's reputation that plays import part in its ability to access funds readily and at reasonable terms. Several key liquidity risk indicators monitored on a regular basis to ensure healthy liquidity position are, as follows:

#### Reglatory Liquidity Indicators (RLIs):

Cash Reserve Requirement (CRR)
Statutory Liquidity Ratio (SLR)
Medium Term Funding Ratio (MTFR)
Maximum Cumulative Outflow (MCO)
Advance Deposit Ratio (AD Ratio)
Liquidity Coverage Ratio (LCR)
Net Stable Funding Raito (NSFR)

#### Bank's own liquidity monitoring tools:

Wholesale Borrowing and Funding Guidelines Liquidity Contingency Plan Management Action Triggers (MAT) Liquid Asset to Total Deposit Ratio Liquid Asset to Short Term Liabilities, etc.

#### Computation of Capital Charge against Liquidity Risk:

If annual average of any RLIs of any bank falls below Bangladesh Bank's requirement, the bank will be required to maintain additional capital for that RLI (or those RLIs) in SRP.

iii) Liquidity Risk Management System

The Asset Liability Management Committee (ALCO) of the Bank monitors & manages liquidity and interest rate risk in line with the business strategy. ALM activity including liquidity analysis & management is conducted through coordination between various ALCO support groups residing in the functional areas of Balance Sheet Management, Treasury Front Office, Treasury Mid-Office, Budget and Planning, etc.

iv) Policies and Processes for mitigating Liquidity risk	An effective liquidity risk management process will include systems monitor and control its liquidity exposures.	An effective liquidity risk management process will include systems to identify measure, monitor and control its liquidity exposures.			
	Bank has Asset Liability Management Committee (ALCO) to monito on a regular basis. Based on the detail recommendation from ALM appropriate action to manage the liquidity risk. The Bank also has in framework which outlines clear and consistent policies and principl management.	desk, ALCO take nternal risk control			
Quantitative Disclosures:		Amount in Million			
	Liquidity Coverage Ratio	103.85%			
	Net Stable Funding Ratio (NSFR)	108.59%			
	Stock of High quality liquid assets	6,876.85			
	Total net cash outflows over the next 30 calendar days	6,621.78			
	Available amount of stable funding	25,923.76			
verage Ratio:					
Qualitative Disclosures:					
i) Views of BoD on system to reduce excessive leverage	Banks are highly leveraged organizations which facilitate leverage for others. Leverage, in simple terms, it is the extent to which a bank funds its assets with borrowings rather than capital. More debt relative to capital means a higher level of leverage. Banks have a range of financial incentives to operate with high leverage. But it creates risk when it crosses a certain point. Therefore, the Board views that sound prudential controls are needed to ensure that the organization maintains a balance between its debt and equity. The Board also believes that the bank should maintain its leverage ratio on and above the regulatory requirements which will eventually increase the public confidence on the organization.				
ii) Policies and processes for managing excessive on and off-balance sheet leverage	The Leverage Ratio is intended to achieve the following objectives: up of leverage in the banking sector which could damage the broad and the economy; b) Reinforce the risk based requirements with an and non-risk based measures.  At the end December 2017, the minimum requirement for leverage solo and consolidated bases. But a larger leverage ratio can decreat banks because it means banks can do less profitable lending. Howe leverage ratio means that banks have more capital reserves and ca a financial crisis.  In view of the impact of leverage into the business, our Bank Managabout future investment. Considering the financial strength, the bal capital planning and business budget to go on a right way.	er financial system y easy-to-understand ratio was 3% on both se the profitability of ever, increasing the n more easily survive			

iii) Approach for calculating exposure	The leverage ratio is a volume-based measure and is calculated as Basel III Tier divided by total on and off-balance sheet exposures.  A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consclevel.	·
	Tier 1 Capital (after related deductions)	
	Leverage Ratio = ———————————————————————————————————	
Quantitative Disclosures:		
	Leverage Ratio	11.85%
	On balance sheet exposure	34756.20
	Off balance sheet exposure	4635.80
	Total exposure	39392.00

#### k) Remuneration:

NRB Bank is committed to ensure that its remuneration practices enable the Bank to attract, develop and retain high caliber individuals to deliver the Bank's objectives and drive business growth in a competitive environment. The performance based components of remuneration are designed to encourage behavior that supports the Bank's long-term financial soundness and the risk management frameworks of the Bank.

The qualitative remuneration disclosures are broader in scope and cover all the individuals whereas the quantitative information relates to senior management and material risk takers of the NRB Bank Limited, assessed for the financial year ended December 31, 2017.

Qualitative Disclosures	(a)	Information relating to the bodies that oversee remuneration: At the management level, primarily the Human Resources Management Division oversees the 'remuneration' in line with its Human Resources Management strategy/policy under direct supervision and guidance of the Top Management of the Bank.  The primary functions of the Remuneration Committee are to determine, review and propose principles and governance framework for all decisions relating to remunerations of the employees of NRB Bank. While the Human Resources Division is responsible for preparing and recommending reward plans and compensation, the committee's duties are to assess and review these recommendations and submit them to the Board of Directors for approval.  They also oversee performance oriented incentives, perquisites, other financial options etc. to attract, motivate and retain employees and review compensation
		packages/pay structure in comparison to that of other Banks to enjoy competitive advantages in this industry.

- (b) Information relating to the design and structure of remuneration process:
  - The key features and objectives of remuneration policy:
  - Appropriately compensate Employees for the services they provide to the Bank;
  - Attract and retain Employees with skills required to effectively manage the operations and growth of the business;
  - Be consistent and appropriate having regard to the performance of the Bank and the relevant Employees;
  - Motivate Employees to perform in the best interests of the Bank and its shareholders;
  - Motivate Employees to pursue long term growth and success of the Bank within the Board approved control framework;
  - Manage the risks associated with remuneration in a manner that supports
    the Bank's risk management frameworks by applying an appropriate balance
    between fixed and variable remuneration, reflecting short and long term
    performance objectives to the Bank's circumstances and goals;
  - Apply short term and long term key performance indicators, including financial and nonfinancial measures of performance, to eligible employees;
  - Demonstrate a clear relationship between individual performance and rewards;
  - Comply with all regulatory and legal requirements; and
  - Provide an appropriate level of transparency.

In the year 2016, the salary structure of the bank was reviewed by the committee and finally approved by the Board, where the structure was adjusted with the then inflation rate.

The structure of remuneration arrangements for all employees consists of following components:

- Fixed Remuneration; and
- Performance-based remuneration

Fixed remuneration: This includes base salary and fixed benefits. Base salaries are determined to attract and retain employees with skills required to effectively manage the operations and growth of the business to reflect best market practice for the specific circumstances of the Bank. Fixed remuneration is benchmarked against the financial services industry through the use of external remuneration market surveys, conducted by professional, independent benchmarking organizations.

Performance-based remuneration: Employee remuneration packages may include a 'variable' component with short term and long term incentive plans like increment and performance reward.

In addition, employees with compliance and supervisory responsibilities are also provided additional benefits besides their regular pay.

(c) Description of the ways in which current and future risks are taken into account in the remuneration processes.

The Bank's remuneration practices are carefully managed taking into account the following key risks when implementing remuneration measures:

- Financial Risks
- Compliance Risks

Risk and compliance requirements represent a gateway to whether an incentive bonus payment is made and the size of the payment. Despite, if the individual does not meet or only partially meets requirements, no award or a reduced award may be made.

- (d) Description of the ways in which the bank seeks to link performance :
  - Overview of main performance metrics for the Bank, top level business lines and individuals-

The main performance metrics include profits, loan growth, deposit growth, risk metrics (such as quality of assets), compliance with regulatory norms, refinement of risk management processes and customer service. The specific metrics and weightages for various metrics vary with the role and level of the individual.

 Discussion of how amounts of individual remuneration are linked to the Bankwide and individual performance-

The Annual Performance Appraisal (APA) takes into consideration all the above aspects while assessing individual performance and making compensation-related recommendations to the Remuneration Committee regarding the level of increment and performance bonus for employees. The performance assessment of individual employees is undertaken based on achievements vis-à-vis their goal sheets, which incorporate the various aspects/ metrics.

(e) Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance.

The Bank's remuneration system is designed to reward long-term as well as short-term performance, encourage retention and recognize special performance in the organization. The Bank provides reasonable remuneration for short-term performance; besides, for long-term performance the bank has some deferred payment options (i.e. performance bonus, provident fund, gratuity etc.) In case of following situation remuneration can be adjusted before vesting:

- Disciplinary Action (at the discretion of Enquiry Committee)
- Resignation of the employee prior to the payment date.

At the same time previously paid or already vested variable pay can also be recovered under the case of disciplinary action (at the discretion of the Disciplinary Committee and approval of Management)

(f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.

The main forms of such variable remuneration include:

- Monthly Cash benefits
- Incentive plan for the employees to be paid annually

The form of variable remuneration depends on the job level of individual, risk involved, the time horizon for review of quality of the assignments performed.

Quantitative Disclosures	<ul> <li>(g) Number of Meeting held by the Remuneration Committee during the financial year and remuneration paid to its member.</li> <li>Meeting regarding overseeing remuneration was held on need basis. No fees paid to the Committee Members as remuneration for attending such meetings.</li> </ul>
	<ul> <li>(h) Number of employees having received a variable remuneration award during the financial year.</li> <li>In 2017 total 11 number of Senior Management received performance bonus.</li> <li>Number and total amount of guaranteed bonuses awarded during the financial year:</li> <li>2 numbers of guaranteed festival bonuses amounted BDT 6.18 Million for Senior Management.</li> <li>Number and total amount of sign-on award made during the financial year.</li> <li>Nil</li> <li>Number and total amount of severance payments made during the financial year.</li> <li>Nil</li> </ul>
	<ul> <li>(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-lined instruments and other forms.</li> <li>Nil Total amount of deferred remuneration paid out in the financial year:</li> <li>Nil</li> </ul>
	(i) Decaled own of amount of remuneration awards for the figure is upper to show

) Breakdown of amount of remuneration awards for the financial year to show. Fixed and Variable:

Breakdown of Remuneration (Fixed and Variable) is as follows:

Details	SVP & Above Oth	
No of Employees	18	535
	(Amount in N	Million)
Basic Salary	185.10	)
Allowances	181.02	2
Festival Bonus	31.03	
Provident Fund Contribution	17.70	
Performance Bonus	17.26	

(k) Quantitative Information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluation of awards) of deferred remuneration and retained remuneration:

Total amount of outstanding deferred remuneration and retained remuneration exposed to expost explicit and/or implicit adjustments.

Nil

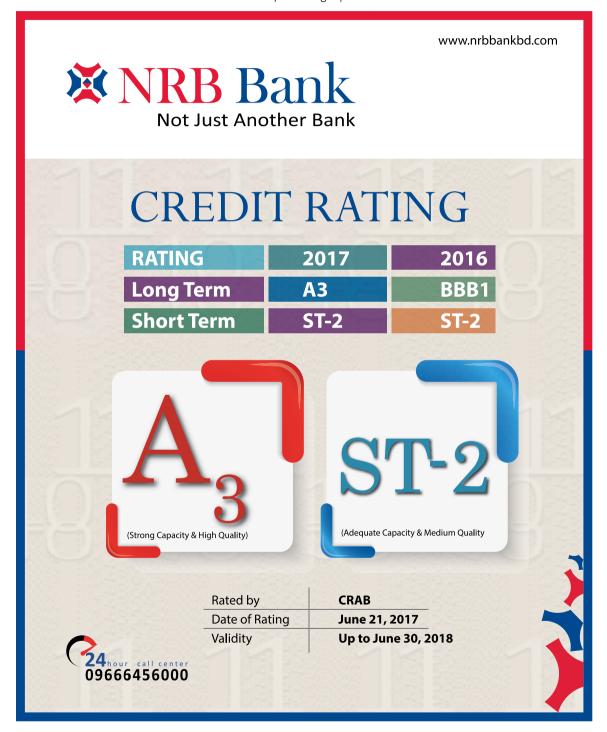
 $Total\,amount\,of\,reductions\,during\,the\,financial\,year\,due\,to\,ex\,post\,explicit\,adjust ments.$ 

Nil

Total amount of reduction during the financial year due to ex post implicit adjustments. Nil

## CREDIT RATING

NRB Bank Limited was rated by Credit Rating Agency of Bangladesh Ltd. (CRAB) on the basis of Audited Financial Statements as on 31 December 2016. The summary of Rating is presented below:







## FINANCIAL HIGHLIGHTS

BDT Million

			וטוווואו וטם
Particulars	2017	2016	Change (%)
Performance During the Year			
Net Interest Income	751	503	49.3%
Non Interest Income	1,274	1,177	8.3%
Operating Income	2,025	1,680	20.5%
Operating Profit/(Loss)	854	810	5.4%
Profit/(Loss) After Tax	443	525	-15.7%
Year End Financial Position			
Loan	22,921	12,589	82.1%
Investment	4,953	6,944	-28.7%
Deposits	23,933	17,466	37.0%
Eligible Capital (Tier-I & Tier-II)	4,942	4,834	2.2%
Total Asset	34,940	24,730	41.3%
Ratios (%)			
Capital adequacy ratio (as per Basel II)	18.4%	27.4%	-33.1%
Non performing loans	2.46%	1.9%	26.4%
Cost to income ratio	57.8%	51.8%	11.6%
Channel			
Branch	36	25	44.0%
ATM (Own)	35	25	40.0%
ATM (Shared)	2,100	1,770	18.6%

### Other Channel Standing in 2017

Call Center (24X7 Contact Center)	: Just a call away to 16568
Internet Banking	: log in from PC or mobile from anywhere in the world

# FIVE-YEAR PROGRESSION OF NRB BANK

	Particulars	2017	2016	2015	2014	2013
	Balance Sheet Metric					
	Authorised capital	10,000	10,000	10,000	10,000	10,000
	Paid up capital	4,000	4,000	4,000	4,000	4,000
Deposit Growth	Eligible Capital (Tier-I & Tier-II)	4,942	4,834	4,188	4,031	4,014
from 17,466 M of 2016	Deposits	23,933	17,466	13,357	7,805	1,885
Loan Growth	Borrowing	4,614	820	1,960	1,392	0
82%	Loans and Advances	22,921	12,589	11,092	6,292	454
from 12,589 M of 2016	Credit to deposit ratio	72.1%	72.1%	83.0%	77.3%	24.1%
Investment Growth	Investment	4,953	6,944	5,385	3,520	93
from 6,944 M of 2016	Fixed assets	439	392	348	259	128
	Total assets	34,940	24,730	20,535	13,492	5,966
	Income Statement Metric					
	Net interest income (excluding investment income)	751	503	282	321	170
	Non-interest income	1,274	1,177	842	151	1
	Investment income	1,046	1,081	776	123	0
	Operating income	2,025	1,680	1,124	472	171
	Operating expense	1,172	870	730	452	140
"Credit Rating"	Operating profit/(loss) -before provision and tax	854	810	394	20	31
Long Term A3 Short Term ST-2	Provision for loans, investment and other assets	247	91	50	70	3
511016 161111 51 2	Profit/(loss) before tax	606	719	344	(50)	27
	Profit/(loss) after tax	443	525	236	(66)	10
	Credit Quality					
	Non performing / classified loans (NPLs)	563	245	22	-	
	Specific provision	184	85	3.8	-	-
	General provision	182	102	100	65	3
	NPL to total loans and advance	2.46%	1.9%	0.2%	0.0%	0.0%

Deposit Mix 2016

**6%** Current Deposit **7%** Savings Deposit **87%** Fixed Deposit

# STATEMENT OF VALUE ADDED

Value added statement shows how much value (wealth) has been created by the bank through utilization of its capacity, capital, manpower and other resources and how it is allocated among dierent stakeholders i.e. employees, shareholders, government etc.

Particulars	Amount in Taka 2017
Wealth creation:	
Income from banking services	3,413,720,752
Less: Cost of services & supplies	1,970,071,750
Value added by banking services	1,443,649,002
Non-banking income	_
Provision for loans, investments & off balance sheet items	(247,322,718)
Total wealth creation	1,196,326,284
Wealth distribution	
To employees as salary expenses	494,565,053
To government exchequer as income tax	173,858,261
To expansion & growth	
Retained profit/(loss)	442,923,095
Depreciation	95,419,666
Deferred taxation	(10,439,791)
	527,902,970
Total Value Addition	1,196,326,284



**40%** To employee as salaries expenses

14% To government exchequer as income tax

**37%** Retained profit/(loss)

8% Depreciation

1% Deferred taxation







The bank's overall mission is to deliver optimum value to its customers, employees, shareholders and the nation and the business strategy is geared towards achieving this. This section covers the value the bank delivers to its shareholders and the nation at large.

The bank's policy has been to deliver optimum value in a manner that is consistent with the highest levels of fairness and transparency. For the bank, it has not been a case of building financial value and enhancing the bottom line at any cost, but rather participating in a process of creating value through fair and ethical means. Building sustainable value of all stakeholders is an important corporate goal.

Some of the measures taken to create, sustain and deliver optimum value are as follows:

## Maintaining capital adequacy

Capital adequacy symbolizes the financial strength and stability of a bank. It limits the extent up to which banks can expand their business in terms of risk weighted assets. Like all commercial institutions, banks too constantly look at ways of expanding their operations by acquiring property, plant and equipment, opening branches, in addition to mobilizing deposits, providing loans and investing in other assets.

Regulatory capital requirements are therefore necessary to prevent banks from expanding beyond their ability to manage, to improve the quality of bank's assets, to control the ability of the banks to leverage their growth and to lead to higher earnings on assets, leading to peace of mind of all the stakeholders. The bank keeps a careful check on its capital adequacy ratios.

## Maintaining liquidity

The liquidity policy of the bank has always been to carry a positive mismatch in the interest earning assets and interest bearing liabilities in the 1 to 30 days category. Our liquidity remained at optimum levels during the year. The assets and liabilities committee (ALCO) of the bank monitors the situation and maintains a satisfactory trade-off between liquidity and profitability.

The capital adequacy computation as at 31 December 2017 is given below:

	31.12. 2017 (Taka)	31.12. 2016 (Taka)
Tier-1 Capital:		
A) Total Common Equity Tier 1 Capital		
Paid up capital	4,000,000,000	4,000,000,000
Share premium	-	-
Statutory reserve	339,382,846	218,114,533
General reserve	-	-
Retained earnings	329,809,430	488,154,648
	4,669,192,276	4,706,269,181
Less: Regulatory adjustments		-
A) Total Common Equity Tier 1 Capital	4,669,192,276	4,706,269,181
B) Additional Tier 1 Capital:		
Add: Additional Tier 1 Capital	-	-
Less: Regulatory adjustments	<u> </u>	
C)Total Tier-1 Capital	4,669,192,276	4,706,269,181
Tier 2 Capital (Gone -Concern Capital)		
Subordinated Bond	-	-
General provision maintained against unclassified loan/investments	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
D) Total Tier 2 Capital	273,126,751	127,886,011
E) Total capital(C+D)	4,942,319,027	4,834,155,192
F) Total Risk weighted assets (RWA)	26,923,995,819	17,616,988,831
G) Required Common Equity Tier 1 Capital	1,211,579,812	792,764,497
H) Required Tier 1 Capital (6% of RWA)	1,615,439,749	968,934,386
I) Required total capital		
(11.25% of RWA) or Minimum 4,000,000,000 whichever is higher	4,000,000,000	4,000,000,000
J) Surplus Common Equity Tier 1 Capital(A-G)	3,457,612,464	3,913,504,683
K) Surplus Tier 1 Capital(C-H)	3,053,752,527	3,737,334,796
G) Surplus total Capital (E-I)	942,319,027	834,155,192
Capital to Risk-Weighted Assets Ratio:		
On Common Equity Tier 1 Capital against standard of minimum 4.5%	17.34%	26.71%
On Tier 1 Capital - against standard of minimum 6.0%	17.34%	26.71%
On total capital - against standard of minimum 11.25%	18.36%	27.44%





## 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.

## 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:
  - 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;
  - nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees
- (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;
- the balance sheet and profit and loss account of the Bank dealt with by the report are in agreement with the books of account:
- the expenditure incurred was for the purposes of the Bank's business;
- 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;
- the information and explanation required by us have been received and found satisfactory;
- 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 ACNABIN

**Chartered Accountants** 

## NRB Bank Limited BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	31.12.2017 Taka	31.12.2016 Taka
PROPERTY AND ASSETS			
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

	Notes	31.12.2017 Taka	31.12.2016 Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	17	8,581,567,216	1,838,962,449
Acceptances and endorsements		1,217,446,861	296,793,759
Letters of guarantee		4,977,876,446	824,271,388
Irrevocable letters of credit		2,231,154,287	690,530,901
Bills for collection		155,089,622	27,366,401
Other contingent liabilities		-	_
Other commitments		_	_
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Undrawn formal standby facilities, credit lines and other commitments		_	_
Total Off-Balance Sheet items including contingent liabilities		8,581,567,216	1,838,962,449

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

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

Chairman

VDirector

Director

Managing Director & CEO

Dhaka, 25 March 2018

ACNABIN

**Chartered Accountants** 

## **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) OPERATING EXPENSE	_	2,025,171,018	1,680,373,080
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 V Director
This is the profit and loss account referred to in our separate report of even date.

