



ANNUAL REPORT 2019





ANNUAL REPORT 2019

TABLE OF



ABOUT US

Letter of Transmittal	06
Disclaimer	07
Vision	08
Mission	08
Values	09
Statement Regarding Forward Looking Approach	10
NRB Bank At a Glance	11
Company Milestones	12

CORPORATE GOVERNANCE

From the office of the Chairman	16
Managing Director & CEO's Roundup	20
Board of Directors' Profile	26
Sponsors & Shareholders	36
Board Committees	41
Senior Management Team	44
Directors' Report	46
Report of the Audit Committee of the Board	52
CEO/CFO's Declaration to the Board	54
Corporate Governance Report	55
Chief Risk Officer's Report on Risk Management	80
Disclosures on Risk Based Capital (Basel-III)	99
Credit Rating Report	113

STAKEHOLDERS' INFORMATION

Financial Highlights	116
Statement of Value Added and its Distribution	119
Economic Impact Report	120

E

N

T

S

FINANCIAL STATEMENTS

Independent Auditor's Report to the Shareholders	124
Balance Sheet	126
Profit and Loss Account	128
Cash Flow Statement	129
Statement of Changes in Equity	130
Liquidity Statement	131
Notes to the Financial Statements	132

OTHER INFORMATION

Sustainable Finance	188
Brand and Communications	194
Product and Services	195
Information Technology @ NRB Bank	198
Correspondent Banking	200
Key Activities 2019	201
Branch Network	207
ATM Network	209





ABOUT US



LETTER OF TRANSMITTAL

To

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

Dear Sir(s),

Annual Report of NRB Bank Limited for the year ended 31 December 2019

We are pleased to enclose a copy of the Annual Report along with the Audited Financial Statements and Balance Sheet as at 31 December 2019, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement for the year ended 31 December 2019 together with notes thereon of NRB Bank Limited for your kind information and record.

Thank you.

Sincerely



Md. Hasanul Haque
Company Secretary

DISCLAIMER

This Annual Report 2019 contains audited financial statements of the Bank along with other financial disclosures. Some parts particularly the financial statements of the Bank are audited which are presented in page from 124 to 185. Review of business and financial analysis presented in the Directors Report sections are based on audited financials as well as management information mostly unaudited unless otherwise specified. The Bank while recognizing financial transactions and presenting financial statements followed by relevant International Financial Reporting Standards (IFRS) except in some cases where the Bangladesh Bank instructed banks to follow their prescribed guidelines. However, if there grew any confusion, the Bank followed instructions of Bangladesh Bank being the prime regulator for banking companies.

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

- ◆ Changes in macroeconomic outlook: The economy grow projection is likely to be 1.2-2.9% for the year 2021. Slowing exports, falling remittances, weak internal and external demand, restrained industrial activities, rising food inflation, early floods and pandemic COVID-19 may change the macro economic outlook.
- ◆ General business and political uncertainties: Negative impact of political deadlock, associated risks in business environment, price spiral, downbeat performance of capital market, declining demand for bank finance, environmental erosion, etc may erode the bank's earning substantially. In the absence of political agreement and stability, success in business is hard to achieve.
- ◆ Changes in Government and regulatory policy: Amendment of Bank Company Act 1991 and impact of such changes on banking business, underperformance of tax revenue by NBR, increased borrowing by government from banks, central bank directives for charging lower on banks' fees earnings, discontinuation of guidelines related to provisioning and rescheduling and others.
- ◆ Deterioration in borrowers' credit quality: Risk of deterioration of credit quality of borrowers is inherent in banking business. This could be driven by political unrest, economic slowdown and supply side disruption. Abrupt changes in the import pricing may affect the commodity sectors. Banks are under obligation to maintaining provision against potential credit loss.
- ◆ Power crisis and immature infrastructure: Stumbling block of adequate infrastructure, storage of sufficient supply of power to production facilities, political turmoil, soaring of cost of surviving businesses may push to cause slower growth of manufacturing and industrial activities.
- ◆ Challenges in managing business: Excess liquidity has burdened the Banking Industry in Bangladesh due to lower demand of credit for private sector. Govt. borrowing sometimes distorts the business plan of the banking sector in Bangladesh to maintain the liquidity management. Unhealthy competition of the banking sector becomes risky to face the challenge to meet required ROI. Corporate tax burden hinders to meet the expected EPS of Shareholders.
- ◆ Rising capital requirement: Basel III might cause internationally active banks to maintain more capital and follow more stringent rules. The Bank while doing trade finance with those banks might have to follow more stringent rules. Effective control calls for higher investment in technology and increased operating expenses.
- ◆ Climate change and natural calamities: Bangladesh as one of the vulnerable countries to climate change effects and natural disaster lies on an alarming geographical location and risks considerable loss in agricultural sector accounting for a significant portion of GDP.
- ◆ Fraud or financial crime: Increasing frauds and financial crimes in the banking industry is denting industry confidence. The incidence is a direct outcome of weak corporate governance, control loopholes and IT inefficiencies. NRB Bank is all vigilant to prevent such untoward incident by virtue of strong and effective control system, high ethical practices, good corporate governance and risk management mechanism. However, the Bank cannot rule out any such surprise as the industry closely intertwined with sophisticated financial relationships.



VISION

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

MISSION

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

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



VALUES

We are trusted financial advisors; valuing our local roots and remaining dedicated to our global presence by being different than any other banks.

D DYNAMIC
I INNOVATIVE
G GLOBAL
I INTEGRITY
T TECHNOCENTRIC

We strive to change and perform to progress

We foster ideas through finding better ways to improve

We empower to create competitive edge to set international standard

We govern by the principles of ethics and transparency

We step ahead of technological advancement

STATEMENT REGARDING

FORWARD LOOKING APPROACH

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

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

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

NRB Bank

AT A GLANCE

Name of the Company NRB Bank Limited	Authorized Capital BDT 10,000 million	Chairman Mr. Mohammed Mahtabur Rahman
Legal Form Public Limited Company	Paid-up Capital BDT 4,666 million	Vice Chairman Mr. Tateyama Kabir Mr. Kamal Ahmed
Registered Office Simpletree Anarkali, 89 Gulshan Avenue, Gulshan- 1, Dhaka- 1212, Bangladesh	Total Capital (Tier-i & ii) BDT 5,197 million	Managing Director & CEO Mr. Md. Mehmood Husain
Date of Incorporation 19 March 2013	Total Asset BDT 54,723 million	Additional Managing Director Mr. Mamoon Mahmood Shah
Formal Inauguration 04 August 2013	Statutory Reserves BDT 471 million	Deputy Managing Director Mr. Md. Khurshed Alam
Company Registration No. C-108030/13	Capital Adequacy 13.32%	Chief Risk Officer (Acting) Mr. Mohammed Shaukat Ali
Bangladesh Bank Permission No. BRPD (P-3)745(61)/2013-1932 April 25, 2013	Earnings Per Share BDT (0.27)	Chief Financial Officer Mr. Badal Kumar Nath, FCA
Delivery Channels <ul style="list-style-type: none"> • No. of Branches- 46 • No. of Agent Outlets- 304 <ul style="list-style-type: none"> • No. of ATMs- 46 • Real-time Online Banking <ul style="list-style-type: none"> • Internet Banking • SMS/Alert Banking • Debit/Credit Card with Global Access • Shared Network across the Country 	Net Asset Value Per Share BDT 10.99	Company Secretary Mr. Md. Hasanul Haque
Credit Rating Short Term : ST-2 Long Term : A-	Accounting Year-end December 31	Legal Advisor Mr. Rafique-ul Huq Barrister-at Law
Total Manpower Employee: 956	Credit Rating Agency EMERGING Credit Rating Ltd. (ECRL)	Auditors M/s. Hoda Vasi Choudhury & Co., Chartered Accountants
Email info@nrbbankbd.com	Contact Centre (+88) 09666456000 16568	SWIFT Code NRBDBDDH
	Website www.nrbbankbd.com	



COMPANY

MILESTONES

2013

07 February

Bangladesh bank issued no objection Certificate for registration with RJSC as Banking Company

19 March

Issued Certificate of Incorporation and RJSC Certificate for Commencement of Business

09 April

Held 1st Board Meeting

18 April

BSEC Issued Letter of Consent for raising of paid-up capital

25 April

Received Banking License from Bangladesh Bank

30 April

Gazetted as Schedule Bank in Bangladesh

28 May

Officially Launched at Pan Pacific Sonargaon Hotel

01 August

Bangladesh bank Issued 1st Branch License

04 August

Inaugurated it's Main Branch

14 September

Held Statutory meeting
Inaugurated it's Gulshan Branch

16 September

Inaugurated it's Sylhet Main Branch

28 December

Inaugurated it's Chittagong Main Branch
Inaugurated it's Joypara Branch

2014

23 March

Launched arrays of retail Banking Products

25 March

Inaugurated 1st offsite ATM at Dhanmondi

22 June

Held 1st Annual General Meeting
Celebrates 1st Anniversary at Pan Pacific Sonargaon Hotel

23 June

Launched it's eBanking
Launched it's Call Centre

14 August

Inaugurated it's Ashulia Branch
Inaugurated it's Hotapara Branch

16 August

Launched it's SME Banking

18 August

Inaugurated it's Bogra Branch

31 August

Launched it's VISA EMV Debit Card

01 November

Launched it's VISA Credit Card

10 December

Inaugurated it's Uttara Branch

28 December

Inaugurated it's Panchdona Branch

2015

26 February

Inaugurated it's GEC Moor Branch

12 April

Inaugurated it's Dilkusha Branch

14 June

Held 1st Extraordinary General Meeting
Held 2nd Annual General Meeting

15 June

Inaugurated it's Moulovibazar Branch

10 August

Inaugurated it's Satkania Branch

08 September

Launched it's VISA Platinum Credit Card

21 December

Inaugurated it's Atibazar Branch

2016

24 January

Inaugurated it's Chawkbazar Branch

08 February

Launched Home Loan
Launched My Study Loan

10 May

Inaugurated it's Zazira Branch

26 June

Held 3rd Annual General Meeting

29 August

Inaugurated it's Khulna Branch

30 October

Gulshan Branch shifted to new location
Principal Branch shifted to new location

28 December

Held 2nd Extra Ordinary General Meeting

2017

02 January

Inaugurated it's Sylhet Main Branch

22 January

Inaugurated it's Pallabazar Branch

01 March

Launched the Card Cheque facility for its Credit Cardholders.

30 July

Inaugurated it's Rajshahi Branch
24 September
Inaugurated it's Rahimanagar Branch

16 October

Inaugurated it's Dhanmondi Branch

17 October

Inaugurated it's Comilla Branch

18 October

Inaugurated it's Mograpara Branch

19 November

Inaugurated it's Sreepur Branch

26 November

Inaugurated it's Shafipur Branch

10 & 17 December

Held 4th Annual General Meeting

20 December

Inaugurated it's Feni Branch

24 December

Inaugurated it's Ghonapara Branch

26 December

Inaugurated it's Pahartali Raozan Branch

27 December

Inaugurated it's Kazirhat Branch

2018

06 May

Bondhu Agent Banking on pilot basis Launched

20 May

Chattogram Main Branch Shifted to new location

08 June

GEC Moor Branch Shifted to new location

28 June

Held 5th Annual General Meeting

22 July

Inaugurated Bondhu Agent Banking at Balinga Bazar, Sylhet

29 July

Inaugurated own Institute of Learning & Development

23 September

Inaugurated it's Kadomtoli Branch

30 September

Launched SME Loan through agent outlet

13 December

Inaugurated it's Ishwardi Branch

22 December

Inaugurated it's Mirpur Branch

23 December

Inaugurated it's Medical Road Branch

2019

14 February

Inaugurated it's Debidwar Branch

20 February

Inaugurated it's Panchabati Branch

06 May

Launched Debit Card for Agent Banking Customers

31 July

Launched new retail product "Millionaire Savings Scheme"

21 November

Inaugurated it's Nayabazar Branch

24 November

Inaugurated it's Purbachal Branch

28 November

Inaugurated it's Jashore Branch

04 December

Inaugurated it's Jaflong Branch







CORPORATE GOVERNANCE

FROM THE
OFFICE OF
THE CHAIRMAN



Bismillahir Rahmanir Rahim

Dear Fellow Shareholders,

It is my pleasure to present the 2019 Annual Report and Audited Financial Statement of NRB Bank. Along with this report, I would like to discuss certain factors that influenced the financial performance of the bank in the reported year as well how we can address them when tackling the future. Now, at the 7th Annual General Meeting of NRB Bank, I am pleased to demonstrate our growth and success to our partners, without whom this journey would not have been possible.

It is no secret that Covid-19 has taken a toll on the global market, far larger than any hurdle we've faced in the last 150 years. Despite the efforts of central banks and fiscal authorities, asset markets have been taken insurmountable damage and capital is being drained out rapidly. A financial crisis is inevitable and the only point of action is to brace ourselves and adapt to the situation.

Bangladesh has managed to fare far better than our two neighbors to the west in FY 2018/2019, with a growth estimate of 8.1%. As the bilateral tariff between China and the United States took place, exports soared past domestic demand. Though exports have dampened in recent months, growth in Bangladesh is still expected to remain above 7% throughout the forecast horizon, all due to a solid macro economic framework, political stability, planned infrastructure projects and additional reforms to improve the business environments in the country.

The Asian Development Bank (ADB) has forecasted a GDP growth of 7.8% for the current fiscal year with an expected growth of 8.0% by FY 2021, currently the highest among Asian Countries. Despite the global lockdown, Bangladesh has persevered these past 8 months and seen a rise in domestic demand, shouldered

NRB bank has been performing steadily, though not quite up to the mark, in regard to quality credit growth. Despite absence of attractive spreads, total loans and advances grew by 19.89%, deposit growth remained sufficient at 24.74% and the advance deposit (AD) ratio came up to 87.82%. Considering the circumstances, NRBBL's operating profit is at a reasonably expected amount. The bank has played it safe by meticulously managing a careful lending approach as opposed to careless expansion of credit, remaining safe from untoward consequences.

by the significant increase in workers' remittances. Furthermore, increase in government spending on development, export-friendly policy reforms and increased imports of liquefied natural gas, oil and construction materials will fuel economic activity.

Dear Shareholders,

Bangladesh's Banking sector is suffering from its fair share of challenges. As the lending rate has been lowered to a single digit, it is further engulfed by lowered advance-deposit ratio, lingering corruption, unstable liquidity, a plummeting deposit interest rate and a supposedly never-ending stream of default loans. According to Bangladesh Bank, as of 31st December, 2019, the total amount of outstanding loans stood at BDT 10.18 trillion out of which BDT 943.31 Billion were in classified loans (NPL). By that

time, the ratio of gross non performing loans (NPL) to the total outstanding loans of the banking sector stood at 9.32%. Bangladesh's default loan ratio was estimated at 11.4% for 2019 in the World Bank's latest 'Global Economic Prospects' report, putting in perspective the tendency of public money in the name of borrowing from the banking sector that is engulfing our nation.

Our Board of Directors were alert of the impact of the global shutdown and had advised Management to devise a strategy and plan of action to maintain our continuity in business while tackling the impending global economic recession. Here are our findings.

Politically, the country has been stable this year. With minimum disputes, the government has mostly joined their efforts to ensure the country's economy to the best of their ability. This in turn has created a favourable atmosphere for business, reducing lower hurdles caused by public turmoil. This is reflected in indicators such as growth in public investment, agriculture, service, export, import and remittance. Despite the challenges being faced in the financial sector, inflation has remained steady. These have entirely been beneficial to our banking sector. In 2019, we've crossed a few of our own records regarding balance sheet size and Operational Activities. This year, Management has focused on its home field: Lending Funds to Corporate and SME Businesses.

In such a business environment, our bank has been performing steadily, though not quite up to the mark, in regard to quality credit growth. Despite absence of attractive spreads, total loans and advances grew by 19.89%, deposit growth remained sufficient at 24.74% and the advance deposit (AD) ratio came up to 87.82%. Considering the circumstances, NRBBL's operating profit is at a reasonably expected amount. The bank has played it safe by meticulously managing a careful lending approach as opposed to careless expansion of credit, remaining safe from untoward consequences.

The Bank's Risk Management landscape has successfully adapted itself to the fluctuating global markets and regulatory frontiers, throughout the cycle. The Bank has put an emphasis on Liquidity Coverage Ratio guidelines as an offshoot of Basel III Compliance and has been following this procedure with goal of strengthening our capital base. The following table summarizes the Bank's financial highlights in 2019:

Figures in BDT Million

Total paid up capital	:	4,665.60
Total capital (Tier I & Tier II)	:	5,196.64
Total assets	:	54,722.97
Total loans and advances	:	38,932.32
Total deposits	:	41,809.85
AD Ratio	:	87.82%
Total Operating Profit	:	925.11
Profit after tax and provision	:	(125.36)
Income from investment	:	447.12
Return on assets (ROA)	:	-0.25%
Return on investment (ROI)	:	6.43%
Earnings per share	:	(0.27)

Despite all the challenges faced by our Bank and our country, it is with great pleasure that I can emphasize on numerous positive outcomes from 2019.

In the midst of the present socio-economic situation and highly regulated segment of credit operations, we ensured our credit quality would remain un-phased. In 2019, we ensured acute focus on the recovery of classified loans, avoiding further classification and ensuring compliance with all regulatory requirements. Following the correct lending philosophy, we are backed by a strong credit administration that is focused on managing and minimizing risk. Emerging Credit Rating Ltd. (ECRL) has awarded 'A- (A Minus)' rating in the Long Term and 'ST-2' rating in the Short Term to NRB Bank Limited in consideration of financials up to 31 December 2019 including other relevant quantitative and qualitative information up to the date of rating declaration, 30 June 2020.

Regarding our other outlets of services, I am pleased to inform that we were able to develop and provide progressive services with unwavering quality in a short amount of time. Our corporate, SME and retail banking service has already achieved commendable success. We have also devised and employed various IT based services, allowing us to step in line with our highest competitors.

Our Bank believes that carrying out Corporate Social Responsibility (CSR) helps in tangible value-creation. Moreover, CSR creates a positive image in society for our Bank. Since the inception of the Bank, we are committed to supporting our people and fulfilling social responsibilities alongside commercial banking operation. We have followed this through 2019 with utmost dedication and responsibility, spending a total amount of BDT 11.23 million to carry on various CSR initiatives, with BDT 18.57 million in the preceding year. The areas of our contribution under the banner of corporate social responsibility are well diversified across different segments as well as geographical areas. The Bank plans to widen its corporate social responsibility activities as it is sensitive to the needs of the nation.

We have used numerous methods to meet our targets regarding product development and innovation as well as value addition to our product portfolio. Through the extensive promotion of our "Cradle to the Twilight Years" concept, we have instilled confidence into our customers, ensuring our quality performance through our exemplary SME, Retail, Priority and Corporate Services, both innovated further using technology and networking within our branches.

In the pursuit of our important mission as well as the objectives mentioned earlier, we are training many young, well-educated and hardworking colleagues who will be passed the torch for leading this bank in the years to come. I am blessed with the patronage of not only our clients but also our esteemed shareholders, honorable directors and loyal hardworking colleagues. It is through our joint

effort that we can leave our mark in the banking industry in Bangladesh and lead the younger banking generation to a brighter future.

Respected Shareholders,

Corporate Governance reflects the built in value system of the Bank in conducting its day to day affairs. NRB Bank emphasizes and honors the critical importance of effective Corporate Governance for the safe functioning of the Bank and lays emphasis on ensuring that structures, processes and systems are put in place to establish strategic objectives, through vigilant monitoring, to serve the interest of the Bank and its stakeholders. The Board provides policy guidelines & directions to the management, approves strategic and major policy decisions and oversees the higher management to attain business goals. For the sake of providing strategic support to the Board, different committees, namely the Executive Committee, Audit committee and Risk Management Committee are actively performing and providing the best support.

Good governance is based on the principles of:

- ◆ conducting business with integrity and fairness
- ◆ ensuring transparency in all the transactions,
- ◆ making all relevant disclosures as per the various regulations in force
- ◆ complying with all the laws of the land
- ◆ ensuring accountability and responsibility when dealing with the stakeholders; and
- ◆ commitment for conducting the business in an ethical and transparent manner.

The Bank has laid down a well-defined code of conduct which fairly addresses the issues of integrity, conflict of interest and confidentiality and stresses the need of ethical conduct, which is the basis of Good Governance. This code of conduct is applied to all the members of the Board and the Senior Management of the Bank.

The Bank has complied with the guidelines of BB, BSEC, RJSC&F and other regulatory bodies. Our Bank gives high priority to good governance, which reflects on transparent ownership

structure, management and accounting practice. The Board recognizes its role in promoting good governance and in creating a framework of the best practices, processes and ethics to observe and promote high ethical standards.

The Bank is also committed to follow high disclosure standards and transparency in financial reporting so as to keep investors and stakeholders adequately well-informed and updated at frequent intervals. Disclosures in compliance with the codes are set out in the Annual Report. Strategically, the Bank's governance quality and management bandwidth are also being enhanced to cope with the emerging rigors of the banking and financial sector.

I take this opportunity to thank the members of the Board, the Government of Bangladesh, the Central Bank and other regulatory authorities of Bangladesh for their valuable and unwavering support and wise guidance as the Bank continues to face challenging times. I thank all our valued customers for their continued trust in our services and assure them that their customer satisfaction is our primary objective and we intend to continuously work to improve their experience even further. I am also grateful to Mr. Md. Mehmood Husain, MD & CEO as well as Team NRBBL for their dedication, hard work and commitment towards the bank and its customers. It is through the support and encouragement of all our stakeholders that we as a bank can stand strong and persevere through the challenges that have gone by and those that are coming ahead. You help us "Stay Focused" so that we can "Stay Ahead".

Thank You



Mohammed Mahtabur Rahman
Chairman of the Board of Directors





MANAGING DIRECTOR & CEO'S ROUNDUP

Dear Shareholders

I am very pleased to avail the opportunity again to present before you the Bank's performance report for the year 2019. The Bank has completed another remarkable year of its journey with substantial attainment. We have made significant advancements in our operational performances in a crucial time. I would like to express my heartfelt thanks & gratitude to our shareholders, valued clients, distinguished patrons and well-wishers for their active and continuous support, co-operation and persistent association with us.

In the year 2019, we continued satisfactory growth in our business portfolio. We grew our loan portfolio with a revised limit framework aimed at reducing concentration risk in the portfolio. We also maintained a healthy deposit profile by maintaining standard deposit-mix. A strong focus on value creation for all our stakeholders drives our growth and performance, and also our long term sustainability. Financial strength and profitability are prerequisites to fulfilling our role and ensuring that we stay relevant to the communities we operate in.

Global Economy

The fast paced growth of global economy which was observed in past 2 years slowed down in 2019. However it posted a moderate 2.9% growth in 2019. The main reason behind this sluggish growth is pointed towards the escalated trade tension between United States & China. Moreover, the uncertainty created by the brexit among the European countries also contributed to low growth of this year. At the end of the 2019 the world was shook by the pandemic COVID 19 which claimed lives as well as limited the economic activities in order to slow the infection rate. Isolations, Lockdowns and temporary suspensions of business activities many small companies to go out of business. IMF forecasted that sluggish trend that we observed in 2019 will persist in year 2020 and may pushed down the growth to negative region as low as -3% due to the impact of Coronavirus.

The global economy has grown by 2.9% in 2019. However, global growth is projected to contract sharply by – 3.0% in 2020 as COVID-19 pandemic is inflicting high and rising human costs worldwide requiring isolations, lockdowns, and widespread closures to slow the spread of the virus, which in turn is having a severe impact on economic activity around the globe. The IMF has attributed this outcome far worse than during the 2008 global financial crisis – requiring extraordinary downward revision of growth forecast by 6.0% in IMF's April 2020 Outlook compared to January 2020. Extreme uncertainty around the global growth forecast remains as economic fallout depends on factors that interact in ways that are hard to predict, such as the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioral changes, confidence effects, and volatile commodity prices. Risks of much worse outcomes predominate in the current scenario as many countries are facing a multi-layered crisis consisting of a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals, and a collapse in commodity prices.

In a baseline scenario, the global economy is projected to grow by 5.8% in 2021 as economic activity normalizes aided by policy support – with the assumption that pandemic fades in the second half of 2020 along with gradual unwinding of containment efforts, and the restoration of consumer and investor confidence. The projected recovery also assumes that policy actions undertaken are effective in preventing widespread firm bankruptcies, extended job losses, and system-wide financial strains.

Despite severe downgrade to global growth forecasts, risks to the outlook are on the downside – for example, a deeper contraction in 2020 and a shallower recovery in 2021 could materialize



depending on the pathway of the pandemic and the severity of the associated economic and financial consequences. A second or third wave of coronavirus infections may also emerge which may prove to be more severe as suggested by the study of past pandemics. Such adverse outcomes can test the limits of central banks to support the financial system and further increase the fiscal burden of the shock. However, if a therapy or vaccine is developed earlier than the expected timeline, then the removal of social distancing measures could lead to a quicker recovery than current projections.

Bangladesh Economy and its Banking Sector

Bangladesh has maintained its strong GDP growth momentum in FY2019 and registered a real GDP growth rate of 8.15% which is significantly higher than that of preceding year. With stable inflation and domestic consumption, and is set to graduate to a developing country in 2024, from its current LDC (least developed country) status. Today, Bangladesh has successfully diversified into a manufacturing-based economy, riding on sustained growth in the ready-made garment (RMG) sector, which accounts for 85% of the country's total export earnings. Remittance inflows further grew by 9.5% in FY2019 to USD 16.4 billion after rebounding strongly in FY2018. The sector continues to play a significant role in promoting private consumption, employment creation and external stability. Current account deficit (CAD), which was heating up in FY2018 also cooled down to USD 5.3 billion due to favorable export and remittance growth, while import growth was largely stagnant. As a result, foreign exchange reserves of the nation stood at USD 32.72 billion at the end of FY2019. Inflation declined further by 30 bps to 5.48% in FY2019, while GDP growth was recorded at a remarkable 8.15% for the first time in the history of the country. Improving balance of payments and net foreign asset (NFA) growth recovery fostered by supportive policy measures eased liquidity stress in both BDT and USD by the end of FY2019 that had spilled over from the widening CAD during the previous fiscal year.

During July-September 2019, banking sector's indicators showed some mixed performance,

as reflected in the non-performing loan (NPL), capital adequacy, provision shortfall position and liquidity conditions. During the said period, a modest growth in the assets of the banking sector was observed. Compared to June 2019, share of loans and advances remained almost same while share of investments increased notably at the end of September 2019 due to higher government borrowing through Treasury bond and securities. Overall NPL edged up, driven mainly by the performance in the SCBs and also deterioration of asset quality in a few PCBs. At the end of September 2019, gross NPL ratio reached at 12% which was 11.7% at the end of June 2019 and 10.3% at the end of December 2018. Provision maintenance ratio slightly decreased at the end of

September 2019 compared to June 2019 and the decline in provision maintenance ratio could be attributed to proportionate adjustment in maintained provision relative to the required provision. Profitability as measured by ROA and ROE also decreased at the end of September 2019 compared to June 2019. Liquidity situation seemed to improve further during July-September 2019 period as evident from decreased advance-to-deposit ratio (ADR). ADR of the overall banking industry reached at 76.6% at the end of September 2019, remaining below the maximum regulatory ceiling.

Financial Performance

Amidst the prevailing economic condition of the country, NRB Bank Limited made a moderate progress and our operating profit grew by 2%. We hope to continue to deliver our best in the upcoming years as well. In 2019, our loans & advances grew by 20%, while deposit grew by 25%. We, at NRB Bank, ensured our level best to add value to the real economy of Bangladesh by helping small, medium and large businesses grow.

Our efforts were focused towards improving the deposit mix targeting to reduce the cost of fund. Simultaneously, efforts were on to maintain assets quality and look for diversified sectors with emphasis on non-funded business.

Consequently the Bank had been able to maintain a strong position in all key areas of operations. An abridged summary of our financial performance together with the last year's comparison are presented below.

Technology up-gradation for digital banking services

In terms of digitalization, Information and Communication Technology has become an inevitable part of today's modern business and its operation. The Bank successfully up-graded its IT & ADC platform and installed the core banking software "Flexcube" and currently all branches of our Bank are running under core banking solutions enabling them to provide real time on-line banking services to its clients. The bank has been maintaining a modern Data Center (DC) in order to secure its information through Disaster Recovery Center (DRC) to make sure that bank will not lose any data in case of any disaster.

We have strong focus to systematically automate and streamline all aspects of the operations and facilitate seamless integration among key business processes. Our investment in technology is making our business simpler, safer, and easier for our customers to use. And, this facility allows the customer to bank from anywhere, anytime with total security and confidentiality. Besides, we are determined to keep our commitment towards combating against financial and cyber-crime and continue to invest heavily in improving our standard in the industry.

Our Customer Services

As our motto "Not Just Another Bank", we always believe in better customer services to prove it. Our

business can only thrive if our customers feel that we are helping them in meaningful ways. We are here to help our clients— whether they are local or international companies fostering trade and investment, or individual customers who seek assistance in managing their wealth. We strive to earn and maintain our customers' trust by constantly adhering to the highest Ethical standards. Everything we do in NRBBL should be in our customers' interest and create economic value. This inspires the structure of our products, the delivery of our services and the principles that run through our business. We have made tangible changes in our Customers' service experience.

Our innovative products and Services

We introduced and redesigned some asset and liability products in 2019 for our Retail and SME Customers. We have launched many innovative products and services during the year, many of which are customized to meet the requirements of our customers. Our innovative products and Services are;

Deposits products: SME equity planner for small business, millionaire By Paying Monthly Installment, Benefit First (a term deposit scheme that offers upfront interest payment), monthly benefit scheme for longer tenure

Loans products: Foshol, prantik, khamar, ogrojatra

SME products: NRB Pashe, NRB Prerona, NRB Proshar, and NRB young entrepreneur

NRB Agent Banking: NRB bank has already introduced 278 agent outlets in 2019 for agent banking services and almost 20 agent outlets will be set up in 2020

We have over 92 thousand customers, who recognize the brand as a reliable partner. We continue to improve our services, understand their needs, provide innovative solutions and build long-term relationships based on trust and transparency.

Our Sustainable growth

Looking at our 2019 business outcomes, you can see that we remained spot-on to our

committed growth strategy. We grew by focusing on serving our customers and clients holding on to our manifesto "Not Just Another Bank" and managing risk at the same time. We also are focused on achieving growth that is sustainable. Sustainability has three key components: Being the best place to work for our Team, sharing our success, and operational excellence. To share our success, we focus on environmental, Social and Governance [ESG] activities, Corporate Governance practices, our philanthropy, in addition to many other activities. Banks need to help businesses activities in a socially responsible way. This includes a number of things, such as supporting businesses that cut carbon emissions and make the transition to the Green Economy; financing innovation in Green Technology; encouraging businesses to operate in a new way that support local communities, respect human rights and encourages inclusive growth, and so on.

In our quest of bringing the unbanked population into the financial system, enabling them to benefit from our services and products, we have established Agent Banking. As a franchisee-based operating model, this carries the benefit of low-cost, high-impact and scalable banking representative of the true spirit for including the segments which are excluded from it. Within a short span of time, we have been able to sign up 304 number of Agent outlets in 58 Upazilas of 25 districts. Notably, we provide an undiluted "Bondhu Agent Banking" experience to our agent banking customers with aspiration of creating a 'laddering' effect under which the Bank hopes to expand along with the growth of these customers.

Taking care of Communities

NRB Bank Limited is quite conscious about its social responsibility. We are serving the Humanity through different welfare activities giving emphasis on Health, Habitat & Education. The Bank evaluates the environmental effects of projects in investment process and the projects found detrimental to the environment are not approved for financing. Our involvement in charities, scholarship program and other philanthropic events enable us to address important community concerns, build and maintain relationships and play a role in the society beyond simply that of wealth creation. More and more welfare activities and Institutional Development Programs will be drawn in future, Insha-Allah to the cause of serving our communities and the country as a whole. There is much more we accomplished to serve community which earned commendation from people from all walks of life. We have distributed cloths and essentials to the distressed community like flood affected people, cold-hit people, Rohinyghas, etc. to ease their life.

Human Resources Training and Development

Our employees are integral part to our commitment in order to uphold trust and pride in the customers. We continued to focus on investing in staff training, learning and development with intention to improve the skills of its employees and to drive the bank towards delivering best of the performances. We had been able to set-up a full-fledged Training Academy namely The Institute of Learning and Development (ILD). A good number of officials of the Bank took part in different training programs/seminars, workshops both at home and abroad besides in-house training courses, workshops and seminars on every aspects of Banking throughout the year. To keep the employees motivated, performance rewards, promotions, accelerated promotions and incentives etc. are awarded on a regular basis.

NRB Bank's Agent Banking footsteps

I am very pleased to inform you that, after starting NRB Bank Agent Banking operation on 6th May, 2018, we have already inaugurated 304 Agent Outlets (both Individual and UDC-based) till reporting at different Upazillas of Brahmanbaria, Gazipur, Sylhet, Manikgonj, Bogura, Jashore, Chadpur, Rangpur, Tangail Rajshahi, Khulna and chattogram Districts. Though we still have to go a long way and consider it as just the beginning, the growth we have already achieved in a short span of time



is a remarkable one. NRB Bank Limited crafted a unique Agent Banking Model with technology based banking concept ensuring appropriate security with real-time banking for customers who stay in far flung area. In 2020, NRB Bank is going to establish more agent outlets with strong commitment of bringing unbanked people within the fold of banking system.

Looking forward

The year 2019 was a demanding year in many respects and an evidence to the talent and professionalism of all my colleagues who successfully met its challenges along the way. Despite challenging market conditions, we are committed to our goals. We remain cautious about the downside risks of the current economic environment, global trade tensions and the future movement of interest rates. We will be proactive in managing costs and investment for revenue growth where necessary, but we will not take short-term decisions over long-term interests of the business. We always have forward-looking perspective to furnish needs of our customers and actively seek opportunities to achieve competitive advantage. We have an excellent team, a shared set of priorities and proven track record of good performance and with all these, we do look forward to yet another year of success.

OUR STRATEGIES FOR 2020

In order to be successful in the backdrop of this rapidly changing competitive sector, we have prepared ourselves befittingly. Our strategy is to continue the business steadily for a sustainable growth. Better management of our exposure in corporate/commercial business and diversification of portfolio are our main focus. Among others the following are our priorities for 2020 –

Business Related Strategies:

Develop an effective monitoring process on the existing portfolio to maintain asset quality having moderate BAU business growth is comparatively wiser option then look for new business opportunity. These includes i.e. non-funded maturity profile monitoring, regular funded facility monitoring including time extension &

margin build up, rescheduled and restructured account monitoring in line with Bangladesh Bank purview, forced loan account monitoring along with margin build up, term loan account monitoring along with moratorium, pending BB NOC etc, Overdue internal bills status of including reasons for liability not being settled, special format to monitor RMG/Construction/Work Order/Ship-breaking etc specialized sector.

The pairing between branches/agent banking networks and corporate office & IT backbone will be intertwined more harmoniously to give our customer service of a self-encoding character.

Continuous communication and knocking to the exiting borrowers in the current situation. The bank and customer relationship is very vital for handling credit risk; and regular communication with the borrower in the exiting scenario would help the borrowers to bring to the notice of the bank of the problem they are facing and giving the bank greater possibility of understanding and handling the problem in advance and helpful to get back their credits in time.

Bank will continue to put its endeavor on attaining lower cost of deposit as yield on advance limits to a single digit. Improvement of product mix will be at the forefront of 2020 business strategy.

Restricted disbursement will be followed. Existing portfolio management will be given most priority. The Bank will gradually grow its portfolio with a very selective way to keep the portfolio health in a good shape. In this case, financing under BB refinance schemes will be given priority to support the liquidity of the bank.

