



# Annual Report 2014



**NRBC BANK**  
এনআরবি কমার্শিয়াল ব্যাংক লিমিটেড



NRB Commercial Bank Limited

Annual Report 2014

The Path of  
Progress and Prosperity.....





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## Letter of Transmittal

All Shareholders  
Bangladesh Bank  
Bangladesh Securities & Exchange Commission  
Registrar, Joint Stock Companies & Firms

**Subject : Annual Report of NRB Commercial Bank Limited (NRBC Bank) for the period ended on 31<sup>st</sup> December 2014.**

Dear Sir(s)

We are pleased to present before you the Bank's (NRBC Bank Limited) Annual Report-2014, along with the Audited Financials, as at and for the period that ended on 31<sup>st</sup> December 2014.

The Report includes Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement, along with Notes thereon, of NRBC Bank for the period ended on 31<sup>st</sup> December 2014.

The Report is forwarded for your kind information and record.

Best regards

Truly yours



**Md. Rafiquzzaman**  
Executive Vice President and  
Company Secretary





## Notice Of The 2<sup>nd</sup> Annual General Meeting

Notice is hereby served that the 02<sup>nd</sup> Annual General Meeting (AGM) of NRBC Bank Limited will be held on Saturday, 28<sup>th</sup> February 2015, at 11:30 am at the The Westin, Gulshan, Dhaka, to transact the following business:

### Agenda

1. To Confirm the Minutes of the 01<sup>st</sup> Annual General Meeting (AGM) of the Bank held on 02<sup>nd</sup> April 2014.
2. To receive, consider and adopt the Profit and Loss Account of the Company for the period ended on 31<sup>st</sup> December 2014 and the Balance Sheet as at the date together with the reports of the Auditors and Directors thereon.
3. To declare Dividend out of the profits for the period ended on 31<sup>st</sup> December 2014.
4. To elect/re-elect Directors.
5. To appoint Auditors of the Company for the term until conclusion of the next Annual General Meeting and to fix their remunerations.
6. To transact any other business with permission of the Chair.

By order of the Board



**Md. Rafiquzzaman**  
Executive Vice President &  
Company Secretary

Dated : Dhaka, 09<sup>th</sup> February 2015

### Notes

- a. The Members (Sponsor Shareholders) whose names appear in the Register of the Company shall attend the AGM.
- b. Any Member (Sponsor Shareholder) of the Company entitled to attend and vote at the general meeting may appoint a Proxy to attend and vote on his/her behalf.
- c. The Proxy Form duly filled in and signed by the Member (Sponsor Shareholder) and stamped, must be submitted at the Registered Office of the Company at least 48 (Forty eight) hours before the meeting.
- d. Members (Sponsor Shareholders) are requested to notify the change of address, if any, well in time.
- e. The Board of Directors have recommended 1.00% (One per cent) cash dividend for the period ended on 31<sup>st</sup> December 2014 to be considered in the AGM.
- f. Election of Directors shall be dealt in accordance with the provisions of the Articles of Association of the Company and the relevant rules/circulars of the regulatory authorities.
- g. M/s K M Hasan & Co. and M/s A Wahab & Co., the current auditors will retire from office in the 02<sup>nd</sup> Annual General Meeting. Since they have audited the accounts of the Company for two years, and as such as per Bangladesh Bank Circular No.BCD(P)748/3/546 dated 31<sup>st</sup> March 1991, they are eligible for re-appointment.





## Corporate Profile



**NRBC BANK**  
এনআরবি কমার্শিয়াল ব্যাংক লিমিটেড



# Corporate Profile

## Publication Annual Report 2014

|   |  |  |
|---|--|--|
| <b>Name of the Company</b>                | <b>Chairman</b>                                      | <b>Authorized Capital</b>                    |
| NRB Commercial Bank Limited               | Engr. Farasath Ali                                   | Tk. 10,000 Million                           |
| <b>Registered Office</b>                  | <b>Chairman –Executive Committee</b>                 | <b>Paid-up Capital</b>                       |
| Red Crescent Jashim Trade Centre          | Dr. Toufique Rahman Chowdhury                        | Tk. 4,446.06 Million                         |
| 114 Motijheel C/A                         |  |  |
| Dhaka-1000, Bangladesh                    | <b>Chairman – Risk Management Committee</b>          | <b>Reserves</b>                              |
| Phone : 880-02-9573423-7                  | Engr. Syed Munsif Ali                                | Tk. 79.37 Million                            |
| Fax: 880-02-9573421                       |  |  |
| Swift Code: NRBB BDDH                     | <b>Chairman – Audit Committee</b>                    | <b>Total Assets</b>                          |
| www.nrbcommercialbank.com                 | Mr. Mohammed Adnan Imam, FCCA                        | 24,848.11 Million                            |
| <b>Legal Form</b>                         | <b>Managing Director &amp; CEO</b>                   | <b>Earnings per Share</b>                    |
| Public Limited Company                    | Mr. Dewan Mujibur Rahman                             | Tk. 0.18                                     |
| <b>Date of Incorporation</b>              | <b>Company Secretary</b>                             | <b>Net Asset Value per Share</b>             |
| February 20, 2013                         | Mr. Md. Rafiquzzaman                                 | Tk. 10.30                                    |
| <b>Formal Inauguration</b>                | <b>Chief Financial Officer</b>                       | <b>Net Operating Cash flow per Share</b>     |
| April 2, 2013                             | Mr. Harunur Rashid                                   | Tk. 6.42                                     |
| <b>Core Banking Segment</b>               | <b>Auditors</b>                                      | <b>Return on Investment/Equity (ROI/ROE)</b> |
| Conventional Banking                      | K. M. Hasan & Co.                                    | 1.75%  |
|   | A. Wahab & Co.                                       |  |
| <b>Network</b>                            | Chartered Accountants                                | <b>Return on Asset (ROA)</b>                 |
| Total Branches : 26                       |  | 0.46%  |
| Total ATM : 10                            | <b>Tax Consultants</b>                               |  |
| Total RMA : 710                           | Hasan & Associates                                   | <b>Capital Adequacy Ration (CAR)</b>         |
| Total Nostro Account : 10                 | Chartered Accountants                                | 29.00%                                       |
| Total Agent Banking : To be launched soon | <b>Rating Agency</b>                                 |  |
|   | Credit Rating Information & Services Limited (CRISL) |  |





Vision  
Mission  
Strategic Objective



**NRBC BANK**  
এনআরবি কমার্শিয়াল ব্যাংক লিমিটেড



## Our Mission

- Strengthen the business and investment opportunities.
- Create confidence among the NRBs for investment.
- Strengthen inflow of remittance.
- Deliver service excellence.
- Maintain good financial health.
- Create dignified working environment for Employees.

## Our Vision

*To become a peerless bank . . . .*

## Strategic Objectives

- Create opportunities for NRBs to invest their earnings, utilize their professional expertise in the economic development of Bangladesh.
- Channelize idle and less remunerative fund of NRB.
- Attract FDI of NRBs through diverse products and projects.
- Balanced and sustainable growth.
- Maximization of shareholders' wealth.
- Accomplish the long cherished desire and dream of NRBs to have a bank of their 'own'.
- Excellence of manpower efficiency through attractive compensation package, promoting staff moral through training, development and career plan.
- To invest in the thrust sector for the overall economic development.
- Technology Transfer with the help of the well educated professionals and experienced sponsors of the Bank to have a green banking practice.
- Ensure best Corporate Social Responsibility (CSR) practice.
- Promise to make the world of NRBC Bank a little bigger, everyday.





## Chronicles



**NRBC BANK**  
এনআরবি কমার্শিয়াল ব্যাংক লিমিটেড



## NRBC Bank's Chronicles

|   |                   |
|---|-------------------|
| Application for Bank License                            | May 31, 2011      |
| Letter of Intent (LOI)                                  | April 17, 2012    |
| Certificate of Incorporation                            | February 20, 2013 |
| Certificate for Commencement of Business                | February 20, 2013 |
| First Meeting of Board of Directors                     | February 23, 2013 |
| Bank License from Bangladesh Bank                       | March 10, 2013    |
| Primary Dealership License                              | March 10, 2013    |
| Inauguration of NRBC Bank                               | April 02, 2013    |
| Branch Licence  | April 17, 2013    |
| Opening of First Branch                                 | April 18, 2013    |
| Authorized Dealer permission                            | May 13, 2013      |
| Clearing House Membership                               | June 16, 2013     |
| SWIFT Membership  | August 03, 2013   |
| 1 <sup>st</sup> RMA (Relationship Management Agreement) | August 04, 2013   |
| Statutory Meeting of the Shareholders                   | August 12, 2013   |
| Membership with VISA International                      | August 28, 2013   |
| Commencement of NRB Desk                                | October 09, 2013  |
| Achievement of Ten Thousand Accounts                    | January 23, 2014  |
| Launching of Internet Banking                           | April 02, 2014    |
| Launching of VISA Card                                  | April 02, 2014    |
| Opening of 10 <sup>th</sup> Branch                      | December 29, 2013 |
| Opening of 15 <sup>th</sup> Branch                      | May 19, 2014      |
| Opening of 20 <sup>th</sup> Branch                      | August 07, 2014   |
| Opening of 25 <sup>th</sup> Branch                      | December 22, 2014 |
| Opening of Training Institute                           | January 07, 2015  |





## Message from the Chairman

### Dear Directors, Sponsors and the Team of NRBC Bank

Warm greetings. Almost a year back I dropped a message to you all, recalling the past of the forming days of NRBC Bank and foreseeing its future. Time moves quite very fast to say that it is again time to say you hello, and say a few words from the Chairman's Desk on and about the Bank.

### Reminisce

As the words of my past message read about the possibilities of growth and development of Bangladesh economy, I was confident that NRBC Bank would also mark a remarkable growth in all its aspects. It has marked and made indeed- in all respect- in respect of number of Branches and Manpower to Deposits and Advances to Operating Profit. While we had only 10 branches in the year 2013, it rose to 26 at the end of 2014. Deposits of the Bank grew by 287.72%, Advance by 251.75 % and Operating Profit by 257.88% as against Tk.490.99 Crore, Tk.371.72 Crore and Tk.9.25 Crore of 2013 respectively.

The Bank's cogwheel moved. The growth the Bank has marked is the result of the relentless and concerted efforts made by the entire team of the Management. The Board and all its Committee Members extended full length support to the Management in the pace, speed and impetus of overall performances for what have been achieved during 2014. The performances and its yield could have been even higher and better if the business activities of the country could have moved in a direction the economy and the people demanded. Nevertheless the Bank has achieved success. More success awaits us all in the days ahead.

The message welcomes the honourable Shareholders in the 2<sup>nd</sup> Annual General Meeting (AGM) of the Company. It is definitely enterprising to call for attending the AGM and present before you the Audited Financials of the Bank for the period ended on 31<sup>st</sup> December 2014. The Financials presented before you is the result of trust between our valued customers and Management. And we take pride to have created such an atmosphere of trust building.

### Manpower and the Team

While the manpower of any organisation is the prime factor of running and making good shape of the organisation, the NRBC Bank has a team of experienced Management to cater the needs and services those



required for the overall development of the Bank. A Team of experienced bankers are managing the affairs of the Bank under the commendable leadership of the Management led by the CEO. With the expansion of network of the Bank, the Team of the Bank shall also be widened accordingly.

### Driving Factors of the Economy and the Bank in 2015

Last year in the message it was mentioned that despite global unrest, Bangladesh economy will move forward at a desired speed. It worked and moved forward. The country is facing crucial days in recent times. Nonetheless it is expected that the economy of the country shall be as good as the previous year. So as the position of the Bank would also be as good as the previous year, i.e. the year 2014. And to make the results efficacious, it is required that all of us regardless of the Directors and Sponsors and the Management have to work hand in hand. Therefore, the year 2015 shall also be another year of milestone reaching.

### Continuity and Prophesying Again

Since inception, the Bank has been rendering specialised services to all its valued customers with a number of package of products and services. The trend shall be on with full force, enriched with new products to be launched soon. The customers and the people of the country would be able to get the taste of new services from the end of the Bank. As regard to the development activities of the country, it is hoped that the country will achieve success in progress of the economy. In this regard I refer to the recent remark passed by the IMF that Bangladesh would earn a 6.2 per cent in its GDP growth in the 2014-2015 fiscal. So the trend of the Bank has to go with the pace of the country growth. It is our challenge to maintain and even perform better in the year 2015. Similarly on the other hand, it is expected and hoped that the well wishers and valued customers of the Bank shall keep maintaining their trust with the Bank.

### Corporate Social Responsibility

As part of the Corporate Social Responsibility (CSR), the Bank took part in donating blankets for the cold stricken poor people. As a token of our Bank's participation in the programme, 5000 blankets were donated to the Prime Minister's Relief Fund. A small number of blankets has also been handed over to the Bangladesh Red Crescent Society for the cold stricken people. Besides, the needy sub-staff of the Bank has also been provided with blankets as well. Only recently the Bank has donated BDT 1 million to the National Institute of Burn and Plastic Surgery of the Dhaka Medical College and Hospital for the treatment of the burnt people who became victims of the recent ongoing ravage of petrol bombs. Such activities shall be increased in the future days, with gradual growth of the Bank.

### Vision and Mission

The Bank has set the vision and mission well ahead of its inception. As set, the vision and mission of the Bank is "to become a peerless bank in terms of providing efficient and innovative banking services, safeguarding depositors' interests, fulfilling shareholders' desire, supporting economic growth of the country with particular attention to channelize regular inflow of foreign remittance of Bangladeshi expatriates working abroad and also the inflow of the idle and less remunerative fund held with wealthy NRBs".

### Acknowledgement

The Bank grew in the past two years. It shall keep going in the same way with much more speed and strength. This has been possible due to the support the valued customers have extended to us. I am behold with respect to the customers who have extended their hands of co-operation and support. I am confident that the support shall be continued.

### Commitment

We have performed. And we have achieved. We have played role in building a strong and sound base of the Bank. So do we are performing for the wellbeing of the economy of the country and its people. We are committed and we vow to honour our commitment.

Best wishes to you all.



**Engr. Farasath Ali**  
Chairman





## **A Few Words of the Chairman of the Executive Committee of the Board of Directors**

With great pleasure and satisfaction I sincerely share with you all the annual performance-2014 of NRBC Bank Limited. NRBCs had a dream of having a Bank of their own for long years. They have rightly organized the NRBCs to do something in a better way. This is an entrepreneurial idea which deserves thanks. NRBC Bank Limited started its journey on 2<sup>nd</sup> April 2013 with progressive glaring steps.

I am also pleased, of course, for the year- 2014 with competitive conditions which has proved the Bank continuously successful. I am gratified by the talent and dedication of all professionals who have implemented the strategy for successful performance of the Bank. We are committed to focusing on the Way to Financial Well-Being of customers. It is our solemn purpose, and we do it by considering our customers' needs first. The Bank strives to understand customers' specific circumstances and provides personalized advice and services that meet their unique banking, borrowing and investing needs.

The true nature of any organization can be derived only from observing how does it perform its objectives under pressure. The Bank started its business operation in political unstable situation in the year 2013. Political instability affects the economic growth of any country. Though the Bank started its business operations in an unstable political situation, it achieved operating income of Tk.35.37 crore in the year 2013. During the year 2013, Bank opened 10 Branches and achieved a total loan portfolio of Tk.371.17 crore and deposit balance stood at Tk.491.00 crore.

The Bank aspires to be an "International Standard Financial Institution" benchmarking itself against international standards with best practices in terms of product offerings, technology, service levels, risk management, audit and required compliance. The objective is to continue building sound customer franchises across distinct businesses so as to be a preferred provider of banking services to its targeted retail and wholesale customers segments, in order to achieve a healthy growth in profitability, consistent with the Bank's risk exposure and aptitudes.



During the year 2014, we planned to optimize the operational activities of the Bank including credit expansion and mobilization of deposits and fund. During the year 2014, the Bank opened 16 more Branches all over the country. At the end of 2014, total number of branches of the Bank stands at 26. Above all, we remain focused on simultaneously maintaining very high credit standards and strong deposit and fund sources delivering exceptional client service.

We experienced strong growth of loans, deposits and other Banking business during the year 2014. To serve customers better, we continued to augment our infrastructures, upgraded our centralized online banking and we are in the way of launching successful Agent Banking and social media initiatives. We invested significantly in technology up gradation and to address compliance of new laws and regulations of the Government and Bangladesh Bank.

We continued to benefit from the strength of our urban and rural markets. As the national economy continued to strengthen, conditions in our geographic footprint improved at a somewhat faster pace. We have increased our loan portfolio in a significant way and at the end of 2014, loan portfolio of the Bank stands at Tk.1,441.12 crore and the balance of deposit stands at Tk.1,727.09 crore and the bank achieved an operating income of Tk.99.10 crore and also an operating profit of Tk.18.36 crore. During 2014, we have launched a number of attractive deposit products in the market. Apart from the deposit products, we have also launched a number of loan products, which will contribute to the economic growth of the country.


For economic development of the country, we need Foreign Direct Investment (FDI). NRBs as well as foreign investors can invest in different industry like Export oriented industries, Power sector, ICT & Electronics, Agri equipment and Agri processing and ship building. Bangladesh is strategically located for the global trade with access to international sea and air routes and is endowed with abundant supply of the key factors of production like hardworking workforce, natural gas, fertile land, favorable climate and social tranquility despite political ongoing problems.

NRBC Bank Limited will act as facilitator to attract FDI in Bangladesh. Separate desks at Branches & Head Office level have to be set up for serving the NRBs as well as Foreign Investors in order to assist the potential investors to accomplish their objectives combined with the regulatory formalities, capital market formalities, by land acquisition even through purchases, if necessary. Meanwhile, we have already launched NRB Desks at branch levels in order to render precedence services to the NRBs. To accelerate the service to the foreign investors as well as international trade payment business, we need to ascertain correspondence relationship and credit line with different Banks and Financial institutions all over the world. In the meantime, we have already created global correspondence relationship with 117 Banks and Financial institutions.

As the Chairman of the Executive Committee of the Board of Directors of NRBC Bank Limited, I wholeheartedly appreciate the sincere efforts along with the combined and continued support of the Board of Directors, all stakeholders, all employees and our valued customers that allow the increasing traditions and accomplishments of NRBC Bank Limited and also to continue to prevail over local and foreign arenas. I remain confident of our future success and resolute determination in our commitment to the communities we serve.

Thank you very much for your sincere and successful business efforts and achievement and also for your continued support to NRBC Bank Limited.

I consider it a pleasure and great privilege for me to serve you all in my humble efforts to work and walk hand in hand.



**Dr. Toufique Rahman Chowdhury**

Chairman of the Executive Committee of the Board of Directors





## Managing Director and CEO's Message

It is my immense pleasure to present a glimpse of our achievements to the honorable Directors, Sponsors, Customers, Employees and all the Stakeholders of the Bank.

At the beginning of our journey, we promised that every day we shall widen the world of NRBC Bank. Though I am not complacent, I am happy to assure you all that we are consistently heading towards fulfillment of our promises. I would like to put some light first on the latest trend of national economy over the year 2014.

### National Economy Review: 2014

Bangladesh economy managed to maintain more than six percent annual average GDP growth for the last 10 years despite global economic slow down. Due to stability in price of food items, there was downward trend in inflation over the year 2014. For the last few years we have achieved average growth rate about 6.2%. Our growth rate is the second best after India and inflation rate is the lowest in the region over the last two decades.

Agriculture sector grew steadily in the year 2014. Export growth has been resilient despite political crisis, cancellation of GSP facilities in USA and several hazardous accidents taken place in garments industry. Import has been on a sluggish trend throughout 2014. Recently, it has improved quite a bit driven mainly by import of capital machinery, industrial raw materials and petroleum products.

Deposit and lending interest rates have come down during 2014 and accordingly interest rate spread also have down steadily which certainly will attract our investors.

The central bank's gross foreign exchange reserves rose to \$22.3 billion at the end of December 2014. A surge in remittance inflows and the Central Bank's active exchange rate management strengthened the value of the taka.



### Key Achievements- 2014

- Opened 16 new branches across the country at different vital rural & urban areas increasing the total number to 26 to keep firm pace in banking arena of the country.
- Reached over 42,000 customers by way of opening of different types of deposit & loan accounts. People of different corners have now come to know about NRBC Bank and it has gradually been developing own brand image.
- Developed real time online centralized banking environment at all branches. No matter, where the customer is, from any corner of the country, one can do banking with us even having account at a remote branch.
- Deposit of the Bank was Tk.1727.09 crore with 251.76% growth over the year 2013.
- Loans & advances of the Bank was Tk.1441.23 crore with 287.73% growth over the year 2013.
- Maintaining constant supervision & nursing, we were capable to keep our credit portfolio NPL free, which is significant comparing to the scenario of present increasing rate of NPL at many banks of Bangladesh.
- Execution of agreement with different Govt. Utility Service Providers to collect their bills with the help of our modern banking services. The list so far includes BRTA, DPDC, DESCO and REB. We are planning to expand our radius of services in the year 2015.
- Established Relationship Management Application (RMA) with 500 bank branches across the world during 2014. Foreign Exchange operation has been flourishing rapidly.
- Established regular credit line with Mashreq Bank PSC and Habib American Bank, New York. Case-to-case credit relationship has been established with Habib Bank AG Zurich.
- Remittance agreement has been signed with Western Union and Xpress Money. Non Resident Bangladeshis (NRB) can now remit their hard earned money to the dearest one at very ease.
- Facilitated Import: Tk.722.37 crore.
- Facilitated Export: Tk.596.48 crore.
- Facilitated Inward Remittance: Tk.26.47 crore.
- NRBC Bank is the first among the 4<sup>th</sup> generation bank and 2<sup>nd</sup> in the banking industry to obtain 'Agent Banking' license with a view to extend banking service to more people who are out of regular banking services and located at remote corners of the country. We are planning to broaden our 'Agent Banking' service significantly in 2015.
- We have obtained membership of VISA - a globally renowned card service provider - and have launched card services in broader dimensions. Already, we have issued over 6000 debit cards and almost 500 credit cards. 15 ATM machines have already been set up, which will be increased in the new year.
- Launched 'Internet Banking' and 'SMS Banking' with various online facilities which has made banking easy.

### Priorities- 2015

- Planning to set up 20 more branches all over the country. We would like to reach at the door of mass people at the earliest. Expansion is one of our most priorities.
- Nourishment of regular business clients, focusing more on medium industry rather than getting concentrated on few giant conglomerates.
- Prioritization on mass banking. Designing products aiming to different segments of the society.
- Development of more modern banking technologies in addition to existing conventional methods. Deployment of new internet features including apps & other modern services.
- Boosting up deposit base & credit portfolio of the Bank.
- Inspiring financing SME firms & encouraging women entrepreneurs.



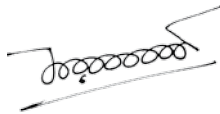
- Launching 'Card Cheque' & 'Insta Buy' facilities.
- Emphasizing more on introducing pragmatic new products & schemes for NRBs.
- Mobilization of Agent Banking operation.
- Taking 'Customer Service' to a new height by means of quality & excellence.

#### 2015: New Challenge

2014 was undoubtedly a challenging year for Bangladesh economy and 2015 will, no doubt, offer its share of new challenges. With our highly professional team and prudential banking, we have emerged as one of the most promising 4<sup>th</sup> generation banks towards progress to trade and business of the country. As we look forward, we are committed to build a shared prosperity for our society to continue to meet the needs of future generations. We are confident that we are on the right track and draw our strength from our tradition of ethical business to continue to improve our operational efficiency, offer innovative products and services to cater to contemporary needs and tastes. Given the uncertainties of the external environment, our approach will be towards achieving pragmatic development.

#### We are grateful

I express my gratitude to the Governor of Bangladesh Bank and his team for their support and guidance. I am deeply indebted to the Chairman and the Board of Directors of NRBC Bank for their prudence, stewardship and co-operation. A great debt is owed to our customers and sponsors who believed in us and remained loyal throughout. Last but certainly not the least, I thank my team for their constant enterprise, dedication and commitment to be the part of a winning team.



**Dewan Mujibur Rahman**  
Managing Director & CEO



# Board of Directors

## Chairman

Engr. Farasath Ali

## Vice Chairman

Dr. Toufique Rahman Chowdhury

## Director

Mr. ABM Abdul Mannan

Mr. Mohammed Oliur Rahman

Mr. Mohammed Enayet Hossain

Mr. Md. Amir Hossain

Mr. T I Rahman

Mr. F H Khan

Mrs. Kamrun Nahar Sakhi

Mr. Abu Bakr Chowdhury

Mr. Mohammad Shahid Islam

Mr. Loquit Ullah

Mr. Tamal S M Parvez

Mr. Rafikul Islam Mia Arzoo

Mr. Mohammed Nazim

Engr. Syed Munsif Ali

Mr. Mohammed Adnan Imam

Dr. Nuran Nabi

Mrs. Kaniz Farzana Rashed

Mr. Mohammed Manzurul Islam

## Managing Director & CEO

Mr. Dewan Mujibur Rahman

# Board of Directors



**NRBC BANK**

এনআরবি কমার্শিয়াল ব্যাংক লিমিটেড



## Directors' Profiles



**Engr. Farasath Ali**  
Chairman, Board of Directors

**Engr. Farasath Ali**, is US citizen. He is a Textile Technologist from the University of LEEDS, UK. Born in 1955, he bravely fought in the Liberation War of Bangladesh.

Engr. Ali heads SNA Knitting Mills Inc. in the USA, a knitwear unit, as its president. He is involved in different social activities in the USA and has contributed significantly to the welfare of the NRBs living in the USA and thus in the process he has engaged himself towards making contribution to the growth of his motherland in many fronts culminating in his endeavour to spearheading this NRB Commercial Bank Limited.



**Dr. Toufique Rahman Chowdhury**  
Vice Chairman & Chairman EC Committee

**Dr. Toufique Rahman Chowdhury**, a permanent resident of the UK is a B.A(Hons), M.A in Economics from Dhaka University in 1975 & 1976 respectively. He had obtained his Phd. from BIU in the year 2004. He had started his career in Banking & served Sonali Bank, National Bank Ltd. & Prime Bank Ltd. till 1998 in different capacities. In 1999, he had pioneered sponsoring Mercantile Bank Ltd. and assumed the office of the Director, which he had held with intervals until recently. He had also been the Chairman of the Board of Directors of Mercantile Bank Ltd. from January 2000 to July 2001. Mr. Chowdhury had founded Metropolitan University in Sylhet in 2003. He is a Director in East Anglia Resources Ltd. in the UK and director in National Credit Ratings Ltd. All these inherent capabilities in him of leading a team led him to sponsoring the NRB Commercial Bank Ltd. with a view to contributing to the growth of overall development of the country.





**Mr. A B M Abdul Mannan**  
Director

**Mr. A B M Abdul Mannan** is a Bangladeshi US citizen. He obtained his Undergraduate and Graduate Degree from Islamia College Karachi, Pakistan. He is an established businessman in the US having more than 10 years of business experience. Mr. Mannan is the owner of AAA Wash & Clean in the USA. He has a very strong socio-economic and socio-cultural background.



**Mr. Mohammed Oliur Rahman**  
Director

**Mr. Mohammed Oliur Rahman** is a permanent Resident of Dubai, UAE and is engaged in the business of Retail, Wholesales & Export of Fragrance, Perfumery, Cosmetic products & Accessories in the names and styles of Al Harmain Trading LLC, Dubai, UAE, Al Harmain Perfumes MFG & OUDH Processing Industry LLC, Ajman, UAE, Al Harmain Perfumes LLC, Dubai, UAE, Best in Fragrance, Hilton Tower, Makkah, KSA & Noor Al Harmain LLC, Dubai, UAE. Mr. Rahman has the long successful business career & he is an influential & respected personality among the expatriate Bangladeshis in Dubai, UAE. He is deeply involved in the welfare of the Bangladeshi community.



**Mr. Mohammed Enayet Hossain**  
Director

**Mr. Mohammed Enayet Hossain**, is a Bangladeshi expatriate & an Italian citizen. He is engaged in the business of Jewellery & Garments, Cleaning in Italy. Mr. Hossain is the Director of TANJIL-CO & TANJIL-CO Cleaning Company in Italy. He has also established business in UAE.



**Mr. Md. Amir Hossain**  
Director

**Mr. Md. Amir Hossain** lives in the USA. He had earned his Master's from Chittagong University in 1989. He runs recycling Industry & does Export & Import in the USA. Mr. Hossain is CEO of Trimx International-LCC, Trimx Ventures LLC, Trimx Recycling LLC and Trimx Demolition LLC in USA. He is committed to the development of the Bangladeshi communities living in the USA. Mr. Hossain had a long cherished desire to contribute to the development & growth of his motherland & his dream came true when he had the opportunity of becoming a sponsor of the NRB Commercial Bank Ltd.





**Mr. Abu Mohammad Tushar Iqbal Rahman**  
Director

**Mr. Abu Mohammad Tushar Iqbal Rahman**, is a permanent Resident of Germany. He did his Graduation from BUET, Dhaka in Triple E in 2000 & Post Graduation from the University of ULM, Germany in 2004. Mr. Rahman is engaged as Professional Engineer in Germany.



**Mr. Feroz Haider Khan**  
Director

**Mr. Feroz Haider Khan**, an NRB and a Canadian citizen is an Engineer by profession & he did his Graduation & Post Graduation from Bangladesh & Canada respectively. Presently, he is the Head of Network Security and Audit (VP) of a Mobile Phone operator in Canada. He is also engaged in various businesses in Canada.



**Mrs. Kamrun Nahar Sakhi**  
Director

**Mrs. Kamrun Nahar Sakhi**, an NRB and a Canadian citizen was born on September 01, 1972 in Chittagong, Bangladesh. She did her Graduation from Govt. Women's College, Chittagong in 1993. Mrs. Shaki is the Director of 7069367 Canada Inc. Canada, Mishmak Developments Ltd. And Mishmak Lands Developments Ltd.



**Mr. Abu Bakr Chowdhury**  
Director

**Mr. Abu Bakr Chowdhury** is a UAE citizen. He hails from Chittagong and obtained his Graduation from Chittagong University. He is a very successful businessman. Mr. Chowdhury is the Chairman of Baizid Group of Companies. He is also the Managing Director of CSS Corporation (BD) Ltd., CSS Power Ltd., ABC Marks Holdings Ltd. and ABC Associates Ltd. He has a very strong socio-economic and socio-cultural background.





**Mr. Mohammad Shahid Islam**  
Director

**Mr. Mohammad Shahid Islam**, a permanent resident of Kuwait, is a Graduate and is involved in the service industry in Kuwait as CEO in the Company named Marafie Kuwaitia Group.



**Mr. Loquit Ullah**  
Director

**Mr. Loquit Ullah**, an NRB & an Italian citizen, is engaged in wholesale business since 1980. Mr. Loquit Ullah is Managing Director of STORE ALAMIN S.N.C., Rome, Italy.



**Mr. Tamal S.M. Parvez**  
Director

**Mr. Tamal S.M. Parvez**, a Bangladeshi expatriate & a Russian resident, has attained Post Graduation from Moscow institute of Statistics & Economics. He is engaged in IT distribution, Real Estate Holdings & Logistic consultations in Russia. Mr. Parvez is CEO and President of OY STN Electronics Ltd., Finland. He is also the Director of Oldi Group and System Invest Trekhprudnaya, Russia.



**Mr. Rafikul Islam Mia Arzoo**  
Director

**Mr. Rafikul Islam Mia Arzoo** is a Bangladeshi Russian citizen. He did his M.Sc in Electrical Engineering from Georgian Technical University in 1988. He is a successful businessman having interest in investment. Mr. Islam is the President of Bonanza and Managing Director of Mela, Russia. He is also the Director of Lisichka, Russia.





**Mr. Mohammed Nazim**  
Director

**Mr. Mohammed Nazim** is a permanent resident of UAE. Mr. Nazim is a Graduate and is engaged in the business of Car Wash & Car Maintenance in as many as five business entities in Sharjah and Ajman, UAE in the capacities of the Managing Director since 1998.



**Engr. Syed Munsif Ali**  
Director & Chairman-Risk Management Committee

**Engr. Syed Munsif Ali**, a permanent Canadian resident, is an Engineer by profession and is engaged in Real Estate business in the capacities of Chairman & CEO of Multipal Canada Limited & Mutipal Limited in Bangladesh.



**Mr. Mohammed Adnan Imam, FCCA**  
Director & Chairman- Audit Committee

**Mr. Mohammed Adnan Imam**, a Bangladeshi Origin and a British citizen, is an FCCA and is engaged in the business of private Equity and Real Estate as Managing Director in a number of business houses. Mr. Imam is the Managing Director of IPE Capital Limited, London. He is also Managing Director of AWR Developments Limited & AWR Real Estate Limited, London.



**Dr. Nuran Nabi**  
Director

**Dr. Nuran Nabi**, a US citizen and an NRB, is a proud freedom fighter. He did his Honour and Masters degrees from Dhaka University and obtained Ph.D from Japan. He was a research scientist at corporate management of Colgate Palmolive Co., USA. He is a director of American Super Specialty Hospital in Dhaka, Bangladesh. He has a strong socio-economic background.





**Mrs. Kaniz Farzana Rashed**  
Director

**Mrs. Kaniz Farzana Rashed**, an NRB and a Canadian citizen, did her Graduation from National University, Bangladesh. Mrs. Farzana is engaged in Export & Import Business in Canada. Mrs. Rashed is Director & Chairperson of North South Inc., Canada. She is also a respectable shareholder of Bay Navigation Limited and MRF Essentials Trade Limited.



**Mr. Mohammed Manzurul Islam**  
Director

**Mr. Mohammed Manzurul Islam**, an NRB living in the USA, obtained BA (Hons.) and MA degrees from Dhaka University and MA from New York University, USA. He was a certified teacher in New York City School for 10 years. He is a Director of ATN News, a popular TV channel of the country. An internationally known journalist, TV anchor and a media news producer, Mr. Islam is CEO of Re/Max Universal, USA. He is also a very successful Real Estate Businessman with a strong background in socio-political and socio-economic affairs.



**Mr. Dewan Mujibur Rahman**  
Managing Director & CEO

**Mr. Dewan Mujibur Rahman** worked as Managing Director & CEO of Mercantile Bank Ltd. (MBL), a private sector commercial bank established in 1999, from 9th October 2007 to 7th October 2010. Before joining MBL, he worked for more than three years as Managing Director of Karmasangstan Bank, a government owned specialized financial institution that provides credit, especially to SMEs located in the rural areas and engaged himself in productive activities. Prior to joining Karmasangstan Bank, he worked as Deputy Managing Director of Janata Bank, the second largest nationalized commercial Bank of the country. Before joining Janata Bank in April 2003, he worked for about three and a half year as General Manager in BASIC Bank Ltd. - a state owned specialized bank engaged in financing small and medium scale industries. Before joining BASIC Bank Ltd. in November 1999, he worked in Agrani Bank for long 23 years in various capacities such as Head of Division, Head of Corporate Branch, Zonal Head, Branch Manager with the rank and status of Deputy General Manager, Assistant General Manager, etc. He attended a number of International Trainings/Workshops/Seminars in the relevant fields of management in the USA, UAE, India, Singapore and Hong Kong. In total, he has 34 years of professional experience in all areas of commercial banking including Trade Financing, Industrial Financing, Rural Financing and Foreign Exchange.

A passionate lover and patron of art and culture especially music, Mr. Dewan comes from Habiganj.

He is a life member of a member of professional associations. Besides attending meetings, seminars and workshops/trainings. Mr. Dewan has also travelled and visited Malaysia, Cambodia, Thailand, China, South Korea, Qatar, Oman and Saudi Arabia.

Graduated in Commerce from Dhaka University, Mr. Dewan is also an MBA from the Institute of Business Administration of the same University.



## Sponsors

Engr. Farasath Ali  
Dr. Toufique Rahman Chowdhury  
Mr. Tanwir M O Rahman Chowdhury  
Mr. ABM Abdul Mannan  
Mr. Mohammed Oliur Rahman  
Mr. Mohammed Enayet Hossain  
Mr. Md. Amir Hossain  
Mr. Abu Mohammad TI Rahman  
Mr. Firoz Haider Khan  
Mrs. Kamrun Nahar Sakhi  
Mr. Abu Bakr Chowdhury  
Mr. Mohammad Shahid Islam  
Mr. Loquit Ullah  
Mr. Tamal S M Parvez  
Mr. Rafikul Islam Mia Arzoo  
Mr. Mohammed Nazim  
Engr. Syed Munsif Ali  
Mrs. Shamimatun Nasim  
Mr. Mohammed Adnan Imam  
Dr. Nizam Mohammad Meah  
Dr. Nuran Nabi  
Mrs. Kaniz Farzana Rashed  
Dr. Rafiqul Islam Khan  
Dr. Shahanara Begum Ali  
Mr. Sarwar Zaman Chaudri  
Mr. Mohammad Zakaria Khan

Mr. Shabbir Ahmed Mubin  
Mr. Izaharul Islam Halder  
Mr. Mostafisur Prince Rahman  
Mr. Aziz U Ahmed  
Mr. Mohammed Manzurul Islam  
Mr. Mohammed Jamal Uddin  
Mr. Faruk Ali  
Mr. Zulfiker Alim  
Mrs. Ferdoushe Begum  
Mr. Mohammed Ashraf Ali  
Mr. Fahad Madani Islam  
Mr. Shamim Ali  
Mr. Shakawat Ali  
Mr. Mohammed Shofiqul Islam  
Mr. Nahid Ahmed Chowdhury  
Mr. Tohel Ahmed  
Mr. Azadul Haq  
Mr. Mohammad Iqbal Rashed  
Mr. Mohammed Jahangir Alam  
Mr. Mohammed Sabbir Ahmed  
Dr. Abul M. Ibrahim  
Mrs. Nazni Mansur  
Mr. Anwar Hossain  
Mr. Sunahwar Ali  
Mr. Mohammad Kashem  
Mr. Mohammed Tanvir Ahmed  
Mr. S.M. Gulam Robbani Chowdhury

## Sponsors



**NRBC BANK**  
এনআরবি কমার্শিয়াল ব্যাংক লিমিটেড





Engr. Farasath Ali



Dr. Toufique Rahman Chowdhury



Mr. Tanwir M O Rahman Chowdhury



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Mr. Mohammed Oliur Rahman



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Mr. Md. Amir Hossain



Mr. Abu Mohammad Tushar Iqbal Rahman



Mr. Firoz Haider Khan





Mrs. Kamrun Nahar Sakhi



Mr. Abu Bakr Chowdhury



Mr. Mohammad Shahid Islam



Mr. Loquit Ullah



Mr. Tamal S M Parvez



Mr. Rafikul Islam Mia Arzoo



Mr. Mohammed Nazim



Engr. Syed Munsif Ali



Mrs. Shamimatun Nasim





Mr. Mohammed Adnan Imam



Dr. Nizam Mohammad Meah



Dr. Nuran Nabi



Mrs. Kaniz Farzana Rashed



Dr. Rafiqul Islam Khan



Dr. Shahanara Begum Ali



Mr. Sarwar Zaman Chaudri



Mr. Mohammad Zakaria Khan



Mr. Shabbir Ahmed Mubin





Mr. Izaharul Islam Halder



Mr. Mostafisur Prince Rahman



Mr. Aziz U Ahmad



Mr. Mohammed Manzurul Islam



Mr. Mohammed Jamal Uddin



Mr. Faruk Ali



Mr. Zulfiker Alim



Mrs. Ferdoushe Begum



Mr. Mohammed Ashraf Ali





Mr. Fahad Madani Islam



Mr. Shamim Ali



Mr. Shakawat Ali



Mr. Mohammed Shofiqul Islam



Mr. Nahid Ahmed Chowdhury



Mr. Tohel Ahmed



Mr. Azadul Haq



Mr. Mohammad Iqbal Rashed



Mr. Mohammed Jahangir Alam





Mrs. Nazni Mansur



Mr. Anwar Hossain



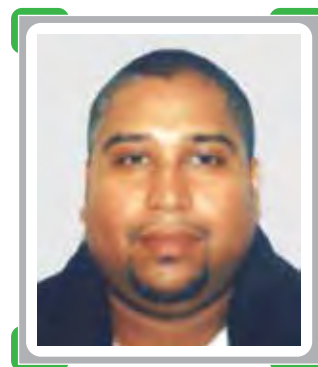
Mr. Sunahwar Ali



Mr. Mohammed Sabbir Ahmed



Mr. Mohammad Kashem



Mr. Mohammed Tanvir Ahmed



Dr. Abul M. Ibrahim



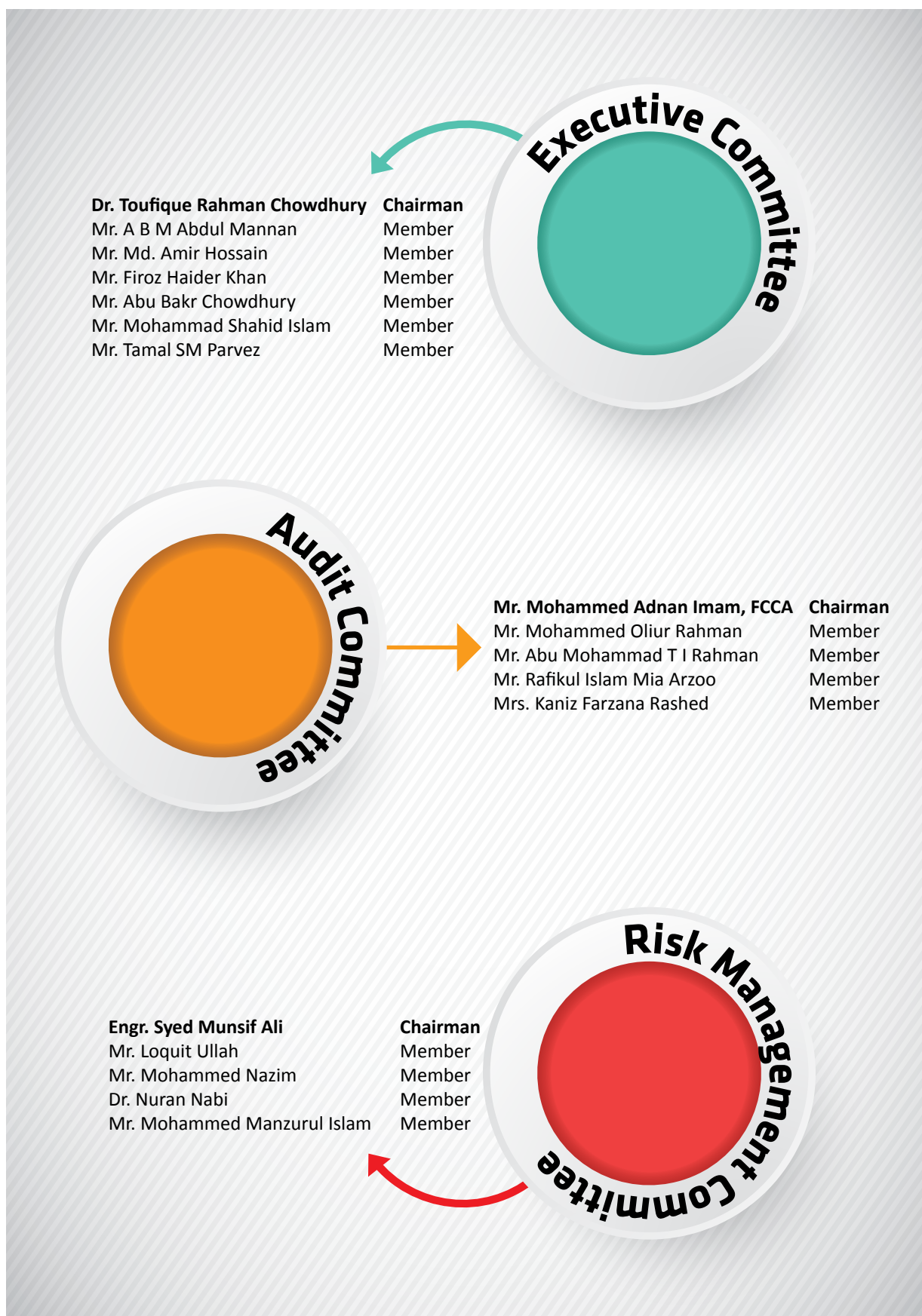
Mr. S.M. Gulam Robbani Chowdhury





Executive Committee  
Audit Committee  
Risk Management Committee  
Management Committee  
Asset-Liability Committee







**Mr. Dewan Mujibur Rahman, MD & CEO**

Mr. A S M Bulbul, AMD  
Mr. Shoaib Ahmed, DMD  
Mr. Arif Md. Shahedul Haque, SEVP  
Mr. Md. Shafiet Wahed, SEVP  
Mr. Rafiquzzaman, EVP  
Mr. Kabir Ahmed, SVP  
Mr. Tanusree Mitra, SVP  
Mr. Kazi Md. Safayet Kabir, SVP  
Mr. Harunur Rashid, VP & CFO  
Mr. Dipak Kumar Chakraborty, VP  
Mr. Md. Mynul Hossain Kabir, VP  
Mr. Mohammad Mostahaque, VP  
Mr. Md. Anisur Rahman, FVP  
Mr. Sayed Md. Moharram Hossain, FVP  
Mr. Md. Masum Haider, FVP

**Chairman**

Member  
Member  
Member Secretary  
Member  
Member  
Member  
Member  
Member  
Member  
Member  
Member  
Member  
Member  
Member  
Member