Director

Managing Director & CEO

ACNABIN

Chartered Accountants

Dhaka, 25 March 2018



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## **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		1,934,330,432	700,005,045
Cash and cash equivalents at beginning of the year		3,867,531,412	- 3,159,526,370
Cash and cash equivalents at beginning of the year  (*)		5,801,881,864	3,867,531,413
,	_	<u> </u>	<u> </u>
(*) 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
The annexed notes form an integral part of these financial statements.	_	5,801,881,864	3,867,531,413

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



Chairman Direc

Director

Managing Director & CEO

Dhaka, 25 March 2018

# Statement of Changes in Equity FOR THE YEAR ENDED 31 DECEMBER 2017 **NRB Bank Limited**

					(Amount in Taka)
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	ı	ı	ı	442,923,095	442,923,095
Transfer to statutory reserve	I	121,268,313	ı	(121,268,313)	I
Addition/ (adjustment) made during the year	ı	ı	(352,642,339)	I	(352,642,339)
Dividend Paid	1	1	1	(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	I	ı	1	525,285,199	525,285,199
Transfer to statutory reserve	ı	143,863,494	ı	(143,863,494)	I
Addition/ (adjustment) made during the year	1	1	55,288,448	1	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.					

Director

Director

Managing Directok & CEO

Dhaka, 25 March 2018

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

Chairman

# NRB Bank Limited LIQUIDITY STATEMENT

Assets: Cash in hand (including balance with Bangladesh Bank and its agent 2,593,192,121 Bank)					(Amount in Taka)
	onth 1-3 months	3-12 months	1-5 years	Above 5 years	Total
		ı	ı	ı	2,593,192,121
Balance with other banks and financial institutions	,343 1,550,000,000	530,000,000	I	ı	3,208,154,343
Money at call and on short notice	1	ı	I	ı	ı
Investments 249,938,782	,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	,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	1	ı	I	438,873,065	438,873,065
Other assets	- 202,947,268	71,429,283	551,564,583	ı	825,941,133
Non banking assets					1
Total assets (A) 8,323,863,026	,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	,073 1,393,725,707	458,213,506	7,421,429	ı	4,614,037,715
Deposits 3,472,779,189	,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	984,444,784	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	,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 yearend 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.

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

## 2.6 Cash flow statement

Cash Flow Statement is prepared principally in accordance with BAS 7 "Statement of Cash Flows" under direct method as per the guidelines of BRPD circular no. 14 dated 25 June 2003. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the year. It cash flows during the 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:

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- 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 an 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

Fess 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.

SI. 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

SI. No.	BAS No.	BAS Title	Compliance Status
17	27	Consolidated and Separate Financial Statements	Not Applicable
18	28	Investment in Associates	Not Applicable
19	31	Interest in Joint Venture	Not Applicable
20	32	Financial Instruments: Presentation	Complied *
21	33	Earnings per Share	Complied
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
SI. No.	BFRS No.	BFRS Title	Compliance Status
<b>SI. No.</b>	BFRS No.	BFRS Title  First-time Adoption of Bangladesh Financial Reporting Standards	Compliance Status  Not Applicable
			<u> </u>
1	1	First-time Adoption of Bangladesh Financial Reporting Standards	Not Applicable
1 2	1 2	First-time Adoption of Bangladesh Financial Reporting Standards Share-based Payment	Not Applicable Not Applicable
1 2 3	1 2 3	First-time Adoption of Bangladesh Financial Reporting Standards Share-based Payment Business Combinations	Not Applicable  Not Applicable  Not Applicable
1 2 3 4	1 2 3 4	First-time Adoption of Bangladesh Financial Reporting Standards Share-based Payment Business Combinations Insurance contracts	Not Applicable  Not Applicable  Not Applicable  Not Applicable
1 2 3 4 5	1 2 3 4 5	First-time Adoption of Bangladesh Financial Reporting Standards Share-based Payment Business Combinations Insurance contracts Non-Current Assets Held for Sale and Discontinued Operations	Not Applicable Not Applicable Not Applicable Not Applicable Not Applicable
1 2 3 4 5	1 2 3 4 5	First-time Adoption of Bangladesh Financial Reporting Standards Share-based Payment Business Combinations Insurance contracts Non-Current Assets Held for Sale and Discontinued Operations Exploration for and Evaluation of Mineral	Not Applicable
1 2 3 4 5 6 7	1 2 3 4 5 6 7	First-time Adoption of Bangladesh Financial Reporting Standards Share-based Payment Business Combinations Insurance contracts Non-Current Assets Held for Sale and Discontinued Operations Exploration for and Evaluation of Mineral Financial Instruments: Disclosures	Not Applicable Complied *
1 2 3 4 5 6 7 8	1 2 3 4 5 6 7 8	First-time Adoption of Bangladesh Financial Reporting Standards Share-based Payment Business Combinations Insurance contracts Non-Current Assets Held for Sale and Discontinued Operations Exploration for and Evaluation of Mineral Financial Instruments: Disclosures Operating Segments	Not Applicable Not Applicable Not Applicable Not Applicable Not Applicable Not Applicable Complicable Not Applicable
1 2 3 4 5 6 7 8	1 2 3 4 5 6 7 8 10	First-time Adoption of Bangladesh Financial Reporting Standards Share-based Payment Business Combinations Insurance contracts Non-Current Assets Held for Sale and Discontinued Operations Exploration for and Evaluation of Mineral Financial Instruments: Disclosures Operating Segments Consolidated Financial Statements	Not Applicable Not Applicable Not Applicable Not Applicable Not Applicable Not Applicable Complied * Not Applicable Not Applicable Not Applicable

- \* 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 22<sup>nd</sup> meeting held on 25 March 2018 and was subsequently approved by the Board in its 63<sup>rd</sup> meeting held on the same date.

	31.12.2017 Taka	31.12.2016 Taka
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
	2,593,192,121	1,582,930,522

		31.12.2017	31.12.2016
		Taka	Taka
4.1	Cash in hand (including foreign currencies)		
	Local currency	519,547,452	534,357,931
	Foreign currencies	26,369,186	17,149,137
		545,916,638	551,507,068
	Cash in hand (local currency) includes balance of Cash held at Automated Teller Mac	hine (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> </u>	2,047,275,483	1,031,423,454
4.a	Cash Reserve Ratio (CRR)		
	As per section 33 of Bank Company Act, 1991 (amended upto 2013) & MPD circular bank with effect from 24 June 2014, the Bank has maintained CRR of minimum 6.0' average total demand and time liabilities (ATDTL) of the base month which is two m 2017 is based on weekly average balance of October 2017). Reserve maintained by	% on daily basis and 6.5% on booths back of reporting mon	oi-weekly basis on weekly th (i.e. CRR of December
	Average total demand and time liabilities of October 2017	24,046,320,715	13,962,402,272
	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

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.

## Statutory Liquidity Ratio (SLR) 4.b

Surplus

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	1,061,855,263	4,073,499,996
4.c	Actual reserve held		
	Cash in hand	545,916,638	551,507,068
	Excess reserve on CRR	260,325,299	57,916,420
	Balance with Sonali Bank (local Currency)	7,101,956	3,175
	Unencumbered approved securities (HFT)	560,334,419	3,829,876,204
	Unencumbered approved securities (HTM)	2,813,663,244	1,449,023,724
	Unencumbered approved securities (other eligible)	535,400	285,700
		4,187,876,956	5,888,612,291
			3,000,012,231
4.d	Maturity grouping of cash		3,000,012,231
4.d	Maturity grouping of cash On demand	2,593,192,121	1,582,930,522
4.d			
4.d	On demand		
4.d	On demand  More than 1 month but not more than 3 months		
4.d	On demand  More than 1 month but not more than 3 months  More than 3 months but not more than 1 year		
4.d	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		

380,556,902

		31.12.2017	31.12.2016
		Taka	Taka
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
5.a	(Details are given in <b>Annexure- B</b> )  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

			Taka	Tal
			rana	ı ı
	15 years treasury bond		724,134,073	1,871,177,53
	20 years treasury bond		1,964,274,815	2,230,654,92
			3,124,058,881	5,278,899,92
.3	(i) Disclosure regarding outstanding repo as on 31 Dec	ember 2017		
	Counter Party Name	Agreement Date	Reversal Date	Amount (1st leg consideration)
	Janata Bank Limited	27-Dec-17	3-Jan-18	456,674,04
	Agrani Bank Limited	28-Dec-17	4-Jan-18	452,454,88
	Total			909,128,92
	<b>Disclosure regarding outstanding reverse repo as at 3</b> There is no outstanding reverse repo as at 31 Decembe			
	Disclosure regarding overall transaction of Repo and F	Reverse repo		
	Counter party name	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during th year
	Securities sold under repo:			
	With other Banks & Financial Institutions	309,174,178	1,440,042,607	556,653,89
	Securities purchased under reverse repo:			
	With other Banks & Financial Institutions	79,569,458	79,607,842	436,1
	Investments classified as per Bangladesh Bank Circula			
	Held for Trading (HFT)			
	HFT T-Bills 91 Days		_	
	HFT T-Bills 182 Days		-	
	HFT T-Bills 364 Days		-	
	2 Years BGTB – HFT		_	30,246,3
	5 Years BGTB – HFT		_	
	10 Years BGTB – HFT		244,222,010	950,788,78
	15 Years BGTB – HFT		66,173,627	1,709,204,7
	20 Years BGTB – HFT		-	1,139,636,3
			310,395,637	3,829,876,2
	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	108,085,45
	10 Years BGTB – HTM		87,895,246	87,946,90
	15 Years BGTB – HTM		657,960,446	161,972,7!
	20 Years BGTB – HTM		1,964,274,815	1,091,018,60
			2,813,663,244	1,449,023,72
			3,124,058,881	5,278,899,92

	31.12.2017	31.12.2016
	Taka	Taka
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
6.2.1 Corporate bonds		
Mercantile Bank Limited	160,000,000	200,000,000
City Bank Limited	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.	92,078,913	33,922,994
Active Fine Chemicals Ltd.	80,535,135	92,437,720
Khulna Power Company Ltd.	44,926,922	41,168,929
Heidelberg Cement Bd. Ltd.	42,371,902	10,661,280
United Power Generation & Distr. Ltd.	22,626,419	15,436,815
Summit Power Ltd.	20,597,784	7,780,320
Jamuna Oil Company Ltd.	2,900,156	39,473,449
Aamra Networks Ltd.	2,340,000	-
IBBL Mudaraba Perpetual Bond	19,539,000	-
Nahee Aluminum Composite Panel Ltd.	64,919	-
Oimex Electrode Ltd.	64,810	_
Grameenphone Ltd.	_	49,089,052
ACI Ltd.	_	26,627,106
Uttara Finance And Investments Ltd.	_	6,421,000
Square Pharmaceuticals Ltd.	_	5,890,545
Delta Brac Housing Finance Corp. Ltd.	_	3,121,245
Yakin Polimar Ltd.	_	114,125
Fortune Shoes Ltd.	_	100,630
	328,045,958	332,245,209
Mutual Funds		
Grameen One:Scheme Two	174,038,988	64,791,108
AIBL 1st Islamic Mutual Fund	86,991,170	28,806,442
Reliance One:The 1st Scheme of Reliance Insurance Mutual Fund	58,256,229	3,169,194
MBL 1st Mutual Fund	51,738,888	59,193,150
LR Global Bangladesh Mutual Fund One	39,228,171	44,861,050
Southeast Bank 1st Mutual Fund	15,126,992	10,921,800
ICB 2nd NRB Mutual Fund	1,328,652	27,705,300
ICB AMCL First Agrani Bank Mutual Fund	6,965,823	
-	433,674,913	239,448,044

		31.12.2017	31.12.2016
		Taka	Taka
	IPO Application	2,50,000	
	Bashundhara Paper Mills Limited	3,458,080	-
	Aman Cotton Febrics Limited	1,255,400	-
	Pacific Denims Limited		30,000,000
		4,713,480	30,000,000
	The Control William	766,434,351	601,693,252
	Free fund available	28,582	(1,784)
/1	Details are given in <b>Annexure- C</b> )	<u>766,462,934</u>	601,691,468
	Preference Share		
J.2.J F	reference share		
	Summit Narayanganj Power Unit II Limited	-	10,000,000
	Summit Barisal Power Limited	-	50,000,000
	Doreen Power House & Technologies limited	100,000,000	100,000,000
	Star Ceramics Limited	50,000,000	50,000,000
	Union Capital Limited	30,000,000	40,000,000
	Raj Lanka Power Company Limited	87,272,730	-
		267,272,730	250,000,000
5.2.4 C	Commercial Paper		
	KSRM Steel	_	200,000,000
	ECIL	_	100,000,000
	Partex Laminates Ltd	150,000,000	-
		150,000,000	300,000,000
5.b F	Remaining maturity grouping of investments	<del></del>	
	On demand	249,938,782	544,084,132
	More than 1 month but not more than 3 months	150,000,000	30,246,330
	More than 3 months but not more than 1 year	766,462,934	300,000,000
	More than 1 year but not more than 5 years	765,555,467	668,685,456
	More than 5 years	3,021,061,544	5,400,861,179
	More than 5 years	4,953,018,727	6,943,877,096
7 L	oans and advances	4,555,616,727	0,545,677,050
	Loans, cash credit, overdrafts etc. (Note-7.1)	22,903,735,905	12,586,888,187
	Bills purchased and discounted (Note-7.2)	17,171,626	2,478,914
	biiis parchasea ana discountea (Note 7.2)	22,920,907,531	12,589,367,101
7.1 l	Loans, cash credits, overdrafts etc.	22,320,307,331	12,303,307,101
	Inside Bangladesh		
	Loans - General	17,435,401,131	10,005,189,141
	Cash credit	-	-
	Overdraft	5,180,865,371	2,386,788,571
	Staff Loan	287,469,403	194,910,475
		22,903,735,905	12,586,888,187
	Outside Bangladesh	<u></u>	-
		22,903,735,905	12,586,888,187

