

NRB Bank Limited

**Independent Auditors' Report and Audited Financial
Statements
for the year ended 31 December 2019**

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Auditors' Report to the shareholders of NRB Bank Limited **Report on the audit of the financial statements**

Opinion

We have audited the financial statements of NRB Bank Limited (the "Bank"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the balance sheet as at 31 December 2019, and of its profit and loss accounts and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 and 3.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), requirements of Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 3.16 of the financial statements, which describes matters related to implementation of 'IFRS 16 Leases' including preliminary assessment of its impact as assessed by management. Our opinion is not modified in respect of this matter.

Other matters

The financial statements of the Bank for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 April 2019.

Other information

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

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and those charged with governance for the financial statements and internal controls

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with IFRSs as explained in note 2 and 3 and comply with the Banking Company Act, 1991 (as amended up to date), the Companies Act, 1994 and other applicable Laws and Regulations 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 Bangladesh Bank guidelines 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.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the Companies Act, 1994, the Banking Companies Act, 1991, and the rules and regulations issued by Bangladesh Bank we also report that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii. to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank;
- iii. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- iv. the records and statements submitted by the branches have been properly maintained in the financial statements;
- v. the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- vi. the expenditures incurred and payments made were for the purpose of the Bank's business for the year;
- vii. the financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- viii. adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- ix. the records and statements submitted by the branches have been properly maintained in the financial statements;
- x. the information and explanations required by us have been received and found satisfactory;
- xi. we have reviewed over 80% of the risk weighted assets of the Bank and spent over 2,985 person hours; and
- xii. capital to risk-weighted asset ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka, 28 June 2020

Hoda Vasi

Hoda Vasi Chowdhury & Co
Chartered Accountants



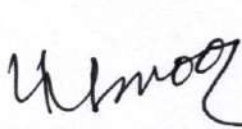
**NRB Bank Limited
Balance Sheet
as at 31 December 2019**


	Notes	31-Dec-2019 Taka	31-Dec-2018 Taka
PROPERTY AND ASSETS			
Cash	4	3,170,883,607	2,477,068,239
Cash in hand (including foreign currencies)	4.1	777,432,737	619,425,293
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	4.2	2,393,450,870	1,857,642,946
Balance with other banks and financial institutions	5	2,018,295,669	2,101,864,793
In Bangladesh	5.1	1,859,573,354	1,917,446,008
Outside Bangladesh	5.2	158,722,315	184,418,785
Money at call on short notice		345,320,000	-
Investments	6	8,256,770,228	5,644,173,511
Government	6.1	6,703,274,548	4,143,947,816
Others	6.2	1,553,495,680	1,500,225,695
Loans and advances	7	38,932,317,978	32,473,459,905
Loans, cash credit, overdrafts etc.	7.1	38,813,955,679	32,358,230,291
Bills purchased and discounted	7.2	118,362,299	115,229,614
Fixed assets including premises, furniture and fixtures	8	448,917,068	440,714,062
Other assets	9	1,550,469,807	1,010,537,129
Non - banking assets		-	-
Total assets		54,722,974,357	44,147,817,639
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	3,733,884,914	3,003,095,329
Deposits and other accounts		41,809,853,016	33,518,594,580
Current deposits and other accounts	11.1	8,835,535,861	6,931,742,405
Bills payable	11.2	200,730,379	267,142,987
Savings bank deposits	11.3	3,315,135,398	2,862,283,877
Fixed deposits	11.4	29,458,451,378	23,457,425,311
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	12	4,051,536,334	2,374,736,164
Total liabilities		49,595,274,264	38,896,426,073
Capital/shareholders' equity			
Paid up capital	13.2	4,665,600,000	4,320,000,000
Statutory reserve	14	470,693,317	470,693,317
Other reserve	15	1,708,959	44,219
Retained earnings	16	(10,302,183)	460,654,030
Total shareholders' equity		5,127,700,093	5,251,391,566
Total liabilities and shareholders' equity		54,722,974,357	44,147,817,639

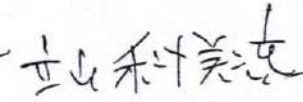
OFF-BALANCE SHEET ITEMS

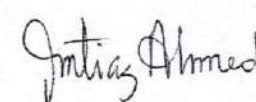
	Notes	31-Dec-2019 Taka	31-Dec-2018 Taka
Contingent liabilities	17	14,417,316,055	11,241,688,588
Acceptances and endorsements	17.1	2,604,112,785	1,594,059,219
Letters of guarantee	17.2	8,840,474,904	7,297,256,241
Irrevocable letters of credit	17.3	2,182,851,200	1,875,937,279
Bills for collection	17.4	789,877,166	474,435,849
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		-	-
Total off-Balance Sheet items including contingent liabilities		14,417,316,055	11,241,688,588

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


 Md. Mehmood Husain
 Managing Director & CEO


 Mohammed Mahtabur Rahman
 Chairman


 Tateyama Kabir
 Vice Chairman


 Imtiaz Ahmed
 Director

As per our report of same date.

Dhaka, 28 June 2020

Hoda Vasi

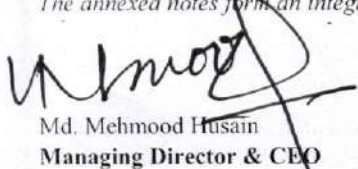
Chartered Accountants

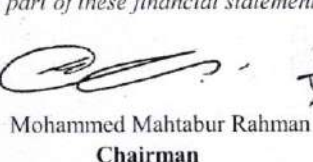


**NRB Bank Limited
Profit and Loss Account
for the year ended 31 December 2019**

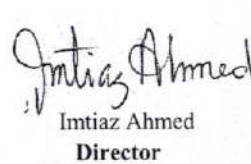
	Notes	Amount in Taka 2019	Amount in Taka 2018
Interest income	19	4,603,332,997	3,549,330,885
Interest paid on deposits and borrowings etc.	20	(3,088,835,347)	(2,296,120,534)
Net interest income		1,514,497,650	1,253,210,351
Income from investments	21	447,119,076	707,440,314
Commission, exchange and brokerage	22	445,817,916	314,399,170
Other operating income	23	20,858,079	14,080,992
		913,795,071	1,035,920,477
Total operating income (A)		2,428,292,720	2,289,130,828
Salaries and allowances	24	710,291,621	626,866,221
Rent, taxes, insurance, electricity etc.	25	316,448,163	296,643,186
Legal and professional expenses	26	4,137,894	4,364,997
Postage, stamp, telecommunication etc.	27	34,885,572	27,159,894
Stationery, printing, advertisements etc.	28	30,935,848	37,206,218
Managing Director's salary and fees	29	16,738,000	16,760,000
Directors' fees and other expenses	30	5,148,511	3,127,689
Auditors' fees	31	400,000	400,000
Depreciation and repair of bank's assets	32	154,999,478	153,485,807
Other expenses	33	229,195,654	213,648,802
Total operating expenses (B)		1,503,180,741	1,379,662,814
Profit before provision (C=A-B)		925,111,979	909,468,014
Provision for loans and advances			
General provision		75,087,071	90,585,221
Specific provision		814,076,927	111,623,623
		889,163,998	202,208,844
Provision for off-balance sheet items		28,601,862	21,856,855
Provision for diminution in value of investments		100,854,567	28,607,958
Other provisions		197,000	242,000
Total provision (D)	34	1,018,817,427	252,915,658
Total profit before tax (E=C-D)		(93,705,448)	656,552,356
Provision for tax			
Provision for current tax	12.6	340,045,431	181,906,525
Deferred tax expense/(Income)	9.3.3	(308,394,666)	(107,509,240)
Total provision for tax (F)		31,650,765	74,397,285
Net profit after tax (G=E-F)		(125,356,213)	582,155,071
Appropriations			
Statutory reserve	14	-	131,310,471
General reserve		-	-
		-	131,310,471
Retained surplus for the year		(125,356,213)	450,844,600
Earnings per share (EPS)	37	-0.27	1.25

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


Md. Mehmood Husain
Managing Director & CEO

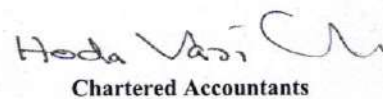

Mohammed Mahtabur Rahman
Chairman


Tateyama Kabir
Vice Chairman


Imtiaz Ahmed
Director

As per our report of same date.

Dhaka, 28 June 2020

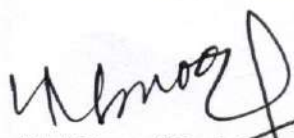

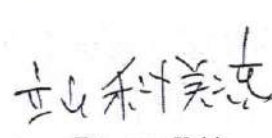
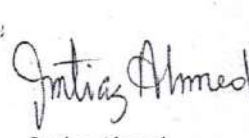

Hoda Vasi
Chartered Accountants



**NRB Bank Limited
Cash Flow Statement
for the year ended 31 December 2019**

	Notes	2019 Taka	2018 Taka
Cash flows from operating activities			
Interest receipts in cash		5,059,688,924	3,780,069,091
Interest payments		(3,352,626,662)	(2,028,957,846)
Dividend receipts		66,553,877	80,479,778
Fees and commission receipts		445,817,916	314,399,170
Cash payments to employees		(727,029,621)	(643,626,221)
Cash payment to suppliers		(12,671,920)	(14,434,029)
Income tax paid		(208,769,203)	(84,034,321)
Receipts from other operating activities	35	20,858,079	14,080,992
Payments for other operating activities	36	(662,270,325)	(607,982,921)
Cash generated from operating activities before changes in operating assets and liabilities		629,551,065	809,993,693
Increase/(decrease) in operating assets and liabilities:			
Loans and advances to customers		(6,458,858,073)	(9,552,552,374)
Other assets		(544,886,179)	(282,901,806)
Deposits from customers		8,291,258,436	9,585,109,901
Other liabilities		1,151,752,504	390,684,499
Cash generated from operating assets and liabilities		2,439,266,689	140,340,220
Net cash generated from operating activities		3,068,817,754	950,333,913
Cash flows from investing activities			
(Purchase)/sale of trading securities		(2,559,326,732)	(769,548,484)
Gain/loss from sale of trading securities, shares, bonds, etc.		(109,030,116)	269,088,155
(Purchase)/sale of shares and bonds		(53,269,985)	78,259,969
(Purchase) of property and equipment		(122,118,864)	(115,460,640)
Net cash used in investing activities		(2,843,745,697)	(537,661,000)
Cash flows from financing activities			
Borrowings from other banks, financial institutions and agents		385,174,185	(1,611,263,186)
Cash dividend paid		-	(24,358,560)
Net Cash flows/(used in) from financing activities		385,174,185	(1,635,621,746)
Net increase in cash and cash equivalents (A+ B + C)		610,246,243	(1,222,948,833)
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		4,578,933,033	5,801,881,864
Cash and cash equivalents at end of the year (D+E+F)		5,189,179,276	4,578,933,033
Cash and cash equivalents at end of the year represents			
Cash in hand (including foreign currencies)		777,432,737	619,425,293
Balance with Bangladesh Bank and its agent bank (s)		2,393,450,870	1,857,642,946
Balance with other banks and financial institutions		2,018,295,669	2,101,864,794
		5,189,179,276	4,578,933,033

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

Md. Mehmood Husain
Managing Director & CEO

Mohammed Mahtabur Rahman
Chairman

Tateyama Kabir
Vice Chairman

Imtiaz Ahmed
Director

NRB Bank Limited
Statement of Changes in Equity
for the year ended 31 December 2019

(Amount in Taka)

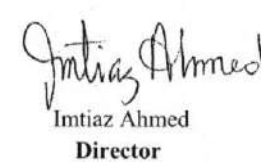
Particulars	Paid up capital	Statutory reserve	Other Reserve	Retained earnings	Total
Balance as at 1 January 2019	4,320,000,000	470,693,317	44,219	460,654,030	5,251,391,566
Bonus share issued for 2018	345,600,000	-	-	(345,600,000)	-
Net profit/(loss) after tax for the year	-	-	-	(125,356,213)	(125,356,213)
Transfer to statutory reserve	-	-	-	-	-
Addition/(adjustment) made during the year	-	-	1,664,740	-	1,664,740
Balance as at 31 December 2019	4,665,600,000	470,693,317	1,708,958	(10,302,183)	5,127,700,093
Balance as at 1 January 2018	4,000,000,000	339,382,846	177,951	329,809,430	4,669,370,227
Bonus share issued for 2017	320,000,000	-	-	(320,000,000)	-
Net profit/(loss) after tax for the year	-	-	-	582,155,071	582,155,071
Transfer to statutory reserve	-	131,310,471	-	(131,310,471)	-
Addition/(adjustment) made during the year	-	-	(133,732)	-	(133,732)
Balance as at 31 December 2018	4,320,000,000	470,693,317	44,219	460,654,030	5,251,391,566