Branch network expansion will be further slowed down to reduce operational cost and reduce downward pressure of bank's operating profit. Rationalization of administrative cost (HR Cost) and minimization of operational costs to the best effort basis shall be the one of the strategies of 2020.

Special efforts will be given to divert the customers to use alternate channels like Mobile app, Internet banking etc.

Launching of Islamic Banking may create synergy in diluting with the existing traditional banking to strengthen the mobilization of deposit.

Being a tech savvy 4G Bank, Fintech solutions & Digital marketing will be exploited consistently to attract new generation customers.

Focus on deposit extensively, Staff Deposit Campaign will be launched, special emphasize will be given to High Value Segment customers, focus on CASA will be continued to improve Deposit Mix, Plan for effective people management to ensure productivity, payroll banking will be focused by onboarding more companies for salary disbursement with us.

Re-pricing the existing Non-Funded fees and charges to recover the income dent, triggered by 9% lending cap, as much as possible subject to rigorous and fruitful discussion with the client in order to avoid relationship damage.

Emphasize on emerging corporate houses including Trading, Agro-based Finance, Distributorship Business, Transport, Plastic & packaging Industries, Healthcare, Pharmaceuticals, Electronic, and Power & Energy etc. will be given. Around 35% to 40% budget will be allocated on the emerging corporate segment out of total corporate exposure in order to maximize revenue and diversify risk.

Non-Funded business through Re-financing scheme and export based import are the priorities of the year 2020. Emphasize on a particular segment will make an equilibrium between export and import of the bank and will not necessarily include the fund requirement. More emphasis will be given on Service Sector & Trading business considering less vulnerability to interest rate risk, which could ensure NFI income and better rate of return.

Strategic communications with the selective clients might be very effective at this stage to repair damage of clients' trusts and confidence, if any, and to handle the problem of moral hazard in terms of higher expectations in Government stimulus package. Bankers must act in line with the fact that clients are more inclined to stay with the bank they trust when changes in the market occur. Besides, business recovery would really be difficult in the presence of the erosion of trust and relationships with the client during the Covid-19 crisis period.

Corporate Liability will offer coordinated marketing in association with Retail and Branch RMs to book bigger chunk of Deposits from cash rich large depositors while paying full attention to deposit mix improvements. The team will also ensure No Cost & Low cost deposits linking with the issuance of Bank Guarantee and opening of LCs.

Cost Reduction Strategies:

NRB Bank adopted cost reduction strategies to handle/face COVID 19 in the following fashions:

Operational cost shall be rationalized without extending Branch networks in 2020 and through cost effectiveness.

HR performance shall be closely aligned with real performance so as to reduce HR cost.

Existing set up of HR will pursue the business and operations in 2020 with multi-tasking capability.

Technology based operational activities has been introduced to cater services for customer and in-house stakeholders.

Business/conference through zoom are being conducted to solicit business so as to reduce operational cost.

Acknowledgment and appreciation

I take this opportunity to thank all of our customers for their support, cooperation and confidence in us. I am also grateful to our regulators, especially the Bangladesh Bank for their dynamic leadership and prudential guidance and support extended to us in course of our operations. Besides, my appreciation and thanks to the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE), and Registrar of Joint Stock Companies and Firms for their continuous support, assistance, guidance and cooperation provided to the Bank from time to time. I like to mention here and extend my thanks to the NRBBL team for their passion and effort for attaining our corporate vision, mission and strategic objectives and, at the same time, ensuring that our core value remains consistent. My sincere note of gratitude goes to our dynamic Board of Directors for their valuable and judicious policy support and timely decisions to steer the Bank for being the best corporate citizen.

I am honored to work with an organization of such widespread legacy built on trust and respect and hopeful that together we will continue to work hard to attain the business targets and achieve our corporate objectives in the year 2020 and beyond



Md. Mehmood Husain
Managing Director & CEO



BOARD OF DIRECTORS'

PROFILE



**Mohammed
Mahtabur Rahman**

Chairman

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

After foreseeing the potential Fragrance Markets in the GCC & MENA region, he moved his entire operation & manufacturing units to the UAE and built the modern and well equipped Head Office fitted with ORACLE-ERP Server in an area of 33,000 sqft and also established a Factory in the UAE covering an area of over 350,000 sqft, which grew into a state-of-the-art manufacturing unit using automatic & semi-automatic ultra-modern machineries including 'Agilent' quality control equipment in the R&D Department. The quality conscious Al Haramain Perfumes, has been accredited by the authorities with Dual ISO Certificates in QMS (ISO 9001: 2008/2015) & GMP (ISO 22716 : 2007) and received scores of Appreciation Certificates & Accolades,

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

- ◆ Al Haramain Perfumes L.L.C
- ◆ Al Haramain Trading L.L.C
- ◆ Oudh Al Haramain
- ◆ Noor Al Haramain Trading L.L.C
- ◆ Al Haramain Perfumes Mfg & Oudh Processing Industry L.L.C
- ◆ Al Halal Perfumes Industry L.L.C
- ◆ Al Halal Perfumes L.L.C was opened in the UAE, to cater to the fragrance needs of the mass markets.
- ◆ Al Haramain Perfumes L.L.C with many branches was opened in the Sultanate of Oman for Omanis and for the entire markets in the country.
- ◆ Al Haramain Perfumes Int'l W.L.L & Noor Al Haramain Perfumes Company W.L.L was opened in the State of Kuwait, with many branches, to cater to the Perfumery needs of the entire markets all over the country.

- ◆ Al Haramain Perfumes W.L.L with many branches was opened in the state of Qatar, to meet the Perfumery needs of the valuable Qatari Customers & others.
- ◆ Al Haramain Perfumes W.L.L with many branches in the neighborhood were opened in the Kingdom of Bahrain to satisfy the perfumery needs of elite Bahraini customers and others.
- ◆ Al Haramain Perfumes PTE LTD. was opened in Singapore to meet the fragrance needs of the markets of Singapore, Indonesia and Brunei.
- ◆ Al Haramain Perfumes SDN. BHD in Malaysia was opened to serve the perfumery needs of the entire Malaysian & other Asian Countries.
- ◆ Al Haramain Perfumes showroom was opened in London to serve the perfumery needs of all our Customers of UK and Europe.
- ◆ Al Haramain Perfumes Inc, was established in New York, USA to meet the fragrance needs of our customers in the United States of America.
- ◆ Al Haramain Perfumes PVT.LTD. was established at Jamuna Future Park and also opened exclusive showrooms at the Bashundhara City Shopping Complex/ Shimanto Shambhar/ Gulshan Pink City/ Baitul Mokarram in Dhaka, catering to the perfumery needs of Bangladesh customers/ markets.
- ◆ AIBL Capital market services Ltd., a subsidiary of Al Arafah Islami Bank Limited, in which he is the Director.
- ◆ The University of Asia Pacific in which he is the Trustee, is one of the leading Universities in Bangladesh.
- ◆ Al Haramain Tea Co. Ltd. in Bangladesh, in which he is the Chairman, boosts the production of Bangladeshi Tea.
- ◆ Al Haramain Hospital Pvt. Ltd. in which he is the Chairman, is one of the most modern 250 Bed multi-disciplinary & multi-storeyed Hospital in Sylhet, Bangladesh.
- ◆ Beani Bazar Cancer Hospital in which he is a Trustee provides better treatment and care facilities to cancer patients in Bangladesh.
- ◆ NRB CIP Association in which he is the President, was formed to represent and protect the interests of NRB CIPs spread all over.

Awards

- ◆ He was ranked the top Commercially Important Person (CIP) for 6 consecutive years 2012, 2013, 2014, 2015, 2016 and 2017 by the Government of the Peoples' Republic of Bangladesh.
 - ◆ He was also awarded the prestigious 'Bangladesh Bank Remittance Award' consecutively for 5 years 2013, 2014, 2015, 2016 and 2017 in recognition of his highest remittance/investment into Bangladesh.
 - ◆ He is also the recipient of Honorary Doctor of Philosophy in World Peace and Morality Business Administration of the International University of Morality-Thailand, in the year 2014.
- Currently Mr. Mohammed Mahtabur Rahman is associated with the following organizations:**
- ◆ Bangladesh Business Council-Dubai, in which he is the Founder President, has been established for Bangladeshi Business Communities in Dubai and the Northern Emirates in UAE.
 - ◆ Shaikh Khalifa Bin Zayed Bangladesh Islamia (Pvt.) School in Abu Dhabi, UAE in which he is the Sponsor.
 - ◆ Al Arafah Islami Bank Ltd. in which he is the Sponsor, is one of the popular banks in Bangladesh.





Tateyama Kabir

Vice Chairman

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

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

Mr. Tateyama Kabir is member of different social and cultural organizations including Dhaka Club, All Community Club and the Elite Lion's Club, Owners Association, Youth Club in Japan etc. He is equally active in many community development and social services programmes.

He has remained an honourable patron to a good number of educational institutions contributing significantly to the advancement of country's education.

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



Kamal Ahmed

Vice Chairman

Mr. Kamal Ahmed is Vice Chairman of the Board and also a member of the Audit Committee of the Board of Directors of NRB Bank Limited.

Mr. Kamal is the Deputy Managing Director of Seamark PLC in the UK, IBCO Limited (UK), IBCO Enterprise (UK), Seamark (BD) Ltd and IBCO Food Industries in Bangladesh, Seamark (Holdings) Ltd, ManRu Shopping City in Bangladesh and Seamark USA Inc in the USA, which are all part of the Seamark Group of Companies headquartered in Manchester, England. The Group employs 4,000 people worldwide with distribution networks in Europe, the USA and Canada.

He takes full control of the Seamark Group in the absence of its Chairman and Chief Executive and is in-charge of the Group's operations,

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

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

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

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

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

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

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



**M
Badiuzzaman**

Director

Mr. M Badiuzzaman is the Chairman of the Executive Committee of the Board of Directors of NRB Bank Limited.

Mr. M Badiuzzaman is a versatile and experienced business professional with extensive knowledge and networking capacity to revolutionize business decision-making in international trade, commerce and the finance industry.

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

- ◆ Chairman, Advance Homes Pvt. Ltd., Bangladesh (Residential and Commercial Real-Estate Development and Consultancy in Bangladesh)
- ◆ Chairman, Strategic Enterprises Pvt. Ltd., Bangladesh (Importer and Consultancy Firm in Bangladesh)
- ◆ Managing Director, Tania International Pte. Ltd., Singapore (Export-Import and trading of Commodities and Business Consultancy in Singapore since 1990)

- ◆ Managing Director, Tania Development Pte. Ltd., Singapore (Commercial & Industrial Real Estate Management Company in Singapore since 2008)
- ◆ Executive Chairman, Pay Union BD limited, Bangladesh (3rd party payment processor and switch)

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



**Imtiaz
Ahmed**

Director

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

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

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





Dr. Nesar Ahmed Choudhury

Director

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

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

Dr. Choudhury is a dual citizen of the UK and Bangladesh. He is the President of the Bangladesh Medical Association (UK), Ex-Governor of Mersey Vale Primary School, Heaton Mersey, Stockport UK and one of the Shareholders of Solace Services Limited, UK. He is involved in other Bangladesh Welfare Services.

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



Iqbal Ahmed OBE DBA

Director

Founder and First Chairman
NRB Bank Limited

Chairman and Chief Executive
Seamark Group of companies and IBCO Food Industries Limited

Seamark Group grew from a small family run business to supply seafood and various food products worldwide. Iqbal pioneered the import and export of frozen seafood in refrigerated containers and was the first to import Black Tiger shrimps into the UK and the EU. It wasn't long before he began to look at ways of expanding the family business, thus created Iqbal Brothers & Company (now IBCO Limited) in 1976, importing and distributing frozen seafood and all kinds of frozen food products.

As the business grew further, it made sense to Iqbal to create a new company, Seamark which is more reflective of the size and scope of the operation. Seamark's first factory was set up in Manchester and was officially opened in 1993 by The Rt Hon The Lord Deben, John Selwyn Gummer, the then Minister of Agriculture, Fisheries and Food. In 2000 Iqbal Ahmed established Seamark (BD) Limited in Bangladesh which was inaugurated by HRH Princess Anne.

His clear vision for the business has led to a string of prestigious awards for Seamark in the UK and in Bangladesh. Excellence in the field

has been recognized at home in the UK with a Queen's Award for Export Achievement in 1998 and a number of Gold trophy Awards from the Government of Bangladesh for achieving the highest exports of seafood for nearly every year between 2002 and 2016.

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

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

He has founded and currently chaired Masjid ul Aqsa Islamic Centre, a Mosque and centre built for the community, where they can pray and hold religious and cultural studies.

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

In July 2017, Iqbal was awarded by Manchester Metropolitan University an Honorary Degree of Doctor of Business Administration for his outstanding achievements in business and his significant contribution to the economy and regeneration of Manchester and Bangladesh.

In October 2017, Iqbal was awarded an Honorary Fellowship Award from University Campus Oldham for his outstanding work in the community.

Over the years Iqbal Ahmed has played an active role as member, advisor or director in a number of government committees, ministries and advisory bodies in the UK and overseas such SAAG (Southern Advisory Group, Competitiveness Council, BOND (a UKTI initiative), MOSAIC under the Business in the Community, New East Manchester, Ethical Trading Champion's Group, New Enterprise Council, Catalyst UK and Bridge2Bangladesh (B2B).

He is an advisor to the Board of Trade, by invitation from the Rt Hon Dr Liam Fox MP, Secretary of State for International Trade and President of the Board of Trade, to provide advice on promoting British exports, boosting inward investments and delivering successful trade mission abroad.

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

He was personally invited by Michael Bloomberg to be a founding delegate of Bloomberg's New Economy Forum held in Singapore in 2018.

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



**Khandakar
R. Amin**

Director

Mr. Khandakar R. Amin is the Vice Chairman of the Executive Committee of the Board of Directors of NRB Bank Limited. He is the Chairman of Sonaimuri Upazilla Parishad of Noakhali District.

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

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

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

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

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

He holds a Bachelor Degree. He is running his business successfully both in America and Bangladesh for the last 29 years





**Naveed
Rashid Khan**

Director

Mr. Naveed Rashid Khan is the Vice Chairman of the Audit Committee of the Board of Directors of NRB Bank Limited.

He holds a Bachelor's of Social Science in Economics and Business Finance from Brunel University, London, United Kingdom.

Mr. Khan is a second generation entrepreneur in his family business whose entity is one of the largest

Commodity Trading Houses in Asia, dealing in Fertilizer and Fertilizer raw materials, and food grains such as rice, wheat and sugar.

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

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

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

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



**Mohammed
Jamil Iqbal**

Director

Mr. Jamil Iqbal is the Vice Chairman of Risk Management Committee of the Board of Directors of NRB Bank Limited.

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

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

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

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



**Mohammed
Idrish Farazy**

Director

Mr. Mohammed Idrish Farazy is the Member of Executive Committee of the Board of Directors of NRB Bank Limited.

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

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

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

Due to his continuous effort, he was awarded the prestigious, Bangladesh Bank Remittance Award, in 2014, 2015, 2016, 2017 and 2018 in recognition of highest remittance into Bangladesh in regards of National Exchange Company, Italy. He was also ranked as a Commercially Important Person (CIP) for two consecutive years 2012-13 & 2013-14 by the Government of Bangladesh.

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

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



**Nafih
Rashid Khan**

Director

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

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

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

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

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



**Mohammed
Rafique Miah**

Director

Mr. Rafique Miah is a member of the Risk Management Committee of the Board of Directors of NRB Bank Limited.

Mr. Mohammed Rafique Miah went to London in 1993 and started work in the family business Greenline, an importing & distributing company. He established Bangla Town Cash and Carry in 1994 which is well-known in the Bangladeshi community in UK. Mr. Rafique Miah is the Chairman of Bangladeshi Importers Association in the UK. He is also the Chairman of Banglatown group of company; Managing Director of Le China Ltd.; Non-executive of Klaspad PLC; Director of Greenline Wholesale Ltd; honorary president of Tower Hamlets Cricket Club and Director of British Bangladeshi Chamber of Commerce.

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



**Abdul
Karim**

Director

Mr. Abdul Karim is a Member of the Board of Directors of NRB Bank Limited.

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

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





**Mohammed
Jahed Iqbal**

Director

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

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

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



**Humayen
Kabir Khan**

Director

Mr. Humayen Kabir Khan is a Member of the Board of Directors of NRB Bank Limited.

A young, energetic and promising entrepreneur Mr. Humayen is an able successor of his father Late Mr. Fazlur Rashid Khan who was a sponsor director of the Bank. While contributing to the Bank as one of its Directors, he is steering the business of his late father skilfully aiming towards bringing them to new heights.

Currently, he is associated with following organizations:

- ◆ Owner, Khan and Son Services Inc
- ◆ Owner, Khan and Son Property LLC
- ◆ Owner and CEO, Estate of Fazlur Khan



**Ali
Ahmed**

Director

Mr. Ali Ahmed is a Director and a Member of Audit Committee of the Board of Directors of NRB Bank Limited.

He is successful entrepreneur and businessman running his enterprises abroad. He has major contribution in remitting foreign currency in the country alongside different social welfare activities for the betterment of the society. He is contemplating to invest in Bangladesh as a contribution to the economic development of the country.

Currently he is associated with following organizations:

- ◆ Director, Mirravale Holdings Ltd.
- ◆ Director, BJ Brown Business Ltd.
- ◆ Director, AAB Estate Ltd.
- ◆ Director, AA Express Food Dist Ltd.



Md. Abdul Jalil Chowdhury

Independent Director

Mr. Abdul Jalil Chowdhury is an Independent Director of NRB Bank Limited and also a member of Audit Committee and Risk Management Committee of the Board of Directors of NRB Bank Limited.

A postgraduate in Physics from Rajshahi University, he started his career in 1977 as Probationary Officer in Janata Bank Limited and retired as Additional Managing Director from Mercantile Bank Limited in 2016.

During his 39 years of long service period, he served a number of reputed Banks i.e. Janata Bank Limited, National Bank Limited, Southeast Bank Limited and lastly Mercantile Bank Limited in various capacities.



Md. Motior Rahman

Independent Director

Mr. Md. Motior Rahman is an Independent Director of NRB Bank Limited and also a member of Executive Committee and Risk Management Committee of the Board of Directors of the Bank.

A postgraduate in Accounting from Dhaka University, he started his Banking career in 1973 as Probationary Officer in Pubali Bank Limited and retired as Managing Director from Jamuna Bank Limited in 2012.

During his 40 years of long service period, he served a number of reputed Banks i.e. Pubali Bank Limited, Islami Bank Bangladesh Limited, Prime Bank Limited and lastly Jamuna Bank Limited in various capacities.



Md. Mehmood Husain

Managing Director & CEO

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

A post graduate in Economics from the University of Dhaka, he started his banking career in 1984 as a probationary officer with National Bank Ltd. During 35 years of his banking career he served a number of reputed Banks in various important capacities including Additional Managing Director of Prime Bank Ltd. He attended numerous professional trainings, workshops and seminars at home and abroad.

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



SPONSORS & SHAREHOLDERS



Mohammed
Mahtabur Rahman
UAE



Tateyama Kabir
Japan



Kamal Ahmed
UK



M Badiuzzaman
Singapore



Imtiaz Ahmed
UK



Dr. Nesar Ahmed
Choudhury
UK



Iqbal Ahmed OBE DBA
UK



Khandakar R. Amin
USA



Naveed
Rashid Khan
UAE



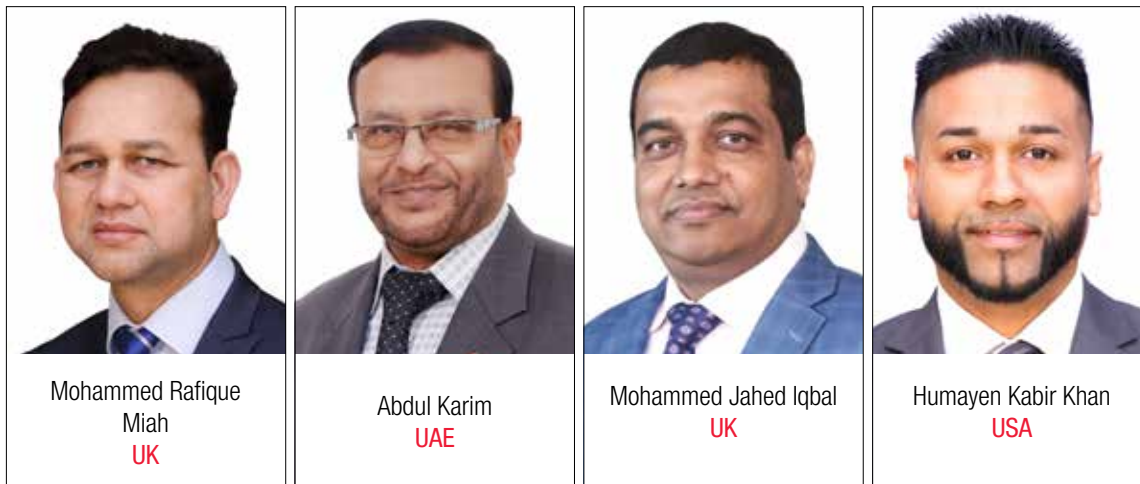
Mohammed
Jamil Iqbal
UK



Mohammed
Idrish Farazy
Italy



Nafih Rashid Khan
UAE







Dr. Mahiul Muhammed
Khan Muqit
UK



Abdul
Quayum Khalique
UK



Abu Taher
Mohammed Amanullah
Singapore



Shahela Ferdush
Rahman
USA



Mohammed
Emadur Rahman
UAE



Bayzun N
Chowdhury
UAE



Mohammed
Ehsanur Rahman
UAE



Mohammed Ashfaqur
Rahman
UAE



Nasrat Khalil Choudhury
UK



Ehsanuzzaman Rajib
Singapore



Aminur Rashid Khan
UAE



Dr. Anower Farazy
Italy



Navil Aman Moushum
Singapore





Najib Zaman
Singapore



Farhana Ahmed
UAE



Rafa Jaigirdar
UAE



Mohammed Oliur Rahman
UAE



Manzur Ahmed Iqbal
UK



Rubayeth Kamal
UK



Shahanara Khan
USA



Farhana Parvin
Chowdhury
USA



Kamrun Nahar Khan
USA



Rina Akter Khan
BD



Alomgir Kabir Khan
BD
(Represented by Rina Akter Khan)



Jahangir Kabir Khan
BD
(Represented by Rina Akter Khan)

BOARD COMMITTEES

EXECUTIVE COMMITTEE



Chairman

Mr. M Badiuzzaman

Vice Chairman

Mr. Khandakar R. Amin

Members

Mr. Tateyama Kabir
Mr. Mohammed Idrish Farazy
Mr. Nafih Rashid Khan
Mr. Mohammed Jahed Iqbal
Mr. Md. Motior Rahman



AUDIT COMMITTEE



Chairman
Mr. Imtiaz Ahmed



Vice Chairman
Mr. Naveed Rashid Khan

Members
Mr. Kamal Ahmed
Mr. Ali Ahmed
Mr. Md. Abdul Jalil Chowdhury



RISK MANAGEMENT COMMITTEE



Chairman
Dr. Nesar Ahmed Choudhury

Vice Chairman
Mr. Mohammed Jamil Iqbal

Members
Mr. Mohammed Rafique Miah
Mr. Md. Abdul Jalil Chowdhury
Mr. Md. Motior Rahman



Senior MANAGEMENT TEAM



Mr. Md. Mehmood Husain
Managing Director & CEO



Mr. Mamoon Mahmood Shah
Additional Managing Director



Mr. Md. Khurshed Alam
Deputy Managing Director



Mr. Md. Towhidul Islam
SEVP & Head of Financial Institutions



Mr. A K M Kamal Uddin
SEVP & Head of ICCD



Mr. Mohammed Shaukat Ali
SVP & Head of RMD & Basel Unit

Mr. Badal Kumar Nath, FCA
SVP & Chief Financial Officer



Mr. Md. Hasanul Haque
SVP & Company Secretary



Mr. A.T.M Zamal Uddin
SVP & Head of SME Banking



Mr. Abu Md. Sabbir Hassan Chowdhury
SVP & Head IT & ADC Operations



Mr. Shibly Sadeque
SVP & Head of Treasury



Mr. Oli Ahad Chowdhury
SVP & In-charge Retail Banking



Mr. Imteeaz Ahmed
VP & Head of Human Resource



DIRECTORS'

REPORT

The Board of Directors of NRB Bank Limited has the pleasure of presenting Director's Report, Audited Financial Statements for the year ended on December 31, 2019 together with Auditors' Report to the Shareholders on the occasion of 7th AGM of the Bank. An overview of the global and Bangladesh economy during 2019 and outlook for 2020 has been provided as part of humble presentation to our valued shareholders.

The Board has reviewed the business and financial performance of the Bank during the year and highlighted all the major drivers behind our performance to give you a genuine insight about the Bank's performance and continuous growth in the competitive industry. A brief overview of the performances of the world and Bangladesh economy during 2019 and outlook for 2020 are also included in this report.

World Economy

As the world economy enters an unprecedented crisis caused by the COVID-19 pandemic, and policymakers of global capitals prepare record fiscal stimulus plans, stakeholders should heed an important lesson from the last financial downturn in 2008: Recovery is only possible through coordinated global action.

Based on the economic condition in 2019, it was assumed in January 2020 that the world economy has been poised for a modest rebound this year— if everything goes just right. As per World Bank's semi-annual Global Economic Prospects forecasts published by United Nations (UN) in January 2020, global growth is set to rise by 2.5% this year, a small uptick from 2.4% in 2019, as trade and investment gradually recover. Advanced economies are expected to slow as a group to 1.4% from 1.6%, mainly reflecting lingering weakness in manufacturing. Emerging market and developing economies will see growth accelerate to 4.1% from 3.5% last year. However, the pickup is anticipated to come largely from a small number of large emerging economies shaking off economic doldrums or stabilizing after recession or turbulence. For many other economies, growth is on track to decelerate as exports and investment remain weak. A worrying aspect of the sluggish growth trend is that even if the recovery in emerging and developing economy growth takes place as expected, per capita growth will remain below long-term averages and will advance at a pace too slow to meet poverty eradication goals. Income growth would in fact be slowest in Sub-Saharan Africa – the region where 56 percent of the world's poor live. And even this modest rally could be disrupted by any number of threats. Trade disputes could re-escalate. A sharper-than-expected growth slowdown in major economies such as China, the United States, or the Euro Area would similarly reverberate widely. A resurgence of financial stress in large emerging markets, as was experienced in Argentina and Turkey in 2018, an escalation of geopolitical tensions, or a series of extreme weather events could all have adverse effects on economic activity around the world.

Public borrowing can be beneficial and spur economic development, if used to finance growth-enhancing investments, such as in infrastructure, health care, and education. Debt accumulation can also be appropriate in economic downturns as a way to stabilize economic activity. However, the three previous waves of debt accumulation have ended badly – sovereign defaults in the early 1980s; financial crises in the late 1990s; the need for major debt relief in the 2000s; and the global financial crisis in 2008-2009. And while currently low interest rates mitigate some of the risks, high debt carries significant risks. It can leave countries to vulnerable to external shocks; it can limit the ability of governments to counter downturns with fiscal stimulus; and it can dampen longer-term growth by crowding out productivity-enhancing private investment. This means that governments need to take steps to minimize risks associated with debt buildups. Sound debt management and debt transparency can keep a lid on borrowing costs, enhance debt sustainability, and reduce fiscal risks. Strong regulatory and supervisory regimes, good corporate governance, and common

international standards can help contain risks, ensure that debt is used productively, and identify vulnerabilities early.

As per World Economic Outlook Update, January 2020 published by International Monetary Fund (IMF), global growth is projected to rise from an estimated 2.9 percent in 2019 to 3.3 percent in 2020 and 3.4 percent for 2021—a downward revision of 0.1 percentage point for 2019 and 2020 and 0.2 for 2021 compared to those in the October World Economic Outlook (WEO). The downward revision primarily reflects negative surprises to economic activity in a few emerging market economies, notably India, which led to a reassessment of growth prospects over the next two years. In a few cases, this reassessment also reflects the impact of increased social unrest.

On the positive side, market sentiment has been boosted by tentative signs that manufacturing activity and global trade are bottoming out, a broad-based shift toward accommodative monetary policy, intermittent favorable news on US-China trade negotiations, and diminished fears of a no-deal Brexit, leading to some retreat from the risk-off environment that had set in at the time of the October 2019 WEO. However, few signs of turning points are yet visible in global macroeconomic data.

While the baseline growth projection is weaker, developments since the fall of 2019 point to a set of risks to global activity that is less tilted to the downside compared to the October 2019 WEO. These early signs of stabilization could persist and eventually reinforce the link between still-resilient consumer spending and improved business spending. Additional support could come from fading idiosyncratic drags in key emerging markets coupled with the effects of monetary easing. Downside risks, however, remain prominent, including rising geopolitical tensions, notably between the United States

and Iran, intensifying social unrest, further worsening of relations between the United States and its trading partners, and deepening economic frictions between other countries. A materialization of these risks could lead to rapidly deteriorating sentiment, causing global growth to fall below the projected baseline.

Coronavirus (COVID 19) Pandemic- A Global Threat

The world economy is experiencing a sudden stop that is without precedent in peacetime due to Coronavirus, first reported in China in December 2019, and affected almost the whole world. Investors have now accepted that as an unpleasant fact and started to ask how the next stage — the exit from this sudden stop — will unfold. That, though, depends entirely on how fast the coronavirus lockdowns can be reversed. The major economies have entered lockdown at different times — first China, then Europe and last the US — but most forecasts suggest that the annualized rate of decline in global gross domestic product in the first quarter of 2020 could approach minus 20 per cent, triple that recorded in the worst quarter of the Great Recession in 2009.

Federal Reserve officials have accepted that the US economy is probably already in recession, with new weekly activity estimates by the New York Fed showing a drop in GDP that is as deep, and much more rapid, than in 2008-09. The latest US forecasts from Goldman Sachs show the trough of recession being reached in the second quarter of 2020, with GDP likely to be 11-12 per cent below the pre-virus reading. This would involve a dramatic decline at an annualized rate of 34 per cent in that quarter. GDP is then projected to rise very gradually, not reaching its pre-virus path before the end of 2021. This pattern, implying almost two “wasted” years in the US, has been common in recent economic forecasts. A similar picture is expected in the Eurozone, which is experiencing a collapse in manufacturing output more precipitous than in the 2012 euro crisis.

There is some cause for optimism from the partial recovery recorded in China in March. The Fulcrum Chinese shows that the month-on-month annualized growth rate rebounded to 4.6 per cent in March, compared with minus 2.0

per cent in February. But China's exports orders are weakening as foreign markets decline sharply. Industrial output growth is still markedly negative from a year earlier, and the State Council has had to announce new measures to restore economic growth in the second quarter. Beijing has also reintroduced partial lockdowns in several major cities in the past week.

The central expectation of mainstream economic forecasters is of a strong global recovery in the third quarter. This would follow the pattern in mainland China and Hong Kong after the Sars crisis in 2003. Since then, economists have generally viewed epidemics as inherently temporary events that need not cause long-term structural damage to productive capacity, provided widespread business failures and long-term unemployment are avoided. That is the basis for today's consensus forecasts of recovery this year.

Coronavirus, however, is clearly having much more pervasive effects on worldwide economic activity than other epidemics, such as Mers, Ebola or swine flu. If there is a prolonged path to economic normalization, lasting more than a few quarters, fiscal and monetary support for private corporate activity might encounter political resistance. Deep-seated recessionary forces could then take hold. The widespread weakness in equities last week suggested that markets think these risks are rising.

Bangladesh Economy

Driven by strong private consumption, public investment and remittance inflows, Bangladesh's economy expanded by a remarkable 8.13% in 2019, recording the highest growth rate in the country's history. 2019 marked a 6-year run of continuous increase in the country's GDP growth rate, a trend that is also forecasted to continue. One of the most densely populated economies in the world, Bangladesh has continued making impressive strides in achieving social development goals for its 167 million citizens. The resilience of the country's economy is commendable.

Strong remittance in flow during the period has cushioned the fall of export earnings. Inflow of remittance jumped around 23 per cent in the first four months of the current fiscal. Remittance earnings stood at \$20 billion at the end of 2019 being boosted by depreciation of Taka and cash incentives given at the rate of 2.0 per cent of remitted amount.

The country's readymade garment (RMG) sector went through ups and downs last year, prompting industry insiders to seek immediate policy support to tackle the challenges still ahead of them. Although the garment export receipts showed an upward trend in the first five months of 2019, the trend reversed mostly in the second half of the year.

No major setback was suffered by Bangladesh economy during 2019 on a sustained basis, inflicting irreparable damage. This may be attributed to the limited degree of globalization effected by Bangladesh economy. But some headwind stemmed from slowed-down export and import growth due to shrinking global economic growth. The reverberation of destabilization caused by President Trump's unilateral trade policy contributed to the turbulence in global economy, affecting Bangladesh exports to some extent.

Though all the multilateral institutions applauded the sound macro-economic management of the government, public debt increased alarmingly towards the end of 2019, crossing the 5.00 per cent bench mark in fiscal deficit. Fiscal deficit of 5.2 per cent, excluding grant, is the highest in eleven years.

The Asian Development Bank (ADB) forecasted 7.8% GDP growth for Bangladesh, highest among the Asian countries, for the current fiscal year 2019-20 (FY2020), whereas the government had projected an 8.2% growth. Bangladesh economy continued to perform well despite the global economic slowdown. However, there exists a downward risk due to the Covid-19 global pandemic. According to ADB, Bangladesh economy will also have a GDP growth of 8.0% in FY2021.



The growth forecasts rest on several assumptions of continued political calm, maintained consumer and investment confidence, depressed exports and imports in FY2020 and recovery in FY2021, expansionary central bank monetary policy, and favorable weather. However, the forecasts does not reflect the impact of the Covid-19. It would be indicated that about 0.2% to 0.4% of Bangladesh GDP may be lost due to spillover effects of the global Covid-19 pandemic. If a significant outbreak occurs in Bangladesh, the impact could be more significant. Low revenue mobilization continues to be a key challenge for Bangladesh economy. The low revenue to GDP ratio in Bangladesh diminishes the country's capacity to sustain high economic growth and reduce poverty.

Revenues thus need to be raised significantly through comprehensive tax reforms, by expanding the tax base and making resource mobilization more efficient to support much-needed public expenditure on infrastructure, health and social development.

During the first eight months of FY2020, Bangladesh economy showed strong performance with growing domestic demand, supported by substantial increase in workers' remittances. Economic activity is expected to accelerate with higher government development spending; higher imports of liquefied natural gas, oil and construction materials; favorable power production, and government's policy support to boost exports. However, the Covid-19 pandemic could hamper such trend due to disruptions in export demands, suppressed consumption, and curbed remittances.

Banking Sector of Bangladesh

As a developing economy Bangladesh has encouraged to develop its banking industry to promote economic growth. Over the last three decades or so the country has seen spectacular expansion of the banking industry. The banking industry in Bangladesh has even gone a step further by promoting financial inclusion of the very poor in rural areas of which microfinance and microcredit are the policy instruments to achieve that objective. This has helped to expand the monetization of the rural economy, and as

a consequence it has become more market-oriented. Such market orientation of the rural economy also facilitated continuous resource transfer from rural areas to urban areas. Now the biggest threat to achieving sustained economic growth has become the banking industry itself, especially the state-owned banks. This is despite Bangladesh adopting internationally recognized banking practices such as Basel III Accord.

Bangladesh's banking system is now faced with a slow-motion banking crisis principally at the government-run banks along with some private sector banks. The current banking and non-banking financial sectors are in the most vulnerable position. The situation is anything but getting any better largely due to very fast credit growth and state directed lending and loan restructuring. All this raises the risk of a credit crunch.