	31.12.2017	31.12.2016
	Taka	Taka
7.2 Bills purchased and discounted		
Inside Bangladesh		
Local bills /documents	15,371,626	2,478,914
Foreign bills /documents	1,800,000	
	17,171,626	2,478,914
7.a Residual maturity grouping of loans and advances		
On demand	4,352,577,780	6,037,465,612
More than 1 month but not more than 3 months	3,481,757,792	956,948,903
More than 3 months but not more than 1 year	8,256,441,915	1,360,916,984
More than 1 year but not more than 5 years	5,412,607,201	2,775,345,324
More than 5 years	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	21,717,672	14,753,563
Advances to CEO & Managing Director	30,725,865	34,256,487
Advances to Other executives and staffs	256,743,538	160,653,989
Advances to Customers	8,728,485,931	4,120,971,711
Industrial loans and advances	13,883,234,526	8,258,731,352
maderial fourist and advances	13,003,234,320	0,230,731,332
modernal loans and advances	22,920,907,531	12,589,367,101
7.3.2 Details of Large loan	22,920,907,531	12,589,367,101
	22,920,907,531	12,589,367,101
7.3.2 Details of Large loan  Number of clients with amount of outstanding and classified loans and advance	22,920,907,531	12,589,367,101
7.3.2 Details of Large loan  Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017.  Number of the clients	22,920,907,531 es exceeding 10% of total capita	12,589,367,101  I of the Bank. Total capital
7.3.2 Details of Large loan  Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017.	22,920,907,531 es exceeding 10% of total capita	12,589,367,101  I of the Bank. Total capital
7.3.2 Details of Large loan  Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017.  Number of the clients  Amount of outstanding loans and advances	22,920,907,531 es exceeding 10% of total capita	12,589,367,101  I of the Bank. Total capital
7.3.2 Details of Large loan  Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017.  Number of the clients  Amount of outstanding loans and advances	22,920,907,531 es exceeding 10% of total capita 31 8,648,463,399 -	12,589,367,101  I of the Bank. Total capital  20 5,839,828,751 -
7.3.2 Details of Large loan  Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017.  Number of the clients  Amount of outstanding loans and advances  Amount of classified loans and advances	22,920,907,531  es exceeding 10% of total capita  31 8,648,463,399  - 8,648,463,399	12,589,367,101  I of the Bank. Total capital  20 5,839,828,751  - 5,839,828,751
<ul> <li>7.3.2 Details of Large loan         Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017.     </li> <li>Number of the clients         Amount of outstanding loans and advances         Amount of classified loans and advances     </li> <li>7.3.3 Industry-wise concentration of loans and advances</li> </ul>	22,920,907,531 es exceeding 10% of total capita 31 8,648,463,399 -	12,589,367,101  I of the Bank. Total capital  20 5,839,828,751 -
<ul> <li>7.3.2 Details of Large loan         Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017.     </li> <li>Number of the clients         Amount of outstanding loans and advances         Amount of classified loans and advances     </li> <li>7.3.3 Industry-wise concentration of loans and advances</li> <li>Agriculture</li> </ul>	22,920,907,531  es exceeding 10% of total capita  31 8,648,463,399  - 8,648,463,399  642,959,391	12,589,367,101  I of the Bank. Total capital  20 5,839,828,751  - 5,839,828,751  468,286,828
<ul> <li>7.3.2 Details of Large loan Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017. Number of the clients Amount of outstanding loans and advances Amount of classified loans and advances </li> <li>7.3.3 Industry-wise concentration of loans and advances</li> <li>Agriculture</li> <li>Food &amp; allied industries</li> </ul>	22,920,907,531  es exceeding 10% of total capita  31 8,648,463,399 - 8,648,463,399  642,959,391 1,037,253,133	12,589,367,101  I of the Bank. Total capital  20 5,839,828,751  5,839,828,751  468,286,828 657,465,185
<ul> <li>7.3.2 Details of Large loan Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017. Number of the clients Amount of outstanding loans and advances Amount of classified loans and advances </li> <li>7.3.3 Industry-wise concentration of loans and advances</li> <li>Agriculture</li> <li>Food &amp; allied industries</li> <li>Tobacco</li> </ul>	22,920,907,531  es exceeding 10% of total capital  31 8,648,463,399  -  8,648,463,399  642,959,391 1,037,253,133 101,926,164	12,589,367,101  I of the Bank. Total capital  20 5,839,828,751  - 5,839,828,751  468,286,828 657,465,185 352,561,667
7.3.2 Details of Large loan  Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017.  Number of the clients  Amount of outstanding loans and advances  Amount of classified loans and advances  7.3.3 Industry-wise concentration of loans and advances  Agriculture  Food & allied industries  Tobacco  Readymade garments	22,920,907,531  es exceeding 10% of total capital  31 8,648,463,399  -  8,648,463,399  642,959,391 1,037,253,133 101,926,164 398,700,121	12,589,367,101  I of the Bank. Total capital  20 5,839,828,751  5,839,828,751  468,286,828 657,465,185 352,561,667 176,679,908
7.3.2 Details of Large loan  Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017.  Number of the clients  Amount of outstanding loans and advances  Amount of classified loans and advances  7.3.3 Industry-wise concentration of loans and advances  Agriculture  Food & allied industries  Tobacco  Readymade garments  Textiles	22,920,907,531  es exceeding 10% of total capita  31 8,648,463,399  -  8,648,463,399  642,959,391 1,037,253,133 101,926,164 398,700,121 2,734,163,332	12,589,367,101  I of the Bank. Total capital  20 5,839,828,751  5,839,828,751  468,286,828 657,465,185 352,561,667 176,679,908
7.3.2 Details of Large loan  Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017.  Number of the clients  Amount of outstanding loans and advances  Amount of classified loans and advances  7.3.3 Industry-wise concentration of loans and advances  Agriculture  Food & allied industries  Tobacco  Readymade garments  Textiles  Ship breaking & ship building	22,920,907,531  es exceeding 10% of total capital  8,648,463,399  -  8,648,463,399  642,959,391 1,037,253,133 101,926,164 398,700,121 2,734,163,332 28,861,176	12,589,367,101  I of the Bank. Total capital  20 5,839,828,751  5,839,828,751  468,286,828 657,465,185 352,561,667 176,679,908 2,400,128,906 -
7.3.2 Details of Large loan  Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017.  Number of the clients  Amount of outstanding loans and advances  Amount of classified loans and advances  7.3.3 Industry-wise concentration of loans and advances  Agriculture  Food & allied industries  Tobacco  Readymade garments  Textiles  Ship breaking & ship building  Basic metal & steel engineering	22,920,907,531  es exceeding 10% of total capital  31 8,648,463,399  -  8,648,463,399  642,959,391 1,037,253,133 101,926,164 398,700,121 2,734,163,332 28,861,176 1,385,430,203	20 5,839,828,751 - 5,839,828,751 - 5,839,828,751 468,286,828 657,465,185 352,561,667 176,679,908 2,400,128,906 - 1,202,473,380
7.3.2 Details of Large loan  Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017.  Number of the clients  Amount of outstanding loans and advances  Amount of classified loans and advances  7.3.3 Industry-wise concentration of loans and advances  Agriculture  Food & allied industries  Tobacco  Readymade garments  Textiles  Ship breaking & ship building  Basic metal & steel engineering  Non-metallic mineral products	22,920,907,531  es exceeding 10% of total capital  31 8,648,463,399  -  8,648,463,399  642,959,391 1,037,253,133 101,926,164 398,700,121 2,734,163,332 28,861,176 1,385,430,203	12,589,367,101  l of the Bank. Total capital  20 5,839,828,751  - 5,839,828,751  468,286,828 657,465,185 352,561,667 176,679,908 2,400,128,906 - 1,202,473,380 239,744,280
7.3.2 Details of Large loan  Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017.  Number of the clients  Amount of outstanding loans and advances  Amount of classified loans and advances  7.3.3 Industry-wise concentration of loans and advances  Agriculture  Food & allied industries  Tobacco  Readymade garments  Textiles  Ship breaking & ship building  Basic metal & steel engineering  Non-metallic mineral products  Pharmaceuticals industry  Chemical & chemical products  Rubber & plastic industries	22,920,907,531 es exceeding 10% of total capital  8,648,463,399  -  8,648,463,399  642,959,391 1,037,253,133 101,926,164 398,700,121 2,734,163,332 28,861,176 1,385,430,203 258,923,017 -	20 5,839,828,751  5,839,828,751  5,839,828,751  468,286,828 657,465,185 352,561,667 176,679,908 2,400,128,906 - 1,202,473,380 239,744,280 85,453,299
7.3.2 Details of Large loan  Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017.  Number of the clients  Amount of outstanding loans and advances  Amount of classified loans and advances  7.3.3 Industry-wise concentration of loans and advances  Agriculture  Food & allied industries  Tobacco  Readymade garments  Textiles  Ship breaking & ship building  Basic metal & steel engineering  Non-metallic mineral products  Pharmaceuticals industry  Chemical & chemical products  Rubber & plastic industries  Reather & leather products	22,920,907,531 es exceeding 10% of total capital 8,648,463,399 - 8,648,463,399 - 8,648,463,399 - 8,648,463,399 - 8,648,463,399 - 8,648,463,399 - 8,648,463,399 - 8,648,463,399 - 8,648,463,399 - 8,648,463,399 - 1,037,253,133 101,926,164 398,700,121 2,734,163,332 28,861,176 1,385,430,203 258,923,017 - 363,675,160 1,000,666,600 464,838,550	20 5,839,828,751 - 5,839,828,751 - 5,839,828,751 - 5,839,828,751 - 468,286,828 657,465,185 352,561,667 176,679,908 2,400,128,906 - 1,202,473,380 239,744,280 85,453,299 369,253,760 573,305,144 200,808,961
7.3.2 Details of Large loan  Number of clients with amount of outstanding and classified loans and advance of the Bank was Taka 4942.32 million as at 31 December 2017.  Number of the clients  Amount of outstanding loans and advances  Amount of classified loans and advances  7.3.3 Industry-wise concentration of loans and advances  Agriculture  Food & allied industries  Tobacco  Readymade garments  Textiles  Ship breaking & ship building  Basic metal & steel engineering  Non-metallic mineral products  Pharmaceuticals industry  Chemical & chemical products  Rubber & plastic industries	22,920,907,531 es exceeding 10% of total capital  31 8,648,463,399 - 8,648,463,399 - 8,648,463,399 - 8,648,463,399 - 8,648,463,399 - 8,648,463,399 - 8,648,463,399 - 8,648,463,399 - 8,648,463,399 - 8,648,463,399 - 1,037,253,133 101,926,164 398,700,121 2,734,163,332 28,861,176 1,385,430,203 258,923,017 - 363,675,160 1,000,666,600	12,589,367,101  I of the Bank. Total capital  20 5,839,828,751  5,839,828,751  468,286,828 657,465,185 352,561,667 176,679,908 2,400,128,906  - 1,202,473,380 239,744,280 85,453,299 369,253,760 573,305,144

	31.12.2017	31.12.2016
	Taka	Taka
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
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
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
.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
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		

	31.12.2017	31.12.2016
	Taka	Taka
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	1,014,024,237
Government bonds	133,033,013	_
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
·		
Specefic 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	<u> </u>	-
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	<u> </u>	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

			31.12.2017	31.12.2016
			Taka	Taka
ii)		ns considered good against which the bank holds no security other n the debtors' personal guarantee	578,668,598	163,778,360
iii)	"Loa moi	ans considered good secured by the personal undertakings of one or re parties in addition to the personal guarantee of the debtor"	620,056,566	270,781,709
iv)	Loa	ns 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)	the	ns due from companies or firms in which the directors or officers of bank have interest as directors, partners or managing agents or in e of private companies, as members	21,717,672	14,753,563
vii)	mad of t	kimum total amount of advances, including temporary advances de at any time during the year to directors or managers or officers he bank or any of them either separately or jointly with any other son.	309,187,074	-
viii)	grai of t	ximum total amount of advances including temporary advances nted during the year to the companies or firms in which the directors he bank are interested as directors, partners or managing agents or ne case of private companies, as members.	21,717,672	14,753,563
ix)	Due	rrom banking companies	-	-
x)		nount of classified loans on which interest has not n 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		
		amount of written off loans for which law suit has been filed	_	_
Fixed a	ssets	s including premises, furniture and fixtures		
Cost				

## 

## 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 <b>Annexure- A</b> )		

		31.12.2017	31.12.2016					
		Taka	Taka					
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. t	oill/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	450,000,000	-					
	UCBL	350,000,000	-					
	Uttara Bank Ltd.	241,350,000	-					
	SME Foundation	6,400,000	-					
		4,614,037,715	1,200,212,826					
	Outside Bangladesh	<u></u>	_					

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

On demand

More than 5 years

**Deposits and other accounts** 

More than 1 month but not more than 3 months

Current deposits and other accounts, etc. (Note-11.1)

More than 3 months but not more than 1 year

More than 1 year but not more than 5 years

31.12.2016

420.000.000

400,000,000

380,212,826

1,200,212,826

2,745,655,693

Taka

31.12.2017

2,754,677,073

1,393,725,707

4,614,037,715

4,649,946,451

458,213,506

7,421,429

Taka

	31.12.2017	31.12.2016
	Taka	Taka
11.5 Sector-wise break-up of deposits and other accounts		
Government	100 071 / 00	1/.0.900.130
Other public sector	100,071,498 4,725,850,650	140,890,120 2,003,158,112
Private sector	19,107,562,531	15,321,586,554
Filvate Sector	23,933,484,680	17,465,634,785
11.6 Maturity-wise grouping of deposits and other accounts	23,333,464,000	17,403,034,703
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

	A. G	enerai				
	В	alance	at the beginning of the year		102,097,557	100,125,631
	А	dd:	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
	В	alance	at the end of the year		182,378,526	102,097,557
		pecific				
	В	alance	at the beginning of the year		84,800,780	3,801,995
		dd:	Provision made during the year		99,011,926	80,998,785
	Le	ess:	Interest waiver during the year		_	-
			Write off during the year		_	_
	А	dd:	Recoveries of amounts previously wri	tten off		-
			Specific provision made during the year		_	_
	В	alance	at the end of the year		183,812,706	84,800,780
			ovision on loans and advances (A+B)		366,191,231	186,898,337
12.4		•	f-balance sheet exposures			
	Opening	a balan			18,389,624	10,249,754
		_	made during the year		67,426,048	8,139,870
	/ lud. i i l	5 1151011	Thade during the year		<u>85,815,672</u>	18,389,624
12.5	Provision	n for c	urrent tax			
	Opening	o halar	nce.		321,684,710	117,487,336
		_	made during the year		173,858,261	204,197,374
			7		495,542,971	321,684,710
12.6	Deferred	l tax lia	ability			
	Deferred	l tax lia	bility recognized in accordance with the	provision of BAS-12 "Income	e Taxes", is arrived as follows:	
	Opening	g balar	nce		12,671,046	22,836,148
	Provisio	n mad	le during the year for deferred tax exper	se/(income)	(10,439,791)	(10,165,102)
	Balance	as at	31 December		2,231,255	12,671,046
				Carrying amount on	T. L	Taxable/ (deductible)
				Balance Sheet Date	Tax base	temporary difference
	31 Dece	ember	2017			
	Fixed as		ncluding premises, furniture and			
	Cost les	s accu	mulated depreciation	438,873,065	433,294,928	5,578,137
	Applical	ble tax	rate			40%
	Deferre	d tax l	iability			2,231,255

31.12.2017

Taka

31.12.2016

Taka

12.3 Provision for loans and advances

General

A.

31.12.2017

31.12.2016

Taka

31 December 2016

Fixed assets including premises, furniture and fixtures

Cost less accumulated depreciation

392,159,041

360,481,427

31,677,614

12,671,046

Applicable tax rate

40%

Deferred tax liability

12.a Nostro Reconciliation

	As Per 0	ur 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.

### 13 Share capital

### 13.1 Authorized capital

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

10,000,000,000

10,000,000,000

13.2 Issued, subscribed and fully paid up capital

400,000,000 ordinary shares of Taka 10 each issued for cash

4,000,000,000

4,000,000,000

### 13.3 Percentage of shareholdings

Daukiandana	2017		2016	
Particulars	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

		2017		2016	
SL	Name of the directors	% 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

				31.12.2017 Taka	31.12.2016 Taka
				Tana	Tana
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
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

<sup>\*</sup> No longer director as on 31 December 2017

### 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

			31.12.2017	31.12.2016
			Taka	Taka
	Α.	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
		tal to Risk-Weighted Assets Ratio/Capital adequacy ratio:	342,313,027	034,133,132
	Com	mon Equity Tier- 1 / core capital to RWA against minimum requirement	17.34%	26.71%
	4.5%			
		1 / core capital to RWA minimum requirement 6%	17.34%	26.71%
	Capit	al to Risk Weighted Assets against minimum requirement 11.25%	18.36%	27.44%
14	Statu	tory reserve		
	Oper	ning balance	218,114,533	74,251,039
		Addition during the year ( 20% of pre-tax profit)	121,268,313	143,863,494
			339,382,846	218,114,533
15	Other	reserve		
	Gene	eral Reserve	-	_
		stment revaluation reserve (Note-15.1)	177,951	352,820,290
		,	177,951	352,820,290
15.1	Invest	tment revaluation reserve (Tresury Bonds)		
	Reva	lluation reserve for		
	Held	to maturity (HTM) (Note 15.1.1)	36,156	60,091
		for trading (HFT) (Note 15.1.2)	141,795	352,760,199
			177,951	352,820,290
15.1.	1 R	eserve for amortization of treasury securities (HTM)	·	<u> </u>
	Oper	ning balance	60,091	10,814
		Addition during the year	13,380	49,277
	Auu.	Addition during the year	73,471	60,091
	Loca	: Adjustment made during the year		00,091
	LESS	. Adjustifient made duffing the year	37,315 36,156	60,091
15.1.	2 Rese	erve for revaluation of treasury securities (HFT)	30,130	00,091
	Oper	ning balance	352,760,199	297,521,028
		Addition during the year	138,400,317	3,082,173,702
	Auu:	Addition during the year	491,160,516	3,379,694,730
	Loca	Adjustment made during the year		
	Less	: Adjustment made during the year	491,018,721	3,026,934,531
			141,795	352,760,199



			31.12.2016
		Taka	Taka
16	Retained earnings		
	Opening balance	488,154,648	106,732,943
	Add: Net profit for the year	442,923,095	525,285,199
		931,077,743	632,018,142
	Less: Transfer to statutory reserve	121,268,313	143,863,494
	Less: Dividend during the year	480,000,000	-
		329,809,430	488,154,648
17	Contingent liabilities		
	Acceptances and Endorsements	1,217,446,861	296,793,759
	Letters of Guarantee	4,977,876,446	824,271,388
	Irrevocable letters of credit	2,231,154,287	690,530,901
	Bills for Collection	155,089,622	27,366,401
		8,581,567,216	1,838,962,449
18	Income statement		
	Income:		
	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 less losses arising from dealing in securities	503,897,048	456,518,949
	Gains less losses arising from investment securities	96,483,328	53,107,067
	Gains less 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

		31.12.2017	31.12.2016
		Taka	Taka
18.3	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
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
22	Commission, exchange and brokerage	1,045,989,346	1,081,002,316
22			
	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

Other operating income

Rebate on nostro account Swift charge recovered

Non operating income

Salaries and allowances

Performance bonus Festival bonus

Rent, rate and taxes
Insurance premium

Utilities

Legal expenses

Telephone

Other professional expenses

Postage & Courier charges

Swift and Bloomberg charges Network link, internet, DC and DR

26

27

Postage/telex charge recovered

Bank's Contribution to provident fund

Rent, taxes, insurance, electricity etc.

Legal expenses and professional expenses

Postage, stamps, telecommunication etc.

Contribution to gratuity fund

Locker Rent

Basic salary Allowances

31.12.2017	31.12.2016
Taka	Taka
433,250	239,500
4,497,190	4,317,842
1,966,376	534,432
1,168,907	1,213,690
4,734,483	1,913,065
12,800,206	8,218,529
195,675,588	130,943,479
193,721,071	135,808,177
21,000,000	19,800,000
32,666,683	22,021,128
16,741,710	11,403,343
18,000,000	18,000,000
477,805,053	337,976,127
208,471,249	188,213,453
18,249,617	16,379,354
29,407,301	21,449,261
256,128,167	226,042,068
_	_
3,174,208	3,001,805
3,174,208	3,001,805
1,692,150	975,131
2,573,735	1,976,135
6,095,885	4,660,568
14,374,004	13,647,039
24,735,774	21,258,873
12,728,382	6,606,225
15,475,757	4,445,573
10,150,523	10,947,535
38,354,662	21,999,332
22,334,632	
9,600,000	5,597,200
3,600,000	2,237,200

3,600,000

2,827,931

31.12.2017

	31.12.2017	31.12.2016
	Taka	Taka
Performance bonus	1,000,000	1,000,000
Festival bonus	1,600,000	800,000
Bank's Contribution to provident fund	960,000 <b>16,760,000</b>	559,720 <b>10,784,851</b>
30 Directors' fees and other expenses	10,700,000	10,704,031
Meeting attendance fees	2,848,000	1,192,000
Other expenses	1,626,789	501,291
Other expenses	4,474,789	1,693,291
31 Auditors' fees		1,033,231
Statutory audit fees	402,500	327,750
Statutory additives	402,500	327,750
32 Depreciation and repair of bank's assets		3217135
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
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



		31.12.2017	31.12.2016
		Taka	Taka
	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 SI	hare (EPS)".	