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


Md. Mehmood Husain
Managing Director & CEO


Mohammed Mahtabur Rahman
Chairman


Tateyama Kabir
Vice Chairman


Imtiaz Ahmed
Director

NRB Bank Limited
Liquidity Statement
(Analysis of maturity of assets and liabilities)
as at 31 December 2019

(Amount in Taka)

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets:						
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	3,170,883,607	-	-	-	-	3,170,883,607
Balance with other banks and financial institutions	1,859,573,354	158,722,315	-	-	-	2,018,295,669
Money at call and on short notice	345,320,000	-	-	-	-	345,320,000
Investments	448,636,778	322,226,416	2,338,898,076	1,576,065,414	3,570,943,544	8,256,770,228
Loans and advances	6,830,268,197	5,238,272,131	11,781,825,420	11,669,740,681	3,412,211,548	38,932,317,978
Fixed assets including premises, furniture and fixtures	-	-	-	-	448,917,068	448,917,068
Other assets	-	81,383,836	304,358,686	1,164,727,286	-	1,550,469,807
Non banking assets	-	-	-	-	-	-
Total assets (A)	12,654,681,936	5,800,604,698	14,425,082,183	14,410,533,380	7,432,072,160	54,722,974,357
Liabilities:						
Borrowings from other banks, financial institutions and agents	2,961,143,372	368,294,392	235,343,016	92,165,359	76,938,775	3,733,884,914
Deposits	5,985,554,032	9,570,629,762	21,271,164,731	2,348,873,977	2,633,630,514	41,809,853,016
Provision and other liabilities	240,438,100	1,043,086,028	158,220,942	8,466,650	2,601,324,614	4,051,536,334
Total liabilities (B)	9,187,135,504	10,613,715,790	21,664,728,689	2,449,505,987	5,234,955,128	49,595,274,264
Net liquidity gap (A - B)	3,467,546,431	(4,813,111,092)	(7,239,646,506)	11,961,027,393	2,197,117,032	5,127,700,093

NRB Bank Limited
Notes to the Financial Statements
as at and for the year ended 31 December 2019

1. The Bank and its activities

1.1 Reporting entity

The NRB Bank Limited (the "Bank") is a private commercial bank (PCB), incorporated as a public limited company in Bangladesh on 19 March 2013 under the Companies Act, 1994. It started its banking businesses from 04 August 2013 under the license issued by Bangladesh Bank. The Bank has currently 46 branches, 46 ATM booths and NPSB shared ATM booths all over Bangladesh. The Bank had no overseas branches as at 31 December 2019.

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, cash management, treasury, securities and custodial services to its customers.

2. Basis of preparation and significant accounting policies

2.1 Statement of compliance

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is formed and it is yet to issue financial reporting standards for public interest entities such as banks. The Bank Company Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as approved by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

Accordingly, the financial statements of the Bank continue to be prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Bank Company Act 1991, the rules and regulations issued by Bangladesh Bank (BB), the Companies Act 1994. In case any requirement of the Bank Company Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Bank Company Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Material deviations from the requirements of IFRS are as follows:

i) Presentation of financial statements

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

Bangladesh Bank: The presentation of the financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flows statement, statement of 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, mutual funds and other securities

IFRS: As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted and unquoted shares are revalued on the basis of year-end market price and as per Net Assets Value (NAV) of last audited balance sheet respectively. As per instruction of another DOS circular letter no. 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 recognised at costs.

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

IFRS: As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised 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, amortisation loss is charged to profit and loss account, mark-to-market loss on revaluation of Government treasury securities (T-bills / T-bonds) categorised as HFT is charged to Profit and Loss account, but any unrealised gain on such revaluation is recognised to revaluation reserve account. T-bills/T-bonds designated as HTM are measured at amortized cost method but interest income/gain is recognized through equity.

iv) **Provision on loans and advances**

IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per 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, a general provision @ 0.25% to 5% under different categories of unclassified loans (standard/ SMA loans) should be maintained regardless of objective evidence of impairment. And specific provision for sub-standard/doubtful/bad-loss loans should be made at 20%, 50% and 100% respectively on loans net off eligible securities (if any). Also, a general provision @ 1% should be provided for off-balance sheet exposures except bills for collection. Such provision policies are not specifically in line with those prescribed by IFRS 9.

v) **Recognition of interest in suspense**

IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

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

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

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

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

viii) Repo and reverse repo transactions

IFRS: As per IFRS 9 when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

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

ix) Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14, financial guarantees such as letter of credit and letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin. As per BRPD Circular No.01 dated 03 January 2018 and BRPD Circular No.14 dated 23 September 2012, the Bank is required to maintain provision at 1% against gross off-balance sheet exposures (which includes undrawn loan commitments).

x) Cash and cash equivalent

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

Bangladesh Bank: Some cash and cash equivalent items such as money at call on short notice, treasury bills with maturity of more than three months and prize bond are not shown as cash and cash equivalents. Money at call on short notice is shown separately in the balance sheet. Treasury bills with maturity of more than three months and prize bond are shown under investment in the balance sheet.

xi) Non-banking assets

IFRS: No indication of non banking assets is found in any IFRSs.

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

IFRS: 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)

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

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

xiv) Presentation of intangible asset

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

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

xv) Off-balance sheet items

IFRS: There is no concept of off-balance sheet items in any IFRS; 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

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

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

2.2 Basis of measurement

The financial statements of the Bank 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 amortised yearly with resulting gain credited to amortisation reserve account but loss charged to profit and loss account.

2.3 Going concern basis of accounting

The financial statements has been prepared on the assessment of the Bank's ability to continue as a going concern. The Bank has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. The key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the Bank continued to exhibit a healthy trend for couple of years. The rating outlook of the Bank as denoted by the rating agency (ECRL) is 'stable'. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

2.4 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.

2.5 Use of estimates and judgments

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

2.6 Foreign currency transactions

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

2.7 Cash flow statement

Cash Flow Statement is prepared principally in accordance with IAS 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.

2.8 Reporting period

These financial statements of the bank cover one calendar year from 1 January to 31 December 2019.

2.9 Liquidity statement

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

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

2.10 Statement of changes in equity

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

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 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.

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, unrestricted balances held with BB and its agent bank, balance with other banks and financial institutions, money at call and on short notice and prize bonds which are not ordinarily susceptible to change in value.

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 methods of investments used are:

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

Investment in listed securities

These securities are bought and held primarily for the purpose of selling them in future or held for dividend income which are 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 unrealised loss (gain net off) has been made according to DOS circular no. 4 dated 24 November 2011 and for mutual funds (closed-end) as per DOS circular letter no. 3 dated 12 March 2015 of Bangladesh Bank.

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

Investments are stated as per following bases:

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Govt. treasury securities - Held for Trading (HFT)	Cost	Fair Value	Loss to Profit and Loss Account, gain to Revaluation Reserve.
Govt. treasury securities - Held to Maturity (HTM)	Cost	Amortised 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 unrealised gain booking.
Shares (Unquoted)	Cost	Lower of cost or Net Asset Value (NAV)	Loss to profit and loss account but no unrealised 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 unrealised gain booking.
Prize bond	Cost	Cost	None

3.1.3 Loans, advances and provisions

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

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

Commission and discounts on bills purchased and discounted are recognised at the time of realisation.

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.

Rates of provision on loans and advances are given below:

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	1%
Unclassified (including SMA) loans for professionals and Credit Cards	2%
Unclassified (including SMA) consumer financing other than housing financing, loans for professionals and Credit Cards	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	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 IAS 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 recognised in accordance with the specific requirements of the IFRS. The cost of an item of property, plant and equipment is recognised as an asset if, it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

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 unrealised income receivables etc.

3.1.6 Non-banking assets

Non-banking assets will be acquired due to failure of borrowers to repay the loan in time taken against mortgaged property. The value of the properties will be recognised in the financial statements as non-earning assets on the basis of third party valuation report. Value of the assets receive in addition to the loan outstanding will be kept as reserve against non-banking assets.

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 recognised as per the guidelines of Bangladesh Bank and International Financial Reporting Standards (IFRS).

3.2.4 Dividend payments

Interim dividend is recognised only when the shareholders' right to receive payment is established. Final dividend is recognised when it is approved by the shareholders in AGM. Dividend payable to the Bank's shareholders is recognised as a liability and deducted from the shareholders' equity in the 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, BRPD circular no. 16 dated 18 November 2014 and related subsequent amendment circulars. Details are stated in Note 12.3 of these financial statements.

3.2.6 Provision against investment in capital market

Provision for diminution of value of quoted shares and mutual funds (closed-end), placed under other liability, has been made on portfolio basis (gain net off) following DOS circular No. 04 dated 24 November 2011 and DOS circular letter no. 03 dated 12 March 2015 respectively. For unquoted shares, provision has been made based on available NAV of respective nos of units. As on the reporting date, the Bank does not hold any open-end mutual fund. Details are stated in 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 subsequent amendment circulars, the Bank has been maintaining provision @ 1% against off-balance sheet exposures (mainly contingent assets/liabilities) except bills for collection.

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

3.2.11 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.

3.3 Share capital and reserves

Authorised capital

The authorised capital of the Bank is the maximum amount of share capital that the Bank is authorised by its Memorandum and Articles of Association to issue among shareholders. This amount can be changed by shareholders' approval upon fulfilment of relevant provisions of the Companies Act 1994.

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 to "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 categorised as HTM increases as a result of amortization, the amount thus increased is recognised directly to equity as 'reserve for amortization'. However, any increase in the value of such securities categorised 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 Revenue recognition

Interest income

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

Fees and commission income

Fees and commission income arises on services provided by the Bank and recognised 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 recognised 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 recognised at the time when it is declared, ascertained and right to receive the payment is established as per IFRS 9.

Foreign exchange gain/ loss

Exchange income includes all gains 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 recognised 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 IAS 1 "Presentation of Financial Statements".

3.5 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.

Superannuation fund

The Banks' introduced "NRB Bank Limited Employees' Superannuation Fund" commencing from August 12, 2019 is subscribed by the contribution of the bank. The fund has been established to provide medical support like; hospitalization, maternity etc. and coverage in the event of accidental death or permanent disabilities of the employees.

3.6 Taxation

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

Current tax

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

Provision for current income tax of the Bank has been made on taxable income @ 37.5% considering major disallowances of expenses and concessional rates on certain incomes (0% on gain on trading of govt. securities, 10% on capital gain of shares & MFs and 20% on dividend income) as per Income Tax Ordinance (ITO) 1984.

Deferred tax

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

3.7 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 recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.8 Comparative Information

Comparative information including narrative and descriptive one is disclosed in respect of the preceding period where it is relevant to enhance the understanding of the current period's financial statements. Certain comparative amounts in the financial statements are reclassified and rearranged where relevant, to conform to the current year's presentation.

3.9 Earnings Per Share

As per IAS 33 'Earnings per Share' the Bank has been reporting 'Basic EPS' as there has been no dilution possibilities during the year. Basic EPS is computed by dividing the profit or loss attributable to ordinary shareholders of the Bank by the number of ordinary shares outstanding during the period. Bonus shares issued in current period are considered for number of ordinary shares outstanding for preceding period to present comparative EPS with retrospective adjustment (restated).

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.

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

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 center, 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). 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 reviews the internal audit reports as well as monitor progress of previous findings. However, the Head of Audit being part of internal control & compliance, report to audit committee of the Board and is responsible to audit committee of the Board.

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 Reconciliation of books and account

All the material events after the reporting year have been considered and appropriate adjustments/ disclosures have been made in the financial statements as per IAS 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 International Financial Reporting Standards (IFRSs)

The Bank has complied the following IASs & IFRSs 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 2019.

IAS No.	IAS Title	Compliance Status
1	Presentation of Financial Statements	Complied*
2	Inventories	Not Applicable
7	Statements of cash flows	Complied*
8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
10	Events after the Balance Sheet Date	Complied
11	Construction Contracts	Not Applicable
12	Income Taxes	Complied
16	Property, Plant and Equipment	Complied
17	Leases	Complied
18	Revenue	Not Applicable
19	Employee Benefits	Complied
20	Accounting for Government Grants and Disclosure of Government Assistance	Not Applicable
21	The Effects of Changes in Foreign Exchange Rates	Complied
23	Borrowing Costs	Complied

24	Related Party Disclosures	Complied
26	Accounting and reporting by retirement benefit plans	Complied
27	Consolidated and Separate Financial Statements	Not Applicable
28	Investments in Associates	Not Applicable
31	Interests in Joint Ventures	Not Applicable
32	Financial Instruments: Presentation	Complied*
33	Earnings Per Share	Complied
34	Interim Financial Reporting	Complied
36	Impairments of Assets	Complied
37	Provisions, Contingent Liabilities and Contingent Assets	Complied
38	Intangible Assets	Complied
39	Financial Instruments: Recognition and Measurement	Not Applicable
40	Investment property	Not Applicable
41	Agriculture	Not Applicable

IFRS No.	IFRS Title	Compliance Status
1	First-time adoption of International Financial Reporting Standards	Not applicable
2	Share based Payment	Not applicable
3	Business Combinations	Not applicable
4	Insurance Contracts	Not applicable
5	Non-current Assets Held for Sale and Discontinued Operations	Not applicable
6	Exploration for and Evaluation of Mineral Resources	Not applicable
7	Financial Instruments: Disclosures	Complied*
8	Operating Segments	Not applicable
10	Consolidated Financial Statements	Not applicable
11	Joint Arrangements	Not applicable
12	Disclosure of interests in other entities	Not applicable
13	Fair Value Measurement	Complied
15	Revenue from contracts with customers	Complied
16	Leases	Not Complied

* Subject to departure disclosed in note no. 2.1

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

3.15 New accounting standards not yet adopted

The Bank has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2019 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

In December 2017, ICAB vide letter 1/1/ICAB-2017 decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on these financial statements.