The term NPL can be a contested term in the context of Bangladesh in the sense that loans are not performing in the businesses loans were allocated for, therefore business enterprises defaulted or close to default. These high NPLs have wrecked profitability of the Banks. The overall "capital to risk weighted assets ratio" (CRAR), a key measure of bank strength and stability," too has been affected by NPL.

Single digit lending rate of 9.0 per cent is enforced from April 01, 2020 as per Bangladesh Bank circular (BRPD Circular No.03) published on 25-02-2020. All the scheduled banks able to charge a maximum nine percent interest rate for lending, and six percent for deposit. Interest on deposits and loans is one of the important tools of the modern banking system. It greatly impacts the economy. The higher the rate of interest on loans the lower will be the investment and thereby it will negatively impact the economic growth. That's why in general, lower rate of interest is expected to build a healthy economy and keep up the positive growth of the economy. Implementing single digit interest rate is turning out to be a challenging task as it is discouraging people from saving, creating temporary deposit crisis in banks and squeezing lending.

The Covid-19 crisis is affecting the Banking Sector as well as the entire economy of Bangladesh and some key sectors of the economy are already experiencing a slowdown as a result of the pandemic. Manufacturing sector, Tourism, transport and civil aviation are already affected. However, invisible impacts of Covid-19 are expected in 2020 regardless of the duration of the pandemic. The following economic impacts may be faced by Bangladesh economy after the COVID-19 pandemic:

- ◆ Exports earnings of the country to be reduced significantly in the upcoming year.
- ◆ Inward remittance flows to be declined sharply because of slowdown of world economy.
- ◆ Inflation rate will be mounted after the Covid-19 pandemic.
- ◆ Gross Domestic productions (GDP) of the country will be lessened in next fiscal year.
- ◆ Liquidity crisis will be faced by commercial banks.
- ◆ Private sector Credit growth of the Banks to be contracted.
- ◆ Unemployment rate will be soared up in upcoming years.

NRB Bank Limited – At a Glance

Corporate Banking

To meet the diverse financial needs of the corporates, the Bank provides a broad spectrum of products and services. With expertise, innovation and customization, the Bank simplifies the complexities of the financial world for the clients and helps them attaining their desired objectives. The prime focus is on building and maintaining long-term mutually beneficial relationship with the clients, and being a part of their journey towards development and growth.

NRB Bank has always been supporting the Corporates through a wide range of conventional Corporate Banking Products and Services along with cutting edge solutions through a focused approach. On many occasions, NRB Bank's innovative and insightful support has transformed

corporate customers into market leaders. It has a proven track record as a book runner, mandated lead arranger and underwriter of Syndicated loans. Due to the long experience and flexible handling, the Bank can offer clients tailored loans and facilities as well as a complete service for complex transactions through Syndication. As an unwavering financial partner with substantial underwriting capacity, the Bank offers clients the necessary services to raise capital and debt from the market.

Retail Banking Business

A large number of banks and non-banks have launched or re-launched retail products and are attempting to grow their share of the personal financial services market. Retail banking is much more than an opportunity to address dwindling margins. It is an imperative to preserve profits and market positions. Customers now have many more personal financial options, a growing credit culture, a willingness to switch between financial services providers, and a demand for lower interest rates. As they witness these trends, banks realize that they cannot remain passive. NRBBL always emphasizes on developing flexible and customized retail products on sophisticated technology platform for its diversified products and services. The Bank with its expanded branch network, efficient workforce, Direct Sales Executives and Alternate Delivery Channels (ADCs) is facilitating the banking services at the doorstep of the customer.

NRB Bank Retail Product Line:

Asset Products

The bank has a wide range of asset products to meet customer demands. The broad categories under Consumer Credit Schemes are:

- ◆ Personal Loan
- ◆ Auto Loan
- ◆ Home Loan for renovation, construction and apartment purchase
- ◆ Secured Loan

Liability Products

The bank has wide variety of deposit products in its product line to satisfy the consumers of different segments. Pearl Account especially for

women, Power saver account, Amar shopno account (for underprivileged people), my early account and my future DPS for children of age below 18 and investment savings account for the resident Bangladeshi investors for capital market purpose are also there beyond general deposits products.

SME Business:

SME is one of the most significant contributors in attaining graduation of our country from Least-Developed Country to Developing country. SME financing uplifts our economy in a sustainable form through diversified portfolio, financial inclusion and employment generation. NRB Bank has strengthened its SME segment in parallel to accommodate the financial need of this thrust sector. We are giving special emphasis in manufacturing industries, women-led units and service oriented business initiatives. The bank has disbursed Loans to a large number of SME clients of various sectors/segments. NRB Bank is strengthening its business focus especially on SME Businesses which will further enrich the SME portfolio of the Bank. In addition to the regular Deposit and Loan Products, we have introduced tailor-made products to cater to the need of SME Clients and widen its distribution network throughout the country.

School Banking

Since the inception of School Banking, NRB Bank launched School Banking Program and the Bank successfully participated all school Banking conferences and seminars organized by Bangladesh Bank in different divisions of the country. NRBBL is operating attractive school banking accounts named after Student Banking titled “My Early Account” that can make banking easy and affordable for students because our student banking gives them a simple, straight forward features and time saving services to fit their needs as a modern citizen.

Agent Banking Business

With a view to providing banking services to the unbanked and underserved segment of the society at the geographically dispersed locations of our country, NRB Bank started its Agent Banking operation on 06th May, 2018 at Amtoli Bazar, Bijoynagar, B.Barua on pilot basis. Later, the honourable Chairman of the Bank, Mr. Mohammed Mahtabur Rahman formally inaugurated the operations of NRB Bank Agent Banking (Bondhu Agent Banking) on 22nd July, 2018 at Balinga Bazar, Beani Bazar, Sylhet. Since then, the Bank's Agent Banking Division has successfully launched 304 (three hundred and four) Agent Outlets at 58 (fifty eight) Upazilas of 25 (twenty five) Districts in Bangladesh.

Besides its Master and Unit Agents, NRB Bank has also expanded its Agent Banking channel through the Union Digital Centers (UDC) by signing an Agreement with the Government's a2i Programme under ICT Ministry on 31 July, 2018. Other than this, for facilitating its Agent Banking customers, NRB Bank has signed Agreements with various Government and Private Sector Bodies like, Rural Electrification Board (REB), Ekpays Project under a2i, PayWell Bangladesh Limited etc.

Apart from its regular Banking Services, NRB Bank Agent Banking Outlets are equipped with various exceptional and customer friendly banking products like, Weekly and Monthly DPS, Bondhu Sanchita Account (Special Savings Product for Women), Bondhu Double, Triple, Deer Gun and Monthly Benefits, Bondhu FDR and Lakhopati Schemes, Foreign Remittance Payments, School Banking, BEFTN, RTGS and Charge-free ATM Withdrawal Facilities etc., which undoubtedly have made the name of NRB Bank a Brand in the arena of Agent Banking in Bangladesh.

Alternate Delivery Channel

NRB Bank has established a wide network of ATMs across the country covering both urban and rural areas. The Bank's Card Division has so far introduced Visa Debit Cards, Credit Cards, ATMs, SMS Banking, and Internet Banking with a 24-hour call center.



Automated Teller Machines (ATMs)

NRB Bank now has a larger ATM network with 46 ATMs located across the country. The increase of ATMs is changing the conventional banking trend and ATMs are becoming a major banking channel of choice for customers. We have already implemented Online Bills Collection of DESCO. Any Visa Card cardholder around the globe can enjoy the NRB Bank ATM facilities.

NRB has also joined the National Payment Switch of Bangladesh (NPSB). Through this arrangement, any member bank's cardholder can withdraw money from NRB Bank's ATMs as well as our cardholders can withdraw money from other NPSB member banks' ATMs.

Green Finance: Sustainable Finance

As climate change has become the burning issue over the last decade, NRBBL management is fully aware of the risk and also taking necessary steps to have an optimistic outcome on this issue. Complying with Bangladesh Bank's green banking policy, NRB Bank is financing environment friendly projects (such as renewable energy projects, clean water supply projects, waste treatment plant, solid waste disposal plant etc.) to ensure ecological balance. From the very beginning of its journey NRB Bank Ltd. adopted CSR and Green Banking practices and activities which are the key areas of Sustainable Finance. Each year the Bank contributes substantial amount of money towards CSR activities. Since 2017, we have started direct Green Financing in environment friendly Brick manufacturing projects. From the inception of our Bank, top priority sectors of lending include SME and Agricultural sector. Almost 50% of our total loans fall under SME category. Every year, we fulfill Agricultural and Rural Credit disbursement target and receive appreciation from Bangladesh Bank. We have already started Agent Banking activities which has major impact in financial inclusion of underprivileged and rural people. As a whole, we are committed towards establishing Sustainable Finance in the country through integrating sustainability factors, i.e. environmental, social and economic considerations into our core banking activities and services.

Preparation of Financial Statements

The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity. These statements have been prepared in accordance with the "First Schedule (Section-38) of the Bank Company Act 1991, BRPD circular # 14 dated 25 June 2003, the rules and regulations issued by Bangladesh Bank, International Financial Reporting Standards (IFRS) as adopted by the ICAB in the name of Bangladesh Financial Reporting Standards (BFRS), the Securities and Exchange Rules 1987, Dhaka and Chittagong Stock Exchange's listing regulations and relevant rules & regulations applicable in Bangladesh. The financial statements of 2019 have been reviewed by the Audit Committee of the Board of Directors of the Bank and then referred to the Board of Directors for its consideration. The external auditors, M/s. Hoda Vasi Choudhury & Co., Chartered Accountants, appointed by the shareholders, have certified the fairness of the financial statements for the year ended 31 December 2019.

Maintaining Proper Books of Account

NRB Bank maintained proper books of accounts for its financial transactions occurred during the year 2019. The transactions are recorded as per guidelines stipulated by the Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standards (BFRS) as applicable for the bank. The books of accounts have also been reviewed by the external auditors, M/s. Hoda Vasi Choudhury & Co., Chartered Accountants.

Appropriate Accounting Policies

Appropriate accounting policies have been consistently applied, except for the changes disclosed in the financial statements in preparation of the statements and that the accounting estimates are based on reasonable and prudent judgment. Bank records financial transactions on accrual basis with required disclosures and also prepared the financial statements accordingly.

Follow up of IAS & IFRS in Preparation of Financial Statements

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of the financial statements. However, in case if requirement for provisioning and Circulars issued by Bangladesh Bank differs with those of other regulatory authorities and accounting standards, Circulars issued by Bangladesh Bank has prevailed. As such the Bank has departed from certain requirements of BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed in notes to the financial statements.

Corporate Governance

Corporate Governance reflects the built in value system of the Bank in conducting its day to day affairs. NRB Bank recognizes the critical importance of effective Corporate Governance for the safe and sound functioning of the Bank and lays emphasis on ensuring that structures, processes and systems are put in place to establish strategic objectives to serve the interest of the Bank and its stakeholders with a view to facilitate effective monitoring.

Appointment of Auditors

The external auditors are responsible for reviewing the system of internal controls to form an opinion on the financial statements. M/s. Hoda Vasi Choudhury & Co., Chartered Accountants successfully conducted the audit of NRB Bank for the year 2019. As per provision of Bangladesh Bank Circular, they are eligible for reappointment and they have expressed their willingness for the next term. The Board Audit Committee in its 35th meeting held on 27 June 2020 and subsequently the Board of Directors in its 98th Meeting held on 28 June 2020 recommended to appoint M/s. Hoda Vasi Choudhury & Co., Chartered Accountants as external auditors of the Bank for conducting audit for the year 2020.

Retirement and Re-election of Directors

In the 7th Annual General Meeting, election and re-election of Directors will be held as per Companies Act 1994, Bank Companies Act 1991, Bangladesh Bank's Circular, Articles of Association of the Bank and other prevailing rules & regulations.

Related Party Transactions

The Directors and other key Management personnel are very much cautious to avoid any conflicts of interest in conformity with the prevailing rules and regulations. Related party transactions, when undertaken, are carried out on an arm's length basis without any special benefit to the related party. All such transactions have been approved by competent authority in compliance with Bangladesh Bank's BRPD circular # 04 dated 23 February 2014. All related party transactions have been incorporated in Note-39 of the financial statements.

Meeting of the Board

During the year 2019, the number of the meetings held by the Board of Directors was 17 (seventeen) and that of the Executive Committee was 14 (fourteen). The Audit Committee of the Board of Directors held 7 (seven) meetings and the Risk Management Committee of the Board sat for 5 (five) meetings during the period under report.

Remuneration of Directors

The Directors' Remuneration for the year ended 31 December 2018 has been given in Note 30 of the financial statements.

Dividend

The Board of Directors of the Bank has recommended no dividend for the year ended on 31 December 2019. Specific provision maintained against loans & advances upto 2018 was BDT 295 million which have augmented by BDT 814 million at the yearend 2019 and stood at BDT 1,109 million. This huge provision charge have deteriorated the profitability of 2019 and Profit After Tax (PAT) stood at negative BDT 125 million. That is why, dividend have not been declared for the year 2019.

Annual General Meeting (AGM)

7th Annual General Meeting of the Bank will be held on 16 September 2020 at 11 a.m. at the Corporate Head Office, Simpletree Anarkali (9th floor), 89 Gulshan Avenue, Gulshan-1, Dhaka-1212. The Financial Statements were adopted in the 98th Meeting of the Board of Directors held on 28 June 2020 for the presentation to and approval of the Shareholders in the AGM.

Shareholders' value

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

NRBBL is a 'Not Just Another Bank' Trademark

Together with you and our great team of banking excellence, we dream to build NRB Bank as a Supremacy Brand in the country and even beyond across the border. Convincingly, a supremacy brand carries enough strength to weather difficult times. The Board of Directors of NRB Bank aspires to honor your dream to make the Bank 'The First Choice of the Customers' is the closest distant future.

Thanks and Gratitude

On behalf of the Board of Directors, we convey our sincerest gratitude and deepest respect to our respected shareholders for their investment. The Board of Directors take this opportunity to express its heartfelt appreciation and gratitude to the Ministry of Finance, Bangladesh Bank, Bangladesh Securities & Exchange Commission and Register of Joint Stock Companies and Firms for their valuable guidance, cooperation and advices that they provided to us from time to time. The Board of Directors also expresses deep appreciation to the Management and all Executives, Officers and other members of staff for their relentless efforts to the cause of betterment of this bank and also to the clients, sponsors, shareholders, patrons and well-wishers whose continued and steady support and patronization have enabled us to bring this institution to its present growth trajectory.

On behalf of the Board of Directors,



Mohammed Mahtabur Rahman
Chairman
NRB Bank Limited



REPORT OF THE AUDIT

COMMITTEE OF THE BOARD

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

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

COMPOSITION AND QUALIFICATIONS

In compliance with the section 3.2 (i) of Corporate Governance Notification issued by BSEC on 07 August 2012 and Bangladesh Bank BRPD Circular No.11, dated 27 October 2013, the Audit Committee of NRB Bank Limited was reconstituted by the Board in its 80th Meeting held on 23 June 2019 consisting of the following members:

Name	Status with Bank	Status with the Committee	Educational Qualification
Mr. Imtiaz Ahmed	Director	Chairman	Post Graduate
Mr. Naveed Rashid Khan	Director	Vice-Chairman	Bachelor of Social Science
Mr. Kamal Ahmed	Director	Member	Graduate of Business Management
Mr. Ali Ahmed	Director	Member	Business Diploma
Mr. Md. Abdul Jalil Chowdhury	Independent Director	Member	MSc in Physics

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

ROLES AND RESPONSIBILITIES OF AUDIT COMMITTEE

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

Internal Control

- ◆ Evaluate whether the bank's management has been able to build a compliance culture with respect to bank's internal control system;
- ◆ Consider the oversight of bank's compliance on recommendations made from time to time concerning establishment of an internal control framework by internal as well as external auditors;

- ◆ Apprise the board of any fraud-forgery, internal control lapses found by internal or external auditors and inspection team of regulatory authority or identification of such other areas and remedial measures therein.

Financial Reporting

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

Internal Audit

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

External Audit

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

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

On behalf of the Audit Committee,



Imtiaz Ahmed
Chairman
The Audit Committee of the Board



CEO/CFO DECLARATION

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

SUB: CEO/CFO DECLARATION TO THE BOARD

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

In accordance with the notification of Bangladesh Securities and Exchange Commission No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07, August, 2012 we declare that for the financial year ended 31 December 2019:

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

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

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



Badal Kumar Nath, FCA
Chief Financial Officer



Md. Mehmood Husain
Managing Director & CEO

CERTIFICATE ON COMPLIANCE ON THE CORPORATE GOVERNANCE CODE

[Issued under condition #1(5) (xxvii) of Corporate Governance Code of BSEC vide Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018]

We have examined the compliance status to the Corporate Governance Code by NRB Bank Limited ("the Company") for the year ended 31 December 2019. This Code relates to the notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission; except condition no. 1(7), 4(ii), 5(3)(a) and 6 as stated in ANNEXURE-A;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the Company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the Company is satisfactory.

Dhaka,
21 June 2020



M. Moniruzzaman, FCA
Partner
ACNABIN, Chartered Accountants



CORPORATE

GOVERNANCE REPORT

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

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

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

- ◆ Independence
- ◆ Experience and
- ◆ Resources

Corporate Governance Practice at NRB Bank

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

- ◆ Transparency and
- ◆ Accountability

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

Composition of Board of Directors

According to Clauses 94 of the Articles of Association of NRB Bank Limited, the Board of Directors is currently constituted with 20 (twenty) Directors among whom 19 (nineteen) are Non-Executive Directors including the Chairman & 02 (two) Independent Directors and 1 (one) is Managing Director & CEO (Ex-Officio). All the Directors are well-qualified, experienced professionals and carrying tremendous value in their respective management capability. These Directors are successful businessmen in their own field and they also hold very responsible positions in public life. Directors have declared their respective interests and directorships at the time of joining the Board and also their dealings in Bank's securities are on full disclosure and arm's length basis. The Board meets at least once every Month. For smooth running of the Bank as well as for effective day-to-day management, they have delegated certain powers to the Managing Director. All essential management issues are discussed in the meetings of the Board and decisions are made on the basis of management opinion and exchange of views.

Meetings of the Board of Directors

The Board of Directors meets on regular basis: usually once in a month but emergency meetings are called when deemed necessary. Management provides information, references and detailed working papers for each agenda to all Directors well ahead of the date scheduled for meeting. Chairman of the Board of Directors allocates sufficient time for the Directors to consider each agenda item in a prudent way and allow them to freely discuss, inquire, and express opinions on the items of interest so that they can fulfill their duties to the best of their abilities. In 2019, a total of 17 meetings of the Board of Directors were held.

Responsibilities of Chairman and Chief Executive Officer

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

Benefits provided to the Directors and the Managing Director

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

- ◆ The Chairman of the Board of Directors may be provided with car, telephone, office chamber and private secretary.
- ◆ Directors are entitled to fees and other benefits for attending the Board/ Executive Committee/ Audit Committee/ Risk Management Committee meetings (Notes to the Financial Statements, note # 30)
- ◆ Managing Director is paid salaries and allowances as per approval of the Board and Bangladesh Bank (Notes to the Financial Statements note # 29)

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

Functions of the Board

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

Independence of Non-Executive Directors

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

Board Committees and their Responsibilities

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

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

Executive Committee of the Board (EC)

In accordance with Bangladesh Bank instruction, the Board of Directors of NRB Bank has formed Executive Committee with 7 (seven) members. The Executive Committee is responsible for the review of the policies and guidelines issued by Bangladesh Bank in terms of credit and other operations of the banking industry. The Committee supervises the degree of execution of the policies and guidelines entrusted with the management. In the normal course of business, the EC of the Board approves the credit proposals in line with approved policy of the Board. Management is advised to exercise due diligence of the credit policy and risk management at the time of assessing credit proposals. The EC in its continuous efforts guides the Management to develop uniform and minimum acceptable credit standards for the Bank.



Audit Committee of the Board (BAC)

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

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

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

NRB Bank Board Audit Committee held 07 (seven) meetings in 2019 and had thorough discussions and review session with the CEO, Head of

Internal Control & Compliance, External Auditors etc. Highlights of the Audit Committee activity during the year 2019 are appended in the Report of the Audit Committee at page no 52 & 53.

Risk Management Committee of the Board (RMC)

According to Bank Company Act, 1991 (Amendment upto 2018) and BRPD Circular No. 11 dated October 27, 2013, the Bank has constituted Risk Management Committee (RMC). RMC has been formed by the Board essentially to play an effective role in reducing ensued and potential risks in the process of implementation of bank's strategy and work-plan as devised by the Board of Directors. The Committee, in addition, ensures efficient execution of related responsibilities of the Board. The RMC has the responsibility of oversee as regards, whether proper risk mitigation processes/ methods are being applied and required capital and provisions are maintained by management after it has duly identified and measured credit risk, foreign exchange risk, internal control & compliance risk, money laundering risk, ICT risk, operating risk, interest risk, liquidity risk and other risks. Risk Management Committee of NRB Bank consists of 5 (five) members chosen from the Board. The Company Secretary of the Bank acts as the secretary to the Committee. All the committee members have honesty, integrity and ability to invest adequate time in affairs of the Committee. All of the members of RMC have adequate insight about banking business, bank operation, various risks along with knowledge about their own duties and responsibilities. Risk Management Committee has the following responsibilities:

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

NRB Bank Risk Management Committee (RMC) held 05 (five) meetings in 2019 and had thorough discussions and review session with the CEO and CRO on various risk related issues.

Appointment of External Auditors and the purview of their activities

As per recommendation of the Board of Directors, the shareholders of the Bank in the 6th AGM held on 23 June 2019 approved the appointment of M/s. Hoda Vasi Choudhury & Co., Chartered Accountants as the statutory auditors of the Bank for the year 2019. In compliance with the provision 4 of BSEC guidelines, the External Auditors were not engaged in any of the following services during the year 2019:

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

Internal Control & Compliance

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

- ◆ A clearly defined organizational structure with defined authority limits and reporting mechanisms to senior management and to the Board of Directors;
- ◆ Establishment of Committees with duties and responsibilities in core policy areas;
- ◆ A complete set of policies and procedures related to financial controls, asset and liability management (including major risks in financial managements);
- ◆ Code of Conduct setting out the standards of behaviour expected of all levels of directors, officers and employees; and
- ◆ Regular reporting by business divisions/ units that helps assess the progress against business objectives to be monitored, trends to be evaluated and variances to be acted upon.

The controls as outlined above are rooted within the operations of the Board and reviewed by Bank's Internal Audit. The review focuses the areas of greater risk as identified by risk analyst. The Directors confirm that the Board, by properly engaging the Committees, has reviewed the effectiveness of internal control for the year ended 31 December 2019. This process ensured an internal control system to the tune of best financial reporting practice throughout the financial year and up to the date of the signing of these financial statements. There was an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various committees and Bank's risk management actions and the extent to which various significant challenges are understood and addressed.

Human Capital

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

Management committees and their responsibilities

In an effective CG Structure, bank management has a collective mandate under the leadership

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

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

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

Election / Re-election of Directors

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

The Community

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

The Government

NRB Bank is always tax compliant as a responsible corporate business house. The Bank makes payment of corporate tax on time and sometimes even before the time it takes effect. The Bank deducts excise duty, withheld tax and VAT on time from employee's salary, as well as customers and vendors, and deposits to Government Treasury on time. During 2019, NRBBL paid advance corporate tax of BDT 208.78 million while deposited withheld tax of BDT 390.69 million, VAT of BDT 99.33 million and Excise Duty of BDT 40.83 million.

Related Party Transactions

The Bank in its normal course of business, conducted financial transactions with some entities or persons that fall within the purview of 'Related Party' as contained in BAS 24 (Related Party Disclosures) and as defined in Bangladesh Bank BRPD circular 04, dated 23.02.2014. A statement of Related Party Transactions has been given at page no. 176 of the Report (Notes to the Financial Statement, note # 39).

Compliance Status on Corporate Governance Guidelines

Bangladesh Securities and Exchange Commission (BSEC) has introduced a new checklist for Compliance Status of Corporate Governance Guidelines vide Notification dated 03 June 2018 for the Companies listed with Stock Exchanges. Bank's Status of compliance is appended below:



Status of Compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 20C of the Securities and Exchange Ordinance, 1969:

(Report under condition no. 9)

(Annexure C)

Condition No.	Title	Compliance Status (√ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	Board of Directors:			
	Size of the Board of Directors :			
1 (1)	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	√		
1 (2)	Independent Directors:			
1 (2)(a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	√		According to the provision of 1 (1) of the corporate Governance guidelines of BSEC, the Board of NRB Bank Limited has been constituted as per section 15(9) of the Bank Company Act 1991 (amended upto 2018)
1 (2)(b)	Independent Directors means a Director:			
1 (2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
1 (2)(b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		
1 (2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1 (2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		
1 (2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1 (2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1 (2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		

Condition No.	Title	Compliance Status (√ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1 (2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies;	√		
1 (2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and			N/A
1 (2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;			N/A
1 (2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√		
1 (2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		
1 (2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only: Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]: Provided further that the independent director shall not be subject to retirement by rotation as per the ঙKv০úvbx AvBb, 1994 (1994 mঙbi 18bs AvBb)(Companies Act, 1994).	√		
1 (3)	Qualification of Independent Director:			
1 (3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	√		
1 (3)(b)(i)	He or she shall be a Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	√		
1 (3)(b)(ii)	He or she shall be a Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or	√		
1 (3)(b)(iii)	He or she shall be a Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or	√		
1 (3)(b)(iv)	He or she shall be a University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
1 (3)(b)(v)	He or she shall be a Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			N/A



Condition No.	Title	Compliance Status (√ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1 (3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		
1 (3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			N/A
1 (4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:			
1 (4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1 (4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1 (4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
1 (4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		
1 (4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
1 (5)	The Directors' Report to Shareholders shall include the following additional statements or disclosures:			
1 (5)(i)	An industry outlook and possible future developments in the industry;	√		
1 (5)(ii)	The segment-wise or product-wise performance;	√		
1 (5)(iii)	Risks and concerns including internal and external risks factors, threat to sustainability and negative impact on environment, if any;	√		
1 (5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		As per law(s) details are discussed in the financial statements
1 (5)(v)	Discussion on continuity of any extra-ordinary activities and their implications (gain or loss);	√		
1 (5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1 (5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any others instruments;			N/A
1 (5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			N/A
1 (5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;			N/A

Condition No.	Title	Compliance Status (√ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1 (5)(x)	A statement of remuneration paid to the Directors including Independent Directors;	√		
1 (5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1 (5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√		
1 (5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1 (5)(xiv)	A statement that International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1 (5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1 (5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1 (5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons thereof shall be disclosed;	√		
1 (5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1 (5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1 (5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	√		
1 (5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1 (5)(xxii)	The total number of Board meetings held during the year and attendance by each Director;	√		
1 (5)(xxiii)	Pattern of shareholding disclosing the aggregate number of shares (along with name wise details where stated below) held by:-			
1 (5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties;	√		
1 (5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children;	√		
1 (5)(xxiii)(c)	Executives (top 5 (five) salaried employees of the company, other than stated in 1 (5)(xxiii)(b); and	√		
1 (5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company;	√		Nil
1 (5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:			



Condition No.	Title	Compliance Status (√ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1 (5)(xxiv)(a)	A brief resume of the director;	√		
1 (5)(xxiv)(b)	Nature of his or her expertise in specific functional areas; and	√		
1 (5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		
1 (5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1 (5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	√		
1 (5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1 (5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five year's explaining reasons thereof;	√		
1 (5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1 (5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	√		
1 (5)(xxv)(f)	Risks and concerns issues related to the financial statements explaining such risks and concerns mitigation plan of the company; and	√		
1 (5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1 (5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	√		
1 (5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		
1 (6)	Meetings of the Board of Directors : The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code;	√		
1 (7)	Code of Conduct for the Chairperson, other Board Members and Chief Executive Officer:			

Condition No.	Title	Compliance Status (√ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1 (7)(a)	The Board shall lay down a Code of Conduct based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No.6, for the Chairperson of the Board, other Board members and Chief Executive Officer of the Company;		√	As per BRPD circular No. 11 dated 27 October 2013 of Bangladesh Bank, the bank cannot form NRC.
1 (7)(b)	The Code of Conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior, confidentiality, conflict of interest, compliance with laws, rules and regulations, prohibition of insider trading, relationship with environment, employees, customers and suppliers and independency.		√	
2	Governance of Board of Directors of Subsidiary Company:			
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			N/A
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			NRB Bank Limited has no subsidiary.
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			N/A
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			N/A
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):			
3 (1)	Appointment:			
3 (1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3 (1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3 (1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3 (1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3 (1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
3 (2)	Requirement to attend Board of Directors’ Meetings: The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	√		
3 (3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO):			



Condition No.	Title	Compliance Status (√ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3 (3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
3 (3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3 (3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3 (3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3 (3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors' Committee: For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4 (i)	Audit Committee; and	√		
4 (ii)	Nomination and Remuneration Committee.		√	As per BRPD circular No. 11 dated 27 October 2013 of Bangladesh Bank, the bank cannot form NRC.
5	Audit Committee:			
5 (1)	Responsibility to the Board of Directors:			
5 (1)(a)	The company shall have an Audit Committee as a subcommittee of the Board;	√		
5 (1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5 (1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
5 (2)	Constitution of the Audit Committee:			
5 (2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5 (2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		
5 (2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		

Condition No.	Title	Compliance Status (√ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5 (2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		
5 (2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5 (2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
5 (3)	Chairperson of the Audit Committee:			
5 (3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;		√	Under consideration
5 (3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
5 (3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	√		
5 (4)	Meeting of the Audit Committee:			
5 (4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year:	√		
5 (4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5 (5)	Role of Audit Committee (the Audit Committee shall):			
5 (5)(a)	Oversee the financial reporting process;	√		
5 (5)(b)	Monitor choice of accounting policies and principles;	√		
5 (5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5 (5)(d)	Oversee hiring and performance of external auditors;	√		
5 (5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5 (5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	√		
5 (5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		



Condition No.	Title	Compliance Status (√ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5 (5)(h)	Review the adequacy of internal audit function;	√		
5 (5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5 (5)(j)	Review statement of all related party transactions submitted by the management;	√		
5 (5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5 (5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5 (5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.			N/A
5 (6)	Reporting of the Audit Committee:			
5 (6)(a)	Reporting to the Board of Directors			
5 (6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5 (6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:			
5 (6)(a)(ii)(a)	Report on conflicts of interests;			No such matter to report
5 (6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			N/A
5 (6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			N/A
5 (6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			N/A
5 (6)(b)	Reporting to the Authorities: If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			N/A

Condition No.	Title	Compliance Status (√ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5 (7)	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
6	Nomination and Remuneration Committee (NRC).			N/A
7	External or Statutory Auditors:			
7 (1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7 (1)(i)	Appraisal or valuation services or fairness opinions;	√		
7 (1)(ii)	Financial information systems design and implementation;	√		
7 (1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	√		
7 (1)(iv)	Broker-dealer services;	√		
7 (1)(v)	Actuarial services;	√		
7 (1)(vi)	Internal audit services or special audit services;	√		
7 (1)(vii)	Any service that the Audit Committee determines;	√		
7 (1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		
7 (1)(ix)	Any other service that creates conflict of interest.	√		
7 (2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	√		
7 (3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
8	Maintaining a website by the Company:			
8 (1)	The company shall have an official website linked with the website of the stock exchange.	√		
8 (2)	The company shall keep the website functional from the date of listing.	√		
8 (3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9	Reporting and Compliance of Corporate Governance:			



Condition No.	Title	Compliance Status (√ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
9 (1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9 (2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		
9 (3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		

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

SL No.	Particulars	Compliance Status
1	Formation of Board of Directors: The newly amended Section 15 of the Bank Company Act, 1991 (Amended upto 2018) includes provisions for prior approval of Bangladesh Bank before the appointment of new bank directors, as well as dismissal, termination or removal of any director from the post; director's fit & proper criteria; maximum number of directors; appointment of independent directors; appointment of maximum 2(two) members from a family as director; etc.	Complied
1.1	Appointment of New directors: Under section 15(4) of the Bank Company Act, 1991 (amended upto 2018), every banking company, other than specialized banks, at the time of taking prior approval from Bangladesh Bank for appointing/reappointing directors should furnish all required documents along with the application:	Complied
1.2	Vacation of office of Director: a) The office of director shall be vacated according to the instructions specified in section 108(1) of the Companies Act, 1994. Besides, when a bank director becomes defaulter and does not repay the loan within two months after getting a notice under the section 17 of the Bank Company Act, 1991; provides false statement at the time of appointment; or fails to fulfil the minimum eligibility criteria, the office of the director will be vacated. b) If the office of a director is vacated by a notice under the section 17 of BCA, the person will not be eligible to become a director of the bank or any other bank or any financial institution for one year from the date of repayment of the total amount due to the bank. It is mentionable here that the dues can be adjusted with the shares held by the director in that bank. When a director receives a notice under section 17 of BCA, 1991, he/she can't transfer his/her shares of that bank until he/she repays all the liabilities of the noticed bank or financial institution. c) Besides, Bangladesh Bank can remove a director or chairman of a bank, except state owned banks, for conducting any kind of activities that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can supersede the board of a banking company under Section 47 of BCA, 1991.	Complied

SL No.	Particulars	Compliance Status
1.3	Removal of Directors from office: According to section 108(2) of the Companies Act, 1994, with the prior approval of Bangladesh Bank, a bank director other than specialized banks can be removed from his office for the reason specified in its Articles of Association. For this purpose, the reason and grounds of the dismissal/removal and copy of the decision of the board and list of directors should be submitted to Bangladesh Bank. In this case, the removal will be effective from the date of Bangladesh Bank's approval.	Not Applicable
1.4	Appointment of Alternate Director: Subject to compliance of section 101 of the Companies Act, 1994, an alternate director can be appointed to act for a director during his absence for a continuous period of not less than three months from Bangladesh. In this context, the following instructions should be followed: <ol style="list-style-type: none"> Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original director. If there is any exception, the chief executive officer should immediately inform it to Bangladesh Bank. The copy of the decision of the board regarding appointment of alternate director, with original director's probable returning date from abroad should be sent to Bangladesh Bank within 7 days of taking the decision and the director's arrival date must be intimated to Bangladesh Bank immediately after his return. Any loan defaulter or any person who is not eligible to become a director as per any rules & regulation will not be appointed as an alternate director. As appointment of alternate director is a temporary measure; therefore, he/she will not be included in any kind of committee constituted by the board. While in the office, an alternate director or his/her affiliated organization will not get any kind of loan facilities from his bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to directors according to rules & regulations will also be applicable to the alternate director. 	Complied
2	Depositor Director: As the previous provisions regarding appointment of Depositor Directors of the Bank Company Act, 1991 has been amended; appointment of director from depositors is no longer required. But, after complying regulation under sec 15(9) of the Bank Company Act, 1991 (amended upto 2018) bank can consider the tenure of existing depositor director or may appoint them as independent director.	Not Applicable
3	Information regarding Directors: Banks are advised to take the following steps regarding director information: <ol style="list-style-type: none"> Every bank should keep an updated list of bank directors, Banks should send a directors' list to other banks or financial institutions immediately after the appointment or release of director. Banks should display a list of directors in the website and update it on a regular basis. 	Complied
4	Responsibilities of the Board of Directors: To ensure good governance in the bank management it is essential to have specific demarcation of responsibilities and authorities among controlling bodies over bank affairs. In the Bank Company Act, 1991 (amended upto 2018) the newly included Section 15(kha) & (ga) give responsibility to the board of directors for establishing policies for the bank company, for risk management, internal controls, internal audit and compliance and for ensuring their implementation.	Complied
4.1	Responsibilities and Authorities of the Board of Directors:	