**Management Committee**

**Asset-Liability Committee**

**Mr. Dewan Mujibur Rahaman, MD & CEO**

Mr. A S M Bulbul, AMD  
Mr. Shoaib Ahmed, DMD  
Mr. Arif Md. Shahedul Haque, SEVP  
Mr. Md. Shafiet Wahed, SEVP  
Mr. Kabir Ahmed, SVP  
Mr. Harunur Rashid, VP & CFO

**Chairman**

Member  
Member  
Member  
Member  
Member  
Member Secretary



## Management Committee (MANCOM)







## Performance Since Inception

*Million Taka otherwise specified*

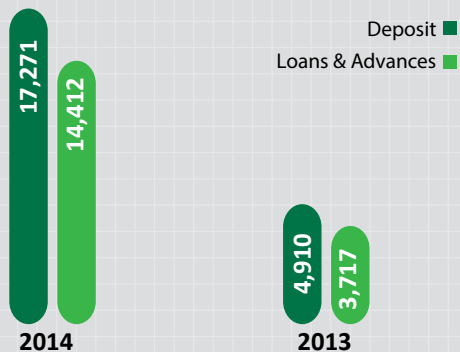
| Particulars                     | 2014      | 2013     |
|---------------------------------|-----------|----------|
| <b>BALANCE SHEET MATRIX</b>     |           |          |
| Authorized Capital              | 10,000    | 10,000   |
| Paid up Capital                 | 4,446.06  | 4,446.06 |
| Reserved Fund & Surplus         | 135.51    | 25.33    |
| Total Shareholder Equity        | 4581.57   | 4399.19  |
| Deposits                        | 1,7270.89 | 4,909.95 |
| Loans & Advances                | 1,4412.35 | 3717.15  |
| Investments                     | 5,669.75  | 643.24   |
| Fixed Assets                    | 342.89    | 145.15   |
| Total Assets                    | 2,4848.11 | 9,537.59 |
| Total Off-balance sheet Items   | 4492.66   | 1083.11  |
| Interest Earning Assets         | 22,288.91 | 8554.98  |
| Ono-Interest Earning Assets     | 2,559.05  | 982.61   |
| <b>INCOME STATEMENTS MATRIX</b> |           |          |
| Interest Income                 | 1,656.90  | 553.36   |
| Interest Expense                | 1,433.07  | 240.81   |
| Investment income               | 609.35    | 28.48    |
| Non-Interest Income             | 157.81    | 12.65    |
| Operating Expenses              | 659.80    | 261.14   |
| Total Income                    | 2,424.05  | 594.49   |
| Total Expenses                  | 2,092.87  | 501.95   |
| Operating Profit                | 331.18    | 92.54    |
| Profit before tax               | 183.63    | 38.31    |
| Profit after tax                | 78.50     | 22.03    |



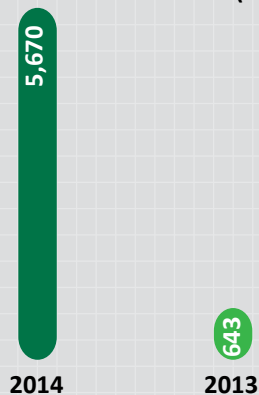
|   |               |          |
|---|---------------|----------|
| <b>CAPITAL MEASURE</b>                  |               |          |
| Risk Weighted Assets                    | 16,415.32     | 5,535.00 |
| Core Capital (Tier I)                   | 4,581.57      | 4,395.88 |
| Supplementary Capital (Tier II)         | 214.00        | 55.88    |
| Total Capital                           | 4,760.57      | 4,451.76 |
| Capital Surplus/(Deficit)               | 3,119.05      | 3,898.26 |
| Tier – I Capital Ratio                  | 27.70%        | 79.42%   |
| Tier – II Capital Ratio                 | 1.30%         | 1.01%    |
| Total Capital Adequacy Ratio            | 29.00%        | 80.43%   |
| <b>CREDIT QUALITY</b>                   |               |          |
| Classified Loan                         | Nil           | Nil      |
| Provision for Unclassified Loan         | 158.01        | 43.40    |
| Provision for classified Loan           | Nil           | Nil      |
| Provision for Off-balance Items         | 38.50         | 10.83    |
| <b>FOREIGN EXCHANGE BUSINESS</b>        |               |          |
| Import                                  | 7,223.79      | 1,326.22 |
| Export                                  | 5,964.84      | 265.36   |
| Remittance (inward)                     | 275.69        | 81.90    |
| <b>OPERATING PROFIT RATIO</b>           |               |          |
| Credit Deposit Ratio                    | 80.79%        | 72.81%   |
| Cost to Deposits                        | 9.81%         | 11.14%   |
| Yield on Loan & Advances                | 14.42%        | 15.17%   |
| Administrative Cost                     | 3.57%         | 5.70%    |
| Spread                                  | 4.61%         | 4.04%    |
| Return on Assets                        | 1.75%         | 0.51%    |
| Return on Equity                        | 0.46%         | 0.28%    |
| <b>PERFORMANCE RATIO</b>                |               |          |
| Profit Per Employee                     | 0.97          | 0.58     |
| Burden Ratio                            | 58%           | 86%      |
| Cost to income ratio                    | 66.58%        | 73.84%   |
| Salary Exp to total overhead Exp.       | 40.23%        | 38.86%   |
| <b>DIVIDEND</b>                         |               |          |
| Cash                                    | 1% (Proposed) | Nil      |
| Stock                                   | Nil           | Nil      |
| <b>SHARE INFORMATION MATRIX</b>         |               |          |
| Share Outstanding                       | 444.61        | 444.61   |
| No. of Share Holder                     | 53            | 53       |
| Earnings Per Share (Taka)               | 0.18          | 0.05     |
| Net Asset Value Per Share (Taka)        | 10.30         | 9.89     |
| Net Operating Cash Flow Per Share(Taka) | 6.42          | 2.14     |
| <b>OTHER INFORMATION</b>                |               |          |
| No. of Branches                         | 26            | 10       |
| No. of ATM                              | 15            | 10       |
| No. of Relationship Management Account  | 709           | 70       |
| No. of Employees                        | 340           | 160      |
| No. of Nastro Account                   | 10            | 09       |



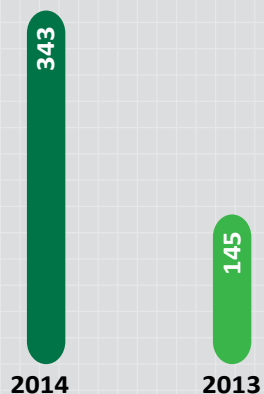
**Deposits and Loans & Advances (Tk. In Million)**



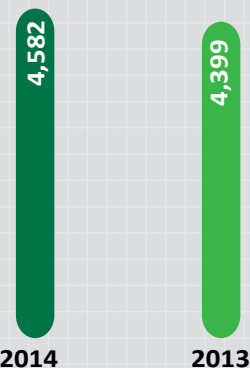
**Investments (Tk. in Million)**



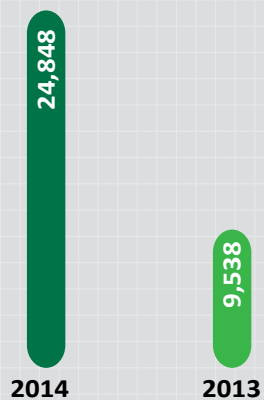
**Fixed Assets (Tk. in Million)**



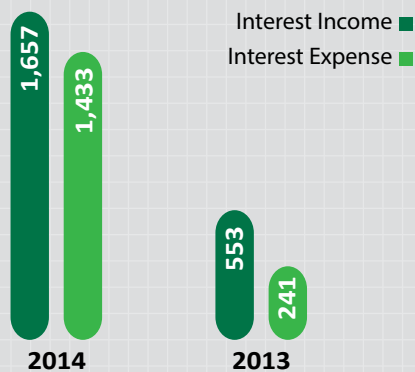
**Total Shareholders' Equity (Tk. in Million)**



**Total Assets (Tk. in Million)**

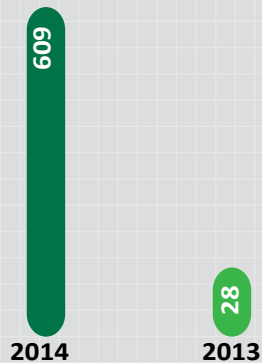


**Interest Income & Expense (Tk. in Million)**

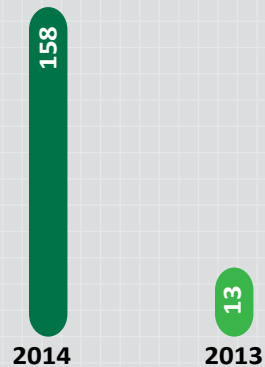




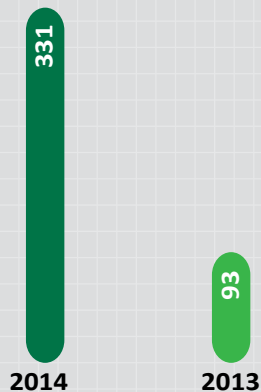
Investment income (Tk. in Million)



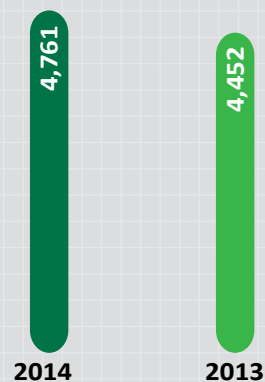
Non-Investment income (Tk. in Million)



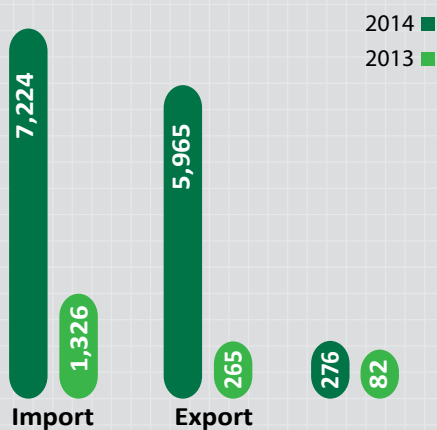
Operating Profit (Tk. in Million)



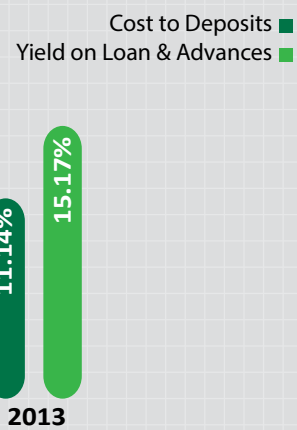
Total Capital (Tk. in Million)



Foreign Trade Business (Tk. in Million)



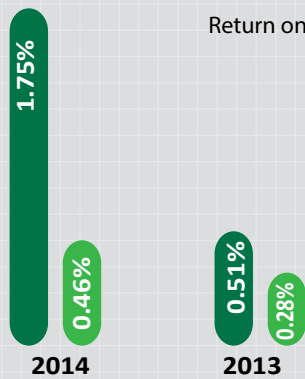
Cost & Yield in %



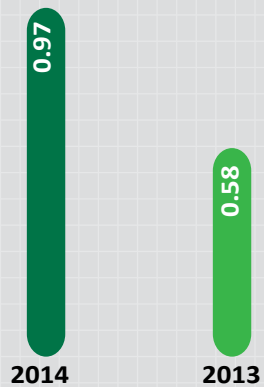


### Return on Assets/Equity

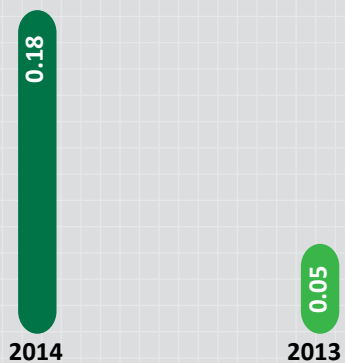
Return on Assets ■  
Return on Wquity ■



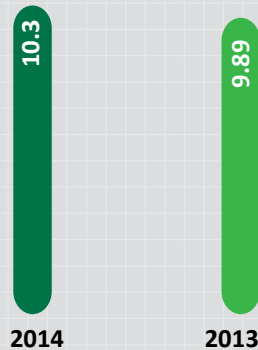
### Profit Per Employee (Tk. in Million)



### Earnings Per Share (Taka)



### Net Asset Value Per Share (Taka)





# Report of the Audit Committee to the Shareholders & General Investors

The Audit Committee of NRB Commercial Bank Limited discharges its responsibilities in compliance with Bangladesh Bank guidelines and Bangladesh Securities and Exchange Commission (BSEC) Notification on Corporate Governance and also carries independent oversight of the company's financial reporting, non-financial corporate disclosures, internal control systems and compliance to governing rules and laws etc. The Board of Directors set out the overall Business Plan & formulates policies that the Management is responsible for implementation. The Audit Committee, on behalf of the Board strives to ensure effective implementation of the processes and procedures set out in the Business Plans and Policies. Audit Committee also reviews the internal control regime and compliance status of the Bank as a whole.



## Composition and Qualifications

In compliance with the section 3.1 (i) of Corporate Governance Notification issued by BSEC on 07 August 2012, and Bangladesh Bank BRPD Circular No.11, dated 27 October 2013, Current composition of Audit Committee (AC) of NRBC Board are as follows:

| SL | Name                                 | Status with the Bank | Status with the committee | Educational Qualification | Meeting Attendance |
|----|--------------------------------------|----------------------|---------------------------|---------------------------|--------------------|
| 1  | Mr. Mohammed Adnan Imam              | Director             | Chairman                  | FCCA                      | 4/4                |
| 2  | Mr. Mohammed Oliur Rahman            | Director             | Member                    | Undergraduate             | 3/4                |
| 3  | Mr. Abu Mohammad Tushar Iqbal Rahman | Director             | Member                    | B. Sc Engineer            | 3/4                |
| 4  | Mr. Rafikul Islam Mia Arzoo          | Director             | Member                    | Post Graduate             | 3/4                |
| 5  | Mrs. Kaniz Farzana Rashed            | Director             | Member                    | BSS                       |                    |

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 of NRBC Bank have been framed by considering the provisions of BRPD Circular No 11 dated 27 October 2013, Corporate Governance Notification issued by BSEC on 07 August 2012, and other best practice corporate governance guidelines and standards. Some important roles and responsibilities are highlighted below:

### Internal Control

- Evaluate whether the Management is adhering to the appropriate compliance culture by communicating the importance of internal control and risk management to ensure that all employees have clear understanding of their respective roles and responsibilities.
- Review the arrangements made by the Management for developing and maintaining a suitable Management Information System (MIS).



- Consider whether internal control strategies recommended by internal and external auditors have been implemented timely by the management.
- Review the existing risk management policy and procedures for ensuring an effective internal check and control system.
- Review the corrective measures taken by the management as regards to the reports relating to fraud and forgery, deficiency in internal control or other similar issues detected by internal and external auditors and inspectors of the regulators and inform the Board on a regular basis.

### Financial Reporting

- Review the Annual Financial Statements and determine whether they are complete and consistent with applicable accounting and reporting standards set by respective governing bodies and regulatory authorities.
- Meet with the Management and External/Statutory Auditors to review annual financial statements before their finalization.
- Review along with the Management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval.

### Internal Audit

- Monitor/ evaluate whether internal audit functions are conducted independently from the Management.
- Review the activities and organizational structure of the internal audit function and ensure that no unjustified restrictions or limitations are made.
- Review and assess the annual internal audit plan.
- Review the efficiency and effectiveness of internal audit function.
- Review that findings and recommendations made by the Internal Auditors for removing the irregularities, if any, are duly acted upon by the Management in running the affairs of the Bank.
- Meet the Head of ICC and the Head of internal audit at least once in a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the Head of ICC and the head of internal audit shall be given the right of direct access to the Chairman of the Board and to the Committee.

### External Audit

- Consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Bank's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required.
- Oversee the relationship with the external auditors including:
  - ✓ Approval of their remuneration, i.e. fees for audit or non-audit services.
  - ✓ Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services.
  - ✓ Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Bank (other than in the ordinary course of business).
  - ✓ Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without the Management being present to discuss their remit and any issues arising from the audit.
  - ✓ Review the findings and recommendations made by the external auditors for removing the irregularities, if any, are duly acted upon by the Management in running the affairs of the Bank.

### Compliance with existing laws and regulations

Review whether the laws and regulations framed by the regulatory authorities (Central Bank, BSEC and other bodies) and internal circular/instructions/policy/regulations approved by the Board and Management have been complied with.



### Miscellaneous

- The AC will submit a 'Compliance Report' on quarterly rest to the Board mentioning any errors and irregularities, fraud and forgery and other anomalies pointed by Internal and External Auditor and Inspection Team from Bangladesh Bank.
- The AC will submit the evaluation report relating to Internal and External Auditor of the Bank to the Board.
- This Committee will supervise other assignments delegated by the Board and evaluate its own performance regularly.

### Meetings of the Audit Committee

Bangladesh Bank suggested banks to hold at least 4 meetings in a year. The Audit Committee of NRBC Bank held 4 (four) meetings in the year 2014 and had detailed discussions and review session with the Head of Internal Audit, Head of Internal Control & Compliance, External Auditors, etc. regarding their findings, observations and remedial suggestions on issues of bank affairs that need improvement. The AC instructed the Management to follow those remedial suggestions and monitored accordingly. Meeting dates are as follows:

| SL # | Meeting   | Date of Meeting  |
|------|---|------------------|
| 01   | 04 <sup>th</sup> meeting of the Audit Committee | 26 February 2014 |
| 02   | 05 <sup>th</sup> meeting of the Audit Committee | 27 May 2014      |
| 03   | 06 <sup>th</sup> meeting of the Audit Committee | 21 August 2014   |
| 04   | 07 <sup>th</sup> meeting of the Audit Committee | 23 October 2014  |

### Major issues focused by AC in 2014

The major areas of focus by the Audit Committee of the Bank during the year 2014 are mentioned below:

- Review and approve the Annual Comprehensive Audit Plan of the Bank
- Review the External Audit Report along with the Financial Statements for the period ended 2013 of the Bank and recommended it to the board for their consideration.
- Review of the First Quarter (Q1), half-yearly and Third Quarter (Q3) Financial Statements (Un-audited) for the year 2014 before submission to the Board for approval in compliance with the BSEC's Corporate Governance Guidelines 2012.
- Reviewed the Management report-2013 submitted by External Auditors, Management responses thereto and corrective measures taken by the Bank to avoid recurrence of the lapses mentioned therein.
- Reviewed the comprehensive inspection of Bangladesh Bank report including status of compliance thereof.
- Review and recommendation of the comprehensive Inspection reports on the branches, divisions and departments of the Head Office conducted by the Internal Control and Compliance (ICC) Division of the Bank.
- Review of the Bank's compliance status of Anti Money Laundering.
- Review of the process of strengthening Internal Control Systems and Procedures of the Bank.
- The Minutes of the Audit Committee meetings containing various suggestions & recommendations to the Management and the Board are placed to the Board for ratification on a regular basis.

On behalf of the Audit Committee,



**Mohammed Adnan Imam, FCCA**

Chairman of the Audit Committee of the Board





## Directors' Report

**Bismillahir Rahmanir Rahim**

**Honorable Shareholders**

It is an immense pleasure to welcome you all to the 2<sup>nd</sup> Annual General Meeting (AGM) from the Board of Directors of NRB Commercial Bank Limited and in presenting Annual Report of the Bank. NRBC Bank is the first ever Bank among the 4<sup>th</sup> Generation Banks that started its operation on 18 April 2013 promoted and sponsored by 53 distinguished Non-Resident Bangladeshis.

It is an honor for the Board to present the Audited Financial Statements of the Bank for the year ended 31 December 2014, alongwith the Auditors' Report thereof. The Financial Statements of the Bank have been prepared with an eye to providing the widest possible coverage in terms of compliance with the related regulatory and financial standards and giving a fair view of the business activities in a transparent manner to our shareholders, regulators and stakeholders.



*1<sup>st</sup> AGM held on 2<sup>nd</sup> April 2014*

Before going into the detailed performances of the Bank, let us cruise through the status of global and local economy in brief.

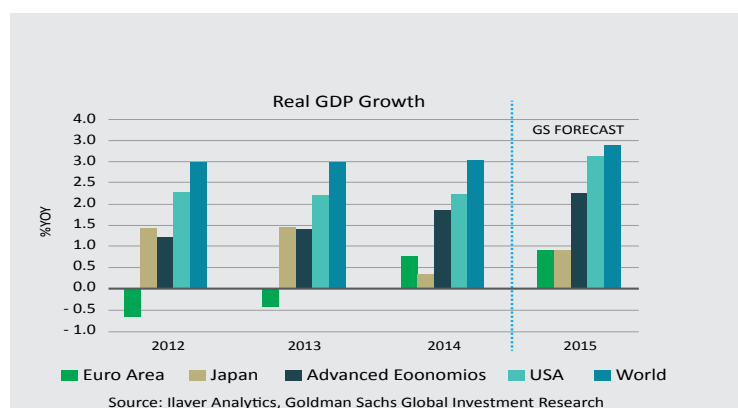
### **Global Economy**

The global economy is still struggling to gain momentum as many high-income countries continue to grapple with legacies of the global financial crisis and emerging economies are less dynamic than in the past.

Global growth in 2014 was lower than initially expected, continuing a pattern of disappointing outturns over the past several years. Growth picked up only marginally in 2014 to 2.6 percent from 2.5 percent in 2013. Beneath



these headline numbers, increasingly divergent trends are at work in major economies. Here is a graphical view of GDP pattern in pace of global growth:



While activity in the United States and the United Kingdom has gathered momentum as labor markets heal and monetary policy remains extremely accommodative, the recovery has been sputtering in the Euro Area and Japan as legacies of the financial crisis linger, intertwined with structural bottlenecks. China, meanwhile, is undergoing a carefully managed slowdown. Disappointing growth in other developing countries in 2014 reflected weak external demand and at the same time domestic policy tightening, political uncertainties and supply-side constraints.

Several major forces are driving the global outlook: soft commodity prices; persistently low interest rates but increasingly divergent monetary policies across major economies; and weak world trade. In particular, the sharp decline in oil prices since mid-2014 will support global activity and help offset some of the headwinds to growth in oil-importing developing economies. However, it will dampen growth prospects for oil-exporting countries with significant regional repercussions.

Overall global growth is expected to rise moderately to 3.0 percent in 2015 and average about 3.3 percent through 2017. High-income countries are likely to see growth of 2.2 percent in 2015-17, up from 1.8 percent in 2014, on the back of gradually recovering labor markets, ebbing fiscal consolidation, and still-low financing costs. In developing countries, as the domestic headwinds that held back growth in 2014 ease and the recovery in high-income countries slowly strengthens, growth is projected to gradually accelerate, rising from 4.4 percent in 2014 to 4.8 percent in 2015 and 5.4 percent by 2017. Lower oil prices will contribute to diverging prospects for oil exporting and importing countries, particularly in 2015.

### World Economic Outlook 2015

- Global growth will receive a boost from lower oil prices, which reflect to an important extent higher supply. But this boost is projected to be more than offset by negative factors including investment weakness as adjustment to diminished expectations about medium-term growth continues in many advanced and emerging market economies.
- Global growth in 2015–16 is projected at 3.5 and 3.7 percent, downward revisions of 0.3 percent relative to the October 2014 World Economic Outlook (WEO). The revisions reflect a reassessment of prospects in China, Russia, the Euro area and Japan as well as weaker activity in some major oil exporters because of the sharp drop in oil prices. The United States is the only major economy for which growth projections have been raised.
- The distribution of risks to global growth is more balanced than in October 2014. The main upside risk is a greater boost from lower oil prices, although there is uncertainty about the persistence of the oil supply shock. Downside risks relate to shifts in sentiment and volatility in global financial markets, especially in emerging market economies, where lower oil prices have introduced external and balance sheet vulnerabilities in oil exporters. Stagnation and low inflation are still concerns in the Euro area and in Japan.



## Bangladesh Economy

Despite widespread political demonstrations in Bangladesh ahead of General Elections in January 2014, gross domestic product (GDP) growth in Fiscal Year 2014 is estimated at 6.1 percent, half a percentage point higher than projected. The strong performance came from higher public investment and strong exports. For FY 2015, the growth is now projected at 6.4 percent, slightly higher than forecasted earlier, as a revival in worker remittances is expected to bolster private consumption, while private sector investment will pick up on greater political stability. Moreover, the government will continue its efforts to step up project implementation.

| Selected Economic Indicators (%)       | 2014 | 2015(P) |
|--|------|---------|
| GDP Growth                             | 6.1  | 6.4     |
| Inflation                              | 7.4  | 6.5     |
| Current Account Balance (share of GDP) | 1.0  | 1.5     |

Source: ADB estimates.

Food prices were high for much of FY 2014 because political unrest disrupted supply, pushing inflation up by 60 basis points to an average of 7.4 percent for the year. However, projected inflation is 6.5 percent for FY 2015. Price pressures are expected to soften with easing supply constraints, a better crop outlook, supportive monetary policy, and large public stock of food grain. Lower international food and oil prices will contribute to reduce inflation.

Strong expansion in exports outweighed a more moderate rise in imports to narrow the trade deficit in FY 2014. Workers' remittances declined slightly but were sufficient to offset the trade deficit and push the current account to a surplus equal to 1.0 percent of GDP, not the 0.5 percent deficit that had been projected. While a larger trade deficit is projected for FY 2015, remittances are expected to grow by 7.0 percent, continuing the revival of inflows seen in the second half of the FY 2014. With higher remittances, the current account is now projected to post a surplus equal to 1.5 percent of GDP, rather than the 1.5 percent deficit projected earlier.

## Bangladesh Economic Forecast

Since 1996, the country of Bangladesh has experienced 5 to 6 percent economic growth, although government-controlled enterprises have been inefficient and ineffective. In addition, many experts are surprised by the growth in that natural gas resources have been exploited, power supplies have been lacking, and needed economic reform has been put on hold. Unfortunately, Bangladesh is an overpopulated country and one that is very poor. Because of issues of overpopulation, inefficient government, and an impoverished land, Bangladesh faces many uncertainties. Approximately 50 percent of the Gross Domestic Product for Bangladesh has come from the services sector with about 65 percent of workers in this country being involved with fisheries, agriculture, and farming.

### A. Bangladesh GDP Forecast

For the Bangladesh GDP (Gross Domestic Product, Current Prices, US Dollar), the country has experienced both highs and lows. Some of the challenges affecting this country include widespread political corruption, extreme overpopulation, frequent floods and cyclones, poor and inadequate infrastructure, high level of poverty and so on. On the positive side, Bangladesh is a member of several international organizations, which has helped improve the country's GDP. With all that has gone on in this country, 2008's numbers for GDP were at \$84.52 billion in US dollars. By the close of 2009, the country was ranked worldwide at number 56 because of an increase of 11.81 percent. With that, 2009 was reported at \$94.507 billion. Looking into the future, experts are forecasting for 2014 the GDP will be at \$104.63 billion and by 2015, the numbers are expected to be at \$150.414 billion in US dollars.

### B. Bangladesh Unemployment Forecast

The most recent numbers for the Bangladesh population are 162.221 million. Unfortunately, poverty in this country is extremely high and literacy low. This economy is characterized as being underdeveloped and poor although a number of national and international level improvements have been made. Interestingly, while the country is poor and underdeveloped, the most recent numbers for the Bangladesh unemployment rate is 2.5



percent. Because of building relationships with foreign countries and putting effort into creating a more stable environment for agriculture, services, industry and mining sectors, the number of people being able to work has increased significantly during the past few years. Of all industries, the service sector is by far the strongest and most rewarding for keeping the people of this country employed.

#### C. Bangladesh Inflation Rate Forecast

For the Bangladesh inflation rate specific to change for consumer pricing, 2008 was reported at 7.71 percent. Then over the course of the next year, a decline of 21.37 percent was experienced, which pushed the 2009 numbers for inflation to 6.064 percent. At that time, Bangladesh was listed at number 55 for world rankings. Now, the forecast for inflation by the end of 2010 is 7.39 percent and for the end of 2015, experts expect the rate to hit 4 percent.

#### D. Bangladesh Current Account Balance Forecast

To determine the future for the Bangladesh current account balance, forecasters use all current account transactions excluding capital and financial items. Numbers for 2008 were at \$1.62 billion in US dollars and with an increase of 66.95 percent, 2009 was at \$2.703 billion. Using major classifications of goods, services, current transfers, and income, as well as historical data, experts believe the balance for 2010 will be at \$2.19 billion and by 2015 a significant change will close the year out at \$0.937 billion US dollars.

### The Company's Affairs

NRB Commercial Bank Limited (NRBC Bank), one of the 4<sup>th</sup> generation Banks among the banking industry in Bangladesh having diversified financial inclusions, was incorporated on February 20, 2013 as a Public Limited Company under the Companies Act, 1994 (Act No.18 of 1994).

In the process of expanding Banking service to the grass root level, Bangladesh Bank accorded permission vide memo No. BRPD (P-3)/745(60)/2013-1189 dated 10 March 2013 to start banking business as a scheduled Bank.

NRBC Bank started its journey from 02 April 2013 with the nascent vision to strengthen the business and investment opportunities in the country and to become a peerless bank in providing service to the NRBs and the citizens of the country. Subsequently, after getting banking licence bearing no. BRPD (P-3)/745(60)/2013-1766 Dated 17 April 2013 from Bangladesh Bank. NRBC Bank started banking activities on 18 April 2013 through opening of its Principal Branch.

The Authorized Capital of the company is Tk.10,000 million - divided into 1,000 million ordinary shares of Tk.10 each. Its paid-up Capital of Tk.4,446.06 million for the year under review which was converted from the hard earned foreign currency of sponsors of NRBC Bank and the total Capital/Shareholders' equity of the company stood at Tk.4,581.57 million only as on December 31, 2014.

NRB Commercial Bank Limited, first of its kind in the banking industry, sponsored by 53 (Fifty three) qualified NRBs from business persons, community leaders, scientists, educationists, living in across the globe which includes USA, Canada, UK, Russia, Italy, Germany, UAE and Kuwait.

The main objective of NRB Commercial Bank Limited is to collect resources from surplus group even rural areas to allocate the resources in the real sectors to expanding banking coverage as well as GDP growth in all sectors of the economy. The company is providing its banking services through expanding branch networks and presently 26 branches are providing the same to the rural and urban area at the time of releasing annual report.

The Company has diversified its products and services among the others such as raw materials Finance, Machinery Finance, Construction Finance, Residence Finance, Vehicle loan, Consumer Finance, Import & Export Finance,



*Observing 1<sup>st</sup> Anniversary of NRBC Bank on 2<sup>nd</sup> April 2014*



Work Order Finance, SME Finance, Green Finance under category of short term to mid-term and working capital for continuous productive activities to cater to divergent needs of the economy.

The Company is going to establish Agent Banking operation in 2015 which is new inclusion of banking industry of Bangladesh. Our Alternative Delivery Channel and ICT Division are working on this to build necessary infrastructure for Agent Banking in rural areas.

### Financial Position & Performance of the Bank in 2014

The year 2014, was the focus year of NRB Commercial Bank Limited regarding expansion of its network in different parts of Bangladesh and diversification of various business lines despite negative political turmoil at the early of the year. A strategic approach streamlining diverse business opportunities was undertaken, which facilitated NRB Commercial Bank Limited to complete a successful business year. It is remarkable that despite facing challenges and uncertainties in the adverse financial scenario, NRB Commercial Bank Limited was able to maintain the progress in many lines of businesses during the year 2014. Continued setback suffered by some of major sectors in the economy i.e. textiles, ship-breaking, real estate and commodity trading had put pressure on profitability performance of the Bank.

However, Balance Sheet shifted into nearly twice in size stood Tk.2,4848.11 million over the financial period 2013 while Total Capital reached at the level of Tk.4,760.61 million which indicate steady growth of wealth of the Bank.

Loans and Advances reached Tk.14,412.35 million while Deposits was Tk.17,270.89 million representing growth of 287.72 percent and 251.75 percent respectively. Trading business also experienced good results of 256.34 percent growth in 2014 amply showing the efforts of the Bank in this respect.

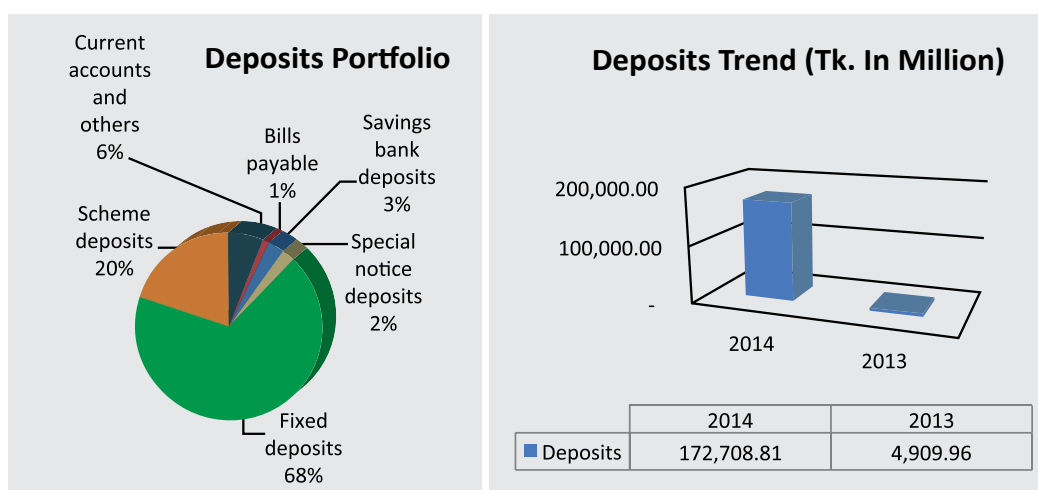
### Business Review for the year that ended 2014:

During the year 2014, endeavour of mobilization of Total Assets was remarkable representing 160.53% growth over the previous year. Different types of deposit products were offered to the surplus group for the same. At the same time, Loans & Advances were increased by 287.72 percent depicts that Loan Deposit ratio was at the range from 68% to 76%. Assets were managed prudently which resulted no NPL for the year 2014.

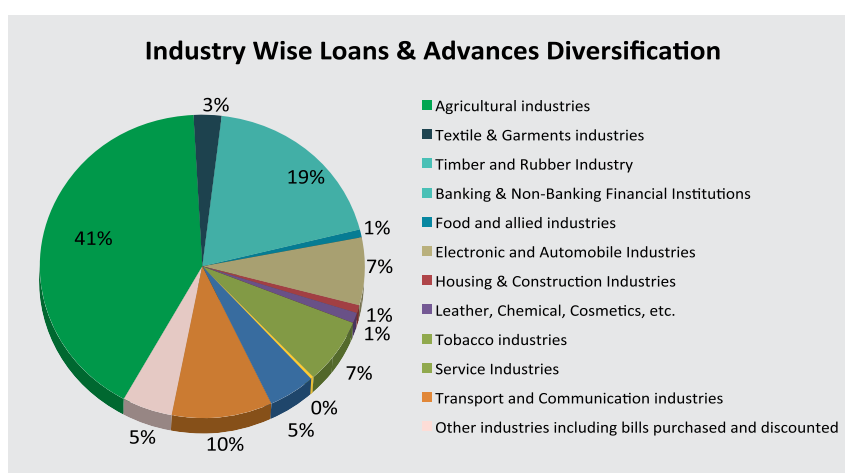
Figure in Million

| Particulars                     | 2014      | 2013     | Change (%) |
|---------------------------------|-----------|----------|------------|
| Total Assets                    | 2,4848.11 | 9,537.59 | 160.53%    |
| Capital                         | 4,760.58  | 4,451.76 | 6.94%      |
| Deposits                        | 1,7270.89 | 4,909.95 | 251.75%    |
| Loans and Advances              | 1,4412.35 | 3717.15  | 287.72%    |
| Investments                     | 5,669.75  | 643.24   | 781.43%    |
| Guarantee                       | 1424.90   | 138.39   | 929.63%    |
| Import                          | 7,223.79  | 1,326.22 | 444.69%    |
| Export                          | 5,964.84  | 265.36   | 2,147.83%  |
| Remittance                      | 275.69    | 81.90    | 236.61%    |
| No. Of Deposit Accounts         | 42,132    | 8,259    | 410.13%    |
| No. Of Loans & Advance Accounts | 2,491     | 491      | 407.33%    |

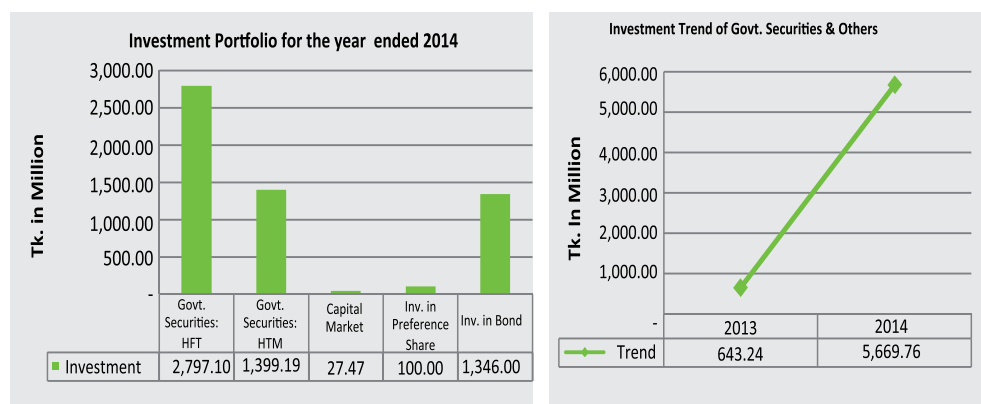




Bank had diversified the investment into different financial instruments besides government securities. Investment in non-trading preferred share and bonds have reached Tk.1,446.00 million for the year ended 2014. Bank also entered into capital market with an exposure of 27.46 million at the end of the year. Below are the graphical presentations of Investment:



It was a remarkable growth in foreign Trade, especially import business, which increased by 2,147.83% over of the year 2013. Bank Management was able to establish credit line with our foreign correspondent banks and it is expected that foreign trade would increase in the future.





Remittance inflow stood at Tk.275.69 million which was 236.61 percent growth over the previous year 2013. The Bank had executed remittance agreement with agencies like Western Union, Express Money, etc. And as a matter of priority intend to ensure hassle-free remittance services to our expatriate Bangladeshis living in different countries like the USA, United Kingdom, UAE, KSA, Kuwait, Bahrain, Canada, Italy, etc.

The Bank had also given quality service to get of the clientele satisfaction resulting growth of customer base was above 400 percent over the year 2013.

#### Performance Review for the year 2014:

In the early days of the year 2014, political instability created backdrop of decelerating private investment. The classified loans in Bangladesh banking sector rocketed during FY 2014 which was around more than 12% and also the recent trend in the banking sector is not supportive of incremental and sustained economic growth as it is fraught with inefficiency and malpractices. However, it is remarkable that NRBC Bank managed its portfolio efficiently having no NPL for the year that ended in 2014.

The following table summarizes comparative operational performance of the Bank:

| Figures in Million                                 |          |        |            |
|--|----------|--------|------------|
| Particulars  | 2014     | 2013   | Change (%) |
| Total operating income                             | 2,424.05 | 594.49 | 307.75%    |
| Total operating expense                            | 2,092.87 | 501.95 | 316.94%    |
| Operating profit (Profit before provision and tax) | 331.18   | 92.54  | 257.88%    |
| Specific provision                                 | Nil      | Nil    | Nil        |
| General provision                                  | 142.27   | 54.23  | 162.35%    |
| Provision for Portfolio investments                | 5.27     | Nil    | 100%       |
| Total provisions                                   | 147.55   | 54.23  | 172.08%    |
| Profit before tax for the year                     | 183.63   | 38.31  | 379.33%    |
| Tax provision                                      | 105.14   | 16.28  | 545.72%    |
| Profit after tax (PAT)                             | 78.50    | 22.03  | 256.34%    |
| Earnings per share (EPS)                           | 0.18     | 0.05   | 256.34%    |

Investment income, which contributed 61.49% of total operating income increased remarkably 2,039.37% and Non-interest income increased by 1,147% in 2014 while Net Interest income had little bit contributed 22.57% of total operating income. A landmark achievement of investment income resulting an operating income of Tk.990.98 million in 2014, which is 180.19% higher than that of last year. Operating profit of the Bank increased by 257.88% despite of higher growth of administrative expense of 153% due to commencement of 16 new branches in 2014. Provision of unclassified loan increased with the pace of loans and advances in 2014 and provision for loss on revaluation of shares had slight impact on Profit Before Tax of Tk.183.63, but augment trend was 545% than that of 2013. Profit After Tax (PAT) increased by 256.34% or by Tk.78.50 million in 2014.

Declining trend of cost income ratio, alongwith increase of ROE & ROA by 243.14% and 64.29% respectively, contributed increase of profit after tax (PAT) during 2014. The following table presents some of the key financial ratios:

| Particulars                                      | Year   |        |
|--|--------|--------|
|  | 2014   | 2013   |
| Return on average equity (PAT/Average Equity)    | 1.75%  | 0.51%  |
| Return on average assets (PAT/Average Assets)    | 0.46%  | 0.28%  |
| Cost to income ratio (Operating expense/Revenue) | 66.58% | 73.84% |
| Capital adequacy ratio (Basel II)                | 29.00% | 80.43% |
| EPS  | 0.18   | 0.05   |



## Outlook 2015

- Planning to set up 20 more branches all over the country. We would like to reach at the door of mass people at the earliest. Expansion is one of our priorities.
- Nourishment of regular business clients, focusing more on medium industry rather than getting concentrated on few giant conglomerates.
- Prioritization on mass banking. Designing products aiming to different segments of the society.
- Development of more modern banking technologies in addition to existing conventional methods. Deployment of new internet features including apps & other modern services.
- Boosting up deposit base & credit portfolio of the bank.
- Inspiring financing SME firms & encouraging women entrepreneurs.
- Launching 'Card Cheque' & 'Insta Buy' facilities.
- Emphasizing more on introducing pragmatic new loan products & deposit schemes for NRBs.
- Mobilization of Agent Banking operation as NBRC has got licence from Bangladesh Bank.
- Taking 'Customer Service' to a new height by means of quality & excellence.
- Connecting with the different utilities companies/organization to collect bills & fees

## Dividend Declaration

Bank has completed its 2nd year operation with a look of expansion. New outlet expenses had impact on overall profitability of the Bank. The Board of Director of the Bank has recommended Cash Dividend @1% after amortization of all preliminary/formation expenses and keeping the required provisions as envisaged by the applicable Acts, laws and regulations of Bangladesh Bank in this respect.



Approval of Financial Statements with recommendation for payment of cash dividend 2014

## Variance between Quarterly Financial Performance and Annual Financial Statements

Two key financial information of each quarter of 2014 (Q1 to Q4) were causes of variance

which was analyzed or compared using Quarterly Average (QA) as the base. Net Interest loss occurred on Q3 due to lowered LD ratio below 70% during the quarter, although variance from quarterly average range from negative of 8% to 356% was not considered significant as banking business and expansion were at growing stage. The following table shows the result of quarterly variance:

Figures in Million

| Particulars         | Q1, 2014 | Q2, 2014 | Q3, 2013 | Q1, 2014 | QA* 2014 | Annual, 2014 |
|---------------------|----------|----------|----------|----------|----------|--------------|
| Net Interest Income | 109.87   | 49.93    | -7.95    | 71.96    | 55.95    | 223.82       |
| Non-Interest Income | 42.07    | 179.44   | 235.12   | 310.53   | 191.79   | 767.16       |
| Operating Incomes   | 151.94   | 229.37   | 227.16   | 382.49   | 247.74   | 990.96       |
| Operating Expenses  | 111.65   | 159.87   | 186.67   | 201.59   | 164.95   | 659.78       |
| Operating Profit    | 40.29    | 69.50    | 40.49    | 180.90   | 82.79    | 331.18       |

QA\*=Quarterly Average

Investment income significantly contributed in operating income, except Q1. Operating expenses increased significantly in the Q2 mainly due to channel expansion initiatives.



## Board of Directors' Meeting

The Board of Directors of NRBC Bank was reconstituted on 02 April 2014, after re-election of all Directors in the AGM held on the same date. During the year 2014, total 11 Board Meetings were held and details are given in the reporting of Corporate Governance Practices in NRBC BANK segment

## Pattern of Share

- a) The Bank is yet to go for public subscription, However, presently all shares are held by Non-resident Bangladesh citizen namely promoter of the Bank. Below is the shareholding pattern of the Bank:

| SL No. | Share holding             | No. of Share holders |
|--------|---------------------------|----------------------|
| 1.     | 1-75,00,000               | 30                   |
| 2.     | 75,00,000 - 1,50,00,000   | 9                    |
| 3.     | 1,50,00,000 - 2,25,00,000 | 11                   |
| 4.     | 2,25,00,000 - 3,00,00,000 | 1                    |
| 5.     | 3,00,00,000 - 3,75,00,000 | 2                    |

- b) **Shareholding position of the CEO, CS, CFO and HoICC**

NRB Commercial Bank's Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of ICC did not hold any share during the period:

| Name  | Functional Designation  | Share holding |
|---|-------------------------|---------------|
| Mr. Dewan Mujibur Rahman, Managing Director | Chief Executive Officer | NIL           |
| Mr. Rafiquzzaman, EVP                       | Company Secretary       | NIL           |
| Mr. Harunur Rashid, VP                      | Chief Financial Officer | NIL           |
| Mr. Md. Anisur Rahman, FVP                  | Head of ICC             | NIL           |

- c) **Shareholding position of Top Executives**

Top 5 high salaried executives of the Bank did not hold any share of the bank:

| Name   | Functional Designation | Share holding |
|--|------------------------|---------------|
| Mr. A S M Bulbul, Additional Managing Director | Chief Risk Officer     | NIL           |
| Mr. Md. Shoaib Ahmed, Deputy Managing Director | CAMLCO                 | NIL           |
| Mr. Arif Md. Shahedul Haque, SEVP              | Head of HRD            | NIL           |
| Mr. Md. Shafiet Wahed, SEVP                    | Head of CRMD           | NIL           |
| Mr. Kazi Md. Talha                             | Head of Principal Br.  | NIL           |

- d) **10% or more holdings of share by shareholders**

No shareholders of NRB Commercial Bank Limited holds 10% or more shares. The maximum individual holding of share is 8.22% by one of the honorable directors of NRB Commercial Bank Limited.