A number of standards and amendments to standards are effective for annual periods beginning on or after 1 January 2020 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

(a) IFRS 17 Insurance contract

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

3.16 IFRS 16 Leases

IFRS 16 Leases is effective for the annual reporting periods beginning on or after 1 January 2019. IFRS 16 defines that a contract is (or contains) a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 significantly changes how a lessee accounts for operating leases. Under previous IAS 17, an entity would rent an office building or a branch premises for several years with such a rental agreement being classified as operating lease would have been considered as an off balance sheet item. However, IFRS 16 does not require a lease classification test and hence all leases shall be accounted for as on balance sheet item (except some limited exception i.e. short-term lease, leases for low value items).

Under IFRS 16, an entity shall be recognizing a right-of-use (ROU) asset (i.e. the right to use the office building, branches, service center, call center, warehouse, etc.) and a corresponding lease liability. The asset and the liability are initially measured at the present value of unavoidable lease payments. The depreciation of the lease asset (ROU) and the interest on the lease liability is recognized in the profit or loss account over the lease term replacing the previous heading 'lease rent expenses'.

As per the preliminary assessment of leases for 'office premises', the Bank has concluded that the potential impact of these lease items in the Balance Sheet and Profit and Loss Account of the Bank for the year 2019 is not considered to be material. Therefore, considering the above implementation issues the Bank has not taken IFRS 16 adjustments on the basis of overall materiality as specified in the materiality guidance in the 'Conceptual Framework for Financial Reporting' and in 'International Accounting Standard 1 'Presentation of Financial Statements''. However, the Bank would continue to liaison with regulators and related stakeholders and observe the market practice for uniformity and comparability, and take necessary actions in line with regulatory guidelines and market practice.

3.17 Approval of financial statements

The financial statements were reviewed by the Audit Committee of the Board of the Bank in its 35th meeting held on 27th June, 2020 and was subsequently approved by the Board in its 98th meeting held on 28th June, 2020.

		31-Dec-2019	31-Dec-2018
		Taka	Taka
4 Cash			
Cash in hand (including foreign currencies)	(Note-4.1)	777,432,737	619,425,293
Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)	(Note-4.2)	2,393,450,870	1,857,642,946
		3,170,883,607	2,477,068,239
4.1 Cash in hand (including foreign currencies)			
Local currency		744,246,275	583,965,775
Foreign currencies		33,186,462	35,459,518
		777,432,737	619,425,293
4.2 Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)			
Local currency		2,362,368,800	1,815,918,805
Foreign currencies		31,082,070	41,724,141
		2,393,450,870	1,857,642,946
4.a Cash Reserve Ratio (CRR)			
As per section 33 of Bank Company Act, 1991 (amended upto 2018) & MPD circular no. 01 dated 03 April 2018, issued by Bangladesh bank with effect from 15 April 2018, the Bank has maintained CRR of minimum 5.0% on daily basis and 5.5% on bi-weekly basis on weekly average total demand and time liabilities (ATDTL) of the base month which is two months back of reporting month (i.e. CRR of December 2019 is based on weekly average balance of October 2019). Reserve maintained by the bank as at 31 December are as follows:			
Average total demand and time liabilities of October 2019		40,593,654,504	29,496,780,226
Daily basis			
Required reserve (5% of ATDTL)		2,029,682,725	1,474,839,011
Actual reserve held (5.67% of ATDTL)		2,301,533,596	1,797,183,517
Surplus / (deficit)		271,850,871	322,344,506
Bi-weekly basis:			
The bank maintained excess cash reserve of Tk.39,97,26,355.92 /- (Tk. 142,10,11,267/- was in 2018) against 5.5% (of ATDTL) on bi-weekly basis which is the summation of excess cash reserve maintained over required in the last fortnight (bi-week) of 2019.			
4.b Statutory Liquidity Ratio (SLR)			
As per section 33 of the Bank Company Act, 1991 (amended upto 2018) & 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 2019 is based on weekly average balance of October 2019). Reserve maintained by the bank as at 31 December are as follows:			
Required reserve (13% of ATDTL)		5,277,175,086	3,834,581,429
Actual reserve held (18.74% of ATDTL)	(Note-4.c)	7,608,515,169	4,970,228,470
Surplus / (deficit)		2,331,340,083	1,135,647,040
4.c Actual reserve held			
Cash in hand		777,432,737	619,425,293
Excess reserve on CRR		68,882,599	174,860,605
Balance with Sonali Bank (local Currency)		58,925,285	31,994,756
Unencumbered approved securities (HFT)		1,936,474,943	505,846,538
Unencumbered approved securities (HTM)		4,766,183,405	3,637,780,479
Unencumbered approved securities (other eligible)		616,200	320,800
		7,608,515,169	4,970,228,470

Hoda Vasi Chowdhury & Co

	31-Dec-2019	31-Dec-2018
	Taka	Taka
4.d Maturity grouping of Cash		
On demand	3,170,883,607	2,477,068,239
In more than one month but not more than three months	-	-
In more than three months but not more than one year	-	-
In more than one year but not more than five years	-	-
More than 5 years	-	-
	3,170,883,607	2,477,068,239
5 Balance with other banks and financial institutions		
In Bangladesh	1,859,573,354	1,917,446,008
Outside Bangladesh	158,722,315	184,418,785
	2,018,295,669	2,101,864,793
5.1 In Bangladesh		
<i>In Current Accounts with</i>		
Trust Bank Limited	21,493	7,471,374
Brac Bank Limited	1,793,264	2,248,719
Pubali Bank Limited	7,965	12,075
Agrani Bank Ltd, Zajira Branch	4,599,040	9,007,178
Eastern Bank Limited	48,851,591	25,056,662
	55,273,354	43,796,008
<i>In Fixed Deposit Accounts with banks and NBFIs</i>		
With banks		
Modhumoti Bank Ltd	339,600,000	83,850,000
	339,600,000	83,850,000
With financial institutions:		
International Leasing & Financial Services Ltd.	151,300,000	-
Prime Finance & Investment Ltd.	51,500,000	175,500,000
Bay Leasing and Investment Ltd	-	100,000,000
National Finance Limited	80,000,000	100,000,000
GSP Finance Company (Bangladesh) Ltd	290,800,000	250,000,000
IPDC Finance Limited	-	100,000,000
Reliance Finance Limited	197,000,000	200,000,000
Lanka Bangla Finance Ltd	350,000,000	100,000,000
Bangladesh Finance & Investment Co Limited	122,500,000	250,000,000
Premier Leasing & Finance Limited	-	122,400,000
Fareast Finance & Investment Limited	121,600,000	243,900,000
Uttara Finance and Investments Ltd.	100,000,000	-
International Leasing and Finance Ltd	-	148,000,000
	1,464,700,000	1,789,800,000
	1,859,573,354	1,917,446,008
5.2 Outside Bangladesh (NOSTRO Accounts)		
Current accounts		
Habib American Bank, New York	37,974,646	28,873,378
United Bank of India	6,983,292	28,780,661
United Bank of India	742,992	447,063
Mizhuo Bank Ltd, Japan	608,876	87,672
Mashreq Bank PSC, New York	87,374,069	95,645,315
Mashreq Bank PSC, UK	5,540,563	7,213,003
Mashreq Bank PSC, UK	-	4,510,253
Aktif Bank, Turkey	10,346,634	-
AB Bank Limited, Mumbai	6,680,617	16,524,550
National Commercial Bank	2,470,626	2,336,892
	158,722,315	184,418,785

(Details are given in Annexure- B)

		31-Dec-2019	31-Dec-2018
		Taka	Taka
5.a Maturity grouping of balance with other banks and financial institutions			
On demand		1,859,573,354	1,568,014,793
In more than one month but not more than three months		158,722,315	533,850,000
In more than three months but not more than one year		-	-
In more than one year but not more than five years		-	-
More than 5 years		-	-
		2,018,295,669	2,101,864,793
6 Investments			
Government	(Note-6.1)	6,703,274,548	4,143,947,816
Others	(Note-6.2)	1,553,495,680	1,500,225,695
		8,256,770,228	5,644,173,511
6.a Investments classified as per Bangladesh Bank Circular:			
Held for trading (HFT)		1,936,474,943	505,846,538
Held to maturity (HTM)		4,766,183,405	3,637,780,479
Other securities		1,554,111,880	1,500,546,495
		8,256,770,228	5,644,173,511
6.1 Government (Investment in govt. securities)			
Treasury bills	(Note-6.1.1)	1,911,066,705	-
Treasury bonds	(Note-6.1.2)	4,791,591,643	4,143,627,016
Prize Bonds		616,200	320,800
		6,703,274,548	4,143,947,816
6.1.1 Treasury bills			
<i>Unencumbered</i>			
14 days treasury bills		249,288,450	-
91 days treasury bills		248,574,744	-
182 days treasury bills		1,136,742,301	-
364 days treasury bills		276,461,210	-
		1,911,066,705	-
6.1.2 Treasury bonds			
<i>Unencumbered</i>			
2 years treasury bond		251,979,376	-
5 years treasury bond		523,334,325	210,231
10 years treasury bond		748,109,832	801,842,971
15 years treasury bond		1,194,855,651	1,228,653,275
20 years treasury bond		2,073,312,459	2,112,920,540
		4,791,591,643	4,143,627,016
6.1.3 (i) Disclosure regarding outstanding repo as on 31 December 2019			
There is no outstanding repo as at 31 December 2019 with the Bank.			
(ii) Disclosure regarding outstanding reverse repo as on 31 December 2019			
There is no outstanding reverse repo as at 31 December 2019 with the Bank.			
(iii) Disclosure regarding overall transaction of Repo and Reverse repo			
Counter party name	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under repo:			
With Bangladesh Bank	85,000,000	850,000,000	30,172,292.35
With other Banks & Financial Institutions	98,563,400	417,771,325	7,288,971
Securities purchased under reverse repo:			
With Bangladesh Bank	-	-	-
With other Banks & Financial Institutions	203,053,504	897,325,007	11,263,907.67

6.a Investments classified as per Bangladesh Bank Circular:

Held for Trading (HFT)

HFT T-Bills 14 Days
HFT T-Bills 91 Days
HFT T-Bills 182 Days
HFT T-Bills 364 Days
2 Years BGTB – HFT
5 Years BGTB – HFT
10 Years BGTB – HFT
15 Years BGTB – HFT
20 Years BGTB – HFT

31-Dec-2019	31-Dec-2018
Taka	Taka
249,288,450	-
248,574,744	-
1,136,742,301	-
276,461,210	-
-	-
198,886	210,231
-	477,348,090
25,209,352	28,288,217
-	-
1,936,474,943	505,846,538

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
10 Years BGTB – HTM
15 Years BGTB – HTM
20 Years BGTB – HTM

-	-
-	-
-	-
251,979,376	-
523,135,440	-
748,109,832	324,494,881
1,169,646,299	1,200,365,058
2,073,312,459	2,112,920,540
4,766,183,405	3,637,780,479
6,702,658,348	4,143,627,016

As per DOS Circular N0. 01 dated 19 January 2014, the maximum limit of holding approved Securities under Held to Maturity (HTM) is 125% of SLR for all primary dealer banks and NRB Bank Limited has invested in Treasury bonds under HTM category as per said circular.