SL No.	Particulars	Compliance Status
	Work-planning and strategic management:	
4.1(a)	<ul style="list-style-type: none"> i. The board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reformation for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor, at quarterly rests, the development of implementation of the work-plans. ii. The board shall have its analytical review incorporated in the Annual Report as regards to the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/ recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO & officers immediate two tiers below the CEO, and have it evaluated from time to time. 	Complied
4.1(b)	Credit and risk management: <ul style="list-style-type: none"> i. The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, direct or indirect, into the process of loan approval. ii. The board shall frame policies for risk management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The board shall monitor the compliance of the guidelines of Bangladesh Bank regarding key risk management. 	Complied
4.1(c)	Internal control management: The board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The board will establish such an internal control system so that the internal audit process can be conducted independently from the management. It shall review the reports submitted by its audit committee at quarterly rests regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.	Complied
4.1(d)	Human resources management and development: <ul style="list-style-type: none"> i. Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer & punishment of the officers immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion. ii. The board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The board shall get these programmes incorporated in its annual work plan. iii. The board will compose Code of Ethics for every tier and they will follow it properly. The board will promote healthy code of conducts for developing a compliance culture. 	Complied

SL No.	Particulars	Compliance Status
	Financial management:	
4.1(e)	<p>i. The annual budget and the statutory financial statements shall be finalized with the approval of the board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.</p> <p>ii. The board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board.</p> <p>iii. The board will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to Bangladesh Bank guidelines.</p>	Complied
4.1(f)	<p>Appointment of Chief Executive Officer (CEO):</p> <p>In order to strengthen the financial base of the bank and obtain confidence of the depositors, one of the major responsibilities of the board of directors is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The Board of directors will appoint a suitable CEO with the approval of the Bangladesh Bank.</p>	Complied
4.1(g)	<p>Other responsibilities of the Board:</p> <p>The board should follow and comply with the responsibilities assigned by Bangladesh Bank.</p>	Complied
4.2	<p>Meeting of Board:</p> <p>Board of directors may meet once or more than once in a month if necessary. But Board of directors shall meet at least once in every three months. Excessive meetings are discouraged.</p>	Complied
	Responsibilities of the Chairman of the Board of Directors:	
4.3	<p>a) As the chairman of the board of directors or chairman of any committee formed by the board or any director does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.</p> <p>b) The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.</p> <p>c) The chairman may be offered an office-room, a personal secretary/assistant, one peon/MLSS, one telephone at the office, one mobile phone to use inside the country and a vehicle in the business-interest of the bank subject to the approval of the board.</p>	Complied
5	<p>Formation of committees from the Board of Directors:</p> <p>Each bank company can form 1(one) executive committee, 1(one) audit committee and 1(one) risk management committee with the directors. Board can't form any other permanent, temporary or sub- committee except the above mentioned three committees.</p>	Complied
5.1	<p>Executive committee:</p> <p>Executive committee should be formed with the members of the board to continue the urgent and daily or routine works between the intervals of two board meetings. Executive committee will perform according to their terms of reference determined by the board of directors.</p>	Complied



SL No.	Particulars	Compliance Status
5.1(a)	Organizational structure: <ul style="list-style-type: none"> i. Members of the committee will be nominated by the board of directors from themselves; ii. The executive committee will comprise of maximum 07 (seven) members; iii. Members may be appointed for a 03 (three)-year term of office; iv. Chairman of the Board of Directors can be the chairman of executive committee; v. Company secretary of the bank will be the secretary of the executive committee. 	Complied
5.1(b)	Qualifications of the Members: <ul style="list-style-type: none"> i. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee; ii. Each member should be capable of making valuable and effective contributions in the functioning of the committee; iii. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks. 	Complied
5.1(c)	Roles and Responsibilities of the Executive Committee: <ul style="list-style-type: none"> i. The executive committee can decide or can act in those cases as instructed by the Board of directors that are not specifically assigned on full board through the Bank Company Act, 1991 and other laws and regulations ii. The executive committee can take all necessary decision or can approve cases within power delegated by the board of directors. iii. All decisions taken in the executive committee should be ratified in the next board meeting. 	Complied
5.1(d)	Meetings: <ul style="list-style-type: none"> i. The executive committee can sit any time as it may deem fit. ii. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary; iii. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; iv. All decisions/observations of the committee should be noted in minutes. 	Complied
5.2	Audit Committee: The board will approve the objectives, strategies and overall business plans of the bank and the audit committee will assist the board in fulfilling its oversight responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.	Complied
5.2(a)	Organizational structure: <ul style="list-style-type: none"> i. Members of the committee will be nominated by the board of directors from the directors; ii. The audit committee will comprise of maximum 05 (five) members, with minimum 2 (two) independent director; iii. Audit committee will comprise with directors who are not executive committee members; iv. Members may be appointed for a 03 (three) year term of office; v. Company secretary of the bank will be the secretary of the audit committee. 	Complied

SL No.	Particulars	Compliance Status
5.2(b)	Qualifications of the Member: <ol style="list-style-type: none"> Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee ; Each member should be capable of making valuable and effective contributions in the functioning of the committee; To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks. Professionally Experienced persons in banking/financial institutions specially having educational qualification in Finance, Banking, Management, Economics, Accounting will get preference in forming the committee. 	Complied
5.2(c)	Roles and Responsibilities of the Audit Committee	
5.2(c)(i)	Internal Control: <ol style="list-style-type: none"> Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities; Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS); Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management; Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management. 	Complied
5.2(c)(ii)	Financial Reporting: <ol style="list-style-type: none"> Audit committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules & regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank; Discuss with management and the external auditors to review the financial statements before its finalization. 	Complied
5.2(c)(iii)	Internal Audit: <ol style="list-style-type: none"> Audit committee will monitor whether internal audit working independently from the management. Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process; Examine the efficiency and effectiveness of internal audit function; Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not. 	Complied
5.2(c)(iv)	External Audit: <ol style="list-style-type: none"> Review the performance of the external auditors and their audit reports; Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not. Make recommendations to the board regarding the appointment of the external auditors. 	Complied
5.2(c)(v)	Compliance with existing laws and Regulations: Review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the board are being complied with.	Complied



SL No.	Particulars	Compliance Status
	Other Responsibilities:	
5.2(c)(vi)	<ol style="list-style-type: none"> 1. Submit compliance report to the board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities; 2. External and internal auditors will submit their related assessment report, if the committee solicit; 3. Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis. d) Meetings: 1. The audit committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit; 2. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary; 3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; 4. All decisions/observations of the committee should be noted in minutes. 	Complied
5.2(d)	Meetings: <ol style="list-style-type: none"> 1. The audit committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit; 2. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary; 3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; 4. All decisions/observations of the committee should be noted in minutes. 	Complied
5.3	Risk Management Committee: To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently, a risk management committee will be formed. After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks etc.; the risk management committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.	Complied
5.3(a)	Organizational Structure: <ol style="list-style-type: none"> 1. Members of the committee will be nominated by the board of directors from themselves; 2. The Risk Management Committee will comprise of maximum 05 (five) members; 3. Members may be appointed for a 03 (three) year term of office; 4. Company secretary of the bank will be the secretary of the Risk Management Committee. 	Complied
5.3(b)	Qualifications of the Member: <ol style="list-style-type: none"> 1. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee; 2. Each member should be capable of making valuable and effective contributions in the functioning of the committee; 3. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks. 	Complied
5.3(c)	Roles and Responsibilities of the Risk Management Committee:	
5.3(c)(i)	Risk identification & control policy : Formulation and implementation of appropriate strategies for risk assessment and its control is the responsibility of Risk Management Committee. Risk Management Committee will monitor risk management policies & methods and amend it if necessary. The committee will review the risk management process to ensure effective prevention and control measures.	Complied

SL No.	Particulars	Compliance Status
5.3(c)(ii)	Construction of organizational structure: The responsibility of Risk Management Committee is to ensure an adequate organizational structure for managing risk within the bank. The Risk Management Committee will supervise formation of separate management level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.	Complied
5.3(c)(iii)	Analysis and approval of Risk Management policy: Risk management policies & guidelines of the bank should be reviewed annually by the committee. The committee will propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit should be reviewed at least once annually and should be amended, if necessary.	Complied
5.3(c)(iv)	Storage of data & Reporting system: Adequate record keeping & reporting system developed by the bank management will be approved by the risk management committee. The committee will ensure proper use of the system. The committee will minute its proposal, suggestions & summary in a specific format & inform the Board of Directors.	Complied
5.3(c)(v)	Monitoring the implementation of overall Risk Management Policy: Risk Management Committee will monitor proper implementation of overall risk management policies. They will monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.	Complied
5.3(c)(vi)	Other responsibilities: <ol style="list-style-type: none"> 1. Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form; 2. Comply instructions issued time to time by the controlling body; 3. Internal & external auditor will submit respective evaluation report whenever required by the committee. 	Complied
5.3(d)	Meetings: <ol style="list-style-type: none"> 1. The risk management committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit; 2. The committee may invite Chief Executive Officer, Chief Risk Officer and any other Officer to its meetings, if it deems necessary; 3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; 4. All decisions/observations of the committee should be noted in minutes. 	Complied
6	Training for the Directors: The directors shall make themselves fully aware of the banking laws and other related rules and regulations for performing his duties properly.	Complied



Annexure 01
[As per condition no. 1(5)(xxii)]

**Meeting of the Directors of NRB Bank Limited
Board of Directors:**

Sl.	Directors	Designation	No. of Meeting	No. of Attendance	% of Attendance
1.	Mr. Mohammed Mahtabur Rahman	Chairman	17	16	94.12%
2.	Mr. Tateyama Kabir	Vice Chairman	17	17	100.00%
3.	Mr. Kamal Ahmed	Vice Chairman	17	11 (03 meetings were attended by his Alternate Director)	64.71%
4.	Mr. M Badiuzzaman	Director	17	15	88.24%
5.	Mr. Imtiaz Ahmed	Director	17	15 (03 meetings were attended by his Alternate Director)	88.24%
6.	Dr. Nesar Ahmed Choudhury	Director	17	10	58.82%
7.	Mr. Iqbal Ahmed OBE DBA	Director	17	12	70.59%
8.	Mr. Khandakar R. Amin	Director	17	13	76.47%
9.	Mr. Naveed Rashid Khan	Director	17	12	70.59%
10.	Mr. Mohammed Jamil Iqbal	Director	17	12	70.59%
11.	Mr. Mohammed Idrish Farazy	Director	17	11	64.71%
12.	Mr. Nafih Rashid Khan	Director	17	16 (All meetings were attended by his Alternate Director)	94.12%
13.	Mr. Mohammed Rafique Miah	Director	17	07	41.18%
14.	Mr. Abdul Karim	Director	17	09	52.94%
15.	Mr. Mohammed Jahed Iqbal	Director	17	11	64.71%
16.	Mr. Humayen Kabir Khan	Director	17	09 (06 meeting were attended by his Alternate Director)	52.94%
17.	Mr. Ali Ahmed	Director	17	09	52.94%
18.	Mr. Md. Abul Jalil Chowdhury	Independent Director	17	17	100.00%
19.	Mr. Md. Motior Rahman	Independent Director	17	17	100.00%

Pattern of Shareholding

The pattern of shareholding of NRB Bank Limited as on 31 December 2019 as per Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018:

- a) Shareholding by Parent/Subsidiary/Associated Companies and other related parties : Nil
- b) Shares held by Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their Spouses and Minor Children are as follows :

Status as of 31 December 2019:

(i) Shares held by Directors and their Spouses

Sl.	Directors	Status	No. of Shares	Name of Spouse	No. of Shares
1.	Mr. Mohammed Mahtabur Rahman	Chairman	23,328,000	Mrs. Bayzun N Chowdhury	3,499,200
2.	Mr. Tateyama Kabir	Vice Chairman	14,580,000	Mrs. Hasina Akther	NIL
3.	Mr. Kamal Ahmed	Vice Chairman	11,664,000	Mrs. Nasrin Sultana Kamal	NIL
4.	Mr. M Badiuzzaman	Director	20,969,280	Mrs. Nasreen Zaman	NIL
5.	Mr. Imtiaz Ahmed	Director	2,332,800	Mrs. Aktar Nasim Ahmed	NIL
6.	Dr. Nesar Ahmed Choudhury	Director	2,916,000	Mrs. Shajna Choudhury	NIL
7.	Mr. Iqbal Ahmed OBE DBA	Director	23,328,000	Mrs. Salma Iqbal	NIL
8.	Mr. Khandakar R. Amin	Director	9,331,200	Mrs. Shapali Khandakar	NIL
9.	Mr. Naveed Rashid Khan	Director	23,328,000	Mrs. Farjana Kazi	NIL
10.	Mr. Mohammed Jamil Iqbal	Director	21,578,400	Mrs. Shireen Khanom	NIL
11.	Mr. Mohammed Idrish Farazy	Director	2,700,000	Mrs. Tahmina Akter Mitu	NIL
12.	Mr. Nafih Rashid Khan	Director	21,578,400	Mrs. Anika Hoque Khan	NIL
13.	Mr. Mohammed Rafique Miah	Director	1,166,400	Mrs. Asma Miah	NIL
14.	Mr. Abdul Karim	Director	23,328,000	Mrs. Afia Begum	NIL
15.	Mr. Mohammed Jahed Iqbal	Director	12,247,200	Mrs. Sebina Akter Chowdhury	NIL
16.	Mr. Humayen Kabir Khan	Director	2,332,800		N/A
17.	Mr. Ali Ahmed	Director	6,415,200	Mrs. Jamila Begum Ahmed	NIL
18.	Mr. Md. Abul Jalil Chowdhury	Independent Director	NIL	Mrs. Shaheda Chowdhury	NIL
19.	Mr. Md. Motior Rahman	Independent Director	NIL	Mrs. Nurunnahar Begum	NIL

(ii) Shares held by:

Chief Executive Officer	: Nil
Company Secretary	: Nil
Chief Financial Officer	: Nil
Head of Internal Audit	: Nil
Spouses of above Executives	: Nil

- c) Shareholding by other Executives and Spouse : Nil
- d) Shareholders holding ten percent (10%) or more voting interest in the company : Nil



CHIEF RISK OFFICER'S REPORT

ON RISK MANAGEMENT

Risk taking is an integral part of the banking business. Banks assume various types of risks in its activities while providing different kinds of services based on its risk appetite. Each transaction that the Bank undertakes changes the risk profile of the Bank. In the normal course of business, a bank is exposed to various risks including Credit Risk, Market Risk and Operational Risk. The objective of risk management is not to prohibit or prevent risk taking activity, but to ensure that the risks are consciously taken with full knowledge, clear purpose and understanding so that it can be measured and mitigated. By integrating Risk Management as a business protection mechanism, it has been integrated with Banks business model. With a view to managing such risks efficiently and strengthening its risk management systems, the bank has put in place various risk management measures and practices which include policies, tools, techniques, monitoring mechanism and management information systems (MIS).

The bank has set up appropriate risk management organization structure in the bank. Board Risk Management Committee (BRMC) is constituted which is responsible for management of all the risks in the Bank. The bank has also constituted Executive Risk Management Committees namely (ERMC), In addition Credit Risk Management Committee (CRMC) for managing credit risk, Asset Liability Management Committee (ALCO) for managing Market Risk besides other committees for managing and mitigating all risk.

Risk Governance and Organization:

Risk governance refers to the structure, rules, processes, and mechanisms by which decisions about risks are taken and implemented. It covers the questions about what risk management responsibilities lie at what levels and the ways the board influences risk-related decisions; and the role, structure, and staffing of risk organization.

Risk Culture

Risk culture is about understanding risks, the Bank faces and how they are managed. A sound and consistent risk culture throughout the Bank is a key element of effective risk management. Risk culture and its impact on effective risk management is a major concern for the Board and Senior Management of the Bank.

Risk Strategy and Risk Appetite

A Bank's strategy details the long-term and in some cases, short-term goals and objectives, as well as how progress towards their achievement is measured. Along with business goals, the Bank should have risk goals and risk strategies which enable them to achieve the desired risk profile. The Board of Directors set the strategies and the senior management is responsible for implementing those strategies and communicating them throughout the Bank. Bank's Risk Appetite Framework consists of risk capacity, risk appetite statement and key risk appetite measures. Application of the risk appetite statement and monitoring of the key risk appetite measures help to ensure the Bank stay within appropriate risk boundaries. Risk appetite statement plays an important role in cascading the risk strategy down through the Bank.

Risk Governance and Organization

Risk governance refers to the structure, rules, processes and mechanisms by which decisions about risks are taken and implemented. It covers the questions about what risk management responsibilities lie at what levels and the ways the Board influences risk-related decisions and the role, structure and staffing of risk organization. Risk governance follows a three-lines of defense model.

Risk Assessment and Treatment Process

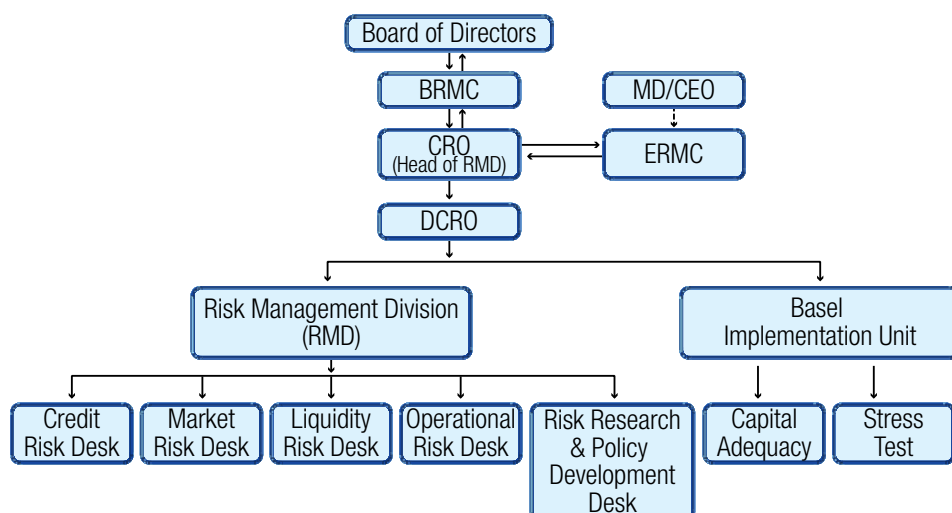
The ultimate responsibility for risk assessment lies solely with a Bank, it should evaluate its risks critically and not rely on external assessments. Risk management process is the systematic application of management policies, procedures and practices to the assessment, treatment, controlling and monitoring of risk. It is an interactive process that, with each cycle, can contribute progressively to organizational improvement by providing management with a greater insight into risks and their impact. It is a series of multi-steps that, when undertaken in sequence, enable continual improvement in decision-making.

Risk Management Process:

Steps	Activity										
Communicate and Consult	This is the preparatory step that aims to identify the responsible persons involved in risk assessment (including identification, analysis and evaluation) and also the persons engaged in the treatment, monitoring and review of risk.										
Establishment of context	<p>This is another preparatory step that closes to starting the formal risk management process. Before risk can be clearly understood and dealt with, it is important to understand the context in which it exists.</p> <p>The steps to assist establishing the context within which risk will be identified are:-</p> <ul style="list-style-type: none"> a)-Establish the internal context b)-Establish the external context c)-Establish the risk management context 										
Risk Identification	<p>The next step is to identify possible risks that may affect, either negatively or positively, the objectives of the business and the activity under analysis.</p> <p>There are two main ways to identify banking risks:-</p> <p>a. Identifying retrospective risks: Retrospective risks are those that have previously occurred, such as incidents or accidents. Methods of identifying retrospective risks include:</p> <table border="0"> <tr> <td>◆ Audit reports</td><td>◆ Changes in regulations</td></tr> <tr> <td>◆ Various risk reports</td><td>◆ Past employee survey/exit interview</td></tr> <tr> <td>◆ Regular reports</td><td>◆ Media reports (Print or electronic)</td></tr> <tr> <td>◆ Hazard or incident logs or registers</td><td>◆ Bangladesh Bank inspection report</td></tr> <tr> <td>◆ Customer complaints</td><td></td></tr> </table> <p>b. Identifying prospective risks: Prospective risks are those that have not yet happened, but might happen sometime in the future. Methods for identifying prospective risks include:</p> <ul style="list-style-type: none"> ◆ Brainstorming with staff or external stakeholders ◆ Researching the economic scenario (macro or micro both local and global) ◆ Conducting interviews with the relevant people and/or organizations ◆ Undertaking surveys of staff or clients to identify anticipated issues or problems or risks ◆ Reviewing policy, process, systems 	◆ Audit reports	◆ Changes in regulations	◆ Various risk reports	◆ Past employee survey/exit interview	◆ Regular reports	◆ Media reports (Print or electronic)	◆ Hazard or incident logs or registers	◆ Bangladesh Bank inspection report	◆ Customer complaints	
◆ Audit reports	◆ Changes in regulations										
◆ Various risk reports	◆ Past employee survey/exit interview										
◆ Regular reports	◆ Media reports (Print or electronic)										
◆ Hazard or incident logs or registers	◆ Bangladesh Bank inspection report										
◆ Customer complaints											
Analysis of the risks	The risk analysis step assists in determining which risks have a greater consequence or impact than others. It is important to consider the consequences and the likelihood of risk in the context of the size, complexity, objective of the activity of a banking company is pursuing. It is important to note that the likelihood/frequency and also the impact/consequence will vary to analyze the risk.										
Evaluation of the risks	Risk evaluation step involves comparing the level of risk found during the analysis process with previously established risk criteria, and deciding whether these risks require treatment. The result of a risk evaluation is a prioritized list of risks that require further action. This step is about deciding whether risks are acceptable or need treatment.										
Treatment of risks	<p>Risk treatment step is about considering options for treating risks, evaluating those options, preparing the risk treatment plans and implementing those plans to achieve the desired outcome.</p> <p>Options for risk treatment:</p> <ol style="list-style-type: none"> 1. Avoid the risk 2. Change the likelihood of the occurrence 3. Change the consequences 4. Share the risk 5. Retain/Accept the risk supported by the Capital Adequacy as per Basel III 										
Monitoring and review of risks:	Risks need to be monitored periodically to ensure changing circumstances do not alter the risk priorities. Very few risks remain static, therefore, the risk management process needs to be made dynamic, so that new risks are captured in the process and effectively managed.										



NRB Bank's Present Organogram of Risk Management Division:



Board Risk Management Committee (BRMC):

Bangladesh Bank vide their BRPD Circular No. 11 dated October 27, 2013 made formation of a sub-committee of the Board naming “Risk Management Committee” to play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently. Subsequently, Bangladesh Bank, vide their DOS Circular No. 04 dated October 08, 2018 renamed the committee as Board Risk Management Committee.

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

SL	Name	Position in the Committee
1	Dr. Nesar Ahmed Choudhury	Chairman
2	Mr. Mohammed Jamil Iqbal	Vice Chairman
3	Mr. Mohammed Rafique Miah	Member
4	Mr. Md. Abdul Jalil Chowdhury	Member
5	Mr. Md. Motior Rahman	Member

In the year 2019, 5 (Five) meetings of the Risk Management Committee of the Board (BRMC) were held accordingly which are as follows:

SL	Particulars	Meeting held on
1	17 th Board Risk Management Committee	24-01-2019
2	18 th Board Risk Management Committee	20-06-2019
3	19 th Board Risk Management Committee	20-07-2019
4	20 th Board Risk Management Committee	30-09-2019
5	21 st Board Risk Management Committee	23-11-2019

The Board Risk Management Committee are responsible for:

- ◆ Formulating and reviewing (at least annually) risk management policies and strategies for sound risk management;
- ◆ Monitoring implementation of risk management policies & process to ensure effective

- ◆ prevention and control measures;
- ◆ Ensuring construction of adequate organizational structure for managing risks within the bank;
- ◆ Supervising the activities of Executive Risk Management Committee (ERM), SRP Team and CREDCO;
- ◆ Ensuring compliance of BB instructions regarding implementation of core risk management;
- ◆ Ensuring formulation and review of risk appetite, limits and recommending these to Board of Directors for their review and approval;
- ◆ Approving adequate record keeping & reporting system and ensuring its proper use;
- ◆ Analyzing all existing and probable risk issues in the meeting, taking appropriate decisions for risk mitigation, incorporating the same in the meeting minutes and ensuring follow up of the decisions for proper implementation;
- ◆ Submitting proposal, suggestions & summary of BRMC meetings to board of directors at least on quarterly basis;
- ◆ Complying with instructions issued from time to time by the regulatory body;
- ◆ Ensuring appropriate knowledge, experience, and expertise of lower-level managers and staff involved in risk management;
- ◆ Ensuring sufficient & efficient staff resources for RMD;
- ◆ Establishing standards of ethics and integrity for staff and enforcing these standards;
- ◆ Assessing overall effectiveness of risk management functions on yearly basis.

Executive Risk Management Committee (ERM):

NRB Bank has its Executive Risk Management Committee (ERM) which includes heads of all core risk management divisions and other senior officials of the bank. Top management of NRB Bank is aware of bank's risk profile on an ongoing basis and submit updated report to ERM for review on regular basis. For effective oversight of risk management by

ERMC, the members of ERMC is provided with sufficient information and they get enabled to understand the bank's risk profile, how risks are assessed and as well. To serve this purpose of ERMC, members oversee the development, implementation and maintenance of an appropriate Management Information System (MIS) that identify, measure, monitor and control bank's various risks. And finally through effective communications among the members of the committee provide necessary guidance which are mentioned in respective minutes and ensured necessary action taken by the concerned parties. This committee convenes every month with the name of "Executive Risk Management Committee (ERMC)".

The Executive Risk Management Committee are responsible for:

- ◆ Identifying, measuring and managing bank's existing and potential risks through detailed risk analysis;
- ◆ Holding meeting at least once in a month based on the findings of risk reports and taking appropriate decisions to minimize/control risks;
- ◆ Ensuring incorporation of all the decisions in the meeting minutes with proper dissemination of responsibilities to concerned divisions/departments;
- ◆ Minimizing/controlling risks through ensuring proper implementation of the decisions;
- ◆ Reviewing risks involved in new products and activities and ensuring that the risks can be measured, monitored, and controlled adequately;
- ◆ Submitting proposals, suggestions & summary of ERMC meetings to CEO, BRMC on regular basis;
- ◆ Implementing the decisions of BRMC and board meetings regarding risk issues;
- ◆ Assessing requirement of adequate capital in line with the risk exposures and ensuring maintenance of the same through persuading senior management and board;
- ◆ Determining risk appetite, limits in line with strategic planning through threadbare discussions among the members;
- ◆ Contributing to formulation of risk policies

for business units;

- ◆ Handling "critical risks" (risks that require follow-up and further reporting);
- ◆ Following up reviews and reports from BB and informing BRMC the issues affecting the bank's operation.
- ◆ Ensuring arrangement of Annual Risk Conference in the bank.

Chief Risk Officer (CRO):

According to the Basel Committee on Banking Supervision, Chief Risk Officer (CRO) has been referred as an independent senior executive with distinct responsibility for the risk management function and the institution's comprehensive risk management framework across the entire organization. The CRO is responsible for ensuring intense and effective risk management across the organization. The CRO works to ensure that the bank is compliant with rules, regulations, and reviews factors that could negatively affect the bank's objectives.

The CRO oversees the development and implementation of the bank's risk management functions, support the Board of Directors/Board's Risk Management Committee, actively engage with the management in the process of setting risk appetite and limits for the various business lines, contribute and participate in key decision-making processes, monitor major and critical risk issues independently with full empowerment, provide opinion regarding extent of risk in case of credit proposal for big amounts and organize Annual Risk Conference etc.

CRO of a bank shall undertake the following responsibilities, but not limited to, in order to ensure transparency in managing risks at all levels:

- ◆ To oversee the development and implementation of the bank's risk management functions as a primary role;
- ◆ To support the Board of Directors/Board's Risk Management Committee in its development of the bank's risk appetite and for translating the risk appetite into a risk limits structure;
- ◆ To actively engage with the management in the process of setting risk appetite and limits for the various business lines with a view to achieve bank's overall strategic planning and monitoring their performance relative to risk-taking and limit adherence;
- ◆ To contribute and participate in key decision-making processes (i.e. strategic planning, capital and liquidity planning, new products and services, compensation design and operation);
- ◆ To manage the implementation of all aspects of the risk function, including implementation of processes, tools and systems to identify, measure, manage, monitor and report risks;
- ◆ To assist in the development of and manage processes to identify and evaluate business risks and control them;
- ◆ To manage the process for developing risk management policies and procedures, risk limits and approval authorities;
- ◆ To monitor major and critical risk issues independently with full empowerment;
- ◆ To communicate views of the board and senior management throughout the bank;
- ◆ To adopt proper financial protection measures through risk transfer, risk avoidance, and risk retention programs;
- ◆ To provide opinion regarding extent of risk in case of credit proposal for big amounts (to be set by the bank) before submission to EC/board for sanctioning;
- ◆ To monitor portfolio health and ensure good quality asset growth;
- ◆ To ensure proper compliance of BB's recommendations regarding risk issues including all core risks;
- ◆ To provide a methodology to identify and analyze the financial impact of loss to the organization, employees, the public, and the environment;
- ◆ To disseminate information and strategies to personnel regarding emerging risk issues and industry specific risks;



- ◆ To implement environmental and social (E&S) safeguard for the asset portfolio;
- ◆ To oversee the information security aspects for the bank;
- ◆ To ensure arrangement of ERM meeting on monthly basis wherein top management team shall address, discuss and resolve risk issues across the bank;
- ◆ To ensure proper disclosure of key performance indicators of the bank via Pillar III of Basel III accords;
- ◆ To remain aligned and acquainted with other countries' economic and financial positions;
- ◆ To organize Annual Risk Conference (at least one day-long) with the participation of all the branch managers and deputy branch managers including the officials related to risk issues;
- ◆ Ensuring adequate internal and external training on risk management issues for increasing efficiency of RMD officials.

Risk Management Division (RMD):

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

The main functions of the department include, but not limited to, the following:

- ◆ Managing the process for developing risk policies and procedures;
- ◆ Coordinating with business users/units to prepare functional specifications;
- ◆ Preparing and forwarding risk reports; and
- ◆ Assisting in the implementation of all

aspects of the risk function.

Role of Risk Management Division:

- ◆ Collecting and analyzing data/information for identifying risks and making appropriate recommendations for risk mitigation;
- ◆ Preparing risk management reports, arranging monthly meeting of ERM and preparing meeting minutes, disseminating the decisions to the concerned department/divisions, monitoring and follow up of implementation status;
- ◆ Ensuring timely submission of risk management reports, meeting minutes, compliance report and other documents to Bangladesh Bank;
- ◆ Assisting BRMC/ERM by providing risk issues that are needed to be addressed;
- ◆ Designing bank's overall risk management strategy;
- ◆ Ensuring significant contribution in establishing sophisticated risk management infrastructure with a sufficiently robust data-base, data architecture and information technology;
- ◆ Conducting, developing and overseeing Stress Testing activity;
- ◆ Assisting senior management in formulating strategic planning considering bank's risk exposures and industry as a whole;
- ◆ Supporting the board, BRMC and ERM in formulation, review and approval of the enterprise wide risk governance framework which includes the bank's risk culture, risk appetite, risk limits, and MAT;
- ◆ Monitoring on ongoing basis the risk-taking activities and risk exposures in line with the board approved risk appetite, risk limit and corresponding capital or liquidity needs (i.e. capital planning)
- ◆ Taking initiatives for interim review of risk appetites on request of other related departments and informing the board of directors and BRMC time to time about the status of risk exposures as compared to appetite;
- ◆ Establishing an early warning or trigger system for breaches of the bank's risk appetite or limits;
- ◆ Communicating views of the board and senior management throughout the bank;
- ◆ Taking initiatives for establishing enterprise/comprehensive risk management policies and procedures with the approval of the board;
- ◆ Monitoring concerned departments in formulating and reviewing related risk management policies and procedures;
- ◆ Monitoring compliance of irregularities found in core risk inspection reports of BB;
- ◆ Adopting proper financial protection measures through risk transfer, risk avoidance, and risk retention programs;
- ◆ Taking appropriate steps to control or mitigate risk exposures and ensure reporting the same to senior management and BRMC.

Credit Risk Management:

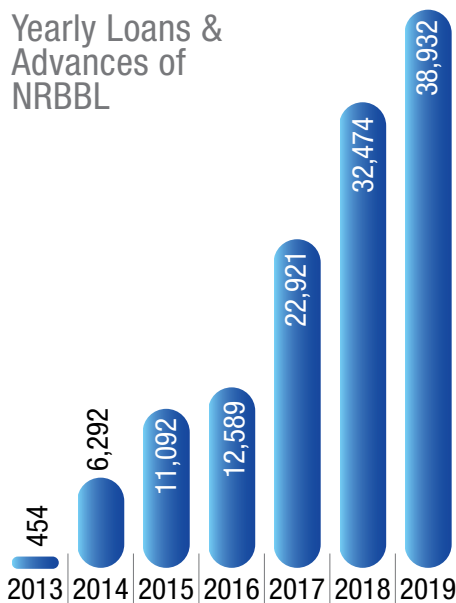
Credit risk primarily triggers either from unwillingness or inability of a credit borrower to serve its obligation, resulting economic loss to the bank. Credit risk arises from on balance sheet claims such as loan and overdrafts as well as off balance sheet commitments such as guarantee, acceptance, letter of credit etc. Similar to most other banking institutes, in the case of NRB Bank, loans are the largest and most obvious sources of credit risk. Bank's credit risk management (CRM) division specifically addresses the following areas:

- ◆ Implementation of the credit risk policy/ strategy approved by the board.
- ◆ Ensure compliance with limits approved by the board.
- ◆ Making recommendations to the board, for its approval, clear policies on standards for

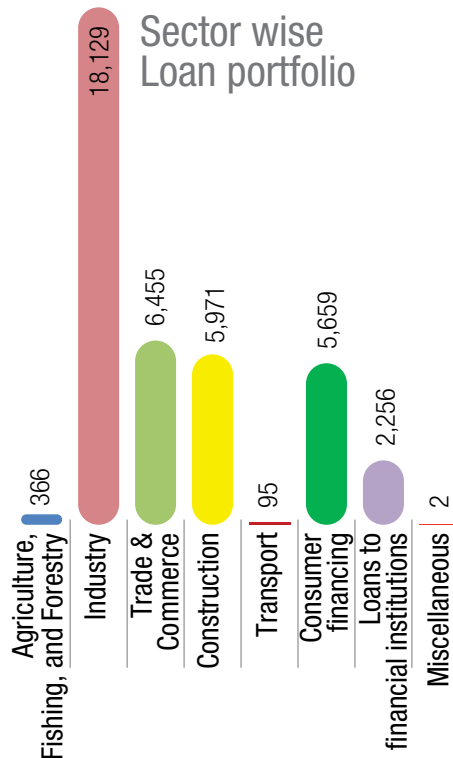
presentation of credit proposals, financial covenants, rating standards and benchmarks.

Deciding delegation of credit approving powers, prudential limits on large credit exposures, standards for loan collateral, portfolio management, loan review mechanism, risk concentrations, risk monitoring and evaluation, pricing of loans, provisioning, regulatory/legal compliance, etc.