## Financial Reporting Declaration

### Fair Presentation of Financial Statements

The Management of NRBC Bank is responsible for the preparation and fair presentation of the Financial Statements. The said Financial Statements, prepared by the Management as at and for the year that ended 31 December 2014, present fairly, in all material respects, its state of affairs, the results of its operations, cash flows and changes in equity. The external auditors i.e. M/s. K M Hasan & Co. and M/s. A. Wahub & Co.,



Chartered Accountants also provided their opinion on the same by issuing an unqualified audit report. We are referring to page No. 97 to see the audit report issued by the external auditors.

▪ **Maintenance of Proper Books of Account**

Proper books of account as required by law have been kept by NRBC Bank. The external auditors i.e. M/s. KM Hasan & Co. and M/s. A. Wahub & Co., Chartered Accountants, also provided their opinion on the same in point (iv) of "Report on Other Legal and Regulatory Requirements" of their audit report. The said audit report has been mentioned in page No. 98

▪ **Application of Accounting Policies and Accounting Estimates**

Appropriate accounting policies have been consistently applied in preparation of the Financial Statements of the Bank and that the accounting estimates are based on reasonable and prudent judgment. Estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to these are recognized in the period in which the estimate is revised and in any future period affected. The significant accounting policies applied and accounting estimates used for preparation of the Financial Statements of the Bank have been stated in detail in the notes to the FS.

▪ **Preparation of Financial Statements as per BAS/BFRS and any Departure there-from**

The Financial Statements of the Bank as at and for the year that ended 31 December 2014 have been prepared under historical cost convention and in accordance with Bangladesh Financial Reporting Standards (BFRSs), the "First Schedule" (section 38) of the Banking Companies Act 1991 as amended and the BRPD Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars, the Companies Act 1994, the Securities and Exchange Rules 1987, and other laws and rules applicable in Bangladesh. In case the requirement of provisions and circulars issued by Bangladesh Bank differ with those of other regulatory authorities and accounting standards, the provisions and circulars issued by Bangladesh Bank shall prevail. As such, the Bank has departed from certain specific requirements of BFRSs which contradict with those of Bangladesh Bank, being the prime regulator and these are adequately disclosed in Note 2.1 (i) to (xiv) to the Financial Statements.

▪ **Going Concern of NRBC Bank's Business**

There are no significant doubts upon the Bank's ability to continue as a going concern. The Financial Statements of the Bank have been prepared on the assumption that the entity is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that NRBC Bank has neither intention nor the need to liquidate or curtail materially the scale of its operations.

▪ **Disclosure of Related Party Transactions**

The basis for related party transactions has been stated in the Corporate Governance Report and a statement of related party transactions has been presented in the **Annex G1** of Notes to the Financial Statements.

**Internal Control System**

NRBC Bank has designed its internal controls system in such a way so that it can safeguard of shareholders' investments and the Bank's assets are to be ensured. The Board retains the ultimate responsibility for its operations, though it has delegated to the Audit Committee for the review of the adequacy and effectiveness of the system of internal controls.

A resonant internal control system helps a Bank grow in a safe and sustainable way. The design and implementation of any internal control system depends largely on a bank's size, the mode of its operation and its risk profile. Effective control practices generally include -

- ✓ Control Environment
- ✓ Risk Assessment
- ✓ Control Activities
- ✓ Segregation of Duties
- ✓ Accounting Information and Reconciliation
- ✓ ICT Security
- ✓ Self-Assessment/Monitoring



Banks properly delegate authority to employees, provide written employee job description and required written approval for changes contribute to information systems. NRBC Bank has written recruitment policy and complied with it, has training program, has given instructions to new employees and has periodic rotation of duties. As per directives of Bangladesh Bank, the Bank duly separates function of asset marketing at branch level, Credit assessment & Approval by Credit Risk Management Division and activities of documentation & monitoring by Credit Administration Division.

The Bank has formed a Risk Management Committee (RMC) of the Board and a Risk Management Unit (RMU) as per Bangladesh Bank guidelines to oversee and monitor Banks wide risk assessment, identification, measurement, analysis and mitigation activities performed by different risk management functions. RMU, under supervision of RMC of the Board, sets the risk appetite of the Bank.

NRBC Bank always properly authorizes all transactions and activities and there is no deviation among them regarding authorization. Bank regularly segregate authorization functions, recording and custodian function.

NRBC always maintain accurate records of assets including information, restrict physical access to assets by unauthorized users and protect records and documents. Furthermore, it ensures reconciliation between two independently maintained records.

NRBC Bank has an independent internal risk based audit system in place who are regularly evaluating, assessing and rating the risks of various Departments and Branches and submit these audit reports periodically to the Audit Committee of the Board for their further evaluation and recommendation. The Compliance Unit of ICCD is also monitoring the regulatory compliance status of the Bank on a continuous basis and updating the relevant departments upon the compliance of any new issue imposed by regulatory authorities.

However, Bangladesh Bank vide their DOS Circular Letter No: 17/2012 has launched a Self-Assessment Format in order to aid the Banks for assessing themselves and advise the Bank to send a quarterly assessment to BB. NRBC Bank has already started its self- assessment activities to report to Bangladesh Bank timely.

The external auditors i.e. M/s. K M Hasan & Co and M/s. A. Wahub & Co. Chartered Accountants also provided their opinion on adequacy of internal audit, internal control and risk management functions of the Bank under point (ii) of the "Report on Other Legal and Regulatory Requirements" of their audit report. The said Audit Report has been mentioned in page no. 98

### Election of Directors

In accordance with the relevant provisions of the Articles of Association of the Bank, at least one third of the Directors (other than the Managing Director) shall retire in the next Annual General Meeting. All the retiring Directors are eligible for re-election/re-nomination by the 'respective group of shareholders' under Articles 106 and 109 of the Articles of Association of the Bank.

### Appointment of Auditors of the Bank

According to Article 149 of the Articles of Association, the Company at each Annual General Meeting shall appoint one or more Auditors being Chartered Accountants to hold the office until the next Annual General Meeting.

M/s. K M Hasan & Co. and M/s. A. Wahub & Co., Chartered Accountants were appointed as external auditors for the year 2014 in the 1<sup>st</sup> AGM held on April 02, 2014 and have completed 2nd year in office.

As per directives issued by Bangladesh Bank, they are eligible for re-appointment. So, the Shareholders of the Company may re-appoint the existing Auditors or appoint External Auditors for the year 2015 in the 2nd AGM of the Bank to be held on February 28, 2015 (Saturday).

### Rating of NRB Commercial Bank Limited

NRBC Bank was rated by Credit Rating Information & Services Limited (CRISL). The summary of their ratings is given below:

| Serveilance Rating | Long Term        | Short Term |
|--------------------|------------------|------------|
|                    | A-               | ST-3       |
| Date of Rating     | 22 February 2015 |            |

CRISL has affirmed the Long Term Rating to 'A-' (pronounce 'A' minus) and Short Term Rating to 'ST-3' of NRB Commercial Bank Limited through an extensive analysis of the operational and financial performance of the Bank. The basis of its evaluation was audited financials for the period ended 31 December 2014 and other relevant



quantitative as well as qualitative information up to date of Rating Declaration.

Bank rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.

The Short Term Rating ST-3 indicates Good Certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.

## 2<sup>nd</sup> Annual General Meeting

The 2<sup>nd</sup> Annual General Meeting will be held on February 28, 2015 (Saturday) at the Westin, Dhaka, Gulshan Avenue, Plot No. 01, Road No. 45, Gulshan-2, Dhaka, Bangladesh at 11.30 am.

## Contribution to National Exchequer

NRBC Bank deposits Excise duty, withheld Tax and VAT to govt. exchequer on time deducted from employees' salary as well as payments to customers and vendors. During the calendar year 2014 we deposited Tk.223.83 million to national exchequer as withheld Tax, VAT and Excise duty which is 579.71% higher than that of 2013. Deposited withheld Tax of Tk.31.44 million, VAT of Tk.181.19 million and Excise Duty of Tk.11.20 million during the year 2014.

## Acknowledgements

NRB Commercial Bank Limited, within a very short span of its operation, has gained the confidence of its clients. This success is primarily attributed to its teamwork, prompt and prudent decision making, efficient and cordial service, economic use of resources and introduction of new financial products and technologies. The continued endeavours of the Management and timely support of the Board of Directors have substantially contributed to the success of the Bank. The Board of Directors of the Bank expresses deep appreciation and gratitude to the Management dedicated and efficient services and also to the valued clients, sponsors, shareholders, stakeholders, patrons and well wishers, whose continued support and co-operation have facilitated our path towards success so far. The Bank is grateful to the Government of the People's Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission, External Auditors and Registrar of Joint Stock Companies & Firms for their continued support, prudent guidance and advice towards the notable growth of the Bank whose patronage have facilitated our path towards the glorious achievement so far made by the Company.

Best regards and best wishes to all.

On behalf of the Board of Directors,



**Engr. Farasath Ali**  
Chairman





## Corporate Governance

NRBC Bank commenced its business as NRB Commercial Bank Limited on 18 April 2013. As a result, the Bank enjoys the status of a corporate body. Policies and practices of corporate governance of NRBC Bank are aimed at ensuring proper entrustment, transparency and accountability in the organization as a whole. The Bank is formed and evolved in line with the granted corporate governance practices and guidelines of Bangladesh Bank and other concerned authorities. As private sector bank, it attaches utmost importance on clear speed and well defined corporate governance standards which include among others, compliance, disclosure, transparency.

Corporate Governance (CG) is the arrangement of principles, policies, procedures and clearly defined responsibilities and accountabilities framed to overcome the conflicts of interest inherent in the corporate structure. In now-a-days business arena corporate is subject to a variety of conflicts of interest due to its inherent complexities in varieties and structures. So, two major aims of corporate governance can be:

1. To have conflicts of interest particularly those between management and shareholders reduced or alleviated.
2. To ensure efficient and productive use of the Company's assets in the best interests of its shareholders and other stakeholders.

From the view point of conflicts of interest, two affairs (management vs. shareholders and Directors vs. shareholders) are the crucial hub of most of the systems of corporate governance. Board of Directors (BoD) is a critical component of the check and balance system that lies at the heart of corporate governance system. Board members owe a duty to make decisions based on what ultimately is the best for the long-term interests of the shareholders. In order to do this effectively, Board members need a combination of independence, experience and resources.

### Guidance for Corporate Governance

NRBC Bank gets direction in its corporate governance practices mainly from two regulatory bodies: (1) Bangladesh Bank (Central Bank of Bangladesh) and (2) Bangladesh Securities and Exchange Commission (BSEC) as an incorporated organization in Bangladesh.

Conversely, corporate governance philosophy of NRB Commercial Bank covers regulatory and legal requirements imposed by BB and BSEC in addition to its diverse internal rules, policies, procedures and practices based on the best practices of local and global banks. 'Due diligence' in observing responsibilities by the Board as well as by the Management to protect interest of depositors, shareholders, employees and the society in general is indicated as 'Corporate Governance' at NRBC Bank. "Transparency" and "Accountability" are very important pillars of a good corporate governance structure, backed by strong Internal Control and Compliance arrangement and MIS facilities.



## Structure of the Board

The Board of Directors of NRBC Bank is currently constituted of 20 directors out of 53 sponsors. All of the sponsors are Non-Resident Bangladeshies, living in various countries around the globe. The members of Board of Directors hold the share in different capacities which is shown in the table below.

## Board meetings and attendance

The Board of Directors holds meetings on a regular basis, usually once in a month. But emergency meetings are called when required. Management provides information, references and detailed working papers for each item of agenda to all the Directors well ahead of time fixed for the BoD meeting for consideration. In the meeting, the Chairman of the BoD 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. During the year 2014, total 11 Board Meetings were held. The attendance records of those meetings are as follows:

| Sl.No | Name of the Members           | Position      | Total Number of Meeting Attended | Share Holding Structure |
|-------|-------------------------------|---------------|----------------------------------|-------------------------|
| 01    | Engr. Farasath Ali            | Chairman      | 9 /11                            | 4.50%                   |
| 02    | Dr. Toufique Rahman Chowdhury | Vice Chairman | 11/11                            | 2.25%                   |
| 03    | Mr. ABM Abdul Mannan          | Director      | 8/11                             | 6.84%                   |
| 04    | Mr. Mohammed Oliur Rahman     | Director      | 5/11                             | 8.22%                   |
| 05    | Mr. Mohammed Enayet Hossain   | Director      | 10/11                            | 5.64%                   |
| 06    | Mr. Md. Amir Hossain          | Director      | 6/11                             | 4.50%                   |
| 07    | Mr. Abu Mohammad T I Rahman   | Director      | 9/11                             | 4.50%                   |
| 08    | Mr. Firoz Haider Khan         | Director      | 9 / 11                           | 4.50%                   |
| 09    | Mrs. Kamrun Nahar Sakhi       | Director      | 7 / 11                           | 2.99%                   |
| 10    | Mr. Abu Bakr Chowdhury        | Director      | 8 / 11                           | 4.50%                   |
| 11    | Mr. Mohammad Shahid Islam     | Director      | 9 /11                            | 4.50%                   |
| 12    | Mr. Loquit Ullah              | Director      | 11 /11                           | 3.84%                   |
| 13    | Mr. Tamal S M Parvez          | Director      | 11 /11                           | 4.50%                   |
| 14    | Mr. Rafikul Islam Mia Arzoo   | Director      | 9 / 11                           | 4.59%                   |
| 15    | Mr. Mohammed Nazim            | Director      | 7 / 11                           | 4.50%                   |
| 16    | Engr. Syed Munsif Ali         | Director      | 9 / 11                           | 4.03%                   |
| 17    | Mr. Mohammed Adnan Imam       | Director      | 10 / 11                          | 2.25%                   |
| 18    | Dr. Nuran Nabi                | Director      | 7 / 11                           | 0.45%                   |
| 19    | Mrs. Kaniz Farzana Rashed     | Director      | 9 / 11                           | 2.26%                   |
| 20    | Mr. Mohammed Manzurul Islam   | Director      | 10 / 11                          | 0.25%                   |

The Directors who could not attend the meeting(s) were granted leave of absence by the Board.

## Disposal of responsibility of Board of Directors' and Board Committees

The major roles and responsibilities of the Board, among others, are to set the vision, mission and policies of the Bank and to determine the goals, objectives and strategies to ensure efficient utilization of the Bank's resources. 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', NRBC Bank has three Board committees namely Executive Committee, Audit Committee and Risk Management Committee mainly to oversee and direct the operations, performance and strategic direction of the Bank.

### **The Executive Committee (EC)**

In Compliance with Section 15B (2) of The Banking Companies Act (amended up to 2013) and BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of NRBC Bank has re-constituted the Executive Committee (EC) of the Board on 2 April 2014 in its 18<sup>th</sup> BoD meeting with seven members (maximum limit is seven members). None of them are the members of Audit Committee of the Board. The Company Secretary acts as the Secretary of the Committee.

### **Meeting and Responsibilities of EC**

The EC can call a meeting with short notice and take decisions to ensure smooth flow of banking businesses. However, any decision taken by the committee has to be subsequently ratified by the meetings of the Board of Directors. Total 19 (nineteen) EC meetings were held during the year 2014.

### **Audit Committee (AC)**

The Audit Committee of the Bank carries out its functions based on the Terms of Reference (ToR) approved by the Board and is accountable to the Board of Directors of the Bank.

In compliance with Bangladesh Bank BRPD Circular No.11 dated 27 October 2013, Audit Committee (AC) of NRBC Bank Board has been re-constituted by the BoD on 2 April 2014 in its 18<sup>th</sup> BoD meeting to review and oversee Company's financial reporting, non-financial corporate disclosures, internal control systems and compliance to governing laws, rules and regulations, etc.

Activities of the Audit Committee are given in the "Report of the Audit Committee to the Shareholders & General Investors" of referred page No. 41-43

### **The Risk Management Committee (RMC)**

In Compliance with BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of NRBC Bank has constituted, for the first time, five members Risk Management Committee (RMC) of the Board on 2<sup>nd</sup> April, 2014 in its 18<sup>th</sup> BoD meeting.

The RMC has been formed to reduce probable risks which could be arisen during implementation of Board approved policy, procedures and strategies. 4 (Four) meetings were held during the year 2014 to examine and review whether management was properly working on identification, management and mitigation of credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, information and communication technology risk, operation risk, interest rate risk and liquidity risk and keeping adequate provision and capital against the said risks.

### **Management Committees (MANCOM)**

In an effective CG structure, the Bank Management has a collective mandate under the leadership of the MD & CEO to carry out daily operations to the best interest of the shareholders. MANCOM is considered the highest decision and policy making authority of the management which consists of the CEO and different business and support unit heads.

### **Bank Risk Management Committee (BRMC)**

As per instruction of Bangladesh Bank vide circular no. DOS(RMSS)1154/1/NRB Commercial/2013-396 dated 2 December 2013, the Bank formed a separate Risk Management unit named 'Bank Risk Management



Committee (BRMC)' to ensure proper and timely identification, measurement and mitigation of risks exposed to the Bank in a comprehensive way. At present, this Committee is being headed by Additional Managing Director and the composition of BRMC is as under:

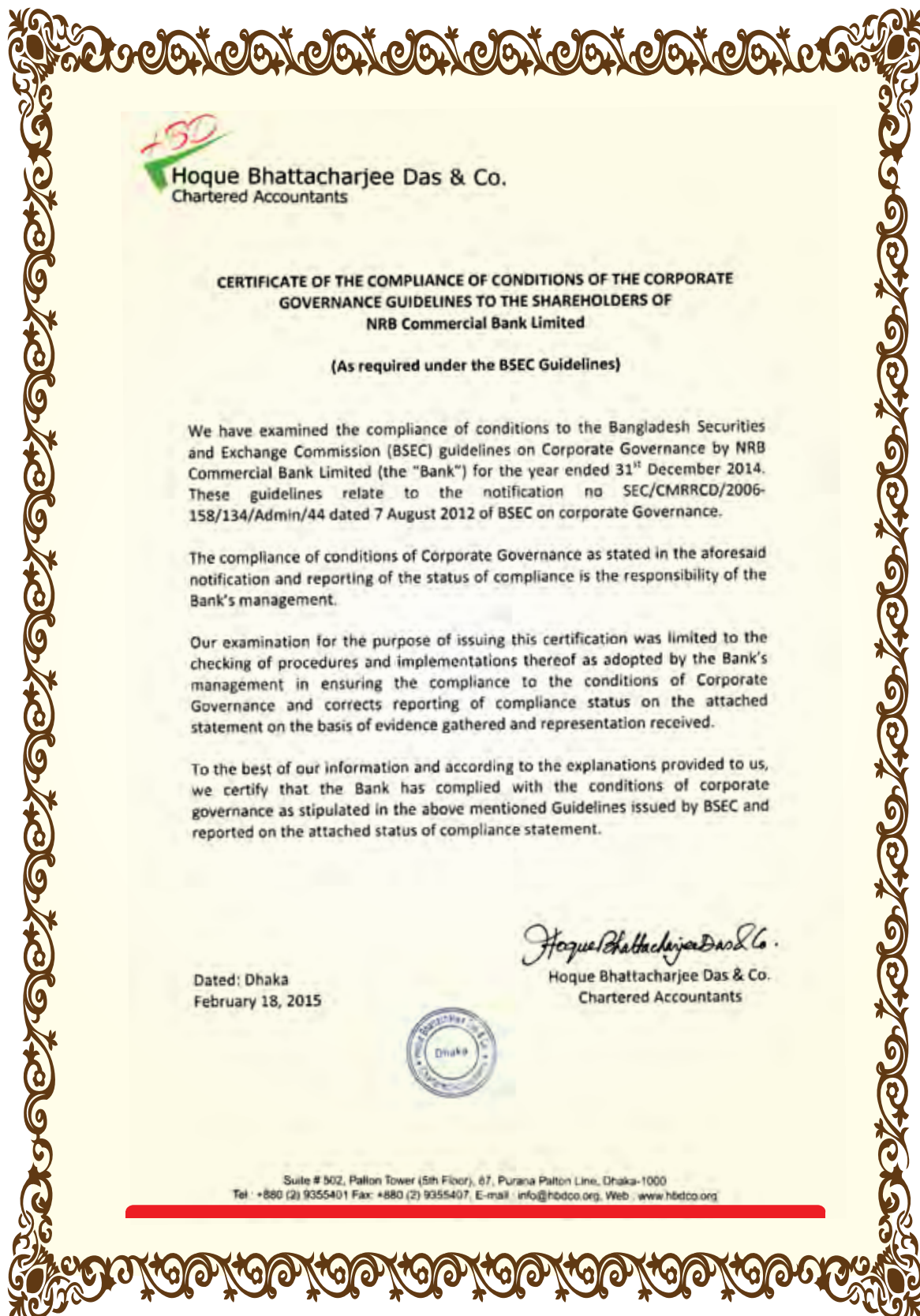
| Name                    | Functional Designation       | Position         |
|-------------------------|------------------------------|------------------|
| Mr. A S M Bulbul        | Additional Managing Director | Member           |
| Md. Shafiet Wahed, SEVP | HOD of CRMD                  | Member           |
| Kabir Ahmed, SVP        | HOD of ID                    | Member           |
| Mr. Harunur Rashid      | HOD of FAD & Treasury        | Member           |
| Mynul Hossain Kabir, VP | Head of RMD                  | Member Secretary |
| Md Masum Haider, FVP    | HOD of GBD                   | Member           |
| Md. Anisur Rahman, FVP  | HOD of ICCD                  | Member           |

#### Asset Liability Committee (ALCO)

Asset Liability Committee generally comprises of the senior Management levels of the Bank. The ALCO of NRBC Bank was engaged with full of activity in setting strategies and revamping previously taken strategies to cope with current market scenario. The committee was formed with Managing Director & CEO as the Chairman. The composition of ALCO is as under:

| Name                        | Functional Designation          | Position         |
|-----------------------------|---------------------------------|------------------|
| Mr. Dewan Mujibur Rahman    | Managing Director & CEO         | Chairman         |
| Mr. A S M Bulbul            | Additional Managing Director    | Member           |
| Mr. Shoaib Ahmed            | Deputy Managing Director        | Member           |
| Mr. Arif Md. Shahedul Haque | Senior Executive Vice President | Member Secretary |
| Mr. Md. Shafiet Wahed       | Senior Executive Vice President | Member           |
| Mr. Kabir Ahmed             | Senior Vice President           | Member           |
| Mr. Harunur Rashid          | Vice President                  | Member           |





**Hoque Bhattacharjee Das & Co.**  
Chartered Accountants

**CERTIFICATE OF THE COMPLIANCE OF CONDITIONS OF THE CORPORATE  
GOVERNANCE GUIDELINES TO THE SHAREHOLDERS OF  
NRB Commercial Bank Limited**

**(As required under the BSEC Guidelines)**

We have examined the compliance of conditions to the Bangladesh Securities and Exchange Commission (BSEC) guidelines on Corporate Governance by NRB Commercial Bank Limited (the "Bank") for the year ended 31<sup>st</sup> December 2014. These guidelines relate to the notification no SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 of BSEC on corporate Governance.

The compliance of conditions of Corporate Governance as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the Bank's management.

Our examination for the purpose of issuing this certification was limited to the checking of procedures and implementations thereof as adopted by the Bank's management in ensuring the compliance to the conditions of Corporate Governance and corrects reporting of compliance status on the attached statement on the basis of evidence gathered and representation received.

To the best of our information and according to the explanations provided to us, we certify that the Bank has complied with the conditions of corporate governance as stipulated in the above mentioned Guidelines issued by BSEC and reported on the attached status of compliance statement.

Dated: Dhaka  
February 18, 2015

*Hoque Bhattacharjee Das & Co.*  
Hoque Bhattacharjee Das & Co.  
Chartered Accountants



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Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission Notification No.SEC/CMRRCD/2006-158/134/Admin/44: dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance 1969:

| Condition No. | Title   | Compliance Status Put (√) in the appropriate column |              | Remarks (if any)  |
|---------------|---|---|--------------|---|
|               |   | Complied  | Not Complied |   |
| 1             | BOARD OF DIRECTORS:   |   |              |   |
| 1.1           | Board's Size: The number of the Board Members of the Company shall not be less than 5 (five) and more than 20 (twenty): Provided, however, that in case of banks and non-bank financial institutions, insurance companies and statutory bodies for which separate primary regulators like Bangladesh Bank, Insurance Development and Regulatory Authority, etc. exist, the Boards of those companies shall be constituted as may be prescribed by such primary regulators in so far as those prescriptions are not inconsistent with the aforesaid condition. | √   |              |   |
| 1.2           | Independent Directors:  |   |              |   |
| 1.2(i)        | At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.  |   |              | To be complied, however not applicable being the Bank is not listed |
| 1.2 (ii)      | For the purpose of this clause "independent director" means a director-   |   |              |   |
| 1.2(ii)(a)    | Independent Director should not hold any share in the company or hold less than one percent (1%) shares of the total paid-up shares of the Company  |   |              | N/A   |
| 1.2(ii)(b)    | Independent Director should not be a sponsor of the Company and is not connected with the company's sponsors or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company.  |   |              | N/A   |
| 1.2(ii)(c)    | Independent Director does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies  |   |              | N/A   |
| 1.2(ii)(d)    | Independent Director is not a member, director or officer of any Stock Exchange   |   |              | N/A   |
| 1.2(ii)(e)    | Independent Director is not a shareholder, director or officer of any member of Stock Exchange or an intermediary of the Capital Market   |   |              | N/A   |
| 1.2(ii)(f)    | Independent Director 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   |   |              | N/A   |
| 1.2(ii)(g)    | Independent Director shall not be an independent director in more than 3 (three) listed Companies   |   |              | N/A   |



| Condition No. | Title  | Compliance Status Put (√) in the appropriate column |              | Remarks (if any) |
|---------------|--|---|--------------|------------------|
|               |  | Complied  | Not Complied |                  |
| 1.2(ii)(h)    | Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI)  |   |              | N/A              |
| 1.2(ii)(i)    | Independent Director has not been convicted for a criminal offence involving moral turpitude   |   |              | N/A              |
| 1.2(iii)      | The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM)  |   |              | N/A              |
| 1.2(iv)       | Post of independent director(s) cannot remain vacant for more than 90 (ninety) days  |   |              | N/A              |
| 1.2(v)        | The Board shall lay down a code of conduct of all Board Members and annual compliance of the code to be recorded.  | √   |              |                  |
| 1.2(vi)       | The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.   |   |              | N/A              |
| 1.3           | Qualification of Independent Director (ID)   |   |              |                  |
| 1.3(i)        | Independent Director shall be knowledgeable individual with integrity who is able to ensure compliance with financial, regularity and corporate laws and can make meaningful contribution to business.   |   |              | N/A              |
| 1.3(ii)       | The person should be a Business Leader/ Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/ professional experiences. |   |              | N/A              |
| 1.3(iii)      | In special cases the above qualifications may be relaxed to prior approval of the Commission.  |   |              | N/A              |
| 1.4           | Chairman of the Board & Chief Executive Officer (CEO):   |   |              |                  |
|               | The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.   | √   |              |                  |
| 1.5           | The Directors' Report to Shareholders : The directors of the companies shall include the following additional statements in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVII of 1994):-   |   |              |                  |
| 1.5(i)        | Industry outlook and possible future developments in the industry.   | √   |              |                  |
| 1.5 (ii)      | Segment-wise or product-wise performance   | √   |              |                  |
| 1.5 (iii)     | Risks and concerns.  | √   |              |                  |



| Condition No. | Title   | Compliance Status Put (√) in the appropriate column |              | Remarks (if any) |
|---------------|---|---|--------------|------------------|
|               |   | Complied  | Not Complied |                  |
| 1.5 (iv)      | A discussion on Cost of goods sold, Gross Profit Margin and Net Profit Margin.  | √   |              |                  |
| 1.5 (v)       | Discussion on continuity of any Extra-Ordinary gain or loss.  |   |              | N/A              |
| 1.5 (vi)      | Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report  | √   |              |                  |
| 1.5 (vii)     | Utilization of proceeds from public issues, right issues and/or through any others instruments.   |   |              | N/A              |
| 1.5 (viii)    | An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.  |   |              | N/A              |
| 1.5 (ix)      | If significant variance occurs between Quarterly Financial performance and Annual Financial Statements, the Management shall explain about the variance on their Annual Report.   | √   |              |                  |
| 1.5 (x)       | Remuneration to directors including independent directors.  | √   |              |                  |
| 1.5 (xi)      | The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.  | √   |              |                  |
| 1.5 (xii)     | Proper books of account of the issuer company have been maintained.   | √   |              |                  |
| 1.5 (xiii)    | Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.   | √   |              |                  |
| 1.5 (xiv)     | International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed. | √   |              |                  |
| 1.5 (xv)      | The system of internal control is sound in design and has been effectively implemented and monitored.   | √   |              |                  |
| 1.5 (xvi)     | There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.   | √   |              |                  |
| 1.5 (xvii)    | Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.   | √   |              |                  |



| Condition No. | Title   | Compliance Status Put (√) in the appropriate column |              | Remarks (if any)  |
|---------------|---|---|--------------|---|
|               |   | Complied  | Not Complied |   |
| 1.5 (xviii)   | Key operating and financial data of at least preceding 5 (five) years shall be summarized.  | √   |              | Reported Two years only as bank completed 2 years operation |
| 1.5 (xix)     | If the issuer company has not declared dividend (Cash or stock) for the year, the reasons thereof shall be given.   |   |              | N/A   |
| 1.5 (xx)      | The number of Board meetings held during the year and attendance by each director shall be disclosed.   | √   |              |   |
| 1.5 (xxi)     | The Pattern of shareholding shall be reported to disclose the aggregate number of share (along with name wise details where stated below) held by:-   |   |              |   |
| 1.5 (xxi) (a) | Parent/Subsidiary/Associated Companies and other related parties (name wise details);   | √   |              | Nil   |
| 1.5 (xxi) (b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);  | √   |              |   |
| 1.5 (xxi) (c) | Executives;   | √   |              |   |
| 1.5 (xxi) (d) | Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).  | √   |              | No Director hold 10% or more shareholding                   |
| 1.5(xxii)     | In case the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:-   |   |              |   |
| 1.5(xxii)(a)  | a brief resume of the director;   | √   |              |   |
| 1.5(xxii)(b)  | nature of his/her expertise in specific functional area;  | √   |              |   |
| 1.5(xxii)(c)  | names of companies in which the person also holds the directorship and the membership of committees of the board;   | √   |              |   |
| 2             | CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS)  |   |              |   |
| 2.1           | The company shall appoint a Chief Financial Officer (CFO), a head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.   | √   |              |   |
| 2.2           | Requirement to attend the Board Meetings: The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and /or the Company Secretary shall not attend such part of meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters | √   |              |   |
| 3             | AUDIT COMMITTEE   |   |              |   |
| 3 (i)         | The company shall have an Audit Committee as a Sub-committee of the Board of Directors.   | √   |              |   |



| Condition No. | Title   | Compliance Status Put (√) in the appropriate column |              | Remarks (if any)                 |
|---------------|---|---|--------------|----------------------------------|
|               |   | Complied  | Not Complied |                                  |
| 3(ii)         | The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.   | √   |              |                                  |
| 3(iii)        | The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.  | √   |              |                                  |
| 3.1           | Constitution of the Audit Committee   |   |              |                                  |
| 3.1(i)        | The Audit Committee shall be composed of at least 3 (three) members.  | √   |              | Constituted as per BB's Circular |
| 3.1(ii)       | The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director   |   |              | N/A                              |
| 3.1(iii)      | All members of the audit committee should be "Financially literate" and at least 1 (one) member shall have accounting or related financial management experience.   | √   |              |                                  |
| 3.1(iv)       | When the term of service of the Committee members expires or there is any circumstances causing any Committee member to unable to hold office until 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 of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee. | √   |              |                                  |
| 3.1(v)        | The company secretary shall act as the secretary of the Committee.  | √   |              |                                  |
| 3.1(vi)       | The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director  |   |              | N/A                              |
| 3.2           | Chairman of the Audit Committee   |   |              |                                  |
| 3.2 (i)       | The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.  |   |              | N/A                              |
| 3.2 (ii)      | Chairman of the audit committee shall remain Present in the Annual General Meeting (AGM).   | √   |              |                                  |
| 3.3           | Role of Audit Committee   |   |              |                                  |
| 3.3 (i)       | Oversee the financial reporting process   | √   |              |                                  |
| 3.3 (ii)      | Monitor choice of accounting policies and principles.   | √   |              |                                  |
| 3.3 (iii)     | Monitor Internal Control Risk management process.   | √   |              |                                  |



| Condition No. | Title  | Compliance Status Put (√) in the appropriate column |              | Remarks (if any)                         |
|---------------|--|---|--------------|--|
|               |  | Complied  | Not Complied |  |
| 3.3 (iv)      | Oversee hiring and performance of external auditors.   | √   |              |  |
| 3.3 (v)       | Review along with the management, the annual financial statements before submission to the board for approval.   | √   |              |  |
| 3.3 (vi)      | Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.  | √   |              |  |
| 3.3 (vii)     | Review the adequacy of internal audit function.  | √   |              |  |
| 3.3 (viii)    | Review statement of significant related party transactions submitted by the management   | √   |              |  |
| 3.3 (ix)      | Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.   | √   |              |  |
| 3.3 (x)       | When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds 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. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.  | √   |              | No such event occurred during the period |
| 3.4           | Reporting to the Audit Committee   |   |              |  |
| 3.4.1         | Reporting to the Board of Directors  |   |              |  |
| 3.4.1 (i)     | The Audit Committee shall report on its activities to the Board of Directors   | √   |              |  |
| 3.4.1 (ii) a) | The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:- a) report on conflicts of interests   | √   |              | N/A                                      |
| 3.4.1 (ii) b) | suspected or presumed fraud or irregularity or material defect in the internal control system  |   |              | N/A                                      |
| 3.4.1 (ii) c) | suspected infringement of laws, including securities related laws, rules and regulations   |   |              | N/A                                      |
| 3.4.1 (ii) d) | any other matter which shall be disclosed to the Board of Directors immediately  |   |              | N/A                                      |
| 3.4.2         | Reporting to the Authorities: Reporting to BSEC about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has unreasonably ignored, the Audit Committee shall report such finding to the BSEC, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier. |   |              | No such event occurred during the period |

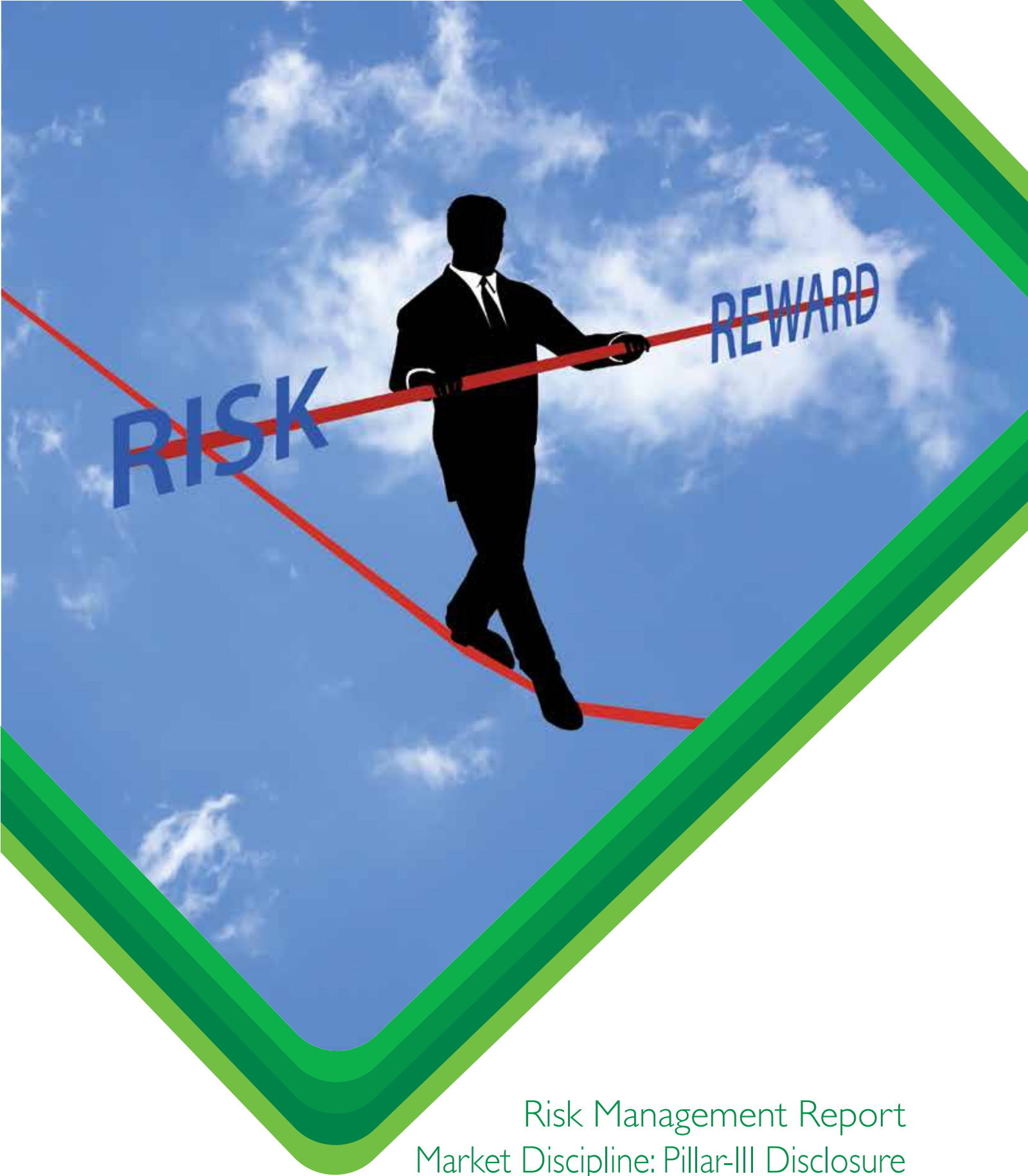


| Condition No. | Title  | Compliance Status Put (√) in the appropriate column |              | Remarks (if any)                                     |
|---------------|--|---|--------------|--|
|               |  | Complied  | Not Complied |  |
| 3.5           | Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company. | √   |              |  |
| 4             | EXTERNAL/STATUTORY AUDITORS: The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:-   |   |              |  |
| 4 (i)         | Appraisal or valuation services or fairness opinions.  | √   |              |  |
| 4 (ii)        | Financial information systems design and Implementation.   | √   |              |  |
| 4 (iii)       | Book-keeping or other services related to the Accounting records or financial statements.  | √   |              |  |
| 4 (iv)        | Broker-dealer services.  | √   |              |  |
| 4 (v)         | Actuarial services.  | √   |              |  |
| 4 (vi)        | Internal audit services.   | √   |              |  |
| 4 (vii)       | Any other service that the Audit Committee determines.   | √   |              |  |
| 4 (viii)      | No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.  | √   |              |  |
| 4(ix)         | Audit/certification services on compliance of corporate governance as  | √   |              |  |
| 5             | SUBSIDIARY COMPANY   |   |              |  |
| 5(i)          | Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.   |   |              | No subsidiary company during the period under review |
| 5 (ii)        | At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.  |   |              | N/A  |
| 5 (iii)       | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.   |   |              | N/A  |
| 5 (iv)        | The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.   |   |              | N/A  |
| 5 (v)         | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.   |   |              | N/A  |
| 6.            | DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIER FINANCIAL OFFICER (CFO):   |   |              |  |



| Condition No. | Title  | Compliance Status Put (√) in the appropriate column |              | Remarks (if any) |
|---------------|--|---|--------------|------------------|
|               |  | Complied  | Not Complied |                  |
| 6 (i)         | The 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:   | √   |              |                  |
| 6(i)(a)       | These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading:  | √   |              |                  |
| 6(i)(b)       | These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.  | √   |              |                  |
| 6(ii)         | There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct  | √   |              |                  |
| 7             | REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:  |   |              |                  |
| 7(i)          | The company shall obtain a certificate from a practicing Professional Accountant/ Secretary/ Chartered Accountant/Cost and Management Accountant/ Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the BSEC and include in the Annual Report. | √   |              |                  |
| 7(ii)         | Directors statement in the director's report whether the company has complied with these conditions;   | √   |              |                  |





Risk Management Report  
Market Discipline: Pillar-III Disclosure



**NRBCBANK**  
এনআরবি কমাশিয়াল ব্যাংক লিমিটেড





Engr. Syed Munsif Ali, Hon'ble Chairman of Risk Management Committee (RMC) of the Board

## Risk Management Committee Report

The Risk Management Committee was formed with a view to oversee major risk exposes in different areas of the Bank. The prime objective of Risk Management is to appropriately balance the trade-off between risk and return. NRBC Bank faces varied and wide range of risks in its day to day business operations. Side by side it handles risks judiciously to ensure optimum return on asset and equity. Managing risks prudently and efficiently to ensure profitability, capital adequacy and liquidity in a balanced manner is the main concern of the Bank. Risk Management strategies proactively identifies, measures, mitigates and monitors risks which arise at transaction level as well as at portfolio level to ensure optimum utilization of capital. Functionally, Risk Management process is accomplished at strategic managerial and operational levels.

At strategic level, NRBC Bank's Board of Directors (BOD), through Board Risk Management Committee (BRMC) & Senior Management, sets up risk governance structure & risk philosophy, endorses risk strategies, reviews & approves risk policies as well as the threshold limits of risks that may be taken in line with Bank's risk appetite. These limits are continuously monitored by an experienced Risk Management team and overseen by BRMC. At managerial level, policies and strategies formulated by BOD are implemented by middle management or units devoted to risk reviews. Operational level encompasses on-the-line risk management, where risks are actually created at front office or at credit desk of the Bank.

Risk Appetite- "the boundaries of acceptable risk": Consideration of risk is a key component in the development of strategy. Our Bank does not try to eliminate risks as a whole. Rather, it assumes both tangible and intangible



risks in Bank's business. The Board determines the level of risk they are willing to take in achieving its strategic objectives. NRBC Bank's risk appetite framework sets out specific principles, objectives and measures which link diverse considerations such as strategy setting, risk recognition, target capitalization levels and acceptable levels of earnings volatility. It is built within a "business as usual" process and thought to be the facilitator for better achievement of long term objectives.

## Risk Governance

### Risk governance structure of NRBC Bank



### Risk Management Policies

The Bank has put in place various Board approved Risk Management Policies viz. (i) Credit Policy with Credit Risk Management Guidelines (ii) Asset Liability Management Manual (iii) NRBC Bank ICC Policy (iv) AML & CFT Policy Guideline of NRBC Bank (v) Foreign Exchange Risk Management Policy & Guideline (vi) NRBC Bank's ICT Policy (vii) Wholesale Borrowing and Funding Guidelines (viii) Liquidity Contingency Plan (ix) Management Action Trigger (x) Fraud Detection and Management Process (xi) Valuation Methodology of Collateral (xii) Internal Capital Adequacy Assessment Policy (ICAAP).

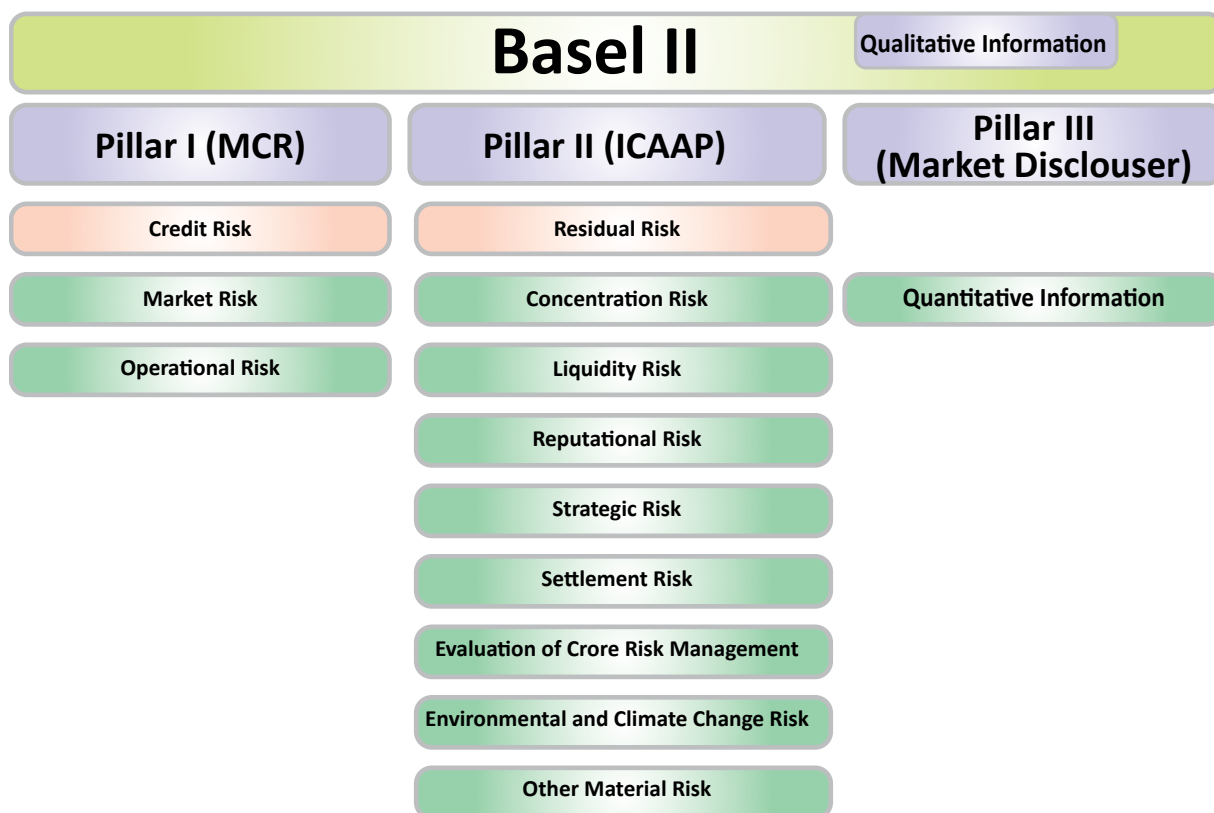
### NRBC Bank Risk Management practice as per Basel Norms

As a Basel Compliant Bank, NRBC Bank follows international best practice in risk management as per Basel norms which makes its capital more risk sensitive and risk resilient. NRBCB's capital structure is governed by 'Guidelines on Risk Based Capital Adequacy (RBCA) for Banks' issued by Bangladesh Bank (BB). RBCA guidelines encompasses



risk management framework of the Bank by Pillar-I (Minimum Capital Requirement, MCR), Pillar-II (Supervisory Review Process, SRP) and by Pillar- III (Market disclosures).