6.2 Others

Corporate bonds
Ordinary Shares and Mutual Funds
Preference Share
Commercial Paper

(Note-6.2.1)
(Note-6.2.2)
(Note-6.2.3)
(Note-6.2.4)

80,000,000	120,000,000
849,010,830	772,346,905
333,484,850	257,878,790
291,000,000	350,000,000
1,553,495,680	1,500,225,695

6.2.1 Corporate bonds

Mercantile Bank Limited

80,000,000	120,000,000
80,000,000	120,000,000

6.2.2 Ordinary Shares and Mutual Funds

Quoted Shares

Active Fine Chemicals Limited
BRAC Bank Limited
Square Pharmaceuticals Limited
Heidelberg Cement Bangladesh Limited
MJL Bangladesh Limited
ACI Limited
Grameenphone Limited
Aman Cotton Fibrous Limited
Barka Power Limited
Premeire Bank Limited
Prime Bank Limited
Olympic industries Limited
Singer Bangladesh Limited
BBS Cables Limited
SS Steels Limited
Genex Infosys Limited

9,735,840	62,152,415
2,958,155	14,517,787
178,650	178,650
43,459,370	43,459,370
97,181,052	97,181,052
11,921,697	12,349,511
50,313,173	27,051,630
313,840	640,000
3,218,930	-
4,579,140	-
7,434,880	-
18,283,517	-
34,159,688	-
10,737,883	-
33,730	-
26,170	-

Esquire Knit Composite Limited
Runner Automobiles Limited
Newline Clothings Limited
Silco Pharmaceuticals Limited
Sea Pearl Beach Resort & Spa Ltd
Coppertech Industries Limited
Mutual Trust Bank Limited
Ring Shine Textiles Ltd
IDLC Finance Limited
Meghna Petroleum Limited
Advent Pharma Limited
Intraco Refueling Station Limited
SK Trims & Industries Limited
Kattali Textiles Limited
VFS Thread Dyeing Limited
M L Dyeing Limited
Silva Pharma Limited
Indo-Bangla Pharmaceuticals Limited
Bashundhara Paper Mills Limited
Summit Power Limited

Mutual Funds

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

IPO Application

APSCLBOND
Esquire Knit Composite Limited
Runner Automobiles Limited
ADN Telecom Limited
SS Steels Limited
Genex Infosys Limited

Equity Investment

Central Counterparty Bangladesh Limited

Free fund available

(Details are given in Annexure- C)

6.2.3 Preference Share

Union Capital Limited
Ace Alliance Power Limited
Doreen Power House & Technologies limited
Raj Lanka Power Company Limited
Summit Gazipur II Power Limited
Kushiara Power Company Limited
Star Ceramics Limited

31-Dec-2019	31-Dec-2018
Taka	Taka
940,050	-
540,450	-
75,130	-
72,930	-
37,300	-
47,410	-
336,805	-
2,010,600	-
11,394,848	-
12,985,348	-
-	36,365
-	57,459
-	77,720
-	101,491
-	70,173
-	60,400
-	91,940
-	45,864
-	1,760,000
-	12,017,847
322,976,587	271,849,673

-	9,573,509
86,991,170	86,991,170
197,362,733	197,362,733
-	10,997,267
50,093,521	50,093,521
53,153,879	53,153,879
59,263,505	59,263,505
13,373,408	13,373,408
17,188,447	15,344,767
477,426,664	496,153,759

10,000,000	-
-	1,880,100
-	1,080,900
569,070	568,770
-	134,910
-	104,660
10,569,070	3,769,340

37,500,000	-
37,500,000	-
538,509	574,133
849,010,830	772,346,905

10,000,000	20,000,000
55,000,000	55,000,000
70,000,000	90,000,000
48,484,850	67,878,790
50,000,000	-
100,000,000	-
-	25,000,000
333,484,850	257,878,790

	31-Dec-2019	31-Dec-2018
	Taka	Taka
6.2.4 Commercial Paper		
Rangpur Metal Industries Ltd.	-	50,000,000
Energypac Engineering Ltd.	200,000,000	200,000,000
Hashem Food Limited	91,000,000	-
Baraka Power Ltd.	-	100,000,000
	291,000,000	350,000,000
6.b Remaining maturity grouping of investments		
On demand	448,636,778	-
In more than one month but not more than three months	322,226,416	-
In more than three months but not more than one year	2,338,898,076	1,147,346,905
In more than one year but not more than five years	1,576,065,414	607,549,671
In more than five years	3,570,943,544	3,889,276,935
	8,256,770,228	5,644,173,511
7 Loans and advances		
Loans, cash credit, overdrafts etc. (Note-7.1)	38,813,955,679	32,358,230,291
Bills purchased and discounted (Note-7.2)	118,362,299	115,229,614
	38,932,317,978	32,473,459,905
7.1 Loans, cash credits, overdrafts etc.		
<i>Inside Bangladesh</i>		
Loans - General	29,502,086,850	24,147,560,873
Cash credit	-	-
Overdraft	8,956,086,336	7,908,571,044
Staff Loan	355,782,493	302,098,374
	38,813,955,679	32,358,230,291
<i>Outside Bangladesh</i>	-	-
	38,813,955,679	32,358,230,291
7.2 Bills purchased and discounted		
<i>Inside Bangladesh</i>		
Local bills /documents	113,398,018	108,622,595
Foreign bills /documents	4,964,281	6,607,019
	118,362,299	115,229,614
7.2.a Residual maturity grouping of Bills Purchased & Discounted		
On demand	52,001,252	30,919,311
In more than one month but not more than three months	46,444,770	66,057,927
In more than three months but not more than one year	19,916,276	18,252,376
In more than one year but not more than five years	-	-
In more than five years	-	-
	118,362,299	115,229,614
7.2.b Residual maturity grouping of loans and advances including Bills Purchased & Discounted		
On demand	6,830,268,197	6,225,085,701
In more than one month but not more than three months	5,238,272,131	5,477,429,811
In more than three months but not more than one year	11,781,825,420	8,488,461,482
In more than one year but not more than five years	11,669,740,681	9,522,653,206
In more than five years	3,412,211,548	2,759,829,706
	38,932,317,978	32,473,459,905

7.3 Loans and advances on the basis of significant concentration

7.3.1 Loans and advances to Directors, executives and others

	31-Dec-2019 Taka	31-Dec-2018 Taka
Advance to Directors and their allied concerns	-	28,407,336
Advances to CEO & Managing Director	22,855,091	26,921,293
Advances to Other executives and staffs	332,927,402	275,177,081
Advances to Customers	14,382,014,869	11,343,440,122
Industrial loans and advances	24,194,520,616	20,799,514,072
	38,932,317,978	32,473,459,905

7.3.2 Details of Large loan

Number of clients with amount of outstanding and classified loans and advances exceeding 10% of total capital of the Bank. Total capital of the Bank was Taka 5,196.64 million as at 31 December 2019.

Number of the clients	41	36
Amount of outstanding loans and advances	14,779,265,184	12,832,719,055
Amount of classified loans and advances	-	115,983,722
	14,779,265,184	12,832,719,055

7.3.3 Industry-wise concentration of loans and advances

Agriculture	366,193,181	436,862,381
Food & allied industries	1,425,975,052	1,243,550,600
Tobacco	-	-
Readymade garments	1,728,599,628	951,670,326
Textiles	2,884,571,281	3,009,807,957
Ship breaking & ship building	811,692,837	257,983,412
Basic metal & steel engineering	1,209,610,191	1,202,772,354
Non-metallic mineral products	386,285,833	396,304,863
Pharmaceuticals industry	410,386,222	150,260,455
Chemical & chemical products	52,059,226	443,622,250
Rubber & plastic industries	930,935,122	942,175,735
Leather & leather products	500,999,090	513,710,734
Wood, furniture & fixtures	247,671,234	205,818,517
Paper & paper products	183,750,598	147,486,626
Electronic goods & machineries	1,863,257,734	1,582,207,021
Power & gas	869,979,407	469,807,457
Other manufacturing industries	2,422,407,973	2,147,258,235
Construction & commercial real estate	5,971,350,695	5,194,657,997
Transport & communication	94,573,854	100,028,699
IT & telecommunication	957,324,888	1,060,034,709
Medical services	15,076,224	15,163,231
Hotel & restaurant services	3,968,209	30,415,223
Printing & publishing industries	74,984,797	43,581,767
Other service industries	1,149,060,520	719,603,241
NBFIs	530,832,852	554,087,856
Trade & commerce	6,455,141,630	4,718,700,676
Consumer credit	3,612,776,789	3,310,051,275
Credit card	1,690,257,979	1,240,561,835
Staff loan	355,782,493	302,098,374
Others	1,726,812,439	1,083,176,099
	38,932,317,978	32,473,459,905

7.3.4 Sector - wise concentration of loans and advances

Government sector	-	48,139,732
Public sector	-	1,476,748,140
Private sector	38,932,317,978	30,948,572,033
	38,932,317,978	32,473,459,905

7.3.5 Business segment - wise concentration of loans and advances

Corporate
SME
Consumer
Executives and staff

31-Dec-2019	31-Dec-2018
Taka	Taka
21,680,914,417	16,428,008,077
13,094,515,397	12,842,669,835
3,801,105,670	2,900,683,618
355,782,493	302,098,374
38,932,317,978	32,473,459,905

7.3.6 Geographical location-wise concentration of loans and advances

Inside Bangladesh

Dhaka Division
Chittagong Division
Sylhet Division
Rajshahi Division
Khulna Division
Barisal Division
Rangpur Division
Mymensingh Division

27,321,304,674	22,471,960,205
6,663,159,313	5,687,751,205
1,256,512,885	1,113,189,044
906,694,394	930,801,749
1,651,946,936	1,090,119,603
-	-
13,388,600	17,520,569
1,119,311,176	1,162,117,531
38,932,317,978	32,473,459,905
-	-
38,932,317,978	32,473,459,905

Outside Bangladesh

7.3.7 Security/Collateral-wise concentration of loans and advances

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

21,529,164,585	15,511,597,221
-	-
-	-
-	-
-	-
8,006,468,885	5,877,859,087
260,435,289	291,170,721
-	-
7,010,658,042	7,484,306,408
2,125,591,177	3,308,526,467
38,932,317,978	32,473,459,905

7.3.8 Classified and unclassified bad loans & advances

Unclassified

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

36,383,680,217	29,461,062,477
937,608,490	1,806,615,856
37,321,288,707	31,267,678,333

Classified

Sub-standard
Doubtful
Bad/Loss

361,103,854	331,935,696
21,549,640	29,097,237
1,228,375,777	844,748,639
1,611,029,271	1,205,781,572
38,932,317,978	32,473,459,905

7.3.9 Particulars of required provision for loans and advances

General Provision on unclassified loans and advances

Loans (excluding SMA)
Special mansion account (SMA)

338,753,886	256,254,973
9,296,932	16,708,774
348,050,818	272,963,747
348,050,818	272,963,747
-	-

Required provision on unclassified loans and advances

Total provision maintained for unclassified loans and advances

Excess/(shortage) of provision

Specific provision on classified loans and advances

Sub-standard

Doubtful

Bad/Loss

Required provision on classified loans and advances

Total provision maintained for classified loans and advances

Excess/(shortage) of provision

Total Required provision for loans and advances

Total provision maintained for loans and advances

Total Excess/(shortage) of provision

31-Dec-2019	31-Dec-2018
Taka	Taka
43,749,022	15,781,642
8,398,922	9,647,415
935,223,543	270,007,272
987,371,488	295,436,328
1,109,513,256	295,436,328
122,141,768	-
1,335,422,307	568,400,075
1,457,564,075	568,400,075
122,141,768	-

7.3.10 Particulars of loans and advances

i) Loans considered good in respect of which the bank is fully secured	2,617,204,155	2,402,675,967
ii) Loans considered good against which the bank holds no security other than the debtors' personal guarantee	1,603,817,999	1,201,532,379
iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor	1,297,397,837	1,029,485,269
iv) Loans adversely classified; provision not maintained there against	-	-
	<u>5,518,419,990</u>	<u>4,633,693,614</u>
v) Loans due by directors or officers of the bank or any of them either separately or jointly with any other persons	<u>355,782,493</u>	<u>330,505,711</u>
vi) Loans due from companies or firms in which the directors or officers of the bank have interest as directors, partners or managing agents or in case of private companies, as members	-	28,407,336
vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the bank or any of them either separately or jointly with any other person.	<u>363,401,525</u>	<u>304,909,512</u>
viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies, as members.	<u>28,287,087</u>	<u>28,817,285</u>
ix) Due from banking companies	-	-
x) Amount of classified loans on which interest has not been charged mentioned as follows:		
a) (Decrease)/increase of provision	787,358,040	-
Amount of loan written off	-	-
Amount realised against the loans		
b) Provision kept against loans classified as bad debts	1,057,365,311	270,007,272
c) Interest credited to interest suspense account	186,423,673	143,016,636
xi) Cumulative amount of written off loans		
Opening Balance	-	-
Amount written off during the year	-	-
Closing Balance	-	-
The amount of written off loans for which law suit has been filed	-	-