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

### 38 Audit committee

### A. Particulars of audit committee

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

SI. No.	Name	Status with the Board	Status with the Audit Committee	Educational Qualification
1	Mr. Imtiaz Ahmed	Director	Chairman	Post Graduate
2	Mr. Naveed Rashid Khan	Director	Vice Chairman	Bachelor of Social Science
3	Mr. Kamal Ahmed	Director	Member	Graduate of Business Management
4	Mr. Mohammed Jamil Iqbal	Director	Member	BA (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

Al Haramain Perfumes Manufacturing & Oudh Processing Industry L.L.C, Ajman, UAE  Al Halal Perfumes Industry L.L.C, Ajman, UAE  Al Halal Perfumes L.L.C. Dubai, UAE  Al Halal Perfumes L.L.C. Dubai, UAE  Al Halal Perfumes L.L.C. Dubai, UAE  Al Haramain Perfumes L.L.C. Dubai, UAE  Al Haramain Pirading L.L.C. Dubai, UAE  Al Haramain Pirading L.L.C. Dubai, UAE  Al Haramain Duretor  Al Haramain L.L.C., Dubai, UAE  Managing Director  25%  Noor Al Haramain (BR), Dubai, UAE  Manager  25%  Oudh Al Haramain (BR), Dubai, UAE  Manager  25%  Al Haramain Perfumes Industry L.L.Kuwait  Managing Director  49%  Nor Al Haramain Perfumes Ent'l W.L.L. Kuwait  Noor Al Haramain Perfumes Wawait  Noor Al Haramain W.L.L., Kuwait  Managing Director  49%  Al Haramain Perfumes W.L.L., Muscat, Oman  Managing Director  Al Haramain Perfumes W.L.L., Doha, Qatar  Al Haramain Perfumes Pivet Ltd., Doha, Qatar  Al Haramain Perfumes Private Ltd. Singapore  Al Haramain Perfumes S.P.C, Bahrain  Managing Director  49%  Al Haramain Perfumes Pivet Ltd. Singapore  Al Haramain Perfumes Pivet Ltd. Shareholder  9,334,181  AlBL Capital Market Service Limited  Sponsor / Director  6,000,000  Hamidia Tea Company Ltd., Sylhet, Bangladesh  Al Haramain  1000 Shares  The University of Asia Pacific, Dhaka, BD  Trustee  Cancer Hospital, Biyani Bazar, Sylhet  Trustee  Bangladesh Business Council Dubai, UAE  Founder President	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
Al Haramain Perfumes L.L.C. Dubai, UAE Managing Director 49% Al Halal Perfumes L.L.C. Dubai, UAE Managing Director 25% 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% Noor Al Haramain Perfumes Co., Kuwait Managing Director 49% Al Haramain Perfumes L.L.C., Muscat, Oman Managing Director 49% Al Haramain Perfumes W.L.L., Doha, Qatar Managing Director 49% Al Haramain Perfumes S.P.C, Bahrain Managing Director 50% Al Haramain Perfumes SDN BHD, Malaysia Managing Director 50% Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh Managing Director 50% Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh Managing Director 99334,181 AlBL Capital Market Service Limited Sponsor / Director 6,000,000 Hamidia Tea Company Ltd., Sylhet, Bangladesh Chairman 1000 Shares The University of Asia Pacific, Dhaka, BD Trustee				Managing Director	49%
Al Halal Perfumes L.L.C., Dubai, UAE Managing Director 25% Noor 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 S.P.C, Bahrain Managing Director 49% Al Haramain Perfumes S.P.C, Bahrain Managing Director 49% Al Haramain Perfumes S.P.C, Bahrain Managing Director 50% Al Haramain Perfumes SDN BHD, Malaysia Managing Director 50% Al Haramain Perfumes Private Ltd. Singapore Managing Director 50% Al Haramain Perfumes SDN BHD, Malaysia Managing Director 50% Al Haramain Perfumes V.L.t.d., Dhaka, Bangladesh Managing Director 1000 Shares AL Arafah Islami Bank Limited Shareholder 9,334,181 AlBL Capital Market Service Limited Sponsor / Director 6,000,000 Hamidia Tea Company Ltd., Sylhet, Bangladesh Chairman 1000 Shares The University of Asia Pacific, Dhaka, BD Trustee Cancer Hospital, Biyani Bazar, Sylhet Trustee			Al Halal Perfumes Industry L.L.C, Ajman, UAE	Managing Director	25%
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 Perfumes Co., 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 Private Ltd. Singapore Managing Director 50%  Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh Managing Director 50%  Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh Managing Director 49,334,181  AlBL Capital Market Service Limited 5hareholder 9,334,181  AlBL Capital Market Service Limited 5ponsor / Director 6,000,000  Hamidia Tea Company Ltd., Sylhet, Bangladesh Chairman 1000 Shares  The University of Asia Pacific, Dhaka, BD Trustee  Cancer Hospital, Biyani Bazar, Sylhet Trustee			Al Haramain Perfumes L.L.C. Dubai, UAE	Managing Director	49%
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 49% Al Haramain Perfumes S.P.C, Bahrain 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 Povt. Ltd., Dhaka, Bangladesh Managing Director 50% Al Haramain Perfumes Povt. Ltd., Dhaka, Bangladesh Managing Director 50% Al Haramain Perfumes Povt. Ltd., Dhaka, Bangladesh Chairman Al Haramain Hospitals Pvt Ltd., Sylhet, Bangladesh Chairman Al Haramain Hospitals Pvt Ltd., Sylhet, Bangladesh Chairman The University of Asia Pacific, Dhaka, BD Trustee Cancer Hospital, Biyani Bazar, Sylhet Trustee			Al Halal Perfumes L.L.C., Dubai, UAE	Managing Director	49%
Mr. Mohammed Mahtabur Rahman  Chairman  Chairman  Chairman  Chairman  Al Haramain Perfumes SDN BHD, Malaysia  Al Haramain Perfumes SDN BHD, Malaysia  Al Haramain Perfumes SDN BHD, Malaysia  Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh  Al Haramain Perfumes Pvt. Ltd., Sylhet, Bangladesh  Al Haramain Hospitals Pvt Ltd., Sylhet, Bangladesh  Chairman  Al Haramain Hospitals Pvt Ltd., Sylhet, Bangladesh  Chairman  Chairman			Al Haramain Trading L.L.C. Dubai, UAE	Managing Director	25%
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 Private Ltd. Singapore Managing Director 50% Al Haramain Perfumes Private Ltd. Singapore Managing Director 50% Al Haramain Perfumes Private Ltd. Johaka, Bangladesh Managing Director 1000 Shares AL Arafah Islami Bank Limited Shareholder 9,334,181 AlBL Capital Market Service Limited Sponsor / Director 6,000,000 Hamidia Tea Company Ltd., Sylhet, Bangladesh Chairman Al Haramain Hospitals Pvt Ltd., Sylhet, Bangladesh Chairman The University of Asia Pacific, Ohaka, BD Trustee Cancer Hospital, Biyani Bazar, Sylhet Trustee		Chairman	Noor Al Haramain L.L.C. , Dubai, UAE	Managing Director	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, Bangladesh Managing Director 1000 Shares AL Arafah Islami Bank Limited Shareholder 9,334,181 AlBL Capital Market Service Limited Sponsor / Director 6,000,000 Hamidia Tea Company Ltd., Sylhet, Bangladesh Chairman 1000 Shares The University of Asia Pacific, Dhaka, BD Trustee Cancer Hospital, Biyani Bazar, Sylhet Trustee			Oudh Al Haramain (BR), Dubai, UAE	Manager	100%
Mr. Mohammed Mahtabur Rahman  Chairman  Al Haramain Perfumes L.L.C., Muscat, Oman  Al Haramain Perfumes, W.L.L., Doha, Qatar  Al Haramain Perfumes S.P.C, Bahrain  Al Haramain Perfumes Private Ltd. Singapore  Al Haramain Perfumes SDN BHD, Malaysia  Managing Director  50%  Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh  Managing Director  50%  Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh  Managing Director  50%  Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh  Chairman  Al Haramain Hospitals Pvt Ltd., Sylhet, Bangladesh  Chairman  Al Haramain Hospitals Pvt Ltd., Sylhet, Bangladesh  Trustee  Cancer Hospital, Biyani Bazar, Sylhet  Trustee			Best in Fragrance, Holy Makkah, KSA	Manager	25%
Mr. Mohammed Mahtabur Rahman  Chairman  Al Haramain Perfumes L.L.C., Muscat, Oman  Al Haramain Perfumes, W.L.L., Doha, Qatar  Al Haramain Perfumes S.P.C, Bahrain  Al Haramain Perfumes Private Ltd. Singapore  Al Haramain Perfumes SDN BHD, Malaysia  Managing Director  99%  Al Haramain Perfumes SDN BHD, Malaysia  Managing Director  50%  Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh  Managing Director  50%  Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh  Managing Director  50%  Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh  Managing Director  50%  Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh  Chairman  AlBL Capital Market Service Limited  Sponsor / Director  6,000,000  Hamidia Tea Company Ltd., Sylhet, Bangladesh  Chairman  1000 Shares  The University of Asia Pacific, Dhaka, BD  Trustee  Cancer Hospital, Biyani Bazar, Sylhet  Trustee			Al Haramain Perfumes Int'l W.L.L, Kuwait	Managing Director	49%
Mr. Mohammed Mahtabur Rahman  Chairman  Al Haramain Perfumes L.L.C., Muscat, Oman  Al Haramain Perfumes, W.L.L., Doha, Qatar  Al Haramain Perfumes S.P.C, Bahrain  Al Haramain Perfumes Private Ltd. Singapore  Al Haramain Perfumes SDN BHD, Malaysia  Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh  Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh  Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh  Al Haramain Bank Limited  Shareholder  9,334,181  AlBL Capital Market Service Limited  Sponsor / Director  6,000,000  Hamidia Tea Company Ltd., Sylhet, Bangladesh  Chairman  Al Haramain Hospitals Pvt Ltd., Sylhet, Bangladesh  The University of Asia Pacific, Dhaka, BD  Trustee  Cancer Hospital, Biyani Bazar, Sylhet  Trustee			Noor Al Haramain Perfumes Co., Kuwait	Managing Director	49%
Mahtabur Rahman  Chairman  Al Haramain Perfumes L.E.C., Muscat, Ordan  Al Haramain Perfumes, W.L.L., Doha, Qatar  Al Haramain Perfumes S.P.C, Bahrain  Al Haramain Perfumes S.P.C, Bahrain  Al Haramain Perfumes Private Ltd. Singapore  Al Haramain Perfumes SDN BHD, Malaysia  Al Haramain Perfumes SDN BHD, Malaysia  Managing Director  50%  Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh  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, Bangladesh  Chairman  1000 Shares  The University of Asia Pacific, Dhaka, BD  Trustee  Cancer Hospital, Biyani Bazar, Sylhet  Trustee			Oudh Al Haramain W.L.L., Kuwait	Managing Director	49%
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, Bangladesh Managing Director 1000 Shares AL Arafah Islami Bank Limited Shareholder 9,334,181 AlBL Capital Market Service Limited Sponsor / Director 6,000,000 Hamidia Tea Company Ltd., Sylhet, Bangladesh Chairman Al Haramain Hospitals Pvt Ltd., Sylhet, Bangladesh Chairman 1000 Shares The University of Asia Pacific, Dhaka, BD Trustee Cancer Hospital, Biyani Bazar, Sylhet Trustee			Al Haramain Perfumes L.L.C. , Muscat, Oman	Managing Director	70%
Al Haramain Perfumes Private Ltd. Singapore Managing Director 99%  Al Haramain Perfumes SDN BHD, Malaysia Managing Director 50%  Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh 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, Bangladesh Chairman 1000 Shares  The University of Asia Pacific, Dhaka, BD Trustee  Cancer Hospital, Biyani Bazar, Sylhet Trustee	Mantabul Kaninan		Al Haramain Perfumes, W.L.L., Doha, Qatar	Managing Director	49%
Al Haramain Perfumes SDN BHD, Malaysia Managing Director 50%  Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh 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, Bangladesh Chairman 1000 Shares  The University of Asia Pacific, Dhaka, BD Trustee  Cancer Hospital, Biyani Bazar, Sylhet Trustee			Al Haramain Perfumes S.P.C, Bahrain	Managing Director	50%
Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh 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, Bangladesh Chairman 1000 Shares The University of Asia Pacific, Dhaka, BD Trustee Cancer Hospital, Biyani Bazar, Sylhet Trustee			Al Haramain Perfumes Private Ltd. Singapore	Managing Director	99%
AL Arafah Islami Bank Limited  AlBL Capital Market Service Limited  Sponsor / Director  6,000,000  Hamidia Tea Company Ltd., Sylhet, Bangladesh  Al Haramain Hospitals Pvt Ltd., Sylhet, Bangladesh  The University of Asia Pacific, Dhaka, BD  Cancer Hospital, Biyani Bazar, Sylhet  Trustee			Al Haramain Perfumes SDN BHD, Malaysia	Managing Director	50%
AIBL Capital Market Service Limited Sponsor / Director 6,000,000  Hamidia Tea Company Ltd., Sylhet, Bangladesh Chairman  Al Haramain Hospitals Pvt Ltd., Sylhet, Bangladesh Chairman 1000 Shares  The University of Asia Pacific, Dhaka, BD Trustee  Cancer Hospital, Biyani Bazar, Sylhet Trustee			Al Haramain Perfumes Pvt. Ltd., Dhaka, Bangladesh	Managing Director	1000 Shares
Hamidia Tea Company Ltd., Sylhet, Bangladesh Chairman  Al Haramain Hospitals Pvt Ltd., Sylhet, Bangladesh Chairman 1000 Shares  The University of Asia Pacific, Dhaka, BD Trustee  Cancer Hospital, Biyani Bazar, Sylhet Trustee			AL Arafah Islami Bank Limited	Shareholder	9,334,181
Al Haramain Hospitals Pvt Ltd., Sylhet, Bangladesh Chairman 1000 Shares The University of Asia Pacific, Dhaka, BD Trustee Cancer Hospital, Biyani Bazar, Sylhet Trustee			AIBL Capital Market Service Limited	Sponsor / Director	6,000,000
The University of Asia Pacific, Dhaka, BD  Trustee  Cancer Hospital, Biyani Bazar, Sylhet  Trustee			Hamidia Tea Company Ltd., Sylhet, Bangladesh	Chairman	
Cancer Hospital, Biyani Bazar, Sylhet Trustee			Al Haramain Hospitals Pvt Ltd., Sylhet, Bangladesh	Chairman	1000 Shares
			The University of Asia Pacific, Dhaka, BD	Trustee	
Bangladesh Business Council Dubai, UAE Founder President			Cancer Hospital, Biyani Bazar, Sylhet	Trustee	
			Bangladesh Business Council Dubai, UAE	Founder President	

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	
	\ /'	Kabir Auto Export Co. Ltd. Japan	President	100%	
Mr. Tateyama Kabir	Vice Chairman	Ocean Auto Limited, Dhaka, Bangladesh	Proprietor	100%	
	Chairman	Sumday Development Company Ltd., Bangladesh	Managing Director		
		Seamark PLC, United Kingdom	Deputy Managing Director	27%	
		IBCO Limited, United Kingdom	Deputy Managing Director	30%	
		IBCO Enterprise, United Kingdom	Deputy Managing Director	33%	
Mr Kamal Ahmad	Vice	Seamark (BD) Limited, Bangladesh	Deputy Managing Director	20%	
Mr. Kamal Ahmed	Chairman	IBCO Food Industries Limited, Bangladesh	Deputy Managing Director	23%	
		Seamark (Holdings) Limited, Bangladesh	Deputy Managing 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%	
Mr. M Badiuzzaman	Director	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%	
		Strategic Enterprises Pvt. Ltd., Bangladesh	Chairman	30%	
	<b>5</b>	IMACULUS Ltd., UK	Director		
Mr. Imtiaz Ahmed	Director	Strategic Enterprises Pvt. Ltd., Bangladesh Chairman  Director  MACULUS Ltd., UK Director  Forest View College, UK Director/Secretary			
		National Exchange Company S.R.L. Italy	Chairman	30%	
Mr. Mohammed Idrish	Director	Popular Travels & Tours, Rome, Italy	Director	20%	
Farazy		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%	
Mr. Igbal Ahmed OBE	<b>5</b> : .	Seamark (BD) Limited, Bangladesh	Chairman & Chief Executive	30%	
DBA	Director	IBCO Food Industries Limited, Bangladesh	Chairman & Chief Executive	31%	
		Seamark (Holdings) Limited, Bangladesh	Chairman & Chief Executive		
		Seamark (USA) Inc., USA	Managing Director	33%	
		ManRu Shopping City, Bangladesh	Senior Partner	31%	