In compliance with the Pillar-I guidelines under Basel norms, NRBCB computes regulatory capital for Credit Risk, Market Risk and Operational Risk. Bank has adopted Standardized Approach under credit risk, Basic Indicator Approach under operational risk and Standardized Approach under market risk to compute regulatory capital. External credit ratings from External Credit Assessment Institutions (ECAIs) are used for risk weighting of corporate and SME exposures as required under Basel II.



To comply with Basel Pillar-II norms (SRP), NRBCB has evolved Board approved policy on the Internal Capital Adequacy Assessment Process (ICAAP) which covers identification and measurement of risks other than Pillar-I risks (Credit Risk, Market Risk and Operational Risk). SRP is intended not only to ensure that banks have adequate capital to support all the risks viz. residual risk, liquidity risk, credit concentration risk, reputation risk, strategic risk, settlement risk, evaluation of six core risks areas, environmental risk and other material risks in their business, but also to assist banks to develop and to use better risk management techniques in monitoring and managing those risks.

Under SRP, NRBC Bank computes additional capital which is finally determined by SRP and SREP (Supervisory Review Evaluation Process) dialogue. To meet Pillar III requirements of Basel II, NRBC Bank has adhered to disclose norms as stipulated in the guidelines of BB. The disclosures for every year are available in Bank's annual report and website.





NRBC Bank adopts Stress Testing technique to measure its vulnerability to the impacts of exceptional but plausible events. Stress testing are carried out by assuming three levels of shocks viz. minor, moderate and major on following areas:

- Interest rate changes
- Forced value of collateral
- Non-performing loans (NPLs)
- Share prices
- Foreign exchange rate
- Changes in credit rating and
- Liquidity.

NRBC Bank prepares Risk Management Paper (RMP) monthly and submits it to BB on quarterly basis, which aims to identify, monitor and manage various risks following the guidelines of BB. RMP focuses on credit, market, liquidity and operational risks that the Bank is exposed to.

NRBC Bank Risk Management Practice as per Six Core Risk Areas:

NRBC Bank conducts its operations by ensuring compliance with the Core Risk Management Guidelines which covers the following risks:

- Credit risk
- Asset Liability risk
- Foreign Exchange risk
- Internal Control and Compliance risk
- Money Laundering risk
- Information and Communication Technology risk

### Credit Risk Management

The instruments and tool through which NRBCB manages credit risks are as follows:

- Exposure Ceilings
- Review/Renewal
- Risk Rating Model
- Risk based scientific pricing
- Portfolio Management
- Credit Audit/Loan Review Mechanism

### Credit Policies and Principles

NRBC Bank's credit functions are conducted in a compliant manner under strict, judicious and rational credit policies and principles in conformity with Credit Risk Management (CRM) guidelines of Bangladesh Bank. Credit initiation and approvals are done in a segregated manner. Each and every sanction is done through a very stringent evaluation process, which, in fine, ensures quality of assets and minimizes losses likely to arise from potential bad



loans. In order to make credit operations judicious, quality and rewarding, a strict credit policy embodying among others, the following is in place:

- Extending credit to the clients having clean CIB report.
- Maintaining rational loan deposit ratio
- Avoiding directed and name lending
- Lending maintaining highest ethical standards
- Extending credit in the areas where risks are significantly understood and can be managed
- Conducting lending operations complying with norms and regulations

### Credit Administration

NRBC Bank's credit disbursement and administration functions are strictly handled by our Credit Administration Department (CAD) which ensures, among others:

- Documented credit approvals are obtained
- Legally enforceable security documents are prepared
- Limit creation and loan documentation check list (LDCL) is obtained
- All standard charge documents are executed.
- Loan classification and provisioning are done as per norms.
- Credit disbursement approvals are promptly given

### Credit Monitoring

NRBC Bank Credit Monitoring Department (CMD) monitors the asset (loan) portfolio of the Bank. NRBCB's credit monitoring system provides an early indication/alert about the deterioration of loans that allows effective management of loans in a rational manner to prevent them from tuning into Non-Performing Loans (NPL). Statements on early alert accounts, delinquent and specially mentioned accounts are generated timely and necessary actions are taken by the CMD. NRBC Bank's credit monitoring tools are effective enough to keep the overdue loans well below the industry average.


### Asset - Liability Risk Management

Asset Liability Management (ALM) is considered as a key Balance Sheet Risk Management discipline, which mainly focuses on Liquidity Risk, Interest Rate Risk and Exchange Rate Risk of the Bank. As per Bangladesh Bank guideline, NRBCB has a fully functional Asset Liability Committee (ALCO) for prudent Balance Sheet Risk Management. The Committee consists of the Managing Director & CEO as the Chairman of the Committee and the Deputy Managing Director and strategically important Divisional Heads of Corporate Head Office as members. To address and mitigate various risks involved in the business, ALM desk of the NRBCB Treasury prepares ALCO (Asset Liability Committee) paper as per the guidelines of Bangladesh Bank each month and conducts monthly ALM meeting where global & economic outlooks as well as financial fundamentals of the Bank are highlighted.

### Foreign Exchange Risk Management

Foreign Exchange Risk is related to the change in earnings due to change in market prices. As per the Foreign Exchange Risk Management guidelines of Bangladesh Bank, NRBC Bank has board-approved dealer dealing, counter





party limits, well defined internal approval procedures and Internal Audit Division to report on Foreign Exchange Risk Management Policy on a regular basis to the Senior Management. Moreover, Bangladesh Bank has given Net Open Position (NOP) limit based on NRBCB's total capital and some other qualitative judgments. In order to minimize Foreign Exchange Risk and to fulfill regulatory requirements, NRBC Bank maintains NOP limit very meticulously.

### Internal Control and Compliance Risk Management

NRBC Bank has a structured Internal Control and Compliance (ICC) Division with the following three distinct units headed by a senior level executive:

- Audit and Inspection
- Compliance
- Monitoring

The mission of NRBC Bank's compliance function is to promote the culture and practice of compliance of legal and regulatory requirements, and the Bank's ethical standards. Internal Control & Compliance Division reports on non-compliance detected by internal and external audits to the audit committee of the Board for appropriate and necessary action.

### Money Laundering Risk Management

NRBCB, as a financial intermediary, is committed to take preventive measures against money laundering and terrorist financing in line with the Money Laundering Prevention Act, 2012, the Anti-Terrorism Act, 2009 (Amended), the Guidance Notes on Prevention of Money Laundering of Bangladesh Bank, and the instructions circulated them from time to time. NRBC Bank applies risk sensitive Customer Due Diligence (CDD) measures, monitors business relationships and records suspicious transactions pursuant to the regulations.

### NRBC Bank's Activities on Money Laundering Risk Management

- NRBC Bank has its policy guidelines developed in line with the Guidance Notes on Prevention of Money Laundering of Bangladesh Bank and instructions of BFIU on Combating the Financing of Terrorism.
- The Managing Director & CEO of the Bank sends annual message to all employees. Apart from this the MD & CEO sends awareness building messages on a regular basis.
- The Bank identifies and suggests correct and full documentation in terms of Know Your Customer (KYC), which enables prudential Prevention of Money Laundering.
- NRBC Bank determines training needs and arranges regular training for employees on Prevention of Money Laundering and Combating the Financing of Terrorism.
- The Bank ensures regular monitoring, compliance and accountability both at Corporate Head Office and at branch level through Chief Anti-Money Laundering Officer (CAMLCO) and the Branch Anti-Money Laundering Officer (BAMLCO).
- The branches update KYC and Transaction Profile (TP) of the customers at least once a year.
- NRBC Bank Corporate Head Office holds quarterly meeting of Central Compliance Unit (CCU) to ensure compliance with AML instructions.
- Anti Money Laundering Department reports their activities on Money Laundering Prevention and Combating Financing of Terrorism to the Managing Director and CEO, who oversees the Bank's AML campaign.
- The Bank ensures the status of Anti Money Laundering compliance at the NRBC Bank branches and offices.
- NRBC Bank has integrated Core Banking Software (CBS) regarding customer information, which helps the branches maintain the updated KYC and TP, monitor and detect suspicious transactions with the support of the Bank's integrated CBS.
- Each branch has at least one official with assigned specific AML compliance responsibilities.



- NRBC Bank has Customer Acceptance Policy (CAP) in place.
- The Bank has strengthened its Anti Money Laundering Department with requisite manpower.
- NRBC Bank undertakes screening of the customers to check with United Nations Security Council Resolution (UNSCR) sanction list.
- The Bank arranges Branch Anti Money Laundering Compliance Officer Conference for awareness building on Anti Money Laundering and Combating the Financing of Terrorism issues. The bank also holds regional training for the employees of the Bank.
- NRBC Bank submits Cash Transaction Report (CTR) to Bangladesh Financial Intelligence Unit through goAML software provided by them.

### Information and Communication Technology (ICT) Risk Management

Against the backdrop of an increased reliance on complex IT systems and operations in the financial sector, there is heightened risk of cyber attacks and system disruptions as well. In this regard, NRBCB has continued to deepen their technology risk management capabilities and is ready to handle IT security incidents and system failures.

An integral part of NRBC Bank's Risk Management endeavor is its strong "IT Security Policy" and its adherence to these principles. These policies define responsibilities and requirements for protecting information and information systems. They also define hardware, network and related communication technologies and their use in providing financial services.

As a part of effective risk management, a state of the art data centre has been established at its Head Office building at Motijheel, while the DR Centre located at Hemayatpur Savar. This Data Centre is equipped with sophisticated data replication technology to protect loss of customer sensitive information and their transaction in case of failure of primary data centre due to any disaster.

Apart from strengthening ICT infrastructure platform, the bank also focused on identifying its security risks by conducting penetration and vulnerability tests on its existing services.

The core firewall of the bank is in the process of being replaced by the state of the art latest firewall to screen and to nip the external threats in the bud from entering the bank's core network channels. This will also restrict the internal users from visiting the suspicious and harmful websites and the incoming emails for spam and scam links.

On behalf of the Risk Management Committee



**Engr. Syed Munsef Ali**

Chairman of the Risk Management Committee





## Market Discipline: Pillar-III Disclosure under Basel-II

To cope with the international best practices and to make the banks' capital more risk sensitive, Bangladesh Bank issued Basel II guidelines for all scheduled banks on "Revised (RBCA) Risk Based Capital Adequacy" dated December 29, 2010. We are now required to make a more in-depth and expanded public disclosure regarding our risk profile (capital structure, capital adequacy, risk measurement and risk management).

The disclosure is intended for market participants to assess key information about the Bank's exposure to various risks and to provide a consistent and understandable disclosure framework for easy comparison among banks operating in the market.

- **Disclosure Policy**

The Bank calculates Risk Weighted Assets (RWA) as per Revised (RBCA) Risk Based Capital Adequacy guideline, dated December 29, 2010.

- a) Standardized approach for credit risk
- b) Standardized approach for market risk and
- c) Basic indicator approach for operational risk.

- **Scope of Application:**

The Risk Based Capital Adequacy framework applies to all banks on Solo and Consolidated basis, where 'Solo' basis refers to all positions of the Bank, and its local and overseas branches/offices, and 'Consolidated' basis includes subsidiary companies. NRB Commercial Bank Limited applies for "Solo" only as the Bank has no subsidiaries.

- **Disclosure framework:**

The following components are the disclosure requirements:

- i. Regulatory capital
- ii. Capital adequacy
- iii. Credit risk in banking book
- iv. Specific provisions
- v. Equities: disclosures for banking book positions
- vi. Interest rate risk in the banking book
- vii. Market risk in trading book
- viii. Operational risk



## i. Regulatory Capital

### a. Qualitative Disclosures

The terms and conditions of the main features of all capital instruments have been segregated in terms of eligibility criteria (BRPD circular no. 35 dated 29th December 2010, and other instructions given by Bangladesh Bank).

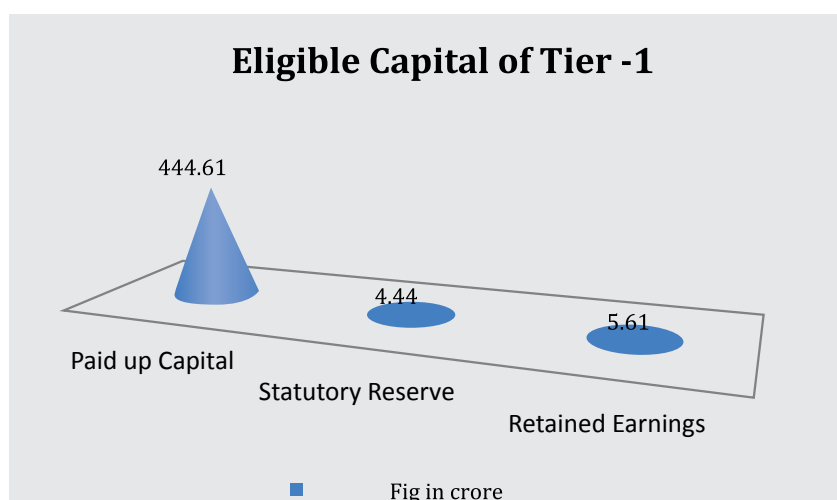
Core Capital (Tier-1) of NRBC Bank is comprised of paid up capital, statutory reserve, general reserve and retained earnings.

Supplementary Capital (Tier-2) comprises of general provisions (unclassified loans and off-balance sheet exposure), revaluation reserves for securities up to 50% as approved by Bangladesh Bank.

The Bank does not have any Tier-3 Capital.

### b. Quantitative Disclosures

| Particulars                                   | Solo Basis   |
|---|--------------|
|   | Fig in crore |
| Paid up Capital                               | 444.61       |
| Statutory Reserve                             | 4.44         |
| General Reserve                               | -            |
| Retained Earnings                             | 5.61         |
| Total Tier-1 Capital *(after deduction)       | 454.66       |
| General Provision                             | 19.65        |
| Revaluation Reserves for Securities up to 50% | 1.75         |
| Subordinated Debt                             | -            |
| Total Tier-2 Capital                          | 21.38        |
| Tier 3 Capital                                | -            |
| Total Eligible Capital                        | 476.06       |



## ii. Capital Adequacy

### a. Capital Calculation Approach

Assessment of capital adequacy is carried out in conjunction with the capital adequacy reporting to the Bangladesh Bank, and the three standardized and basic indicator approaches for risk (credit, market and operational risk).



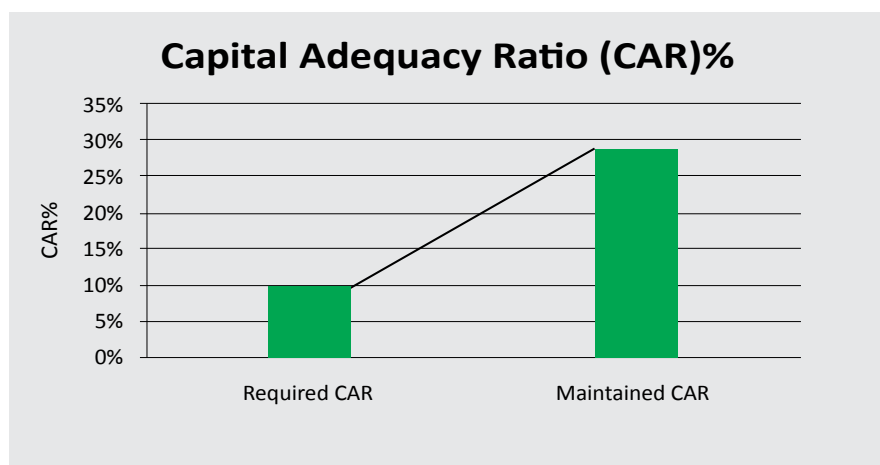
## b. Capital of the Bank

Figures in Crore other wise specified

| Capital Adequacy Ratio (CAR)  | Solo Basis |
|---|------------|
| <b>Total</b>  |            |
| NRBC BANK (%)   | 29.00%     |
| Requirement as per BB (%)   | 10.00%     |
| The surplus will act as buffer to support future activities         | 19.00%     |
| <b>Tier-I:</b>  |            |
| NRBC BANK   | 27.70%     |
| Requirement as per BB   | 5.00%      |
| Our policy is to maintain a strong capital ratio with high rating   |            |
| Risk Weighted Assets  | 1,641.53   |
| We maintain capital levels sufficient to absorb all material risks. |            |
| <b>Capital:</b>   |            |
| NRBC BANK   | 476.06     |
| Requirement as per BB   | 400.00     |
| Surplus   | 76.06      |

The surplus is to meet Stress Tests and ICAAP requirements. Our strategy is to maintain capital buffer.

NRBC Bank ensures compliance with the regulatory requirements and satisfaction of external rating agencies and other stakeholders including depositors.



## c. Capital Management

Initiatives to ensure adequate capital includes the following:

- Consistently encouraging corporate clients to complete external credit rating in to assess counter party Credit Risk status and reduce capital requirements.
- Improving and enhancing eligible collateral, by way of collateral optimization.
- Assessment of risk profile and credit rating of new clients.

NRBC Bank's CAR is periodically reviewed and assessed by the Risk Management Division (RMD), and reported to Senior Management. Moreover, we have planned to initiate:

- Revaluation of fixed assets to enhance supplementary capital,
- Revaluation of collateral securities for ensuring sound asset quality,
- Revaluation of securities to strengthen Tier-II Capital.



Figures in Crore other wise specified

| Capital Adequacy  | Solo Basis |
|---|------------|
| Capital requirement for Credit Risk                     | 149.08     |
| Capital requirement for Market Risk                     | 4.99       |
| Capital requirement for Operational Risk                | 10.08      |
| Total and Tier-I capital ratio:                         |            |
| For standalone Tier-I capital out of maintained CAR (%) | 27.70%     |

### iii. Credit Risk in Banking Book

#### a. Qualitative Disclosure

NRBC Bank manages credit risk through a robust process that enables the Bank to proactively manage its loan portfolios in order to minimize losses and earn an acceptable level of return for shareholders.

#### b. Credit Risk Management

NRBC Bank's Credit Policy Manual (CPM), approved by the Board of Directors, defines organizational structure, roles and responsibilities and processes whereby credit risks can be identified, quantified, and managed. Credit instruction manuals address regulatory issues and establish control points. Product Policy Guidelines (PPG) establish a system of identifying and monitoring problem account at the early stages delinquency, so that timely corrective measures can be taken (for retail and SME clients as well).

NRBC Bank manages credit risk through continuous measuring and monitoring of risks at obligor (borrower) levels and portfolio level. We follow the Bangladesh Bank prescribed Credit Risk Grading Model (CRGM), and have developed a credit appraisal/approval process. The CRGM captures quantitative and qualitative issues related to management risk, business risk, industry risk, financial risk, and project risk, and transaction-specific credit features, while assessing the overall grading of a borrower. External credit ratings of our clients, when available, are also taken into consideration. NRBC Bank's total rated corporate clients are 51.62% of its total clients (funded and non-funded). Delegations of credit approval authority are defined for ensuring good governance and better control in credit approval.

#### c. Loan Classification Criteria

All the loans and advances are grouped into four categories for the purpose of classification:

- |                           |  |
|---------------------------|--|
| (i) Continuous Loan       | (ii) Demand Loan                               |
| (iii) Fixed Term Loan and | (iv) Short-term Agricultural and Micro Credit. |

#### Continuous & Demand Loans are classified:

- Sub-standard - if past due for 3 months or more, but less than 6 months
- Doubtful - if past due for 6 months or more, but less than 9 months
- Bad/Loss - if past due for 9 months or more.

#### Fixed Term Loans are classified:

- Sub-standard - if the defaulted installment is equal to or more than the amount of installment (s) due within 3 (Three) months
- Doubtful - if the defaulted installment is equal to or more than the amount of installment(s) due within 6 (Six) months
- Bad/Loss - if the defaulted installment is equal to or more than the amount of installment(s) due within 9 (Nine) months.



**Short-term Agricultural and Micro Credit are classified:**

- Sub-standard - if the irregular status continues after a period of 12 (twelve) months
- Doubtful - if the irregular status continues after a period of 36 (thirty six) months
- Bad/Loss - if the irregular status continues after a period of 60 (sixty) months.

A Continuous Credit, Demand Loan or Term Loan which remains overdue for a period of 60 days or more is classified as a "Special Mention Account (SMA)".

| Credit Risk   | (Figures in Crore) |
|---|--------------------|
| <b>a) Total gross credit risk exposures broken down by major types of credit exposure</b> |                    |
| Term loan   | 268.56             |
| Lease Finance   | 47.75              |
| Hire Purchase   | 46.41              |
| Time Loan   | 214.67             |
| LTR   | 49.21              |
| Packing Credit  | 1.72               |
| EDF   | 48.15              |
| Personal Loan   | 3.96               |
| SME   | 34.14              |
| Retail Financing  | 16.55              |
| House Building Loan   | 92.39              |
| Payment Against Documents (PAD)   | 5.65               |
| Staff/ Employee Loan  | 18.82              |
| Loans and Advances -Offshore Banking Unit   | -                  |
| Loan to Subsidiaries  | -                  |
| Cash Credit   | 178.06             |
| Secured Overdraft   | 350.75             |
| Credit Card   | 3.01               |
| Loans & Advances (Not specified above)  | 38.37              |
| Bills Purchased and Discounted  |                    |
| Payable in Bangladesh   | 23.05              |
| Payable outside Bangladesh  | -                  |

|   |         |
|---|---------|
| <b>b) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.</b> |         |
| Dhaka Division  | 1218.61 |
| Chittagong Division   | 182.54  |
| Rajshahi Division   | 15.32   |
| Sylhet Division   | 18.54   |
| Khulna Division   | -       |
| Rangpur Division  | -       |
| Barishal Division   | 6.21    |



| Credit Risk  | (Figures in Crore) |
|--|--------------------|
| c) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.       |                    |
| Agriculture  | 41.45              |
| RMG  | 181.66             |
| Textile  | 112.98             |
| Ship Building  | -                  |
| Ship Breaking  | 20.38              |
| Other Manufacturing Industry   | 373.83             |
| SME loans  | 34.14              |
| Construction   | 72.02              |
| Power, Gas   | -                  |
| Transport, Storage and Communication   | 76.22              |
| Trade Service  | 143.05             |
| Commercial Real Estate financing   | 65.31              |
| Residual Real Estate financing   | 36.62              |
| Consumer Credit  | 19.51              |
| Capital Market   | 14.55              |
| NBFIs  | 103.99             |
| Others   | 145.51             |
| d) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure |                    |
| On Demand  | 124.62             |
| Not more than three months   | 239.56             |
| More than three months but less than one year  | 508.63             |
| More than one year but less than five years  | 346.13             |
| More than five years   | 222.28             |

#### iv. Specific Provisions - Guidelines for Loan Loss Provisions

The Bank follows Bangladesh Bank guidelines regarding loan classifications, provisioning and all other issues related to Non-performing Loan (NPL). Internal Credit Guidelines direct loan provisioning review procedure, debt write-off, facility grading, reporting requirement and interest recognition.

| Particulars  | Rate  |
|--|-------|
| General Provision  |       |
| Against all unclassified loans of Small and Medium Enterprise (SME)  | 0.25% |
| Against all unclassified loans and off-balance sheet exposures (other than loans under Consumer Financing, Loans to Brokerage House, Merchant Banks, Stock dealers, etc., Special Mention Account as well as SME Financing.) | 1%    |
| On the unclassified amount for (i) Housing Finance and (ii) Loans for Professionals to set up business under Consumer Financing Scheme, Brokerage House, Merchant Banks, Stock dealers, etc.                                 | 2%    |
| On the unclassified amount for Consumer Financing other than Housing Finance, Loans for Professionals and Loans to share business  | 5%    |
| On the outstanding amount of loans kept in the 'Special Mention Account'   | 5%    |
| Specific Provision   |       |
| Specific provision on Substandard Loans and Advances   | 20%   |
| Specific provision on Doubtful Loans and Advances  | 50%   |
| Specific provision on Bad & Loss Loans and Advances  | 100%  |



Throughout the year, we reviewed loans and advances to assess whether objective evidence of impairment had arisen.

(Figures in Crore )

|   |      |
|---|------|
| <b>a) Gross Non Performing Assets ( NPAs)</b>                     |      |
| Non Performing Assets ( NPAs) to Outstanding Loans & advances (%) | 0.00 |
| Movement of Non Performing Assets ( NPAs)                         |      |
| Opening Balance   | 0.00 |
| Additions   | 0.00 |
| Reductions  | 0.00 |
| Closing Balance   | 0.00 |
| Movement of specific provisions for NPAs                          |      |
| Opening Balance   | 0.00 |
| Provisions made during the period                                 | 0.00 |
| Write-off   | 0.00 |
| Write-back of Excess Provisions                                   | 0.00 |
| Closing Balance   | 0.00 |
| Amount of Impaired Loans  | 0.00 |

|  |      |
|--|------|
| <b>The amount of classified loans and advances/investments are given below as per Regulatory body's instruction:</b> |      |
| Continuous Loans   | 0.00 |
| Demand Loans   | 0.00 |
| Term Loans   | 0.00 |
| Short Term Agro Credit and Macro Credit  | 0.00 |
| Total  | 0.00 |

|   |              |
|---|--------------|
| <b>Specific and General Provisions</b>  |              |
| Specific and general provisions were made on the amount of classified and unclassified loans and advances/investments, off-balance sheet exposures of the Bank. |              |
| Provision on classified Loans and Advances/Investments  | 0.00         |
| Provision on unclassified Loans and Advances/Investments  | 15.80        |
| Provision on Off-balance sheet exposure   | 3.85         |
| <b>Total</b>  | <b>19.65</b> |



## v. Equities: Disclosures For Banking Book Positions

For equity financing, only investment in unquoted securities are considered as Banking Book assets; investment in equity for relationship or strategic reason is considered under trading book. Investment in equity securities are broadly categorized into two parts:

- i) Quoted securities (common or preference shares and mutual funds) traded in the secondary market (trading book assets).
- ii) Unquoted securities are categorized as banking book equity exposures which are further sub-divided into two groups:
  - a) unquoted securities which are invested without any expectation that these will be quoted in near future i.e. Held To Maturity (HTM)
  - b) unquoted securities acquired under private placement or IPO which are going to be traded in the secondary market after completing required formalities.

The primary aim is capital gain or 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 Bangladesh Bank guidelines, (HFT) Held For Trading equity securities are marked-to-market (revaluated) once a week, and HTM equity securities are amortized annually. HTM securities are revaluated if reclassified to HFT (with approval of the Board of Directors). The quoted shares of the bank are valued at cost or market price, whichever is lower.

|    | Equities   | Valuation Basis | (Figures in Crore) |
|----|--|-----------------|--------------------|
| a) | 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.                        | Cost price      | 2.74               |
|    |  | Market price    | 2.21               |
|    | Difference   |                 | (0.53)             |
| b) | The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.  |                 | 0.00               |
| c) | Total unrealized gains (losses)  |                 | (0.53)             |
| d) | Total latent revaluation gains (losses)  |                 | 0.00               |
| e) | Any amounts of the above included in Tier 2 capital.   |                 | 0.00               |
| f) | 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. |                 |                    |
|    | Specific Risk  |                 |                    |
|    | General Market Risk  |                 | 0.22               |



## vi. Interest Rate Risk In The Banking Book

Interest rate risk occurs when changes in market interest rates might adversely affect a bank's financial condition, affecting both current earnings (earnings perspective) and net worth of the bank (economic value perspective).

The short term impact of changes in interest rates is on the bank's Net Interest Income (NII). Longer term, changes in interest rates impact asset cash flows, liabilities, and off-balance sheet items. This poses a risk to the net worth of the bank, arising out of all re-pricing mismatches and other interest rate sensitive positions. NRBC Bank assesses the economic value at risk due to interest rate shock on a quarterly basis.

| Interest Rate Risk in the Banking Book: |         |                                       |        |
|---|---------|---------------------------------------|--------|
|   |         | Figures in Crore other wise specified |        |
| Total Risk Sensitive Assets             | 1576.03 |                                       |        |
| Total Risk Sensitive Liabilities        | 1183.01 |                                       |        |
| Cumulative Gap                          |         |                                       |        |
| < 3months                               | 374.76  |                                       |        |
| 3-6 months                              | 353.98  |                                       |        |
| 6-12 months                             | 393.02  |                                       |        |
| CAR before Shock (%)                    | 29.00%  |                                       |        |
| Assumed Change in Interest Rate (%)     | 1.00%   | 2.00%                                 | 3.00%  |
| <b>Net Interest Income impact:</b>      |         |                                       |        |
| Capital after Shock                     | 480.06  | 483.99                                | 487.92 |
| CAR after shock (%)                     | 29.24   | 29.48                                 | 29.72  |

## vii. Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in different market variables, namely:

- i) Interest rate movements
- ii) Currency - foreign exchange rate movements
- iii) Equity - stock price movements
- iv) Commodity - commodity price movements

NRBC Bank's Market Risk Policy, approved by the Board, covers assessment, monitoring, and management of the above market risks. The Board sets limits and reviews compliance on a regular basis, in order to provide cost effective funding to finance asset growth and trade related transactions.

### a. Methods used to Measure Market Risk

Our standardized approach to measure market risk calculates the minimum capital requirement for each risk sub-category in terms of two separately calculated capital charges for "specific risk" and "general market risk".



## b. Market Risk Management System

The Treasury and ID Division manages market risk covering liquidity, interest rate, and foreign exchange risks, with oversight from Asset Liability Management Committee (ALCO), comprising of Senior Executives of the bank. ALCO is chaired by the Managing Director and CEO. ALCO meetings are held at least once a month.

## c. Policies and Process for Managing Market Risk

There are approved limits for credit deposit ratio, liquid asset to total asset ratio, maturity mismatch, commitments for both on-balance sheet and off-balance sheet items, and borrowing from money market and foreign exchange position. The limits are monitored and enforced on a regular basis to protect against market risks. The Treasury Department of the Bank reviews the prevailing market conditions, Exchange rates, foreign exchange position, and transaction to mitigate foreign exchange risks on a daily basis. Foreign Exchange Risk is computed on the sum of net short positions, or net long positions whichever is higher of the foreign currency positions held by the Bank. The Bank adopts the maturity method in measuring interest rate risk in respect of securities in trading book.

| Quantitative Disclosure of Market Risk | Figures in Crore |
|--|------------------|
| The Capital Requirement for:           |                  |
| Interest Rate related instruments      | 4.34             |
| Equities                               | 0.22             |
| Foreign Exchange Position              | 0.43             |
| Commodity Risk                         | -                |
| Total                                  | 4.99             |

## viii. Operational Risk

Operational risk arises from inadequate or failed internal processes, people and systems or from external causes, whether deliberate, accidental or natural - inherent in all of the Bank's activities. The policy for operational risks including internal control and compliance risk is approved by the Board, taking in to account relevant guidelines of Bangladesh Bank. The Audit Committee of the Board directly oversees the activities of the Internal Control and Compliance Division (ICCD) to protect against all operational Risk.

### a. Performance Gap of Executives and Staff

NRBC Bank has made efforts to be the best pay master and ensures workplace safety for employees with consistent employment practices and non-discrimination regarding compensation, health and safety. Our strong brand image plays an important role in employee motivation. As a result there is no significant gap.

### b. Systems

We have invested adequate money in IT infrastructure for better automation, online transaction platform and network links to avoid business disruption and system failure. The Bank's IT system does not allow any kind of external access safeguarding from external fraud (theft/ hacking of information assets, forgery, etc.).

### c. Policies and Processes for Managing Operational Risk

It is the policy of the Bank to conduct audit on all the branches at least once a year. ICCD directly reports to the Managing Director and CEO and the Audit Committee of the Board. In addition, there is a team (RMD) which was established in 2013 to identify, assess, monitor, control and managing Operational Risk, rectify risk events, and implement any additional procedures required for compliance. The Human Resources Division of NRBC Bank has also introduced a vigorous Performance Management System (PMS) to evaluate human resources in terms of performance and instill a performance-based culture within the organization.

| Quantitative Disclosure of Operational Risk: |                  |
|--|------------------|
|  | Figures in Crore |
| The Capital requirement                      |                  |
| Operational Risk                             | 10.08            |





## Corporate Social Responsibility

### Personal and Corporate Eye

We, the people of the society witness at different times very afflicted persons at different corners of the cities, towns, villages and elsewhere. Some are children and infants, some are age-old and some are even young, men and women. The sights are viewed from different perspectives. Some are viewed from personal and individual perspectives and some are viewed from organizational or corporate perspectives witnessed by any top brass of any corporate house. Both the individual and the corporate minds become afflicted witnessing the sights of the suffering victims. It is a common inertia of human mind that the individual heart and the corporate heart wants to go forward and extend hands of co-operation toward the sufferers.

The humanity is a part of each one's family, creating feelings, loving and bondage between all members of one's family. Similarly, when families make up societies, it becomes the same of creating strong bondage of love, affection, feeling and togetherness. But the hands of co-operation and assistance are not equal and capable equally when it is individual and organizational. When the individual heart weeps at the sufferings of the distressed, he cannot but only helplessly try to express compassion and sympathy. But when a corporate eye witnesses such happenings, it cannot keep but itself refrained from going near to the victim and extend hands of co-operation and help. This is the point of individual incapability and corporate competency. When it is a matter individual, it is a matter of penny. It is a matter of pound when it is a matter of corporate.

### Poor Country Poor People

Our country beholds quite a large group of distressed people stretched all over, in the cities and the villages alike. Some are affected by monsoon flushing floods and river erosions resulting situation homeless, in some are stricken by the chilly windy cold wave in the winter. Some are foodless and permanently homeless, floating from one place to another with constant threat of death.

When the possibility of wiping out the curse from the society is far beyond the imaginary vicinity on the part of an individual, it is on the other hand a task not impossible on the part of the corporate houses. If the corporate houses of the country divide the responsibility of eradicating the crisis among themselves in different ways in line with the government programmes at



Handover of Blanket Engr. Farasath Ali, Hon'ble Chairman to Hon'ble Prime Minister



different time, the possibility of eradicating the curse of distress would become practical. In such situation the government should come forward with programmes providing responsibilities among the corporate houses.

### Initially Voluntary Activities

The CSR activities were initially were a part taken as a voluntary activity by some corporate houses, especially as has been experienced by the banks. But only a few years back the Central Bank, Bangladesh Bank, has made it compulsory for the banks to participate in CSR activities with a certain margin of their annual profit. Following the path of Bangladesh Bank's directives, led by the voluntary participation of some banks, CSR activities have become quite remarkable part of the society to stand beside the distressed people of the country. That is the light and essence of humanity. That is and should be the spirit of being financially well off and sound.



*Handingover of the Cheque to Hon'ble Prime Minister by our Hon'ble Chairman Engr. Farasat Ali for assistance of the flood victims*

### Claiming Share Society's Right

In a smaller sense, it is a family. In a broader sense, it is a society. And in a even broader and wider sense it is a country. The weaker members of a family have a right of claiming share in the earnings of other stronger members. The landscape is the same in the event of society and country. The right is of ethical and moral standard that they possess and demand. And it is the ethical and moral duty on the part of the economically superiors to effectuate their role to the inferiors at large. That is why it is Corporate Social Responsibility. That is the sweetness and elegance of the bondage and togetherness.

Playing the flute of the CSR, the Bank has played role in different form. Though a new bank, the Bank donated a



*Md. Shoaib Ahmed, Deputy Managing Director handed over the cheque Tk. 10.00 lac to Dr. Atiur Rahman, Governor of Bangladesh Bank to help the burnt victims of Dhaka Medical College and Hospital*

considerable number of blankets to the Prime Minister's Relief Fund. It also donated blankets to the Bangladesh Red Crescent Society and Bangladesh Bank. Besides, the Bank has distributed blankets to its sub-staff. Some blankets have also been distributed at a part of Moulvi Bazar.

The country and the people of its northern part experienced a flash of sudden flood that affected the people of the northern part and their homestead and cultivation. The Bank extended hands of co-operation and donated in terms of cash to the Prime Minister's Relief Fund.

The Nation is experiencing a nightmare of burnt people falling victims to the recent atrocities of miscreants in the name of political activities. Many have died and

hundreds are passing cursed days in the hospital beds mostly at the Burn and Surgical Unit of Dhaka Medical College and Hospital and elsewhere. The Bank stepped forward to the service of humanity and donated cash to the National Institute of Burn and Plastic Surgery Unit of Dhaka Medical College and Hospital. The Bank shall keep going with such CSR activities to the best possible of its capacity and capability.





## Human Capital

Human Resources Division of the Bank is assigned with the assiduous task of managing its work-force in an efficient manner. It encompasses recruitment, training, assessment, overseeing and ensuring compliance with employment and service rules creating business values through strategic management with all the policy support from the Board and the higher Management, the Human Resources Division is relentlessly giving continuous efforts to formulate a talented and efficient human capital by recruiting bright and fresh graduates, knowledgeable and experienced bankers and providing intensive training to the existing employees. NRBC Bank firmly believes that human resources reside at the core of the Bank's strength and such a vast and valuable resource is efficient enough to handle the challenges of modern banking. The total Manpower of the Bank over the last two years is shown in the following table:

| Year | Manpower (in number) |                  | Total      |
|------|----------------------|------------------|------------|
|      | Executives           | Officers & Staff |            |
| 2014 | 40                   | 594              | <b>634</b> |
| 2013 | 29                   | 272              | <b>301</b> |

### Nourish the Employee Performances

The Management strategy of NRBC Bank is multifarious that includes compelling employee value proposition with a competitive reward package. NRBC Bank provides every facility to its employees, which has propelled the Bank to reach in today's stratum. The facilities have proven the outcome out of the employee performances with positive results. The Bank offers adequate financial and non- financial benefits for the employees of the Bank to ensure a better life style such as:

|  |   |
|--|---|
| ➤ Attractive Compensation Package              | ➤ Hygienic Work Environment                             |
| ➤ Festival and Incentive Bonus                 | ➤ A Variety of Loan Facilities at a Lower Interest Rate |
| ➤ Fair Promotion                               | ➤ Retirement Benefit                                    |
| ➤ Annual Increment                             | ➤ Disability Benefit                                    |
| ➤ Career Growth Opportunities                  | ➤ Provident Fund  |
| ➤ Attractive Compensation Package              | ➤ Gratuity Fund   |
| ➤ Training and Workshop (In-house and Foreign) | ➤ Leave Fare Assistance                                 |



NRBC Bank is fully committed to offering its staff a hygienic work environment where they can identify and develop their skills with optimal advantage. Centralized Human Resource Management is the paraphernalia to achieve the goal. NRBC Bank always offer very attractive salary package in the industry. Bank provides 'Incentive Bonus' to the employees to encourage them in performing better in the days to come. In addition, NRBC Bank gives 'Festival Bonus' amounting equal to basic pay to the employees to celebrate their festivity.

NRBC Bank is playing a more active role in shaping the future and the success of its "Employee". It thus provides more targeted ongoing support not only to the Bank's individual divisions/branches, but to each of its employees. NRBC Bank gives 'Provident Fund' benefits to the permanent employees in accordance with Bank's Service Rule. The Bank provides 'Gratuity Fund', which was approved by the National Board of Revenue. NRBC Bank's Employees' 'Welfare Fund' is subscribed by monthly contribution of the employees. The Bank also contributes to the Fund. The Fund has been established to provide coverage in the event of accidental death or permanent disability, a portion of retirement benefit & stipend to the employees' children.



Inauguration of Training Institute by Engr. Farasath Ali, Chairman of NRBC Bank

### Manpower Excellence

Human Resource development is the most important part for attracting organizational sustainability, growth, development and expansion. As a part of NRBC Bank's investment in Human Capital, it has formulated Human Resources Policy including a strategic imperative for recruiting the best people from the society. NRBC Bank recruits fresh graduates from different academic backgrounds of renowned universities, which act as a source of creativity. Fresh graduates are recruited through comprehensive written test and viva voce conducted by the Bangladesh Institution of Bank Management (BIBM). NRBC Bank also recruits experienced bankers from the industry, who has sound banking knowledge and expertise. The Bank's recruitment in 2014 and 2013 are as follows:

| Year | New Recruitment (in number) |                     |
|------|-----------------------------|---------------------|
|      | Fresh Graduates             | Experienced Bankers |
| 2014 | 29                          | 92                  |
| 2013 | 131                         | 92                  |

### Manpower Development and Training

Trained, skilled and experienced employees are the most important strategic resources in a more competitive business environment. NRBC Bank has a strong focus on imparting training towards enhancement of the skills and competencies of the employees to take over the challenges of modern banking. Sufficient opportunities have been made available in the Bank for the employees at all levels to develop themselves professionally. The Bank always give its employees an opportunity to increase their talents and skills by taking them in 'Training Net'. Substantial resources for the



Participant of 1st Batch Probationary Officer with the executives at Training Institute



training purpose of its employees have been spent to make them more customary and more efficient. On the job training along with class room training for the fresh recruits has been introduced in the Bank. In-house trainings and foreign trainings are given to the employees. Seminars and workshops on contemporary important topics are also organized in the Bank.

NRBC Bank always give high priorities to investment in Human Capital. A number of initiatives have been taken for knowledge enhancement of the employees. The Bank also encourages the employees to get professional degrees. The bank provides cash money incentive to the employees who achieve “Banking Diploma”. As well, classroom trainings are also arranged for the employees to make them upto date with the changing customers’ requirements.

In the year 2014, 77 freshers of 26 branches have received Basic Training. In addition, experienced employees of the Bank have also received training from other organizations outside the Bank.

Meanwhile, the Bank has set up a Training Institute of its own by the name of “NRBC Bank Training Institute” which will be inaugurated in January 2015. It will be comprised of experienced and talented faculty members. The Bank has also decided that internal and external resource persons with unanimous fame and reputation will also be invited to lead the class sessions at its Training Institute.



*Motivational Programme of Retail Banking Division*





## Green Banking

Green Banking is a form of banking from which the country and nation gets environmental benefits. An orthodox Bank becomes a green bank by directing its core operations towards the betterment of environment. The banking sector can play an intermediary role between economic development and environment protection by promoting environmentally sustainable and socially responsible investment. The concept of green banking was developed in the western countries. In Bangladesh, formal initiative on Green Banking was adopted in 2003.

Bangladesh is one of the densely populated countries of the world and also one of the most victimized country of environment pollution. Due to the pollutants and Green House effects created by the developed countries across the globe, Bangladesh is facing severe environmental threat. On the other hand, environment pollution is taking place in the country for the following reasons:


- Rapid Urbanization
- Less Technological Support in the Industries
- Industrial Wastages
- Unskilled Labor
- Public / Private Transport
- Unconscious Consumer Behavior
- Unplanned Development Works, etc.

There are two ways of green banking practices:

- In-house Green Banking
- Practice by the Bankers in their Business Area

Creating clean and hygienic banking environment, green building, reforestation, online banking, waste management, installation of solar panel on the rooftop of the banks and using high mileage vehicles, reducing sound pollution,





using webcam for video conferencing instead of physical meetings, online statements, emailing documents are included in the in-house Green Banking. Financing the green projects like Bio-gas Plant, Solar/Renewable Energy Plant, Bio-fertilizer Plant, Effluent Treatment Plant (ETP), Projects having ETP etc, working on specific green projects, voluntary activities of banks are major practices by the bankers in their business areas. Green Banking undertakes proactive measures to protect environment and to address climate change challenges while financing along with efficient use of renewable, non-renewable, human and natural resources.

NRBC Bank Limited has started its banking operation with Centralized Banking Software with the aim to provide centralized real time online solution and much more to deliver customer services. We invested significantly in technology up-gradation to commensurate with green bank regulations of Bangladesh Bank as well as to achieve the international standard. We have already launched Internet Banking, SMS Banking, E- Statement which have reduced significantly the paper based banking. We are also in the way of implementation of agent banking to provide the banking services in the most efficient manner to the mass people all over the country. We have selected branch premises in the light of Green Banking regulations of Bangladesh Bank.