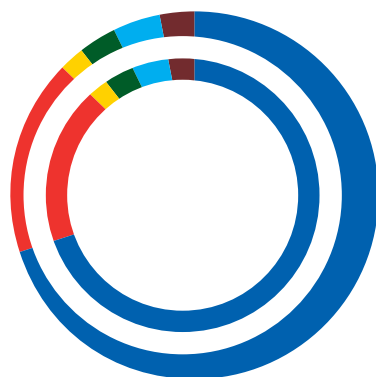
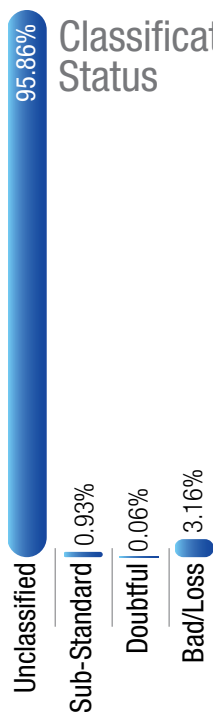
Yearly Loans & Advances of NRBBL



Sector wise Loan portfolio



Classification Status



Division Wise Exposure

Dhaka= BDT 27321
 Chattogram= BDT 6663
 Rajshahi= BDT 907
 Sylhet= BDT 1257
 Khulna= BDT 1652
 Rangpur= BDT 13
 Barisal= BDT 0
 Mymensingh= BDT 1119

Market Risk Management:

Market Risk can be defined as the risk of losses in both on-balance sheet and off-balance sheet positions arising from adverse movements in market prices. From a banks perspective Market Risk stems from all the positions included in banks' trading book as well as from commodity and foreign exchange risk positions in the whole balance sheet.

- ◆ ALCO (Asset Liability Committee) comprising Treasury and other Senior Management meets periodically to review present and anticipated future market trend and takes appropriate decisions on interest rates and investments.
- ◆ Segregated Front Office, Mid Office and Back Office to ensure 'check and balance' between Treasury functions.
- ◆ Separate Investment Division having a well-defined policy framework for capital market investments.
- ◆ Regular reconciliation of all Nostro accounts.

Market risk may pertain to:

1. Interest rate related instruments (interest rate risk),
2. Foreign exchange rate risk (currency risk) and
3. Equities (equity price risk)

1. Interest Rate Risk:

The potential losses from unexpected changes in interest rate which can significantly alter bank profitability & market value of equity. The amount interest rate risk is a function of the magnitude and direction of interest rate changes and the size and maturity structure of the mismatch position.

Such risk can't be eliminated as re-pricing period of assets and liabilities are different. Other than re-pricing issue, sources of interest risk are: yield curve risk, basis risk, and embedded options. The immediate impact of a variation in interest is on the bank's net interest income, while a long term impact is on bank's net worth since economic value of banks assets, liabilities and off balance sheet exposures are affected.

To manage Interest Rate Risk the Bank uses following tools:

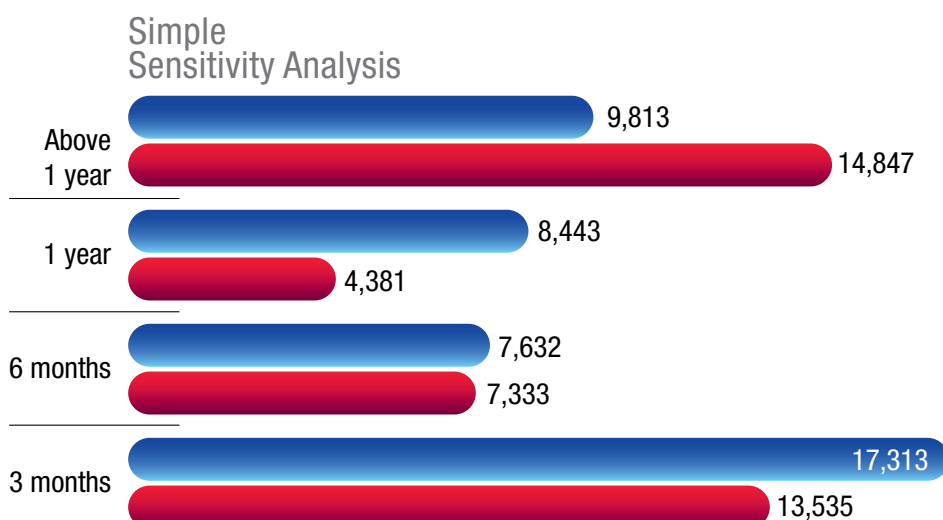
Bank's interest rate risk management involves the application of following basic elements in the management of assets, liabilities, and OBS instruments. Principles of interest rate risk management include:

- Appropriate board and senior management oversight;
- Adequate risk management policies and procedures;
- Appropriate risk measurement, monitoring, and control functions; and
- Comprehensive internal controls and independent audits.

The bank measures the impact of interest rate risk via GAP analysis and GAP is categorized as positive gap and negative gap. Positive gap = Rate Sensitive Asset (RSA) less Rate Sensitive Liabilities (RSL) whereas Negative gap = Rate Sensitive Liabilities (RSL) less Rate Sensitive Asset (RSA). Bank has developed and implemented effective and comprehensive procedures and information systems to manage and control interest rate risk in accordance with its interest rate risk policies. Internal inspections/audits are a key element in managing and controlling interest rate risk management program. Moreover, to measure and control interest rate risk the following facts/figures/ratios are assessed in monthly ALCO papers.

- ◆ Interest Rate Break Down: Interest Rate Break Down = Interest rate break up for Assets and Liabilities Net
- ◆ Interest Income: Net Interest Income = Total Interest Income Minus Total Interest Expenses
- ◆ Net Interest Margin: Net Interest Margin = Net Interest Income / Total Average Earning Assets
- ◆ Interest Earning Assets/Total Assets
- ◆ Cost of Fund: (Weighted average Cost of deposit + Weighted average Cost of borrowing + Admin cost).
- ◆ Average Interest Rate of Loans : (on realized amount of Interest)
- ◆ Average Interest Rate of Deposits: (on payment amount of Interest)

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



2. Foreign Exchange Risk:

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

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

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

3. Equity Price Risk:

Equity Price Risk is the risk that arises from security price volatility- the risk of a decline in the value of a security or a portfolio. Equity price risk can be either systematic or unsystematic. NRB Bank has a limit structure to monitor and minimize the equity risk in the trading portfolio.

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

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

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

Particulars	Minor	Moderate	Major
Shock applied by the bank	1%	2%	3%
Interest rate	-0.83	-1.67	-2.50
CRAR after interest rate shock	13.31%	12.47%	11.64%
Shock applied by the bank	5%	10%	15%

Particulars	Minor	Moderate	Major
Currency Appreciation	-0.08	-0.15	-0.23
CRAR after exchange rate shock	14.06%	13.99%	13.91%
Shock applied by the bank	10%	20%	40%
Equity shock	-0.28	-0.57	-1.14
CRAR after equity shock	13.86%	13.57%	13.00%

Operational Risk Management:

Operational Risk is the potential loss arising from breakdown in Bank's Systems & procedures and corporate governance practices that results in human error, fraud, failure, damage of reputation, delay to perform or compromise of the Bank's interest by employees.

Operational Risks result from inadequate or failed internal process, people and system or from external events. Within the Bank, Operational Risk may arise from negligence and dishonesty of the employees, lack of management supervision, inadequate operational control, lack of physical security, poor technology, lack of automation, non-compliance of regularity requirements, internal and external fraud etc.

OPERATIONAL RISK

OPERATIONAL STRATEGIC RISK	OPERATIONAL FAILURE RISK
The risk of choosing an inappropriate strategy in response to environmental factors, such as	The risk encountered in the pursuit of particular strategy due to
<ul style="list-style-type: none"> Political Government Regulation 	<ul style="list-style-type: none"> People Process Technology
<ul style="list-style-type: none"> Taxation Societal Competition, etc. 	

NRB Bank has taken following measures to mitigate Operational Risk:

- Establishing a strong operational risk management culture throughout the Bank.
- Strong operational teams with clear segregation of duties to ensure check and balance and regular reviews by senior management
- Ensure the implementation of all policies, processes and systems effectively at all decision making levels.
- Developing a clear, effective and robust governance structure with well defined, transparent and consistent lines of responsibility.
- To ensure a strong control environment that utilizes policies, processes and systems; appropriate internal controls; and standard risk mitigation and/or transfer strategies.

Capital Requirement for Operational Risk:

Details	Amount in Million
Total RWA for Operational risk	3,469.40
Total Capital requirement for Operational risk	346.94

Liquidity Risk Management:

Liquidity risk is the potential loss of a bank arising from either by its inability to meet its obligations as they are fall due or fund increases in assets without incurring unacceptable cost or losses. Liquidity risk is often triggered by the consequences of other financial risks such as credit risk, interest rate risk, foreign exchange risk etc.

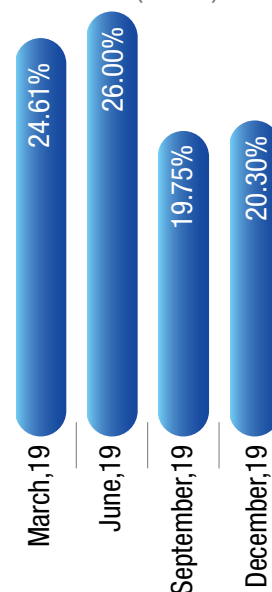
Intensity and sophistication of liquidity risk management processes depend on the nature, size and complexity of a banks activities. Sound liquidity and controlling liquidity risk is critical to the viability of the Bank. Our liquidity risk management procedures are comprehensive and holistic. Responsibility of managing and controlling liquidity of the bank lies with Asset Liability Committee (ALCO) and the Committee meets at least once in every month. Asset Liability Management (ALM) desk of the treasury function closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities and they are primarily responsible for management of liquidity in the bank.



Cause of Liquidity Risk:

Internal Banking Factors	External Banking Factors
High Off-Balance Sheet Exposures	Very sensitive financial market depositors
Highly rely on the short-term corporate deposits	External & internal economic shocks
A gap in the maturity dates of assets and liabilities	Low/slow economic performances
Rapid assets expansions exceed the available funds on the liability side	Decreasing depositor's trust on the banking sector
Concentration of deposits in the short term tenor	Non-economic factors
Less allocation in the liquid government instruments	Sudden & massive liquidity withdrawals from depositors
Fewer placements of funds in long-term deposits	Unplanned termination of government deposits

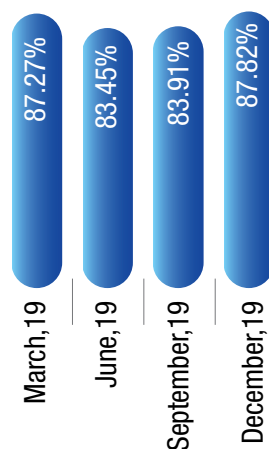
Maximum Cumulative Outflow (MCO)



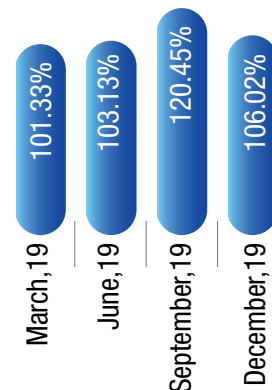
Deposit Mix

Current Deposit & other accounts **21.13%**
 Bills Payable **0.48%**
 Savings Deposits **7.93%**
 Fixed Deposits **62.24%**
 Short Term Deposit **3.20%**
 Scheme Deposit **5.02%**

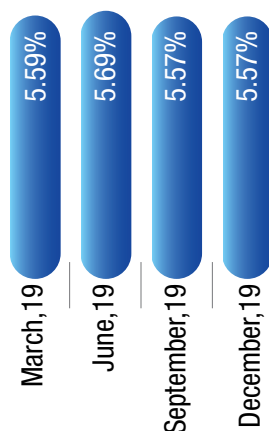
AD Ratio



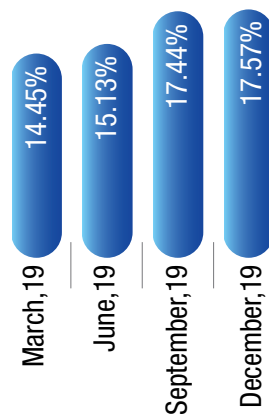
Liquidity Coverage Ratio (LCR)



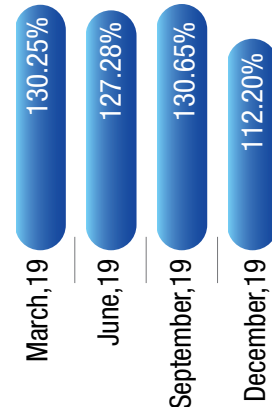
Cash Reserve Ratio (CRR)



Statutory Liquidity Ratio (SLR) Maintained



Net Stable Funding Ratio (NSFR)



Internal Control and Compliance Risk Management:

Internal control is the process, affected by a company's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations, and internal policies.

Internal controls are the policies and procedures established and implemented alone, or in concert with other policies or procedures, to manage and control a particular risk or business activity, or combination of risks or business activities, to which the company is exposed or in which it is engaged.

Internal Control and Compliance Department

Internal Audit | Compliance Unit | Monitoring Unit

Risk Recognition and Assessment:

- An effective internal control system continually recognizes and assesses all of the material risks that could adversely affect the achievement of the Bank's goals.
- Effective risk assessment must identify and consider both internal and external factors. Internal factors include complexity of the organization structure, the nature of the bank's activities, the quality of personnel, organization changes and also employee turnover. External factors include fluctuating economic conditions, changes in the industry, socio-political realities and technological advances.
- Risk assessment by Internal Control System differs from the business risk management process which typically focuses more on the review of business strategies developed to maximize the risk/ reward trade off within the different areas of the bank. The risk assessment by Internal Control focuses more on compliance with regulatory requirements, social, ethical and environmental risks those affect the banking industry.

- The overall effectiveness of the bank's internal controls is monitored on an ongoing basis. Monitoring of key risks is part of the daily activities of the bank as well as periodic evaluations by the business lines and internal audit team.
- There is an effective and comprehensive internal audit of the internal control system carried out by operationally independent, appropriately trained and competent staff specially designated by the Management. The significant deficiencies identified by the audit team reports to the Board on a periodic basis. Such report is forwarded to the Audit Committee of the Board for review.
- Internal control deficiencies, whether identified by internal audit or other control personnel is reported in a timely and prompt manner to the appropriate management level and addressed immediately. Material internal control deficiencies are reported to senior management and the board of directors.

In 2019 internal Audit under IC&C Division conducted following no. of Audits:

Summary	No. of Audit
No. of Comprehensive Audit on branches	28
No. of Comprehensive Audit at Head Office	20
No. of Spot Audits	02
No. of IT Audit Department	04
No. of IT Audit Branch	34
No. of Spot Inspection on Money Laundering	04
No. of Inspection on Agent Outlet	04

ICT Security Risk Management:

Information & Communication Technology (ICT) risks are an increasingly important part of our corporate risk management. It includes such as network failure, System failure, software failure, lack of Information security awareness, cyber-attacks, and virus outburst etc. which places our daily operation at vulnerable. Managing ICT risk is to provide continuous assurance on information system security specifically on confidentiality, integrity and availability of information by ensuring appropriate security controls. ICT risk of the Bank is being addressed by initiating appropriate measures within the Approved ICT policies, procedures, guidelines and standards as well as defining roles and responsibilities of all relevant officials, dedicated ICT audit professionals to conduct audit at Branches and Divisions of Head Office. IT Security professionals perform IS Risk Assessment and Vulnerability assessment to identify the risk related to technology environment as well as give recommendation to mitigate those risk.

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

- a) Adopt a lifecycle approach;
- b) Evaluate and analyze the risks;
- c) Identify informational assets and their values;
- d) Identify threats and vulnerabilities to information security;
- e) Plan the means and methods to minimize information risks;
- f) Establish multi-layered boundary defenses with help of R&D team to deploy a security wall between the untrusted external network and the trusted internal network;
- g) Plan for a proper disaster management related to IT services;
- h) Establish an IT governance framework inside the bank;
- i) Control measures implantation;
- j) IT risks monitoring and control;



- k) Build a risk- aware culture and develop skills of manpower ;
- l) Managing IT risk using the effective, efficient and right tools;

Money Laundering Risk Management:

Money Laundering Risk can be defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. The bank has a designated chief compliance officer at Head Office and Compliance Officers at branches who independently review the transactions of the accounts to verify suspicious transactions.

The convergence of several remarkable changes in the world markets propelled Money Laundering to become a worldwide problem. NRB Bank Ltd. considers Money Laundering and Terrorist Financing Risk not only a compliance requirement of the regulatory bodies but also as one of its core business values. The Board of Directors and the Management are firmly committed to combat Money Laundering activities.

In 2019 Internal Awareness Program to mitigate Money Laundering Risk:

Money Laundering Awareness Program	Number
Board of Directors	1
Senior Management	1
Other Officials	4

Environmental & Social Risk Management:

NRB Bank Limited recognizes that its financing decisions have potential impact on human health and environment. Under this purview, NRB Bank Limited has developed Environmental & Social Risk Management policy statement and procedure manual in 2019 which was fully implemented and effective according to Bangladesh Bank guideline. The Environmental and Social (E&S) Risk Management Policy Statement represents the Banks commitment towards being E&S compliant in its activities and financing and the E&S Risk Management Procedure Manual is a detailed document on the process flow, roles and responsibilities and

operational procedure of E&S Risk Management for the Bank.

NRBBL always committed to promote sustainable growth in the economy. During the year 2019, NRBBL strictly followed the ESRM guideline and we facilitate the environment friendly business project or green finance.

Outstanding in this Project is as below as on December, 2019:

(BDT Million)	
Green Projects/Products	Loan Outstanding
Biological ETP	106.36
Green Bricks Plant	164.92
Green Estab.	317.71
Leed Certified Green Estab.	44.62
Pet Bottle Recycling Plant	770.31
Recyclable Poly Baggage	28.67
Used lead acid battery recycling plant	1,044.25
Grand Total	2,476.84

From the perspective of the financial sector, the role of Environmental and Social (E&S) Risk Management is aimed at reducing the Probability of Default (PD) for banks and Financial Institutions (FIs) in their credit/investment stemmed from environmental and social risk factors as well as ingraining the sustainability in the core business model of them. As per Bangladesh bank Circular No: 02 dated: February 08, 2017 Guideline on "Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh", New standards and codes of conduct have been developed towards Environment and Social Risk Management (ESRM) within the bank to promote corporate accountability and transparency on the impacts of businesses on environment and society. They are as follows:

1. Introduction of Exclusion List to screening every loan proposal of agriculture, retail, trade, microfinance, SME, corporate finance and project finance to determine the applicability of Environmental and Social Due Diligence (ESDD).
2. Sectors in SME are specified so that Environmental and Social Risk is no way ignored.
3. As per Bangladesh Bank SFD Circular No: 04 dated: September 06, 2017 NRB Bank has prepared itself to finance a significant portion of its portfolio in 52 products which are solely targeted to improve the environment.
4. Bank is committed to avoid financing to those borrowers who are High-Risk-rated.

Internal Capital Adequacy Assessment Process:

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

- ◆ Board and senior management oversight,

- ◆ Sound capital assessment,
- ◆ Comprehensive assessment of risks,
- ◆ Monitoring and reporting and
- ◆ Internal control review.

Besides the Credit Risk, Market Risk and Operational Risk under Pillar-I bank has to assess additional capital under Pillar-II Supervisory Review Process for the following risk areas:

SL. No.	Risk	Details
1	Residual Risk	<ul style="list-style-type: none"> ◆ Error in documentation ◆ Error in valuation of collateral
2	Concentration Risk	<ul style="list-style-type: none"> ◆ Credit Concentration Risk ◆ Market Concentration Risk
3	Liquidity Risk	<ul style="list-style-type: none"> ◆ Cash Reserve Requirement (CRR): ◆ Statutory Liquidity Ratio (SLR), ◆ Medium Term Funding Ratio (MTFR), ◆ Maximum Cumulative Outflow (MCO), ◆ Advance Deposit Ratio (ADR) ◆ Liquidity Coverage Ratio (LCR), ◆ Net Stable Funding Ratio (NSFR).
4	Reputation Risk	<ul style="list-style-type: none"> ◆ Credit Rating conducted by ECAs ◆ Internal Fraud ◆ External Fraud ◆ Non-Payment or Delayed payment of accepted bills
5	Strategic Risk	<ul style="list-style-type: none"> ◆ CAMELS rating ◆ Operating expenses ◆ Classified loans ratio ◆ Recovery of classified loan ◆ Written-off loans ◆ Interest waiver ◆ Cost of fund
6	Settlement Risk	<ul style="list-style-type: none"> ◆ Issues of foreign trade settlement ◆ All types of receivables that have not been realized or have been realized lately
7	Evaluation of Core Risk Management	<ul style="list-style-type: none"> ◆ Ratings of Core Risks implementation
8	Environmental & Climate change Risk	<ul style="list-style-type: none"> ◆ Damage of assets due to adverse change of environment
9	Other Material Risk	<ul style="list-style-type: none"> ◆ Other risks that may jeopardize bank's assets or income

Stress Testing:

A stress test, in financial terminology, is an analysis or simulation designed to test the ability of a given financial institution to deal during forecasted economic crisis. Instead of doing financial projection on a "best estimate" basis, a bank or its regulators do stress testing where it looks at how robust institutions is in certain crashes, a kind of "What-If" scenario analysis.

Stress testing presents the effects of several assumptions applied to measure the capital base level in stressed scenarios. NRBBL carries out stress testing on a regular basis in order to judge the sensitivity and stability of its capital base. Following issues are considered for minor, moderate and major level shock while conducting stress testing:

- ◆ Increase in NPLs in two particular sectors
- ◆ Negative shift in NPL categories
- ◆ Increase in NPLs due to default of a large borrower
- ◆ Increase in NPLs
- ◆ Equity price fluctuation
- ◆ Foreign exchange rate fluctuation
- ◆ Decrease in FSV in collateral
- ◆ Changes in interest rates



Combined Stress Testing Result of NRB Bank as on 31st December, 2019:

Combined Shock	Minor Shock		Moderate Shock		Major Shock	
	Changes in CRAR	CRAR after Shock (%)	Changes in CRAR	CRAR after Shock (%)	Changes in CRAR	CRAR after Shock (%)
	-3.20	10.94	-9.29	4.85	-16.04	-1.90

Risk Appetite Management:

Risk appetite is the level and type of risk which is able and willing by a bank assume in its exposures and business activities, given its business objectives and obligation to stake holders. Risk appetite is generally expressed through both quantitative and qualitative means and shoulder extreme condition, events and outcomes. It should be stated in terms of the potential impact on profitability, capital and liquidity.

NRB Bank in its 87th Board Meeting held on 24th November, 2019 updated its Risk Appetite considering its present business trend and future absorbing capacity. All Risk appetite statement is finalized by RMD together with the review of respective Division/Department and Business Units.

Being a 4th generation Bank, NRB Bank Limited has already contributed to our economy and its people according to its goal. The Bank has set its risk management policies, risk appetite statement and introduced effective risk assessment procedures, monitoring and oversight in a very methodical and conscious manner in order to control the internal and external risks at an optimum level. Also, developed a sound risk management system according to Bangladesh Bank guidance to identify, measure, evaluate, monitor, report and control or mitigate all material risks in time and to assess the adequacy of its capital and liquidity in relation to its risk profile and market and macroeconomic conditions.



Chief Risk Officer (Acting)

DISCLOSURES ON RISK BASED CAPITAL (Basel III)

These disclosures on the position of the bank's risk profiles, capital adequacy and risk management system under Pillar-III of Basel-III are made following Bangladesh Bank guideline "Risk Based Capital Adequacy" Revised Regulatory Capital Framework for banks in line with Basel III published on 21st December, 2014. These quantitative and qualitative disclosures are intended to complement the Minimum Capital Requirement (MCR) under Pillar-I and Supervisory Review Process (SRP) under Pillar-II of Basel-III.

The purpose of these disclosures is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of the bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets.

Implementation of Basel III:

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

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

- ◆ Pillar 1 covers the calculation of risk weighted assets and minimum capital requirement for credit risk, market risk and operational risk
- ◆ Pillar 2 (Supervisory Review Process) intends to ensure that the Banks have adequate capital to address all the risks in their business
- ◆ Pillar 3 speaks of ensuring market discipline by disclosing adequate information to the stakeholders

Limits (Minima and Maxima) under Basel III:

SL	Particulars	2019 Required	NRB Bank Ltd. (December, 2019)
1	Common Equity Tier 1	4.5%	12.08%
2	Minimum T-1 Capital Ratio	6%	12.08%
3	Minimum Capital to Risk Weighted Asset Ratio	10%	13.32%
4	Tier 2 Capital to Risk Weighted Asset Ratio	Maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher	1.24%
5	Minimum Total Capital plus Capital Conservation Buffer	12.50%	13.32%
6	Leverage Ratio	≥ 3%	7.70%
7	Liquidity Coverage Ratio	≥ 100%	106.02%
8	Net Stable Funding Ratio	> 100%	112.20%



Components of Disclosure:

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

1. Scope of Application
2. Capital Structure
3. Capital Adequacy
4. Credit Risk
5. Equities: Disclosures for Banking Book Positions
6. Interest Rate Risk in the Banking Book
7. Market Risk
8. Operational Risk
9. Leverage Ratio
10. Liquidity Ratio
11. Remuneration

a) Scope of application:

Qualitative Disclosures

a) The name of the top corporate entity in the group to which this guidelines applies	NRB Bank Limited
b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (i) that are fully consolidated; (ii) that are given a deduction treatment; and (iii) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	NRB Bank Limited NRB Bank Limited was formally inaugurated on 4 th August, 2013 as a Public Limited Company (Banking Company) under the Companies Act 1994 for carrying out all kinds of banking activities. Presently the Bank is operating its business through Corporate Head Office having following no. of branches, agent banking and other facilities all over Bangladesh- No. of Branches: 46 No. of Agent banking: 304 No. of ATM booths: 46 No. of DESCO Bill Collection Booths: 07
c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not applicable

Quantitative Disclosures

d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.	Not applicable
--	----------------

b) Capital Structure:

Qualitative Disclosures

a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or Tier 2.

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

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

Tier-2 Capital consists of (i) General Provision (ii) Revaluation Reserves as on 31st December, 2014 (50% of Fixed Assets instruments) subject to regulatory adjustment/deduction i.e. 100% for 2019.

Compliance with Regulatory Requirements by NRB Bank:

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

Particulars	Status of compliance
The bank has to maintain at least 4.50% of total Risk Weighted Assets (RWA) as Common Equity Tier 1 capital.	Complied
Tier 1 capital will be at least 6.00% of the total RWA.	Complied
Minimum capital to Risk Weighted Asset Ratio (CRAR) will be 12.50% of the total RWA.	Complied
Maximum limit of Tier-2 capital: Tier 2 capital can be maximum up to 4% of the total RWA or 88.89% of CET-1, whichever is higher.	Complied

Quantitative Disclosures

b) The amount of Regulatory capital of NRB Bank Limited under Basel-III for 31st December, 2019 as below:

1. Common Equity Tier-1 (Going Concern Capital)	Solo
	Amount in Million
Fully Paid-up Capital/Capital Deposited with BB	4,665.60
Statutory Reserve	470.69
Retained Earnings	(10.30)
Less: Regulatory Adjustment for Tier-1 Capital	413.67
Total Common Equity Tier-1 Capital	4712.32
2. Tier-2 Capital (Gone-Concern Capital)	
General Provision	484.33
Revaluation Reserves for Securities up to 50%	12.33
Less: Revaluation Reserves for Fixed Assets, Securities & Equity Securities (follow Phase-in deductions as per Basel III) Guideline	12.33
Total Admissible Tier-2 Capital	484.33
Total Regulatory Capital	5196.64



c) Capital Adequacy:

Qualitative Disclosures

- a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.
- Assessing regulatory capital in relation to overall risk exposures of a bank is an integrated and comprehensive process. The Bank focuses on strengthening risk management and control environment rather than increasing capital to cover up weak risk management and control practices. NRBBL has been generating most of its incremental capital from retained profit. Besides meeting regulatory capital requirement, the Bank maintains adequate capital to absorb material risks foreseen. Therefore, the Bank's Capital to Risk Weighted Assets Ratio (CRAR) remained consistently within the comfort zone during 2019. The surplus capital maintained by NRBBL will act as buffer to absorb all material risks and to support the future activities. To ensure the adequacy of capital to support the future activities, the bank assesses capital requirements periodically considering future business growth.
- The Bank has computed the Capital Adequacy Ratio adopting the following approaches:
- Standardized Approach for Credit Risk to Compute Capital to Risk Weighted Ratio under Basel III, using Bangladesh Bank's prescription for:
 - ◆ Accepting the credit rating agencies as External Credit Assessment Institutions (ECAI) for claims on corporate and eligible SME customers.
 - ◆ Accepting Credit Risk Mitigation (CRM) against the financial securities.
 - Standardized (rule based) Approach for Market Risk and
 - Basic Indicator Approach for Operational Risk.
- ◆ The Bank has a Board approved policy on Internal Capital Adequacy Assessment Process (ICAAP) as stipulated by Bangladesh Bank. The ICAAP also details the Risk Appetite of the Bank, assessment of material risks, the process for capital adequacy assessment to support business projections, adequacy of risk control framework, capital raising plans and Bank-wide stress testing.
 - ◆ The periodic assessment of bank's performance against the Risk Appetite defined under ICAAP and results of stress testing are reported to the Board of Directors for their review.

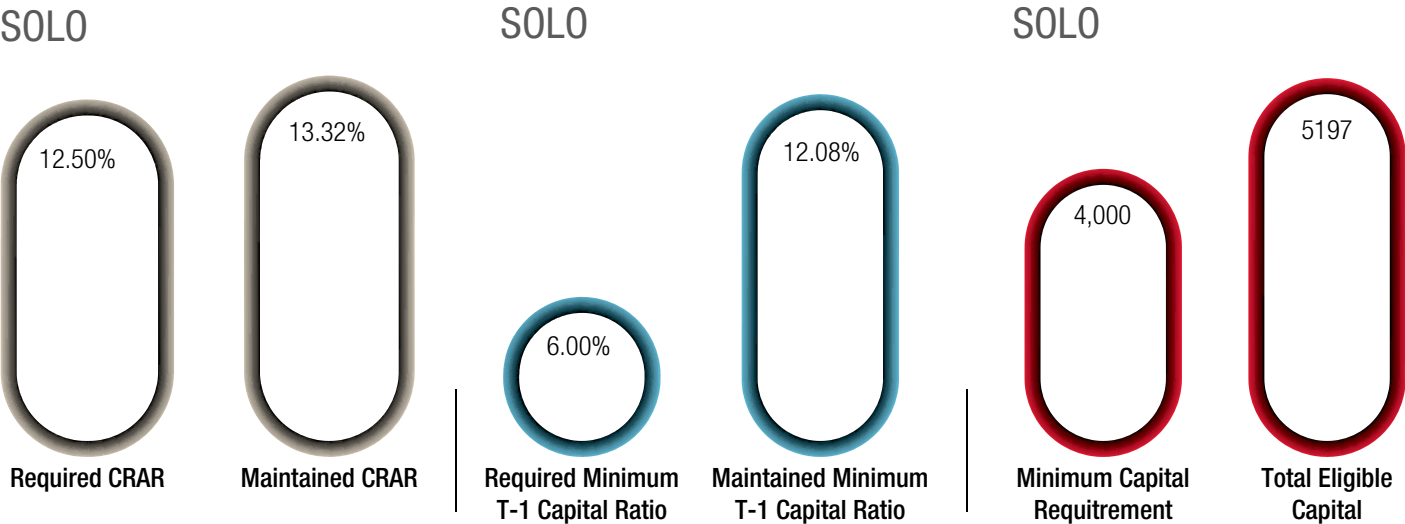
CRAR has been computed based on the Basel III guidelines and it is well above the regulatory minimum level of 12.50%.

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

Quantitative Disclosures

Capital requirement under following Risk:	Amount in Million
b) Capital requirement for Credit Risk	3356.48
c) Capital requirement for Market Risk	197.87
d) Capital requirement for Operational Risk	346.94
Total Capital Requirement (b+c+d)	
Minimum Capital Requirement (MCR) Capital Adequacy Ratio (CRAR):	

1. Common Equity Tier 1 (CET 1) Ratio	12.08%
2. Tier 1 Capital Adequacy Ratio	12.08%
3. Tier-2 Capital Adequacy Ratio	1.24%
Capital to Risk-weighted Asset Ratio (CRAR)	13.32%
Capital Conservation Buffer (2.50%)	129.91
Minimum Capital Requirement (MCR)	4000.00



d) Credit Risk:

Qualitative Disclosures	a) The general qualitative disclosure requirement with respect to credit risk:
i) Definitions of past due and impaired	<p>As per relevant Bangladesh Bank guidelines, the bank defines the past due and impaired loans and advances for strengthening the credit discipline and mitigating the credit risk of the Bank. The impaired loans and advances are defined on the basis of (i) Objective/ Quantitative Criteria and (ii) Qualitative judgment.</p> <p>For this purpose, all loans and advances are grouped into four (4) categories, namely-</p> <p>(a) Continuous Loan (b) Demand Loan (c) Fixed Term Loan and (d) Short-term Agricultural & Micro Credit.</p> <p>Definition of past due/overdue:</p> <p>i. Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/ overdue from the following day of the expiry date;</p> <p>ii. Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date;</p> <p>iii. In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue from the following day of the expiry date.</p> <p>iv. The Short-term Agricultural and Micro-Credit if not repaid within the fixed expiry date for repayment will be considered past due/overdue after six months of the expiry date. However, a continuous loan, demand loan or a term loan which will remain overdue for a period of 02 (two) months or more, will be put into the "Special Mention Account (SMA)", the prior status of becoming the loan into impaired/classified/ nonperforming.</p>

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

Substandard Loan:

A Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 03 (three) months or beyond but less than 09 (nine) months, the entire loan will be put into the "Sub-standard (SS)".

Doubtful Loan:

A Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 09 (nine) months or beyond but less than 12 (twelve) months, the entire loan will be put into the "Doubtful (DF)".

Bad/Loss Loan:

A Continuous loan, Demand loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 12 (twelve) months or beyond, the entire loan will be put into the "Bad/Loss (B/L)".