IqbalDirectorJi Stone Supplier, BangladeshProprietor100%New Maitri Stone Crushing, BangladeshProprietor100%Jamil Iqbal Ltd.Chairman50%Commodity First DMCC, Dubai, UAEManaging Director50%Loch Shipping Intermediary FZE, UAEChairman & MD100%Jabbar Jute Mills Ltd. BangladeshDirector10%Bangladesh Medical Science and Technology Limited, BangladeshDirector10%Comodity First Pte Ltd, SingaporeDirector50%Mr. Fazlur Rashid KhanDirector50%Dr. Nesar Ahmed ChoudhuryProprietor100%Dr. Nesar Ahmed ChoudhuryN.A. Choudhury Limited, U.K.Director50%Dr. N.A. Choudhury and Dr. Sultan PartnershipPartner50%Mr. Rabin PaulDirectorClaims Center Limited, U.K.Director50%Mr. Mohammed Rafique MiahDirectorBangla Trade UK Ltd. U.K.Managing Director100%	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
Hirapur Realty Corporation (Commercial Building)			Father Realty Corporation (Commercial Building).	Proprietor	100%
Number   Nave			Amin Realty Corporation (Commercial Building).	Proprietor	100%
Indian Spice (Indian Restaurant)			Hirapur Realty Corporation (Commercial Building).	Proprietor	100%
Mr. Khandakar R. Amin         Director         Chile's Chocolate, (Mexican Restaurant)         Proprietor         100%           Mr. Khandakar R. Amin         Director         Gallitots Mexicans (Restaurant)         Proprietor         100%           Gallitots 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%           Mr. Ago Fishers. Ltd.         Proprietor         100%           Mr. Ago Fishers. Ltd.         Proprietor         100%           Mr. Namin Cartin Ca			Surma Realty Corporation (Commercial Building)	Proprietor	100%
Mr. Khandakar R. Amin         Director         Chile's Chocolate, (Mexican Restaurant)         Proprietor         100%           Mr. Khandakar R. Amin         Formation         Gallitos Expreess (Mexican Restaurant)         Proprietor         100%           Hotel New York (Residential)         Proprietor         100%           Hotel New York (Residential)         Proprietor         100%           KH Carbon Factory         Proprietor         100%           KH Carbon Factory         Proprietor         100%           KH Carbon Factory         Proprietor         100%           Amin CNG Filling Station         Proprietor         100%           Amin Cox Station         Proprietor         100%           Amin Cox Station         Proprietor         100%           Dhaka New York Agro Fishers, Ltd.         Proprietor         100%           Mr. Naveed Rashid Khan         Director         10%         Entroprietor         100%           Mr. Naveed Rashid Khan         Director         Bangladesh Medical Science and Technology Ltd         Director         10%           Mr. Mohammed Jamil Iqbal         Director         50%         Managing Director         50%           Mr. Mohammed Jamil Iqbal         Director         Ji Stone Supplier, Bangladesh         Proprietor         1			Indian Spice (Indian Restaurant)	Proprietor	100%
Mr. Khandakar R. Amin         Director         Gallitots Expreess (Mexican Restaurant)         Proprietor         100%           Hotel New York (Residential)         Proprietor         100%           Hotel New York (Residential)         Proprietor         100%           KH Carbon Factory         Proprietor         100%           Amin CNG Filling Station         Proprietor         100%           Amin CNG Filling Station         Proprietor         100%           Amin Gas staton         Proprietor         100%           Dhaka New York Agro Fishers. Ltd.         Proprietor         100%           Mr. Naveed Rashid Khan         Director         10%         Director         10%           Mr. Naveed Rashid Khan         Director         Bangladesh Medical Science and Technology Ltd         Director         10%           Commodity First DMCC, Dubai, UAE         Managing Director         50%           Commodity First DMCC, Dubai, UAE         Partner         24%           Mr. Mohammed Jamil         Iqbai         Ji Stone Supplier, Bangladesh         Proprietor         100%           Iqbai         Ji Stone Supplier, Bangladesh         Proprietor         100%           Mr. Mohammed Jamil Iqbai         Ji Stone Supplier, Bangladesh         Proprietor         100%			India Place (Indian Restaurant)	Proprietor	100%
Mr. Nhandakar R. Amin   Director   Galliots Mexicans (Restaurant)   Proprietor   100%   Hotel New York (Residential)   Proprietor   100%   KH Carbon Factory   Proprietor   100%   KH Carbon Factory   Proprietor   100%   Amin Gas station   Proprietor			Chile's Chocolate, (Mexican Restaurant)	Proprietor	100%
Galliots Mexicans (Restaurant)   Proprietor   100%		5	Gallitos Expreess (Mexican Restaurant)	Proprietor	100%
KH Carbon Factory	Mr. Khandakar R. Amin	Director	Galliots Mexicans (Restaurant)	Proprietor	100%
KH Carbon Factory			Hotel New York (Residential)	Proprietor	100%
Khandakr Aquaculture Ltd.   Proprietor   100%   Amin CNG Filling Station   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%   Director   10%   Gentrade FZE, UAE   Chairman & MD   100%   Commodity First DMCC, Dubai, UAE   Managing Director   50%   Commodity First DMCC, Dubai, UAE   Partner   24%   M/S. Md. Jamil Iqbal, BD   Proprietor   100%   Ji Stone Supplier, Bangladesh   Proprietor   100%   Ji Stone Supplier, Bangladesh   Proprietor   100%   Jamil Iqbal Ltd.   Chairman   50%   Commodity First DMCC, Dubai, UAE   Managing Director   50%   Jabbar Jute Mills Ltd.   Chairman & MD   100%   Jabbar Jute Mills Ltd.   Chairman & MD   100%   Jabbar Jute Mills Ltd.   Bangladesh   Director   50%   Director   10%   Bangladesh   Director   10%   Bangladesh   Director   10%   Director				•	
Amin CNG Filling Station Proprietor 100% Amin Cas station Proprietor 100% Cafe New York Proprietor 100% Dhaka New York Agro Fishers. Ltd. Proprietor 100% Dhaka New York Agro Fishers. Ltd. Proprietor 100%  Jabbar Jute Mills Ltd. Bangladesh Director 10% Gentrade FZE, UAE Chairman & MD 100% Gentrade FZE, UAE Chairman & MD 100%  Mr. Naveed Rashid Khan Director 10% Comodity First DMCC, Dubai, UAE Managing Director 50% Comodity First Pte Ltd, Singapore Director 100% Ji Stone Supplier, Bangladesh Proprietor 100% New Maitri Stone Crushing, Bangladesh Proprietor 100% Jamil Idpal Ltd. Chairman 50% 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 Limited, Bangladesh			·	•	100%
Amin Gas station     Proprietor     100%       Cafe New York     Proprietor     100%       Dhaka New York Agro Fishers. Ltd.     Proprietor     100%       Mr. Naveed Rashid Khan     Director     100%       Mr. Naveed Rashid Khan     Director     100%       Mr. Naveed Rashid Khan     Director     100%       Mr. Mohammed Jamil Iqbal     Director     50%       Mr. Mohammed Jamil Iqbal     Director     50%       Mr. Mohammed Jamil Iqbal     Director     100%       Mr. Nafih Rashid Khan     Director     J. Stone Supplier, Bangladesh     Proprietor     100%       Mr. Nafih Rashid Khan     Director     100%     New Maitri Stone Crushing, Bangladesh     Proprietor     100%       Mr. Nafih Rashid Khan     Director     50%     Commodity First DMCC, Dubai, UAE     Chairman     50%       Mr. Nafih Rashid Khan     Director     Jabbar Jute Mills Ltd. Bangladesh     Proprietor     100%       Mr. Fazlur Rashid Khan     Director     10%     Bangladesh Medical Science and Technology Limited, Bangladesh     Director     10%       Mr. Fazlur Rashid Khan     Director     50%     Director     50%       Mr. Fazlur Rashid Khan     Director     50%     Director     50%       Mr. Fazlur Rashid Khan     Director     50%			·	· · · · · · · · · · · · · · · · · · ·	100%
Cafe New York   Proprietor   100%   Dhaka New York Agro Fishers. Ltd.   Proprietor   100%   Dhaka New York Agro Fishers. Ltd.   Proprietor   100%					100%
Mr. Naveed Rashid Khan Director Jowanni Jamin Lorector Jowanni Jow				<del></del>	100%
Mr. Naveed Rashid Khan         Director         10%           Mr. Naveed Rashid Khan         Director         Bangladesh Medical Science and Technology Ltd         Director         10%           Mr. Naveed Rashid Khan         Director         Bangladesh Medical Science and Technology Ltd         Director         50%           Mr. Mohammed Jamil Iqbal         Al Anood Perfumes Co., Dubai, UAE         Partner         24%           Mr. Mohammed Jamil Iqbal         Director         100%         Mr. Mohammed Jamil Iqbal, BD         Proprietor         100%           Mr. Mohammed Jamil Iqbal         Director         Mr. Jamil Iqbal, BD         Proprietor         100%           Mr. Mohammed Jamil Iqbal         Director         JI Stone Supplier, Bangladesh         Proprietor         100%           Mr. Mohammed Jamil Iqbal         Director         100%         New Maitri Stone Crushing, Bangladesh         Proprietor         100%           Mr. Mahammed Jamil Iqbal         Ltd.         Chairman         50%         New Maitri Stone Crushing, Bangladesh         Proprietor         100%           Mr. Nafih Rashid Khan         Director         50%         Loch Shipping Intermediary FZE, UAE         Chairman & MD         100%           Mr. Nafih Rashid Khan         Director         10%         Bangladesh Medical Science and Technology Limited, Director			Dhaka New York Agro Fishers. Ltd.	<del></del>	
Mr. Naveed Rashid Khan Pirector Bangladesh Medical Science and Technology Ltd Director 10% Commodity First DMCC, Dubai, UAE Managing Director 50% Comodity First DMCC, Dubai, UAE Managing Director 50% Mr. Mohammed Jamil Iqbal Director JI Stone Supplier, Bangladesh Proprietor 100% Jamil Iqbal BD Proprietor 100% Jamil Iqbal Ltd. Chairman 50% Jamil Iqbal Ltd. Chairman MD 100% Jamil Iqbal Ltd. Chairman 50% Jamil Iqbal Ltd. Chairman 8 MD 100% Jamil Iqbal Ltd. Shipping Intermediary FZE, UAE Chairman 8 MD 100% Jamil Iqbal Ltd. Bangladesh Director 10% Jamil Addical Science and Technology Limited, Bangladesh Medical Science and Technology Limited, Director 50% Jamil Addical Science and Technology Limited, U.K. Director 50% Jamil Addical Science and Technology Limited, U.K. Director 50% Jamil Addical Science and Technology Limited, U.K. Director 50% Jamil Addical Science Addical Science and Technology Limited, U.K. Director 50% Jamil Addical Science Addical					
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Commodity First DMCC, Dubai, UAE   Managing Director   50%	Mr. Naveed Rashid Khan			Director	
Comodity First Pte Ltd, Singapore   Director   50%					
Mr. Mohammed Jamil Index			•		
Mr. Mohammed Jamil Iqbal Pirector Director JI Stone Supplier, Bangladesh Proprietor 100% New Maitri Stone Crushing, Bangladesh Proprietor 100% New Maitri Stone Crushing, Bangladesh Proprietor 100% Jamil Iqbal Ltd. Chairman 50% 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 Limited, Bangladesh Director 10% Comodity First Pte Ltd, Singapore Director 50% Comodity First Pte Ltd, Singapore Director 50% Tezlur Rashid Khan Director 100% Tezlur R			— ·		
Mr. Mohammed Jamil Iqbal  Director IJ Stone Supplier, Bangladesh Proprietor 100%  New Maitri Stone Crushing, Bangladesh Proprietor 100%  Jamil Iqbal Ltd. Chairman 50%  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 Limited, Bangladesh Director 10%  Comodity First Pte Ltd, Singapore Director 50%  Comodity First Pte Ltd, Singapore Director 50%  Proprietor 100%  The Pazlur Rashid Khan Director 50%  Mr. Fazlur Rashid Khan Director 50%  Mr. Fazlur Rashid Khan Director 50%  Director 50%  Mr. Nesar Ahmed Choudhury Director 50%  Director 50%  Mr. Rabin Paul Director Claims Center Limited, U.K. Director 50%  Mr. Mohammed Rafique Miah Director Bangla Trade UK Ltd. U.K. Director 50%  Mr. Mohammed Rafique Miah Managing Director 100%  Mr. Managing Director 100%					
New Maitri Stone Crushing, Bangladesh Proprietor 100%  Jamil Iqbal Ltd. Chairman 50%  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 Limited, Bangladesh Director 10%  Comodity First Pte Ltd, Singapore Director 50%  Comodity First Pte Ltd, Singapore Director 100%  21-23, 21-27, 21-31 LLC Managing Director 100%  Dr. Nesar Ahmed Choudhury Director 50%  N.A. Choudhury Limited, U.K. Director 50%  Brookdale Surgery Newton Health, U.K. Partner 50%  Mr. Rabin Paul Director Claims Center Limited, U.K. Director 50%  Bangla Trade UK Ltd. U.K. Managing Director 100%  Mr. Mohammed Rafique Mich Director Bangla Trade UK Ltd. U.K. Managing Director 100%  Managing Director 100%	Mr. Mohammed Jamil		·	•	
Jamil Iqbal Ltd.Chairman50%Commodity First DMCC, Dubai, UAEManaging Director50%Loch Shipping Intermediary FZE, UAEChairman & MD100%Jabbar Jute Mills Ltd. BangladeshDirector10%Bangladesh Medical Science and Technology Limited, BangladeshDirector10%Comodity First Pte Ltd, SingaporeDirector50%Mr. Fazlur Rashid KhanDirector50%Fazlur R. Khan Investment, USAProprietor100%21-23, 21-27, 21-31 LLCManaging Director100%Dr. Nesar Ahmed ChoudhuryN.A. Choudhury Limited, U.K.Director50%Dr. N.A. Choudhury and Dr. Sultan PartnershipPartner50%Brookdale Surgery Newton Health, U.K.Partner50%Mr. Rabin PaulDirectorClaims Center Limited, U.K.Director50%Mr. Mohammed Rafique MishDirectorBangla Trade UK Ltd. U.K.Managing Director100%				<u>'</u>	
Mr. Nafih Rashid Khan  Director  Director  Amanaging Director  Loch Shipping Intermediary FZE, UAE  Director  Director  Director  Director  Director  Director  Fazlur Rashid Khan  Director  Fazlur R. Khan Investment, USA  Director  Proprietor  Director  Director  Director  N.A. Choudhury Limited, U.K.  Director  D				<u>'</u>	
Mr. Nafih Rashid Khan Director    Director   Loch Shipping Intermediary FZE, UAE   Chairman & MD   100%     Jabbar Jute Mills Ltd. Bangladesh   Director   10%     Bangladesh Medical Science and Technology Limited, Bangladesh   Director   10%     Comodity First Pte Ltd, Singapore   Director   50%     Mr. Fazlur Rashid Khan   Director   Fazlur R. Khan Investment, USA   Proprietor   100%     Tazlur Rashid Khan   Director   Fazlur R. Khan Investment, USA   Proprietor   100%     Tazlur Rashid Khan   Director   N.A. Choudhury Limited, U.K.   Director   50%     Dr. Nesar Ahmed Choudhury   Director   Dr. N.A. Choudhury and Dr. Sultan Partnership   Partner   50%     Dr. N.A. Choudhury and Dr. Sultan Partnership   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%     Managing Director   100%   Managing Director   100%     Managing Director   100%   100%     Mana			•		
Mr. Nafih Rashid Khan  Pirector  Bangladesh Medical Science and Technology Limited, Bangladesh  Comodity First Pte Ltd, Singapore  Director  Direc					
Bangladesh Medical Science and Technology Limited, Bangladesh Medical Science and Technology Limited, Bangladesh  Comodity First Pte Ltd, Singapore  Director  Director  Fazlur R. Khan Investment, USA  21-23, 21-27, 21-31 LLC  Managing Director  Director  N.A. Choudhury Limited, U.K.  Director  Director  Dr. N.A. Choudhury and Dr. Sultan Partnership  Brookdale Surgery Newton Health, U.K.  Partner  S0%  Mr. Rabin Paul  Director  Claims Center Limited, U.K.  Managing Director  Director  Director  S0%  Managing Director  100%  Managing Director  50%  Managing Director  100%  Managing Director  100%  Managing Director  100%		Director			
Mr. Fazlur Rashid Khan  Director  Fazlur R. Khan Investment, USA Proprietor 100%  21-23, 21-27, 21-31 LLC Managing Director 100%  N.A. Choudhury Limited, U.K. Director Dr. N.A. Choudhury and Dr. Sultan Partnership Partner 50%  Mr. Rabin Paul Director Claims Center Limited, U.K. Director Director Mr. Mohammed Rafique Miah  Managing Director Managing Director 100%  Managing Director 100%  Managing Director 100%  Managing Director 100%	Mr. Nafih Rashid Khan		Bangladesh Medical Science and Technology Limited,		
Mr. Fazlur Rashid Khan  Director  Fazlur R. Khan Investment, USA Proprietor 100%  21-23, 21-27, 21-31 LLC Managing Director 100%  N.A. Choudhury Limited, U.K. Director Dr. N.A. Choudhury and Dr. Sultan Partnership Partner 50%  Mr. Rabin Paul Director Claims Center Limited, U.K. Director Director Mr. Mohammed Rafique Miah  Managing Director Managing Director 100%  Managing Director 100%  Managing Director 100%  Managing Director 100%				Director	50%
Mr. Fazlur Rashid Khan  Director  21-23, 21-27, 21-31 LLC  N.A. Choudhury Limited, U.K.  Director  Dr. N.A. Choudhury and Dr. Sultan Partnership  Brookdale Surgery Newton Health, U.K.  Partner  50%  Mr. Rabin Paul  Director  Claims Center Limited, U.K.  Director  Director  Director  Director  So%  Managing Director  50%  Managing Director  50%  Managing Director  Managing Director  100%					
Dr. Nesar Ahmed Choudhury  Director  Dr. N.A. Choudhury Limited, U.K.  Director  Dr. N.A. Choudhury and Dr. Sultan Partnership  Brookdale Surgery Newton Health, U.K.  Partner  50%  Mr. Rabin Paul  Director  Claims Center Limited, U.K.  Director  Director  Director  Bangla Trade UK Ltd. U.K.  Managing Director  100%	Mr. Fazlur Rashid Khan	Director	·	<u> </u>	
Dr. Nesar Ahmed Choudhury  Director  Dr. N.A. Choudhury and Dr. Sultan Partnership  Brookdale Surgery Newton Health, U.K.  Partner  50%  Mr. Rabin Paul  Director  Claims Center Limited, U.K.  Director  Director  Director  Director  So%  Managing Director  100%					
Brookdale Surgery Newton Health, U.K. Partner 50%  Mr. Rabin Paul Director Claims Center Limited, U.K. Director 50%  Mr. Mohammed Rafique Miah Director Bangla Trade UK Ltd. U.K. Managing Director 100%		Director	•		
Mr. Rabin PaulDirectorClaims Center Limited, U.K.Director50%Mr. Mohammed Rafique MiahDirectorBangla Trade UK Ltd. U.K.Managing Director100%	Choudhury		· · · · · · · · · · · · · · · · · · ·		
Mr. Mohammed Rafique Miah  Director  Bangla Trade UK Ltd. U.K.  Managing Director  100%	Mr. Rabin Paul	Director			
	Mr. Mohammed Rafique				
, <u> </u>	Mr. Abdul Karim	Director	Hassan Shahin Ahmed Perfumes L.L.C. Dubai, UAE	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
	Director	M/S. Md. Jahed Iqbal	Proprietor	100%
Mr. Mohammed Jahed Igbal		Jahed Iqbal Ltd. UK	Director	100%
		Desert Star Trading LLC	Partner	24%
ιγυαι		Jamil Iqbal Ltd.	Managing Director	50%
		Sumday 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/ Individual	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 DBA	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 wheather 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.

### 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

										(Amount in Taka)
		Cost	st				Depreciation	iation		
Particulars	Balance as at 1 January 2017	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 December 2017	Rate of Dep.	Balance as at 1 January 2017	Charged during the year	Disposal/ adjustment during the year	Balance as at 31 December 2017	Written Down Value
At Cost Tangible Assets										
Furniture and fixture	175,894,475	82,337,090	(1,390,000)	256,841,565	10%	35,148,600	23,591,077	(553,964)	58,185,712	198,655,853
Machinery and equipment	94,630,899	31,615,983	1	126,246,882	20%	37,096,686	21,702,056	1	58,798,742	67,448,140
Computer and network equipment	94,540,448	25,853,276	1	120,393,724	20%	44,425,872	21,141,821	1	65,567,693	54,826,031
Mobile Phone	1	1,040,605		1,040,605	20%	1	209,656		209,626	830,949
Vehicle	47,376,226	ı	ı	47,376,226	20%	20,583,685	9,475,246		30,058,931	17,317,295
Intangible assets:										
Software	158,041,183	2,676,736	ı	160,717,919	12.5%	41,069,348	19,853,775	1	60,923,123	96,794,796
As at 31 December 2017	570,483,231 143,523,691	143,523,691	(1,390,000)	712,616,922		178,324,191	95,973,630	(553,964)	(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	570.483.231		98.681.580	80,363,109	(720.499)	(720,499) 178,324,191 392,159,041	392,159,041



# NRB Bank Limited BALANCE WITH OTHER BANKS-OUTSIDE BANGLADESH (NOSTRO ACCOUNT)

71,794,333			22,373,499					
1	1	1	2,304,455	22.05	104,500.00	SAR	CD	National Commercial Bank, Saudi Arabia
393,500	78.70	5,000.00	413,500	82.70	5,000.00	ACU	CD	AB Bank Limited, Mumbai
4,199,002	81.95	51,240.84	134,219	98.31	1,365.27	EUR	CD	Mashreq Bank PSC ,UK
621,639	96.22	6,460.43	7,966,159	110.82	71,885.06	GBP	CD	Mashreq Bank PSC, UK
37,385,581	78.70	475,039.15	132,805	82.70	1,605.87	USD	CD	Mashreq Bank PSC, New York
187,997	0.67	280,091.00	146,188	0.73	200,368.00	Уdí	CD	Mizhuo Bank Ltd, Japan
346,510	81.95	4,228.49	415,701	98.31	4,228.49	ACU EUR	0)	United Bank of India
4,989,479	78.70	63,398.72	9,674,545	82.70	116,983.61	ACU	CD	United Bank of India
23,670,624	78.70	300,770.32	1,185,927	82.70	14,340.11	OSD	0	Habib American Bank, New York
Equivalent Taka	Exchange rate	FC amount	Equivalent Taka	Exchange rate	FC amount	Currency type	Account	Name of the Bank
	2016			2017			d	
(Amount in Taka)								

### **NRB Bank Limited**

# INVESTMENT IN QUOTED SHARES AND MUTUAL FUNDS

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

SL	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)	%	81.18%	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



### Sustainable Finance

Sustainable Finance refers to any form of financial service integrating environmental, social and economic criteria into the business or investment decisions for the lasting benefit of both clients and society at large. Sustainable Financing contributes to Sustainable development and value creation in economic, environmental and social terms. In other words, one that ensures and improves economic efficiency, prosperity, and economic competitiveness both today and in the long-term, while contributing to protecting and restoring ecological systems, and enhancing cultural diversity and social well-being is Sustainable Finance. Sustainable Finance approach in Bangladesh has primarily been driven by regulatory policies. The involvement of Bangladesh Bank (BB) promoted inclusive growth for attaining developmental goals and poverty reduction objectives of the Government. These initiatives are clearly linked to Sustainable Finance activities of the country. For Banking sector in Bangladesh, key areas of Sustainable Finance are Green Banking and CSR. However, activities of certain other sectors are clearly associated with the broad definition of 'Sustainable Finance'. These include Agricultural Credit, Financial Inclusion of underprivileged and rural people, Cottage, Micro and SME credit etc.

NRB Bank Ltd. adopted CSR and Green Banking practices and activities which are the key areas of Sustainable Finance from the very beginning of its journey. Each year the Bank contributes substantial amount towards CSR. During 2017, we started direct Green Financing in environment friendly Brick manufacturing projects. Since the inception of our Bank, top priority sectors of lending include SME and Agricultural sector. Almost 50% of our total loans fall under SME category. Every year, we fulfill Agricultural and Rural Credit disbursement target and receive appreciation from Bangladesh Bank. We are in the process of starting Agent Banking activities which has major impact in financial inclusion of underprivileged and rural people. As a whole, we are committed towards establishing Sustainable Finance in the country through integrating Sustainability factors, i.e. environmental, social and economic considerations into our core Banking activities and services.

### **Green Banking**

NRB Bank Ltd., always acknowledges the significance of Green Banking or environmentally responsible Banking which not only improve own standards but also affect socially responsible behavior of other business to save environment. From the beginning of the establishment of the Bank, we started Green Transformation of Internal Operations and introduced Green Banking Products like E-Statement, Internet Banking, and Online Banking in our Bank. Our Management has always stressed upon environment friendly initiatives, such as minimizing paper works both for internal and external communication, carbon emissions, conserve energy and water as much as possible, thus achieving efficiency in a cost-effective manner across the organization.

During the year 2015, we formed Green Banking Unit having responsibility of designing, evaluating, and administering related Green Banking issues of the Banks and issued separate 'Green Banking Policy' as per guidelines of Bangladesh Bank. During 2016, we have issued 'Green Office Guide' to be aligned with our mainstream Banking activities.

**Online Banking:** Online Banking system is a great way to reduce paper consumption. NRB Bank's Online Banking service is extended to all branches, ATM's booths.