The Bank has put due importance on introducing Green Financing Green through encouraging:

- Green Banking policy has been approved by the Board of Directors.
- CRM policy has duly addressed Environmental Risk Management aspects.
- The Bank is also intended to implement On-line approval process instead of paper based banking.
- Environmental infrastructure such as renewable energy project, clean water supply project, waste water treatment plant, solid & hazardous wastage disposal plant, bio-gas Plant, bio-Fertilizer plant.
- Eco-friendly business activities & energy efficient industries.
- The Bank has financed a number of Brick fields using Zigzag kiln technology.
- The Bank has also financed to export oriented garments factories having effluent treatment plant.





## Agent Banking

NRBC Bank is one of the 4<sup>th</sup> generation private sector scheduled banks which started its commercial operation on 18<sup>th</sup> April 2013. NRBC Bank constantly focuses the changing need and desire of its customers, to develop new and re-engineered process of service delivery. It has a focus to act as effective delivery channel to distribute NRB remittance all over the country.

At the request of the Bank, Bangladesh Bank has given scope to the banks to develop another alternate delivery channel in the name and style “Agent Banking”. This channel will bring opportunity for the banks to serve the mass people at cutting edge price complying with regulatory requirements. Among the new Banks, NRBC Bank is ahead to get the approval to engage 20 Agents throughout the country.

### Bank's Agents will provide the following services to the public:

- Collection of small value cash deposit and cash withdrawal, facilitating utility bill payments
- Inward foreign Remittance distribution, Inland Remittance, facilitating fund transfer
- Facilitating small value loan disbursement and recovery of loan & installments.
- Cash payment under different programs of the Government
- Balance enquiry, generation and issuance of Mini Bank Statement
- Collection and processing of documents in relation to account opening, loan application, credit and debit card application from public
- Other functions like payment of insurance premium, sale of crop etc.
- Receive clearing cheque for collection.

### Agents are not allowed to provide the following services:

- Conducting Money Changing Activities
- Dealing Loans/ Financial Appraisal
- Encashment of Cheques.
- Guarantee Issue

In the customer end, the transaction should be operating through ICT devices that are continuously and uninterruptedly integrated to the Core Banking Solution (CBS) of the bank. The transactions should be executed on real time basis. At the end point, the customer will get instant confirmation of their transaction through visual basis (screen based) or paper based (debit or credit slip).



## Managing Director and CFO's Responsibility Statement on integrity of Financial Statements

In compliance with the notification of Bangladesh Securities and Exchange Commission No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012, we hereby certify that the Financial Statements (FS) of NRB Commercial Bank Limited (the Bank) as at and for the year ended 31 December 2014 have been prepared in accordance with Bangladesh Financial Reporting Standards BFRSs), the "First Schedule" (section 38) of the Banking Companies Act- 1991 as amended and the BRPD Circular No. 14 dated 25 June 2003, other Bangladesh Banking Circulars, the Companies Act- 1994, the Securities and Exchange Rules 1987 and other laws and rules applicable in Bangladesh. The Accounting Policies used in preparation of the FS are appropriate and are consistently applied by the Bank. In case the requirement of provisions and circulars issued by Bangladesh Bank differs with those of other regulatory authorities and accounting standards, the provisions and circulars issued by Bangladesh Bank shall prevail with adequate disclosures of deviations made (please refer to note 2.1 of the FS). Comparative information has been reclassified wherever necessary to conform to the current year presentation.

The estimates and judgments relating to the FS were made on a prudent and reasonable basis; in order that the FS reflect in a true and fair manner, the form and substance of transactions and present the state of affairs reasonably. To ensure this, the Bank has taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets and preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our Internal Auditor has conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Bank were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting.

We certify to the Board that:

- i. we have reviewed Financial Statements of the Bank for the year 2014 and to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
  - b) these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards and applicable laws.
- ii. there are, to the best of knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violation of the Bank's code of conduct.



**Harunur Rashid**  
Chief Financial Officer

Place : Dhaka  
Dated 07 February 2015



**Dewan Mujibur Rahman**  
Managing Director & CEO





Independent Auditors' Report  
& Financial Statements  
to the Shareholders'



**NRBCBANK**  
এনআরবি কমার্শিয়াল ব্যাংক লিমিটেড



# Auditors' Report

TO THE SHAREHOLDERS'  
OF

## NRB Commercial Bank Limited

### Report on the Financial Statements:

We have audited the accompanying financial statements of NRB Commercial Bank Limited (the "Bank"), which comprise of the balance sheet as at 31 December 2014, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note # 2 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements of the Bank.

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position as at 31 December 2014, and of its financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note # 2.

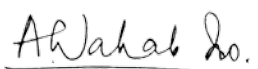
### Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

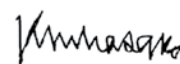
- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;



- 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 of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Controls:
  - a. internal audit, internal control and risk management arrangements of the Bank as disclosed in Note # 2 to 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 and its related entities;
- 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 and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- iv) 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;
- v) the expenditures incurred was for the purpose of the Bank's business;
- vi) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- vii) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- viii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- ix) the information and explanations required by us have been received and found satisfactory;
- x) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 3,250 person hours during the audit; and
- xi) Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained adequately during the year.



**A. Wahab & Co.**  
Chartered Accountants



**K. M. Hasan & Co.**  
Chartered Accountants

Place: Dhaka  
Dated: 07 February 2015



## Balance Sheet

As at 31 December 2014

| Particulars  | Note | Amount in Taka |               |
|--|------|----------------|---------------|
|  |      | 2014           | 2013          |
| PROPERTY AND ASSETS  |      |                |               |
| Cash:  | 3    | 1,366,111,665  | 306,394,864   |
| In Hand (Including Foreign Currencies)   | 3.1  | 226,188,773    | 69,048,955    |
| Balance with Bangladesh Bank and its agent bank(s)<br>(including foreign currencies) | 3.2  | 1,139,922,892  | 237,345,909   |
| Balance with other banks and financial institutions Including Foreign Currency       | 4    | 2,349,012,862  | 4,216,150,441 |
| In Bangladesh  |      | 2,207,057,181  | 4,195,194,665 |
| Outside Bangladesh   |      | 141,955,681    | 20,955,776    |
| Money at call and short notice   | 5    | -              | -             |
| Investments  | 6    | 5,669,758,212  | 643,244,539   |
| Government   |      | 4,196,290,738  | 643,244,539   |
| Others   |      | 1,473,467,474  | -             |
| Loans and advances   | 7    | 14,412,251,270 | 3,717,145,445 |
| Loans, cash credits, overdrafts etc.   | 7.2  | 13,752,930,739 | 3,683,256,242 |
| Bills purchased and discounted   | 8    | 659,320,531    | 33,889,203    |
| Fixed assets including premises, furniture and fixtures                              | 9    | 342,892,142    | 145,149,165   |
| Other assets   | 10   | 708,086,645    | 509,508,218   |
| Non - banking assets   |      | -              | -             |
| Total assets   |      | 24,848,112,795 | 9,537,592,672 |
| LIABILITIES AND CAPITAL  |      |                |               |
| Liabilities  |      |                |               |
| Borrowings from other Banks, Financial Institutions and Agents                       | 11   | 1,509,084,936  | -             |
| Deposits and other accounts  | 12   | 17,270,880,701 | 4,909,955,503 |
| Current accounts and other accounts, etc.  |      | 1,022,531,737  | 266,219,631   |
| Bills payable  |      | 209,141,940    | 31,861,689    |
| Savings Bank Deposits  |      | 510,953,294    | 75,540,097    |
| Special Notice Deposits  |      | 383,759,108    | 36,838,153    |
| Fixed Deposits   |      | 11,691,907,556 | 4,054,859,292 |
| Other Deposits   |      | 3,452,587,066  | 444,636,641   |
| Other liabilities  | 13   | 1,486,579,769  | 228,451,474   |
| Total liabilities :  |      | 20,266,545,406 | 5,138,406,976 |
| Total Shareholders' Equity/Capital   |      | 4,581,567,389  | 4,399,185,696 |
| Paid -up capital   | 14   | 4,446,059,000  | 4,373,849,812 |
| Statutory reserve  | 15   | 44,388,286     | 7,662,052     |
| Other reserve  | 16   | 34,983,992     | 3,307,486     |
| Retained earnings  | 17   | 56,136,112     | 14,366,346    |
| Total Liabilities and Shareholders' Equity   |      | 24,848,112,795 | 9,537,592,672 |



## Balance Sheet

As at 31 December 2014


| Particulars  | Note | Amount in Taka |               |
|--|------|----------------|---------------|
|  |      | 2014           | 2013          |
| OFF - BALANCE SHEET EXPOSURES  |      |                |               |
| Contingent liabilities   | 18   | 4,492,661,041  | 1,083,105,799 |
| Acceptances and endorsements   |      | 1,243,538,325  | 201,472,352   |
| Letters of guarantee   |      | 939,681,706    | 115,734,254   |
| Irrevocable letters of credit  |      | 1,650,503,701  | 645,404,000   |
| Bills accepted for collection  |      | 658,937,308    | 120,495,193   |
| Other contingent liabilities   |      | -              | -             |
| Other commitments  |      |                |               |
| Documentary credits and transaction regarding short term trade -related business |      | -              | -             |
| Forward assets purchased and forward deposits placed                             |      | -              | -             |
| Undrawn note issuance and revolving underwriting facilities                      |      | -              | -             |
| Undrawn formal standby facilities, credit lines and other commitments            |      | -              | -             |
| Liabilities against forward purchase and sale                                    |      | -              | -             |
| Total Off-Balance Sheet exposures including contingent liabilities               |      | 4,492,661,041  | 1,083,105,799 |
| Other memorandum items   |      |                |               |
| Value of travellers cheques  |      | -              | -             |
| Value of savings certificates (sanchaya patra)                                   |      | 228,500,000    | -             |

**These Financial Statements should be read in conjunction with annexed notes (1 to 48)**

  
**Dewan Mujibur Rahman**  
 Managing Director & CEO

  
**Mohammed Adnan Imam, FCCA**  
 Director

  
**Dr. Toufique Rahman Chowdhury**  
 Director

  
**Engr. Farasath Ali**  
 Chairman

Auditors' Report to the shareholders to see annexed report of even date.

  
**A. Wahab & Co.**  
 Chartered Accountants

Place: Dhaka  
 Dated: 07 February 2015

  
**K. M. Hasan & Co.**  
 Chartered Accountants



## Profit and Loss Account

For the year ended 31 December 2014

| Particulars  | Note | Amount in Taka     |                    |
|--|------|--------------------|--------------------|
|  |      | 2014               | 2013               |
| <b>OPERATING INCOME</b>                              |      |                    |                    |
| Interest income                                      | 19   | 1,656,897,688      | 553,363,491        |
| Less: Interest paid on Deposits and Borrowings, etc. | 20   | 1,433,079,775      | 240,809,039        |
| <b>Net interest income</b>                           |      | <b>223,817,913</b> | <b>312,554,452</b> |
| Investment income                                    | 21   | 609,350,215        | 28,482,723         |
| Commission, exchange and brokerage                   | 22   | 126,635,570        | 10,404,350         |
| Other operating income                               | 23   | 31,174,500         | 2,241,490          |
| <b>Total operating income (A)</b>                    |      | <b>990,978,198</b> | <b>353,683,015</b> |
| <b>OPERATING EXPENSES</b>                            |      |                    |                    |
| Salary and allowances                                | 24   | 255,916,051        | 94,058,696         |
| Rent, taxes, insurance, electricity, etc.            | 25   | 129,487,081        | 65,844,566         |
| Legal expenses                                       | 26   | 199,426            | 113,625            |
| Postage, stamps, telecommunication, etc.             | 27   | 10,920,646         | 3,998,353          |
| Stationery, printing, advertisement, etc.            | 28   | 27,419,532         | 11,301,219         |
| Chief Executive's salary and fees                    | 29   | 9,500,000          | 7,415,000          |
| Directors' fees & meeting expenses                   | 30   | 2,780,508          | 1,598,562          |
| Auditors' fees                                       | 31   | 250,000            | 200,000            |
| Charges on loan losses                               | 32   | -                  | -                  |
| Depreciation and repairs of Bank's assets            | 33   | 97,158,892         | 32,821,500         |
| Other expenses                                       | 34   | 126,165,536        | 43,791,420         |
| <b>Total operating expenses (B)</b>                  |      | <b>659,797,672</b> | <b>261,142,941</b> |
| <b>Profit before provision (C = A-B)</b>             |      | <b>331,180,527</b> | <b>92,540,074</b>  |
| Provision against loans and advances                 | 35   | 114,606,820        | 43,398,760         |
| Provision for diminution in value of investments     | 36   | 5,274,846          | -                  |
| Other provisions                                     | 37   | 27,667,689         | 10,831,058         |
| <b>Total provision (D)</b>                           |      | <b>147,549,355</b> | <b>54,229,818</b>  |
| <b>Profit before taxation (C-D)</b>                  |      | <b>183,631,171</b> | <b>38,310,256</b>  |
| Provision for taxation                               |      | 105,135,171        | 16,281,859         |
| Current tax  | 38   | 88,449,570         | 13,040,607         |
| Deferred tax   | 39   | 16,685,601         | 3,241,252          |
| <b>Net profit after taxation</b>                     |      | <b>78,496,000</b>  | <b>22,028,397</b>  |
| <b>Appropriations:</b>                               |      |                    |                    |
| Statutory reserve                                    |      | 36,726,234         | 7,662,051          |
| General reserve                                      |      | -                  | -                  |
| <b>Retained earnings carried forward</b>             |      | <b>41,769,766</b>  | <b>14,366,346</b>  |
| <b>Net profit attributable to the shareholders:</b>  |      |                    |                    |
| <b>Earnings per share (EPS)</b>                      | 40   | <b>0.18</b>        | <b>0.05</b>        |

These Financial Statements should be read in conjunction with annexed notes (1 to 48)

  
Dewan Mujibur Rahman  
Managing Director & CEO

  
Mohammed Adnan Imam, FCCA  
Director

  
Dr. Toufique Rahman Chowdhury  
Director

  
Engr. Farasath Ali  
Chairman

Auditors' Report to the shareholders to see annexed report of even date.

  
**A. Wahab & Co.**  
Chartered Accountants

Place: Dhaka  
Dated: 07 February 2015

  
**K. M. Hasan & Co.**  
Chartered Accountants



## Statement of Cash Flows

As at 31 December 2014

| Particulars  | Note | Amount in Taka         |                      |
|--|------|------------------------|----------------------|
|  |      | 2014                   | 2013                 |
| <b>A. Cash flows from operating activities</b>                               |      |                        |                      |
| Interest receipts in cash  |      | 1,666,502,012          | 479,128,067          |
| Interest paid in cash  |      | (1,212,580,581)        | (148,891,970)        |
| Devidend receipts  |      | 313,700                | -                    |
| Fee and commission receipts in cash  |      | 126,635,570            | 10,404,350           |
| Recoveries on loans previously written off                                   |      | -                      | -                    |
| Payments to employees  |      | (260,395,024)          | (120,498,849)        |
| Payments to suppliers  |      | (28,638,555)           | (13,140,172)         |
| Income taxes paid  |      | -                      | -                    |
| Receipts from other operating activities                                     |      | 515,984,924            | 18,954,922           |
| Payments for other operating activities                                      |      | (287,281,703)          | (84,896,990)         |
| <b>Operating profit before changes in operating assets &amp; liabilities</b> |      | <b>520,540,342</b>     | <b>141,059,358</b>   |
| <b>Increase/decrease in operating assets and liabilities</b>                 |      |                        |                      |
| Sale/(Purcahsed) of Trading Security   |      | -                      | -                    |
| Loans and advances to Other Bank(s)  |      | -                      | -                    |
| Loans and advances to customers  |      | (10,695,105,825)       | (3,717,145,445)      |
| Other assets   |      | (120,568,447)          | (410,205,302)        |
| Deposits from other bank(s)  |      | 550,000,000            | -                    |
| Deposits from customers  |      | 11,810,925,198         | 4,909,955,503        |
| Trading liabilities (short-term borrowings)                                  |      | -                      | -                    |
| Other liabilities  |      | 788,322,427            | 26,361,555           |
| <b>Net increase/(decrease) in operating liabilities</b>                      |      | <b>2,333,573,353</b>   | <b>808,966,311</b>   |
| <b>Net cash from operating activities (A)</b>                                |      | <b>2,854,113,695</b>   | <b>950,025,669</b>   |
| <b>B. Cash flows from financing activities</b>                               |      |                        |                      |
| (Purches)/sale of government securities                                      |      | (3,520,975,693)        | (639,835,353)        |
| (Purches)/sale of Non-trading security                                       |      | (1,446,000,000)        | -                    |
| (Purches)/sale of Share/Securities   |      | (27,467,747)           | -                    |
| (Purches)/sale of property, plant and equipment                              |      | (247,991,430)          | (161,393,123)        |
| <b>Net cash from/(used) in investing activities (B)</b>                      |      | <b>(5,242,434,597)</b> | <b>(801,228,476)</b> |
| <b>C. Cash flows from financing activities</b>                               |      |                        |                      |
| Borrowing from other Bank(s)/Bangladesh Bank                                 |      | 1,509,084,936          | -                    |
| Increase/(decrease) in long-term borrowings/ Loan Capital & Debt Capital     |      | -                      | -                    |
| Receipt from issue of Ordinary Shares  |      | 72,209,188             | 4,373,849,812        |
| Dividend paid  |      | -                      | -                    |
| <b>Net cash from/(used) in financing activities (C)</b>                      |      | <b>1,581,294,124</b>   | <b>4,373,849,812</b> |
| <b>D. Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>       |      | <b>(807,026,778)</b>   | <b>4,522,647,005</b> |
| <b>E. Effects of exchange rate changes on cash and cash equivalents</b>      |      | <b>-</b>               | <b>-</b>             |
| <b>F. Cash and cash equivalents at the beginning of the year</b>             |      | <b>4,522,647,005</b>   | <b>-</b>             |
| <b>Cash and cash equivalents at the end of the year [D+E+F]*</b>             |      | <b>3,715,620,227</b>   | <b>4,522,647,005</b> |
| * Cash and cash equivalents at the end of the year:                          |      |                        |                      |
| Cash   | 3.1  | 226,188,773            | 69,048,955           |
| Prize bonds  | 6.1  | 495,700                | 101,700              |
| Money at call and on short notice  | 5    | -                      | -                    |
| Reverse Repo   |      | -                      | -                    |
| Balance with Bangladesh Bank and its agent bank(s)                           | 3.2  | 1,139,922,892          | 237,345,909          |
| Balance with other banks and financial institutions                          | 4    | 2,349,012,862          | 4,216,150,441        |
|  |      | <b>3,715,620,227</b>   | <b>4,522,647,005</b> |

These Financial Statements should be read in conjunction with annexed notes (1 to 48)

  
**Dewan Mujibur Rahman**  
 Managing Director & CEO

  
**Mohammed Adnan Imam, FCCA**  
 Director

  
**Dr. Toufique Rahman Chowdhury**  
 Director

  
**Engr. Farasath Ali**  
 Chairman

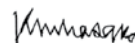
Auditors' Report to the shareholders to see annexed report of even date.

  
**A. Wahab & Co.**

Chartered Accountants

Place: Dhaka

Dated: 07 February 2015

  
**K. M. Hasan & Co.**

Chartered Accountants



## Statement of Changes in Equity

For the year ended 31 December 2014

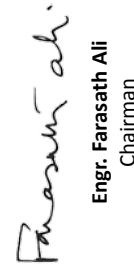
| Particulars                                  | Paid-up capital      | Statutory reserve | General reserve | Assets revaluation reserve | Foreign Currency translation Gain/(loss) | Reserve for amortization of treasury securities (HTM) | Reserve for revaluation of treasury securities (HFT) | Retained Earnings | Total                |
|--|----------------------|-------------------|-----------------|----------------------------|--|---|--|-------------------|----------------------|
| Balance at 31 December 2013                  | 4,373,849,812        | 7,662,052         | -               | -                          | -  | 556,284   | 2,751,202  | 14,366,346        | 4,399,185,696        |
| Addition of paid-up capital                  | 72,209,188           |                   |                 |                            |  |   |  |                   | 72,209,188           |
| Effects of changes in accounting policy      |                      |                   |                 |                            |  |   |  |                   | -                    |
| Net profit after taxation for the year       |                      |                   |                 |                            |  |   |  | 78,496,000        | 78,496,000           |
| Transfer to statutory reserve                |                      | 36,726,234        |                 |                            |  |   |  | (36,726,234)      | -                    |
| Transfer General Reserve to Retained Earning |                      |                   |                 |                            |  |   |  |                   | -                    |
| Cash Dividend Paid                           |                      |                   |                 |                            |  |   |  | -                 | -                    |
| Reserve for HFT treasury securities          |                      |                   |                 |                            |  |   | 32,231,017   |                   | 32,231,017           |
| Reserve for HTM securities                   |                      |                   |                 |                            |  | (554,511)   |  |                   | (554,511)            |
| Currency translation difference              |                      |                   |                 |                            |  |   |  |                   | -                    |
| <b>Balance at 31 December 2014</b>           | <b>4,446,059,000</b> | <b>44,388,286</b> | <b>-</b>        | <b>-</b>                   | <b>-</b>                                 | <b>1,773</b>  | <b>34,982,219</b>                                    | <b>56,136,112</b> | <b>4,581,567,389</b> |
| <b>Balance at 31 December 2013</b>           | <b>4,373,849,812</b> | <b>7,662,052</b>  | <b>-</b>        | <b>-</b>                   | <b>-</b>                                 | <b>556,284</b>  | <b>2,751,202</b>                                     | <b>14,366,346</b> | <b>4,399,185,696</b> |

These Financial Statements should be read in conjunction with annexed notes (1 to 48)

  
Dewan Mujibur Rahman  
Managing Director & CEO

Mohammed Adnan Imam, FCCA  
Director

  
Dr. Toufique Rahman Chowdhury  
Director

  
Engr. Farasath Ali  
Chairman

Auditors' Report to the shareholders to see annexed report of even date.

  
A. Wahab & Co.  
Chartered Accountants

  
K. M. Hasan & Co.  
Chartered Accountants

Place: Dhaka  
Dated: 07 February 2015



## Liquidity Statement Assets and Liability Maturity Analysis

For the year ended 31 December 2014

| Particulars   | Maturity Analysis      |                        |                        |                        |                        | Total                   |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|
|   | Up to 1 month          | 1-3 months             | 3-12 months            | 1-5 years              | Above 5 years          |                         |
| <b>Assets</b>   |                        |                        |                        |                        |                        |                         |
| Cash in hand  | 226,188,773            | -                      | -                      | -                      | -                      | 226,188,773             |
| Balance with Bangladesh Bank and its agent bank (Lcy+Fcy)                       | 4,100,082              | 149,803,008            | -                      | -                      | 986,019,801            | 1,139,922,892           |
| Balance with other banks and financial institutions                             | 312,201,709            | 1,169,306,402          | 867,504,750            | -                      | -                      | 2,349,012,862           |
| Money at call and on short notice   | -                      | -                      | -                      | -                      | -                      | -                       |
| Investments   | 47,201,317             | 167,404,671            | 813,922,712            | 2,397,466,900          | 2,243,762,611          | 5,669,758,212           |
| Loans and advances  | 1,619,294,525          | 2,554,591,363          | 4,610,584,411          | 3,660,787,622          | 1,966,993,349          | 14,412,251,270          |
| Fixed assets including premises, furniture and fixtures                         | -                      | -                      | -                      | -                      | 342,892,142            | 342,892,142             |
| Other assets  | 32,999,378             | 35,399,332             | 70,298,674             | 55,898,946             | 513,490,315            | 708,086,645             |
| Non-banking assets  | -                      | -                      | -                      | -                      | -                      | -                       |
| <b>Total Assets (A)</b>   | <b>2,241,985,785</b>   | <b>4,076,504,777</b>   | <b>6,362,310,547</b>   | <b>6,114,153,468</b>   | <b>6,053,158,219</b>   | <b>24,848,112,795</b>   |
| <b>Liabilities</b>  |                        |                        |                        |                        |                        |                         |
| Borrowings from Bangladesh Bank, other banks, financial institutions and agents | (1,346,000,000)        | -                      | (163,084,936)          | -                      | -                      | (1,509,084,936)         |
| Deposits and other accounts   | (3,371,354,794)        | (5,599,891,014)        | (5,182,784,235)        | (2,487,340,426)        | (629,510,231)          | (17,270,880,701)        |
| Provisions and other liabilities  | (54,260,549)           | (120,654,353)          | (979,127,031)          | (75,477,338)           | (257,060,498)          | (1,486,579,769)         |
| Capital & Reserves  | -                      | -                      | -                      | -                      | (4,581,567,389)        | (4,581,567,389)         |
| <b>Total Liabilities (B)</b>  | <b>(4,771,615,343)</b> | <b>(5,720,545,367)</b> | <b>(6,324,996,202)</b> | <b>(2,562,817,764)</b> | <b>(5,468,138,119)</b> | <b>(24,848,112,795)</b> |
| <b>Net Liquidity Excess/(Shortage) (A-B)</b>                                    | <b>(2,529,629,558)</b> | <b>(1,644,040,590)</b> | <b>37,314,345</b>      | <b>3,551,335,704</b>   | <b>585,020,099</b>     | <b>(0)</b>              |

  
**Dewan Mujibur Rahman**  
 Managing Director & CEO

  
**Mohammed Adnan Imam, FCCA**  
 Director

  
**Dr. Toufique Rahman Chowdhury**  
 Director

  
**Engr. Farasath Ali**  
 Chairman

Auditors' Report to the shareholders to see annexed report of even date.



**K. M. Hasan & Co.**  
 Chartered Accountants

Place: Dhaka  
 Dated: 07 February 2015



## Explanatory Notes to the Financial Statements

For the year ended 31 December 2014

### 1 Legal Status of the Bank and its Principal Activities

NRB Commercial Bank Limited (NRBC Bank) having its Registered Office at 114 Motijheel Commercial Area, Dhaka-1000, Bangladesh, was incorporated on February 20, 2013 as a Public Limited Company under the Companies Act, 1994 (Act No.18 of 1994) with Authorized Capital of Tk.10000 million and having strong capital base of Tk.444.60 crore (Paid-up Capital) converted from the hard earned foreign currency of sponsors of NRBC Bank Ltd.

Bangladesh Bank accorded permission vide memo No. BRPD (P-3)/745(60)/2013-1189 dated 10 March 2013 to start Banking business as a scheduled Bank. NRBC Bank started its journey from 2 April 2013 with the nascent vision to strengthen the business and investment opportunities in the country and to become a peerless bank in providing service to the NRBs and the citizens of the country. Subsequently, after getting banking Licence bearing No. BRPD(P-3)/745(60)/2013-1766 Dated 17 April 2013 from Bangladesh Bank, started banking activities on 18 April 2013 through opening of its Principal Branch.

NRBC Bank Ltd., first of its kind in the banking industry, sponsored by 53 (Fifty three) qualified NRBs from business persons, community leaders, scientists, educationists, living across the globe which includes USA, Canada, UK, Russia, Italy, Germany, UAE and Kuwait.

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

### 2 Basis of Preparation of the Financial Statements and Significant Accounting Policies

#### Basis of Preparation

#### 2.1 Statement of Compliance:

Financial statements of the Bank as at 31 December 2014 and have been prepared under the historical cost convention except investments categorized under Held for Trading (HFT), and in accordance with Bangladesh Financial Reporting Standards (BFRS), the “First Schedule” (section-38) of the Banking Companies Act-1991, as amended by BRPD circular No. 14 dated 25 June 2003, the rules and regulations issued by Bangladesh Bank, the Companies Act-1994, the Securities and Exchange Ordinance 1969, Securities and Exchange Rules 1987. In case the requirement of provisions and circulars issued by Bangladesh Bank differ with those of BFRS, the requirements of the Bank Companies Act-1991, and provisions and circulars issued by Bangladesh Bank shall prevail.

As such Bank has departed from those contradictory requirements of BFRS in order to comply with rules and regulations of Bangladesh Bank which are disclosed below:

#### i. Investment in Shares and Securities

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

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



## ii. Revaluation Gains/Losses on Government Securities

**BFRS:** As per requirement of BAS 39, T-bills and T-bonds fall under the category of “Held for Trading (HFT)”. Any change in the fair value of held for trading assets is recognised through Profit and Loss Account. Securities designated as “Held to Maturity (HTM)” are measured at amortised cost method and interest income is recognised through the Profit and Loss Account.

**Bangladesh Bank:** HFT securities are revalued on the basis of Mark to Market (M to M) and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the Profit and Loss Account. Interest on HFT securities including amortisation of discount are recognised in the Profit and Loss Account.

HTM securities which have not matured as at the Balance Sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

## iii. Provision on Loans and Advances/Investments

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

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

## iv. Other Comprehensive Income

**BFRS:** As per BAS 1, Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

**Bangladesh Bank:** Bangladesh Bank has issued templates for financial statements which are strictly to be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

## v. Financial Instruments – Presentation and Disclosure

In several cases, Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments different from those prescribed in BAS 39. As such, full disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.

## vi. Financial Guarantees

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

**Bangladesh Bank:** As per BRPD circular No. 14 dated 25 June 2003, financial guarantees such as letter of credit, letter of guarantee are to be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin.



## **vii. Cash and Cash Equivalents**

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

**Bangladesh Bank:** Some cash and cash equivalent items such as 'Money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bond are not prescribed to be shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments. However, in the cash flow statement, money at call and on short notice and prize bonds are shown as cash and cash equivalents beside cash in hand, Balance with BB and other banks.

## **viii. Non-banking Asset**

**BFRS:** No indication of Non-banking asset is found in any BFRS.

**Bangladesh Bank:** As per BRPD circular No. 14 dated 25 June 2003, there must exist a face item named Non-banking asset.

## **ix. Cash Flow Statement**

**BFRS:** The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is 'applied consistently'.

**Bangladesh Bank:** As per BRPD circular No. 14 dated 25 June 2003, cash flow is the mixture of direct and indirect methods.

## **x. Balance with Bangladesh Bank: (Cash Reserve Requirement)**

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

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

## **xi. Presentation of Intangible Asset**

**BFRS:** An intangible asset must be identified and recognised, and the disclosure must be given as per BAS 38.

**Bangladesh Bank:** There is no regulation for intangible assets in as per BRPD circular No. 14 dated 25 June 2003.

## **xii. Off-balance Sheet Items**

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

**Bangladesh Bank:** As per BRPD circular No. 14 dated 25 June 2003, off-balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

## **xiii. Disclosure of Appropriation of Profit**

**BFRS:** There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

**Bangladesh Bank:** As per BRPD circular No. 14 dated 25 June 2003, an appropriation of profit should be disclosed on the face of Profit and Loss Account.

## **xiv. Loans and Advances/Investments Net of Provision**

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

**Bangladesh Bank:** As per BRPD circular No. 14 dated 25 June 2003, provision on loans and advances/investments are presented separately as liability and can not be netted off against loans and advances.

Also refer to the Note 2.18 Compliance of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs).



## 2.2 Functional and Presentational Currency

Financial statements of the Bank have been presented in Taka, which is the Bank's functional and presentational currency.

## 2.3 Materiality, Aggregation and Offsetting

The Bank aggregates each material class of similar items and separately which are dissimilar in nature or function unless those are immaterial. The Bank did not offset assets and liabilities or income and expense, unless required or permitted by BAS/ BFRS.

## 2.4 Basis of measurement

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

- Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' at present value using mark to market concept with gain credited to revaluation reserve but loss charged to Profit and Loss Account.
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' at present value using amortization concept.
- Zero Coupon Bond at present value using amortization concept.

## 2.5 Use of Estimates and Judgments

The preparation of financial statements of the Bank required for management to make judgments, estimates and assumptions that affected the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions have been reviewed ongoing basis. Revisions of accounting estimates have been recognised in the period in which the estimates have been revised and in the future periods affected, if applicable.

**Key estimates includes the following:**

- Loan loss provision
- Deffered Tax Assets/Liabilities
- Gratuity
- Provision for other expenses

## 2.6 Foreign Currency Transactions

### Foreign Currency Translation

Foreign currency transactions have been converted into equivalent Taka currency at the ruling exchange rates on the respective date of such transactions as per BAS 21 "The Effects of Changes in Foreign Exchange Rates" and "balances with other banks and financial institutions" have been converted as per directives of Bangladesh Bank vide circular No. BRPD (R) 717/2004-959 dated 21 November 2004.

Differences arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting /crediting exchange gain or loss account.

### Translation Gain and Losses

Gains or losses arising out of translation of foreign exchange have been included in the Profit and Loss account.

## 2.7 Cash Flow Statement

Cash Flow Statement is prepared principally in accordance with BAS 7 "Cash Flow Statement" 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. Cash flows during the period have been classified as operating activities, investing activities and financing activities.



## 2.8 Statement of Changes in Equity

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

## 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 bases:

| Particulars  | Basis of use  |
|--|---|
| Cash, Balance with other banks and financial institutions, money at call and short notice etc. | Maturity/behavioral trend.  |
| Investments  | Residual maturity term.   |
| Loans and advances   | Repayment/maturity schedule and behavioral trend (non-maturity products). |
| Fixed assets   | Useful life.  |
| Other assets   | Realization/amortization basis.   |
| Borrowing from other banks, financial institutions and agents                                  | Maturity/repayment terms.   |
| Deposits and others accounts   | Maturity and behavioral trend (non-maturity products).                    |
| Other long term liability  | Maturity term.  |
| Provisions and Other liabilities   | Settlement/adjustment schedule basis.                                     |

## 2.10 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently except otherwise instructed by the Central Bank as prime regulator. Certain comparative amounts in the financial statements have been reclassified and rearranged to conform to the current year's presentation.

### A Assets and basis of their valuation

#### i. Cash and Cash Equivalents

Cash and cash equivalents include notes and coins in hand and at ATM, unrestricted balances held with Bangladesh Bank and its agent bank, balance with other banks and financial institutions, money at call and on short notice and prize bond which are not ordinarily susceptible to change in value.

Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### ii. Investments

Investments have been initially recognised at cost, including acquisition charges associated with the investment. Government Treasury Bills and Bonds (categorized as HFT or/and HTM) are accounted for as per Bangladesh Bank DOS circular letter No. 05 dated 26 May 2008 and DOS circular No. 05 dated 28 January 2009.

The valuation methods of investment used are:

##### Held to Maturity (HTM)

Investments which are intended to be held till maturity are classified as “Held to Maturity”. These are measured at amortized cost at each year end by taking into account any discount or premium on acquisition. Premiums are amortized and discount accreted, using the effective or historical yield method. Any increase or decrease in value of such investments is booked to equity.

##### 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 as per Bangladesh Bank DOS Circular No. 05 dated 28 January 2009.



### REPO and Reverse REPO

REPO and Reverse REPO are recorded based on DOS Circular No. 06, dated 15 July 2010 of Bangladesh Bank. In case of REPO of both coupon and non-coupon bearing (Treasury bill) 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.

Investments – Initial recognition and subsequent measurement at a glance and value of investments has been enumerated as follows:

| Investment class         | Initial recognition | Measurement after initial recognition | Recording of changes  |
|--------------------------|---------------------|---------------------------------------|---|
| Treasury Bill/Bond (HFT) | Cost                | Fair value                            | Loss to Profit and Loss Account, gain to Revaluation Reserve through Profit and Loss Account. |
| Treasury Bill/Bond (HTM) | Cost                | Amortised value                       | Increase or decrease in value to equity.  |
| Debenture/Bond           | Face value          | None                                  | None  |
| Shares (Quoted)*         | Cost                | Lower of cost or market value         | Loss (net) to Profit and Loss Account but no unrealised gain booking.                         |
| Prize Bond               | Cost                | None                                  | None  |

\* Provision has been made on unrealized loss (gain net off) according to DOS Circular No. 4, dated 24 November 2011.

### iii. Loans, Advances and Provision

- Loans and advances are stated at gross amounts at 31 December 2014.
- Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest on classified loans and advances will be kept in suspense account as per Bangladesh Bank instructions and such interest is not accounted for as income until realized from borrowers. Interest is not charged on bad and loss of loans/investments as per guidelines of Bangladesh Bank.
- Provision for loans and advances is made on the basis of quarter-end review by the management and as per instructions contained in BRPD circular No. 14 dated 23 September 2012, BRPD circular No. 19 dated 27 December 2012, BRPD circular no. 05 dated 29 May 2013 and BRPD Circular No. 16 dated 18 November 2014. The rates for provisions are stated below:

| Types of Loans and Advances                          |   | General Provision |     | Specific Provision |     |      |
|--|---|-------------------|-----|--------------------|-----|------|
|  |   | UC                | SMA | SS                 | DF  | BL   |
| Consumer Financing                                   | House building and professionals to set up business           | 2%                | 5%  | 20%                | 50% | 100% |
|  | Other than housing finance & professionals to set up business | 5%                | 5%  | 20%                | 50% | 100% |
| Small & Medium Enterprise Finance (SME)              |   | 0.25%             | 2%  | 20%                | 50% | 100% |
| Loans to Brokerage House/ MBs/SDs against Share etc. |   | 5%                | 5%  | 20%                | 50% | 100% |
| Short-term agri-credit and micro credit              |   | 0.25%             | 5%  | 20%                | 50% | 100% |
| All Other Credits                                    |   | 1%                | 5%  | 20%                | 50% | 100% |
| Off-balance sheet exposures                          |   | 1%                |     |                    |     |      |

### iv. Property, Plant and Equipment

#### Recognition and Measurement

All fixed assets are stated at cost less accumulated depreciation as per BAS 16 "Property, Plant and Equipment". 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 BFRS.

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Bank and the cost of the assets can be measured reliably:

**The cost of an item of Fixed Assets comprises:**

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

**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.

**Depreciation**

Depreciation on fixed assets is charged on straight-line method irrespective of all assets. The rates of depreciation are as follows:

| Category of Assets                | Rate of Depreciation |
|-----------------------------------|----------------------|
| Land                              | Nil                  |
| Building and Construction         | 2.50%                |
| Furniture and Fixtures            | 10%                  |
| Equipment and Machinery           | 20%                  |
| Professionals and Reference Books | 20%                  |
| Vehicles                          | 20%                  |
| Leasehold Assets-Vehicles         | 20%                  |

- Depreciation on fixed assets acquired during the year is charged from the month of their acquisition. Full month's depreciation is charged in the month of addition irrespective of the date of acquisition and no depreciation is charged in the month of their disposal.
- The cost and accumulated depreciation of disposed assets are eliminated from the fixed assets schedule.
- Useful life and method of depreciation of fixed assets will be reviewed periodically. If useful life of assets do not differ significantly as these were previously estimated, revaluation of assets does not consider to be done.
- Bank also follows a policy for amortization of expenditure considering the durability and useful live of items. These are treated as intangible assets and are booked under the head "Fixed Assets" and amortized over their estimated useful live by charging under the broad head "Depreciation".

**Derecognition of Fixed Assets**

The carrying amount of an item of fixed assets is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of fixed assets is to be recorded in profit or loss when the item is derecognized.

**v. Leased Assets**

Where property, plant and equipment have been financed through lease arrangement under which substantially all the risks and rewards of ownership are transferred to the lessees are treated as finance leases as per BAS 17 "Leases". All other leases are classified as operating leases as per BAS 17 "Leases".



### The Bank as Lessor

Amount due from lessees under finance leases are recorded as receivables at the amount of the Bank's net investment in the leases (Note-7.3). Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

### The Bank as Lessee

Assets held under finance leases are recognised as assets of the Bank at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments (Note-9). The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation (Note-13). Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

### vi. Intangible Assets

According to BFRS-38, an intangible asset is recognized if-

- it is probable that the expected future economic benefits that are attributable to the assets will flow to the entity; and
- the cost of the assets can be measured reliably.

The software used by NRBCB represents the value of computer application software licensed for the use of the Bank. Software is carried out at cost less amortization/depreciation and any impairment losses. Initial cost comprises licensing fees paid at the time of purchase and other direct attributable expenditure that are carried in customization of software for its intended use. Software is amortized/depreciated using the straight line method over the estimated useful life of 5 (five) years commencing from the month at which payment is made.

### vii. Impairment of Assets

An asset is impaired when its carrying amount exceeds its recoverable amount as per BAS 36 "Impairment of Assets". The Bank assesses at the end of each reporting period whether there is any indication that an asset may be impaired and/or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recovered. If any such indication exists, the Bank and the subsidiaries make an estimate of the recoverable amount of the assets. The carrying amount of the asset is reduced to its recoverable amount, if the recoverable amount is less than its carrying amount and impairment losses are recognized in the profit and loss account. However, impairment of financial assets are guided by the relevant BB circulars/instructions and BAS 39.

No such impairment has been occurred/identify in the financial year 2014.

### viii. Other Assets

Other assets include advance for operating and capital expenditure, stocks of stationary and stamps, security deposits to government agencies etc. and such accounts may be quite insignificant in the overall financial condition of the Bank.

### ix. Non-banking Assets:

Non-banking assets are acquired on account of the failure of a debtor to repay the loan in time after receive in the decree from court regarding the right and title of mortgaged property during the period of financial statements. The value of the properties has been incorporated in the books of accounts on the basis of third party valuation report.

There are no assets acquired in exchange for loan during the period of financial statements.



## **B Liabilities and Provision:**

### **i. Borrowings**

Borrowings include call money, term borrowings and re-finance from other banks, financial institutions and Central Bank include interest bearing borrowings which are stated in the financial statements at principal amount of the outstanding balance. Interest payables on such borrowings are reported under other liabilities.

### **ii. Deposits and Other Accounts**

Deposits and other accounts include non-interest bearing current deposits redeemable at call, interest bearing short-term deposits, savings deposits and fixed deposits which are initially measured at the consideration received. These items are subsequently measured and accounted for at the gross value of the outstanding balance in accordance with the contractual agreements with the counter parties.

### **iii. Other liabilities**

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

### **iv. Dividend payments**

Dividend payable is recognized when it is declared by Board of Directors. Final dividend is recognized when it is approved by the shareholders in AGM. Any dividend yet to be proposed for the year 2014, therefore, it has not been recognized as a liability in the balance sheet in accordance with BAS 10: "Events after the Reporting Period". Dividend payable to the Bank's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive the payment is established.

### **v. Provision for loans and advances**

Provision for unclassified loans and advances is made on the basis of quarter end review as instructions contained in BRPD Circular No. 14 dated 23 September 2012 and BRPD Circular No. 19 dated 27 December 2012. Details are stated in **Note 13.01**.

### **vi. Provision for investment in capital market**

For recognition of loss suffered from investment in capital market, provision has been made on unrealized loss (gain net off) according to DOS Circular No. 04 dated 24 November 2011 on portfolio basis.

### **vii. Provision for off-balance sheet exposures**

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

### **viii. Provision for other assets**

Provision for other assets is made as per the guidelines mentioned (100% provision is required on other assets which are outstanding for one year and above) in the BRPD Circular No. 14 dated 25 June 2001.

### **ix. Provision for nostro of account balance**

As per instructions contained in the circular letter no. FEPD (FEMO) / 01 / 2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, provision is to be maintained for the unreconciled debit balance of Nostro account more than 3 months as on the reporting date in these financials.

**Provision has not been made Since there is no unreconciled entry which is outstanding for more than 3 months.**



#### **x. Provision for Liabilities and Accrued Expenses**

A provision is recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with BAS 37 “Provision, Contingent Liabilities and Contingent Assets”.

No provision is recognised for 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, or any present obligation that arises from past events and it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimates of the amount of obligation cannot be made.

However, certain provisions on assets and liabilities are maintained in accordance with relevant Bangladesh Bank Circulars issued from time to time.

#### **xi. Contingent Liabilities**

Contingent liabilities which include certain guarantees and letters of credit pledged as collateral are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank. Contingent liabilities are not recognized in the financial statements as per BAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. However, disclosure on contingent liabilities have been made on the face of balance sheet under “Off-balance Sheet Items” as per the guidelines of BRPD Circular No. 14 dated 25 June 2003.

### **C Share Capital and Reserves**

#### **i. Authorized and Issued Capital**

The authorized capital of the bank is the maximum amount of share capital that the bank is authorized by its Memorandum and Articles of Association to issue (allocate) among shareholders. Part of the authorized capital can be (and frequently does) remained unissued. This number can be changed by shareholders’ approval upon fulfillment of related provisions of Companies Act, 1994. The part of the authorized capital which has been issued to shareholders is referred to as the issued share capital of the bank.

Herewith ordinary shares are classified as equity where there is a restriction to transfer the share to another person/institutions within 03 (three) years from date of company formation.

#### **ii. 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).

#### **iii. Statutory Reserve**

In compliance with the provision of Section 24 of Bank Companies 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.

#### **iv. Asset Revaluation Reserve**

When an asset’s carrying amount is increased as a result of revaluation, the increased amount is credited directly to equity under the heading of assets revaluation reserve as per BAS 16- “Property, Plant and Equipment”. The bank is also required to follow the assets revaluation guidelines issued by BSEC on 18 August 2013.

No assets revaluation has been occurred during the reported financial year.

#### **v. Reserve for Amortization/Revaluation of Securities**

When a Financial Asset is categorised under HTM or HFT and subsequent value of the asset is increased as a result of amortisation of assets or marked to market revaluation, the net increased amount (for HTM increase or decrease of book value and for HFT loss to P&L but gain to revaluation reserve through P&L) is credited directly to equity under the heading of reserve for amortization/ revaluation of securities as per Bangladesh Bank DOS circular No. 06, dated 15 July 2010.