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

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

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

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

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

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

ii) Description of approaches followed for specific and general allowances and statistical methods	Loan Type	Rates of Provision				
		Un- Classified		Classified		
		Standard	SMA	SS	DF	BL
	House Building and loans for Professionals	2%	2%	20%	50%	100%
	Other than house building and professionals	5%	5%	20%	50%	100%
	Loans to BHs/MBs against share	2%	2%	20%	50%	100%
	Small & Medium Enterprise	0.25%	0.25%	20%	50%	100%
	Short term Agri /Micro Credit	2.5%	-	5%	5%	100%
	All Others	1%	1%	20%	50%	100%
	Off Balance Sheet	1%	-	-	-	-

iii) Discussion of the Bank's Credit risk management policy.	<p>The Bank has put in place a well-structured Credit Risk Management Policy duly approved by the Bank's Board of Directors. The Policy document defines organization structure, role & responsibilities and, the processes whereby the Credit Risks carried out by the Bank can be identified, quantified & managed within the framework that the Bank considers consistent with its mandate and risk tolerance.</p> <p>Credit Risk is monitored on a bank-wide basis and compliance with the risk limits approved by Board/Risk Management Committee of Board.</p> <p>NRB Bank has taken earnest steps to put in place best credit risk management practices in the bank. Besides, the bank has framed a policy on Valuation Methodology with the approval by the Board. According to methodology, such securities normally accepted by the Bank to protect the interest. These securities act as mitigation against the credit risk to which the bank is exposed.</p>
--	--

Quantitative Disclosures:

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

(Amount in Million)

Major Types	Continuous Loan	Demand Loan	Fixed Term Loan	Short Term Agri. Credit & Micro Credit	Staff Loan	Total
Small & Medium Enterprise Financing	2,249.59	5,969.38	4,875.55	-	-	13,094.52
Consumer Financing	1,690.26	-	1,431.28	-	-	3,121.54
Loans to BHs/MBs/Sds against Share	-	-	-	-	-	-
Housing Finance	-	-	679.57	-	-	679.57
Loan for Professionals to setup business (LP)	-	-	-	-	-	-
Others	-	-	-	366.19	-	366.19
Short Term Agri. Credit	5,016.24	11,146.51	5,151.96	-	-	21,314.72
Staff Loan	-	-	-	-	355.78	355.78
Total exposure	8,956.09	17,115.90	12,138.36	366.19	355.78	38,932.32

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

(Amount in Million)

Geographical Distribution	Amount	Grand Exposure
Urban		
Dhaka	25,171.73	
Chittagong	6,375.82	
Sylhet	1,157.44	
Rajshahi	906.69	36396.33
Barishal	-	
Khulna	1,651.95	
Rangpur	13.39	
Mymensingh	1,119.31	



Geographical Distribution	Amount	Grand Exposure
Rural		
Dhaka	2,149.57	
Chittagong	287.34	
Sylhet	99.07	
Rajshahi		2535.98
Barishal		
Khulna		
Rangpur		
Mymensingh		
Total		38932.32

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

(Amount in Million)

Industry Type	Amount
Agriculture	366.19
Food & allied industries	1,425.98
Tobacco	-
Readymade garments	1,728.60
Textiles	2,884.57
Ship breaking & ship building	811.69
Basic metal & steel engineering	1,209.61
Non-metallic mineral products	386.29
Pharmaceuticals industry	410.39
Chemical & chemical products	52.06
Rubber & plastic industries	930.94
Leather & leather products	501.00
Wood, furniture & fixtures	247.67
Paper & paper products	183.75
Electronic goods & machineries	1,863.26
Power & gas	869.98
Other manufacturing industries	2,422.41
Construction & commercial real estate	5,971.35
Transport & communication	94.57
IT & telecommunication	957.32
Medical services	15.08
Hotel & restaurant services	3.97
Printing & publishing industries	74.98
Other service industries	1,149.06
NBFIs	530.83

Industry Type	Amount
Trade & commerce	6,455.14
Consumer credit	3,612.78
Credit card	1,690.26
Staff loan	355.78
Others	1,726.81
Total	38,932.32

e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure of NRBBL
(Amount in Million)

Time band	Continuous Loan	Demand Loan	Term Loan	Agricultural Credit	Staff Loan	Total
Up to 1 month	2,335.50	4,369.82	97.12	0.31	-	6,802.75
1 to 3 months	1,440.83	3,756.58	29.45	-	0.05	5,226.91
3 to 6 months	1,422.65	5,603.86	122.30	224.20	-	7,373.00
6 to 12 months	2,156.11	1,854.42	294.46	141.69	1.02	4,447.70
1 to 2 years	73.80	688.87	1,443.69	-	7.55	2,213.91
2 to 3 years	435.30	550.60	2,597.74	-	10.29	3,593.94
3 to 4 years	600.36	-	2,021.61	-	43.56	2,665.52
4 to 5 years	491.54	-	2,670.33	-	34.50	3,196.37
5 to 7 years	-	291.74	1,896.86	-	82.82	2,271.41
7 to 10 years	-	-	539.83	-	74.14	613.97
Over 10 years	-	-	424.97	-	101.86	526.83
Total	8,956.09	17,115.90	12,138.36	366.19	355.78	38,932.32

f) By major industry or counterparty type of NRBBL:

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

(Amount in Million)

Industry	Impaired	Past due
Small & Medium Enterprise Financing	862.74	854.79
Consumer Financing	154.83	59.35
Housing Finance	5.00	0.47
Loans for Professionals to setup business	-	-
Loans to BHs/MBs/SDs against Shares etc.	-	-
Other Corporate Credit	588.46	1,666.41
Short Term Agri Credit & Micro Credit	-	0.31
Staff Loan	-	-
Total	1611.03	2,581.33

◆ Specific and general provision (Required)



(Amount in Million)

Sector	General Provision	Specific Provision
Small & Medium Enterprise Financing	30.62	552.15
Consumer Financing	99.76	91.14
Housing Finance	6.75	0.15
Loans for Professionals to setup business	-	-
Loans to BHs/MBs/SDs against Shares etc.	-	-
Other Corporate Credit	207.26	343.93
Short Term Agri Credit & Micro Credit	3.66	-
Against Off-Balance Sheet	136.27	-
Grand Total	484.33	987.37

◆ Charges for specific allowances and charge-offs during the period.

Against Classified Loans & Advances	Amount in Million
Provision held on 1 January , 2019	295.44
(-) Fully provided debts written off	0.00
(-)Recoveries from previously written off debts	0.00
(+)Provisions made during the year	814.08
Provision held at end of year	1109.51

Against Unclassified Loans & Advances	Amount in Million
Provision held on 1 January, 2019	272.96
Add: Provisions made during the year:	-
On General Loans and Advances	82.50
On Special Mention Account (SMA)	(7.41)
Provision held at end of year	348.05

General Provision for Off Balance Sheet Exposures	Amount in Million
Provision held on 1 January , 2019	107.67
Provisions made during the year	28.60
Provision held at end of year	136.27

g) Gross Non-Performing Assets (NPAs) of NRBBL:

(Amount in Million)

Gross Non-Performing Assets (NPAs)	
Non-Performing Assets (NPAs) to outstanding loans & advances	
Movement of Non-Performing Assets for NPAs	
Opening balance	1,205.78
Additions	888.63
Reductions	483.38

Closing Balance	1611.03
Movements of specific provisions for NPAs	
Opening balance	297.71
Provision made during the period	811.80
Write-off	
Write back of excess provisions	
Closing Balance	1109.51

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

Qualitative Disclosures:	The general qualitative disclosure requirement with respect to equity risk, including:	
Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and	Investment of NRB Bank in equities is divided into two categories: quoted equities (which are traded in the secondary market) and unquoted equities (which are not traded in the secondary market such as Subordinated Bond, Commercial Paper etc). Since the intent of holding unquoted equities is not trading, the same are considered as banking book equity exposure.	
Discussion of important policies covering the valuation and accounting of equity holdings in the banking book, This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices	Important policies covering equities valuation and accounting of equity holdings in the Banking Book are based on the use of the cost price method for valuation of equities. The primary aim is to invest in these equity securities for the purpose of capital gain by selling them in the future or held for dividend income. Dividends received from these equity securities are accounted for as and when received. Both Quoted and Un-Quoted equity securities are valued at cost and necessary provisions are maintained if the prices fall below the cost price. As per to Bangladesh Bank guidelines, the HFT equity securities are revalued once in each week using marking to market concept and HTM equity securities are amortized once a year according to Bangladesh Bank guideline. The HTM equity securities are also revalued if any, are reclassified to HFT category with the approval of the Board of Directors. Preference is given to purchase of shares of strong companies at face value through placement/ IPO.	
Quantitative Disclosure		
Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	Value of Investments in Balance Sheet	Amount in Million
	Shares in Listed Companies (Valuation at average cost price)	800.40
	Fair Market Value of shares in Listed Securities	579.81
♦ The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.		90.66
* Total unrealized gains (losses)		(220.59)
* Total latent revaluation gains (losses)		0
* Any amounts of the above included in Tier – 2 capital.		0



- ◆ Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

The capital requirements for equity investments as of 31st December 2019 was as under:
(Amount in Million)

Particulars	Amount (MV)	Weight	Capital Charge
Specific Risk	590.38	10%	59.04
General Market Risk	590.38	10%	59.04
Total	1,180.76		118.08

f) Interest rate risk in the banking book (IRRBB):

Qualitative Disclosures:

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

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

The Bank follows following viewpoints to manage the IRR:

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

Risk measurement and reporting framework:

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

Quantitative Disclosures:

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

(Amount in Million)

Interest Rate Risk in the banking book	Residual maturity bucket			
	3 months	6 months	1 year	Above 1 year
Interest Sensitive Assets (A)	13,534.66	7,332.89	4,381.31	14,847.37
Interest Sensitive Liabilities (B)	17,313.18	7,632.13	8,443.18	9,813.06
GAP (A-B)	(3,778.52)	(299.23)	(4,061.87)	5,034.31
Cumulative GAP	(3,778.52)	(4,077.75)	(8,139.62)	(3,105.32)

CRAR after Shock:

(Amount in Million)

Magnitude of Shock	Minor 1%	Moderate 2%	Major 3%
Regulatory Capital (After shock)	5306.40	5024.60	4742.90
RWA (After shock)	39254.00	39254.00	39254.00
CRAR (After shock)	13.52%	12.80%	12.08%
Total Assets	54592.10	54592.10	54592.10
Duration Gap in years	0.57	0.57	0.57
Changes in Market value of Equity due to an increase in interest Rate, Δ MVE	281.73	563.46	845.20

g) Market Risk:

Qualitative Disclosures:

Views of BOD on trading/ investment activities	<p>The Board approves all policies related to market risk, set limits and reviews compliance on a regular basis. The objective is to provide cost effective funding to finance assets growth and trade related transactions.</p> <p>The market risk covers the followings risks of the Bank's balance sheet:</p> <ul style="list-style-type: none"> i) Interest rate risk; ii) Equity price risk; iii) Foreign exchange risk; and iv) Commodity price risk.
Methods used to measure Market risk	<p>Standardized approach has been used to quantify the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. The methodology to calculate capital requirement under Standardized Approach for each of these market risk categories is as follows:</p> <ul style="list-style-type: none"> a) Capital charges for interest rate risk= Capital Charge for General Market Risk b) Capital charges for Equity Position Risk= Capital Charge for Specific Risk + Capital Charge for General Market Risk c) Capital charges for Foreign Exchange Risk= Capital Charge for General Market Risk d) Capital charges for Commodity Position Risk= Capital Charge for General Market Risk
Market Risk Management System	<p>To manage the interest rate risk, ALCO regularly monitors various ratios and parameters. Of the ratios, the key ratios that ALCO regularly monitors are Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), and Maximum Cumulative Outflow (MCO), Liquid asset to total assets, Volatile liability dependency ratio and Short term borrowing to Liquid assets ratio. ALCO also regularly monitors the interest rate sensitive gap and duration gap of total portfolio.</p> <p>To manage foreign exchange risk of the bank, the bank has adopted the limit set by Bangladesh Bank to monitor foreign exchange open positions. Foreign exchange risk is computed on the sum of net short positions or net long positions, whichever is higher.</p> <p>The Risk Management Division also reviews the market risk parameters on monthly basis and recommends on portfolio ratios for containing the RWA.</p>



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

Quantitative Disclosures:

The Capital requirements for specified risk are as follows: (Amount in Million)

SL	Market Risk	Capital Requirement
A	Interest Rate Related instruments	9.23
B	Equities	118.08
C	Foreign Exchange Position	70.56
D	Commodities	0
	Total	197.87

h) Operational Risk:

Qualitative Disclosures:

i) Views of BoD on system to reduce Operational Risk	<p>Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. It includes legal risk but excludes strategic and reputation risk. Operational risk is inherent in the Bank's business activities in day to day operations.</p> <p>As a part of continuous surveillance, the Senior Management Team (SMT), Risk Management Division, Internal Control and Compliance Division regularly reviews different aspects of operational risk. The analytical assessment was reported to the Board/ Risk Management Committee/Audit Committee of the Bank for review and formulating appropriate policies, tools & techniques for mitigating operational risk.</p>
ii) Performance gap of executives and staffs	The bank believes that training and knowledge sharing is the best way to reduce knowledge gap. Therefore, it arranges trainings on a regular basis for its employees to develop their expertise. The bank offers competitive pay package to its employees based on performance and merit. It always tries to develop a culture where all employees can apply his/her talent and knowledge to work for the organization with high ethical standards in order to add more value to the company and for the economy.
iii) Potential external events	No potential external event is expected to expose the Bank to significant operational risk. The Bank has a separate Operational Risk Policies at different operational units addressing specific issues involving Operational Risk.

iv) Policies and Processes for mitigating operational risk:

Internal control mechanism is in place to control and minimize the operational risks. If any controls are found to be ineffective during the course of Risk & Control Self-Assessment, corrective measures are adopted in due course. A monitoring system is also in place for tracking the corrective actions plan periodically. The various Board approved policies viz., Risk Management Policy, Internal Control & Compliance Policy, Policy on ML & FT; ICT Security Policy addresses issues pertaining to Operational Risk Management.

In 2019 IC&C Division conducted following No. of audit:

No. of Comprehensive Audit on branches	28
No. of Comprehensive Audit at Head Office	20
No. of Spot Audits	02
No. of IT Audit Department	04
No. of IT Audit Branch	34
No. of Spot Inspection on Money Laundering	04
No. of Inspection on Agent Outlet	04

v) Approach for calculating capital charge for operational risk

The Bank follows the Basic Indicator Approach (BIA) in terms of BRPD Circular No. 18 dated 21 December 2014 Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III). The BIA stipulates the capital charge for operational risk is a fixed percentage, denoted by α (alpha) of average positive annual gross income of the Bank over the past three years. It also states that if the annual gross income for any year is negative or zero, that should be excluded from both the numerator and denominator when calculating the average gross income. The capital charge for operational risk is enumerated by applying the following formula:

$$K = [(GI_1 + GI_2 + GI_3) \alpha] / n$$

Quantitative Disclosures:

b) The capital requirements for operational risk

(Amount in Million)

Particulars	RWA	Capital Requirement
Minimum Capital Requirement: Operation Risk	3469.40	346.94

i) Liquidity Ratio:

Qualitative Disclosures:

i) Views of BoD on system to reduce liquidity Risk

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

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



ii) Methods used to measure Liquidity risk	<p>Liquidity measurement involves assessing all of a bank's cash inflows against its outflows to identify the potential for any net shortfalls including funding requirements for off balance sheet commitments.</p> <p>An important aspect of measuring liquidity is making assumptions about future funding needs, both in the very short-term and for longer time periods. Another important factor is the critical role a bank's reputation plays in its ability to access funds readily and at reasonable terms. Several key liquidity risk indicators monitored on a regular basis to ensure healthy liquidity position are as follows:</p> <p>Regulatory Liquidity Indicators (RLIs):</p> <ul style="list-style-type: none"> Cash Reserve Requirement (CRR) Statutory Liquidity Ratio (SLR) Medium Term Funding Ratio (MTFR) Maximum Cumulative Outflow (MCO) Advance Deposit Ratio (AD Ratio) Liquidity Coverage Ratio (LCR) Net Stable Funding Ratio (NSFR) <p>Bank's own liquidity monitoring tools:</p> <ul style="list-style-type: none"> Wholesale Borrowing and Funding Guidelines Liquidity Contingency Plan Management Action Triggers (MAT) Liquid Asset to Total Deposit Ratio Liquid Asset to Short Term Liabilities, etc. <p>Computation of Capital Charge against Liquidity Risk: If annual average of any RLIs of any bank falls below Bangladesh Bank's requirement the bank will be required to maintain additional capital for that RLI (or those RLIs) in SRP.</p>
iii) Liquidity Risk Management System	<p>The Asset Liability Management Committee (ALCO) of the Bank monitors & manages liquidity and interest rate risk in line with the business strategy. ALM activity including liquidity analysis & management is conducted through coordination between various ALCO support groups residing in the functional areas of balance sheet management, Treasury Front Office, Treasury Mid-Office, Finance & Accounts etc.</p>
iv) Policies and Processes for mitigating Liquidity risk	<p>An effective liquidity risk management process will include systems to identify measure, monitor and control its liquidity exposures.</p> <p>Bank has Asset Liability Management Committee (ALCO) to monitor the liquidity risk on a regular basis. Based on the detail recommendation from ALM desk, ALCO take appropriate action to manage the liquidity risk. Also Bank has internal risk control framework which outlines clear and consistent policies and principles for liquidity risk management.</p>

Quantitative Disclosures:		Amount in Million
Liquidity Coverage Ratio	106.02%	
Net Stable Funding Ratio (NSFR)	112.20%	
Stock of High quality liquid assets	9,874.16	
Total net cash outflows over the next 30 calendar days	9,313.24	
Available amount of stable funding	44,731.48	

j) **Leverage Ratio:**

Qualitative Disclosures:

i) Views of BoD on system to reduce excessive leverage

Banks are highly leveraged organizations which facilitate leverage for others. Leverage, in simple terms, it is the extent to which a bank funds its assets with borrowings rather than capital. More debt relative to capital means a higher level of leverage.

Banks have a range of financial incentives to operate with high leverage. But it creates risk when it crosses a certain point. Therefore, the Board views that sound prudential controls are needed to ensure that the organization maintains a balance between its debt and equity. The Board also believes that the bank should maintain its leverage ratio on and above the regulatory requirements which will eventually increase the public confidence on the organization.

ii) Policies and processes for managing excessive on and off-balance sheet leverage

The Leverage Ratio is intended to achieve the following objectives: a) Constrain the build-up of leverage in the banking sector which could damage the broader financial system and the economy b) Reinforce the risk based requirements with any easy-to-understand and non-risk based measure.

At the end December 2018, the minimum requirement for leverage ratio was 3% on both solo and consolidated bases. But a larger leverage ratio can decrease the profitability of banks because it means banks can do less profitable lending. However, increasing the leverage ratio means that banks have more capital reserves and can more easily survive a financial crisis.

In view of the impact of leverage into the business, our Bank Management takes decision about future investment. Considering the financial strength, the bank also prepares capital planning and business budget to go on a right way.

iii) Approach for calculating exposure

The leverage ratio is a volume-based measure and is calculated as Basel III Tier I capital divided by total on and off-balance sheet exposures.

A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level.

$$\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$$

Quantitative Disclosures:

Amount in Million

Leverage Ratio	7.70%
On balance sheet exposure	53964.72
Off balance sheet exposure	7626.39
Regulatory Adjustments	(413.67)
Total exposure	61177.44

k) **Remuneration:**

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

The qualitative remuneration disclosures are broader in scope and cover all the individuals included whereas the quantitative information relates to senior management and material risk takers of the NRB Bank Limited, for the financial year ended December 31, 2019.



Qualitative Disclosures**(a) Information relating to the bodies that oversee remuneration:**

At the management level, primarily the Human Resources Management Division oversees the 'remuneration' in line with its Human Resources Management strategy/policy under direct supervision and guidance of the Top Management of the Bank.

The primary functions of the Remuneration Committee are to determine, review and propose principles and governance framework for all decisions relating to remunerations of the employees of NRB Bank. While the Human Resources Division is responsible for preparing and recommending reward plans and compensation, the committee's duties are to assess and review these recommendations and submit them to the Board of Directors for approval.

They also oversee performance oriented incentives, perquisites, other financial options etc. to attract, motivate and retain employees and review compensation packages/pay structure in comparison to that of other Banks to enjoy competitive advantages in this industry.

(b) Information relating to the design and structure of remuneration process:

The key features and objectives of remuneration policy:

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

In the year 2019, the salary structure of the bank was reviewed by the committee and finally approved by the Board, where the structure was adjusted with the then inflation rate.

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

- ◆ Fixed Remuneration; and
- ◆ Performance-based remuneration

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

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

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

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

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

- ◆ Financial Risks
- ◆ Compliance Risks

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

-
- (d) Description of the ways in which the bank seeks to link performance :

- ◆ Overview of main performance metrics for the Bank, top level business lines and individuals-
- ◆ The main performance metrics include profits, loan growth, deposit growth, risk metrics (such as quality of assets), compliance with regulatory norms, refinement of risk management processes and customer service. The specific metrics and weightages for various metrics vary with the role and level of the individual.
- ◆ Discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance-

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

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

The Bank's remuneration system is designed to reward long-term as well as short-term performance, encourage retention and recognize special performance in the organization. The Bank provides reasonable remuneration for short-term performance besides for long-term performance the bank has some deferred payment options (i.e. performance bonus, provident fund, gratuity etc.)

In case of following situation remuneration can be adjusted before vesting:

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

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

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

The main forms of such variable remuneration include:

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

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



Quantitative Disclosures

- (g) Number of Meeting held by the Remuneration Committee during the financial year and remuneration paid to its member.
Meeting regarding overseeing remuneration was held on need basis. No fees paid to the Committee Members as remuneration for attending such meetings.

- (h) Number of employees having received a variable remuneration award during the financial year.

In 2019, total 21 number of Senior Management received performance bonus.

Number and total amount of guaranteed bonuses awarded during the financial year :
2 numbers of guaranteed festival bonuses amounted BDT 8.55 Million for Senior Management.

Number and total amount of sign-on award made during the financial year. Nil
Number and total amount of severance payments made during the financial year. Nil

- (i) Total amount of outstanding deferred remuneration, split into cash, shares and share-lined instruments and other forms. Nil
Total amount of deferred remuneration paid out in the financial year: Nil

- (j) Breakdown of amount of remuneration awards for the financial year to show.

Fixed and Variable:

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

Details	SVP & Above	Other
No of Employees	24	678
(Amount in Million)		
Basic Salary		281.96
Allowances		269.73
Festival Bonus		47.40
Gratuity		9.48
Provident Fund Contribution		27.66
Performance Bonus		38.54

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

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

Total amount of reductions during the financial year due to ex post explicit adjustments. Nil

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

CREDIT RATING

REPORT

NRB Bank Limited was rated by EMERGING Credit Rating Ltd. (ECRL) on the basis of Audited Financial Statements as on 31 December 2019. The summary of Rating is presented below:



CREDIT RATING

RATING	2020	2019
Long Term	A-	A-
Short Term	ST-2	ST-2



Rated by	EMERGING Credit Rating Ltd.
Date of Rating	June 30, 2020
Validity	Up to June 30, 2021



www.nrbbankbd.com

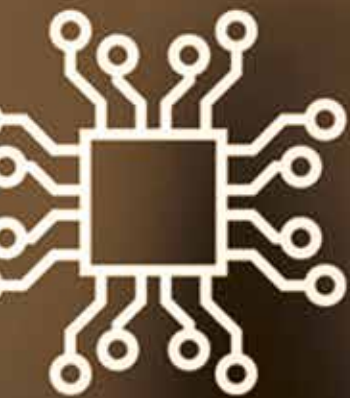


www.facebook.com/nrbbankbd





STAKEHOLDERS' INFORMATION



FINANCIAL

HIGHLIGHTS

BDT Million

Particulars	2019	2018	Change (%)
Performance During the Year			
Net Interest Income	1,514	1,253	20.9%
Non Interest Income	914	1,036	-11.8%
Operating Income	2,428	2,289	6.1%
Operating Profit/(Loss)	925	909	1.7%
Profit/(Loss) After Tax	(125)	582	-121.5%

Year End Financial Position			
Loans and Advances	38,932	32,473	19.9%
Investment	8,257	5,644	46.3%
Deposits	41,810	33,519	24.7%
Eligible Capital (Tier-I & Tier-II)	5,197	5,524	-5.9%
Total Asset	54,723	44,148	24.0%

Ratios (%)			
Capital adequacy ratio (as per Basel II)	13.32%	16.27%	-18.1%
Non performing loans	4.14%	3.71%	11.6%
Cost to income ratio	61.9%	60.3%	2.7%

Channel			
Branch	46	40	15.0%
ATM (Own)	46	39	17.9%
ATM (Shared)	NPSB	2,270	

Other Channel Standing in 2019

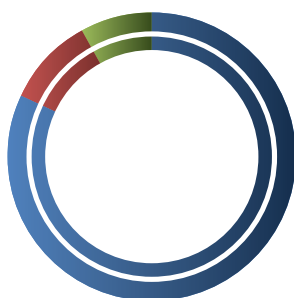
Call Center (24X7 Contact Center)	: Just a call away to 16568
Internet Banking	: log in from PC or mobile from anywhere in the world
Apps	: NRB Click

FIVE-YEAR PROGRESSION OF NRB BANK

BDT Million

Particulars		2019	2018	2017	2016	2015
Balance Sheet Metric						
Deposit Growth 25% from 33,519 M of 2018	Authorised capital	10,000	10,000	10,000	10,000	10,000
	Paid up capital	4,666	4,320	4,000	4,000	4,000
	Eligible Capital (Tier-I & Tier-II)	5,197	5,524	4,942	4,834	4,188
	Deposits	41,810	33,519	23,933	17,466	13,357
Loan Growth 20% from 32,473 M of 2018	Borrowing	3,734	3,003	4,614	820	1,960
	Loans and Advances	38,932	32,473	22,921	12,589	11,092
	Credit to deposit ratio	87.8%	87.6%	81.2%	72.1%	83.0%
Income Statement Metric						
Investment		8,257	5,644	4,953	6,944	5,385
Fixed assets		449	441	439	392	348
Total assets		54,723	44,148	34,940	24,730	20,535
Income Statement Metric						
Net interest income (excluding investment income)		1,514	1,253	751	503	282
Non-interest income		914	1,036	1,274	1,177	842
Investment income		447	707	1,046	1,081	776
Operating income		2,428	2,289	2,025	1,680	1,124
Operating expense		1,503	1,380	1,172	870	730
“Credit Rating” Long Term A- Short Term ST-2	Operating profit/(loss) -before provision and tax	925	909	854	810	394
	Provision for loans, investment and other assets	1,019	253	247	91	50
	Profit/(loss) before tax	(94)	657	606	719	344
	Profit/(loss) after tax	(125)	582	443	525	236
Credit Quality						
Non performing / classified loans (NPLs)		1,611	1,206	563	245	22
Specific provision		1,110	295	184	85	3.8
General provision		348	273	182	102	100
NPL to total loans and advance		4.14%	3.71%	2.46%	1.9%	0.2%

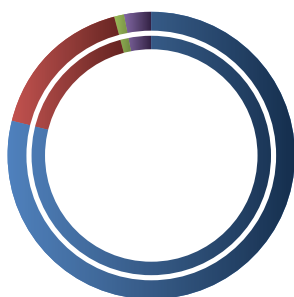




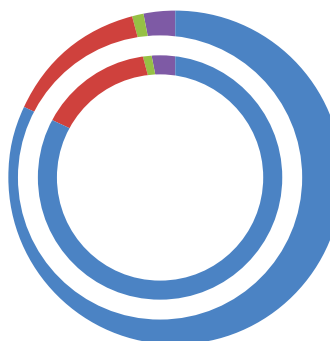
Asset Funding Mix 2019
 82.0% Deposits
 10.1% Shareholders' Equity
 7.9% Other Liabilities



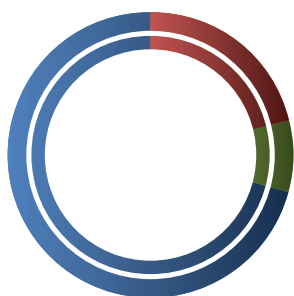
Asset Funding Mix 2018
 Deposits 81.5%
 Shareholders' Equity 12.8%
 Other Liabilities 5.8%



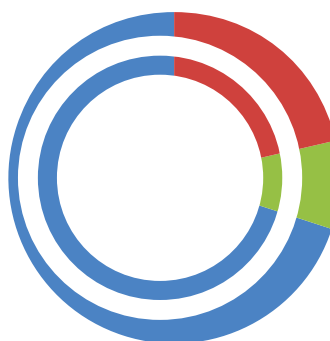
Asset Mix 2019
 79% Loans and Advances
 17% Investments
 1% Fixed Assets
 3% Other Assets



Asset Mix 2018
 Loans and Advances 82%
 Investments 14%
 Fixed Assets 1%
 Other Assets 3%



Deposit Mix 2019
 21.2% Current Deposit
 8.0% Savings Deposit
 70.8% Fixed Deposit



Deposit Mix 2018
 Current Deposit 21.5%
 Savings Deposit 8.5%
 Fixed Deposit 70.0%

STATEMENT OF VALUE ADDED AND ITS DISTRIBUTION

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

Particulars	Amount in Taka 2019
Wealth creation:	
Income from banking services	5,517,128,068
Less: Cost of services & supplies	3,751,105,672
Value added by banking services	1,766,022,396
Non-banking income	-
Provision for loans, investments & off balance sheet items	(1,018,817,427)
Total wealth creation	747,204,969
Wealth distribution	
To employees as salary expenses	727,029,621
To government exchequer as income tax	340,045,431
To expansion & growth	
Retained profit/(loss)	(125,356,213)
Depreciation	113,880,796
Deferred taxation	(308,394,666)
	(319,870,083)
Total Value Addition	747,204,969



97.30% To employee as salaries expenses
45.51% To government exchequer as income tax
16.78% Retained profit/(loss)
15.24% Depreciation
41.27% Deferred taxation



ECONOMIC

IMPACT REPORT

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

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

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

Maintaining capital adequacy

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

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

Maintaining liquidity

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

The capital adequacy computation as at 31 December 2019 is given below:

Tier-1 Capital:	2019 (Taka)	2018 (Taka)
A) Total Common Equity Tier 1 Capital		
Paid up capital	4,665,600,000	4,320,000,000
Share premium	-	-
Statutory reserve	470,693,317	470,693,317
General reserve	-	-
Retained earnings	(10,302,183)	460,654,030
	5,125,991,134	5,251,347,346
Less: Regulatory adjustments	413,672,651	110,788,623
A) Total Common Equity Tier 1 Capital	4,712,318,483	5,140,558,723
B) Additional Tier 1 Capital:		
Add: Additional Tier 1 Capital	-	-
Less: Regulatory adjustments	-	-
C) Total Tier-1 Capital	4,712,318,483	5,140,558,723
Tier 2 Capital (Gone -Concern Capital)		
Subordinated Bond	-	-
General provision maintained against unclassified loan/investments	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	392,967,657
Less: Regulatory adjustments	12,331,383	9,865,106
D) Total Tier 2 Capital	484,325,207	383,102,551
E) Total capital(C+D)	5,196,643,690	5,523,661,274
F) Total Risk weighted assets (RWA)	39,012,816,641	33,943,582,935
G) Required total capital (12.50% of RWA) or Minimum 4,000,000,000 whichever is higher	4,000,000,000	4,000,000,000
H) Surplus Common Equity Tier 1 Capital(A-G)	1,196,643,690	1,523,661,275
Capital to Risk-Weighted Assets Ratio:		
On Common Equity Tier 1 Capital against standard of minimum 4.5%	12.08%	15.14%
On Tier 1 Capital - against standard of minimum 5.0%	12.08%	15.14%
On total capital - against standard of minimum 10%	13.32%	16.27%







FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the shareholders of NRB Bank Limited

Report on the Audit of the Financial Statements

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 Chowdhury

Hoda Vasi Chowdhury & Co
Chartered Accountants



Balance Sheet

AS AT 31 DECEMBER 2019

PROPERTY AND ASSETS	Notes	31.12.2019 Taka	31.12.2018 Taka
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	2,374,736,163
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

PROPERTY AND ASSETS	Notes	31.12.2019 Taka	31.12.2018 Taka
OFF-BALANCE SHEET ITEMS			
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



Profit and Loss Account

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Taka	2018 Taka
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)		1,018,817,427	252,915,658
Total profit before tax (E=C-D)	34	(93,705,448)	656,552,356
Provision for tax			
Provision for current tax		340,045,431	181,906,525
Deferred tax expense/(Income)	12.6	(308,394,666)	(107,509,240)
Total provision for tax (F)	9.3.3	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

Chartered Accountants

As per our report of same date.

Dhaka, 28 June 2020

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



Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Liquidity Statement

(ANALYSIS OF MATURITY OF ASSETS AND LIABILITIES)
AS AT 31 DECEMBER 2019

Particulars	(Amount in Taka)					
	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)	12,654,681,93	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



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	Amortized cost	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Debenture/Bond	Face value	None	None
Shares (Quoted)	Cost	Lower of cost or market value	Loss (net off gain) to profit and loss account but no 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.

Heads	Rates
General provision on:	
Unclassified (including SMA) general loans and advances	1%



Heads	Rates
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 credit	50%
Bad/loss loans and advances	100%
Substandard short term agri credit and micro credit	5%
Doubtful short term agri credit and micro credit	5%

3.1.4 Property, plant and equipment

3.1.4.1 Recognition and measurement

All fixed assets are stated at cost less accumulated depreciation as per 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 received 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

IAS No.	IAS Title	Compliance Status
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.



	31.12.2019 Taka	31.12.2018 Taka
--	--------------------	--------------------

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.

4 Cash

Cash in hand (including foreign currencies) (Note-4.1)

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

777,432,737	619,425,293
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

Foreign currencies

744,246,275	583,965,775
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

Foreign currencies

2,362,368,800	1,815,918,805
31,082,070	41,724,141
2,393,450,870	1,857,642,946

	31.12.2019 Taka	31.12.2018 Taka
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
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



	31.12.2019 Taka	31.12.2018 Taka
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		
In current accounts with		
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
In fixed deposit accounts with Bank and NBF		
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 Deposits		
Habib American Bank, New York	37,974,646	28,873,378

	31.12.2019 Taka	31.12.2018 Taka
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)

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



	31.12.2019 Taka	31.12.2018 Taka
6.1.1 Treasury bills		
Unencumbered		
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

Unencumbered		
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	249,288,450	
HFT T-Bills 91 Days	248,574,744	-

	31.12.2019 Taka	31.12.2018 Taka
HFT T-Bills 182 Days	1,136,742,301	-
HFT T-Bills 364 Days	276,461,210	-
2 Years BGTB – HFT	-	-
5 Years BGTB – HFT	198,886	210,231
10 Years BGTB – HFT	-	477,348,090
15 Years BGTB – HFT	25,209,352	28,288,217
20 Years BGTB – HFT	-	-
	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	251,979,376	-
5 Years BGTB – HTM	523,135,440	-
10 Years BGTB – HTM	748,109,832	324,494,881
15 Years BGTB – HTM	1,169,646,299	1,200,365,058
20 Years BGTB – HTM	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 NO. 01 dated 19 January 2014, the maximum limit of holding approved Securities under Held to Maturity (HTM) is 125% of SLR for all primary dealer banks and NRB Bank Limited has invested in Treasury bonds under HTM category as per said circular.