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		31-Dec-2019	31-Dec-2018
		Taka	Taka
8	Fixed assets including premises, furniture and fixtures		
	Cost:		
	Computer and Network Equipment	166,201,856	148,837,745
	Furniture and fixtures	366,309,649	303,761,217
	Vehicle	62,127,511	47,376,226
	Machinery and Equipment	173,540,589	151,475,686
	Mobile Phone	2,088,159	1,392,905
	Software	177,990,856	173,475,328
	Patents	-	-
		948,258,621	826,319,107
	Less: Accumulated depreciation	499,341,553	385,605,044
	Written down value at the end of the year	448,917,068	440,714,062
	<i>Details are given in 'Annexure-A'.</i>		
9	Other assets		
	Income generating		
	Income receivable (Note-9.1)	103,014,445	107,967,946
	Non-income generating		
	Stationery, stamps, printing materials, etc.	1,166,910	827,180
	Prepaid expenses	10,889,785	8,652,829
	Advance rent	173,501,875	225,142,682
	Security deposits with other entities	965,212	6,841,252
	Advance income tax (Note-9.2)	564,345,083	355,575,880
	Deferred Tax Assets (net of liabilities) (Note- 9.3)	413,672,651	105,277,985
	Advances to vendors	10,517,948	31,417,612
	Advances to staff for expenses	1,724,518	4,735,802
	Dividend Receivable	17,987,226	12,637,202
	Q-Cash and ATM receivable	2,777,663	3,065,287
	Receivable against Sanchaypatra & Bond Encashment	249,418,633	148,239,073
	Sundry receivables	487,858	156,400
		1,550,469,807	1,010,537,129
9.1	Income receivable		
	Interest receivables on Placements	16,013,786	33,911,046
	Interest receivables on Government Securities	81,193,380	60,264,186
	Interest receivables on Non-government Securities	5,629,795	13,672,569
	Interest receivables on Loans & Advances	-	-
	Interest Receivables on Other Bank Balance	177,484	120,144
		103,014,445	107,967,946
9.2	Advance income tax		
	Opening balance	355,575,880	271,541,559
	Add: Addition during the year	208,769,203	94,482,098
		564,345,083	366,023,657
	Less: Adjustment against provision	-	10,447,777
	Closing balance	564,345,083	355,575,880
9.3	Deferred tax asset (net off liability)		
	Deferred tax asset (Note-9.3.1)	416,067,471	110,788,623
	Deferred tax liability (Note-9.3.2)	(2,394,820)	(5,510,638)
		413,672,651	105,277,985

9.3.1 Deferred tax asset

Temporary timing difference between charging specific provision and writing off Bad/Loss loans.

	31-Dec-2019	31-Dec-2018
	Taka	Taka
Cumulative provision made against Bad/Loss loans	1,109,513,256	295,436,328
Adjustment of corresponding provision on write off	-	-
Deductible temporary difference	1,109,513,256	295,436,328
Tax rate	37.5%	37.5%
Deferred tax asset	416,067,471	110,788,623
Opening deferred tax asset	110,788,623	-
Deferred tax income (A)	(305,278,848)	(110,788,623)

9.3.2 Deferred tax liability

Temporary timing difference in written down value of fixed assets

Carrying amount of fixed assets	448,917,068	440,714,061
Tax base	(442,530,881)	(426,019,027)
Taxable temporary difference	6,386,187	14,695,034
Tax rate	37.5%	37.5%
Deferred tax liability	2,394,820	5,510,638
Opening deferred tax liability	5,510,638	2,231,255
Deferred tax expense/(Income) (B)	(3,115,818)	3,279,383

9.3.3 Deferred tax income (C=A+B)

(308,394,666)	(107,509,240)
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10 Borrowings from other banks, financial institutions and agents

Inside Bangladesh	(Note-10.a)	3,733,884,914	3,003,095,329
Outside Bangladesh		-	-
		3,733,884,914	3,003,095,329

10.a In Bangladesh

Demand Borrowing

Janata Bank Ltd	150,000,000	190,000,000
Sonali Bank Ltd	500,000,000	150,000,000
Uttara Bank Ltd.	450,000,000	-
UCBL	354,900,000	-
Eastern Bank Limited	169,800,000	335,600,000
Bank Asia Ltd.	300,000,000	-
Meghna Bank Ltd.	150,000,000	-
Rupali Bank Ltd	-	400,000,000
NCC Bank Ltd.	-	200,000,000
IFIC Bank Ltd	-	70,000,000
Bangladesh Bank	186,443,372	340,732,442
	2,261,143,372	1,686,332,442

Term Borrowing

Agrani Bank Ltd.	-	500,000,000
Modhumoti Bank Ltd	-	83,900,000
Uttara Bank Ltd.	500,000,000	-
Eastern Bank Limited	200,000,000	-
SME Foundation	1,965,000	4,215,000
Bangladesh Bank	770,776,542	728,647,887
	1,472,741,542	1,316,762,887
	3,733,884,914	3,003,095,329

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	31-Dec-2019	31-Dec-2018
	Taka	Taka
10.b Residual maturity grouping of borrowings from other banks, financial institutions and agents		
On demand	2,961,143,372	1,686,332,442
In more than one month but not more than three months	368,294,392	967,377,290
In more than three months but not more than one year	235,343,016	237,899,169
In more than one year but not more than five years	92,165,359	28,629,286
In more than five years	76,938,775	82,857,142
	3,733,884,914	3,003,095,329
11 Deposits and other accounts		
Current deposits and other accounts, etc. (Note-11.1)	8,835,535,861	6,931,742,405
Bills payable (Note-11.2)	200,730,379	267,142,987
Savings bank deposits (Note-11.3)	3,315,135,398	2,862,283,878
Fixed deposits (Note-11.4)	29,458,451,378	23,457,425,311
Bearer certificates of deposit	-	-
Other Deposits	-	-
	41,809,853,016	33,518,594,583
11.1 Current deposits and other accounts, etc.		
Current accounts	7,890,441,940	6,213,825,479
Foreign currency deposits	152,744,997	252,046,083
Deposit margin on facilities	792,348,924	465,870,844
	8,835,535,861	6,931,742,405
11.2 Bills payable		
Local currency	200,730,379	267,142,987
Foreign currencies	-	-
	200,730,379	267,142,987
11.3 Savings bank deposits		
NRB savers	1,245,322,147	834,445,313
NRB power savers	1,060,553,923	1,195,463,248
NRB staff	42,377,913	29,845,804
NRB my savings	309,905,091	261,126,222
NRB my study	8,011,860	6,016,800
NRB my salary	84,439,561	67,334,045
NRB my early	24,614,477	30,328,904
NRB pearl	464,024,694	413,009,903
NRB amar shopno	1,198,377	1,274,285
NRB isavings	756	2,256
Bondhu Shasroy Account	59,058,076	22,040,285
Bondhu Sonchita Account	15,061,186	1,396,811
Bondhu Student Account	567,337	-
	3,315,135,398	2,862,283,877
11.4 Fixed deposits		
Fixed deposits	26,021,420,382	20,803,637,430
Short term deposits	3,437,030,997	2,653,787,881
	29,458,451,378	23,457,425,311
11.5 Sector-wise break-up of deposits and other accounts		
Government	812,388,403	419,963,071
Other public sector	11,178,743,253	4,421,448,071
Private sector	29,818,721,360	28,677,183,440
	41,809,853,016	33,518,594,582

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11.6 Maturity-wise grouping of deposits and other accounts

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

31-Dec-2019	31-Dec-2018
Taka	Taka
5,985,554,032	5,291,061,933
9,570,629,762	9,298,310,139
21,271,164,731	16,133,143,777
2,348,873,977	1,301,081,016
2,633,630,514	1,494,997,716
41,809,853,016	33,518,594,582

12 Other liabilities

Privileged creditors	(Note-12.1)
Interest payable	
Interest suspense account	(Note-12.2)
Provision for loans and advances	(Note-12.3)
Provision for off-balance sheet exposures	(Note-12.4)
Provision for diminution of quoted shares	(Note-12.5)
Provision for other assets	
Provision for expenses	
Provision for current tax	(Note-12.6)
Q-Cash & ATM payable	
Security deposits held	
Sanchayapatra payable	
Payable against BEFTN	
Advance Lease Rental Payable	
Deposit Awaiting Disposal (DAD)	
Suspense Account - Trade	
Miscellaneous payable	

106,250,350	77,710,996
806,821,571	543,030,256
186,423,673	141,902,993
1,457,564,075	568,400,076
136,274,389	107,672,527
139,504,988	38,650,420
439,000	242,000
47,552,999	91,646,165
1,007,047,150	667,001,719
23,842,826	19,313,633
8,466,650	10,515,636
2,400,000	33,000,000
3,251,779	2,959,699
18,322,584	15,122,743
55,034,598	27,535,857
25,279,185	10,920,303
27,060,517	19,111,140
4,051,536,334	2,374,736,164

12.1 Privileged creditors

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

Tax deduction at source
VAT deduction at source
Excise duty

55,394,817	42,216,139
10,023,630	8,293,374
40,831,904	27,201,483
106,250,350	77,710,996

12.2 Interest suspense account

Opening balance
Add: Amount transferred to "Interest Suspense" A/c during the year
Less: Amount recovered from "Interest Suspense" A/c during the year
Amount written off during the year

141,902,993	81,661,994
91,820,591	68,016,546
233,723,584	149,678,539
47,299,911	7,775,546
-	-
186,423,673	141,902,993

12.3 Provision for loans and advances

A. General
Balance at the beginning of the year
A Provision made during the year
On general loans and advances
On Special Mention Account (SMA)

272,963,747	182,378,526
82,498,913	76,282,141
(7,411,842)	14,303,081
75,087,071	90,585,221
348,050,818	272,963,747

Balance at the end of the year

	31-Dec-2019	31-Dec-2018
	Taka	Taka
B. Specific		
Balance at the beginning of the year	295,436,329	183,812,706
Add: Provision made during the year	814,076,927	111,623,623
Less: Interest waiver during the year	-	-
Write off during the year	-	-
A Recoveries of amounts previously written off	-	-
Specific provision made during the year for other accounts	-	-
Balance at the end of the year	<u>1,109,513,256</u>	<u>295,436,329</u>
C. Total provision on loans and advances (A+B)	<u>1,457,564,075</u>	<u>568,400,076</u>
12.4 Provision on off-balance sheet exposures		
Opening balance	107,672,527	85,815,672
Add: Provision made during the year	28,601,862	21,856,855
	<u>136,274,389</u>	<u>107,672,527</u>
12.5 Provision for diminution of quoted shares		
Opening balance	38,650,420	10,042,462
Add: Provision made during the year	100,854,567	28,607,958
	<u>139,504,988</u>	<u>38,650,420</u>
12.6 Provision for current tax		
Opening balance	667,001,719	495,542,971
Add: Provision made during the year	340,045,431	181,483,479
Shortfall of tax liability	-	423,046
	<u>340,045,431</u>	<u>181,906,525</u>
Less: Adjusted against advance income tax	-	10,447,777
	<u>1,007,047,150</u>	<u>667,001,719</u>
12.a Nostro Reconciliation		
	As per our book	As per their book
	Debit (USD) Credit (USD)	Debit (USD) Credit (USD)
Up to three months	350,040 1,982,091	2,678,237 924,311
More than three months but less than six months	- -	- 132
More than six months but less than nine months	- 7,996	- -
More than nine months but less than twelve months	- -	- -
More than twelve months	- -	- -
	<u>350,040 1,990,087</u>	<u>2,678,237 924,443</u>
The Bank is not required to make provision regarding the unreconciled debit balance as at balance sheet date since there was no debit entry aging more than three months.		
13 Share capital		
13.1 Authorized capital		
1,000,000,000 ordinary shares of Taka 10 each	<u>10,000,000,000</u>	<u>10,000,000,000</u>

31-Dec-2019	31-Dec-2018
Taka	Taka

13.2 Issued, subscribed and fully paid up capital

466,560,000 ordinary shares of Taka 10 each issued for cash

4,665,600,000 4,320,000,000

13.3 Percentage of shareholdings as at 31 December

Particulars	2019		2018	
	Value of shares	(%) of share holding	Value of shares	(%) of share holding
Shareholders' group				
Directors	2,231,236,800	47.82	2,049,460,000	47.44
Sponsor Shareholders	1,510,382,000	32.37	1,503,400,000	34.80
General Shareholders	923,981,200	19.80	767,140,000	17.76
	4,665,600,000	100.00	4,320,000,000	100.00

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

SL No.	Name of the directors	Designation	2019		2018	
			(%) of share holding	Number of Shares	(%) of share holding	Number of Shares
1	Mr. Mohammed Mahtabur Rahman	Chairman	5.00%	23,328,000	5.00%	21,600,000
2	Mr. Tateyama Kabir	Vice Chairman	3.13%	14,580,000	2.50%	10,800,000
3	Mr. Kamal Ahmed	Vice Chairman	2.50%	11,664,000	2.50%	10,800,000
4	Mr. M Badiuzzaman	Director	4.49%	20,969,280	4.74%	20,466,000
5	Mr. Imtiaz Ahmed	Director	0.50%	2,332,800	0.50%	2,160,000
6	Dr. Nesar Ahmed Choudhury	Director	0.63%	2,916,000	0.63%	2,700,000
7	Mr. Iqbal Ahmed OBE DBA	Director	5.00%	23,328,000	5.00%	21,600,000
8	Mr. Khandakar R. Amin	Director	2.00%	9,331,200	2.00%	8,640,000
9	Mr. Naveed Rashid Khan	Director	5.00%	23,328,000	5.00%	21,600,000
10	Mr. Mohammed Jamil Iqbal	Director	4.63%	21,578,400	4.63%	19,980,000
11	Mr. Mohammed Idrish Farazy	Director	0.58%	2,700,000	0.58%	2,500,000
12	Mr. Nafih Rashid Khan	Director	4.63%	21,578,400	4.63%	19,980,000
13	Mr. Mohammed Rafique Miah	Director	0.25%	1,166,400	0.25%	1,080,000
14	Mr. Abdul Karim	Director	5.00%	23,328,000	5.00%	21,600,000
15	Mr. Mohammed Jahed Iqbal	Director	2.63%	12,247,200	2.63%	11,340,000
16	Mr. Humayen Kabir Khan	Director	0.50%	2,332,800	0.50%	2,160,000
17	Mr. Ali Ahmed	Director	1.38%	6,415,200	1.38%	5,940,000
18	Mr. Md. Abdul Jalil Chowdhury	Independent Director	N/A	N/A	N/A	N/A
19	Mr. Md. Motior Rahman	Independent Director	N/A	N/A	N/A	N/A
	Total		47.82%	223,123,680	47.45%	204,946,000

31-Dec-2019	31-Dec-2018
Taka	Taka

13.5 Capital to risk weighted assets ratio (CRAR)

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 21 December 2014.