## **D Revenue Recognition**

### **i. Interest Income**

According to the BAS 18 “Revenue”, the interest income is recognized on accrual basis. Interest on loans and advances ceases to be taken into income when such advances are classified as per BRPD circular No. 19 dated 27 December 2012 and is kept in Interest Suspense account. Interest on classified loans and advances is accounted for as income when realized.

Bank has no classified loan for the period ended 2014 and therefore no interest suspense accrued.

### **ii. Interest income from investments**

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

### **iii. Fees and Commission Income**

Fees and commission income on services provided by the Bank are recognised as and when the services are rendered. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of affecting the transactions.

### **iv. Income from Exchange**

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

### **v. Dividend Income**

Dividend income from investments is recognized at the time when it is declared, ascertained and right to receive the payment is established.

### **vi. Interest paid on Deposits and Borrowings**

Interest paid on deposits, borrowings, etc is accounted for on accrual basis according to the BAS 1 “Presentation of Financial Statements”.

### **vii. Management and other expense**

Expenses incurred by the Bank are recognised on actual and accrual basis.

### **viii. Taxation**

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

#### **a. Current Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Provision for current income tax has been made on taxable income of the Bank @ 42.5% (0% on gain of govt. securities, 10% on capital gain of trading shares in Secondary Market and 20% on dividend income) as prescribed in the Income Tax Ordinance 1984.

#### **b. Deferred Tax**

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for



all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Bank is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the Profit and Loss Statement as per BAS-12 “Income Taxes” (note 39) and BRPD Circular No. 11 dated 12 December 2011.

#### **ix. Retirement/Post-employment Benefits**

The retirement benefits accrued for the employees of the Bank as on the reporting date have been accounted for in accordance with the provision of BAS 19 “Employee Benefit”. Bases of enumerating the retirement benefit schemes operated by the Bank are outlined below:

##### **a) Defined Contribution Plans**

Defined contribution plans are post-employment benefit plans under which payments into the plan are fixed. Subsequent payments out of the plan to retired members are based on the size of the ‘fund’ meaning contributions that have been made into the scheme and investment returns on scheme assets. The Bank maintains one funded defined contribution plan i.e. “Provident fund” for its employees under a separate trustee board.

##### **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% of 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 Commercial Bank Limited Employees’ Provident Fund” and any investment decision out of this fund is made separately from that of the Bank’s funds. This fund has received approval from the National Board of Revenue on 02 September 2014.

##### **b) Defined Benefit**

Defined benefit plans are post-employment benefit plans other than defined contribution plans. These plans define the amount that retired members will receive from the plans during retirement, by reference to factors such as length of service and salary levels. Contributions are paid into the scheme based on policy of the plan approved by Board of Directors of its 2<sup>nd</sup> meeting held on 02 March 2013. The Bank retains



an obligation to make up any shortfall in a plan, thereby bearing the risk of the plan under-performing. The Bank maintains one funded defined benefit plans “Gratuity fund” for its employees under separate trustee committee.

#### **Staff Gratuity**

The Bank operates a funded gratuity scheme approved by the National Board of Revenue with effect from 21 September 2014. The Gratuity Fund is managed separately by “NRB Commercial Bank Limited Employees’ Gratuity Fund Trust” and any investment decision out of this fund is also made by this Trust. The benefit is paid to the eligible employees i.e. who have completed minimum 3 (three) years of continuous service at the time of separation from the Bank. As per policy of the Bank, eligible employees are provided with the benefit equal to 2 monthly basic salary multiplied by varied rates as per service length.

### **2.11 Reconciliation of Books of Account**

Books of account with regard to inter-bank (in Bangladesh and outside Bangladesh) and inter-branch transactions are reconciled and no material difference was found which may affect the financial statements significantly.

### **2.12 Earnings Per Share (EPS)**

#### **Basic Earnings Per Share**

Basic earnings per share have been calculated in accordance with BAS 33 “Earnings Per Share” which has been shown in the face of the Profit and Loss Statement. This has been calculated by dividing the basic earnings by the total ordinary outstanding shares.

#### **Diluted Earnings Per Share**

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year under review.

### **2.13 Directors’ Responsibility on Statements**

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

### **2.14 Memorandum items**

Memorandum items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal commitment. Bills for collection, Stock of savings certificates and all other fall under the memorandum items. However, Bills for Collection is shown under contingent liabilities as per Bangladesh Bank’s format of reporting.

### **2.15 Off-Balance Sheet Items**

Off-Balance Sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank’s guidelines.

In accordance with BRPD circular No.14 dated 23 September 2012, general provision @ 1% has been made on the outstanding balances of Off-Balance Sheet exposure of the Bank as at 30 September 2013. Provision is made on the total exposure and amount of cash margin or value of eligible collateral is not deducted while computing Off-Balance sheet exposure.

### **2.16 Reporting Period**

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



## 2.17 Compliance of Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standards (BFRS)

While preparing the financial statements, Bank applied most of the Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) as adopted by the Institute of Chartered Accountants of Bangladesh as applicable to the Bank:

| SL No. | Name of BAS  | No. of BAS | Status     |
|--------|--|------------|------------|
| 1      | Presentation of Financial Statements                                     | 1          | Complied * |
| 2      | Inventories  | 2          | Complied   |
| 3      | Statement of Cash Flows  | 7          | Complied   |
| 4      | Accounting Policies, Changes in Accounting Estimates and Errors          | 8          | Complied   |
| 5      | Events after the Reporting Period  | 10         | Complied   |
| 6      | Construction Contracts   | 11         | N/A        |
| 7      | Income Taxes   | 12         | Complied   |
| 8      | Property, Plant and Equipment  | 16         | Complied   |
| 9      | Leases   | 17         | Complied   |
| 10     | Revenue  | 18         | Complied   |
| 11     | Employee Benefits  | 19         | Complied   |
| 12     | Accounting for Government Grants and Disclosure of Government Assistance | 20         | N/A        |
| 13     | The Effects of Changes in Foreign Exchanges Rates                        | 21         | Complied   |
| 14     | Borrowing Costs  | 23         | Complied   |
| 15     | Related Party Disclosures  | 24         | Complied   |
| 16     | Accounting and Reporting by Retirement Benefit Plans                     | 26         | N/A **     |
| 17     | Consolidated and Separate Financial Statements                           | 27         | N/A        |
| 18     | Investments in Associates  | 28         | N/A        |
| 19     | Interests in Joint Ventures  | 31         | N/A        |
| 20     | Financial Instruments: Presentation                                      | 32         | Complied * |
| 21     | Earnings Per Share   | 33         | Complied   |
| 22     | Interim Financial Reporting  | 34         | Complied   |
| 23     | Impairment of Assets   | 36         | Complied   |
| 24     | Provisions, Contingent Liabilities and Contingent Assets                 | 37         | Complied   |
| 25     | Intangible Assets  | 38         | Complied   |
| 26     | Financial Instruments: Recognition and Measurement                       | 39         | Complied * |
| 27     | Investment Property  | 40         | Complied   |
| 28     | Agriculture  | 41         | N/A        |

| SL No. | Name of BFRS   | No. of BFRS | Status     |
|--------|--|-------------|------------|
| 1      | First-time Adoption of International Financial Reporting Standards | 1           | N/A        |
| 2      | Share Based Payment  | 2           | N/A        |
| 3      | Business Combinations  | 3           | N/A        |
| 4      | Insurance Contracts  | 4           | N/A        |
| 5      | Non-Current Assets Held for Sale and Discontinued Operations       | 5           | N/A        |
| 6      | Exploration for and Evaluation of Mineral Resources                | 6           | N/A        |
| 7      | Financial Instruments: Disclosures                                 | 7           | Complied * |
| 8      | Operating Segments   | 8           | N/A        |
| 9      | Consolidated Financial Statements                                  | 10          | N/A        |
| 10     | Joint Arrangements   | 11          | N/A        |
| 11     | Disclosure of Interests in Other Entities                          | 12          | Complied   |
| 12     | Fair Value Measurement   | 13          | Complied * |

N/A means Not Applicable

\* In order to comply with certain specific rules and regulations of the local Central Bank (Bangladesh Bank) which are different to BAS/BFRS, some of the requirements specified in these BAS/BFRSs are not applied. Departure from BAS/BFRS mentioned in the **note 2.1**.

\*\* This Standard regards a retirement benefit plan as a reporting entity separate from the employers of the participants in the plan. Therefore, it is not applicable for the Bank's annual report as it is the employer and not the retirement benefit plan itself.



### 2.17.1 New Accounting Standards not yet Adopted

Although International Accounting Standard Board (IASB) has issued a new standard (IFRS 9) along with related amendments to existing standards (IAS/ BAS 32, 39) but none of these have been adopted and/or endorsed locally as BAS/ BFRS and as such any possible impact could not be determined.

### 2.18 Regulatory and Legal Compliance

The Bank complied with the requirements of the following regulatory and legal authorities:

- i) The Banking Companies Act, 1991
- ii) The Companies Act, 1994
- iii) The Securities and Exchange Rules, 1987
- iv) The Securities and Exchange Ordinance, 1969
- v) The Securities and Exchange Commission Act, 1993
- vi) The Income Tax Ordinance, 1984 and Rules
- Vii) The Value Added Tax, 1991 and Rules
- viii) Rules, regulations and circulars issued by the Bangladesh Bank from time to time

### 2.19 Risk Management

Risk is defined as uncertainties resulting in adverse variation of profitability or in losses, financial or otherwise. The risk management of the Bank covers core risk areas of banking viz, credit risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk, equity risk, operational risk and reputation risk. The objective of the risk management is that the Bank evaluates and takes well calculative business risks and thereby safeguarding the Bank's capital, its financial resources and profitability from various business risks through its own measures and through implementing Bangladesh Bank's guidelines and following some of the best practices as under:

#### 2.19.1 Credit Risk

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

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

A thorough assessment is done before sanction of any credit facility at Credit Risk Management Division. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility, etc. The assessment process starts at Corporate Division by the Relationship Manager/Officer and ends at Credit Risk Management Division when it is approved/declined by the competent authority. Credit approval authority has been delegated to the individual executives. Proposals beyond their delegation are approved/declined by credit committee or the Management of the Bank or/the Executive Committee. Concentration of credit risk is shown in **note -7.5**.

In determining a single borrower/large loan limit, the instructions of Bangladesh Bank are strictly followed. Internal audit is conducted at periodical intervals to ensure compliance of Bank's and Regulatory policies. Loans are classified as per Bangladesh Bank's guidelines. Concentration of single borrowers/large loan limits is shown in **note- 7.5**.



### 2.19.2 Operational Risk

Operational risk may arise from error and fraud due to lack of internal control and compliance. Management through Internal Control and Compliance Division controls operational procedure of the Bank. Internal Control and Compliance Division undertakes periodical and special audit of the branches and departments at the Head Office for review of the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the Internal Control and Compliance Division.

### 2.19.3 Market Risk

The exposure of market risk of the Bank is restricted to foreign exchange risk, interest rate risk and equity risk.

#### Foreign Exchange Risk

Foreign exchange risk is defined as the potential change in earnings due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. No foreign exchange dealing on Bank's account was conducted during the year.

Front Office of Treasury Division and International Division jointly conducted the foreign exchange transactions and the Mid Office and the Back Office of Treasury Division is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Market rate as determined by Bangladesh Bank at the month end. All Nostro accounts are reconciled on a monthly basis and outstanding entry is reviewed by the Management for its settlement. The position maintained by the Bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

#### Interest Rate Risk

Interest rate risk may arise from trading portfolio and non- trading portfolio. The trading portfolio of the Bank consists of government treasury bills, bond, etc. The short term movement in interest rate is negligible or nil. Interest rate risk of non trading business arises from mismatches between the future yield of an asset and its funding cost. Asset Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

#### Equity Position Risk

Equity risk arises from movement in market value of equities held. However, Bank had a very small amount of investment in the capital market in year 2014.

### 2.19.4 Liquidity Risk comprising Asset Liability Management Risk

The object of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Bank is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance. Management of liquidity and funding is carried out by Treasury Department under approved policy guidelines. Treasury front office is supported by a very structured Back office. The Liquidity management is monitored by Asset Liability Committee (ALCO) on a regular basis. A written contingency plan is in place to manage extreme situation.

### 2.19.5 Money Laundering Risk

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

### 2.19.6 Information & Communication Technology (ICT) Security Risk

ICT security risk management is a threat to an information technology, data, critical systems and business processes. Bank exposed these risks through defining clear policies and procedure by assigning roles and responsibilities of the personnel, ongoing risk assessment, mitigation of risk involving prioritization the risk sensitive area and implementing risk control mechanism, and establishing Data Centre (DC) & Disaster Recovery (DR) for physical security of ICT.



### 2.19.7 Internal Audit

The Bank has established an independent internal audit function with the head of internal control & compliance (ICC) reporting directly to the chairman of audit committee. 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.

### 2.19.8 Prevention of Fraud and Forgeries

As per the requirement of Bangladesh Bank, regular reportings 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 programmes are taken to ensure the all officers and staff of the Bank are fully aware of various fraud risks in their work area and prepare them to deal efficiently.

However, no such incident of fraud and forgeries has been identified in the year 2014.

### 2.20 Credit Rating of the Bank

Credit Rating Information and Services Ltd- CRISL (a joint venture rating agency of Rating Agency Malaysia Berhad (RAM), JCR-VIS Credit Rating Company Ltd., Pakistan, Prime Commercial Bank Ltd., Pakistan and Local Corporate/Sponsors Bangladesh) was engaged by the the Bank for the purpose of rating the Bank since inception i.e from 2013 and the rating has so far been completed on the financial Position upto 31 December 2014 as per BRPD Circular No. 6 dated 5 July 2006, The following ratings have been awarded:

| Particulars           | Periods                   | Date of Rating | Long term | Short term |
|-----------------------|---------------------------|----------------|-----------|------------|
| Initial Entity Rating | 18 April to December 2013 | 24-Jun-14      | BBB+      | ST-3       |
| Surveillance Rating   | 2014                      | 22-Feb-15      | A-        | ST-3       |

### 2.21 Events after Reporting Period

As per BAS -10 "Events after Reporting Period" events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

In pursuance of para (b) as mentioned above events after reporting period is in the **Note-48**.

### 2.22 Related Party Disclosures

A party is related to the company if:

- 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;
- the party is an associate;
- the party is a joint venture;
- the party is a member of the key management personnel of the Company or its parent;
- the party is a close member of the family of any individual referred to in (i) or (iv);
- 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
- 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.

Details of the related party transactions have been disclosed in **Annexure -G**



## 2.23 Audit Committee of the Board of Directors

### i) Particulars of Audit Committee:

The Audit Committee of the Board was duly constituted by the Board of Directors of the Bank in accordance with the BRPD Circular No. 11 dated 27 October 2013 issued by Bangladesh Bank. The Committee was formed comprising 5 (five) members of the Board.

| Sl no. | Name                                 | Status with Bank | Status with Committee | Duration*           | Date of First Appointment/ Re-appointment | Educational/Professional Qualification  |
|--------|--------------------------------------|------------------|-----------------------|---------------------|---|---|
| 1      | Mr. Mohammed Adnan Imam              | Director         | Chairman              | 1 year and 7 months | 08.05.2013 and 02.04.2014                 | Under Graduate: South Bank University, London<br>Professional Qualification: Accountancy & Finance Fellow Chartered Certified Accountant (FCCA) from London |
| 2      | Mr. Mohammed Oliur Rahman            | Director         | Member                | 1 year and 7 months | 08.05.2013 and 02.04.2014                 | Undergraduate   |
| 3      | Mr. Abu Mohammad Tushar Iqbal Rahman | Director         | Member                | 1 year and 7 months | 08.05.2013 and 02.04.2014                 | B. Sc Engr. from BUET and Post Graduate from University Of ULM, Germany   |
| 4      | Mr. Rafikul Islam Mia Arzoo          | Director         | Member                | 1 year and 7 months | 08.05.2013 and 02.04.2014                 | Post Graduate and Microsoft Sales Professional  |
| 5      | Mrs. Kaniz Farzana Rashed            | Director         | Member                | 8 months            | 02.04.2014                                | Beachelor of Social Science   |

\* Duration means hold the position as of 31 December 2014 from first appointment.

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

### ii) Meeting Held with Audit Committee:

During the year 2014, the Audit Committee conducted 4 (Four) meetings in which, among others, the following issues were reviewed and discussed:

- Core Risk inspection report of Bangladesh Bank including status of compliance thereof.
- Inspection reports of branches conducted by Bank's internal inspection team.
- The committee has reviewed all the financial statements reviewed for the year 2014.
- Status of compliance of different rules and regulations.
- The committee has reviewed branches performances comprehensively.

### iii) Steps taken for implementation of effective internal control procedure of the Bank:

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 the organization.

## 2.24 Approval of Financial Statements

These financial statements were reviewed by the Audit Committee of the Board of NRBC Bank Limited in its 8<sup>th</sup> meeting held on 20 January 2015 and was subsequently approved by the Board in its 26<sup>th</sup> meeting held on 07 February 2015.

## 2.25 General

- Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.
- These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.



|   |               | Amount in Taka       |                    |
|---|---------------|----------------------|--------------------|
|   |               | 2014                 | 2013               |
| <b>3 Cash:</b>  |               |                      |                    |
| Cash In Hand  | (Note: 3.1)   | 226,188,773          | 69,048,955         |
| Balance with Bangladesh Bank and its agent bank(s)                      | (Note: 3.2)   | 1,139,922,892        | 237,345,909        |
|   |               | <b>1,366,111,665</b> | <b>306,394,864</b> |
| <b>3.1 Cash In Hand</b>   |               |                      |                    |
| In local currency   | (Note: 3.1.1) | 215,409,980          | 65,318,124         |
| In foreign currency   |               | 10,778,793           | 3,730,831          |
|   |               | <b>226,188,773</b>   | <b>69,048,955</b>  |
| <b>3.1.1 In local currency</b>  |               |                      |                    |
| Cash in Hand-Vault  |               | 209,210,980          | 64,873,124         |
| Cash in ATM   |               | 6,199,000            | 445,000            |
|   |               | <b>215,409,980</b>   | <b>65,318,124</b>  |
| <b>3.2 Balance with Bangladesh Bank and its agent bank(s)</b>           |               |                      |                    |
| In Local Currencies (LCY)   | (Note: 3.2.1) | 990,144,335          | 233,150,463        |
| In Foreign Currencies (FCY)   |               | 149,778,557          | 4,195,446          |
|   |               | 1,139,922,892        | 237,345,909        |
| Sonali Bank Ltd. (as an agent bank of Bangladesh Bank) - local currency |               | -                    | -                  |
|   |               | <b>1,139,922,892</b> | <b>237,345,909</b> |

### 3.2.1 Balance with Bangladesh Bank and its Agent Bank(s)-LCY

|                                    |                    |                    |
|------------------------------------|--------------------|--------------------|
| Bangladesh Bank, Dhaka Office      | 989,354,879        | 233,150,463        |
| Bangladesh Bank, Chittagong Office | 299,500            | -                  |
| Bangladesh Bank, Barisal Office    | 315,776            | -                  |
| Bangladesh Bank, Sylhet Office     | 74,180             | -                  |
| Bangladesh Bank, Rajshahi Office   | 100,000            | -                  |
|                                    | <b>990,144,335</b> | <b>233,150,463</b> |

### 3.3 Cash Reserve Requirement (CRR):

As per clause 1 of section 33 of Bank Company Act -1991 (Amended upto 2013) & MPD circular No. 01 dated 23 June 2014 of Bangladesh bank (effective from 24 June 2014), all scheduled banks have to maintain a CRR of minimum 6.0% on daily basis and 6.5% on bi-weekly basis on weekly average demand and time liabilities of the base month which is two months back of reporting month. For Example, Calculation of CRR of December 2014 was done based on weekly average balance of October 2014. It is maintained bi-weekly basis.

|   |  | Amount in Taka   |                  |
|---|--|------------------|------------------|
| Average time and demand liabilities of October 2014 (excluding inter-bank deposit)                      |  | 15,201,435,231   | 3,825,033,333    |
| Required Reserve (6% on daily basis and 6.5% on bi-weekly basis of Average Time and Demand Liabilities) |  | 988,093,290      | 229,502,000      |
| Ave.actual reserve held with Bangladesh Bank including TT in transit (In local currency)*               |  | 989,732,579      | 233,778,000      |
| <b>Surplus/(deficit)</b>  |  | <b>1,639,289</b> | <b>4,276,000</b> |

\*as per Bangladesh Bank Statement



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

### 3.4 Statutory Liquidity Ratio (SLR) of 13 % Average Demand and Time Liabilities

As per clause 1 of section 33 of Bank Company Act -1991 (Amended upto 2013) & DOS circular No - 01 dated 19 January 2014 of Bangladesh bank (effective from 01 February 2014) all scheduled banks have to maintain SLR of minimum 13% based on weekly average demand and time liabilities of the base month which is two months back of the reporting month. For Example, Calculation of SLR of December 2014 was done based on weekly average balance of October 2014. It is maintained bi-weekly basis minimum @ 13% as per above mentioned circular:

|   | Amount in Taka       |                    |
|---|----------------------|--------------------|
| Average time and demand liabilities of October 2014 (excluding inter-bank deposit)                      | 15,201,435,231       | 3,825,033,333      |
| Required Reserve (6% on daily basis and 6.5% on bi-weekly basis of Average Time and Demand Liabilities) | 988,093,290          | 229,502,000        |
| Required reserve of SLR   | 1,976,186,580        | 497,251,720        |
| Actual reserve maintained (Note 3.4a)   | 2,886,022,122        | 716,488,940        |
| Surplus/(deficit)   | 909,835,542          | 219,237,220        |
| <b>Total required reserve for CRR &amp; SLR</b>   | <b>2,964,279,870</b> | <b>726,753,720</b> |
| <b>Ave. Actual reserve held for CRR &amp; SLR</b>   | <b>3,875,754,701</b> | <b>950,266,940</b> |
| <b>Total surplus</b>  | <b>911,474,831</b>   | <b>223,513,220</b> |

#### 3.4a Held for Statutory Liquidity Ratio [SLR]

|  |                      |                    |
|--|----------------------|--------------------|
| Ave. Cash in hand including Foreign Currency         | 227,072,520          | 69,048,955         |
| Ave. Balance with Bangladesh Bank (Foreign Currency) | -                    | 4,195,446          |
| Ave. Unencumbered approved securities (HTM)          | 964,613,970          | 288,378,438        |
| Ave. Unencumbered approved securities (HFT)          | 1,693,947,052        | 354,764,401        |
| Ave. Other Eligible Security i.e. Prize Bond         | 388,580              | 101,700            |
|  | <b>2,886,022,122</b> | <b>716,488,940</b> |

### 4 Balance with other banks and financial institutions

|                    |             |                      |                      |
|--------------------|-------------|----------------------|----------------------|
| In Bangladesh      | (Note: 4.1) | 2,207,057,181        | 4,195,194,665        |
| Outside Bangladesh | (Note: 4.2) | 141,955,681          | 20,955,776           |
|                    |             | <b>2,349,012,862</b> | <b>4,216,150,441</b> |

#### 4.1 In Bangladesh

##### Current Deposits:

|                                  |               |                |
|----------------------------------|---------------|----------------|
| Bank Asia Ltd, Ruhitpur Br.      | 501           | 1,000          |
| Standard Bank Ltd, Principal Br. | 88,149        | 500,000        |
|                                  | <b>88,650</b> | <b>501,000</b> |

##### Special Notice Deposits

|                                      |                   |                      |
|--------------------------------------|-------------------|----------------------|
| Mercantile Bank Ltd, Main Br.        | 27,638,968        | 784,540,698          |
| Mercantile Bank Ltd., Agrabad Br.    | -                 | 1000                 |
| Mercantile Bank Ltd., Sylhet Br.     | 208,140           | -                    |
| Mercantile Bank Ltd., Barisal Br.    | 3,425             | -                    |
| Mercantile Bank Ltd., Rajshahi Br.   | 4,770             | -                    |
| Southeast Bank Ltd., Principal Br.   | 12,253,134        | 230,179,310          |
| NCC Bank Ltd., Motijheel Br.         | 3,287,463         | 32,378,937           |
| Eastern Bank Ltd., Principal Br.     | 503,732           | 4,297,336            |
| Jamuna Bank Ltd., FEX Br.            | 661,297           | 89,316               |
| Agrani Bank Ltd., Principal Br.      | 1,694,566         | 10,274               |
| Trust Bank Ltd for Q-cash Settlement | 62,734            | 112,793              |
|                                      | <b>46,318,231</b> | <b>1,051,609,665</b> |

##### Fixed Deposits Receipt (FDRs)

|                        |                      |                      |
|------------------------|----------------------|----------------------|
| FDR lending with Banks | 10,584,000           | 1,173,084,000        |
| FDR lending with NBFIs | 2,150,000,000        | 1,970,000,000        |
|                        | <b>2,160,584,000</b> | <b>3,143,084,000</b> |

##### Details of FDRs with Bank & NFI in Annx-A

##### Balance with Brokerage Houses Trading A/C.

|                       |                      |                      |
|-----------------------|----------------------|----------------------|
| MBL Securities Ltd.   | 1,649                | -                    |
| IIDFC Securities Ltd. | 64,651               | -                    |
|                       | <b>66,300</b>        | <b>-</b>             |
|                       | <b>2,207,057,181</b> | <b>4,195,194,665</b> |



## 4.2 Outside Bangladesh

### Current Deposits:

|  |
|--|
| Habib American Bank, NY, USD                 |
| Mashreq Bank PSC, NY, USD                    |
| AB Bank Ltd Mumbai, Acu Dollar               |
| Mashreq Bank PSC London GBP                  |
| United Bank of India, Kolkata, Acu Dollar    |
| Mashreq Bank PSC London EURO                 |
| Mashreq Bank Mumbai Acu Dollar               |
| National Bank of Pakistan, Tokyo, Jpy        |
| Habib Metro Bank Limited, Karachi Acu Dollar |

| Amount in Taka     |                   |
|--------------------|-------------------|
| 2014               | 2013              |
| 7,465,043          | 11,906,053        |
| 130,693,181        | 7,683,819         |
| 246,596            | 504,986           |
| 1,015,094          | -                 |
| 464,656            | 157,522           |
| 772,615            | -                 |
| 164,565            | -                 |
| 855,765            | 703,397           |
| 278,167            | -                 |
| <b>141,955,681</b> | <b>20,955,776</b> |

### Details of Nostro Account with conversion in Annx-B

## 4.3 Account-wise/Grouping of Balance with Other Banks and Financial Institutions:

|                         |
|-------------------------|
| Current Deposits        |
| Special Notice Deposits |
| Fixed Deposits          |

|                      |                      |
|----------------------|----------------------|
| 142,110,631          | 21,456,776           |
| 46,318,231           | 1,051,609,665        |
| 2,160,584,000        | 3,143,084,000        |
| <b>2,349,012,862</b> | <b>4,216,150,441</b> |

## 4.4 Maturity Grouping of Balance with Other Banks

|                                  |
|----------------------------------|
| Repayable – on demand            |
| – up to 3 months                 |
| – over 3 months but below 1 year |
| – over 1 year but below 5 years  |
| – over 5 years                   |

|                      |                      |
|----------------------|----------------------|
| 146,742,454          | 1,073,066,441        |
| 391,686,408          | 1,150,000,000        |
| 1,810,584,000        | 1,993,084,000        |
| -                    | -                    |
| -                    | -                    |
| <b>2,349,012,862</b> | <b>4,216,150,441</b> |

## 5 Money at Call and Short Notice

|                    |
|--------------------|
| In Bangladesh      |
| Outside Bangladesh |

|   |   |
|---|---|
| - | - |
| - | - |
| - | - |

## 6 Investments

### Nature Wise:

|                        |
|------------------------|
| Held for Trading (HFT) |
| Held to Maturity (HTM) |
| Others                 |

|                      |                    |
|----------------------|--------------------|
| 2,796,607,768        | 354,764,401        |
| 1,399,187,270        | 288,378,438        |
| 1,473,963,174        | 101,700            |
| <b>5,669,758,212</b> | <b>643,244,538</b> |

### Claim Wise:

|                       |
|-----------------------|
| Government securities |
| Other investments     |

|             |                      |                    |
|-------------|----------------------|--------------------|
| (Note: 6.1) | 4,196,290,738        | 643,244,538        |
| (Note: 6.2) | 1,473,467,474        | -                  |
|             | <b>5,669,758,212</b> | <b>643,244,538</b> |



## 6.1 Government Securities

Treasury bills/Bonds

Prize Bond

(Note: 6.1.1)

| Amount in Taka       |                    |
|----------------------|--------------------|
| 2014                 | 2013               |
| 4,195,795,038        | 643,142,838        |
| 495,700              | 101,700            |
| <b>4,196,290,738</b> | <b>643,244,538</b> |

### 6.1.1 Treasury bills/Bonds:

#### a. Unencumbered

##### i. Held for Trading (HFT)

91 Days Treasury Bills

182 Days Treasury Bills

364 Days Treasury Bills

5 Years Treasury Bonds

10 Years Treasury Bonds

15 Years Treasury Bonds

|                      |                    |
|----------------------|--------------------|
| 21,719,788           | 9,824,803          |
| 78,095,545           | 24,708,589         |
| 149,184,395          | 320,231,008        |
| 210,585,872          | -                  |
| 958,631,100          | -                  |
| 424,661,720          | -                  |
| <b>1,842,878,420</b> | <b>354,764,401</b> |

##### ii. Held to Maturity (HTM)

364 Days Treasury Bills

2 Years T-Bonds

5 Years T-Bonds

10 Years T-Bonds

15 Years T-Bonds

20 Years T-Bonds

|                      |                    |
|----------------------|--------------------|
| -                    | 66,060,671         |
| 10,026,592           | -                  |
| 490,594,730          | 100,604,142        |
| 278,515,747          | 101,782,562        |
| 375,220,441          | 9,975,107          |
| 106,036,380          | 9,955,956          |
| <b>1,260,393,890</b> | <b>288,378,438</b> |

#### b. Encumbered

##### i. Held for Trading (HFT)

91 Days Treasury Bills

182 Days Treasury Bills

5 Years Treasury Bonds

10 Years Treasury Bonds

|                    |   |
|--------------------|---|
| 58,915,520         | - |
| 674,057,500        | - |
| 200,686,200        | - |
| 20,070,128         | - |
| <b>953,729,348</b> | - |

##### ii. Held to Maturity (HTM)

182 Days Treasury Bills

2 Years T-Bonds

5 Years T-Bonds

15 Years T-Bonds

20 Years T-Bonds

|                    |   |
|--------------------|---|
| 19,255,880         | - |
| 20,007,220         | - |
| 19,976,660         | - |
| 39,812,800         | - |
| 39,740,820         | - |
| <b>138,793,380</b> | - |



## 6.2 Other Investments

### a. Quoted shares & Mutual Funds

Share

Mutual Fund (MFs)

### b. Investment in Preference Share:

Preference Share- Regent Energy and Power Ltd.

### c. Investment in Bond:

BSRM Convertible Bond

Mercantile Bank Subordinated Bond

Trust Bank Subordinated Bond

AB Bank Subordinated Bond

The City Bank Subordinated Bond

*Details in the Annex-C*

## 7 Loans and Advances

### 7.1 Maturity Grouping

Payable on demand

Not more than 3 months

More than 3 months but not more than 1 year

More than 1 year but not more than 5 years

More than 5 years

### 7.2 Broad Category-Wise Breakup

#### In Bangladesh

Loans

Overdrafts

Cash Credit

#### Outside Bangladesh

Loans

Overdrafts

Cash Credit

**Total loans and Advances**

| Amount in Taka        |                      |
|-----------------------|----------------------|
| 2014                  | 2013                 |
| 23,457,512            | -                    |
| 4,009,962             | -                    |
| <b>27,467,474</b>     | -                    |
| 100,000,000           | -                    |
| <b>100,000,000</b>    | -                    |
| 450,000,000           | -                    |
| 450,000,000           | -                    |
| 150,000,000           | -                    |
| 100,000,000           | -                    |
| 196,000,000           | -                    |
| <b>1,346,000,000</b>  | -                    |
| <b>1,473,467,474</b>  | -                    |
| <b>14,412,251,270</b> | <b>3,717,145,445</b> |
| 690,877,512           | 32,042,055           |
| 2,952,743,999         | 59,876,811           |
| 5,140,961,472         | 1,189,961,570        |
| 3,660,858,637         | 2,296,174,896        |
| 1,966,809,650         | 139,090,113          |
| <b>14,412,251,270</b> | <b>3,717,145,445</b> |
| 8,889,077,803         | 2,965,301,258        |
| 3,083,268,491         | 473,554,638          |
| 1,780,584,444         | 244,400,347          |
| <b>13,752,930,739</b> | <b>3,683,256,242</b> |
| -                     | -                    |
| -                     | -                    |
| -                     | -                    |
| -                     | -                    |
| <b>13,752,930,739</b> | <b>3,683,256,242</b> |



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

### 7.3 Product wise Loans and Advances:

|                              |                       |                      |
|------------------------------|-----------------------|----------------------|
| Overdraft                    | 1,765,550,424         | 371,890,531          |
| Cash Credit                  | 1,111,332,198         | 244,400,347          |
| Time Loan                    | 1,865,709,664         | 339,917,146          |
| Term Loan                    | 2,507,836,808         | 1,470,575,271        |
| Payment Against Document     | 10,893,238.99         | -                    |
| Loans against Trust Receipt  | 286,837,920           | 60,980,412           |
| Packing Credit               | 65,279,831            | 40,207,516           |
| EDF Loan                     | 517,568,032           | -                    |
| Lease Fiance & Hire Purchase | 854,592,481           | 252,974,067          |
| Consumer Loan                | 164,247,088           | 209,004,576          |
| Staff Loan                   | 130,250,777           | 61,837,416           |
| Other Loans and Advances     | 5,132,152,809         | 665,358,163          |
|                              | <b>14,412,251,270</b> | <b>3,717,145,445</b> |

### 7.4 Sectorwise Loans and Advances excluding Bill Purchased and discounted:

|                |                       |                      |
|----------------|-----------------------|----------------------|
| Govt. Sector   | -                     | -                    |
| Public Sector  | -                     | -                    |
| Private Sector | 13,752,930,739        | 3,717,145,445        |
|                | <b>13,752,930,739</b> | <b>3,717,145,445</b> |

### 7.5 Loans and Advances on the basis of Significant Concentration Including Bills Purchased and Discounted:

|  |               |               |
|--|---------------|---------------|
| a) Loans and advances given in favor of sister concern of the Directors;   | -             | -             |
| b) Loans and advances given to Chief Executive and other senior executives of the Banks  | 10,915,873    | -             |
| c) Loans and advances allowed to each customer exceeding 10% of Bank's Total Equity. Total Capital of the Bank was Tk.476.06 crore as at 31 December 2014: |               |               |
| Total capital of the Bank  | 4,760,579,721 | 4,451,761,770 |
| No. of Customer  | 11            | 6             |
| Amount of Outstanding Facilities:  | Amount in lac |               |
| Funded Facilities  | 46,626.36     | 18,082.45     |
| Non-Funded Facilities  | 18,880.31     | 7,130.37      |
| Classified loan thereon  | Nil           | Nil           |
| Measures taken for recovery  | Nil           | Nil           |



**List of borrowers & their exposures:**

**Figure in Lac**

| SL No.       | Name of Client                | Facilities approved by Bank |                  | Balance/Business as on 31.12.2014 |                  |
|--------------|-------------------------------|-----------------------------|------------------|-----------------------------------|------------------|
|              |                               | Funded                      | Non-Funded       | Funded                            | Non-Funded       |
| 1            | Labib Group                   | 6,600.00                    | 10,000.00        | 5,488.59                          | 5,225.48         |
| 2            | Navana Group                  | 6,500.00                    | 9,000.00         | 5,838.44                          | 3,407.51         |
| 3            | Mega Yarn & Deying Mills Ltd. | 3,500.00                    | 10,100.00        | 6,403.59                          | 2,252.06         |
| 4            | Abul Khair Group              | 6,000.00                    | 3,000.00         | 6,104.36                          | 1,144.34         |
| 5            | Habib Group                   | 5,500.00                    | 1,500.00         | 5,643.66                          | -                |
| 6            | Anwar Group                   | 6,000.00                    | 5,000.00         | 5,376.78                          | -                |
| 7            | Goldstar Group                | 2,700.00                    | 10,150.00        | 2,247.71                          | 2,687.07         |
| 8            | IFAD Autos Ltd.               | 6,850.00                    | 1,000.00         | 4,242.71                          | 254.45           |
| 9            | Poly Cord Ltd.                | 4,200.00                    | 4,123.00         | 1,028.67                          | 2,982.40         |
| 10           | Nassa Taipei Ltd.             | 4,000.00                    | 4,100.00         | 2,354.30                          | 927.00           |
| 11           | Nitol Group                   | 5,500.00                    | 2,000.00         | 1,897.55                          | -                |
| <b>Total</b> |                               | <b>54,650.00</b>            | <b>49,823.00</b> | <b>46,626.36</b>                  | <b>18,880.31</b> |

**d) Industry wise Loans including Bills purchased & discounted:**

**SL Industries**

- i) Agricultural industries
- ii) Textile & Garments industries
- iii) Timber and Rubber Industry
- iv) Banking & Non-Banking Financial Institutions
- v) Food and allied industries
- vi) Pharmaceutical industries
- vii) Chemical Industries
- viii) Electronic and Automobile Industries
- ix) Housing & Construction Industries
- x) Leather, Chemical, Cosmetics, etc.
- xi) Tobacco industries
- xii) Cement and Ceramic industries
- xiii) Service Industries
- xiv) Transport and Communication industries
- xv) Other industries including bills purchased and discounted

| Taka                  | Taka                 |
|-----------------------|----------------------|
| 476,206,123           | -                    |
| 2,651,114,695         | 40,207,516           |
| 102,913,258           | -                    |
| 1,058,405,613         | -                    |
| 158,311,246           | -                    |
| -                     | -                    |
| -                     | -                    |
| 180,306,523           | 10,226,676           |
| 1,017,100,925         | 122,895,000          |
| 38,645,327            | -                    |
| 626,106,515           | -                    |
| -                     | -                    |
| 1,414,309,453         | -                    |
| 762,245,126           | 802,673,000          |
| 5,926,586,466         | 2,741,143,253        |
| <b>14,412,251,270</b> | <b>3,717,145,445</b> |

**7.6 Geographical Location-wise Loans and Advances**

**Urban Branch**

- Dhaka
- Chittagong
- Rajshahi
- Sylhet
- Barisal

**Sub-total**

**Rural Branch**

- Dhaka
- Barisal

**Sub-total**

**Total**

|                       |                      |
|-----------------------|----------------------|
| 11,031,836,513        | 3,697,843,774        |
| 1,825,415,210         | 9,312,015            |
| 152,261,225           | -                    |
| 185,394,008           | -                    |
| 62,053,070            | -                    |
| <b>13,256,960,026</b> | <b>3,707,155,789</b> |
| 951,487,390           | 9,989,655            |
| 203,803,854           | -                    |
| <b>1,155,291,244</b>  | <b>9,989,655</b>     |
| <b>14,412,251,270</b> | <b>3,717,145,445</b> |



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

## 7.7 Classification of Loans & Advances

### Unclassified:

Standard Including Staff Loan

Special Mention account

### Sub-Total (a)

|                       |                      |
|-----------------------|----------------------|
| 14,412,251,270        | 3,717,145,445        |
| -                     | -                    |
| <b>14,412,251,270</b> | <b>3,717,145,445</b> |

### Classified:

Substandard Loan

Doubtful

Bad/loss

### Sub-Total (b)

### Total (a+b):

|                       |                      |
|-----------------------|----------------------|
| -                     | -                    |
| -                     | -                    |
| -                     | -                    |
| -                     | -                    |
| <b>14,412,251,270</b> | <b>3,717,145,445</b> |

## 7.8 Particulars of required provision for loans and advances: (for Funded facility)

### For Unclassified Loan

#### Base for Provision

#### Rate (%)

Standard Including Staff

14,412,251,270

Various (\*)

Special Mention account

-

5

### Sub-Total (a)

|                    |                   |
|--------------------|-------------------|
| 158,005,580        | 43,398,760        |
| -                  | -                 |
| <b>158,005,580</b> | <b>43,398,760</b> |

(\*) General Provision is Kept @ 2% on Loan for Professional, 2% on Housing Loan, 5% on Consumer Financing and 0.25% on Small and Medium Enterprise Financing and 1% on rest unclassified Loans and advances.

### For Classified

#### Base for Provision

#### Rate (%)

Substandard Loan (SS)

-

20

Doubtful (DF)

-

50

Bad/loss (BL)

-

100

### Sub-Total (b)

### Required Provision for Loan and advance (c=a+b)

### Total Provision maintained (Note:13.1)

### Excess/(Shortfall) of provision as of 31 December 2014

|                    |                   |
|--------------------|-------------------|
| -                  | -                 |
| -                  | -                 |
| -                  | -                 |
| -                  | -                 |
| <b>158,005,580</b> | <b>43,398,760</b> |
| <b>158,005,580</b> | <b>43,398,760</b> |
| -                  | -                 |



## 7.9 Particulars of Loans and Advances:

|   | Amount in Taka        |                      |
|---|-----------------------|----------------------|
|   | 2014                  | 2013                 |
| (i) Loans and advances considered good in respect of which the Bank is fully secured.   | 9,133,397,700         | 3,655,619,109        |
| (ii) Loans and advances considered good against which, the Bank holds no security other than, the debtors' personal guarantee.  | 5,083,708,481         | -                    |
| (iii) Loans and advances considered as good which is secured owing to personal liability of one or more parties in addition to debtors' personal guarantee.   | 195,145,088           | 61,526,335           |
| (iv) Loans and advances adversely classified; provision not maintained there against.   | -                     | -                    |
|   | <b>14,412,251,270</b> | <b>3,717,145,445</b> |
| (v) Loans and advances due by directors or officers of the banking company or any of them either separately or jointly with any other persons.  | 188,234,156           | -                    |
| (vi) Loans and advances due from companies or firms in which the directors of the Bank have interest as directors, partners or managing agents or in case of private companies, as members.   | -                     | -                    |
| (vii) Maximum total amount of loans and advances, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person.  | 200,743,044           | -                    |
| (viii) Maximum total amount of loans and advance, including temporary Loans and advances granted during the year to the companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in the case of private companies, as members. | -                     | -                    |
| (ix) Money Receivable/Due from different banking companies.   | -                     | -                    |
| (x) The amount of classified loan on which interest has not been charged:   |                       |                      |
| a. Decrease/increase of provision (Specific)  | -                     | -                    |
| b. Amount of loan write off   | -                     | -                    |
| c. Amount realized against loan previously written off  | -                     | -                    |
| d. Provision kept against classified loan as bad/loss account on the date of preparation of balance sheet;  | -                     | -                    |
| e. Interest imposed in suspense account   | -                     | -                    |
| (xi) Movement of write off loan:  |                       |                      |
| Opening balance   | -                     | -                    |
| Add: During the period/year   | -                     | -                    |
| Less: Amount realised against loans & advances previously written off   | -                     | -                    |
| <b>Closing Balance</b>  |                       |                      |



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

### 7.10 Securities against Loans including Bill purchased and discounted

#### Particulars

|  |                       |                      |
|--|-----------------------|----------------------|
| Collateral of movable/immovable assets         | 7,741,405,560         | 1,589,019,456        |
| Local Banks & Financial Institutions Guarantee | 1,058,405,613         | 1,110,558,953        |
| Government Guarantee                           | -                     | -                    |
| Foreign Bank Guarantee                         | -                     | -                    |
| Export Documents                               | 659,320,531           | 33,889,203           |
| Fixed Deposit Receipt                          | 732,671,609           | 473,554,637          |
| Personal Guarantee                             | 195,145,088           | 73,267,688           |
| Other Securities                               | 4,025,302,869         | 436,855,508          |
|  | <b>14,412,251,270</b> | <b>3,717,145,445</b> |

### 8 Bills purchased and discounted:

|                               |                    |                   |
|-------------------------------|--------------------|-------------------|
| Receivable in Bangladesh      | 72,402,156         | 33,889,203        |
| Receivable outside Bangladesh | 586,918,375        | -                 |
|                               | <b>659,320,531</b> | <b>33,889,203</b> |

### 8.1 Maturity grouping of Bills purchased and discounted

|  |                    |                   |
|--|--------------------|-------------------|
| Receivable within a period not exceeding 01 month                      | 238,573,231        | -                 |
| Receivable within a period exceeding 01 month but less than 03 months  | 368,074,583        | 32,551,844        |
| Receivable within a period exceeding 03 months but less than 06 months | 52,672,718         | 1,337,360         |
| Receivable within a period equal to 06 months or exceeding that time   | -                  | -                 |
|  | <b>659,320,531</b> | <b>33,889,204</b> |

### 9 Fixed assets including premises, furniture and fixtures of the Bank

|                                   |                    |                    |
|-----------------------------------|--------------------|--------------------|
| Land, Building and Construction   | -                  | -                  |
| Furniture and fixtures            | 110,682,157        | 801,517            |
| Equipment and Machinery           | 255,111,985        | 122,024,565        |
| Motor Vehicles                    | 16,500,000         | 11,500,000         |
| Professionals and Reference Books | 23,370             | -                  |
| Leased Assets: Motor Vehicle      | 27,106,624         | 27,106,624         |
|                                   | <b>409,424,136</b> | <b>161,432,706</b> |
| Less: Accumulated Depreciation    | 66,531,994         | 16,283,540         |
|                                   | <b>342,892,142</b> | <b>145,149,166</b> |

A schedule of fixed assets is given in Annexure- D for accounting purpose and Annexure-E for tax purpose.