6.2 Others

Corporate bonds (Note-6.2.1)	80,000,000	120,000,000
Ordinary Shares and Mutual Funds (Note-6.2.2)	849,010,830	772,346,905
Preference Share (Note-6.2.3)	333,484,850	257,878,790
Commercial Paper (Note-6.2.4)	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	9,735,840	62,152,415
BRAC Bank Limited	2,958,155	14,517,787
Square Pharmaceuticals Limited	178,650	178,650



	31.12.2019 Taka	31.12.2018 Taka
Heidelberg Cement Bangladesh Limited	43,459,370	43,459,370
MJL Bangladesh Limited	97,181,052	97,181,052
ACI Limited	11,921,697	12,349,511
Grameenphone Limited	50,313,173	27,051,630
Aman Cotton Fibrous Limited	313,840	640,000
Barka Power Limited	3,218,930	-
Premeire Bank Limited	4,579,140	-
Prime Bank Limited	7,434,880	-
Olympic industries Limited	18,283,517	-
Singer Bangladesh Limited	34,159,688	-
BBS Cables Limited	10,737,883	-
SS Steels Limited	33,730	-
Genex Infosys Limited	26,170	-
Esquire Knit Composite Limited	940,050	-
Runner Automobiles Limited	540,450	-
Newline Clothings Limited	75,130	-
Silco Pharmaceuticals Limited	72,930	-
Sea Pearl Beach Resort & Spa Ltd	37,300	-
Coppertech Industries Limited	47,410	-
Mutual Trust Bank Limited	336,805	-
Ring Shine Textiles Ltd	2,010,600	-
IDLC Finance Limited	11,394,848	-
Meghna Petroleum Limited	12,985,348	-
Advent Pharma Limited	-	36,365
Intraco Refueling Station Limited	-	57,459
SK Trims & Industries Limited	-	77,720
Kattali Textiles Limited	-	101,491
VFS Thread Dyeing Limited	-	70,173
M L Dyeing Limited	-	60,400
Silva Pharma Limited	-	91,940
Indo-Bangla Pharmaceuticals Limited	-	45,864
Bashundhara Paper Mills Limited	-	1,760,000
Summit Power Limited	-	12,017,847
	322,976,587	271,849,673
Mutual Funds		
ICB AMCL First Agrani Bank Mutual Fund	-	9,573,509
AIBL 1st Islamic Mutual Fund	86,991,170	86,991,170
Grameen One : Scheme Two Mutual Fund	197,362,733	197,362,733

	31.12.2019 Taka	31.12.2018 Taka
ICB AMCL 2nd NRB Mutual Fund	-	10,997,267
LR Global Bangladesh Mutual Fund One	50,093,521	50,093,521
MBL 1st Mutual Fund	53,153,879	53,153,879
Reliance One: The 1st Scheme of Reliance Insurance Mutual Fund	59,263,505	59,263,505
Southeast Bank 1st Mutual Fund	13,373,408	13,373,408
IBBL Mudaraba Perpetual Bond	17,188,447	15,344,767
	477,426,664	496,153,759
IPO Application		
APSCLBOND	10,000,000	-
Esquire Knit Composite Limited	-	1,880,100
Runner Automobiles Limited	-	1,080,900
ADN Telecom Limited	569,070	568,770
SS Steels Limited	-	134,910
Genex Infosys Limited	-	104,660
	10,569,070	3,769,340
Equity Investment		
Central Counterparty Bangladesh Limited	37,500,000	-
	37,500,000	-
Free fund available	538,509	574,133
	849,010,830	772,346,905

(Details are given in **Annexure- C**)

6.2.3 Preference Share

Union Capital Limited	10,000,000	20,000,000
Ace Alliance Power Limited	55,000,000	55,000,000
Doreen Power House & Technologies limited	70,000,000	90,000,000
Raj Lanka Power Company Limited	48,484,850	67,878,790
Summit Gazipur II Power Limited	50,000,000	-
Kushiara Power Company Limited	100,000,000	-
Star Ceramics Limited	-	25,000,000
	333,484,850	257,878,790

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



	31.12.2019 Taka	31.12.2018 Taka
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.		
Inside Bangladesh		
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
Outside Bangladesh	-	-
	38,813,955,679	32,358,230,291
7.2 Bills purchased and discounted		
Inside Bangladesh		
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

	31.12.2019 Taka	31.12.2018 Taka
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

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



	31.12.2019 Taka	31.12.2018 Taka
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	21,680,914,417	16,428,008,077
SME	13,094,515,397	12,842,669,835
Consumer	3,801,105,670	2,900,683,618
Executives and staff	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	27,321,304,674	22,471,960,205
Chittagong Division	6,663,159,313	5,687,751,205
Sylhet Division	1,256,512,885	1,113,189,044
Rajshahi Division	906,694,394	930,801,749
Khulna Division	1,651,946,936	1,090,119,603
Barisal Division	-	-

	31.12.2019 Taka	31.12.2018 Taka
Rangpur Division	13,388,600	17,520,569
Mymensingh Division	1,119,311,176	1,162,117,531
	38,932,317,978	32,473,459,905
Outside Bangladesh	-	-
	38,932,317,978	32,473,459,905

7.3.7 Security/Collateral-wise concentration of loans and advances

Collateral of movable/immovable assets	21,529,164,585	15,511,597,221
Local Banks and financial institutions guarantee	-	-
Government guarantee	-	-
Foreign bank guarantee	-	-
Export documents	-	-
Fixed deposit receipts	8,006,468,885	5,877,859,087
FDR of other banks	260,435,289	291,170,721
Government bonds	-	-
Personal guarantee	7,010,658,042	7,484,306,408
Other securities	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)	36,383,680,217	29,461,062,477
Special Mention Accounts (SMA)	937,608,490	1,806,615,856
	37,321,288,707	31,267,678,333

Classified

Sub-standard	361,103,854	331,935,696
Doubtful	21,549,640	29,097,237
Bad/Loss	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)	338,753,886	256,254,973
Special mansion account (SMA)	9,296,932	16,708,774
Required provision on unclassified loans and advances	348,050,818	272,963,747
Total provision maintained for unclassified loans and advances	348,050,818	272,963,747
Excess/(shortage) of provision	-	-



	31.12.2019 Taka	31.12.2018 Taka
Specefic provision on classified loans and advances		
Sub-standard	43,749,022	15,781,642
Doubtful	8,398,922	9,647,415
Bad/Loss	935,223,543	270,007,272
Required provision on classified loans and advances	987,371,488	295,436,328
Total provision maintained for classified loans and advances	1,109,513,256	295,436,328
Excess/(shortage) of provision	122,141,768	-
Total Required provision for loans and advances	1,335,422,307	568,400,075
Total provision maintained for loans and advances	1,457,564,075	568,400,075
Total Excess/(shortage) of provision	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	-	-
	5,518,419,990	4,633,693,614
v) Loans due by directors or officers of the bank or any of them either separately or jointly with any other persons	355,782,493	330,505,711
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.	363,401,525	304,909,512
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.	28,287,087	28,817,285
ix) Due from banking companies	-	-
x) Amount of classified loans on which interest has not been charged mentioned as follows:		
a) (Decrease)/increase of provision (specific)	787,358,040	-
Amount of loan written off	-	-
Amount realised against the loans previously written off		
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

	31.12.2019 Taka	31.12.2018 Taka
xi) Cumulative amount of written off loans		
Opening Balance	-	-
Amount written off during the year	-	-
Closing Balance	-	-
The amount of written off loans for which law suit has been filed	-	-

8 Fixed assets including premises, furniture and fixtures

Cost:

Computer and Network Equipment	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

(Details are given in **Annexure- A**)

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



	31.12.2019 Taka	31.12.2018 Taka
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 assets (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.		
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)

	31.12.2019 Taka	31.12.2018 Taka
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)

10 Borrowings from other banks, financial institutions and agents

In Bangladesh (Note-10.a)

Outside Bangladesh

3,733,884,914	3,003,095,329
-	-
3,733,884,914	3,003,095,329

10.a In Bangladesh

Demand Borrowing

Janata Bank Ltd
Sonal Bank Ltd
Uttara Bank Ltd.
UCBL
Eastern Bank Limited
Bank Asia Ltd.
Meghna Bank Ltd.
Rupali Bank Ltd
NCC Bank Ltd.
IFIC Bank Ltd
Bangladesh Bank

150,000,000	190,000,000
500,000,000	150,000,000
450,000,000	-
354,900,000	-
169,800,000	335,600,000
300,000,000	-
150,000,000	-
-	400,000,000
-	200,000,000
-	70,000,000
186,443,372	340,732,442
2,261,143,372	1,686,332,442

Term Borrowing

Agrani Bank Ltd.
Modhumoti Bank Ltd
Uttara Bank Ltd.
Eastern Bank Limited
SME Foundation
Bangladesh Bank

-	500,000,000
-	83,900,000
500,000,000	-
200,000,000	-
1,965,000	4,215,000
770,776,542	728,647,887
1,472,741,542	1,316,762,887
3,733,884,914	3,003,095,329



	31.12.2019 Taka	31.12.2018 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 deposits	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

	31.12.2019 Taka	31.12.2018 Taka
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

11.6 Maturity-wise grouping of deposits and other accounts

On demand	5,985,554,032	5,291,061,933
In more than one month but not more than three months	9,570,629,762	9,298,310,139
In more than three months but not more than one year	21,271,164,731	16,133,143,777
In more than one year but not more than five years	2,348,873,977	1,301,081,016
In more than five years	2,633,630,514	1,494,997,716
	41,809,853,016	33,518,594,582

12 Other liabilities

Privileged creditors (Note-12.1)	106,250,350	77,710,996
Interest payable	806,821,571	543,030,256
Interest suspense account (Note-12.2)	186,423,673	141,902,993
Provision for loans and advances (Note-12.3)	1,457,564,075	568,400,076
Provision for off-balance sheet exposures (Note-12.4)	136,274,389	107,672,527
Provision for diminution of quoted shares (Note-12.5)	139,504,988	38,650,420
Provision for other assets	439,000	242,000
Provision for expenses	47,552,999	91,646,165
Provision for current tax (Note-12.6)	1,007,047,150	667,001,719
Q-Cash & ATM payable	23,842,826	19,313,633
Security deposits held	8,466,650	10,515,636
Sanchayapatra payable	2,400,000	33,000,000
Payable against BEFTN	3,251,779	2,959,699
Advance Lease Rental Payable	18,322,584	15,122,743



	31.12.2019 Taka	31.12.2018 Taka
Deposit Awaiting Disposal (DAD)	55,034,598	27,535,857
Suspense Account - Trade	25,279,185	10,920,303
Miscellaneous payable	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	55,394,817	42,216,139
VAT deduction at source	10,023,630	8,293,374
Excise duty	40,831,904	27,201,483
	106,250,350	77,710,996

12.2 Interest suspense account

Opening balance	141,902,993	81,661,994
Add: Amount transferred to "Interest Suspense" A/c during the year	91,820,591	68,016,546
	233,723,584	149,678,539
Less: Amount recovered from "Interest Suspense" A/c during the year	47,299,911	7,775,546
Less: Amount written off during the year	-	-
	186,423,673	141,902,993

12.3 Provision for loans and advances

A. General		
Balance at the beginning of the year	272,963,747	182,378,526
Add: Provision made during the year		
On general loans and advances	82,498,913	76,282,141
On Special Mention Account (SMA)	(7,411,842)	14,303,081
	75,087,071	90,585,221
Balance at the end of the year	348,050,818	272,963,747
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	-	-
Add: Recoveries of amounts previously written off	-	-
Specific provision made during the year for other accounts	-	-
	-	-
Balance at the end of the year	1,109,513,256	295,436,329
C. Total provision on loans and advances (A+B)	1,457,564,075	568,400,076

	31.12.2019 Taka	31.12.2018 Taka
--	--------------------	--------------------

12.4 Provision on off-balance sheet exposures

Opening balance

Add: Provision made during the year

107,672,527	85,815,672
28,601,862	21,856,855
136,274,389	107,672,527

12.5 Provision for diminution of quoted shares

Opening balance

Add: Provision made during the year

38,650,420	10,042,462
100,854,567	28,607,958
139,504,988	38,650,420

12.6 Provision for current tax

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

Opening balance

Add: Provision for current year

Add: Shortfall of tax liability

Less: Adjusted against advance income tax

667,001,719	495,542,971
340,045,431	181,483,479
-	423,046
340,045,431	181,906,525
-	10,447,777
1,007,047,150	667,001,719

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	-	-	-	-
	350,040	1,990,087	2,678,237	924,443

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

13 Share capital

13.1 Authorized capital

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

10,000,000,000	10,000,000,000
----------------	----------------

13.2 Issued, subscribed and fully paid up capital

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

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



	31.12.2019 Taka	31.12.2018 Taka
--	--------------------	--------------------

13.3 Percentage of shareholdings

Particulars	2019		2018	
	Value of Share	% of Holding	Value of Share	% of 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	Name of the directors	Designation	2019		2018	
			% of Shareholding	Number of Shares	% of Shareholding	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

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

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

Tier- I 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

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

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

E) Total eligible capital (C+D)

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

H) Capital surplus

	4,000,000,000	4,000,000,000
	1,196,643,690	1,523,661,275
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%



	31.12.2019 Taka	31.12.2018 Taka
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
15 Other reserve		
General Reserve	-	-
Investment revaluation reserve (Note-15.1)	1,708,959	44,219
	1,708,959	44,219
15.1 Revaluation reserve		
Held to maturity (HTM) (Note 15.1.1)	1,078,288	-
Held for trading (HFT) (Note 15.1.2)	630,671	44,219
	1,708,959	44,219
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)
	1,078,288	-
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)
	630,671	44,219
16 Retained earnings		
Opening balance	460,654,030	329,809,430
Add: Net profit for the year	(125,356,213)	582,155,071
	335,297,817	911,964,501
Less: Transfer to statutory reserve	-	131,310,471
Less: Bonus Share issued	345,600,000	320,000,000
	(10,302,183)	460,654,030
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

	31.12.2019 Taka	31.12.2018 Taka
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
	14,417,316,055	11,241,688,588

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
	2,604,112,785	1,594,059,219

17.2 Letters of Guarantee

Directors	-	-
Government	-	-
Banks and Other Financial Institution	-	-
Others (Customers etc.)	8,840,474,904	7,297,256,241
	8,840,474,904	7,297,256,241

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
	2,182,851,200	1,875,937,279

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
	789,877,166	474,435,849

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 less losses arising from dealing in securities	4,348,103	365,919,957
Gains less losses arising from investment securities	18,763,078	38,694,282
Gains less losses arising from dealing in foreign currencies	112,699,135	90,193,558
Income from non-banking assets	-	-



	31.12.2019 Taka	31.12.2018 Taka
Other operating income (Note-23)	20,858,079	14,080,992
Profit less losses on interest rate changes	-	-
	5,517,128,068	4,585,251,362
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
	4,592,016,088	3,675,783,347
	925,111,979	909,468,014
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
	4,955,436,991	3,780,069,091
18.2 Fees, commission and brokerage		
Commission	333,118,782	224,205,612
Brokerage	-	-
	333,118,782	224,205,612
18.3 Administrative expenses		
Salaries and allowances (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
	1,160,104,291	1,052,394,370
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

	31.12.2019 Taka	31.12.2018 Taka
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
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)
Gain on shares traded in secondary market	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 charges (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)		



	31.12.2019 Taka	31.12.2018 Taka
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
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

	31.12.2019 Taka	31.12.2018 Taka
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
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



	31.12.2019 Taka	31.12.2018 Taka
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

	31.12.2019 Taka	31.12.2018 Taka
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

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 (EPS)

Net profit after tax	(125,356,213)	582,155,071
Number of ordinary shares outstanding	466,560,000	466,560,000
Earnings per share	(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. Imtiaz 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.	Managing Director	
		Rich & Ruitz	Director	
		Al Haramain Perfumes	Director	
		Al Haramain Perfumes Inc	Managing Director	

Name of Directors	Status with the Bank	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage of holding/ interest in the concern
Mr. Tateyama Kabir	Vice Chairman	Kabir Auto Export Co. Ltd. Japan	President	100%
		Ocean Auto Limited, Dhaka, Bangladesh	Proprietor	100%
		K M International Limited, Dhaka, Bangladesh	Proprietor	100%
		Sumday 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%



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. Iqbal Ahmed OBE DBA	Director	Seamark PLC, United Kingdom	Chairman & Chief Executive	26.67%
		IBCO Limited, United Kingdom	Chairman & Chief Executive	40%
		IBCO Enterprise, United Kingdom	Senior Partner	33.33%
		Seamark (BD) Limited, Bangladesh	Chairman & Chief Executive	30%
		IBCO Food Industries Limited, Bangladesh	Chairman & Chief Executive	30.77%
		Seamark (Holdings) Limited, Bangladesh	Chairman & Chief Executive	
		Seamark (USA) Inc., USA	Managing Director	33.33%
		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%
		Khandakr 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%

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. Nafih Rashid Khan	Director	Commodity First DMCC, Dubai, UAE	Managing Director	50%
		Loch Shipping Intermediary FZE, UAE	Chairman & MD	100%
		Jabbar Jute Mills Ltd. Bangladesh	Director	10%
		Bangladesh Medical Science and Technology Limited, Bangladesh	Director	10%
Mr. Mohammed Idrish Farazy	Director	Comodity First Pte Ltd, Singapore	Director	50%
		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	
		Klaspad 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%
		Sumday 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 DBA	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."

Schedule of fixed assets

AS AT 31 DECEMBER 2019

(Amount in Taka)

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	
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



Balance with other banks-Outside Bangladesh

AS AT 31 DECEMBER 2019

(NOSTRO ACCOUNT)

(Amount in Taka)

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			184,418,785

Investment in Quoted Shares and Mutual Funds

AS AT 31 DECEMBER 2019

Name of the Company	Face value per share	No. of shares	Cost of holding	Average Cost	Quoted rate per share as on 31.12.19	Total market value of share as at 31.12.19	Unrealized 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)
Premier 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 Insurance Mutual Fund	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)			

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







Sustainable

Finance

Sustainable Finance refers to any form of financial service integrating environmental, social and economic criteria into the business or investment decisions for the lasting benefit of both clients and society at large. Sustainable Financing contributes to Sustainable development and value creation in economic, environmental and social terms. In other words, one that ensures and improves economic efficiency, prosperity, and economic competitiveness both today and in the long-term, while contributing to protecting and restoring ecological systems, and enhancing cultural diversity and social well-being is Sustainable Finance.

Sustainable Finance approach in Bangladesh has primarily been driven by regulatory policies. The involvement of Bangladesh Bank (BB) promoted inclusive growth for attaining developmental goals and poverty reduction objectives of the Government. These initiatives are clearly linked to Sustainable Finance activities of the country. For Banking sector in Bangladesh, key areas of Sustainable Finance are Green Banking and CSR. However, activities of certain other sectors are clearly associated with the broad definition of 'Sustainable Finance'. These include Agricultural Credit, Financial Inclusion of underprivileged and rural people, Cottage, Micro and SME credit etc.

NRB Bank Ltd. adopted CSR and Green Banking practices and activities which are the key areas of Sustainable Finance from the very beginning of its journey. Each year the Bank contributes substantial amount towards CSR. Since 2017, we have started direct Green Financing in environment friendly Brick manufacturing projects. From the inception of our Bank, top priority sectors of lending include SME and Agricultural sector. Almost 50% of our total loans fall under CMSME category. Every year, we fulfill Agricultural and Rural Credit disbursement target as fixed by Bangladesh Bank. We started our Agent Banking activities from May, 2018 to provide financial services to underprivileged and rural people and till December, 2019 we establish 304 agent outlets throughout the country. NRB Bank is highly committed to serve the NRBs in all financial sectors; especially in Wage Earners' Remittance. Concentrating on the importance of Foreign Remittance, NRB Bank has formed its Foreign Remittance Department (FRD) dedicated for facilitating the Bangladeshi citizens residing abroad and started operation from 01st January, 2018.

As a whole, we are committed towards establishing Sustainable Finance in the country through integrating Sustainability factors, i.e. environmental, social and economic considerations into our core Banking activities and services.

Green Banking

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

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

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

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

- ◆ View account information from Current, Savings, Fixed Deposit and Term Deposit Account
- ◆ View Loan Account information
- ◆ View account statement (e-statement)



- ◆ Manage cheque books
- ◆ View clearing cheque status
- ◆ View detailed information of Loan Account disbursement and repayment schedule of the loan
- ◆ Transfer funds from their NRBBL accounts to other local bank accounts through BEFTN (BEFTN decreases paper-based payment methods and encourage electronic payment methods for secured, faster & cost-effective transactions.) & RTGS.
- ◆ Pay utility, credit cards, internet and mobile bills/top-up instantly.
- ◆ Receive e-Statements any time electronically and can check accounts anytime with an active internet connection.
- ◆ Get addresses, maps, driving directions, and banking hours for the NRB Bank branches and ATM network locations.
- ◆ Get SMS alert service

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

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

Leed Certified Green Head Office:

NRB Bank is housed in a Leed (Leadership in Energy and Environmental Design) certified Green Building (Simple Tree Anarkali, 89 Gulshan Avenue, Gulshan-1, Dhaka) with the most efficient utility, energy and resources

systems. It is the first LEED certified Core & Shell project in Bangladesh. Here corporate environment responsibilities are embodied through energy efficiency, water conservation and sustainable framework for corporate identities-

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

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

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

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

Green Financing under Sustainable Finance

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

As of December 31, 2019 Loan Outstanding under direct Green Financing of our Bank stands BDT2,476.84 million which is 6% of total Loan Outstanding—

BDT in Million	
Green Projects/Products	Loan Outstanding
Green Bricks Manufacturing Plant	164.92
Green Establishment	289.55
Leed Certified Green Estab.	72.77
Pet Bottle Recycling Plant	770.31
Recyclable Poly Baggage	28.67
Used Lead Acid Battery Recycling Plant	1,044.25
Biological ETP	106.36
Grand Total	2,476.84



Agreement Signing with Bangladesh Bank:

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

- a) **Refinancing Agreement under Green Transformation Fund (GTF):** On February 09, 2017 we have signed Refinancing Agreement with Bangladesh Bank for facilitating access to finance in foreign exchange for all manufacturer-exporters in Export-oriented Textile & Textile Products, RMG and Leather Goods Manufacturing Industries to import capital machineries and accessories relevant to environment-friendly/green attributes specified by Bangladesh Bank.

- b) **Participation Agreement into the Refinancing scheme for Green Products / Initiatives:** On September 13, 2017, we have signed Participation Agreement with Bangladesh Bank under refinance scheme for lending in green product/initiatives (e.g. investment in sectors like Renewable Energy, Green Brick Manufacturing and Waste Management etc.).

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

CSR-2019

The Banking sector is in a leading position in discharging Corporate Social Responsibilities (CSR) in the country. The CSR practices by Banks have become an integral part of their business in recent years. CSR practices by Banks not only improve their own standards but also catalyst the socially responsible behavior of other businesses. Banking industry itself can also be benefited from the positive effects of CSR on the society as a whole, particularly on its clients. NRB Bank strive each day to ensure successful outcomes for all those who place their trust in the Bank and for the betterment of the society. We are determined to be a responsible Bank. During 2019, the Bank has contributed BDT11.23 Million under CSR activities.

Disaster Management:

NRB Bank has made significant contribution for disaster management this year by donating BDT6.96 Million in total-

1. The Bank has made donation of BDT 2.50 Million to the 'Prime Minister's Relief & welfare Fund' to support the Fire victims of Churihatta, Puran Dhaka.
2. Further, the Bank has also made donation of 15,000.00 blankets worth BDT 4.46 Million towards the 'Prime Minister's Relief Fund' to support the cold affected people of the country.



Hono'ble Prime Minister Sheikh Hasina is receiving a cheque of Tk.2.50 mln for 'Prime Minister's Relief and Assistance Fund' for the victim's family of Chawkbazar Churihatta fire tragedy from Mr. Mohammed Jamil Iqbal, Director of NRB Bank Limited at a function held at the Prime Minister's residence Gonobhabon on Tuesday (02 April 2019)



Mr. Mohammed Mahtabur Rahman (5th from right), Chairman of NRB Bank Limited is seen with the Honorable Prime Minister Sheikh Hasina at blanket donation program to the Prime Minister's Relief Fund at a function held at Prime Minister's Residence Ganabhabon on 02 November 2019 for under privileged and cold-hit people of the country, under CSR Program of the Bank. Vice Chairman of the Bank Mr. Tateyama Kabir (extreme right) was also present with the other representatives of Member Banks of Bangladesh Association of Banks (BAB)

Education Program:

Educational prosperity is of the utmost importance for Sustainable Development of the Country and hence NRB Bank Ltd. has made significant contribution to this sector by donating BDT 0.78 Million in total-

1. The Bank has made donation of BDT 0.05 Million to Bangladesh Disable Development Trust (BDDT) to publish their monthly Braille newspaper for the visually impaired people.
2. The Bank has also made donation of BDT 0.10 Million to 'Rangler Kiron Dey Model College' to construct Academic Building
3. The Bank has made donation of BDT 0.63 Million to BIBM for the construction of their 15 Floor RCC Building



Mr. Md. Khurshed Alam, DMD and Head of Sustainable Finance Committee of NRB Bank Ltd. is handing over a cheque amounting BDT100,000/- (Taka One Lac Only) to the representatives of 'Wrangler Kiron Dey Model College' Mymensingh on November 13, 2019 at the Corporate Head Office for the construction of Academic Building as a part of the CSR activity of the Bank. Mr. Mamoon Mahmood Shah, AMD, Mr. Mohammed Shaikat Ali, Head of SFU, Mr. Muhammad Shafiqur Rahman, Acting Head of CAD, MS Tania Chowdhury, FAVP CAD were present in the program.

Financial Assistance to Health Sector:

NRB Bank Limited provided direct Financial Assistance of BDT 2.65 Million during 2019 to the health sector-





1. The Bank has donated BDT 0.10 Million for treatment purpose of Mr. Delwar Hossain, a 24 year old male day laborer of Sylhet paralysed by accident.
2. The Bank has donated BDT 2.50 Million to 'Amina Begum Memorial Hospital', Jamalpur to purchase an Ambulance
3. The Bank has also donated BDT 0.05 Million to Mr. Mahbubul Haque Bhuiyan, retired headmaster of 'Jamshed Ahmed High School' Kakura, Sylhet for the treatment of his wife who is suffering from Brain Hemorrhage.

Mr. Md. Mahtabur Rahman, Chairman of NRB Bank Ltd. is handing over the key of an Ambulance to the representatives of 'Amina Begum Memorial Hospital' Aramnagar, Sarishabari, Jamalpur at the presence of the directors and executives of the Bank on November 24, 2019 at the Corporate Head Office of the Bank as a part of the CSR activity



Contributions towards community investment:

NRB Bank has made significant contribution for community investment last year by donating BDT 0.80 Million-

1. The Bank has contributed BDT 0.20 Million to DMP, Gulshan Dhaka to construct counselling room for the commuters of 'Kakoli Crossing', Gulshan.
2. The Bank has donated 10 Solar Tri-Cycles worth BDT 0.40 Million to 'Bangladesh Protibandhi Kollayan Sangshtha' (BPKS).

In a simple ceremony, Mr. Md. Khurshed Alam, DMD of NRB Bank Ltd. is handing over a cheque of BDT 2 Lac to the representative of Gulshan Traffic Zone, Dhaka Metropolitan Police on September 11, 2019 to construct a counselling room for the commuters of 'Kakoli' crossing of Gulshan. Mr. Mohammed Shaukat Ali, Head of SFU (acting) was also present in the program.



3. The Bank has donated BDT 0.20 Million to 'Probashi Kallayan Bank' to organize the national fair to observe 'International Migrants Day'.

Contributions towards Cultural Welfare:

The Bank has donated BDT 0.05 Million to a sports & cultural organization 'Dhakabashi' to organize 'Country Introducing Poster Exhibition 2019' in 'Shilpokola Academy'.



NRB Bank Ltd. sponsored 'Country Introducing Posters Exhibition 2019', of Dhakabashi as a part of the Bank's CSR activity. The exhibition took place from 16th November 2019 to 18th November 2019 at Bangladesh Shilpokola Academy Art Gallery. Dr. Tawfiq- E- Elahi Chowdhury, BB, Advisor to the Honorable Prime Minister (Power, Energy and Resource Affairs) was the Chief Guest of the program. His excellency Mr. Naoki ITO, the Ambassador, Embassy of Japan was the Special Guest. The program was presided by Mr. Enam Ahmed Chaudhury, Ex Secretary and Ambassador.

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



Managing Director & CEO of NRB Bank Ltd., Mr. Md. Mehmood Husain was the Chief Guest of the program and distributed the keys of the Solar Tri-Cycles to the disabled persons at BPKS, Dakhinkhan, Dhaka on 17 January 2019. Among others from NRB Bank Limited Mr. Imran Ahmed, FCA Chief Operating Officer, Mohd. Jamil Hossain, Head of CRM and Sustainable Finance Unit, Badal Kumar Nath FCA, Chief Financial Officer, Mr. Md. Adbus Sattar Dulal, Executive Director- BPKS, Project Director of Access to Information (a2i) Program- Mr. Mustafizur Rahman, Tania Chowdhury, FAVP & Senior Manager Credit Administration Department and Ms. Rayhan Kawsar, Brand and Communications- In Charge were present.

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

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

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

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

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

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

NRB BANK BRAND & COMMUNICATIONS

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

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

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

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

PRODUCTS & SERVICES

RETAIL DEPOSIT PRODUCTS

Current Account

Current Account is an easy access account focused on meeting the customer's need of frequent and bulk account transactions.

Current Plus Account

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

Savers

Savers Account is an interest bearing savings account for the Bangladeshi citizens. Interest is calculated on monthly minimum balance and paid half yearly.

Power Savers

Power Savers Account is an interest bearing savings account for the Bangladeshi citizens. Interest is calculated on daily balance and paid half yearly.

Pearl Account

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

Investment Savings Account

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

Amar Shopno Account

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

RFCD Account

RFCD Account is a foreign currency account for Bangladeshi nationals which can be opened in USD / GBP / EUR. It is an interest bearing account.

SPECIAL NOTICE DEPOSIT Account

Special Notice Deposit (SND) is an interest bearing deposit account designed to facilitate the customers to get some return from their floating fund.

Expat BDT Account

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

Expat FCY Account

Expat FCY Account is a non interest bearing account which will be opened in USD / GBP / EUR for the foreign nationals residing abroad or in Bangladesh and also foreign firms registered abroad and operating in Bangladesh or abroad or Foreign missions and their expatriate employees.

RETAIL SAVINGS SCHEME

Term Deposit

Term deposit is a smart solution to get more out of long term investments with choice of tenor option. Tenor : 30 days , 90 days , 100 days , 180 days, 200 days, 300 days, 360 days or 24 months.

Monthly benefit Scheme

Monthly Benefit Scheme is a term deposit product that offers monthly return on depositors fixed deposit amount over a certain period. Tenor: 1 Year, 3 Years, 5 Years.

My Double / Triple Benefit Scheme

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

My DPS

My DPS is a recurring monthly savings plan of any multiple of BDT 500 & any multiple of BDT 1,000 up to BDT 20,000 with tenor options 3/5/7/10 years.

Secured DPS

Secured DPS is a recurring monthly savings plan with full maturity value insured in case of customer's death. This scheme tenure 5 years & 10 years.

DPS Purple

DPS Purple is a smart recurring monthly savings plan exclusively designed for female customers. Choice of monthly deposit amount: BDT 500 &

any multiple of BDT 1,000 up to BDT 50,000 with flexible options of 3/5/ 7/10 years.

Benefit First

Benefit First is a special kind of term deposit product. It gives a unique facility to the customer to withdraw the interest amount at the time of opening the term deposit. The tenor of Benefit First are 100 days, 200 days, 300 days.

Millionaire Savings Scheme

Millionaire Savings Scheme is a monthly deposit scheme which will give an opportunity to a customer to be a millionaire after a certain period of time with flexible tenor 3/5/7/10/12 years

NRB BANKING PROPOSITION – MY BANGLADESH

To manage the expectations of the NRBs and to facilitate the NRB inward investment to Bangladesh, the products specially designed for NRB's are:

NRB FCY Account

NRB FCY account is an interest bearing Foreign Currency account featuring variety of currency – USD / GBP / EURO.

NRB My Savings Account

A daily interest bearing Taka savings account for non-resident Bangladeshi.

NRB FCY Term Deposit (NRB Rising)

A Foreign Currency fixed deposit account with choice of tenure.

NITA Account

NITA account is an account for the non-resident Bangladeshi investors for portfolio investment in Bangladesh. It is a non-interest bearing account.

NRB My Home Loan

NRB My Home Loan is for Non-Resident Bangladeshis who want to make their own home in their motherland.

Government Bonds for NRB's

Non-Resident Bangladeshis can now invest in the Government bonds with certain valuable benefits and features. There are three types of bonds, namely: WAGE EARNERS DEVELOPMENT BOND, U.S DOLLAR PREMIUM BOND, U.S DOLLAR INVESTMENT BOND.



STUDENT BANKING PROPOSITION – MY FUTURE

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

My Early Account

Savings account with flexible operating features for children aged below 18 years.

My Future DPS

Monthly recurring savings plan for minors of BDT 500 and any multiple of BDT 1000 with tenor options 3/5/10 years

My Study Account

Especially designed daily interest bearing savings account for any Bangladeshi students aged 18 to 26 years.

PAYROLL BANKING PROPOSITION – MY SALARY

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

My Salary Account

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

RETAIL LOANS

My Loan

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

Quick Cash

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

Quick Loan

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

My Home Loan

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

My Car Loan

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

My Study Loan

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

OTHERS

Locker Services

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

Student File Service

NRB Bank provides support to the prospective students by processing their student files and remitting funds in respective foreign currencies to meet tuition fees, board and lodging / incidental expenses etc.

ALTERNATE DELIVERY CHANNELS

ATM

NRB Bank facilitated Automated Teller Machine (ATM) at all branches from the very beginning of the bank's operation. Our ATM networks comprises of 45 ATMs.

Internet Banking

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

Call Center

24 Hours Call Center with world's leading technology solution "NU CALL MASTER" of BDCOM.

CARD PRODUCTS

Local Debit Card

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

Global Debit Card

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

VISA Classic Credit Card

Plastic currency with an unsecured Credit limit from BDT 20,000 to BDT 99,999

VISA Gold Credit Card

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

VISA Platinum Credit Card

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

Hajj Services:

NRB Bank introduced Hajj services for the pilgrims since year 2018. Pre-registration and registration fees collection from pilgrims is on since then with satisfactory customer service. NRB bank also doing IBAN fund transfer to Saudi Arabia on behalf of Hajj Agencies with faster service.

Key Features of NRB Bank VISA Credit Card

- ◆ Highly secured EMV Card, Worldwide Accepted.
- ◆ 3D Secure Online and e-Commerce transactions with OTP.
- ◆ Complimentary Card for the first year.
- ◆ 100% Waiver on Renewal fee by making 14 transactions in a year*.
- ◆ Two Supplementary Card is FREE.
- ◆ Lower interest rate in the market, Monthly 2.08%.
- ◆ Lower interest rate for Balance Transfer, Monthly 1.83%.
- ◆ Cash Advance up to 50% of Card limit.
- ◆ Up to 45 days interest free period.
- ◆ Balaka VIP Airport Lounge facilities (For Platinum Cardholder).
- ◆ Meet & Greet service (For Platinum Cardholder).
- ◆ Free First Card Cheque Book.
- ◆ Lower Card Cheque processing fee, 1.25% or BDT 100 which is higher.
- ◆ Discount facilities in various Restaurants, Hotels & Retail shops.

- ◆ “0% Easylife Installment Plan” from selected Merchants.
- ◆ EMI based “Easylife Interest Loan” from available balance with only 13% interest (Flat) per annum.
- ◆ Triple benefit Credit Assurance Program with Insurance coverage up to tk. 50 Lac.
- ◆ Easy Payment facilities through Internet Banking.
- ◆ Free SMS alert service.
- ◆ Free Monthly e-statement.
- ◆ 24 hours Call Centre assistance.
- ◆ Auto Debit Payment facility.

Key Features of NRB Bank VISA Debit Card

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

NRB Bank introduce first forever international debit card against ATQ(Annual Travel Quota) shortly. Client gets international debit card against his operative account and enjoy home and abroad foreign transaction within annual travel quota.



INFORMATION

TECHNOLOGY @ NRB BANK

2020 will be a challenging year for the overall business industries. This is the era of smart banking and we need to set our mind accordingly. The bank which can provide better service will last longer with profitability. NRB Bank is working utmost to provide best customer services. Any organization can provide better service only with the help of technologies. And we, NRB Bank, need to adopt best technology with intelligence to be apt among others.

"Once a new technology rolls over you, if you're not part of the steamroller, you're part of the road." -Stewart Brand

Ensuring Security

Organizations are responsible for the security of their own data. The organization must ensure Confidentiality which certifies that sensitive information are accessed only by an authorized person, Integrity confirms that information are in a format that is exact and correct to its original purposes and finally Availability that ensures that information and resources are available to those who need them.

In a fast-changing IT environment, companies have already started moving away from legacy hardware centric systems and toward revolutionary technologies such as software defined data centers, hyper converged infrastructures, and hybrid cloud while keeping data protection as a prime concern.

Criminals don't take vacations, and the business of fraud is growing. While banks feel contraction during the current economic challenges, the business of fraud continues to grow. The number of financial organizations being attacked increased in recent time, and financial services still remains the most targeted industry, according to the Phishing Activity.

We are glad to mention that our security system is well enough compare to other organizations.

Awareness Building

It is not possible to ensure security without awareness to both internal employee and external customers. We are continuously arranging workshop at different cluster and zone at different time frame to acknowledge the internal employee about frauds and scams. IT & ADC Operations team are also sending mail and SMS to banks valued customers so that they get aware of the scams and do not get victims.