**Internet Banking & E-Banking:** We have introduced Internet Banking and Electronic Banking services for the customers from almost the beginning of our establishment. Customers can get the access of Internet Banking and Electronic Banking services through Desktop browser, Mobile browser and downloading the Apps. Customers receive following services with the help of Internet Banking and E-Banking-

- View account information from Current, Savings, Fixed Deposit and Term Deposit Account
- View Loan Account information
- View account statement (e-statement)
- Manage cheque books
- View clearing cheque status
- View detailed information of Loan Account disbursement and repayment schedule of the loan
- Transfer funds from their NRBBL accounts to other local bank accounts through BEFTN



(BEFTN decreases paper-based payment methods and encourage electronic payment methods for secured, faster & cost-effective transactions.) & RTGS.

- Pay utility, credit cards, internet and mobile bills/top-up instantly.
- Receive e-Statements any time electronically and can check accounts anytime with an active internet connection.
- Get addresses, maps, driving directions, and banking hours for the NRB Bank branches and ATM network locations.
- Get SMS alert service

Phone Banking: The Bank established 24/7 Call Centre to provide improved and enhanced Phone Banking services to the customers over the phone. Phone Banking services helps to reduce the use of paper-based statements and carbon emission as the customers don't need to visit the branches.

**Debit & Credit Cards:** We provide Debit & Credit cards to our customers which helps to reduce the use of paper and carbon emission in different ways.



### Leed Certified Green Head Office

NRB Bank is housed in a Leed (Leadership in Energy and Environmental Design) certified Green Building (Simple Tree Anarkali, 89 Gulshan Avenue, Gulshan-1, Dhaka) with the most efficient utility, energy and resources systems. It is the first LEED certified Core & Shell project in Bangladesh. Here corporate environment responsibilities are embodied through energy efficiency, water conservation and sustainable framework for corporate identities-

**Water Efficient Landscaping:** The forecourt of our Head Office is established with a landscape that complements 65.83 percent of the roof that are vegetated. Irrigation is largely achieved through captured rainwater and recycled grey water. The project achieves 25 percent reduction in storm water runoff and 41 percent reduction in potable water use while 116 percent of wastewater on site is treated to tertiary standard.

**Optimize Energy Performance:** In terms of energy consumption the building system achieves 12.57 percent reduction in energy cost. The intelligent use of double low-e, ceramic fritted glazing panel along the west facade maintains the required SHGC (solar heat gain coefficient) value while exhibiting an urban scale artwork along the boulevard. To maximize energy performance and reduce the impact on the environment from excessive energy the building has daylight harvesting, occupant sensing lighting control and energy efficient lighting. As a result, total energy consumption has been reduced by a significant level.

**Water Use Reduction:** To maximize indoor water efficiency and reduce the burden on the municipal water supply and wastewater systems, the building utilizes low-flow fixtures including water closets and sinks. As a result, the building's calculated water consumption has been reduced significantly.

As a whole NRB Bank Ltd. believes that the long term success and existence of our Bank is directly linked to the health and quality of the natural environment. We endeavor to continuously improve our environmental performance, reduce greenhouse gas emission, carbon footprint, and prevent pollution by adopting and promoting renewable resources, resource efficient products, community outreach, awareness and education.

### **Green Financing under Sustainable Finance**

Green Financing means financing in 'Eco-Friendly' projects which will help attaining objectives towards a healthy environment not only for the present generation but also for the future generation. Green Finance covers a wide range of financial initiatives and includes both Public and Private Finance. Green Finance involves the effective management of Environmental risks across the financial system. Major Green projects financed by Banks and other Financial Institutions in Bangladesh as per guideline of Bangladesh Bank include Renewable Energy, Energy Efficiency, Solid Waste Management, Liquid Waste Management, Alternative Energy, Fire Burnt Brick, Non Fire Block Brick, Recycling and Recyclable Product, Green Industry, Safety and Security of factory and others.

### Financing towards Environment Friendly Brick Manufacturing Industries

- During the year 2017, NRB Bank Ltd. financed BDT 10.00 Crore to 'First Auto Bricks Ltd.' towards setting up a green Brick manufacturing project using Tunnel Kiln Technology with a capacity of manufacturing 330.00 lac pieces of different types of Bricks annually. It is worth mentioning that the Bank as a Lead Arranger in the process of raising fund for this project under Syndication arrangement arranged BDT 35.00 Crore as a whole.
- We financed BDT 2.40 Crore to "Eco Bricks" a green Brick manufacturing concern that produce Solid Clay Bricks using Zigzag Kiln Technology with a capacity of manufacturing 2.00 Crore Bricks annually.

### Agreement Signing with Bangladesh Bank

Following immense importance of Green Financing in the country, Bangladesh Bank introduced different 'Refinancing Scheme' for the Banks against their financing towards diverse green products/projects. As part of our commitment towards a Green Economy we have signed following Participation Agreement with Bangladesh Bank under refinance scheme-

- a) Refinancing Agreement under Green Transformation Fund (GTF): On February 09, 2017 we have signed Refinancing Agreement with Bangladesh Bank for facilitating access to finance in foreign exchange for all manufacturer-exporters in Export-oriented Textile & Textile Products, RMG and Leather Goods Manufacturing Industries to import capital machineries and accessories relevant to environmentfriendly/green attributes specified by Bangladesh Bank.
- b) Participation Agreement into the Refinancing scheme for Green Products / Initiatives: On September 13, 2017, we have signed Participation Agreement with Bangladesh Bank under refinance scheme for lending in green product/initiatives (e.g. investment in sectors like Renewable Energy, Green Brick Manufacturing and Waste Management etc.).

Greening the financial system will determine how Bangladesh faces its environmental challenges throughout the pathway of growth. Since Green transformation of major sectors of the economy through environmentally responsible production depends on both the public and private sector financing in favor of Sustainable Finance, NRB Bank Limited as a responsible new generation Bank is committed towards substantial direct Green financing for accelerating the Green growth in the country.

### Refinancing Agreement under Green Transformation Fund (GTF)

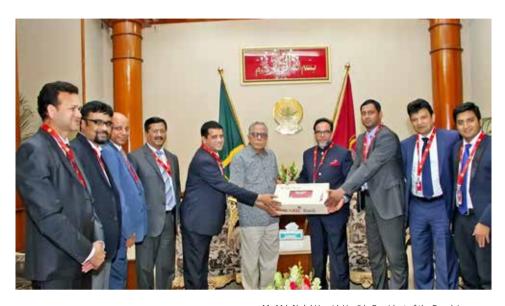


Md. Mehmood Husain, Managing Director and CEO of NRB Bank Ltd. and Manoj Kumar Biswas, General Manager, Sustainable Finance Department Bangladesh Bank has signed Participation Agreement of Green Transformation Fund (GTF) at the presence of S. K. Sur Chowdhury, Honourable Deputy Governor of Bangladesh Bank on February 09, 2017. Along with them, other high officials of Bangladesh Bank and NRB Bank Ltd. were also present at the agreement signing ceremony. Bangladesh Bank established a revolving fund of USD 200 million which can be availed by the participant Banks (ADs) to offer on-lending/refinancing for facilitating access to financing in foreign exchange for all manufacturer-exporters in Export-oriented Textile & Textile Products and Leather Goods Manufacturing Industries to import capital machineries and accessories relevant to environment-friendly/green attributes specified by BB.



### CSR-2017

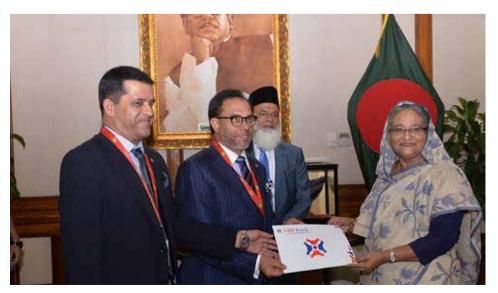
The Banking sector is in a leading position in discharging Corporate Social Responsibilities (CSR) in the country. The CSR practices by Banks have become an integral part of their business in recent years. CSR practices by Banks not only improve their own standards but also catalyst the socially responsible behavior of other businesses. Banking industry itself can also be benefited from the positive effects of CSR on the society as a whole, particularly on its clients. NRB Bank strive each day to ensure successful outcomes for all those who place their trust in the Bank and for the betterment of the society. We are determined to be a responsible Bank.



# Mr. Md. Abdul Hamid, Hon'ble President of the People's Republic of Bangladesh receives a token of NRB Bank's contribution of sharee & Jungi lemergency disaster relief) from Mr. Mohammed Mahtabur Rahman (Nasir), Chairman of NRB Bank Limited for flood affected people of the Haor area (North-Eastern region) of the country at a function held at Bangabhaban, the official residence of the President, Dhaka, Bangladesh on Sunday (11 June 2017). Vice Chairman of the Bank Mr. Tateyama Kabir, Chairman of the Audit Committee of the Bank Mr. Imtiaz Ahmed, Vice Chairman of the Risk Management Committee Mr. Mohammed Jamil Iqbal, Directors Mr. Rabin Paul, Mr. Mohammed Rafique Miah & Syed Sabbir Ahmed and Managing Director & CEO Mr. Md. Mehmood Husain are also seen in the picture.

### **Disaster Management**

NRB Bank has made significant contribution for disaster management this year by donating BDT 50.00 Lac towards the "Prime Minister's Relief Fund" to support the flood affected people of the country. The Bank had also made donations of over BDT 55.00 Lac by distributing emergency supplies and clothing to the victim of flood in the North-Eastern region of Bangladesh.





Hono'ble Prime Minister Sheikh Hasina is receiving cheque of Tk.50.00 lac for "Prime Minister's Relief Fund" from Mr. Mohammed Mahtabur Rahman, Chairman of NRB Bank Limited for flood affected people at a function held at the Prime Minister's residence Gonobhabon on Sunday (10 September 2017). Vice Chairman of the Bank Mr. Tateyama Kabir is also present.



### **Education Program**

Educational prosperity is of utmost importance for Sustainable Development of the Country and hence NRB Bank Ltd. has made significant contribution to this sector via a donation of BDT 25 Lac to the "Prime Minister's Education Assistance Trust" during 2017.



Prime Minister Sheikh Hasina is receiving cheques of BDT25.00 lac for "Prime Minister's Education Assistance Trust" from Mr. Mohammed Mahtabur Rahman (Nasir), Chairman of NRB Bank Limited at a function held at the Prime Minister's residence Gonobhabon (Monday 15 May 2017). Chairman of the Executive Committee of the Bank Mr. M Badiuzzaman and Chairman of the Risk Management Committee of the Bank Mr. Mohammed Idrish Farazy are also seen in the picture.

### **Community Investment**

NRB Bank Ltd. has participated in the following programs during 2017 that augment the betterment of the community-

- Contributed BDT 1.00 Crore to the 'Prime Minister's Relief Fund' to alleviate
  the sufferings of the Rohingya community who had taken refuge in
  Bangladesh following months of persecution in Myanmar.
- Contributed BDT 2.00 Lac for the purchase of Patrol Car for Shah Paran (R.A.) Police Station.
- Contributed BDT 25.00 Lac to 'Jatir Janak Bangabandhu Sheikh Mujibur Rahman Memorial Trust'.









Mr. Proshanto K. Singha, Manager Sylhet Branch, NRBBL handing over a Pay Order of BDT100k on July 27, 2017 at Sylhet Bar Office to Mr. Siraj, a cousin of the ailing renowned Journalist Mr. Kawsar Ahmed Chowdhury (senior staff reporter of 'Dainik Sylhet Sylhet er Dak') who was under the treatment (Kidney and Liver Transplantation) in Mumbai, India.



Mr. Md. Mehmood Husain, Managing Director & CEO of NRB Bank Limited handing over a cheque of BDT2.00 lac to Ms. Sayera Akhter Popy a contractual employee of Bank for treatment purpose under the CSR program of the Bank on 30 October 2017 at Corporate Head Office. Ms. Popy met massive accident on her way to office in early September 2017.

### **Financial Assistance to Health Sector**

NRB Bank Limited provided direct Financial Assistance of BDT 9.00 Lac in total during 2017 to the following patients for their treatments-

- Financial assistance has been provided to the prominent Journalist Kawsar Chowdhury (senior staff reporter of 'Dainik Sylhet er Dak') for Kidney and Liver Transplantation treatment.
- A Child with critical Heart Disease and another with Bone Marrow Cancer received financial aid from the Bank for their treatment purpose.
- One of our Contractual Staff received financial help from the CSR fund as well after getting severely injured by a massive road accident since she was not under any insurance policy.

As a socially responsible Bank, NRB Bank is contributing substantial amount every year as part of its CSR activities. CSR significantly improves Bank's reputation and confidence of customers and business partners, and motivates the employees to work for the Bank they could feel proud of. Therefore, we strongly believe it would be strategic as well as longer run competitive advantage for us to embrace CSR in our management approaches and operations with extensive stakeholder engagement and initiatives chosen for community investments to reduce Social exclusion and inequality to address the Key Sustainable Development challenges.



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Our brand identity defines a powerful way of promoting NRB Bank. It will focus on what NRB Bank stands for and enhance communication with target audiences to help them recognize NRB Bank as a leading financial institution.

The NRB Bank logo is the most important element for creating an impact and establishing visual identity. The logotype visually symbolizes the brand identity so that it is instantly recognized and associated with NRB Bank and its values.

The symbol used in the logotype depicts two distinct elements surrounding a precious diamond in the center. This diamond symbolically represents Bangladesh while the surrounding Blue and Red elements represent both resident and non-resident Bangladeshis and their attachment to Bangladesh. The elements combine together to create strength in unity, representing the powerful bond which NRB Bank strives to achieve with its clients. The symbol can also be interpreted as an anchor which provides financial security and stability.

Two bold and vibrant colours were chosen for the logotype, inspired by the Union Jack, to reflect regal yet understated sophistication.

NRB Bank logotype may be used as a dynamic graphic device. The graphic device may add as a dramatic element for creating impact and recognition. By which the logo has been transformed into a graphic device which depicts growth and a sense of energy and direction for reaching soaring heights. The aim of this abstract symbol is to create instant association with NRB Bank's values.

The tone of voice corresponds with the values, vision, mission and brand identity of NRB Bank. The style and language are consistent and consolidate what NRB Bank stands for. The verbal style is straightforward, with simple and direct; portrayed in a warm manner which reflects the bank's passion. The words should be utilized in a respectful manner which engages the audience and captures their enthusiasm, inspiring them to learn more about the bank. In line with the sophistication of the NRB Bank identity, the tone of voice is sincere and determined without being overly-excessive or exaggerated.

### NRB BANK BRAND & COMMUNICATIONS

Brand & Communications is the strategic communication partner for the entire Bank and as such is responsible for:

- Corporate Marketing & Branding
- Provide support to company/management as spokesperson
- Develop Marketing Communications (MarCom) strategies and concepts for Corporate and Business Units (BUs) for target groups
- Transfer the overall business strategy into a Corporate and Marketing communications strategy
- Align Corporate Communications and Business Units (BUs) Marketing Communications
- Strategize, Direct, Monitor and Support marketing communications and supervise the total visual identity and image of NRB Bank in and outside the country.

We consider communications work – based on Bank's goals and strategies – to be a vital part of the business process. To increase company value by communicating goals, achievements and business strategies to our target groups though all our communications.

To build a distinctive visual, virtual and verbal corporate Identity and to create proper image we are strongly follow the single brand strategy to create one brand, one voice philosophy in all sorts of communications. Because, We're Not just another bank.

### **PRODUCT &**

### **SFRVICES**

### RETAIL DEPSOIT PRODUCTS

### **Current Account**

An easy access account designed to facilitate customers in response to requirement of frequent and bulk account transactions.

**Current Plus Account** An interest bearing current account for the individuals and SME-small segmented customers.

**Savers** This is an interest bearing savings account for the Bangladeshi nationals. Interest is calculated on monthly minimum balance and paid half-yearly.

**Power Savers** A savings account with competitive interest rate, offers growth of a savings account with the convenience of a current account for the Bangladeshi citizens. Interest is calculated on daily balance and paid half yearly.

**Pearl Account** Pearl Account is an interest bearing savings account designed exclusively for female customers.

**Investment Savings Account** Savings Account is an interest bearing account for the resident Bangladeshi investors which can be maintained in respect to portfolio investments in Bangladesh.

NITA Account The route to portfolio investment in Bangladesh for the non-resident Bangladeshi investors. Non-resident Investors Taka Account is a non-interest bearing account, which is opened in association with a foreign currency current account.

Amar Shwopno Account Amar Shwopno Account is an account specially created for the inclusion the unbanked population of Bangladesh under the banking service. This is an interest bearing account with minimum initial deposit as low as BDT 10.

**RFCD Account** An interest bearing foreign currency current account for Bangladeshi nationals, which can be opened in USD / GBP / EUR.

**Term Deposit** Term deposit is a smart solution to get more out of long term investments with choice of tenor. Suitable tenor: 30 days, 90 days, 100 days, 180 days, 200 days, 300 days, 360 days or 720 days.

**Monthly benefit Scheme** Monthly Benefit Scheme is a term deposit product that offers

monthly return on depositors fixed deposit amount over a certain period.

My Double / Triple Benefit Scheme My Double / Triple Benefit Scheme is a time specified deposit scheme for customers where the deposited amount will double or triple on maturity.

My DPS My DPS is a recurring monthly savings plan of any multiple of BDT 500 but not exceeding BDT 20,000 with tenor options 3, 5, 7, & 10 years.

**Secured DPS** Secured DPS is a recurring monthly savings plan with full maturity value insured in case of customer's death.

### NRB BANKING PROPOSITION MY BANGLADESH

A proposition designed to cater the expectations of NRBs in order to pave the ways of NRB investment to Bangladesh. The proposition contains array products for NRB's to choose from:

NRB FCY Account A current account that can be opened in USD / GBP / EURO to facilitate the NRBs to open in currency in their country of domicile.

**NRB My Savings Account** A daily interest bearing Taka savings account for non-resident Bangladeshi. An account, which broadens the horizon for NRBs to invest in various deposit products of the bank with lucrative yield.

**NRB FCY Term Deposit (NRB Rising)** A Foreign Currency fixed deposit account with choice of 30/90/180/360 days tenure and competitive interest rate.

**Expat FCY Account** A non-interest bearing foreign currency account especially for expatriate employees working for foreign missions or registered firms operating in Bangladesh. Foreign nationals residing in Bangladesh or abroad are also eligible for opening the account in USD / GBP /EUR.

**Expat BDT Account** A non-interest bearing account, which can be opened in BDT for the foreign nationals who are resident in Bangladesh and working in the country with valid work permit.

### STUDENT BANKING PROPOSITION MY FUTURE

Student Banking proposition includes a rewarding and convenient offering for students up to age of 26 years. The proposition consists of three major products:

**My Early Account** Savings account with flexible operating features for children aged from 6 to 18 years.

**My Future DPS** Monthly recurring savings plan for minors of BDT 500 and any multiple of BDT 1000 with tenor options 3, 5 & 10 years

**My Study Account** A daily interest bearing savings account especially designed for students aged 18 to 26 years.

**Student File Service** NRB Bank provides support to prospective students, while they pursue higher education abroad by processing their student files and remitting funds in respective foreign currencies to meet tuition fees, board and lodging / incidental expenses etc.

### PAYROLL BANKING PROPOSITION MY SALARY

A convenient payroll management solution with a host of tailor-made products and propositions for corporates to manage their employee salary. The proposition offers wide range of benefits ranging from waivers and discount on different fees to other privileged services.

**My Salary Account** A daily interest bearing savings account for the payroll customers with an array of benefits.

### facility.

**RETAIL** LOANS

My Loan My Loan is an unsecured any purpose loan with equal monthly installment (EMI)

Quick Cash Quick Cash is an overdraft facility for resident and non- resident Bangladeshis against FD's and securities with flexible repayment options.

Quick Loan Quick Loan is an EMI based secured credit facility. This is a quick, continent and easy way to meet financial needs in an emergency.

My Home Loan My Home Loan is a secured mortgage loan with EMI facility.

My Car Loan My Car Loan is an EMI based car loan facility to fulfil the customer's dream of owning a car.