## 10 Other Assets

|   |  |
|---|--|
| Advance Security Deposit                              |  |
| Stock of Stationery and printing items [Note -10.1]   |  |
| Suspense Account [Note -10.2]                         |  |
| Stamps in Hand  |  |
| Advance Office Rent                                   |  |
| Interest Receivable on Balance with Other Banks & FIs |  |
| Interest Receivable on Call Loan                      |  |
| Interest Receivable on Treasury Bonds                 |  |
| Interest Receivable on Treasury Bills                 |  |
| Interest Receivable on Zero Coupon Bond               |  |
| Pre-paid Insurance Premium                            |  |
| Advance Income Tax [Note -10.3]                       |  |
| Membership with Visa Worldwide PLC Ltd.               |  |
| Pre-paid Expense House Furnishing and LFA             |  |
| Dividend Receivable on Preference Share               |  |
| Preliminary Expenses                                  |  |
| Pre Operating Expenses/Formation Expenses             |  |

| Amount in Taka     |                    |
|--------------------|--------------------|
| 2014               | 2013               |
| 751,171            | 284,485            |
| 3,057,975          | 1,838,952          |
| 39,215,096         | 77,204,006         |
| 451,011            | 103,970            |
| 354,756,402        | 255,028,389        |
| 64,631,100         | 74,235,424         |
| -                  | -                  |
| 102,207,809        | 9,103,844          |
| -                  | 2,665,447          |
| 25,521,269         | -                  |
| 1,248,478          | 844,325            |
| 91,288,052         | 32,925,394         |
| 2,311,500          | 2,311,500          |
| 14,380,476         | 10,510,953         |
| 8,266,304          | -                  |
| -                  | 16,172,727         |
| -                  | 26,278,801         |
| <b>708,086,645</b> | <b>509,508,218</b> |
|                    |                    |
| 2,066,310          | 1,003,516          |
| 660,115            | 609,260            |
| 331,550            | 226,176            |
| 3,057,975          | 1,838,952          |
|                    |                    |
| 20,800,000         | 66,830,000         |
| 6,470,389          | 10,088,500         |
| 200,000            |                    |
| -                  | 24,235             |
| 171,300            | -                  |
| 11,573,027         | 261,271            |
| 380                | -                  |
| <b>39,215,096</b>  | <b>77,204,006</b>  |

### 10.1 Stock of Stationery and Printing Items

|                            |  |
|----------------------------|--|
| Printing Stationery        |  |
| Security Papers            |  |
| Security Stationery - CARD |  |

### 10.2 Suspense Account:

|                                      |  |
|--------------------------------------|--|
| Advance against Interior Decorations |  |
| Advance against New Branches         |  |
| Encashment of Savings Certificate    |  |
| Petty Cash                           |  |
| Interest Paid on Savings Certificate |  |
| Suspense Others                      |  |
| Stamp for Utility Bill Collection    |  |

This includes the amounts are kept in temporary parking accounts shown under other assets. These balances are in the process of regular monitoring so that it remains within a non material level.



|   |                      | Amount in Taka    |      |
|---|----------------------|-------------------|------|
|   |                      | 2014              | 2013 |
| <b>10.3 Advance Income Tax</b>  |                      |                   |      |
| Opening Balance   | 32,925,394           | -                 |      |
| Add: Paid during the year   | -                    | -                 |      |
| Add: Withholding Tax during the year [Tax on intt. and vehicle] (10.3a)                   | 58,362,658           | 32,925,394        |      |
|   | 91,288,052           | 32,925,394        |      |
| Less: Settlement during the year  | -                    | -                 |      |
|   | <b>91,288,051.69</b> | <b>32,925,394</b> |      |
| <b>10.3a Withholding Tax at Source</b>  |                      |                   |      |
| TDS @10% & 15% on Interest Income from Balance with Banks                                 | 33,251,523           | 28,065,991        |      |
| TDS @10% on FDR Interest Income with FIs  | 36,560,209           | 4,664,403         |      |
| TDS @ 20% on Cash Dividend received from Quoted Share                                     | 62,740               | -                 |      |
| Upfront @ 5% on Interest of T-Bills deducted by Bangladesh Bank                           | 21,032,080           | -                 |      |
| Advance Tax to Dhaka South City Corporation   | 1,500                | -                 |      |
| Advance Tax for Bank's Pool Vehicles  | 380,000              | 195,000           |      |
|   | <b>91,288,052</b>    | <b>32,925,394</b> |      |
| <b>11 Borrowings from Bangladesh Bank, other Banks, Financial Institutions and Agents</b> |                      |                   |      |
| In Bangladesh (Note 11.1)   | 1,509,084,936        | -                 |      |
| Outside Bangladesh  | -                    | -                 |      |
|   | <b>1,509,084,936</b> | -                 |      |
| <b>11.1 In Bangladesh</b>   |                      |                   |      |
| Bangladesh Bank (Refinance under SPD)   | 163,084,936          | -                 |      |
| Bangladesh Bank (LS/REPO)   | 986,000,000          | -                 |      |
| Other Banks (Borrowings Call)   | 360,000,000          | -                 |      |
|   | <b>1,509,084,936</b> | -                 |      |
| <b>11.2 Analysis by Security</b>  |                      |                   |      |
| Secured   | 1,149,084,936        | -                 |      |
| Unsecured   | 360,000,000          | -                 |      |
|   | <b>1,509,084,936</b> | -                 |      |
| <b>11.3 Repayment Pattern</b>   |                      |                   |      |
| Repayable on demand   | 1,346,000,000        | -                 |      |
| Repayable on maturity/terms   | 16,3084,936          | -                 |      |
|   | <b>1,509,084,936</b> | -                 |      |



## 12 Deposits and Other Accounts

Deposit from Inter Bank (Note-12.1)

Deposit from Customers (Note-12.2)

### 12.1 Deposits from Inter Bank

#### Fixed Deposit:

Rajshahi Krishi Unnyan Bank

Rupali Bank Ltd.

### 12.2 Deposits and Other Accounts

#### i. Current Accounts and Other Accounts:

Current Deposit

Foreign Currency Deposit

Deposit Under Q-Cash

Sundry Deposit (Note: 12.3)

#### ii. Bills Payable

Pay Order

#### iii. Savings Bank Deposit

#### iv. Term Deposit/Fixed Deposit

Fixed Deposit

Short Notice Deposit

Deposit Under Schemes

### 12.3 Sundry Deposit

Margin on Letter of Guarantee

Margin on Letter of Credit

Margin on Bills

Sale Proceeds of Govt. Savings Certificates

Security Deposits

Risk Fund on Loans and Advances

Provident Fund

Employees Welfare Fund

VAT, Excise Duty and Withholding Tax

Value Added Tax - VAT on Utility Bills Collection

Sundry Creditors

Proceed From Lottery Sale

Other Sundry Deposits

| Amount in Taka        |                      |
|-----------------------|----------------------|
| 2014                  | 2013                 |
| 550,000,000           | -                    |
| 16,720,880,701        | 4,909,955,503        |
| <b>17,270,880,701</b> | <b>4,909,955,503</b> |
|                       |                      |
| 50,000,000            | -                    |
| 500,000,000           | -                    |
| <b>550,000,000</b>    | -                    |
|                       |                      |
| 650,823,345           | 150,803,355          |
| 38,987,524            | 28,919,723           |
| 116,257               | -                    |
| 332,604,611           | 86,496,553           |
| <b>1,022,531,737</b>  | <b>266,219,631</b>   |
|                       |                      |
| <b>209,141,940</b>    | <b>31,861,689</b>    |
| <b>510,953,294</b>    | <b>75,540,097</b>    |
|                       |                      |
| 11,141,907,556        | 4,054,859,292        |
| 383,759,108           | 36,838,153           |
| 3,452,587,066         | 444,636,641          |
| <b>14,978,253,730</b> | <b>4,536,334,086</b> |
| <b>16,720,880,701</b> | <b>4,909,955,503</b> |
|                       |                      |
| 32,111,179            | 8,287,069            |
| 253,524,095           | 50,912,005           |
| 2,192,330             | 712,000              |
| -                     | 600,000              |
| 14,121,119            | 5,630,349            |
| 1,867,872             |                      |
| -                     | 670                  |
| 1,723,875             | 488,135              |
| 19,670,261            | 8,063,098            |
| 2,284,447             | -                    |
| 174,945               | 10,268,602           |
| 300                   | -                    |
| 4,934,188             | 798,453              |
| <b>332,604,611</b>    | <b>86,496,553</b>    |



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

#### 12.4 Maturity Analysis of Interbank Deposit

|                                   |                    |   |
|-----------------------------------|--------------------|---|
| Repayable on demand               | -                  | - |
| Repayable within 1 month          | 500,000,000        | - |
| Over 1 month but within 3 months  | 50,000,000         | - |
| Over 3 months but within 6 months | -                  | - |
| Over 6 months but within 1 year   | -                  | - |
| Over 1 year but within 5 years    | -                  | - |
| Over 5 years but within 10 years  | -                  | - |
| Over 10 years                     | -                  | - |
|                                   | <b>550,000,000</b> | - |

#### 12.5 Maturity Analysis of Other Deposit

|                                   |                       |                      |
|-----------------------------------|-----------------------|----------------------|
| Repayable on demand               | 859,294,245           | 204,850,284          |
| Repayable within 1 month          | 1,579,556,142         | 126,119,056          |
| Over 1 month but within 3 months  | 6,326,370,018         | 168,261,473          |
| Over 3 months but within 6 months | 3,000,524,014         | 983,634,751          |
| Over 6 months but within 1 year   | 2,745,587,496         | 1,071,369,609        |
| Over 1 year but within 5 years    | 1,580,071,919         | 2,268,775,499        |
| Over 5 years but within 10 years  | 629,476,868           | 86,944,831           |
| Over 10 years                     | -                     | -                    |
|                                   | <b>16,720,880,701</b> | <b>4,909,955,503</b> |

Bank did not retain any unclaimed deposit above 10 years as of 31 December 2014

#### 12.6 Demand and Time Deposits

##### A. Demand Deposits

|                                     |                      |                    |
|-------------------------------------|----------------------|--------------------|
| Current Accounts and Other Accounts | 650,823,345          | 150,803,355        |
| Savings Deposits (9%)               | 45,985,796           | 6,798,609          |
| Sundry Deposit                      | 332,604,611          | 86,496,553         |
| Foreign Currency Deposit            | 38,987,524           | 28,919,723         |
| Deposit Under Q-Cash                | 116,257              | -                  |
| Bills Payable                       | 209,141,940          | 31,861,689         |
|                                     | <b>1,277,659,473</b> | <b>304,879,929</b> |

##### B. Time Deposits

|                        |                       |                      |
|------------------------|-----------------------|----------------------|
| Savings Deposits (91%) | 464,967,498           | 68,741,488           |
| Short Notice Deposits  | 383,759,108           | 36,838,153           |
| Fixed Deposits         | 11,691,907,556        | 4,054,859,292        |
| Deposit Under Schemes  | 3,452,587,066         | 444,636,641          |
|                        | <b>15,993,221,228</b> | <b>4,605,075,574</b> |
|                        | <b>17,270,880,701</b> | <b>4,909,955,503</b> |



### 13 Other Liabilities

|  |  | Amount in Taka       |                    |
|--|--|----------------------|--------------------|
|  |  | 2014                 | 2013               |
| Accumulated Provision against Loans and Advances (Note 13.1) |  | 158,005,580          | 43,398,760         |
| Provision for Off-balance Sheet items (Note 13.2)            |  | 38,498,747           | 10,831,058         |
| Provision for Gratuity (Note 13.3)                           |  | 6,300,000            | 3,900,000          |
| Accrued Interest (Note 13.4)                                 |  | 312,416,263          | 91,917,069         |
| Current Income Tax Payable (Note 13.5)                       |  | 101,490,177          | 13,040,607         |
| Deferred Tax Liabilities (Note 13.6)                         |  | 19,926,853           | 3,241,252          |
| Provision against Expenses-Rent                              |  | 4,013,600            | 24,518,531         |
| Provision for Incentive Bonus                                |  | 17,290,550           | 8,400,000          |
| Provision for Telephone Bill-Office                          |  | 118,406              | 25,000             |
| Provision for Telephone Bill-Residence                       |  | 9,715                | -                  |
| Provision for Power and Electricity Expense                  |  | 884,640              | 373,500            |
| Provision for Wasa, Gas and Sewerage Bills                   |  | 63,134               | 16,600             |
| Provision for Plant Maintenance                              |  | 3,250                | 5,000              |
| Provision for Value Adjustment of Shares and Others          |  | 5,274,846            | -                  |
| FC Held Against BTB Bills, EDF Loan and Others               |  | 791,995,143          | -                  |
| Provision for Depreciation                                   |  | 39,583               | 39,583             |
| Provision for Other Expenses                                 |  | 4,984                | 7,500              |
| Provision for Audit Fees                                     |  | 250,000              | 200,000            |
| Provision for Corporate Social Responsibility (CSR)          |  | 7,305,459            | 2,175,459          |
| Lease Payable for Lease Hold Property                        |  | 22,688,839           | 26,361,555         |
|  |  | <b>1,486,579,769</b> | <b>228,451,474</b> |

#### 13.1 Provision against Loans and Advances

##### i. The movement in specific provision for Bad and Doubtful Debts

|   |     |   |   |
|---|-----|---|---|
| Provision held at the beginning of the period           |     | - | - |
| Fully provided debts written off during the period      | (-) | - | - |
| Recovery of amounts previously written off              | (+) | - | - |
| Specific provision made for the period                  | (+) | - | - |
| Transfer from general provision [SMA+Unclassified laon] | (+) | - | - |
| Recoveries and provision no longer required             | (-) | - | - |
| Net charge to Profit and Loss Statement                 | (+) | - | - |
| Provision held as on 31 December                        |     | - | - |



|  |     | Amount in Taka     |                   |
|--|-----|--------------------|-------------------|
|  |     | 2014               | 2013              |
| <b>ii. The movement in General provision for Special Mentioned Account (SMA)</b>   |     |                    |                   |
| Provision held at the beginning of the period  |     | -                  | -                 |
| Provision during the period  | (+) | -                  | -                 |
| Transfer from General Provision of Unclassified Loans  | (+) | -                  | -                 |
| Transferred to Provision for Bad and Doubtful Debts  | (-) | -                  | -                 |
| <b>Provision held as on 31 December</b>  |     | -                  | -                 |
| <b>iii. The movement in General Provision for Unclassified Loans</b>   |     |                    |                   |
| Provision held at the beginning of the period  |     | 43,398,760         | -                 |
| Provision During the period  | (+) | 114,606,820        | 43,398,760        |
| Transferred to Provision for Special Mentioned Account (SMA)   | (-) | -                  | -                 |
| Transferred to Provision for Bad and Doubtful Debts  | (-) | -                  | -                 |
| <b>Provision held at the end of the Period</b>   |     | <b>158,005,580</b> | <b>43,398,760</b> |
| <b>Provision held as on 31 December</b>  |     | <b>158,005,580</b> | <b>43,398,760</b> |
| <b>13.2 Provision for Off-balance Sheet Items (Non Funded)</b>   |     |                    |                   |
| Provision held at the beginning of the period  |     | 10,831,058         | -                 |
| Add: Amount Transferred from classified provision  |     | -                  | -                 |
| Add: Provision made during the period  |     | 27,667,689         | 10,831,058        |
| Less: Adjustment during the period   |     | -                  | -                 |
| <b>Provision held as on 31 December</b>  |     | <b>38,498,747</b>  | <b>10,831,058</b> |
| <b>13.3 Provision for Gratuity</b>   |     |                    |                   |
| Opening Balance  |     | 3,900,000          | -                 |
| Add: Contribution made by Bank for the year 2014   |     | 2,400,000          | 3,900,000         |
| Less: Release from Bank to the Fund  |     | -                  | -                 |
| <b>Closing Balance</b>   |     | <b>6,300,000</b>   | <b>3,900,000</b>  |
| National Board of Revenue approved “NRB Commercial Bank Limited Employees’ Gratuity Fund” on 21 September 2014 , (Ref:08.01.0000.03502.0021.2014/322) as per clause 2, 3, 4 of Part-C of First Schedule, Income Tax Ordinance 1984. “The Trusty” will manage the fund and settle the liabilities of employees. |     |                    |                   |
| <b>13.4 Accrued Interest</b>   |     |                    |                   |
| Interest Payable of FDR-Day basis  |     | 4,349,211          | 17,168,056        |
| Interest Payable of FDR-1 month  |     | 554,923            | 521,428           |
| Interest Payable of FDR-3 months   |     | 59,484,983         | 29,267,137        |
| Interest Payable of FDR-6 months   |     | 59,147,146         | 12,984,699        |
| Interest Payable of FDR-12 months & above  |     | 181,319,211        | 31,975,750        |
| Interest Payable on borrowing from Bangladesh Bank   |     | 7,384,124          | -                 |
| Interest Payable on borrowing from Call  |     | 176,667            | -                 |
|  |     | <b>312,416,263</b> | <b>91,917,069</b> |



### 13.5 Current Income Tax Payable

|   |
|---|
| Opening Balance                                       |
| Add: Provision made during the Year <b>(Note: 38)</b> |
| Less: Payment   |

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

|                    |                   |
|--------------------|-------------------|
| 13,040,607         | -                 |
| 88,449,570         | 13,040,607        |
| -                  | -                 |
| <b>101,490,177</b> | <b>13,040,607</b> |

### 13.6 Deferred Tax Payable

|                                     |
|-------------------------------------|
| Opening Balance                     |
| Additional Expenses during the Year |
| Less: Adjustment                    |

|                   |                  |
|-------------------|------------------|
| 3,241,252         | -                |
| 16,685,601        | 3,241,252        |
| -                 | -                |
| <b>19,926,853</b> | <b>3,241,252</b> |

Based on detailed analysis Management are satisfied that there would be adequate taxable profit available in future against which such temporary differences can be settled which is created on account of application of different depreciation method.

## 14 Share Capital

### 14.1 Authorized Capital

100,00,00,000 ordinary shares of Taka 10 each

|                       |                       |
|-----------------------|-----------------------|
| <b>10,000,000,000</b> | <b>10,000,000,000</b> |
|-----------------------|-----------------------|

### 14.2 Issued, Subscribed and Paid-up-Capital

44,46,05,900 ordinary shares of Taka 10 each issued for cash

|                      |                      |
|----------------------|----------------------|
| <b>4,446,059,000</b> | <b>4,373,849,812</b> |
|----------------------|----------------------|

### 14.3 Particulars of Share Capital

| Particulars            | Shareholding       |               |
|------------------------|--------------------|---------------|
|                        | In Number          | In Percentage |
| Sponsors/Promoters     | 444,605,900        | 100%          |
| Financial Institutions | -                  | -             |
| Others                 | -                  | -             |
| <b>Total</b>           | <b>444,605,900</b> | <b>100%</b>   |



#### 14.4 Name of the Directors and their shareholdings

| SL | Name of the Director                 | Status                                       | No of Shareholding |
|----|--------------------------------------|--|--------------------|
| 1  | Engr. Farasath Ali                   | Director & Chairman of the Board of Director | 20,000,100         |
| 2  | Dr. Toufique Rahman Chowdhury        | Director & Vice Chairman                     | 10,000,000         |
| 3  | Mr. ABM Abdul Mannan                 | Director                                     | 30,413,600         |
| 4  | Mr. Mohammed Oliur Rahman            | Director                                     | 36,562,500         |
| 5  | Mr. Mohammed Enayet Hossain          | Director                                     | 25,085,000         |
| 6  | Mr. Md. Amir Hossain                 | Director                                     | 20,028,100         |
| 7  | Mr. Abu Mohammad Tushar Iqbal Rahman | Director                                     | 20,027,800         |
| 8  | Mr. Firoz Haider Khan                | Director                                     | 20,004,100         |
| 9  | Mrs. Kamrun Nahar Sakhi              | Director                                     | 13,304,800         |
| 10 | Mr. Abu Bakr Chowdhury               | Director                                     | 20,000,000         |
| 11 | Mr. Mohammad Shahid Islam            | Director                                     | 20,000,000         |
| 12 | Mr. Loquit Ullah                     | Director                                     | 17,067,900         |
| 13 | Mr. Tamal S.M.Parvez                 | Director                                     | 20,007,000         |
| 14 | Mr. Rafikul Islam Mia Arzoo          | Director                                     | 20,410,000         |
| 15 | Mr. Mohammed Nazim                   | Director                                     | 20,009,300         |
| 16 | Engr. Syed Munsif Ali                | Director                                     | 17,930,000         |
| 17 | Mr. Mohammed Adnan Imam              | Director                                     | 10,011,800         |
| 18 | Dr. Nuran Nabi                       | Director                                     | 2,000,000          |
| 19 | Mrs. Kaniz Farzana Rashed            | Director                                     | 10,066,800         |
| 20 | Mr. Mohammed Manzurul Islam          | Director                                     | 1,014,400          |

#### 14.5 Capital Adequacy Ratio - as per BASEL II

In terms of section 13(2) of Banking Companies Act, 1991 and Bangladesh Bank BRPD Circular No. 24 & 35 dated August 3 and December 29, 2010 respectively, required Capital based on RWA of the Bank at the close of business on 31 December 2014 is Taka 1,641.53 crore as against available core capital of Taka 454.66 crore and supplementary capital of Taka 21.40 crore that is, a total of Taka 476.06 crore thereby showing surplus capital/equity of Taka 311.90 crore at that date since require MCR is Tk. 164.16 Crore. Details are shown below:

#### 14.6 Core Capital (Tier-I)

Fully Paid-up-Capital

Statutory Reserve

General Reserve

Retained Earnings

Minority Interest in Subsidiaries

Non-Cumulative irredeemable Preferences Shares

Dividend Equalization Account

**Amt in Crore**

**Amt in Crore**

|        |        |
|--------|--------|
| 444.61 | 437.38 |
| 4.44   | 0.77   |
| -      | -      |
| 5.61   | 1.44   |
| -      | -      |
| -      | -      |
| -      | -      |



|  | <u>Amt in Crore</u> | <u>Amt in Crore</u> |
|--|---------------------|---------------------|
| <b>Deductions from Tier-1 (Core Capital)</b>   |                     |                     |
| Book Value of Goodwill   | -                   | -                   |
| Shortfall in provisions required against Classified Assets   | -                   | -                   |
| Shortfall in provisions required against Investment in Shares  | -                   | -                   |
| Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities. | -                   | -                   |
| Any investment exceeding the approved limit under section 26(2) of Banking Companies Act, 1991, Others if any                        | -                   | -                   |
| <b>Total Eligible Tier-I Capital</b>   | <b>454.66</b>       | <b>439.59</b>       |
| <b>Supplementary Capital (Tier- II)</b>  |                     |                     |
| General Provision for Unclassified Loans   | 15.80               | 4.34                |
| General Provision for off-balance Sheet exposure   | 3.85                | -                   |
| Assets Revaluation Reserves up to 50%  | -                   | -                   |
| Revaluation Reserves of Securities Up to 50%   | 1.75                | 0.17                |
| Revaluation Reserve for equity instruments up to 10% all other preference shares   | -                   | -                   |
| All other Preference share   | -                   | -                   |
| Balance of Exchange Equalisation Fund  | -                   | -                   |
| Perpetual Subordinated Debt  | -                   | -                   |
| <b>Total Supplementary capital</b>   | <b>21.40</b>        | <b>5.59</b>         |
| <b>Capital eligible for Market Risk (Tier-III)</b>   |                     |                     |
| Short-term Subordinated Debt   | -                   | -                   |
| <b>A. Total Eligible Capital</b>   | <b>476.06</b>       | <b>445.18</b>       |
| B. Total Assets including off-Balance Sheet items  | 2,934.08            | 1,062.07            |
| C. Total Risk-Weighted Assets (RWA)  | 1,641.53            | 553.50              |
| D. Required capital based on Risk Weighted Assets (10% of Total RWA)   | 164.15              | 55.35               |
| E. Capital Surplus/(Shortfall) [A-D]   | 311.91              | 389.83              |
| <b>Capital Adequacy Ratio (%)</b>  | <b>29.00%</b>       | <b>80.43%</b>       |

**Calculation basis of Risk Weighted Assets in the Annex-F**

Capital Requirement (Percentage of Capital on Risk-Weighted Assets)

|                                  | <b>2014</b>     |             | <b>2013</b>     |             |
|----------------------------------|-----------------|-------------|-----------------|-------------|
|                                  | <b>Required</b> | <b>Held</b> | <b>Required</b> | <b>Held</b> |
| Core Capital (Tier- I)           | 5.00%           | 27.70%      | 5.00%           | 79.42%      |
| Supplementary Capital (Tier- II) |                 | 1.30%       | -               | 1.01%       |

Capital Adequacy Ratio has been calculated as per Basel -II, BRPD Circular No.20 dated December 29, 2009

**15 Statutory Reserve**

|  |                   |                  |
|--|-------------------|------------------|
| Opening Balance at the beginning of the period             | 7,662,052         | -                |
| Add: Addition during the year*                             | 36,726,234        | 7,662,052        |
| Add./less Adjustment for Foreign Exchange rate fluctuation | -                 | -                |
| Closing Balance at the end of the period                   | <b>44,388,286</b> | <b>7,662,052</b> |

\* As per Section-24 of Banking Companies Act- 1991, 20% of Pre Tax Profit has been transferred to statutory Account



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

## 16 Other Reserve:

General Reserve (Note 16.1)

Assets Revaluation Reserve (Note 16.2)

Investment Revaluation Reserve (Note 16.3)

Foreign Currency Translation Gain/ (Loss) (Note 16.4)

|                   |                  |
|-------------------|------------------|
| -                 | -                |
| -                 | -                |
| 34,983,992        | 3,307,486        |
| -                 | -                |
| <b>34,983,992</b> | <b>3,307,486</b> |

### 16.1 General Reserve

Opening Balance at the beginning of the period

Add: Addition during the year

(+)

Closing Balance at the end of the period

|   |   |
|---|---|
| - | - |
| - | - |
| - | - |

As per rule, Bonus Share/Cash Dividend may be issued out of surplus of the profit of the year. If there is any short fall, that may be covered from General Reserve Account as per approval of Board of Directors of the Bank.

### 16.2 Assets Revaluation Reserve

Opening Balance at the beginning of the period

Add: Addition during the year

(+)

Less : Adjustment during the year

(-)

Closing Balance at the end of the period

|   |   |
|---|---|
| - | - |
| - | - |
| - | - |
|   |   |

### 16.3 Investment Revaluation Reserve

#### Revaluation Reserve for HFT Securities

Opening Balance at the beginning of the period

Add: Addition during the year

(+)

Less : Adjustment during the year

(-)

Closing Balance at the end of the period

|                   |                  |
|-------------------|------------------|
| 2,751,202         | -                |
| 32,231,017        | 2,751,202        |
| -                 | -                |
| <b>34,982,219</b> | <b>2,751,202</b> |

#### Revaluation Reserve for HTM Securities

Opening Balance at the beginning of the period

Add: Addition during the year

(+)

Less : Adjustment during the year

(-)

Closing Balance at the end of the period

|              |                |
|--------------|----------------|
| 556,284      | -              |
| -            | 556,284        |
| 556,511      | -              |
| <b>1,773</b> | <b>556,284</b> |

Revaluation Reserve of HTM and HFT Securities transferred to Revaluation Reserve Account as per Bangladesh Bank DOS Circular No. 05 dated 26 May 2008 of which 50% of Revaluation Reserve is treated as Supplementary Capital.



|   |     | Amount in Taka       |                      |
|---|-----|----------------------|----------------------|
|   |     | 2014                 | 2013                 |
| <b>16.4 Foreign Currency Translation Gain/(Loss)</b>                                |     |                      |                      |
| Opening Balance at the beginning of the period                                      |     | -                    | -                    |
| Add: Addition during the year   | (+) | -                    | -                    |
| Closing Balance at the end of the period  |     |                      |                      |
| <b>17 Retained Earnings/Movement of Profit and Loss Account</b>                     |     |                      |                      |
| Opening Balance   |     | 14,366,346           | -                    |
| Add: Post-Tax Profit during the period  | (+) | 78,496,000           | 22,028,397           |
| Less: Transfer to Statutory Reserve   | (-) | 36,726,234           | 7,662,052            |
| Less: Cash Dividend   | (-) | -                    | -                    |
| Less: Transfer to General Reserve   | (-) | -                    | -                    |
| Add/(Less): Foreign Exchange Translation Loss                                       |     | -                    | -                    |
|   |     | <b>56,136,112</b>    | <b>14,366,346</b>    |
| <b>18 Contingent Liabilities</b>  |     | <b>4,492,661,041</b> | <b>1,083,105,799</b> |
| <b>18.1 Acceptances and Endorsements</b>  |     |                      |                      |
| Accepted Bills Against BTB LC - Local   |     | 226,276,793          | 68,744,352           |
| Accepted Bills Against BTB LC - Foreign   |     | 118,432,733          | 99,837,000           |
| Accepted Bills Against BTB LC EPZ   |     | 44,760,500           | 12,521,000           |
| Accepted Bills Against LC Cash  |     | 854,068,300          | 20,370,000           |
|   |     | <b>1,243,538,325</b> | <b>201,472,352</b>   |
| <b>18.2 Letters of Guarantee</b>  |     |                      |                      |
| Money for which the Bank is in contingently liable in respect of guarantees to the- |     |                      |                      |
| Directors   |     | -                    | -                    |
| Government  |     | -                    | -                    |
| Banks and other Financial Institutions  |     | -                    | -                    |
| Others (Note 18.2a)   |     | 939,681,706          | 115,734,254          |
|   |     | <b>939,681,706</b>   | <b>115,734,254</b>   |
| <b>18.2a Letters of Guarantee -Others</b>   |     |                      |                      |
| Shipping Guarantee Against Cash LC-Sight  |     | 44,032,897           | 11,670,000           |
| Bid Bond Local  |     | 370,398,000          | 4,895,000            |
| Performance Guarantee Local   |     | 455,816,809          | 88,972,754           |
| Advance Payment Guarantee Local   |     | 66,540,000           | 10,196,500           |
| Performance Guarantee Foreign   |     | 2,894,000            | -                    |
|   |     | <b>939,681,706</b>   | <b>115,734,254</b>   |
| <b>18.3 Irrevocable Letters of Credit</b>   |     | <b>1,650,503,701</b> | <b>645,404,000</b>   |
| <b>18.4 Bills for Collection</b>  |     | <b>658,937,308</b>   | <b>120,495,193</b>   |



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

## 19 Interest Income

### Interest on Loans and Advances:

Loans and Advances

Bills Purchased and Discounted

|                      |                    |
|----------------------|--------------------|
| 1,288,242,500        | 151,824,636        |
| 7,868,796            | -                  |
| <b>1,296,111,296</b> | <b>151,824,636</b> |

### Interest on:

Balance with Bangladesh Bank

Balance with Foreign Banks

Balance with Banks and FIs

|                    |                    |
|--------------------|--------------------|
| -                  | -                  |
| -                  | -                  |
| 360,786,392        | 401,538,854        |
| <b>360,786,392</b> | <b>401,538,854</b> |

|                      |                    |
|----------------------|--------------------|
| <b>1,656,897,688</b> | <b>553,363,491</b> |
|----------------------|--------------------|

## 20 Interest Paid on Deposits and Borrowings, etc.

Interest Paid on Deposits (Note 20.1)

Interest paid on Refinance (Note 20.2)

Interest Paid on Borrowings (Note 20.3)

|                      |                    |
|----------------------|--------------------|
| 1,213,460,800        | 226,865,738        |
| 7,384,124            | -                  |
| 212,234,852          | 13,943,301         |
| <b>1,433,079,775</b> | <b>240,809,039</b> |

### 20.1 Interest Paid on Deposits

Current Account

Savings Account [Customer and Staff]

Special Notice Deposits (SND)

Fixed Deposit Receipts

Deposit under Schemes and Others

|                      |                    |
|----------------------|--------------------|
| 3,742,400            | 871,576            |
| 8,491,413            | 1,513,641          |
| 8,053,292            | 1,519,054          |
| 922,612,316          | 199,115,724        |
| 270,561,379          | 23,845,743         |
| <b>1,213,460,800</b> | <b>226,865,738</b> |

### 20.2 Interest Paid on Refinance

Interest Paid on Refinance from Bangladesh Bank (SPL)

|           |   |
|-----------|---|
| 7,384,124 | - |
| 7,384,124 | - |

### 20.3 Interest Paid on Borrowings

Interest Paid on Borrowing from Bangladesh Bank

Interest Paid on Call Money borrowing

Interest Paid on REPO Borrow from Other Bank and FI

Interest Paid on Other Bank Deposit

Interest Paid on Secondary Security Purchased (T-Bond)

Interest Paid on SWAP Transaction

|                    |                   |
|--------------------|-------------------|
| 5,763,220          | -                 |
| 26,621,979         | 7,032,764         |
| 15,908,823         | -                 |
| 631,944            | -                 |
| 163,231,485        | 6,910,537         |
| 77,400             | -                 |
| <b>212,234,852</b> | <b>13,943,301</b> |



**21 Investment Income**

|                                       |
|---------------------------------------|
| Interest on Treasury Bills            |
| Interest Income Money at Call         |
| Interest on Treasury Bonds            |
| Interest on Bonds                     |
| Interest on Zero Coupon Bonds         |
| Dividend Income                       |
| Gain on Sale of Shares and Debentures |
| Gain on Sale of Approve Securities    |
| Interest on Bangladesh Bank Bill      |

| Amount in Taka     |                   |
|--------------------|-------------------|
| 2014               | 2013              |
| 30,745,319         | 18,749,545        |
| 21,873,577         | 629,333           |
| 378,505,423        | 9,103,844         |
| 70,505,858         | -                 |
| 16,250,000         | -                 |
| 8,580,004          | -                 |
| 6,977,124          | -                 |
| 75,912,910         | -                 |
| -                  | -                 |
| <b>609,350,215</b> | <b>28,482,723</b> |

**22 Commission, Exchange and Brokerage**

|                                |
|--------------------------------|
| Commission on Letter of Credit |
| Commission on Bank Guarantee   |
| Commission on Export Bills     |
| Commission on Accepted Bills   |
| Commission on Clean Bills      |
| Commission on Remittance       |
| Commission on Sale of FC Cash  |
| Commission from Other Services |
| Underwriting Commission        |
| Exchange gain                  |

|                    |                   |
|--------------------|-------------------|
| 25,992,622         | 5,141,681         |
| 11,452,491         | 3,716,077         |
| 466,000            | 12,500            |
| 10,903,971         | -                 |
| 19,731             | 7,861             |
| 553,538            | 34,894            |
| 29,211             | 13,262            |
| 6,736              | -                 |
| 552,235            | -                 |
| 76,659,035         | 1,478,074         |
| <b>126,635,570</b> | <b>10,404,350</b> |

Commission income arises on service provided by the bank recognized on a cash basis. Commission charged the Customer on Letter of Credit and letter of Guarantee are credited to income at the time of effecting on the transaction.

**23 Other Operating Income**

|                           |
|---------------------------|
| Service Charges and Fees  |
| Income from Card Services |
| Charges on Trade Finance  |
| Miscellaneous Earnings    |

|                   |                  |
|-------------------|------------------|
| 14,436,855        | 1,882,929        |
| 3,925,787         | 1,467            |
| 10,106,616        | 284,082          |
| 2,705,242         | 73,012           |
| <b>31,174,500</b> | <b>2,241,490</b> |

**24 Salaries and Allowances**

|                                     |
|-------------------------------------|
| Basic Salary                        |
| Festival Bonus                      |
| Bank Contribution to Provident Fund |
| Allowances                          |

|                    |                   |
|--------------------|-------------------|
| 115,673,441        | 37,228,728        |
| 17,634,180         | 8,377,300         |
| 8,781,596          | 3,295,836         |
| 113,826,834        | 45,156,832        |
| <b>255,916,051</b> | <b>94,058,696</b> |



|  |   | Amount in Taka     |                   |
|--|---|--------------------|-------------------|
|  |   | 2014               | 2013              |
| <b>25</b>  | <b>Rent, Taxes, Insurance, Electricity, etc.</b>    |                    |                   |
|  | Rent, Rate and Taxes                                | 108,965,329        | 58,682,873        |
|  | Insurance Expenses                                  | 7,041,950          | 1,591,163         |
|  | Electricity and Other Utility Expenses              | 13,479,803         | 5,570,530         |
|  |   | <b>129,487,081</b> | <b>65,844,566</b> |
| <b>26</b>  | <b>Legal expenses</b>                               |                    |                   |
|  | Notary Public and Other Charges                     | 38,926             | 5,250             |
|  | Legal and Consultancy fees                          | 160,500            | 108,375           |
|  |   | <b>199,426</b>     | <b>113,625</b>    |
| <b>27</b>  | <b>Postage, Stamps, Telecommunication, etc.</b>     |                    |                   |
|  | Stamps and Cartridge Cost                           | 61,684             | 32,975            |
|  | Postage & Courier Charges                           | 420,116            | 568,811           |
|  | Telephone Charges                                   | 3,359,861          | 738,682           |
|  | SWIFT, FAX, Internet, WAN, Radio Link & DDN Charges | 7,078,985          | 2,657,885         |
|  |   | <b>10,920,646</b>  | <b>3,998,353</b>  |
| <b>28</b>  | <b>Stationery, Printing, Advertisement, etc.</b>    |                    |                   |
|  | Stationery and Printing Expenses                    | 7,172,178          | 3,410,374         |
|  | Publicity, Advertisement, etc.                      | 18,678,727         | 7,410,684         |
|  | Computer Expenses                                   | 1,568,627          | 480,161           |
|  |   | <b>27,419,532</b>  | <b>11,301,219</b> |
| <b>29</b>  | <b>Chief Executive's Salary and Fees</b>            |                    |                   |
|  | Basic Salary  | 5,300,000          | 3,600,000         |
|  | Festival Bonus                                      | 900,000            | 800,000           |
|  | Other Allowances                                    | 3,300,000          | 3,015,000         |
|  |   | <b>9,500,000</b>   | <b>7,415,000</b>  |
| <b>30</b>  | <b>Directors' Fees &amp; Meeting Expenses</b>       |                    |                   |
|  | Directors' Fees                                     | 1,702,000          | 1,086,750         |
|  | Travelling and Haltage                              | -                  | 178,140           |
|  | Board Meeting Expenses                              | 1,078,508          | 333,672           |
|  |   | <b>2,780,508</b>   | <b>1,598,562</b>  |
| Each Director is paid Tk.5,000.00 per meeting per attendance exclusive VAT as per BRPD Circular # 03 dated January 18, 2010. There were no other financial benefits provided to the Directors of the Bank. |   |                    |                   |
| <b>31</b>  | <b>Auditors' Fees</b>                               |                    |                   |
|  | Statutory   | 250,000            | 200,000           |
|  | Others  | -                  | -                 |
|  |   | <b>250,000</b>     | <b>200,000</b>    |
| <b>32</b>  | <b>Charges on Loan Losses</b>                       |                    |                   |
|  | Loan-written off                                    | -                  | -                 |
|  | Interest waived                                     | -                  | -                 |



### 33 Depreciation and Repairs of Bank's Assets

#### Depreciation of Bank's Assets-Own Assets (a):

Land, Building and Construction  
Furniture & Fixtures  
Equipment and Machinery  
Vehicle  
Books

| Amount in Taka    |                   |
|-------------------|-------------------|
| 2014              | 2013              |
| -                 | -                 |
| 3,896,467         | 139,845           |
| 37,710,987        | 14,208,320        |
| 3,216,667         | 433,333           |
| 3,009             | -                 |
| <b>44,827,130</b> | <b>14,781,498</b> |

#### Depreciation of Bank's Assets-Leased Assets (b):

Land, Building and Construction  
Furniture & Fixtures  
Equipment and Machinery  
Vehicle

|                  |                  |
|------------------|------------------|
| -                | -                |
| -                | -                |
| -                | -                |
| 5,421,325        | 1,502,042        |
| <b>5,421,325</b> | <b>1,502,042</b> |

#### Depreciation has been charged from the month of purchased Repair, Renovation & Maintenance of Bank's Assets (c):

Repair of Land, Building and Construction  
Repair of Furniture and Fixtures  
Office Equipment and Machinery  
Repair Rented Property  
Electronics Repair and Replacement  
Repair and servicing of Computer  
Repair, Replacement and Servicing of Motor Vehicle  
Plant Maintenance

|                  |                  |
|------------------|------------------|
| 122,262          | 210,053          |
| 44,667           | 7,900            |
| 911,902          | 129,870          |
| 218,568          | 76,730           |
| 2,143,906        | 1,150,307        |
| 33,770           | 17,325           |
| 899,284          | 770,265          |
| 84,550           | 25,000           |
| <b>4,458,909</b> | <b>2,387,450</b> |

#### Amortization of Assets (d):

Amortization of Preliminary Expenses  
Amortization of Pre-Operating Expenses/Formation Expense of the Bank

|                   |                   |
|-------------------|-------------------|
| 16,172,727        | 5,390,910         |
| 26,278,801        | 8,759,600         |
| <b>42,451,528</b> | <b>14,150,510</b> |
| <b>97,158,892</b> | <b>32,821,500</b> |

#### **Total [a+b+c+d]**

### 34 Other Expenses

Bank Charges  
Corporate Social Responsibility (CSR)  
Contractual Staff Expense  
Car Expenses  
Discount and Commission Paid  
Training and Internship  
Security and Cleaning  
Exgratia of Security and Cleaning Services Staff  
Subscription

|            |           |
|------------|-----------|
| 478,769    | 304,558   |
| 8,130,000  | 2,175,459 |
| 4,172,655  | -         |
| 2,512,991  | 1,656,064 |
| 593,462    | 1,452,345 |
| 1,933,051  | 98,850    |
| 26,689,076 | 5,954,017 |
| 1,782,960  | 554,700   |
| 2,745,726  | -         |



|           |   | Amount in Taka     |                   |
|-----------|---|--------------------|-------------------|
|           |   | 2014               | 2013              |
|           | Entertainment and other Expenses                                    | 3,563,436          | 1,571,760         |
|           | Travelling Expenses   | 1,758,656          | 2,684,169         |
|           | Conveyance, Carriage and Freight                                    | 1,192,103          | 287,886           |
|           | Development and Publicity   | 1,706,103          | 1,746,729         |
|           | Liveries and Uniforms   | 518,280            | 17,040            |
|           | Medical Expenses  | 147,139            | 68,984            |
|           | Newspaper, Magazine and Periodicals                                 | 218,088            | 85,578            |
|           | Loss on Sale of Securities  | 578,700            | -                 |
|           | Interest Expense on Leased Properties                               | 3,469,727          | 865,162           |
|           | Card Division Charges and Expenses                                  | 4,573,479          | 6,800             |
|           | Yearly Incentive Bonus  | 14,649,050         | 8,400,000         |
|           | Gratuity  | 2,400,000          | 3,900,000         |
|           | LFA & Furniture Allowance   | 20,623,262         | 8,547,000         |
|           | Miscellaneous Expenses  | 10,492,497         | 3,366,723         |
|           | Loss on Revaluation of Govt. Securities:Treasury Bills              | 11,236,326         | 47,596            |
|           |   | <b>126,165,536</b> | <b>43,791,420</b> |
| <b>35</b> | <b>Provision against Loans and Advances</b>                         |                    |                   |
|           | Provision for Sub-Standard, Doubtful and Bad & Loss                 | -                  | -                 |
|           | Provision for SMA Loans and Advances                                | -                  | -                 |
|           | Provision for Unclassified Loans and Advances                       | 114,606,820        | 43,398,760        |
|           |   | <b>114,606,820</b> | <b>43,398,760</b> |
| <b>36</b> | <b>Provision for Diminution in Value of Investments</b>             |                    |                   |
|           | Adjustment of Quoted Company Share Value                            | 5,274,846          | -                 |
|           | Others  | -                  | -                 |
|           |   | <b>5,274,846</b>   | -                 |
| <b>37</b> | <b>Other Provisions</b>   |                    |                   |
|           | Provision required on Off-Balance Sheet Exposures                   | 27,667,689         | 10,831,058        |
|           | Others  | -                  | -                 |
|           |   | <b>27,667,689</b>  | <b>10,831,058</b> |
| <b>38</b> | <b>Current Tax Expense</b>  |                    |                   |
|           |   | Amount in Taka     |                   |
| SL        | Particulars   | 2014               | 2013              |
| 1         | Taxable Income  | 204,350,250        | 30,683,782        |
| 2         | Current Tax Payable @42.50% before considering extra ordinary items | 86,848,856         | 13,040,607        |
| 3         | Add: Adjustment of Tax for Capital Gain, Dividend and CSR           | 1,600,713          | -                 |
| 4         | Current Tax Payable after considering extra ordinary items          | 88,449,570         | 13,040,607        |
| 5         | Deferred Tax Liability for the period                               | 16,685,601         | 3,241,252         |
| 6         | Tax Expense for the Period  | 105,135,171        | 16,281,859        |



### 39 Deferred Tax Expense

|   | <u>Carrying Amt</u> | <u>Tax Base</u> |
|---|---------------------|-----------------|
| Fixed Assets  | 342,892,142         | 296,005,429     |
| <b>Total Taxable Temporary Difference at Asset side</b>                   |                     |                 |
| Gratuity  | 3,900,000.00        |                 |
| <b>Total Deductible Temporary Difference at Liability side</b>            |                     |                 |
| Net Taxable Temporary Difference [i.e. Tax will be paid in future period] |                     |                 |
| Tax Rate @42.50% i.e deferred Tax Liability                               |                     |                 |
| Less : Deffered Tax Expense at 2013                                       |                     |                 |
| Deffered Tax Expense for the year   |                     |                 |