Straight Banking

NRB Bank has launched a new service titled 'Straight Banking' for corporate banking in Bangladesh, with aims to make banking simpler and easier than before. This is already implemented in LIVE and corporate department is working effortlessly.

Straight banking service will make customer banking services one step ahead and simpler and easier than before. As per memorandum of understanding (MoU), the corporate clients of NRB Bank will be able to manage account information, initiate electronic fund transfer, disburse employee salary and make other types of payment through 'Straight Banking' from their respective office.

Mobile App (NRB CLICK)

NRB Bank is using Mobile App from the commencement of its journey since 2013 with the limited features. But to compete the new era of smart technology, IT & ADC Operations team are working to have a more advanced features of Mobile App. IT & ADC Operations team have already done scarce work on mobile app and phase-1 is implemented in live from where the user can ensure their transaction from home or any network connected place. Hence the retail user can work on Core Banking System (CBS), Card Management System (CMS), and other Payment System from their mobile app.

Enrichment of Agent Banking System

Rural customers are getting facilitated from agent banking. Bank have taken the right decision at right time. To meet the new upcoming challenges every day IT & ADC Operations are working competently and integrating with the 3rd party companies for utility payment arrangement in the agent banking system. So far IT & ADC Operations have provided Debit Card, Clearing, Loan etc. facilities under Agent Banking.

In House Development

Banking technological dependencies are increasing by using foreign software's. It is a big challenge to get support from vendors for software's and process automation. In the circumstances, Honorable Managing Director & CEO took initiative to form a small in house development team under IT & ADC

Operations department. Since then NRB bank is very much focused on in house development. IT & ADC Operations team are doing its best to develop different software and some major developments are Attendance Module, Utility Bill Payment, Credit Card Payment Module and other payment systems apart from minor developed software's. The development team also developed RIT and ISS report.

MIS

The banking MIS & Development team is under the application team who are developing different reports as per business requirement. All foreign Core Banking System (like ORACLE FLEXCUBE) have report as per international requirement and Bank's resolution of report recording is not served by those. As our Core Banking System is a foreign system so we have to developed the reports as per banks internal business requirement of different departments. IT & ADC Operations are also developing the reports for external purpose i.e. as per Bangladesh bank requirement such as CIB reporting, CTR Reporting etc. So far IT & ADC Operations have developed around 250 reports according to business requirement. The reports belong to diverse department as per their requisite and also developed different reports for top management committee (known as Executive Reports). IT & ADC Operations are still working its best on reports development.

Green Banking

Sustainable finance guidelines as per Bangladesh bank it is important to focus on green banking. Though NRB Bank is a small 4th generation bank but the bank is very courageous to take such initiative. With the help of IT & ADC Operations different stakeholders are using DMS, green-pin for card, and other systems to be ecological. NRB Bank is incorporating with the latest technology and trying its best to be paperless.

Data Protection

Data is extremely important, so it should be extremely secure. Data loss prevention solutions monitor and protect sensitive data on the network and block it from leaving the network unauthorized. In addition, data security policy are maintained. This defines approved methods to securely transfer or share data and define restricted methods to help stop the use of unsupported or unsafe services and applications. Policies are very specific on what is acceptable for all employees. They should

include information about email policies, mobile devices, social networking, and internet usage. These policies are documented, communicated (multiple times), enforced, and periodically reviewed and updated.

ATM

NRB Banks motto is one card all ATM around the Bangladesh anytime anywhere with no extra charge. The bank is providing best card related support among the 4th generation bank. Even organization should emphasis reducing ATM crime and the increased threat of physical crime. First and foremost is education. NRB bank (IT & ADC Operations) is very cautious about it. There are dashboard inside the ATM where guidelines of doing transaction and security instruction is shown. IT & ADC Operations team have send the SMS, e-mail in different time period to its valued customers about using the ATM and its safety such as pulling the locked door closed behind when doing any transaction, counting the money before leaving the area, contact call center if card is captured etc.

Secondly is a physical preventive such as video cameras, sufficient lighting, un-obscured placement, security mirrors and functioning locked doors etc.

Digital Marketing

IT & ADC Operations of NRB bank is trying its best to do digital marketing of every products in a productive manner. In the context, IT & ADC Operations team is continuously providing different mails (regarding products) to all the employees as well to the valued customers. The products details are also shown in the link from where all the employees are acknowledged about those and let the customer know about them. IT & ADC Operations team are also publishing the details of products in the social media like Facebook, twitter and other site as the new era is very much focused on social medias.



Correspondent Banking

(FINANCIAL INSTITUTIONS)

Correspondent Bank is a bank that performs certain operations on behalf of another bank, usually in a different country. A Bank is able to service and support cross-border transactions worldwide through network of its correspondent banks. Correspondent bank can facilitate wire transfers, business transactions, accept deposits and gather documents on behalf of another financial institution on a reciprocal basis. Through correspondent banking relationships, banks can access financial services in different jurisdictions and provide cross-border payment services to their customers, supporting international trade and financial inclusion.

Although correspondent banking is the foundation for cross-border transaction, it is being threatened since the beginning of this decade by an overenthusiastic interpretation and enforcement of rules aimed at preventing money laundering and terrorist financing. The number of relationships between banks has been declining in recent years largely, because the industry has been trying to avoid risk-prone services, especially when business opportunities are low.

The impact of the de-risking has now been rebounded to some extent, as development institutions such as the Word Bank and IMF are now working in tandem to redefine correspondent banking business with an expectation to bridge the gap between uncertainty in regulator expectation and compliance programme of global correspondent banks.

As a whole, the changes have brought in greater compliance and reporting requirements for banks. Increasing compliance requirement and reporting in trade services has been pulling the overall costs of offering trade services in all global economies.

Bearing these facts and challenges, NRB bank has successfully accommodated a good number of trade transactions which require adding confirmation and financing facility through its correspondents. We managed to widen our correspondent network in 43 countries around the world. We are maintaining strong bilateral business relationship with more than 180 nos. of local and foreign correspondent banks. NOSTRO accounts in all major tradable currencies have been established and a healthy volume of transaction is channelized through them while meeting their rigorous AML/KYC requirements time to time. NRB bank is registered with IRS (Internal Revenue Services), U.S. to comply FATCA regulations & obtained GIIN (Global Intermediary Identification Number) as ELTG2L.99999.SL.050. We met all regulatory requirements related to compliance and guidelines though our continuous effort and internal insight. We have also registered our bank's name with all required financials and AML/KYC documents in Bankers Almanac and SWIFT KYC Registry.



NOSTRO Accounts						
FCY	Correspondent Bank	SWIFT/BIC	Account No	CP	FX	MM
ACU	United Bank of India, Kolkata	UTBI IN BB	Account Number: 0084050097389; Euro	CP	FX	MM
ACU	United Bank of India, Kolkata	UTBI IN BB	Account Number: 0084050097370; Dollar	CP	FX	MM
ACU	AB Bank Limited, Mumbai	ABBL IN BB	Account Number: 5001-000079-155	CP	FX	MM
EUR	Aktif Yatirim Bankasi AS, Istanbul	CAYT TR IS	Account Number: 7260597	CP	FX	MM
JPY	Mizuho Bank Ltd, Tokyo	MHCB JP JT	Account Number: 7151010	CP	FX	MM
USD	Habib American Bank, New York	HANY US 33	Account Number: 20729250	CP	FX	MM
USD	Mashreq Bank PSC, New York	MSHQ US 33	Account Number: 70010167	CP	FX	MM
SAR	National Commercial Bank, Saudi Arabia	NCBK SA JE	Account Number: 88347001005402	CP	FX	MM

CP = Commercial Payments FX = Foreign Exchange MM = Money Markets

KEY

ACTIVITIES 2019



NRB Bank Holds Annual Business Conference-2019

Mr. Mohammed Mahtabur Rahman, Chairman of NRB Bank Limited has inaugurated the Annual Business Conference 2019 on 26 January 2019 at Lakeshore Hotel Gulshan. Among others: Mr. Tateyama Kabir- Vice Chairman, Mr. Kamal Ahmed –Vice Chairman, Chairman of EC Committee- Mr. M Badiuzzaman, Mr. Imtiaz Ahmed –Chairman of Audit Committee, Mr. Mohammed Idrish Farazy-Chairman of Risk Management Committee, other Directors, Managing Director & CEO Md. Mehmood Husain and Deputy Managing Director Md. Khurshed Alam, Senior Management Team, Managers from 40 Branches of NRB Bank along with other high officials were also present on the occasion.



NRB Bank Limited opens 41st Branch at Debidwar, Cumilla

NRB Bank Limited, a leading 4th generation bank of the country opens the 41st Branch at Debidwar, Cumilla on 14 February 2019. Mr. Md. Mehmood Husain, Managing Director & CEO of NRB Bank Limited formally inaugurated the new branch as the chief guest. Mr. Md. Khurshed Alam, Deputy Managing Director of NRB Bank Limited was present as special guest. Mr. Rahat Shams, Head of Retail Banking and Mr. Mohammed Golam Nakib, Head of Branches, among others, seen in the picture.



NRB Bank Limited opens 42nd Branch at Panchabati, Narayangonj

NRB Bank Limited, a leading 4th generation Bank of the country opens its 42nd Branch at Panchabati, Narayangonj on 20 February 2019. Mr. Md. Mehmood Husain, Managing Director & CEO of NRB Bank Limited formally inaugurated new branch as the chief guest. Mr. Md. Khurshed Alam, Deputy Managing Director of NRB Bank Limited was present as special guest. Mr. Rahat Shams, Head of Retail Banking and Mr. Mohammed Golam Nakib, Head of Branches, among others, seen in the picture.





NRB Bank Limited celebrates Pohela Boishakh-1426

NRB Bank Limited celebrates special Bengali occasion Pohela Boishakh – 1426 on 15th April 2019 at Corporate Head Office to be acquainted itself with the Bengali Culture. Vice Chairman of the Bank Mr. Tateyama Kabir was present along with Managing Director and CEO Mr. Md. Mehmood Husain, Chairman of the Executive Committee of the Board Mr. M Badiuzzaman, Director Mr. Mohammed Jamil Iqbal, the Senior Management Team and all colleagues of Corporate Head Office.



NRB Bank Limited Celebrated International Women's Day 2019

NRB Bank Limited Celebrated International Women's Day on 9th March 2019, at the Corporate Head Office of the Bank. Managing Director and CEO Mr. Md. Mehmood Husain was present as the Guest of Honor to encourage the women's participation in the banking sector and to inspire all the women officials of the bank. Deputy Managing Director Mr. Md. Khurshed Alam, Spouses of the Board of Directors, respected Pearl Customers of NRB Bank Limited, Women Entrepreneur, Established Corporate female professionals and female employees are among others, seen in the pictures. During the whole day NRB Bank provides free consultancy on skin care and obesity by Face On.



NRB Bank Limited celebrated its 1st Agent Banking Day

NRB Bank Limited celebrated its 1st Agent Banking Day on 06 May 2019 (Monday), marking the 1st anniversary of starting its operations. Mr. Md. Mehmood Husain, Managing Director & CEO along with Mr. Imran Ahmed FCA, Chief Operating Officer, Mr. Mohd. Jamil Hossain, Head of CRM and Sustainable Finance Unit, Mr. Imteaz Ahmed, Head of Human Resources, Mr. Milton Roy, Head of Agent Banking and Foreign Remittance Department, distinguished Agents among others are seen cutting a celebration cake at a function held at the Bank's Corporate Head Office.



NRB Bank Launched Debit Card for Agent Banking Customers

Md. Mehmood Husain, Managing Director & CEO of NRB Bank Limited has launched Debit Card for Agent Banking Customers at Corporate Head Office recently. By using this ATM card, NRB Bank Agent Banking Customers will be able to withdraw money from any Bank's ATM Booth without any charge. Mr. Imran Ahmed FCA, Chief Operating Officer, Mr. Milton Roy, Head of Agent Banking & Foreign Remittance Department, distinguished Agents among others are seen in the picture.



NRB Bank Holds Half Yearly Business Review Meeting-2019

Mr. Mohammed Mahtabur Rahman, Chairman of NRB Bank Limited inaugurated the Half Yearly Business Review Meeting 2019 on 27 July 2019 at Escape Velocity Lecture Hall of the Bank at Dhaka. Among others Vice Chairman of the Bank Mr. Tateyama Kabir, Chairman of Executive Committee Mr. M Badiuzzaman, other Directors, Managing Director & CEO Mr. Md. Mehmood Husain and Deputy Managing Director Mr. Md. Khurshed Alam, Senior Management Team, Managers from 42 Branches of NRB Bank Limited along with other high officials were also present on the occasion. The conference evaluated the performance of first six months and adopted necessary strategies and action plan to achieve the target for the remaining period of the year.



NRB Bank Limited launched new retail product 'Millionaire Savings Scheme'

Mr. Md. Mehmood Husain Managing Director & CEO, NRB Bank Limited has launched a new retail product named "Millionaire Savings Scheme" at the Bank's Corporate Head Office on 31 July 2019. Mr. Md. Khurshed Alam, Deputy Managing Director, Mr. Imran Ahmed FCA, Chief Operating Officer, Mr. Badal Kumar Nath FCA, Chief Financial Officer, Mr. Md. Hasanul Haque, Company Secretary, Mr. A. T. M. Zamal Uddin, Head of SME, Mr. Mohammed Golam Nakib, Acting Head of Retail Banking are, among others, seen in the picture.





NRB Bank Ltd. Holds 6th Annual General Meeting

The 6th Annual General Meeting (AGM) of NRB Bank Limited was held on 23 June 2019 at The Westin, Dhaka. The Bank has declared 8% stock dividend (Bonus Share) for the year 2018. Mr. Mohammed Mahtabur Rahman, Chairman of the Bank presided over the meeting. Among others Vice Chairmen Mr. Tateyama Kabir and Mr. Kamal Ahmed, Chairman of Executive Committee Mr. M Badiuzzaman, Chairman of Audit Committee Mr. Imtiaz Ahmed, Chairman of Risk Management Committee Mr. Mohammed Idrish Farazy and Founder Chairman of the Bank Mr. Iqbal Ahmed OBE DBA, other members of the Board of Directors and Shareholders and Managing Director & CEO Mr. Md. Mehmood Husain were also present.



NRB Bank Limited celebrates 6th Anniversary

Mr. Md. Mehmood Hussain, Managing Director & CEO of NRB Bank Limited is seen cutting cake to celebrate the Bank's 6th Anniversary in a function held at Bank's Corporate Head Office, Dhaka on 05 August 2019. NRB Bank Limited completed its 6th year of operations on 04 August, 2019. Mr. Md. Khurshed Alam, Deputy Managing Director, Members of Senior Management Team and Senior Executives of the Corporate Head Office of NRB Bank Limited are, among others, seen in the picture.



NRB Bank Limited Provides Foundation Training for newly joined MTOs

Mr. Md. Mehmood Husain, Managing Director & CEO of NRB Bank Limited poses with the participants of Foundation Training Course for newly joined Management Trainee Officers of the Bank inaugurated at Bank's Learning & Development Center, Dhaka on Wednesday (04 September 2019). Mr. Md. Khurshed Alam, Deputy Managing Director, Mr. Imran Ahmed FCA, Chief Operating Officer, Mr. Md. Towhidul Islam, Head of Financial Institutions & Treasury, Mr. A K M Kamal Uddin, Head of Corporate Banking and Mr. Syed Akhlakuzzaman, Head of Learning & Development are, among others, seen in the picture.



NRB Bank Limited opens 44th Branch at Nayabazar, Bongshal, Dhaka

NRB Bank Limited, a leading 4th generation bank of the country inaugurated its 44th Branch at Nayabazar, Bongshal, Dhaka on 21 November 2019.

Mr. Tateyama Kabir, Vice Chairman of NRB Bank Limited formally inaugurated the new branch as chief guest of the ceremony. Among others, Directors of the Bank Mr. Khandakar R. Amin, Mr. Md. Motior Rahman, Managing Director & CEO Mr. Md. Mehmood Husain, Additional Managing Director Mr. Mamoon Mahmood Shah and Deputy Managing Director Mr. Md. Khurshed Alam were also present with other local distinguished guests.



AML & CFT awareness program for the Honorable Board of Directors of NRB Bank

An awareness program on AML & CFT issues for the Honorable Board of Directors was held on 24.11.2019 at the Board Room of Corporate Head Office, NRB Bank Ltd. The program was chaired by Mr. Mohammed Mahtabur Rahman, Chairman of NRB Bank Ltd. Mr. Md. Sawkatul Alam, DGM and Mr. Mohammad Ismail Prodhan, Deputy Director of BFIU were present in the awareness program as resource persons. Honorable members of the Board, Mr. Md. Mehmood Husain, Managing Director & CEO along with AMD & CAMLCO, DMD and the officials of AML & CFT Department were present in the program.



NRB Bank Limited opens 45th Branch at Purbachal

NRB Bank Limited, a leading 4th generation bank of the country opened its 45th Branch at Purbachal, Rupgonj, Narayanganj on 24 November 2019. Mr. Mohammed Mahtabur Rahman, Chairman of NRB Bank Limited formally inaugurated the new branch as the chief guest of the ceremony. Among others, Vice Chairmen of the Bank Mr. Tateyama Kabir, Mr. Kamal Ahmed, Chairman of the Executive Committee Mr. M Badiuzzaman, Chairman of the Risk Management Committee Mr. Dr. Nesar Ahmed Choudhury, Directors-Mr. Md. Abdul Jalil Chowdhury & Mr. Md. Motior Rahman, Managing Director & CEO Mr. Md. Mehmood Husain, Deputy Managing Director Mr. Md. Khorshed Alam, are also seen in the picture.





NRB Bank Limited opens 46th Branch at Jashore

NRB Bank Limited, a leading 4th generation bank of the country opens its 46th Branch at R.N. Road, Jashore on 28 November 2019. Mr. Swapan Bhattacharjee, MP, Hon'ble State Minister, Ministry of Local Government, Rural Development & Cooperatives, Govt. of the People's Republic of Bangladesh formally inaugurated the new branch as the chief guest of the ceremony. Mr. M Badiuzzaman, Chairman of the Executive Committee of the Board of NRB Bank Limited was present as special guest. Mr. Md. Mehmood Husain, Managing Director & CEO of NRB Bank Limited, Mr. Zahid Hasan Tukun, President, Jashore Press Club, Mr. Mobinul Islam Mobin, Editor & Publisher, Daily Gramer Kagoj and General Secretary, Jashore Sangbadpatro Parishad are, among others seen in the picture.



NRB Bank Limited opens new Branch at Jaflong, Sylhet

NRB Bank Limited, a leading 4th generation bank of the country opened its 43rd Branch at Jaflong, Sylhet on 04 December 2019. Mr. Imran Ahmad, MP, Hon'ble Minister of Expatriates' Welfare and Overseas Employment, Govt. of the People's Republic of Bangladesh formally inaugurated the new branch as the chief guest of the ceremony. Mr. Mohammed Mahtabur Rahman, Chairman of NRB Bank Limited was present as special guest. Vice Chairman Mr. Tateyama Kabir, Directors Mr. Mohammed Jahed Iqbal & Mr. Aminur Rashid Khan, Managing Director & CEO Mr. Md. Mehmood Husain, are also seen in the picture.



Mamoon Mahmood Shah joined NRB Bank as Additional Managing Director

Mr. Mamoon Mahmood Shah joined NRB Bank Limited recently as its Additional Managing Director.

A Postgraduate in Accounting from the University of Dhaka, Mr. Mamoon Mahmood Shah started his banking career as Probationary Officer of IFIC Bank Ltd. He has to his credit a wide range of banking experience of more than 25 years which includes serving in key positions in a number of both local and multinational banking institutions such as EBL, HSBC, Standard Chartered, ANZ Grindlays, etc. Mr. Shah also held the position of MD & CEO of ICB Islamic Bank, National Finance Ltd., GSP Finance.

PRINCIPAL BRANCH Simpletree - Anarkali 89 Gulshan Avenue, Gulshan -1, Dhaka.	DILKUSHA BRANCH PFI Tower (1 st Floor) 56-56 Dilkusha C/A, Dhaka-1000.
BANANI BRANCH Classic Center (1 st Floor) House # 1, Road # 11, Block # F, Banani, Dhaka-1213.	SYLHET MAIN BRANCH ManRu Shopping City (Ground Floor) 891 Mir Box Tula Road, Chowhatta, Kotwali, Sylhet- 3100.
BOGURA BRANCH Bogra Trade Centre (Ground Floor) 766(ii) Rangpur Road, Datta Bari, Borogola, Bogura-5800.	MOULVIBAZAR BRANCH Holding No. 985 & 986 (1 st Floor) M Saifur Rahman Road, Moulvibazar.
O.R. NIZAM ROAD BRANCH Forum Central, 863/B, M.M. Ali Road, Golpahar Circle, Mehedibag, Chattogram.	PANCHDONA BRANCH Jubayer Tower (1 st Floor) Panchdona Bazar, Narshingdi Sadar, Narshingdi-1603.
JOYPARA BRANCH Monowara Mansion (1 st Floor), East Lotakhola Joypara, Dohar, Dhaka- 1330.	HOTAPARA BRANCH Surma Valley (KRC Commercial and Residential Building, 1 st Floor) Holding No. 651, Hotapara, Gazipur Sadar, Gazipur- 1740.
UTTARA BRANCH S M Tower (Ground & 1 st Floor) House # 14, Road # 2, Sector # 3, Jashimuddin Avenue, Uttara Model Town, Dhaka- 1230.	ASHULIA BRANCH Ahsan Complex (1 st Floor) Holding No.356/1, Bashundhara EPZ Road Baipile, Ashulia, Savar, Dhaka-1349.
CHATTOGRAM MAIN BRANCH Joy Bangla Tower 36 Agrabad Commercial Area, Chattogram- 4000.	PATENGA BRANCH 2455/2514 Airport Road, (Padma Oil Co. Ltd. Guptakhal) Patenga, Chattogram.
GOALABAZAR BRANCH Al Murad Plaza (1 st Floor) Goala Bazar, Osmaninagar, Sylhet- 3124.	ZAJIRA Branch House # 204, North Baiksha Zajira Municipality, Thana-Zajira, District-Shariatpur, Division-Dhaka.
KHULNA MAIN BRANCH Matribhasa Bhaban (1 st Floor) House # 63, KDA Avenue, Sonadanga, Khulna.	CHAWKBAZAR BRANCH House #16, Water Works Road, Chawkbazar, Dhaka.
ATI BAZAR BRANCH Bapari Plaza, Ghatarchar (Nayagon) Taranagar, Keranigonj, Dhaka.	BHULTA BRANCH Rabet al Hasan Shopping Center (1 st Floor) Bhulta, Thana Rupgonj, Narayanganj.
PALLABAZAR BRANCH Vill- Palla, Thana- Chatkhil, Noakhali.	LALDIGHIRPAR BRANCH Rahman Chamber (1 st Floor), Holding # 3162 Raja G.C. Road, Laldighirpar, Bondarbaz, Sylhet.
SATKANIA BRANCH Ula Miah Market (1 st Floor), Jonar Keochia Satkania, Chattogram.	HEMAYETPUR BRANCH 1576, Lalon Tower And Shopping Complex (1 st Floor) Hemayetpur, Savar, Dhaka.
MADHABPUR BRANCH Saiham Future Complex (1 st Floor) Madhabpur Bazar, Madhabpur, Habigonj- 3331.	RAJSHAHI BRANCH 166, (1 st floor), Sultanabad (New Market) Ghoramara, Boalia, Rajshahi.
RAHIMANAGAR BAZAR BRANCH A. H. Munshi Tower (1 st floor) Rahima Nagar Bazar, Kachua, Chandpur.	DHANMONDI BRANCH Green City Square, Plot no 750 (old) Satmasjid Road, Dhanmondi, Dhaka.



CUMILLA BRANCH Parvin Square, 36, Kandirpar Ramghat Laksham Road, Cumilla.	MOGRAPARA BRANCH Ambia Plaza, Mograpara Chowrasta. Sonargaon, Narayanganj.
SREEPUR BRANCH Nurul Islam Khan Complex, Plot # 243, Block # B, DB Road Sreepur Pourashava, Sreepur Gazipur.	SHAFIPUR BRANCH K Z tower, Holding # 70/1 Shafipur Bazar, Kaliakoir Pourashava, Kaliakoir Gazipur.
FENI BRANCH Hoque Square 27/1 SSK Road, Feni Sadar, Feni.	GHONAPARA BRANCH Zaman Centre, Gobra, Ghonapara, Gopalganj.
PAHARTALI RAOZAN BRANCH Haji Moqbul Tower (1 st floor), Pahartali, Chowmuhan Bazar Raozan, Chattogram.	KAZIRHAT BRANCH Five Star Super Market, Dubisaybor, Baro Kandi Kazirhat, Zajira, Shariatpur.
KADOMTOLI BRANCH Rashed Iron Market, 1 st Floor (North Side), Bondo Darkpara Highway Road, Kadamtali, Keranigonj, Dhaka.	ISHWARDI BRANCH Holding # 971/972 (1 st Floor), Station Road, Ishwardi, Pabna.
MIRPUR BRANCH HAL- GBDL Kazi Morning Glory, House # 15, Road # 03, Block # A Mirpur-11, Dhaka.	MEDICAL ROAD BRANCH Iscon Market, Medical Road, Jugaltila, Kazalshah, Sylhet.
DEBIDWAR BRANCH Shopnil Tower, Holding No. 252, Ward No. 05, Debidwar, Cumilla.	PANCHABATI BRANCH Abdur Gafur Super Complex, Harihorpara, Panchabati, Narayanganj.
NAYABAZAR BRANCH 2/1, Ananda Mohon Basak Lane, Nayabazar, Dhaka.	PURBACHAL BRANCH Hazi Abdul Samad Shopping Complex, Brammankhali (Habib Nagar) Near Kanchan Bridge, Rupganj, Narayanganj.
JASHORE BRANCH 16 R.N Road, Jashore.	JAFLONG BRANCH Lebu Chairman Building, Holding # 352, Mamar Bazar, Gowainghat, Jaflong, Sylhet.

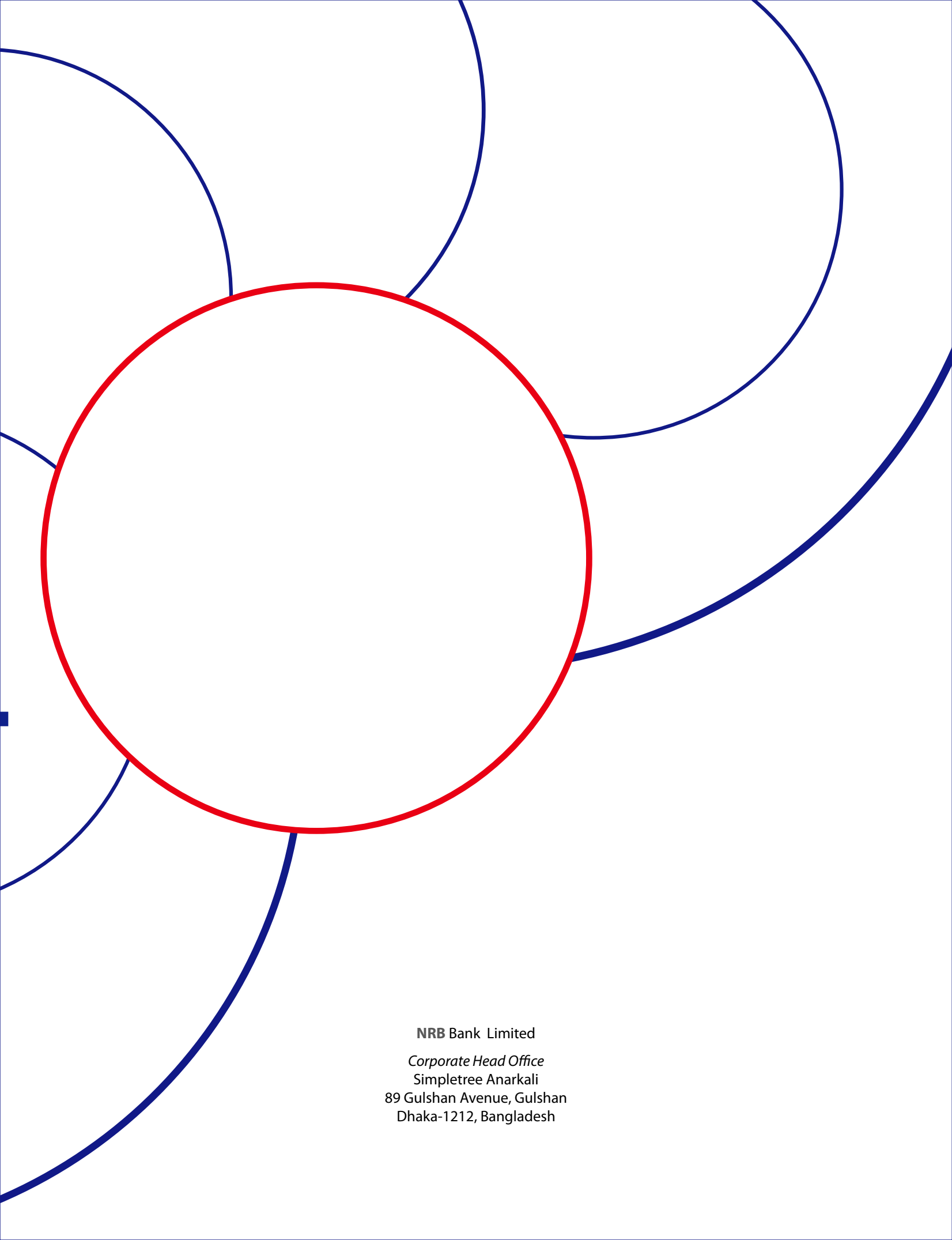
Principal Branch ATM Simpletree Anarkoli (Ground Floor) 89 Gulshan Avenue, Gulshan-1, Dhaka 1212.	Rahimanagar Bazar Branch ATM A. H. Munshi Tower Rahima Nagar Bazar Kachua, Chandpur.
CHO Extension ATM 43/A, Road # 24, Gulshan Avenue, Gulshan, Dhaka.	Dilkusha Branch ATM PFI Tower (Ground Floor), 56-56 Dilkusha C/A, Dhaka-1000.
Banani ATM House # 26 (Ground Floor) Road #11, Block # F, Banani, Dhaka - 1213.	Sylhet Main Branch ATM ManRu Shopping City (Ground Floor) 891 Mir Box Tula Road Chowhatta, Kotwali, Sylhet- 3100.
Bogura Branch ATM Bogra Trade Centre (Ground floor) 766(ii) Rangpur Road Datta Bari, Borogola, Bogra- 5800.	Moulvibazar Branch ATM Holding # 985 & 986 (Ground Floor) M Saifur Rahman Road, Moulvibazar.
O.R. Nizam Road Branch ATM Forum Central, 863/B, M.M. Ali Road, Golpahar Circle, Mehediabag, Chattogram.	Panchdona Branch ATM Jubayer Tower (Ground floor) Panchdona Bazar, Narsingdi Sadar, Narsingdi- 1603.
Joypara Branch ATM Monowara Mansion (1 st floor) East Lotakhola, Joypara Dohar, Dhaka- 1330.	Hotapara Branch ATM Surma Valley (KRC Commercial and Residential Building, Ground Floor) Holding # 65, Hotapara, Gazipur Sadar Gazipur- 1740.
Uttara Branch ATM S M Tower, House # 14, Road # 2, Sector # 3 Jashimuddin Avenue, Uttara Model Town, Dhaka1230.	Ashulia Branch ATM Ahsan Complex (Ground Floor), Holding # 356/1, Bashundhara EPZ Road, Baipile, Ashulia, Savar, Dhaka- 1349.
Chattogram Main Branch ATM Joy Bangla Tower 36 Agrabad Commercial Area, Chattogram- 4000.	Jazira Branch ATM House # 204, North Baiksha Zajira Municipality Zajira, Shariatpur.
Goala Bazar Branch ATM Al Murad Plaza (Ground floor), Goala Bazar, Osmaninagar, Sylhet- 3124.	Chawkbazar Branch ATM House #16, Water Works Road,Chawkbazar, Dhaka.
Khulna Main Branch ATM House # 63, Matribhasa Bhaban, KDA Avenue, Sonadanga, Khulna.	Bhulta Branch ATM Rabet al Hasan Shopping Center (1 st Floor) Bhulta, Rupgonj, Narayanganj.
Ati Bazar Branch ATM Bapari Plaza, Ghatarchar (Nayagon) Taranagar, Keranigonj, Dhaka.	Laldighirpar Branch ATM Rahman Chamber, Holding # 3162, Raza G.C. Road Ward-14, Laldigirpar, Bondar Bazar, Sylhet.
PallaBazar Branch ATM Vill- Palla, Thana- Chatkhil, Noakhali.	Hemayetpur Branch ATM 1576, Lalon Tower And Shopping Complex Hemayetpur, Savar, Dhaka.
Satkania Branch ATM Ula Miah Market (1 st Floor) Keranihat, Satkania, Chattogram.	Rajshahi Branch ATM 166, Sultanabad (New Market), Ghoramara, Boalia, Rajshahi.
Madhabpur Branch ATM Sayhum Future Complex Madhabpur Bazar Madhabpur, Habigonj- 3331.	Dhanmondi Branch ATM Green City Square, Plot no 750 (old) Satmasjid Road, Dhanmondi, Dhaka.
Cumilla Branch ATM Parvin Square 36, Kandirpar, Ramghat Laksham Road, Cumilla.	Mograpara Branch ATM Ambia Plaza, Mograpara Chowrasta , Sonargaon, Narayanganj.



Sreepur Branch ATM Nurul Islam Khan Complex, Plot # 243, Block # B, DB Road, Sreepur Pourashava, Sreepur Gazipur.	Shafipur Branch ATM K Z tower, Holding # 70/1 Shafipur Bazar, Kaliakoir Pourashava Kaliakoir, Gazipur.
Feni Branch ATM Hoque Square 27/1 SSK Road, Feni Sadar, Feni.	Ghonapara Branch ATM Zaman Centre Gobra, Ghonapara, Gopalgonj.
Pahartali Raozan Branch ATM Haji Moqbul Tower , Pahartali, Chowmuhan Bazar, Raozan, Chattogram.	Kazirhat Branch ATM Five Star Super Market, Dubisaybor, Baro Kandi Kazirhat, Zajira, Shariatpur.
Kadomtoli Branch ATM Rashed Iron Market, (North Side), Bondo Darkpara, Highway Road Kadamtali, Keranigonj, Dhaka.	Ishwardi Branch ATM Holding # 971/972, Station Road, Ishwardi, Pabna.
Mirpur Branch ATM HAL- GBDL Kazi Morning Glory, House # 15, Road # 03, Block # A Mirpur-11, Dhaka.	Medical Road Branch ATM Iscon Market, Medical Road, Jugaltila, Kazalshah, Sylhet.
Debidwar Branch ATM Shopnil Tower, Holding # 252, Debidwar, Cumilla.	Panchaboti Branch ATM Abdur Gafur Super Complex, Harihorpara, Panchabati, Narayanganj.
Purbachal Branch ATM Hazi Abdul Samad Shopping Complex, Brammankhali (Habib Nagar), Near Kanchan Bridge, Rugganj, Narayanganj.	Jashore Branch ATM 16 R.N Road, Jashore.
Jaflong Branch ATM Lebu Chairman Building, Holding # 352 Mamar Bazar, Gowainghat, Jaflong, Sylhet.	

Note

[illegible]



NRB Bank Limited

Corporate Head Office
Simpletree Anarkali
89 Gulshan Avenue, Gulshan
Dhaka-1212, Bangladesh