Tier-1 Capital:

A) Total Common Equity Tier 1 Capital

Paid up capital	4,665,600,000	4,320,000,000
Statutory reserve	470,693,317	470,693,317
Retained earnings	(10,302,183)	460,654,030

	5,125,991,134	5,251,347,347
Less: Regulatory adjustments	413,672,651	110,788,623

A) Total Common Equity Tier 1 Capital	4,712,318,483	5,140,558,724
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B) Additional Tier 1 Capital:

Add: Additional Tier 1 Capital	-	-
Less: Regulatory adjustments	-	-

C) Total Tier-1 Capital	4,712,318,483	5,140,558,724
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Tier 2 Capital (Gone -Concern Capital)

Subordinated Bond	-	-
General provision maintained against unclassified loan	348,050,818	272,963,747
General provision on off-balance sheet items	136,274,389	107,672,527
Asset revaluation reserve	-	-
Revaluation reserve of Government securities	12,331,383	12,331,383

	496,656,590	392,967,658
Less: Regulatory adjustments	12,331,383	9,865,106

D) Total Tier 2 Capital	484,325,207	383,102,551
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E) Total eligible capital(C+D)	5,196,643,690	5,523,661,275
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F) Total risk weighted assets (RWA)

Credit risk		
Balance Sheet Business	28,410,497,620	25,499,173,880
Off- Balance Sheet Business	5,154,217,688	3,566,629,310
	33,564,715,308	29,065,803,190
Market Risk	1,978,702,710	1,793,880,434
Operational Risk	3,469,398,622	3,083,899,311
	39,012,816,641	33,943,582,935

G) Required capital	4,000,000,000	4,000,000,000
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H) Capital surplus	1,196,643,690	1,523,661,275
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Capital to Risk-Weighted Assets Ratio/Capital adequacy ratio:

Common Equity Tier- 1 / core capital to RWA against minimum requirement 4.5%	12.08%	15.14%
Tier- 1 / core capital to RWA minimum requirement 5%	12.08%	15.14%
Capital to Risk Weighted Assets against minimum requirement 10%	13.32%	16.27%

14 Statutory reserve

Opening balance	470,693,317	339,382,846
Add: Addition during the year (20% of pre-tax profit)	-	131,310,471
	470,693,317	470,693,317

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		31-Dec-2019	31-Dec-2018
		Taka	Taka
15 Other reserve			
General Reserve		-	-
Revaluation reserve	(Note-15.1)	1,708,959	44,219
		<u>1,708,959</u>	<u>44,219</u>
15.1 Revaluation reserve			
Held to maturity (HTM)	(Note-15.1.1)	1,078,288	-
Held for trading (HTF)	(Note-15.1.2)	630,671	44,219
		<u>1,708,959</u>	<u>44,219</u>
15.1.1 Reserve for amortization of treasury securities (HTM)			
Opening balance		-	36,156
Add Addition during the year		1,078,288	49,050
		1,078,288	85,206
Less Adjustment made during the year		-	(85,206)
		<u>1,078,288</u>	<u>-</u>
15.1.2 Reserve for revaluation of treasury securities (HFT)			
Opening balance		44,219	141,794
Add Addition during the year		2,395,778	93,759,227
		2,439,997	93,901,021
Less Adjustment made during the year		1,809,326	(93,856,802)
		<u>630,671</u>	<u>44,219</u>
16 Retained earnings			
Opening balance		460,654,030	329,809,430
Add Net profit/(loss) for the year		(125,356,213)	582,155,071
		335,297,817	911,964,501
Less Transfer to statutory reserve		-	131,310,471
Bonus Share issued		345,600,000	320,000,000
		<u>(10,302,183)</u>	<u>460,654,030</u>
17 Contingent liabilities			
Acceptances and Endorsements	(Note-17.1)	2,604,112,785	1,594,059,219
Letters of Guarantee	(Note-17.2)	8,840,474,904	7,297,256,241
Irrevocable letters of credit	(Note-17.3)	2,182,851,200	1,875,937,279
Bills for Collection	(Note-17.4)	789,877,166	474,435,849
		<u>14,417,316,055</u>	<u>11,241,688,588</u>
17.1 Acceptances and Endorsements			
Acceptances (ULC Cash)		1,609,028,680	780,536,952
Acceptances BTB Usance Local		831,396,315	646,144,821
Import Bills (Sight Contract)		10,319,629	6,813,532
Shipping Guarantee		153,368,161	160,563,915
		<u>2,604,112,785</u>	<u>1,594,059,219</u>
17.2 Letters of Guarantee			
Directors		-	-
Government		-	-
Banks and Other Financial Institution		-	-
Others (Customers etc.)		8,840,474,904	7,297,256,241
		<u>8,840,474,904</u>	<u>7,297,256,241</u>

		31-Dec-2019	31-Dec-2018
		Taka	Taka
17.3 Irrevocable letters of credit			
Letter of Credit Cash Sight		1,191,693,637	1,019,478,191
Letter of Credit Cash Usance		618,858,440	492,663,502
Letter of Credit Back to Back Sight		67,917,137	89,526,451
Letter of Credit Back to Back Usance		304,381,987	274,269,134
		<u>2,182,851,200</u>	<u>1,875,937,279</u>
17.4 Bills for Collection			
Foreign Documentary Bills Collection		764,949,461	379,604,774
Local Documentary Bills Collection		24,927,705	94,831,075
		<u>789,877,166</u>	<u>474,435,849</u>
18 Income statement			
Income:			
Interest, discount and similar income	(Note-18.1)	4,955,436,991	3,780,069,091
Dividend income		71,903,900	72,087,868
Fees, commission and brokerage	(Note-18.2)	333,118,782	224,205,612
Gains <i>less</i> losses arising from dealing in securities		4,348,103	365,919,957
Gains <i>less</i> losses arising from investment securities		18,763,078	38,694,282
Gains <i>less</i> losses arising from dealing in foreign currencies		112,699,135	90,193,558
Income from non-banking assets		-	-
Other operating income	(Note-23)	20,858,079	14,080,992
Profit less losses on interest rate changes		-	-
		<u>5,517,128,068</u>	<u>4,585,251,362</u>
Expenses:			
Interest paid on deposits and borrowings, etc.	(Note-20)	3,088,835,347	2,296,120,534
Losses on loans and advances		-	-
Administrative expenses	(Note-18.3)	1,160,104,291	1,052,394,370
Other expenses	(Note-33)	229,195,654	213,648,802
Depreciation on banks assets	(Note-32)	113,880,796	113,619,642
		<u>4,592,016,088</u>	<u>3,675,783,347</u>
		<u>925,111,979</u>	<u>909,468,014</u>
18.1 Interest, discount and similar income			
Interest income	(Note-19)	4,603,332,997	3,549,330,885
Interest on treasury bills & bonds		352,103,994	230,738,207
		<u>4,955,436,991</u>	<u>3,780,069,091</u>
18.2 Fees, commission and brokerage			
Commission		333,118,782	224,205,612
Brokerage		-	-
		<u>333,118,782</u>	<u>224,205,612</u>
18.3 Administrative expenses			
Salaries and allowances (Note 24)	(Note-24)	710,291,621	626,866,221
Rent, taxes, insurance, electricity, etc.	(Note-25)	316,448,163	296,643,186
Legal and professional expenses	(Note-26)	4,137,894	4,364,997
Postage, stamp, telecommunication, etc.	(Note-27)	34,885,572	27,159,894
Stationery, printing, advertisement, etc.	(Note-28)	30,935,848	37,206,218
Managing Director's salary and fees	(Note-29)	16,738,000	16,760,000
Directors' fees & others expenses	(Note-30)	5,148,511	3,127,689
Auditors' fees	(Note-31)	400,000	400,000
Repair of Bank's assets	(Note-32)	41,118,682	39,866,165
		<u>1,160,104,291</u>	<u>1,052,394,370</u>

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	31-Dec-2019	31-Dec-2018
	Taka	Taka
19 Interest income		
Interest on advances	4,349,870,861	3,313,273,529
Interest on money at call and short notice	24,640,999	4,349,056
Interest on balance with other banks	2,296,055	1,763,658
Interest on placement with other banks and Financial Institutions	226,525,082	229,944,641
	4,603,332,997	3,549,330,885
20 Interest paid on deposits and borrowings etc.		
Interest on deposits	2,907,947,642	2,022,047,932
Interest on borrowings	180,887,705	274,072,602
	3,088,835,347	2,296,120,534
21 Investment income		
Interest on Treasury Bill	51,641,815	447,542
Interest on Treasury Bond	376,965,863	307,717,903
Interest on bonds-Corporate	11,981,667	43,764,471
Interest on Commercial Paper	43,655,947	14,334,375
Capital Gain from trading in Govt. Securities	4,348,103	365,919,957
Loss on sale of Govt. Securities	(127,889,364)	(48,953,770)
Loss on revaluation of Treasury Securities	(4,251,933)	(86,572,314)
Capital Gain from sale of quoted Securiteis	18,763,078	38,694,282
Dividend on shares	71,903,900	72,087,868
	447,119,076	707,440,314
22 Commission, exchange and brokerage		
Fees, commission and changes (Note-22.1)	333,118,782	224,205,612
Exchange gain (net off exchange loss) (Note-22.2)	112,699,135	90,193,558
Brokerage	-	-
	445,817,916	314,399,170
22.1 Fees, commission and charges		
Loan processing fees	8,758,541	11,776,950
Service charges (Periodic and adhoc)	57,917,567	37,433,357
Early settlement fees	2,794,502	1,747,015
Cards fees and charges (net of cards direct expenses) (Note-22.1.a)	105,457,620	63,534,671
Commission on general banking (PO, FDD, Remittance etc.)	3,688,768	4,591,764
Commission on trade business (LC, LG, Acceptance)	154,501,783	105,121,855
	333,118,782	224,205,612
22.1.a Cards fees and charges (net of cards direct expenses)		
Cards fees and charges		
Fees and charges (Debit, prepaid cards etc.)	10,190,079	6,394,734
Fees and charges (Credit cards)		
Annual fees	13,141,850	7,878,287
Late payment and overlimit fees	15,145,957	10,043,463
Cash advance fees	7,395,911	3,975,773
Interchange reimbursement fees	19,293,347	12,405,205
Risk assurance premium	27,016,238	14,363,408
Card cheque fees	31,192,716	21,602,640
Visa Markup Fees and EMI Commission	10,875,637	7,567,607
Replacement fees and others	1,130,094	584,788
	125,191,750	78,421,171
	135,381,829	84,815,905
Cards direct exp.		
Membership Fee	1,690,000	1,677,000
VISA network charges	20,299,403	9,972,575
Other Charges	7,934,807	9,631,659
	29,924,210	21,281,234
Total Cards fees and charges (net of cards direct expenses)	105,457,620	63,534,671