My Study Loan My Study Loan is an EMI based loan to finance meritorious student who choose to pursue a higher education abroad. This loan will not only cover tuition fees but also overseas living expenses.

NRB My Home A proposition for the non-resident Bangladeshis for availing an EMI based home loan facility. This is to encourage the NRBs to make best use their hard earned money abroad.

### **OTHERS**

### Locker Services

A security service offered to the customers to safe-guard their valuables under Bank's custody.

### **CARD PRODUCTS**

Local Debit Card VISA Local Debit Card with highly secured EMV chip and a wide range of benefits

Global Debit Card VISA Global Debit Card with highly secured EMV chip Card, worldwide acceptance and a wide range of benefits

VISA Classic Credit Card Plastic currency with an unsecured Credit limit from BDT 20,000 to BDT 99.999

VISA Gold Credit Card Plastic currency with an unsecured Credit limit from BDT 100,000 to BDT 199,999

VISA Platinum Credit Card Plastic currency with an unsecured Credit limit from BDT 200,000 to 1000,000

### Kev Features of NRB Bank VISA Credit Card

- Highly secured EMV Card, Worldwide Accepted.
- 3D Secure Online and e-Commerce transactions with OTP.
- Complimentary Card for the first year.
- 100% Waiver on Renewal fee by making 14 transactions in a year\*.
- Two Supplementary Card is FREE.
- Lower interest rate in the market, Monthly 2.08%.
- Lower interest rate for Balance Transfer, Monthly 1.83%.
- Cash Advance up to 50% of Card limit.
- Up to 45 days interest free period.
- Balaka VIP Airport Lounge facilities (For Platinum Cardholder).
- Meet & Greet service (For Platinum Cardholder).

- Free First Card Cheque Book.
- Lower Card Cheque processing fee, 1.25% or BDT 100 which is higher.
- Discount facilities in various Restaurants. Hotels & Retail shops.
- "0% Easylife Installment Plan" from selected Merchants.
- EMI based "Easylife Interest Loan" from available balance with only 13% interest (Flat) per annum.
- Triple benefit Credit Assurance Program with Insurance coverage up to tk.20 Lac.
- Easy Payment facilities through Internet Banking.
- Free SMS alert service.
- Free Monthly e-statement.
- 24 hours Call Centre assistance.
- Auto Debit Payment facility.

### Key Features of NRB Bank VISA Debit Card

- Highly secured EMV Card, Worldwide Accepted.
- 3D Secure Online and e-Commerce transactions with OTP
- Free Cash withdrawal from any ATM all over the country

### **ALTERNATE DELIVERY CHANNELS**

### $\Delta TM$

NRB Bank facilitated Automated Teller Machine (ATM) at all branches from the very beginning of the bank's operation. Our ATM networks comprises of 35 ATMs including 1 offsite ATM.

### **Internet Banking**

Internet Banking service is offered free of charge to customers and provides banking facility anytime, from anywhere as per customer's convenience. Features of internet banking include transfer of funds, balance inquiry, viewing account statement as well as instant mobile top-up. Internet banking service can be accessed from PC, Tab or Mobile device.

### **Call Center**

A 24 Hour Call Center with world's leading technology solution AVAYA. All that is required is to dial '16568' or '+88 09666456000' for render the service of a state-of-the-art facility.

### INFORMATION

### TECHNOLOGY @ NRB BANK

Make Customer Happy with compliance. NRB Bank is a technocentric bank from the beginning. It comes to adopting state of the art technology to provide product and services to its valued customer. The best application, the best hardware, the best people are the three things that have kept us in front.

Bank engaged PWC one of the renowned audit comply for Vulnerability Assessment and Penetration Testing (VAPT). Also doing real-time periodic DR (Disaster Recovery) operation as a part of compliance and smooth service. Arranging training & awareness building program for end users.

Revamp of new website (www.nrbbankbd.com)gives bank a new feel globally. Now customer both local & foreign can easily reachable by this. Ensure strong footprint in social network and 16568 (Short Code) for interactive customer access.

With finest banking platform which are Oracle® Flexcube® Universal Banking System® and Oracle® Flexcube® Direct banking® – we are able to offer wide range of products and anywhere banking. We are one of the few bank in the country offering corporate internet banking with personalized apps for Apple and Android devices for individuals. Using internet banking customer can view all kind of account activity instantly. He/she can transfer fund to any account of any bank within the country.

NRB bank is the first bank among 4th generation banks to adopt card management system (CMS) and Tranzware CMS from Compass Plus enabled us to offer wide range of card base products including debit, credit and prepaid. We are the early mover with EVM based chip card with 2nd factor authentication to ensure best possible security for card transactions.

Bank has strong technology platform to support any kind of MIS development. MIS & Reporting platform from Oracle® enabled IT to extract and present data in quickest possible time.

NRB Bank has entered into strategic partnerships with some of the best known Information Technology majors to ensure reliability, stability and scalability. In the era of cloud, virtualization and IT outsourcing we has taken remarkable steps to ensure best utilization of resources by virtualization and reduced capex by outsourcing several IT services ensuring utmost security.

Accordant to World Economic Forum "While the use of technology in finance is not new, nor are many of the products and services that are offered by new entrants to the sector, it is the novel application of technology and its speed of evolution that make the current wave of innovation unlike any we have seen before in financial services."

# KEY ACTIVITIES 2017



### NRB Bank Limited formally opened Laldighirpar Branch in Sylhet on 2 January 2017

NRB Bank Limited, a leading 4th generation bank of the country formally inaugurated a new branch at Rahman Chamber, Laldighirpar of Sylhet city on January 2, 2017. Laldighirpar Branch is the fourth branch of the Bank in Sylhet.

Chairman of NRB Bank Limited Mr. Mohammed Mahtabur Rahman (Nasir), Vice Chairman-Mr. Tateyama Kabir, Chairman -EC Committee Mr. M Badiuzzaman, Chairman of Audit Committee Mr. Imtiaz Ahmed, Chairman of Risk Management Committee Mr. Imtiaz Ahmed, Chairman of Risk Management Committee Mr. Mohammed Idrish Farazy and Managing Director & CEO Md. Mehmood Husain were present among other directors: Khondokar Ruhul Amin, Mr. Mohammed Jamil Iqbal, Mr. Robin Paul, Alternate Director and Sponsor Shareholder Mr. Aminur Rashid Khan, other sponsor shareholders: Mr. Shabbir Ahmed Choudhury, Mr. Monir Ali, Mr. Ali Ahmed, Mr. Helal Rahman, Mr. Abdul Quayum Khalique and local distinguished guests among other high official of NRB Bank Limited were present on the occasion.



### NRB Bank Limited Formally opened a new Branch in Pallabazar on 22 January 2017

NRB Bank Limited, a leading 4th generation bank of the country opens a new branch at Pallabazar, Chatkhil of Noakhali at January 22, 2017. Pallabazar Branch is the 25 th branch of the Bank.

NRB Bank Limited Chairman, Mr. Mohammed Mahtabur Rahman
(Nasir), formally inaugurated the new branch as the chief guest of the ceremony. Mr. Jahangir Alam, PS to Prime Minister was the special guest of the ceremony. Vice-Chairman Mr. Tateyama Kabir, Chairman of EC Committee- Mr. M Badiuzzaman and Managing Director & CEO Mr. Md. Mehmood Husain were present among other directors: Mr. Khondokar Ruhul Amin, Sponsor Shareholder and Alternate Director Mr. Aminur Rashid Khan and local distinguished guests among other high official of NRB Bank Limited.



### 01 March, 2017NRB Bank Limited has launched the Card Cheque facility for its Credit Cardholders

NRB Bank Limited has launched the Card Cheque facility for its Credit Cardholders. Mr. Md Mehmood Husain, Managing Director & CEO of the Bank inaugurated the launching event. Mr. Md Saaduddin Ahmed, DMD & CRO, Mr. Mir Shafiqul Islam, Head of Cards and other high officials were also present at that event. From 1st March, 2017 NRB Bank Credit Cardholders will get Card Cheque facility with lower processing fee in the market."



NRB Bank Limited celebrates special Bengali occasion Pohela Boishakh – 1424 on 16th April 2017 ( ৩রা বৈশাখ) at Corporate Head Office to be acquainted itself with the Bengali Culture.

Managing Director and CEO Mr. MD. Mehmood Husain was present along with the Senior Management Team and other female officials. The Bank organised a Boishakhi Poem Competition on the Eve of Pohela Boishakh. Managing Director and CEO Mr. MD. Mehmood Husain also honoured the winners of Boishakh Poem competition on that day. The theme of the program was:

"বৈশাখের উদাত্ত আহ্বানে, এসো এক হই তবে"



### NRB Bank Limited is the proud banking partner of Touch & Go Toll Collection System on 22 July 2017

Mr. Obaidul Quader, MP, Honorable Minister, Ministry of Road Transport and Bridges, Peoples Republic of Bangladesh is inaugurating 'Touch & Go' toll collection service at Meghna Gomoti Bridge on 22 July 2017. NRB Bank Limited is the proud banking partner of the first ever in Bangladesh Touch & Go toll collection system. Computer Network System (CNS) is the network partner of the system. Mr. M. A. N. Siddique, Secretary of Ministry of Road Transport and Bridges, Mr. Imran Ahmed, FCA, Chief Operating Officer of NRB Bank Limited are among others seen in the picture.



### NRB Bank Limited opens 26th Branch at Rajshahi on 30 July 2017

NRB Bank Limited, a leading 4th generation bank of the country opens the 26th Branch at Rajshahion 30July 2017. Mr. Md. Mehmood Husain, Managing Dirtector & CEO of NRB Bank formally inaugurated the new branch as the chief guest of the ceremony. Mr. Imran Ahmed, FCA, Chief Operating Officerof NRB Bank Limited was the special guest of the ceremony. Mr. Mossadek Hossain Bulbul, Mayor, Rajshahi City Corporation, Mr. Moniruzzaman Moni, President Rajshahi Chamber of Commerce and Industry, Mr. Rahat Shams, Head of Retail Banking and Mr. Shahidul Islam, Branch Manager are among others seen in the picture.





### NRB Bank celebrates 4th Anniversary on 4 August

Mr. Md. Mehmood Hussain, Managing Director & CEO of NRB Bank Limited is seen cutting cake to celebrate the Bank's 4th Anniversary in a function held at a hotel in the capital city yesterday. NRB Bank Limited completed its 4th year of operations on 04 August, 2017. Mr. Saaduddin Ahmed, DMD & CRO, Members of Senior Management Team, Senior Executives of the Corporate Head Office and the Branch Managers of NRB Bank Limited are, among others, seen in the picture.



### NRB Bank Holds Half-yearly Business Review Meeting-2017 on 5 August 2017

Mr. Md. Mehmood Husain, Managing Director & CEO of NRB Bank Limited was present at the Half-yearly Business Review Meeting-2017 held on Saturday, 05 August 2017 at a hotel in the capital city Dhaka. Mr. Saaduddin Ahmed, Deputy Managing Director & CRO and Mr. Imran Ahmed FCA, COO of NRB Bank Limited, Senior Management Team, Divisional Heads & all branch managers are also seen in the picture.



### NRB Bank Limited opens 27th Branch at Rahimanagar, Kachua, Chandpur on 24 September 2017

NRB Bank Limited, a leading 4th generation bank of the country opens the 27th Branch at Rahimanagar Bazar, Kachua, Chandpur on 24 September 2017. Mr. Md. Mehmood Husain, Managing Director & CEO of NRB Bank formally inaugurated the new branch as the chief guest of the ceremony. Mr. Imran Ahmed, FCA, Chief Operating Officer of NRB Bank Limited, Mr. Rahat Shams, Head of Retail Banking and Mr. Md. Saiful Islam, Branch Manager are, among others, seen in the picture.



### NRB Bank Limited opens 28th Branch at Dhanmondi, Dhaka on 16 October 2017

NRB Bank Limited, a leading 4th generation bank of the country opens the 28th Branch at Dhanmondi, Dhaka on 16 October 2017. Mr. M Badiuzzaman, Chairman, Executive committee of NRB Bank Limited formally inaugurated the new branch. Vice Chairman of the Bank Mr. Tateyama Kabir, Chairman of the Risk Management Committee of the Bank Mr. Mohammed Idrish Farazy, Director Mr. Mohammed Jahed Iqbal and Managing Director & CEO Mr. Md. Mehmood Husain are also seen in the picture.



### NRB Bank Limited opens 29th Branch at Comilla on 17 October 2017

NRB Bank Limited, a leading 4th generation bank of the country opens the 29th Branch at Comilla on 17 October 2017. Mr. Mohammed Mahtabur Rahman, Chairman of NRB Bank Limited formally inaugurated the new branch as the chief guest of the ceremony. Vice Chairman of the Bank Mr. Tateyama Kabir was present as the special guest of the ceremony. Chairman of the Risk Management Committee of the Bank Mr. Mohammed Idrish Farazy and Managing Director & CEO Mr. Md. Mehmood Husain are also seen in the picture.



### NRB Bank Limited opens 30th Branch at Mograpara, Sonargaon, Narayangonj on 18 October 2017

NRB Bank Limited, a leading 4th generation bank of the country opens the 30th Branch at Mograpara, Sonargaon of Narayangonj district on 18 October 2017. Mr. Khandokar R. Amin Vice Chairman of the Executive Committee of NRB Bank Limited formally inaugurated the new branch as the chief guest of the ceremony. Managing Director & CEO of the Bank Mr. Md. Mehmood Husain, Chief Operating Officer Mr. Imran Ahmed, FCA and Head of Retail Banking Mr. Rahat Shams are also seen in the picture.





### NRB Bank Limited signed a payroll agreement with Toufika Group

Mr. Rahat Shams, Head of Retail Banking of NRB Bank Limited and of Mr. Kawser Ahmed, Chief Operating Officer of Toufika Group has exchanged documents after signing a payroll agreement on 29 October 2017 at Head Office of Toufika Group. Under this agreement the employees of Toufika Group will enjoy privileged services from NRB Bank Limited. Mr. Imran Ahmed FCA, Chief Operating Officer, Mr. Toaha Bin Momin, Senior Manager, Payroll Banking, Mr. Imran Hossain, Manager of Banani Branch of the Bank and Mr. Md Mustaque Ahmed, Chief Financial Officer of Thoufika Group were present.



### NRB Bank Limited signed a payroll agreement with Asian Duplex Town & Asian Town Development Ltd.

Mr. Imran Ahmed FCA, Chief Operating Officer of NRB Bank Limited and of Mr. Bilash Das, Managing Director of Asian Town Development Ltd. has exchanged documents after signing a payroll agreement on 01 November 2017 at Bank's Corporate Head Office. Under this agreement the employees of Asian Duplex Town & Asian Town Development Ltd. will enjoy privileged services from NRB Bank Limited. Mr. Rahat Shams, Head of Retail Banking, Mr. Toaha Bin Momin, Senior Manager, Payroll Banking, Mr. Imran Hossain, Manager of Banani Branch of the Bank and Mr. Major Md. Abdul Maleque (Retd.), Executive Director of Asian Town Development Ltd. were present.



### NRB Bank Limited opens 31st Branch at Sreepur, Gazipur on 19 November 2017

NRB Bank Limited, a leading 4th generation bank of the country opens the 31st Branch at Sreepur, Gazipur on 19 November 2017. Mr. Md. Mehmood Husain, Managing Director & CEO of NRB Bank Limited formally inaugurated the new branch as the chief guest of the ceremony. Mr. Imran Ahmed, FCA, Chief Operating Officer of NRB Bank Limited and Mr. Rahat Shams, Head of Retail Banking are, among others, seen in the picture.



### NRB Bank Limited opens 32nd Branch at Shafipur, Gazipur on 26 November 2017

NRB Bank Limited, a leading 4th generation bank of the country opens the 32nd Branch at Shafipur Bazar, Gazipur on 26 November 2017. Mr. Md. Mehmood Husain, Managing Director & CEO of NRB Bank Limited formally inaugurated the new branch as the chief guest of the ceremony. Mr. Imran Ahmed, FCA, Chief Operating Officer of NRB Bank Limited and Mr. Rahat Shams, Head of Retail Banking are, among others, seen in the picture.



NRB Bank Ltd. Holds 4th Annual General Meeting on 10 & 17 December 2017 The 4th Annual General Meeting (AGM) of NRB Bank Limited was held on 10 & 17 December 2017 at Le Meridien Hotel, Dhaka. The Bank has declared 12% cash dividend for the year 2016. Mr. Mohammed Mahtabur Rahman Chairman of the Bank presided over the meeting. Among others, Vice Chairmen of the Bank Mr. Tateyama Kabir and Mr. Kamal Ahmed, Chairman of Executive Committee Mr. M Badiuzzaman, Chairman of Audit Committee Mr. Imtiaz Ahmed, Chairman of Risk Management Committee Mr. Mohammed Idrish Farazy, other members of the Board of Directors and Sponsor Shareholders and Managing Director & CEO Mr. Md. Mehmood Husain were also present.



### NRB Bank Limited opens 33rd Branch at Feni on 20 December

NRB Bank Limited, a leading 4th generation bank of the country opens the 33rd Branch at Feni on 20 December 2017. Mr. Md. Mehmood Husain, Managing Director & CEO of NRB Bank Limited formally inaugurated the new branch as the chief guest of the ceremony. Mr. Imran Ahmed, FCA, Chief Operating Officer and Mr. Rahat Shams, Head of Retail Banking of the Bank are, among others, seen in the picture.





### NRB Bank Limited opens 34th Branch at Ghonapara, Gopalgani on 24 December 2017

NRB Bank Limited, a leading 4th generation bank of the country opens the 34th Branch at Ghonapara, Gopalganj on 24 December 2017. Mr. Sheikh Fazlul Karim Selim, MP, Gopalgonaj-2 formally inaugurated the new branch as the chief guest of the ceremony. Mr. Mohammad Mahtabur Rahman, Chairman of NRB Bank Limited, Mohammad Mizanur Rahman, MP, Khulna-2, Mr. Benazir Ahmed, Director General, RAB, Kazi Liyakot Ali, Mayor Gopalganj Pourosava, Mr. M Badiuzzaman, Director, NRB Bank Limited and Mr. Md. Mehmood Husain, Managing Director & CEO of NRB Bank Limited were present as special guest.



### NRB Bank Limited opens 35th Branch at Pahartoli, Raozan, Chittagong on 26 December 2017

NRB Bank Limited, a leading 4th generation bank of the country opens the 35th Branch at Pahartoli, Raozan, Chittagong on 26 December 2017. Mr. A.B.M. Fazle Karim Chowdhury, MP, Chittagong-6 formally inaugurated the new branch as the chief guest of the ceremony. Mr. Mohammad Mahtabur Rahman, Chairman and Mr. Md. Mehmood Husain, Managing Director & CEO of NRB Bank Limited were present as special guest.



### NRB Bank Limited opens 36th Branch at Kazirhat, Shariatpur on 27 December 2017

NRB Bank Limited, a leading 4th generation bank of the country opens the 36th Branch at Kazirhat, Shariotpur on 27 December 2017. Mr. B.M. Muzammel Haque, MP, Shariatpur-1 formally inaugurated the new branch as the chief guest of the ceremony. Mr. Mohammed Idrish Farazy of NRB Bank Limited and Mr. Md. Mehmood Husain, Managing Director & CEO of NRB Bank Limited were present as special guest.

## **BRANCH**NETWORK

### PRINCIPAL BRANCH

Simple Tree - Anarkali

89 Gulshan Avenue, Gulshan – 1, Dhaka, Bangladesh

### **BANANI BRANCH**

Classic Tower (1st Floor)

House No.: 1, Road: 11, Block: F, Banani, Dhaka-1213

### **BOGRA BRANCH**

Bogra Trade Centre (Ground Floor) 766(ii) Rangpur Road, Datta Bari, Borogola, Bogra-5800

### **GEC MOOR BRANCH**

565/A CDA Avenue (1st Floor)

GEC Circle, East Nasirabad, Chittagong, Bangladesh

### **JOYPARA BRANCH**

Monowara Mansion (1st Floor), East Lotakhola Joypara, Dohar, Dhaka1330, Bangladesh.

### **UTTARA BRANCH**

S M Tower (Ground & 1st Floor)

House # 14,Road # 2, Sector # 3 , Jashimuddin Avenue , Uttara Model Town, Dhaka1230,Bangladesh.

### **CHITTAGONG MAIN BRANCH**

Joy Bangla Tower

36 Agrabad Commercial Area, Chittagong 4000

### **GOALABAZAR BRANCH**

Al Murad Plaza (1st Floor)

Goala Bazar, Osmaninagar, Sylhet 3124.

### **KHULNA MAIN BRANCH**

MatriBhasa Bhaban (1st Floor) House # 63, KDA Avenue, Thana - Sonadanga, District-Khulna, Division-Khulna.

### **ATI BAZAR BRANCH**

House # 122, 81, Bapari Plaza PO: Shyamlapur Naogaon, Taranagar Union 3 Keranigonj Dhaka.

### PALLABAZAR BRANCH

Vill-Palla, Thana: Chatkhil, Noakhali, Chittagong

### **SATKANIA BRANCH**

Ula Miah Market (1st Floor) Keranihat Satkania, Chittagong, Bangladesh

### **MADHABPUR BRANCH**

Sayhum Future Complex (1st Floor)

Madhabpur Bazar, Madhabpur, Habigonj-3331

### RAHIMANAGAR BAZAR BRANCH

A. H. Munshi Tower (1st floor)

Rahima Nagar Bazar, Kachua, Chandpur

### **COMILLA BRANCH**

Parvin Square, 36, Kandirpar Ramghat Laksham Road, Comilla

### **SREEPUR BRANCH**

Nurul Islam Khan Complex, Plot no:243, Block: B, DB Road, Sreepur Pourashava, Sreepur Gazipur

### **FENI BRANCH**

Hague Square 27/1 SSK Road, Feni Sadar, Feni

### **RAOZAN BRANCH**

Haji Moqbul Tower (1st floor), Pahartali, Chowmuhani Bazar, Raozan, Chittagong

### **DILKUSHA BRANCH**

PFI Tower (1st Floor)

56-56 Dilkusha C/A, Dhaka-1000

### **SYLHET MAIN BRANCH**

Man Ru Shopping City (Ground Floor)

891 Mir Box Tula Road, Chowhatta, Sylhet 3100, Bangladesh

### **MOULVIBAZAR BRANCH**

Holding No. 985 & 986 (1st Floor) M Saifur Rahman Road, Moulvibazar, Bangladesh.

### **PACHDONA BRANCH**

Jubayer Tower (1st Floor)

Panchdona Bazar, Narsingdi Sadar, Narsingdi 1603.

### **HOTAPARA BRANCH**

Surma Valley (KRC Commercial and Residential Building, 1st Floor) Holding No. 651, Hotapara, Gazipur Sadar, Gazipur 1740

### **ASHULIA BRANCH**

Ahsan Complex (1st Floor) Holding No.356/1, Bashundhara EPZ Road Baipile, Ashulia, Savar, Dhaka 1349.

### **PATENGA BRANCH**

2514/3984 Airport Road, (Padma Oil Co. Ltd. , Guptakhal) Patenga, Chittagong

### **ZAJIRA Branch**

House # 204, North Baiksha Zajira Municipality, Thana-Zajira, District-Shariatpur, Division-Dhaka

### **CHAWK BAZAR BRANCH**

House #16, Water Works Road, Chawk bazar, Dhaka.

### **BHULTA BRANCH**

Rabet al Hasan Shopping Center (1st Floor) Bhulta, Thana Rupgonj, Narayanganj.

### **LALDIGHIRPAR BRANCH**

Rahman Chamber (1st Floor), Holding No.: 3162

Raza G.C. Road, Ward – 14, Laldighirpar, Bondar Bazar, Sylhet.

### **HEMAYETPUR BRANCH**

1576, Lalon Tower And Shopping Complex (1st Floor), Purbahati, Bilamalia, Tatul Jhora, Hemayetpur, Savar

### **RAJSHAHI BRANCH**

166, (1st floor), Sultanabad (New Market)

Ghoramara, Boalia, Rajshahi

### **DHANMONDI BRANCH**

Green City Square, Plot no 750 (old) Satmasjid Road

Dhanmondi, Dhaka

### **MOGRAPARA BRANCH**

Ambia Plaza, Mograpara Chowrasta. Sonargaon, Narayangonj

### **SHAFIPUR BRANCH**

K Z tower, Holding no: 70/1 shafipur Bazar, Kaliakoir Pourashava, Kaliakoir Gazipur

### **GHONAPARA BRANCH**

Zaman Center Gobra, Ghonapara, Gopalganj

### **KAZIRHAT BRANCH**

Five Star Super Market, Dubisaybor, Baro Kandi, Kazirhat, Zajira, Shariatpur



### **Principal Branch ATM**

Simpletree Anarkoli (Ground Floor) 89 Gulshan Avenue, Gulshan-1, Dhaka 1212

### **Banani ATM**

House# 26 (Ground Floor) Road#11, Block# F, Banani, Dhaka# 1213

### **Bogra Branch ATM**

Bogra Trade Centre (Ground floor) 766(ii) Rangpur Road, Datta Bari, Borogola, Bogra-5800

### **GEC Moor Branch ATM**

565/A CDA Avenue (Ground Floor) GEC Circle East Nasirabad, Chittagong, Bangladesh

### Joypara Branch ATM

Monowara Mansion (1st floor)

East Lotakhola, Joypara Dohar, Dhaka1330, Bangladesh.

### **Uttara Branch**

Marina Tower(Ground&1stFloor) House#14, Road#2, Sector#3, Uttara Model Town, Dhaka1230,Bangladesh.

### **Chittagong Main Branch ATM**

World Trade Center (2ndfloor), 102-103Agrabad CommercialArea, Chittagong 4000.

### Goala Bazar Branch ATM

Al Murad Plaza (Ground floor), Goala Bazar, Osmaninagar Sylhet 3124.

### Khulna Main Branch ATM

House # 63, MatriBhasa Bhaban, KDA Avenue, Thana Sonadanga, District Khulna, Division Khulna.

### Ati Bazar Branch ATM

House # 122,81 | Bapari Plaza PO: Shyamlapur Naogaon, Taranagar Union 3 Keranigonj Dhaka,

### PallaBazar Branch ATM

Vill- Palla, Thana: Chatkhil, Noakhali, Chittagong

### Satkania Branch ATM

Ula Miah Market (1st Floor) Keranihat, Satkania Chittagong, Bangladesh

### **Madhabpur Branch ATM**

Sayhum Future Complex Madhabpur Bazar Madhabpur, Habigonj-3331

### **Rahimanagar Bazar Branch ATM**

A. H. Munshi Tower Rahima Nagar Bazar, Kachua, Chandpur

### **Comilla Branch ATM**

Parvin Square 36, Kandirpar, Ramghat Laksham Road, Comilla

### **Sreepur Branch ATM**

Nurul Islam Khan Complex, Plot no:243, Block: B, DB Road, Sreepur Pourashava, Sreepur Gazipur

### Feni Branch ATM

Haque Square 27/1 SSK Road, Feni Sadar, Feni

### Raozan Branch ATM

Haji Moqbul Tower , Pahartali, Chowmuhani Bazar, Raozan, Chittagong

### Dilkusha Branch ATM

PFI Tower (Ground Floor), 56-56 Dilkusha C/A, Dhaka-1000.

### Sylhet Main Branch ATM

Man Ru Shopping City (Ground Floor) 891 Mir Box Tula Road Chowhatta, Sylhet 3100.

### **Moulvibazar Branch ATM**

HoldingNo.985&986(Ground Floor) M Saifur Rahman Road Moulvibazar, Bangladesh.

### Panchdona Branch ATM

Jubayer Tower (Ground floor)

Panchdona Bazar, Narsingdi Sadar, Narsingdi 1603.

### **Hotapara Branch ATM**

Surma Valley

(KRC Commercial and Residential Building, Ground Floor) HoldingNo.65, Hotapara, Gazipur Sadar Gazipur 1740

### **Ashulia Branch ATM**

Ahsan Complex (Ground Floor), HoldingNo.356/1, Bashundhara EPZ Road, Baipile, Ashulia, Savar, Dhaka 1349.

### **Dhanmondi ATM**

House#24/C (Old405/C)

Road#16(Old27), Dhanmondi R/A, Dhaka - 1209.

### Zazira Branch ATM

House # 204, North Baiksha Zajira Municipality, Thana Zajira,District Shariatpur, Division Dhaka

### **Chawk Bazar Branch ATM**

House #16, Water Works Road, Chawk bazar, Dhaka.

### **Bhulta Branch ATM**

Rabet al Hasan Shopping Center Bhulta, Thana Rupgoni, Narayangani.

### Laldighirpar Branch ATM

Rahman Chamber (1st Floor), Holding No.: 3162, Raza G.C. Road, Ward – 14, Laldigirpar, Bondar Bazar, Sylhet.

### **Hemayetpur Branch ATM**

1576, Lalon Tower And Shopping Complex, Purbahati, Bilamalia, Tatul Jhora

### Rajshahi Branch ATM

166, Sultanabad (New Market), Ghoramara, Boalia, Rajshahi

### **Dhanmondi Branch ATM**

Green City Square, Plot no 750 (old) Satmasjid Road Dhanmondi, Dhaka

### **Mograpara Branch ATM**

Ambia Plaza, Mograpara Chowrasta, Sonargaon, Narayangonj

### **Shafipur Branch ATM**

K Z tower, Holding no: 70/1 shafipur Bazar,Kaliakoir Pourashava, Kaliakoir Gazipur

### **Ghonapara Branch ATM**

Zaman Center Gobra, Ghonapara, Gopalganj

### **Kazirhat Branch ATM**

Five Star Super Market, Dubisaybor, Baro Kandi, Kazirhat, Zajira, Shariatpur

### Correspondent Banking

(FINANCIAL INSTITUTIONS)

Correspondent banking represents the cornerstone of the foreign exchange system designed to serve the settlement of financial transactions, including cash and trade business, across country borders. A correspondent bank is a financial institution that provides services on behalf of another, equal or unequal, financial institution. It can facilitate wire transfers, conduct trade transactions, accept deposits and gather & handle documents on behalf of another financial institution.

Recent banking research has revealed that the correspondent banking relationships have been reduced globally by 25%. The challenges of increased operational costs, competitiveness, regulatory pressures and anti-money laundering (AML) restrictions have driven banks to withdraw from correspondent banking relationships. Historically, these relationships were provided as services to international customers, but this is no longer viable, as banks cannot justify the increased compliance cost associated with offering correspondent banking services to their local customers. As a result, businesses in the regions most affected are struggling to access the global financial systems to finance their operations. Without this access, local banks are forced to use non-regulated, higher cost sources of finance and expose themselves to nefarious actors and shadow banking.

This process of limiting correspondent banking relationships is called "De-risking". De-risking by US and European banks, as well as by some of the Asian big names, is mainly driving the decline of the relationships. Certain geographic regions are being de-risked, leaving local businesses without access to the international financial community.

In Bangladesh, although LIBOR had been started increasing to an enormous level from the last quarter of 2018, importers still prefers to avail foreign currency loans in forms of UPAS and other trade financing facilities till today. The import of capital machinery and industrial raw materials has registered a significant growth in the first half of 2017–18. It ultimately wedged our BOP (Balance of Payments) and national USD reserve which inevitably pushed the regulators to upsurge the exchange rates to encourage the growth of export volume and inward remittance. It results the deflation of BD Taka against US Dollar. Additionally, the recent liquidity crisis in banking industry of Bangladesh mounted a huge pressure to day to foreign currency management and money markets.

Bearing these facts and challenges, NRB bank has successfully accommodated a good number of trade transactions which require adding confirmation and financing facility through its correspondents. We managed to widen our correspondent network in 46 countries around the world. We are maintaining strong bilateral business relationship with more than 180 nos. of local and foreign correspondent banks.

NOSTRO accounts in all major tradable currencies have been established and a healthy volume of transaction is channelized through them while meeting their rigorous AML/KYC requirements time to time. NRB Bank is registered with IRS (Internal Revenue Services), U.S., to comply with FATCA regulations & obtained GIIN (Global Intermediary Identification Number) - ELTG2L.99999.SL.050. We met all regulatory requirements related to compliance and guidelines through our continuous effort and internal insight. We have also registered our bank's name with all required financials and AML/KYC documents in Bankers Almanac and SWIFT KYC Registry.

### Network of Correspondent

Banks Afganistan Italy Singapore South Africa Japan Bahrain Spain Belgium Belarus Switzerland Brazil Malaysia Taiwan Canada Myanmar Turkey Cayman Islands Nepal Ukraine Czech Republic Pakistan Thailand Philippines UAE China Dominica Poland Qatar USA Egypt Russia Vietnam France Germany Saudi Arab Hong Kong India Serbia

FCY	Correspondent Bank	SWIFT/BIC	Account No	СР	FX	ММ
ACU	United Bank of India, Kolkata	UTBI IN BB	Account Number: 0084050097389; Euro	CP	FX	MM
ACU	United Bank of India, Kolkata	UTBI IN BB	Account Number: 0084050097370; Dollar	CP	FX	MM
EUR	Mashreqbank PSC, London	MSHQ GB 2L	Account Number: 00013404	CP	FX	MM
GBP	Mashreqbank PSC, London	MSHQ GB 2L	Account Number: 00013374	CP	FX	MM
JPY	Mizuho Bank Ltd, Tokyo	MHCB JP JT	Account Number: 7151010	CP	FX	MM
USD	Habib American Bank, New York	HANY US 33	Account Number: 20729250	CP	FX	MM
USD	Mashreqbank PSC, New York	MSHQ US 33	Account Number: 70010167	CP	FX	MM
ACU	AB Bank Limited, Mumbai	ABBL IN BB	Account Number: 5001-000079-155	CP	FX	MM
SAR	National Commercial Bank, Saudi Arabia	NCBK SA JE	Account Number: 88347001005402	CP	FX	MM

CP = Commercial Payments FX = Foreign Exchange MM = Money Markets





Registered Office Simpletree Anarkali, 89 Gulshan Avenue Gulshan-01, Dhaka-1212, Bangladesh

### NOTICE OF THE 5th (FIFTH) ANNUAL GENERAL MEETING (AGM)

Notice is hereby given that the 5<sup>th</sup> (Fifth) Annual General Meeting (AGM) of the Honorable Shareholders/Members of NRB Bank Limited will be held on Thursday, 28 June 2018 at 03:00 p.m. at Nazimgarh Garden Resort, Khadimnagar, Shah Paran, Sylhet 3103, Bangladesh to transact the following business and adopt necessary resolutions:

- 1. To receive, consider and adopt the Profit & Loss Account of the Bank for the year ended 31 December 2017 and the Balance Sheet as of that date together with the Reports of the Directors and the Auditors thereon.
- 2. To declare dividend for the year ended 31 December 2017.
- 3. To retire and elect/re-elect Directors.
- 4. To approve appointment of Independent Director(s).
- 5. To appoint Auditor(s) of the Bank for the period until conclusion of Sixth Annual General Meeting and to fix their remuneration.

By order of the Board of Directors,



07 June 2018

### NOTES:

- a) The Board of Directors has recommended '**Stock Dividend @8.00%**' for the year ended 31 December 2017 which will be placed before the Shareholders in the 5<sup>th</sup> AGM of the Bank for approval.
- b) **31 May 2018** was fixed as Record Date. The Shareholders, whose names appeared in the Register of Members of the Bank on the record date, are eligible for dividend and attending the meeting.
- c) A member eligible to attend and vote at the Annual General Meeting (AGM) may appoint a proxy to attend and vote on his/her behalf. The Proxy Form, duly stamped and signed by the member must be deposited at the Corporate Head Office at least 48 hours before the time for holding the meeting.
- d) The retiring Directors shall be eligible for re-election. Election of Directors (if any) will be dealt with as per the Articles of Association of the Bank, Election Rules and relevant Laws/Rules/Circulars/Notifications of Regulatory Bodies in force. New candidates are entitled to contest in the election of Directors provided they are eligible for the same. Nomination form in the prescribed format has to be submitted by the candidate by himself/herself, through authenticated e-mail or by his/her authorized agent with Authorization Form to the Registered Office. In case of e-mail, original copy to be invariably reached the Registered Office before the AGM. The last date for submission of nomination paper is **20 June 2018, Wednesday before 5.00 p.m.** Election Rules/Printed Nomination Form/Agent Authorization Form/Proxy Form are available at the Corporate Head Office of the Bank. The candidate will also have to provide all information and signed declaration as per prescribed format of Bangladesh Bank with nomination paper.
- e) To find the Annual Report together with the audited financial statements for the year 2017, Honorable Members can visit Bank's website: www.nrbbankbd.com.

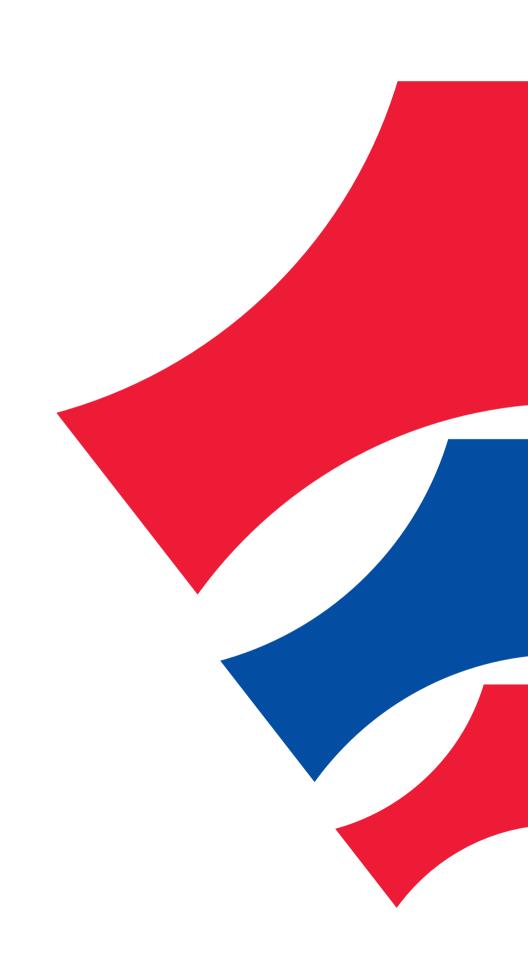


Date.....

Registered Office Simpletree Anarkali, 89 Gulshan Avenue Gulshan-01, Dhaka-1212, Bangladesh

<b>PROXY FORM</b>
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I / We								 		
of (address)								 		
being a member of NRB Bar	nk Limited, (	do hereby	appoir	nt Mr.	/Ms			 		
of (address)								 		
as my/our proxy to attend a Thursday, 28 June 2018 at 0 adjournment thereof.										
Signed this	day of			2018	8.					
Signature of the Member										1
Folio No. Number of Shares held									Revenue Stamp Tk. 20/-	
Signature of Proxy  Note: This proxy form, duly before the time fixed for the	completed,	must be o	deposit						ny not later than 48	(forty eight) hours
NRB B										
Registered Office Simpletree Anarkali, 89 G Gulshan-01, Dhaka-1212	aulshan Av	enue								
				AT	TEND	ANCE	SLIP			
I/We hereby record my/our o3:00 p.m. at Nazimgarh Ga							_		be held on Thursda	.y, 28 June 2018 at
Name of Member/Proxy								 		
Folio No.										
Number of Shares held										
Signature of Member / Prox	ïy									



NRB Bank Limited

Corporate Head Office Simpletree Anarkali 89 Gulshan Avenue, Gulshan-1 Dhaka-1212, Bangladesh