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	31-Dec-2019	31-Dec-2018
	Taka	Taka
22.2 Exchange gain (net off exchange loss)		
Exchange gain	249,895,322	331,043,663
Less : Exchange loss	137,196,187	240,850,104
	112,699,135	90,193,558
23 Other operating income		
Rebate on nostro account	5,473,439	5,303,533
Swift charge recovered	5,199,198	3,359,366
Postage/telex charge recovered	1,220,257	946,175
Non operating income	8,965,185	4,471,919
	20,858,079	14,080,992
24 Salaries and allowances		
Basic salary	310,181,680	253,017,854
Allowances	305,063,423	246,607,082
Performance bonus	-	48,368,724
Festival bonus	52,334,881	42,008,558
Bank's Contribution to provident fund	26,611,637	22,377,105
Contribution to gratuity fund	16,100,000	14,486,899
	710,291,621	626,866,221
25 Rent, taxes, insurance, electricity etc.		
Rent, rate and taxes	251,316,479	233,789,474
Insurance premium	25,520,312	28,565,316
Utilities	39,611,372	34,288,395
	316,448,163	296,643,186
26 Legal expenses and professional expenses		
Legal expenses	532,116	1,381,847
Other professional expenses	3,605,778	2,983,150
	4,137,894	4,364,997
27 Postage, stamps, telecommunication etc.		
Postage & Courier charges	3,093,339	2,791,443
Telephone	3,734,363	3,522,004
Swift and Bloomberg charges	11,901,479	6,779,335
Network link, internet, DC and DR	16,156,391	14,067,112
	34,885,572	27,159,894
28 Stationery, printing, advertisements etc.		
Printing and stationery	12,671,920	14,434,029
Publicity and advertisement	14,330,011	19,612,531
Promotional Expense	3,933,917	3,159,658
	30,935,848	37,206,218
29 Managing Director's salary and allowances		
Basic salary	10,350,000	9,600,000
Allowances	3,600,000	3,600,000
Performance bonus	-	1,000,000
Festival bonus	1,753,000	1,600,000
Bank's Contribution to provident fund	1,035,000	960,000
	16,738,000	16,760,000

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	31-Dec-2019	31-Dec-2018
	Taka	Taka
30 Directors' fees and other expenses		
Meeting attendance fees	3,208,644	2,020,464
Other expenses	1,939,867	1,107,225
	5,148,511	3,127,689
31 Auditors' fees		
Statutory audit fees	400,000	400,000
	400,000	400,000
32 Depreciation and repair of bank's assets		
Depreciation: (Annexure 'A')		
Furniture and fixtures	35,470,872	29,140,272
Machinery and equipment	26,872,486	28,053,175
Computer and network equipment	22,574,413	26,907,125
Mobile Phone	638,497	622,844
Vehicles	6,366,052	8,244,349
Software	21,958,476	20,651,877
	113,880,796	113,619,642
Repair of bank's assets		
Rented premises	4,304,498	3,568,490
Machinery and equipment	6,569,461	6,810,529
Computer and accessories	539,670	106,236
Software maintenance	29,705,053	29,380,910
	41,118,682	39,866,165
	154,999,478	153,485,807
33 Other expenses		
Car expenses	64,218,896	39,476,308
Security Guard and Support Staff	41,819,311	58,623,502
Books, periodicals and publications	1,279,511	1,170,070
Donation and subscription	16,661,423	19,122,737
Staff recruitment and training expenses	2,833,662	2,332,431
Travelling expenses	5,965,127	6,682,488
Directors' travel and accommodation expenses	19,054,444	23,463,320
Entertainment	8,421,226	8,896,700
Business development expenses	10,982,957	10,667,597
Bank and other regulatory charges	1,809,133	1,644,324
Cash carrying expense	7,686,911	7,701,526
AGM expenses	963,093	2,156,775
Contract point verification expenses	4,783,013	5,484,467
Sales and collection commission	23,773,340	9,610,566
Miscellaneous expenses	18,943,606	16,615,990
	229,195,654	213,648,802
34 Provision for loans, investments & off balance sheet items		
Provision for bad and doubtful loans and advances	814,076,927	111,623,623
Provision for unclassified loans and advances	75,087,071	90,585,221
Provision for off-balance sheet items	28,601,862	21,856,855
Provision for diminution in value of investments	100,854,567	28,607,958
Provision for other assets	197,000	242,000
	1,018,817,427	252,915,658
35 Receipts from other operating activities		
Rebate on nostro account	5,473,439	5,303,533
Swift charge recovered	5,199,198	3,359,366
Postage/telex charge recovered	1,220,257	946,175
Non operating income	8,965,185	4,471,919
	20,858,079	14,080,992

	31-Dec-2019	31-Dec-2018
	Taka	Taka
36 Payments for other operating activities		
Rent, rates and taxes	316,448,163	296,643,186
Legal expenses and professional expenses	4,137,894	4,364,997
Postage and communication charges, etc.	34,885,572	27,159,894
Stationery, printing, advertisements etc.	30,935,848	22,772,189
Directors' fees & other expenses	5,148,511	3,127,689
Miscellaneous expenses	270,714,336	253,914,967
	662,270,325	607,982,921
37 Earnings per share (Restated)		
Net profit after tax	(125,356,213)	582,155,071
Number of ordinary shares outstanding (Restated)	466,560,000	466,560,000
Earnings per share (Restated))	(0.27)	1.25

Earnings per share has been calculated in accordance with IAS 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 80th meeting held on 23 June 2019 re-constituted an Audit Committee. Presently, the Audit Committee members are:

Sl. No.	Name	Status with the Board	Status with the Audit Committee	Educational Qualification
1	Mr. Intiaz Ahmed	Director	Chairman	Post Graduate
2	Mr. Naveed Rashid Khan	Director	Vice Chairman	Bachelor of Science
3	Mr. Kamal Ahmed	Vice Chairman	Member	Graduate of Business Management
4	Mr. Ali Ahmed	Director	Member	Business Diploma
5	Mr. Md. Abdul Jalil Chowdhury	Independent Director	Member	MSc in Physics

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:

- 26th Audit Committee Meeting held on 23.02.2019
- 27th Audit Committee Meeting held on 23.03.2019
- 28th Audit Committee Meeting held on 27.04.2019
- 29th Audit Committee Meeting held on 22.06.2019
- 30th Audit Committee Meeting held on 21.07.2019
- 31st Audit Committee Meeting held on 28.09.2019
- 32nd Audit Committee Meeting held on 14.12.2019

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 (IAS) - 24 (related party disclosures) and as defined in the BRPD Circular no. 14 dated 25 June 2003. Related party information are given below:

i) Directors' interest in different entities

Name of Directors	Status with the Bank	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage of holding/ interest in the concern
Mr. Mohammed Mahtabur Rahman	Chairman	Al Haramain Perfumes LLC	Investor	100%
		Al Haramain Perfumes Holding LLC	Investor	100%
		Al Haramain Perfumes MFG & Oudh Processing Industry LLC	Managing Director	49%
		Al Halal Perfumes Industry LLC	Managing Director	25%
		Al Halal Perfumes LLC	Managing Director	49%
		Al Haramain Trading L.L.C	Partner	51%
		Noor Al Haramain Trading LLC	Managing Director	25%
		Oud Al Haramain LLC	Investor	100%
		Shaikh Khalifa Bin Zayed	Sponsor	

		Al Haramain Perfumes Int'l W.L.L.	Managing Director	49%
		Noor Al Haramain Perfumes Company W.L.L.	Managing Director	49%
		Al Haramain Perfumes LLC	Managing Director	70%
		Al Haramain Perfumes, W.L.L.	Managing Director	49%
		Al Haramain Perfumes S.P.C	Managing Director	50%
		Al Haramain Perfumes PTE Limited	Managing Director	99%
		Al Haramain Perfumes SDN BHD	Managing Director	50%
		Al Haramain Perfumes Pvt. Ltd.	Chairman	0.50%
		Al Haramain Hospitals Pvt. Ltd.	Chairman	0.10%
		Al Haramain Tea Co. Ltd.	Chairman	
		Al Arafah Islami Bank Limited	Sponsor	0.93%
		AIBL Capital Market Services Ltd.	Director	1.50%
		Al Haramain Perfumes PTE Ltd.		
		Rich & Ruitz		
		Al Haramain Perfumes		
		4 Corners Distribution Ltd.		
		Al Haramain Perfumes Inc		
		Emad Distribution Inc,		
Mr. Tateyama Kabir	Vice Chairman	Kabir Auto Export Co. Ltd. Japan	President	100%
		Ocean Auto Limited, Dhaka, Bangladesh	Proprietor	100%
		K M Global Limited, Dhaka, Bangladesh	Proprietor	100%
		Sunday Development Company Ltd., Bangladesh	Managing Director	25%
Mr. Kamal Ahmed	Vice Chairman	Seamark PLC, United Kingdom	Deputy Managing Director	27%
		IBCO Limited, United Kingdom	Deputy Managing Director	30%
		IBCO Enterprise, United Kingdom	Deputy Managing Director	33%
		Seamark (BD) Limited, Bangladesh	Deputy Managing Director	20%
		IBCO Food Industries Limited, Bangladesh	Deputy Managing Director	23%
		Seamark (Holdings) Limited, Bangladesh	Deputy Managing Director	
		Seamark (USA) Inc, USA	Deputy Managing Director	33%
		ManRu Shopping City, Bangladesh	Deputy Managing Director	35%
Mr. M Badiuzzaman	Director	Tania International PTE. Ltd., Singapore	Managing Director	65%
		Tania Development PTE. Ltd., Singapore	Managing Director	70%
		Advance Homes Pvt. Ltd., Bangladesh	Chairman	60%
		Advance Corporation, Bangladesh	Managing Partner	70%

		Bangladesh Singapore Investment & Technologies Ltd., Bangladesh	Chairman	40%
		Bangladesh Singapore Development Limited	Chairman	40%
		Strategic Enterprises Pvt. Ltd., Bangladesh	Chairman	30%
		Pay Union BD limited, Bangladesh	Director	30%
Mr. Imtiaz Ahmed	Director	Easy Let Early Sale, UK	Director	
Dr. Nesar Ahmed Choudhury	Director	N.A. Choudhury Limited, UK	Director	50%
		Solace Service Limited	Shareholder	15%
Mr. Iqbal Ahmed OBE DBA	Director	Seamark PLC, United Kingdom	Chairman & Chief Executive	27%
		IBCO Limited, United Kingdom	Chairman & Chief Executive	40%
		IBCO Enterprise, United Kingdom	Senior Partner	33%
		Seamark (BD) Limited, Bangladesh	Chairman & Chief Executive	30%
		IBCO Food Industries Limited, Bangladesh	Chairman & Chief Executive	31%
		Seamark (Holdings) Limited, Bangladesh	Chairman & Chief Executive	
		Seamark (USA) Inc., USA	Managing Director	33%
		ManRu Shopping City, Bangladesh	Senior Partner	31%
Mr. Khandakar R. Amin	Director	Father Realty Corporation (Commercial Building), USA	Proprietor	100%
		Amin Realty Corporation (Commercial Building), USA	Proprietor	100%
		Hirapur Realty Corporation (Commercial Building), USA	Proprietor	100%
		Surma Realty Corporation (Commercial Building), USA	Proprietor	100%
		Indian Spice (Indian Restaurant), USA	Proprietor	100%
		India Place (Indian Restaurant), USA	Proprietor	100%
		Chile's Chocolate, (Mexican Restaurant), USA	Proprietor	100%
		Gallitos Expreess (Mexican Restaurant), USA	Proprietor	100%
		Gallitos Mexicans (Restaurant), USA	Proprietor	100%
		Hotel New York (Residential), DHAKA	Proprietor	100%
		KH Carbon Factory, Faridpur	Proprietor	100%
		Khandakar Aquaculture Ltd, Noakhali	Proprietor	100%
		Amin CNG Filling Station, Noakhali	Proprietor	100%
		Amin Gas Station, Noakhali	Proprietor	100%
		Cafe New York, Noakhali	Proprietor	100%
		Dhaka New York Agro Fishers. Ltd., Noakhali	Proprietor	100%
Mr. Naveed Rashid Khan	Director	Jabbar Jute Mills Ltd. Bangladesh	Director	10%
		Gentrade FZE, UAE	Chairman & MD	100%
		Bangladesh Medical Science and Technology Ltd	Director	10%
		Commodity First DMCC, Dubai, UAE	Managing Director	50%
		Comodity First Pte Ltd, Singapore	Director	50%

Mr. Mohammed Jamil Iqbal	Director	Al Anood Perfumes Co., Dubai, UAE	Partner	24%
		M/S. Md. Jamil Iqbal, Bangladesh	Proprietor	100%
		M/S. JI Stone Supplier, Bangladesh	Proprietor	100%
		M/S. New Maitri Stone Crushing, Bangladesh	Proprietor	100%
		Jamil Iqbal Ltd.	Chairman	50%
Mr. Nafih Rashid Khan	Director	Commodity First DMCC, Dubai, UAE	Managing	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%
Mr. Mohammed Idrish Farazy	Director	National Exchange Company S.R.L. Italy	Chairman	51%
		Popular Travels & Tours, Rome, Italy	Chairman	25%
		Farazy Hospital and Diagnostics Ltd.	Director	
Mr. Mohammed Rafique Miah	Director	Banglatown Group of Company	Chairman	
		Le China Ltd.	Managing Director	
		Klaspac PLC	Non-Executive	
		Greenline Wholesale Ltd.	Director	
Mr. Abdul Karim	Director	Hassan Shahin Ahmed Perfumes L.L.C. Dubai, UAE	Proprietor	100%
Mr. Mohammed Jahed Iqbal	Director	M/S. Md. Jahed Iqbal	Proprietor	100%
		Jahed Iqbal Ltd. UK	Director	100%
		Desert Star Trading LLC	Partner	24%
		Jamil Iqbal Ltd., Bangladesh	Managing Director	50%
		Sunday Development Company Ltd., Bangladesh	Director	25%
Mr. Humayen Kabir Khan	Director	Khan and Son Services Inc	Owner	100%
		Khan and Son Property LLC, USA	Owner	100%
		Estate of Fazlur Khan, USA	Owner & CEO	50%
Mr. Ali Ahmed	Director	Mirravale Holding Ltd.	Director	55%
		BJ Browing Business Ltd.	Director	55%
		AAB Estates Ltd.	Director	100%
		AA Express Food Dist. Ltd.	Director	75%
Mr. Md. Abdul Jalil Chowdhury	Independent Director	Nil	Nil	Nil
Mr. Md. Motior Rahman	Independent Director	Nil	Nil	Nil
Mr. Md. Mehmood Husain	Managing Director & CEO	Nil	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 Company Act 1991 : Nil

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

Related party transactions

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

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

A) Funded & Non-funded facilities: Nil

B) Transactions relating to procurement, service & rent:

Name of the Company/ Person	Related Directors of NRBBL	Nature of Transactions	Amount of Transaction made in 2019
Manru Shopping City	Mr. Iqbal Ahmed OBE	Rental payment for NRBBL Sylhet Main Br, Sylhet.	2,990,400
Advance Zaman Centre	Mr. M. Badiuzzaman	Rental payment for NRBBL Ghonapar Br, Gopalganj.	378,000
Ocean Auto	Mr. Tateyama kabir	Lease rental payment of vehicle	3,600,000

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 Company Act 1991 : Nil

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

40 Auditors work hour

The external auditor of the Bank, M/s Hoda Vasi Chowdhury & Co., Chartered Accountants worked about 2985 man hour. They have reviewed more than 80% of the Bank's risk weighted assets as at the Balance Sheet date.

41 General

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

42 Events after the balance sheet date

A. COVID 19

Subsequent to year-end, on 11 March 2020, World Health Organization (WHO) declared a global pandemic due to Corona Virus related respiratory disease commonly called as COVID-19. To contain the spread of this disease, along with many other countries of the world, Government of Bangladesh has also taken a number of measures such as declaration of general holiday, enforcement of lock down, social distancing etc. As a result of these measures all business and economic activities are adversely affected which would also impact the Bank as well. Management as considered COVID 19 as subsequent event and in accordance with IAS 10 has concluded that this is a non-adjusting event (i.e. an event after the reporting period that is indicative of a condition that arose after the end of the reporting period) because the significant changes in business activities and economic conditions as a result of COVID 19 events took place well after the reporting date of 31 December 2019. Although the business operation and profitability of the Bank are impacted due to COVID 19, but as the situation is constantly changing and there is no certainty at present as to how long the situation will prevail, the potential impact of COVID 19 related matters on the Bank's operation and financial results cannot be reasonably assessed."

NRB Bank Limited
Schedule of fixed assets
as at 31 December 2019

Particulars	Cost				Rate of Depreciation	Accumulated Depreciation				Written down value as at 31 December 2019
	Balance as at 1 January 2019	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 December 2019		Balance as at 1 January 2019	Charged during the year	Disposal/ adjustment during the year	Balance as at 31 December 2019	
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>		<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Tangible assets:										
Furniture and fixture	303,761,217	62,548,432	-	366,309,649	10%	87,674,587	35,470,872	-	123,145,459	243,164,190
Machinery and equipment	151,475,686	22,064,903	-	173,540,589	20%	85,093,462	26,872,486	-	111,965,948	61,574,641
Computer and network equipment	148,837,745	17,493,562	(129,450)	166,201,857	20%	92,126,215	22,574,413	(117,180)	114,583,448	51,618,409
Mobile Phone	1,392,905	745,154	(49,900)	2,088,159	50%	832,500	638,497	(27,107)	1,443,890	644,269
Vehicle	47,376,226	14,751,285	-	62,127,511	20%	38,303,280	6,366,052	-	44,669,332	17,458,179
Intangible assets:										
Software	173,475,328	4,515,528	-	177,990,856	12.5%	81,575,000	21,958,476	-	103,533,476	74,457,380
As at 31 December 2019	826,319,107	122,118,864	(179,350)	948,258,621		385,605,044	113,880,796	(144,287)	499,341,553	448,917,068
As at 31 December 2018	712,616,921	116,898,580	(3,196,395)	826,319,107		273,743,857	113,619,642	(1,758,455)	385,605,044	440,714,063

NRB Bank Limited
Balance with other banks-Outside Bangladesh (Nostro Account)
as at 31 December 2019

Name of the Bank	Account type	Currency type	2019			2018		
			FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
Habib American Bank, New York	CD	USD	447,286.76	84.90	37,974,646	344,140.38	83.90	28,873,378
United Bank of India	CD	ACU	82,253.14	84.90	6,983,292	343,035.29	83.90	28,780,661
United Bank of India	CD	ACU EUR	7,830.16	94.89	742,992	4,693.49	95.25	447,063
Mizhuo Bank Ltd, Japan	CD	JPY	784,938.00	0.78	608,876	116,368.00	0.75	87,672
Mashreq Bank PSC, New York	CD	USD	1,029,140.97	84.90	87,374,069	1,139,991.83	83.90	95,645,315
Mashreq Bank PSC, UK	CD	GBP	49,871.89	111.10	5,540,563	68,047.65	106.00	7,213,003
Mashreq Bank PSC, UK	CD	EUR	-	-	-	47,350.89	95.25	4,510,253
Aktif Bank, Turkey	CD	EUR	109,039.92	94.89	10,346,634			
AB Bank Limited, Mumbai	CD	ACU	78,688.07	84.90	6,680,617	196,955.30	83.90	16,524,550
National Commercial Bank	CD	SAR	109,208.13	22.62	2,470,626	104,500.00	22.36	2,336,892
					158,722,315			

**Investment in Quoted Shares and Mutul Funds
as at 31 December 2019**

Annexure- C

Name of the Company	Face value per share	No. of shares	Cost of holding	Average Cost	Quoted rate per share as on 31.12.2019	Total market value of share as at 31.12.2019	Unrealised gain/(loss)
Quoted Shares							
Active Fine Chemicals Limited	10	400,000	9,735,840	24.34	14.70	5,880,000	(3,855,840)
Barka Power Limited	10	100,000	3,218,930	32.19	22.70	2,270,000	(948,930)
Square Pharmaceuticals Limited	10	749	178,650	238.52	190.00	142,310	(36,340)
Premeire Bank Limited	10	346,500	4,579,140	13.22	12.50	4,331,250	(247,890)
Prime Bank Limited	10	400,000	7,434,880	18.59	18.20	7,280,000	(154,880)
Heidelberg Cement Bangladesh Limited	10	83,000	43,459,370	523.61	164.80	13,678,400	(29,780,970)
MJL Bangladesh Limited	10	840,000	97,181,052	115.69	63.30	53,172,000	(44,009,052)
ACI Limited	10	38,423	11,921,697	310.28	181.50	6,973,775	(4,947,923)
Grameenphone Limited	10	140,000	50,313,173	359.38	285.80	40,012,000	(10,301,173)
Olympic industries Limited	10	90,000	18,283,517	203.15	165.00	14,850,000	(3,433,517)
Singer Bangladesh Limited	10	170,000	34,159,688	200.94	180.40	30,668,000	(3,491,688)
BBS Cables Limited	10	130,000	10,737,883	82.60	58.80	7,644,000	(3,093,883)
SS Steels Limited	10	3,710	33,730	9.09	22.50	83,475	49,745
Genex Infosys Limited	10	3,009	26,170	8.70	67.40	202,807	176,637
Esquire Knit Composite Limited	10	20,890	940,050	45.00	28.30	591,187	(348,863)
Runner Automobiles Limited	10	7,566	540,450	71.43	59.50	450,177	(90,273)
Newline Clothings Limited	10	8,038	75,130	9.35	14.80	118,962	43,832
Silco Pharmaceuticals Limited	10	8,022	72,930	9.09	30.30	243,067	170,137
Sea Pearl Beach Resort & Spa Ltd	10	3,916	37,300	9.53	41.30	161,731	124,431
Coppertech Industries Limited	10	4,978	47,410	9.52	23.50	116,983	69,573
Mutual Trust Bank Limited	10	11,000	336,805	30.62	26.50	291,500	(45,305)
Ring Shine Textiles Ltd	10	231,219	2,010,600	8.70	10.30	2,381,556	370,956
IDLC Finance Limited	10	200,000	11,394,848	56.97	45.40	9,080,000	(2,314,848)
BRAC Bank Limited	10	50,000	2,958,155	59.16	57.10	2,855,000	(103,155)
Meghna Petroleum Limited	10	60,000	12,985,348	216.42	163.80	9,828,000	(3,157,348)
Aman Cotton Fibrous Limited	10	7,846	313,840	40.00	21.10	165,551	(148,289)
Total		3,358,866	322,976,587			213,471,729	(109,504,858)

Name of the Mutual Fund	Face value per share	No. of shares	Cost of holding	Average Cost	Quoted rate per share as on 31.12.2019	Total market value of share as at 31.12.2019	Unrealised gain/(loss)	NAV @ Market Price	85% of NAV @ Market Price	Required Provision
Mutual Funds										
LR Global Bangladesh Mutual Fund One	10	6,514,899	50,093,521	7.69	6.60	42,998,333	(7,095,188)	9.29	7.90	-
AIBL 1st Islamic Mutual Fund	10	10,000,000	86,991,170	8.70	7.20	72,000,000	(14,991,170)	9.44	8.02	(6,751,170)
MBL 1st Mutual Fund	10	6,427,603	53,153,879	8.27	6.10	39,208,378	(13,945,501)	9.32	7.92	(2,234,408)
Reliance One: The 1st Scheme of Reliance	10	5,100,000	59,263,505	11.62	8.10	41,310,000	(17,953,505)	11.26	9.57	(10,451,405)
Grameen One : Scheme Two Mutual Fund	10	12,200,000	197,362,733	16.18	11.80	143,960,000	(53,402,733)	18.37	15.61	(6,865,833)
Southeast Bank 1st Mutual Fund	10	1,025,528	13,373,408	13.04	10.00	10,255,280	(3,118,128)	11.73	9.97	(3,118,128)
IBBL Mudaraba Perpetual Bond	1,000	17,726	17,188,447	969.67	937.00	16,609,262	(579,185)	N/A	-	(579,185)
Total			477,426,664			366,341,254	(111,085,410)			(30,000,130)
			800,403,251			579,812,983	(220,590,268)			

NRB Bank Limited
Highlights on the overall activities
as at 31 December 2019

SL No	Particulars		2019	2018
1	Paid-up capital	Taka	4,665,600,000	4,320,000,000
2	Total capital (Tier-1 & Tier-2)	Taka	5,196,643,690	5,523,661,275
3	Surplus\ (Shortage) Capital	Taka	531,043,690	1,203,661,275
4	Total assets	Taka	54,722,974,357	44,147,817,639
5	Total deposits	Taka	41,809,853,016	33,518,594,580
6	Total loans and advances	Taka	38,932,317,978	32,473,459,905
7	Total contingent liabilities and commitments	Taka	14,417,316,055	11,241,688,588
8	Loans to deposits ratio (total loans/total deposits)	%	87.82%	87.60%
9	Percentage of classified loans against total loans and advances	%	4.14%	3.71%
10	Profit after tax and provision	Taka	(125,356,213)	582,155,071
11	Classified loans during current year	Taka	1,611,029,271	1,205,781,572
12	Provisions kept against classified loans	Taka	1,109,513,256	295,436,328
13	Provision surplus/(deficit) against classified loans	Taka	122,141,768	-
14	Cost of fund (Interest expenses/Average deposits and borrowings)	%	7.69%	7.06%
15	Interest earning assets	Taka	52,826,601,927	42,804,534,393
16	Non-interest earning assets	Taka	1,896,372,430	1,343,283,246
17	Return on assets (ROA) [PBT/ Average assets]	%	-0.25%	1.48%
19	Income from investment	Taka	447,119,076	707,440,314
18	Return on investment (ROI)	%	6.43%	13.35%
20	Earnings per share	Taka	(0.27)	1.25
21	Net income per share	Taka	(0.27)	1.25