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

| <u>Temporary Difference</u> |                       |
|-----------------------------|-----------------------|
| 46,886,712                  | 11,526,474            |
| 46,886,712                  | 11,526,474            |
| -                           | (3,900,000.00)        |
| -                           | <b>(3,900,000.00)</b> |
| 46,886,712                  | 7,626,474             |
| 19,926,853                  | 3,241,252             |
| 3,241,252                   | -                     |
| <b>16,685,601</b>           | <b>3,241,252</b>      |

### 40 Earnings Per Share (EPS)

|                                       |
|---------------------------------------|
| Profit after Taxation                 |
| Number of Ordinary Shares outstanding |
| Earnings Per Share                    |

|             |             |
|-------------|-------------|
| 78,496,000  | 22,028,397  |
| 444,605,900 | 444,605,900 |
| <b>0.18</b> | <b>0.05</b> |

### 41 Receipts from Other Operating Activities

|                                       |
|---------------------------------------|
| Interest on Treasury Bills            |
| Interest on Money at call             |
| Interest on Treasury Bonds            |
| Interest on Bond/Zero Coupon Bonds    |
| Gain on Sale of Shares and Debentures |
| Gain on Sale of Approve Securities    |
| Service Charges and Fees              |
| Income from Card Services             |
| Charges on Trade Finance              |
| Miscellaneous Earnings                |

|                    |                   |
|--------------------|-------------------|
| 33,410,767         | 16,084,098        |
| 21,873,577         | 629,333           |
| 285,401,457        | -                 |
| 61,234,589         | -                 |
| 6,977,124          | -                 |
| 75,912,910         | -                 |
| 14,436,855         | 1,882,929         |
| 3,925,787          | 1,467             |
| 10,106,616         | 284,082           |
| 2,705,242          | 73,012            |
| <b>515,984,924</b> | <b>18,954,922</b> |

### 42 Payments for Other Operating Activities

|   |
|---|
| Rent, Taxes, Insurance, Electricity, etc          |
| Legal expenses                                    |
| Audit Fees  |
| Postage, Stamps, Telecommunication, etc           |
| Directors' fees & Meeting Expenses                |
| Repair, Renovation & Maintenance of Bank's Assets |
| Payment for CSR                                   |
| Other Expenses                                    |

|                    |                   |
|--------------------|-------------------|
| 149,885,026        | 41,780,260        |
| 199,426            | 113,625           |
| 200,000            | -                 |
| 11,164,566         | 4,077,323         |
| 2,780,508          | 1,598,562         |
| 4,414,125          | 16,525,460        |
| 3,000,000          | -                 |
| 115,638,052        | 20,801,761        |
| <b>287,281,703</b> | <b>84,896,990</b> |



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

#### 43 Other Assets

|   |                    |                    |
|---|--------------------|--------------------|
| Advance Security Deposit                | 466,686            | 284,485            |
| Membership with Visa Worldwide PLC Ltd. | -                  | 2,311,500          |
| Suspense Account                        | (37,988,910)       | 77,204,006         |
| Advance Rent                            | 99,728,013         | 255,028,389        |
| Advance Income Tax                      | 58,362,658         | 32,925,394         |
| Preliminary Expenses                    | -                  | 16,172,727         |
| Pre-operating/Formation Expenses        | -                  | 26,278,801         |
|   | <b>120,568,447</b> | <b>410,205,302</b> |

#### 44 (Payment)/Receipt of Other Liabilities

|  |                    |                   |
|--|--------------------|-------------------|
| FC Held Against BTB Bills, EDF Loan and Others | 791,995,143        | -                 |
| Lease Payable for Lease Hold Property          | (3,672,716)        | 26,361,555        |
|  | <b>788,322,427</b> | <b>26,361,555</b> |

#### 45 (Purchase)/ Sale of Government Securities

|  |                      |                    |
|--|----------------------|--------------------|
| Treasury Bills-HFT   | 2,441,843,367        | 354,764,401        |
| Treasury Bills-HTM   | 1,110,808,832        | 288,378,438        |
| Less: Revaluation Gain on Treasury Bills which is non-cash | (31,676,506)         | (3,307,486)        |
|  | <b>3,520,975,693</b> | <b>639,835,353</b> |

#### 46 Currency Conversion Rates

Assets and Liabilities as at 31 December 2014 denominated in foreign currencies have been converted to local currency Bangladesh Taka (BDT) at the following exchange rates:

| Currency     | Abbreviation | Unit | Equivalent BDT |
|--------------|--------------|------|----------------|
| US Dollar    | USD          | 1    | 77.92          |
| Japanese Yen | JPY          | 1    | 0.6553         |
| EURO         | EURO         | 1    | 97.67          |
| GBP          | GBP          | 1    | 123.46         |



#### 47 Highlights of overall activities of the Bank

| SI # | Particulars  | 2014           | 2013          |
|------|--|----------------|---------------|
|      |  | Taka           | Taka          |
| 1    | Paid-up Capital  | 4,446,059,000  | 4,373,849,812 |
| 2    | Total Capital  | 4,760,579,721  | 4,451,761,770 |
| 3    | Capital Surplus  | 3,119,047,242  | 3,898,261,770 |
| 4    | Total Assets   | 24,848,112,795 | 9,537,592,672 |
| 5    | Total Deposits   | 17,270,880,701 | 4,909,955,503 |
| 6    | Total Loans and Advances                                   | 14,412,251,270 | 3,717,145,445 |
| 7    | Total Contingent Liabilities and Commitments               | 4,492,661,041  | 1,083,105,799 |
| 8    | Credit-Deposit Ratio                                       | 76.83%         | 72.81%        |
| 9    | Ratio of Classified Loans against Total Loans and Advances | -              | -             |
| 10   | Profit after Tax and Provision                             | 78,496,000     | 22,028,397    |
| 11   | Loans Classified during the Year                           | Nil            | -             |
| 12   | Provision kept against Classified Loans                    | -              | -             |
| 13   | Provision Surplus/ (deficit)                               | -              | -             |
| 14   | Cost of Fund   | 9.81%          | 11.13%        |
| 15   | Interest Earning Assets                                    | 22,288,911,713 | 8,554,981,948 |
| 16   | Non-interest Earning Assets                                | 2,559,046,133  | 982,610,724   |
| 17   | Return on Investments (ROI)                                | 1.75%          | 0.5084%       |
| 18   | Return on Assets (ROA)                                     | 0.46%          | 0.2783%       |
| 19   | Income from Investments                                    | 767,160,286    | 41,128,563    |
| 20   | Earnings Per Share   | 0.18           | 0.05          |
| 21   | Net Income Per Share                                       | 0.18           | 0.05          |
| 22   | Price-Earnings Ratio (Times)                               | N/A            | N/A           |


#### 48 Events after Reporting Period

The Board of Directors of NRBC Bank Limited in its 26<sup>th</sup> Board Meeting held on 07 February 2015 recommended Cash Dividend @ 1% on the holding of shares for the year ended 2014. The amount of recommended cash dividend is Tk. 44,460,590/-

  
Dewan Mujibur Rahman  
Managing Director & CEO

  
Mohammed Adnan Imam, FCCA  
Director

  
Dr. Toufique Rahman Chowdhury  
Director

  
Engr. Farasath Ali  
Chairman



## Annex-A

### FDR with Banks/NBFIs

As of 31 December 2014

| SL                 | Name of the Bank/NFBI                               | Period    | Issue Date | Maturity Date | Principal Amount     |
|--------------------|---|-----------|------------|---------------|----------------------|
| <b>BANKS</b>       |   |           |            |               |                      |
| 1                  | Agrani Bank Ltd.                                    | 12 Months | 21/Nov/14  | 21/Nov/15     | 10,584,000           |
| <b>Sub-Total</b>   |   |           |            |               | <b>10,584,000</b>    |
| <b>NBFIs</b>       |   |           |            |               |                      |
| 1                  | Bangladesh Finance and Investment Company Ltd.      | 361 Days  | 05/Mar/14  | 01/Mar/15     | 100,000,000          |
| 2                  | Bangladesh Finance and Investment Company Ltd.      | 360 Days  | 10/Mar/14  | 05/Mar/15     | 100,000,000          |
| 3                  | Union Capital Ltd.                                  | 180 Days  | 10/Jul/14  | 06/Jan/15     | 50,000,000           |
| 4                  | First Lease Finance and Investment Ltd.             | 182 Days  | 20/Jul/14  | 18/Jan/15     | 50,000,000           |
| 5                  | Pheonix Finance & Investment Ltd.                   | 182 Days  | 20/Jul/14  | 18/Jan/15     | 100,000,000          |
| 6                  | GSP Finance   | 182 Days  | 20/Jul/14  | 18/Jan/15     | 50,000,000           |
| 7                  | Bangladesh Industrial Finance Company Ltd.          | 184 Days  | 21/Jul/14  | 21/Jan/15     | 50,000,000           |
| 8                  | Reliance Finance Ltd.                               | 182 Days  | 13/Aug/14  | 11/Feb/15     | 50,000,000           |
| 9                  | Peoples Leasing Financial Services Ltd.             | 181 Days  | 08/Sep/14  | 08/Mar/15     | 100,000,000          |
| 10                 | First Lease Finance And Investment Ltd.             | 180 Days  | 09/Sep/14  | 08/Mar/15     | 50,000,000           |
| 11                 | First Lease Finance And Investment Ltd.             | 182 Days  | 14/Sep/14  | 15/Mar/15     | 50,000,000           |
| 12                 | Union Capital Ltd.                                  | 182 Days  | 14/Sep/14  | 15/Mar/15     | 100,000,000          |
| 13                 | FAS Finance And Investment Ltd.                     | 180 Days  | 30/Sep/14  | 29/Mar/15     | 100,000,000          |
| 14                 | Peoples Leasing Financial Services Ltd.             | 180 Days  | 08/Oct/14  | 06/Apr/15     | 100,000,000          |
| 15                 | FAS Finance And Investment Ltd.                     | 182 Days  | 19/Oct/14  | 19/Apr/15     | 100,000,000          |
| 16                 | First Lease Finance And Investment Ltd.             | 182 Days  | 26/Oct/14  | 26/Apr/15     | 50,000,000           |
| 17                 | Peoples Leasing Financial Services Ltd.             | 182 Days  | 29/Oct/14  | 29/Apr/15     | 100,000,000          |
| 18                 | GSP Finance   | 180 Days  | 04/Dec/14  | 02/Jun/15     | 100,000,000          |
| 19                 | Far East Finance & Investment Ltd.                  | 182 Days  | 07/Dec/14  | 07/Jun/15     | 100,000,000          |
| 20                 | Bangladesh Finance And Investment Company Ltd.      | 183 Daily | 07/Dec/14  | 08/Jun/15     | 100,000,000          |
| 21                 | Industrial & Infrastructure Development Finance Co. | 91 Daily  | 07/Dec/14  | 08/Mar/15     | 50,000,000           |
| 22                 | First Lease Finance and Investment Ltd.             | 182 Daily | 07/Dec/14  | 07/Jun/15     | 100,000,000          |
| 23                 | Union Capital Ltd.                                  | 90 Daily  | 11/Dec/14  | 11/Mar/15     | 100,000,000          |
| 24                 | Bangladesh Industrial Finance Company Ltd.          | 182 Daily | 14/Dec/14  | 14/Jun/15     | 50,000,000           |
| 25                 | Union Capital Ltd.                                  | 90 Daily  | 15/Dec/14  | 15/Mar/15     | 100,000,000          |
| 26                 | Peoples Leasing Financial Services Ltd.             | 182 Daily | 21/Dec/14  | 21/Jun/15     | 50,000,000           |
| 27                 | FAS Finance And Investment Ltd.                     | 91 Daily  | 28/Dec/14  | 29/Mar/15     | 100,000,000          |
| <b>Sub- Total</b>  |   |           |            |               | <b>2,150,000,000</b> |
| <b>Grand Total</b> |   |           |            |               | <b>2,160,584,000</b> |



## Currency wise balance position of Nostro Accounts

As of 31 December 2014

| SL           | Name of the Bank          | Location | Name of currency | As of 31 December 2014     |                 |                           | 2013              |
|--------------|---------------------------|----------|------------------|----------------------------|-----------------|---------------------------|-------------------|
|              |                           |          |                  | Amount in Foreign Currency | Conversion Rate | Equivalent Amount in Taka |                   |
| 1            | Habib American Bank       | New York | USD              | 95,803.94                  | 77.92           | 7,465,043                 | 11,906,053        |
| 2            | Mashreq Bank PSC          | New York | USD              | 1,677,273.88               | 77.92           | 130,693,181               | 7,683,819         |
| 3            | AB Bank Limited           | Mumbai   | Acu Dollar       | 3,164.73                   | 77.92           | 246,596                   | 504,986           |
| 4            | Mashreq Bank PSC          | London   | GBP              | 8,222.05                   | 123.46          | 1,015,094                 | -                 |
| 5            | United Bank of India      | Kolkata  | Acu Dollar       | 5,963.24                   | 77.92           | 464,656                   | 157,522           |
| 6            | Mashreq Bank PSC          | London   | EURO             | 7,910.46                   | 97.67           | 772,615                   | -                 |
| 7            | Mashreq Bank PSC          | Mumbai   | Acu Dollar       | 2,111.97                   | 77.92           | 164,565                   | -                 |
| 8            | National Bank of Pakistan | Tokyo    | Jap.YEN          | 1,305,913.06               | 0.66            | 855,765                   | 703,397           |
| 9            | Habib Metro Bank Limited  | Karachi  | Acu Dollar       | 3,569.91                   | 77.92           | 278,167                   | -                 |
| <b>Total</b> |                           |          |                  | <b>3,109,933</b>           |                 | <b>141,955,681</b>        | <b>20,955,776</b> |



## Annex-C

### Investment in Share Portfolio, Preference Share and Bonds

As of 31 December 2014

#### a. Quoted Shares & MFs:

| SL           | Company Name      | Value (Tk.)       |
|--------------|-------------------|-------------------|
| 1            | Banks             | 2,859,431         |
| 2            | NBFIs             | 4,149,481         |
| 3            | Cement & Ceramics | 2,782,613         |
| 4            | Engineering       | 4,144,500         |
| 5            | Insurances        | 2,723,557         |
| 6            | Fuel & Power      | 9,784,390         |
| 7            | Mutual Fund       | 1,023,502         |
| <b>Total</b> |                   | <b>27,467,474</b> |

#### b. Investment in Preference Share:

| SL           | Issuer Name          | Financial Product             | Tenure  | Intt. Rate/ Divi. | Maturity Date | Amount (Taka)      | Major Feature                           |
|--------------|----------------------|-------------------------------|---------|-------------------|---------------|--------------------|---|
| 1            | Regent Power Limited | Regent Power Preference Share | 6 Years | 13.00%            | 11/May/2020   | 100,000,000        | Preference Share with having Rebate Tax |
| <b>Total</b> |                      |                               |         |                   |               | <b>100,000,000</b> |   |

#### c. Investment in Bond:

| SL           | Issuer Name             | Financial Product                 | Tenure  | Intt. Rate/ Divi. | Maturity Date | Amount (Taka)        | Major Feature  |
|--------------|-------------------------|-----------------------------------|---------|-------------------|---------------|----------------------|--|
| 1            | Mercantile Bank Limited | Mercantile Bank Subordinated Bond | 7 Years | Floating rate     | 29/Jun/2021   | 450,000,000          | Subordinated Bond. Floating Rate bond Ranging From 12% to 15% based on 6 months average FDR rate plus 3% markup.         |
| 2            | Trust Bank Limited      | Trust Bank Subordinated Bond      | 7 Years | 12.50%            | 07/Sep/21     | 150,000,000          | Subordinated Bond. Fixed Rate.   |
| 3            | AB Bank Limited         | AB Bank Subordinated Bond         | 7 Years | Floating rate     | 26/Aug/21     | 100,000,000          | Subordinated Bond. Floating Rate bond Ranging From 11% to 13% based on 5 years Govt. Treasury Bond Rate plus 2.5% markup |
| 4            | City Bank Limited       | City Bank Subordinated Bond       | 7 Years | Floating rate     | 21/Oct/20     | 196,000,000          | Subordinated Bond. Floating Rate bond Ranging From 12% to 15% based on 6 months average FDR rate plus 2.5% markup.       |
| 5            | BSRM Limited            | BSRM Convertible Bond             | 5 Years | 13.00%            | 27/Apr/19     | 450,000,000          | 12% Convertible Bond into share  |
| <b>Total</b> |                         |                                   |         |                   |               | <b>1,346,000,000</b> |  |



## Schedule of Property, Plant & Equipment for Accounting Purpose

As of 31 December 2014

| Sl NO.       | Properties & Assets               | Assets             |                          |                          |                    | Depreciation         |                   |                          |                          | Book Value         |
|--------------|-----------------------------------|--------------------|--------------------------|--------------------------|--------------------|----------------------|-------------------|--------------------------|--------------------------|--------------------|
|              |                                   | Opening Balance    | Addition during the year | Disposal during the year | Closing Balance    | Rate of Depreciation | Opening Balance   | Addition during the year | Disposal during the year |                    |
| 1            | Land, Building and Construction   | -                  | -                        | -                        | -                  | 2.50%                | -                 | -                        | -                        | -                  |
| 2            | Furniture and fixtures            | 801,517            | 109,880,640              | -                        | 110,682,157        | 10.00%               | 139,845           | 3,896,467                | -                        | 106,645,845        |
| 3            | Equipment and Machinery           | 122,024,565        | 133,087,420              | -                        | 255,111,985        | 20.00%               | 14,208,320        | 37,710,987               | -                        | 203,192,678        |
| 4            | Motor Vehicles                    | 11,500,000         | 5,000,000                | -                        | 16,500,000         | 20.00%               | 433,333           | 3,216,667                | -                        | 12,850,000         |
| 5            | Professionals and Reference Books | -                  | 23,370                   | -                        | 23,370             | 20.00%               | -                 | 3,009                    | -                        | 20,362             |
| 6            | Leased Assets: Motor Vehicle      | 27,106,624         | -                        | -                        | 27,106,624         | 20.00%               | 1,502,042         | 5,421,325                | -                        | 20,183,258         |
| <b>Total</b> |                                   | <b>161,432,706</b> | <b>247,991,430</b>       | <b>-</b>                 | <b>409,424,136</b> |                      | <b>16,283,540</b> | <b>50,248,454</b>        | <b>-</b>                 | <b>342,892,142</b> |



## Schedule of Property, Plant & Equipment for Tax Purpose

As of 31 December 2014

| Sl<br>NO. | Properties & Assets                  | Assets             |                             |                                |                    | Depreciation            |                    |                             |                                |                    | Book Value         |
|-----------|--------------------------------------|--------------------|-----------------------------|--------------------------------|--------------------|-------------------------|--------------------|-----------------------------|--------------------------------|--------------------|--------------------|
|           |                                      | Opening<br>Balance | Addition during<br>the year | Disposal<br>during<br>the year | Closing<br>Balance | Rate of<br>Depreciation | Opening<br>Balance | Addition<br>during the year | Disposal<br>during the<br>year | Closing<br>Balance |                    |
| 1         | Land, Building and<br>Construction   | -                  | -                           | -                              | -                  | 2.50%                   | -                  | -                           | -                              | -                  | -                  |
| 2         | Furniture and fixures                | 801,517            | 109,880,640                 |                                | 110,682,157        | 10.00%                  | 139,845            | 11,054,231                  | -                              | 11,194,076         | 99,488,081         |
| 3         | Office Equipment and<br>Machinery    | 8,446,989          | 74,519,783                  |                                | 82,966,772         | 20.00%                  | 521,747            | 16,489,005                  | -                              | 17,010,752         | 65,956,020         |
| 4         | Computer and Computer<br>Equipment   | 80,173,386         | 51,895,136                  |                                | 132,068,522        | 30.00%                  | 13,359,083         | 35,612,832                  | -                              | 48,971,915         | 83,096,607         |
| 5         | Bangladesh Made Computer<br>Software | 33,404,190         | 6,672,500                   |                                | 40,076,690         | 50.00%                  | 11,853,964         | 14,111,363                  | -                              | 25,965,327         | 14,111,363         |
| 6         | Motor Vehicles                       | 11,500,000         | 5,000,000                   |                                | 16,500,000         | 20.00%                  | 433,333            | 3,213,333                   | -                              | 3,646,667          | 12,853,333         |
| 7         | Professionals and Reference<br>Books | -                  | 23,370                      |                                | 23,370             | 30.00%                  | -                  | 7,011                       | -                              | 7,011              | 16,359             |
| 8         | Leased Assets: Motor<br>Vehicle      | 27,106,624         | -                           |                                | 27,106,624         | 20.00%                  | 1,502,042          | 5,120,916                   | -                              | 6,622,958          | 20,483,666         |
|           | <b>Total</b>                         | <b>161,432,706</b> | <b>247,991,429</b>          |                                | <b>409,424,135</b> |                         | <b>27,810,014</b>  | <b>85,608,692</b>           | <b>-</b>                       | <b>113,418,706</b> | <b>296,005,429</b> |



Detailed of Risk Weighted Assets under Basel II as at 31 December 2014

| Risk Weighted Assets (RWA) for     | 2014                  |                       | 2013                 |                      |
|------------------------------------|-----------------------|-----------------------|----------------------|----------------------|
|                                    | Exposure              | Risk Weighted Asset   | Exposure             | Risk Weighted Asset  |
| A. Credit Risk                     | 20,433,247,926        | 14,907,827,123        | 9,297,716,211        | 4,966,099,863        |
| On- Balance Sheet (as shown below) | 19,552,188,225        | 13,915,216,865        | 9,090,770,028        | 4,724,239,364        |
| Off-Balance Sheet (as shown below) | 881,059,701           | 992,610,258           | 206,946,183          | 241,860,499          |
| B. Market Risk                     |                       | 499,001,755           |                      | 38,329,631           |
| C. Operational Risk                |                       | 1,008,495,910         |                      | 530,524,523          |
| <b>Total: RWA (A+B+C)</b>          | <b>20,433,247,926</b> | <b>16,415,324,787</b> | <b>9,297,716,211</b> | <b>5,534,954,016</b> |

**Credit Risk - On Balance Sheet Items**

| SL | Exposure Type   | 2014          |   |            |                     |
|----|---|---------------|---|------------|---------------------|
|    |   | Exposure      | Rating  | Risk Weigh | Risk Weighted Asset |
| a  | Cash and Cash Equivalents   | 226,188,773   |   | 0%         | -                   |
| b  | Claims on Bangladesh Government and Bangladesh Bank   | 2,400,316,782 |   | 0%         | -                   |
| c  | Claims on other Sovereigns & Central Banks*   | -             |   | 50%        | -                   |
| d  | Claims on Bank for International Settlements, International Monetary Fund and European Central Bank | -             |   | 0%         | -                   |
| e  | Claims on Multilateral Development Banks (MDBs):  | -             |   | 0%         | -                   |
|    | i. IBRD, IFC, ADB, AFDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB                                  |               |   |            |                     |
|    | ii. Others MDBs   | -             | 1   | 20%        |                     |
|    |   | -             | 2,3   | 50%        |                     |
|    |   | -             | 4,5   | 100%       |                     |
|    |   | -             | 6   | 150%       |                     |
|    |   | -             | Unrated   | 50%        |                     |
| f  | Claims on Public Sector Entities (other than Government) in Bangladesh                              | -             | 1   | 20%        |                     |
|    |   | -             | 2,3   | 50%        |                     |
|    |   | -             | 4,5   | 100%       |                     |
|    |   | -             | 6   | 150%       |                     |
|    |   | -             | Unrated   | 50%        |                     |
| g  | Claims on Banks and Non-bank Financial Institution (NBF):   |               |   |            |                     |
|    | i) Original maturity over 3 months  | -             | 1   | 20%        | -                   |
|    |   | 2,160,584,000 | 2, 3  | 50%        | 1,080,292,000       |
|    |   | -             | 4, 5  | 100%       |                     |
|    |   | -             | 6   | 150%       |                     |
|    |   | -             | Unrated   | 100%       |                     |
|    | ii) Maturity less than 3 months   | 46,255,497    |   | 20%        | 9,251,099           |
| h  | Claims on Corporate (excluding equity exposure)   | 1,488,201,122 | 1   | 20%        | 297,640,224         |
|    |   | 2,765,859,529 | 2   | 50%        | 1,382,929,764       |
|    |   | 1,000,000,716 | 3, 4  | 100%       | 1,000,000,716       |
|    |   | -             | 5, 6  | 150%       | -                   |
|    |   | 4,924,095,695 | Unrated   | 125%       | 6,155,119,618       |
| i  | Claim on SME  | -             | SME 1   | 20%        | -                   |
|    |   | -             | SME 2   | 40%        |                     |
|    |   | -             | SME 3   | 60%        |                     |
|    |   | -             | SME 4   | 80%        |                     |
|    |   | -             | SME 5   | 120%       |                     |
|    |   | -             | SME 6   | 150%       |                     |
|    |   | 172,792,530   | Unrated (Small Enterprise & <BDT 3.00m)                           | 75%        | 129,594,397         |
|    |   | 168,745,864   | Unrated (Small enterprise having ≥ BDT 3.00m & medium enterprise) | 100%       | 168,745,864         |



|              |  |                       |                       |      |                       |
|--------------|--|-----------------------|-----------------------|------|-----------------------|
| j            | Claims under Credit Risk Mitigation  | -                     | PSE                   |      |                       |
|              |  | -                     | Banks & NBFIs         |      |                       |
|              |  | 358,117,906           | Corporate             | 125% | 447,647,383           |
|              |  | 91,973,140            | Retail & Small        | 94%  | 86,616,270            |
|              |  | 14,966,857            | Consumer Finance      | 100% | 14,966,857            |
|              |  | -                     | Residential property  |      |                       |
|              |  | -                     | Commercial Real State |      |                       |
| k            | Claim categories as retail portfolio (Excluding SME, Consumer Finance & Staff loan) Upto 1 Crore   | 1,213,793,949         |                       | 75%  | 910,345,462           |
| l            | Consumer Loan  | 158,103,724           |                       | 100% | 158,103,724           |
| m            | Claims fully secured by residential property   | 275,282,664           |                       | 75%  | 137,641,332           |
| n            | Claims fully secured by commercial real estate   | 653,161,611           |                       | 100% | 653,161,611           |
| o            | 1. Past Due Claims (Risk weights are to be assigned net of specific provision):  |                       |                       |      |                       |
|              | Where Specific provisions are less than 20 percent of the outstanding amount of the past due claim   | -                     |                       | 150% |                       |
|              | Where Specific provisions are no less than 20 percent of the outstanding amount of the past due claim  | -                     |                       | 100% |                       |
|              | Where Specific provisions are more than 50 percent of the outstanding amount of the past due claim   | -                     |                       | 50%  |                       |
|              | 2. Claims fully secured against residential property that are past due for more than 90 days and/or impaired specific provision held there-against is less than 20 percent of outstanding amount             | -                     |                       | 100% |                       |
|              | 3. Loans & Claims fully secured against residential property that are past due for more than 90 days and/or impaired and specific provision held there-against is more than 20 percent of outstanding amount | -                     |                       | 75%  |                       |
| p            | Capital Market Exposure  | -                     |                       | 125% |                       |
| q            | Unlisted Equity Investments and Regulatory Capital Instruments issued by other banks (other than those deducted from capital) held in banking book   | -                     |                       | 125% |                       |
| r            | Investments in Venture Capital   | -                     |                       | 150% |                       |
| s            | Investments in premises, plant and equipment and all other fixed assets  | 342,892,141           |                       | 100% | 342,892,141           |
| t            | Claims on all fixed assets under operating lease   | -                     |                       | 100% |                       |
| u            | All other Assets   |                       |                       |      |                       |
|              | i. Claims on GoB & BB  | -                     |                       | -    |                       |
|              | ii. Staff Loan   | 188,234,156           |                       | 20%  | 37,646,831            |
|              | iii. Cash Item in process of Collection  | -                     |                       | 20%  |                       |
|              | iv. Claim on Offshore Banking Unit (OBU)   | -                     |                       | 100% |                       |
|              | v. Other Assets (Not specified above)  | 902,621,570           |                       | 100% | 902,621,570           |
| <b>Total</b> |  | <b>19,552,188,225</b> |                       |      | <b>13,915,216,865</b> |



## Credit Risk - Off Balance Sheet Items

| SL           | Exposure Type   | 2014               |   |      | Risk Weighted Asset |
|--------------|---|--------------------|---|------|---------------------|
|              |   | Exposure           |   |      |                     |
| a            | Claims on Bangladesh Government and Bangladesh Bank   | -                  |   | -    |                     |
| b            | Claims on other Sovereigns & Central Banks*   | -                  |   |      |                     |
| c            | Claims on Bank for International Settlements, International Monetary Fund and European Central Bank | -                  |   | -    |                     |
| d            | Claims on Multilateral Development Banks (MDBs):  |                    |   |      |                     |
|              | i. IBRD, IFC, ADB, AfDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB                                  | -                  |   | -    |                     |
|              | ii. Other MDBs  | -                  | 1   | 0.2  |                     |
|              |   | -                  | 2, 3  | 0.5  |                     |
|              |   | -                  | 4, 5  | 1    |                     |
|              |   | -                  | 6   | 1.5  |                     |
|              |   | -                  | Unrated   | 0.5  |                     |
| e            | Claims on Public Sector Entities (other than Government) in Bangladesh                              | -                  | 1   | 0.2  |                     |
|              |   | -                  | 2, 3  | 0.5  |                     |
|              |   | -                  | 4, 5  | 1    |                     |
|              |   | -                  | 6   | 1.5  |                     |
|              |   | -                  | Unrated   | 0.5  |                     |
| f            | Claims on Banks:  |                    |   |      |                     |
|              | i) Maturity over 3 months   | -                  | 1   | 0.2  |                     |
|              |   | -                  | 2, 3  | 0.5  |                     |
|              |   | -                  | 4, 5  | 1    |                     |
|              |   | -                  | 6   | 1.5  |                     |
|              |   | -                  | Unrated   | 1    |                     |
|              | ii) Maturity less than 3 months   | -                  |   | 0.2  |                     |
| g            | Claims on Corporate (excluding equity exposure)   | 44,467,681         | 1   | 0.2  | 8,893,536           |
|              |   | 24,256,132         | 2   | 0.5  | 12,128,066          |
|              |   | 8,669,127          | 3, 4  | 1    | 8,669,127           |
|              |   | -                  | 5, 6  | 1.5  | 0                   |
|              |   | 720,338,916        | Unrated   | 1.25 | 900,423,645         |
| h            | Against retail portfolio & Small Enterprise (excluding consumer loan)                               | -                  |   | 0.75 | 0                   |
| i            | Claim On SME  | -                  | SME 1   | 0.2  |                     |
|              |   | -                  | SME 2   | 0.4  |                     |
|              |   | -                  | SME 3   | 0.6  |                     |
|              |   | -                  | SME 4   | 0.8  |                     |
|              |   | -                  | SME 5   | 1.2  |                     |
|              |   | -                  | SME 6   | 1.5  |                     |
|              |   | 83,327,846         | Unrated (Small Enterprise & <BDT 3.00m)                           | 0.75 | 62,495,884          |
|              |   | -                  | Unrated (Small enterprise having ≥ BDT 3.00m & medium enterprise) | 1    |                     |
| j            | Consumer Finance  | -                  |   | 1    |                     |
| k            | Claims fully secured by residential property  | -                  |   | 0.5  |                     |
| l            | Claims fully secured by commercial real estate  | -                  |   | 1    |                     |
| m            | Investments in venture capital  | -                  |   | 1.5  |                     |
| n            | All other assets  | -                  |   | 1    |                     |
| <b>Total</b> |   | <b>881,059,701</b> |   |      | <b>992,610,258</b>  |



## Annex-G

### Related Party Disclosure

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related party informations are given below.

#### i. Directors' Interest in Different Entities

| SI | Name of Director              | Status with Bank | Experience | Name of the firms/companies in which interested as Proprietor, Partner, Director, Managing Agent, Guarantor, Employee, etc.  | Status as in Column E   | Percentage of Holding/ Interest in the concern       |
|----|-------------------------------|------------------|------------|--|---|--|
| A  | B                             | C                | D          | E  | F   | G  |
| 1  | Engr. Farasath Ali            | Chairman         | 22 Years   | a. 1586 Restaurant Inc (Vivo Restaurant), 1586 2nd Ave, NYC, NY 10028.<br>b. SNA Knitting Mill Inc., 1 Market Street, Passaic, N-J-07055.  | a. President<br>b. Shareholder  | a. 50%<br>b. 90%                                     |
| 2  | Dr. Toufique Rahman Chowdhury | Vice Chairman    | 22 Years   | a. East Anglia Resources Ltd, 19 Mayflower Mews, Grantham, NG31 7AF, UK.<br>b. Metro Politon University<br>c. National Credit Ratings Ltd., 3 Bijoy Nagar, Dhaka.<br>d. Mercantile Bank Limited<br>e. M/S. Toufique Rahman Chowdhury   | a. Director<br>b. Chairman<br>c. Director<br>d. Sponsor<br>e. Proprietor          | a. 50%<br>b. Trust.<br>c. 19%<br>d. -----<br>e. 100% |
| 3  | Mr. ABM Abdul Mannan          | Director         | 12 Years   | AAA Wash & Clean, 89-04 Elliot Avenue, Rego Park, NY 11374, USA.   | Owner   | 100%   |
| 4  | Mr. Mohammed Oliur Rahman     | Director         | 22 Years   | a. Al Haramain Trading LLC, PO Box: 13754, Dubai, UAE.<br>b. Al Haramain Perfumes MFG & Oudh Processing Industry LLC, PO Box: 1885, Ajman, UAE.<br>c. Al Haramain Perfumes LLC, Dubai, UAE.<br>d. Best in Fragrance, Hilton tower, Gate#3, Shops#6-7, PO Box: 18083, Holy Makkah, Kingdom of Saudi Arabia<br>e. Noor Al Haramain LLC, PO Box: 13754, Dubai, UAE. | a. Director<br>b. Shareholder<br>c. Shareholder<br>d. hareholder<br>e. hareholder | a. 24%<br>b.20%<br>c.30%<br>d.30%<br>e. 24%          |
| 5  | Mr. Mohammed Enayet Hossain   | Director         | 17 Years   | a. Tanjil-Co, Via Marteri Della Liberta-208, Sanremo, (IM) Italy.<br>b. Tanjil Co. Cleaning Company, Via Ciotti No-1, Vallebona (IM) Italy.  | a. Director<br>b. Director  | a. 100%<br>b. 100%                                   |
| 6  | Mr. Md. Amir Hossain          | Director         | 19 Years   | a. Trimx International, LLC, 5 Concourse PKWY, Suite 3000, Atlanta, GA 30328.<br>b. Trimx Ventures LLC, 2730 Weaver Rd., Macon, GA 31217.<br>c. Trimx Recycling LLC, 2730 Weaver Rd., Macon, GA 31217. Trimx Demolition LLC, 2730 Weaver Rd.,<br>d. Macon, GA 31217.   | a. CEO<br>b. CEO<br>c. CEO<br>d. CEO  | a. 100%<br>b. 100%<br>c. 100%<br>d. 100%             |



| Sl | Name of Director                     | Status with Bank | Experience | Name of the firms/companies in which interested as Proprietor, Partner, Director, Managing Agent, Guarantor, Employee, etc.  | Status as in Column E   | Percentage of Holding/ Interest in the concern                          |
|----|--------------------------------------|------------------|------------|--|---|---|
| 7  | Mr. Abu Mohammad Tushar Iqbal Rahman | Director         | 14 Years   | Lantiq Deutshland GMBH, Germany, AM Compeon 3, 85579, Neubiberg, Germany.  | Staff Engineer  | None.   |
| 8  | Mr. Firoz Haider Khan                | Director         | 15 Years   | Diff Organization in Canada, 505, 5 Massey Square, East York, Toronto, M4C 5L6, ON, Canada.  | Vice President  | None.   |
| 9  | Mrs. Kamrun Nahar Sakhi              | Director         | 12 Years   | a. 7069367 Canada Inc., 587 Third Line, Oakville, ON, L6L 4A8, Canada.<br>b. Mishmak Developments Ltd., Forum Central (6th Floor), Golpahar Circle, MM Ali Road. Chittagong.<br>c. Mishmak Lands Developments Ltd. Forum Central (6th Floor), Golpahar Circle, MM Ali Road, Chittagong.  | a. Director<br>b. Director<br>c. Director   | a. 50%<br>b. 10%<br>c. 10%  |
| 10 | Mr. Abu Bakr Chowdhury               | Director         | 12 Years   | a. Baizid Steel Industries Ltd., Rahima Center, 4th Floor, 1618/1839 CDA Avenue, Nasirabad, Chittagong.<br>b. CSS Corporation (BD) Ltd., Rahima Center, 4th Floor, 1618/1839 CDA Avenue, Nasirabad, Chittagong.<br>c. CSS Power Ltd., Rahima Center, 4th Floor, 1618/1839 CDA Avenue, Nasirabad, Chittagong.<br>d. ABC Marks Holdings Ltd., Rahima Center, 4th Floor, 1618/1839 CDA Avenue, Nasirabad, Chittagong.<br>e. ATN News Ltd., Hassan Plaza, 53 Kawran Bazar, Dhaka-1215.<br>f. Bijoy TV Ltd., Press Club Bhaban, 2nd Floor, Jamal Khan Road, Chittagong.<br>g. ABC Associates Ltd., Rahima Center, 4th Floor, 1618/1839 CDA Avenue, Nasirabad, Chittagong. | a. Chairman<br>b. MD<br>c. MD<br>d. MD<br>e. Shareholder<br>f. Shareholder<br>g. MD | a) 59.50%<br>b. 40%<br>c. 80%<br>d. 50%<br>e. 10%<br>f. 15%<br>g. 2.50% |
| 11 | Mr. Mohammad Shahid Islam            | Director         | 15 Years   | Marafie Kuwaitia Group, Arab Union Building, 4th Ringroad, 4th FL Hawally, State of Kuwait.  | CEO and Partner   | 49%   |
| 12 | Mr. Loquit Ullah                     | Director         | 32 Years   | Store Alamin SNC, Via Principe Amedia, 134-136, Rome, Italy.   | Managing Director   | 100%  |
| 13 | Mr. Tamal S.M.Parvez                 | Director         | 17 Years   | a. OYSTN Electronics Ltd., Nokkalanniemi 1C, 02230 Espoo, Finland.<br>b. Oldi Group, Malisheva 20, Moscow, Russia.<br>c. System Invest Trekhprudnaya, 11/13, Off 25, Moscow, Russia.   | a. CEO and President<br>b. Director<br>c. Director                                  | a. 100%<br>b. 5%<br>c. 95%  |
| 14 | Mr. Rafikul Islam Mia Arzoo          | Director         | 22 Years   | a. Bonanza, 2nd Magietralnaya 14 G, Moscow, Russia.<br>b. Mela, 2nd Magietralnaya 14 G, Moscow, Russia.<br>c. Lisichka, St. Bibirovskaya 2/1, Moscow, Russia.  | a. President<br>b. MD<br>c. Director  | a. 90%<br>b. 89.5%<br>c. 80%  |



| Sl | Name of Director            | Status with Bank | Experience | Name of the firms/companies in which interested as Proprietor, Partner, Director, Managing Agent, Guarantor, Employee, etc.   | Status as in Column E   | Percentage of Holding/ Interest in the concern    |
|----|-----------------------------|------------------|------------|---|---|---|
| 15 | Mr. Mohammed Nazim          | Director         | 14 Years   | a. Al Majal Car Wash and Maint, Al Maliha Street, Industrial Area,-10, Near Gico, PO: 29037, Sharjah, UAE.<br>b. Al Badar Car Washing Station, New I/A, PO Box-1267, Ajman, UAE.<br>c. Dar Al Madina Washing Station, Jouraf I/A-1, Near China Mall, Ajman, UAE.<br>d. Dar Al Salam Car Washing Station, Ajman,UAE.<br>e. Al Ardh Al Thahabiah Trucks & Heavy Machines Maint. Center, Sharjah, UAE. | a. MD<br>b. MD<br>c. MD<br>d. MD<br>e. MD                       | a. 100%<br>b. 100%<br>c. 100%<br>d. 50%<br>e. 50% |
| 16 | Engr. Syed Munsif Ali       | Director         | 12 Years   | a. Multiplan Limited, Suite-8C, Chandrashila, Suvastu Tower (8th Floor), 69/1 Panthpath, Dhaka-1205.<br>b. Multiplan Canada Limited, 8595 Omer Street, Brossard, Montreal, Quebec J4Y 3E9, Canada.  | a. Chairman and CEO<br>b. President                             | a. 81.84%<br>b. 20%                               |
| 17 | Mr. Mohammed Adnan Imam     | Director         | 13 Years   | a. IPE Capital Limited, 10 Margaret Street, London, W1W 8RL.<br>b. AWR Developents Limited, 82 Great Eastern Street, London, EC2A 3JF.<br>c. AWR Real Estate Limited, 10 Margaret Street, London, W1W 8RL.  | a. MD<br>b. MD<br>c. MD   | a. 50%<br>b. 50%<br>c.. 50%                       |
| 18 | Dr. Nuran Nabi              | Director         | 17 Years   | Colgate Palmolive Company, 909 River Road, Piscataway, NJ 08854, USA.   | Director of Board   | None.   |
| 19 | Mrs. Kaniz Farzana Rashed   | Director         | 11 Years   | a. North South Inc., 63 Riverview Heights, Etobicoke, ON M9P 2N3, Canada.<br>b. Bay Navigation Ltd., 261 Mazirghat Road, Chittagong.<br>c. MRF Essentials Trade Ltd., 261 Mazirghat Road, Chittagong.   | a. Director and Chairperson<br>b. Shareholder<br>c. Shareholder | a. 100%<br>b. 10%<br>c. 10%                       |
| 20 | Mr. Mohammed Manzurul Islam | Director         | 14 Years   | a. Re/Max Universal, 37-17 57th Street, Wodstde, NY11377, USA.<br>b. ATN News Ltd., Hasan Plaza, 53, Kawran Bazar, Dhaka.   | a. CEO<br>b. Director   | a. 100%<br>c. 20%                                 |



- ii. Significant contracts were executed where the Bank is a party and wherein Directors have interest: Nil
- iii. Shares to the Directors and Executives without consideration or exercisable at discount: Nil
- iv. Related Party relationship and transaction: Please see Annexure -G1
- v. Lending policies for granting loan to the Related Party : Related parties are allowed Loans and Advances as per General Loan Policy of the Bank.
- vi. Business other than Banking business with any related concern of the Directors as per section -18 (2) of the Banking Companies Act, 1991: Nil
- vii. Investments in the Security of Directors and their related concerns: Nil

### Related Party Transactions

### Annex-G1

Related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged as per BAS-24. The Bank in normal course of business had transactions with other entities that fall within the definition of 'Related Party' as contained in Bangladesh Accounting Standards (BAS)-24 (Related party disclosures) and as defined in the BRPD circular #14, issued by Bangladesh Bank on 25 June 2003.

**The significant Related party transactions during the year was as follow:**

- Letting out of Premises:

| Name of the Organization | Representating Director  | Nature of interest of Director of the Organization | Nature of agreement | Premises      | Financial Involvement with the Agreement       |
|--------------------------|--|--|---------------------|---------------|--|
| AWR Real Estate Ltd.     | Mr. Mohammed Adnan Imam, Representative Director of NRBC Bank Ltd. | Managing Director                                  | Rental Agreement    | Banani Branch | Monthly Rent Tk.11.00 lac (5000 sft @ Tk.220/) |



## Memorable Events



*Launching Ceremony of VISA Card operation on 2<sup>nd</sup> April 2014*



*Agreement with Computer Network Systems Ltd. (CNS) for collection of BRTA fees & taxes*





*Agreement with Dhaka Power Distribution Company (DPDC) for collection of electricity bill*



*Hon'ble Chairman Engr. Farasath Ali inaugurated the 21<sup>st</sup> Branch (Banani Branch) on Monday 25<sup>th</sup> August, 2014*





Hon'ble Chairman Engr. Farasath Ali inaugurated the 22<sup>nd</sup> Branch (Naogaon Branch) on 7<sup>th</sup> December, 2014



Hon'ble Director Mr. Rafikul Islam Mia Arzoo Inaugurated the 17<sup>th</sup> Branch (Nabinagar Branch) on 29<sup>th</sup> May 2014





*Hon'ble Director Mr. Abu Bakr Chowdhury Inaugurated the 18<sup>th</sup> Branch (O.R Nizam Road Branch) at Chittagong*



*Awarded Runnersup Trophy of Q-Cash 4G Bank Premier Cricket Tournament-2014*





*Participation of SME Fair at Sonargoan Hotel held on 12-13 November 2014*



*Inauguration of 19<sup>th</sup> Branch (Barisal Branch) on 4<sup>th</sup> August 2014*



## The Management & Executives

### **Managing Director & CEO**

Mr. Dewan Mujibur Rahman

### **Additional Managing Director**

Mr. A S M Bulbul

### **Deputy Managing Director**

Mr. Md. Shoaib Ahmed

### **Senior Executive Vice Presidents**

Mr. Arif Md. Shahedul Haque

Mr. Md. Shafiet Wahed

Mr. Kazi Md. Talha

### **Executive Vice President & Company Secretary**

Mr. Md. Rafiquzzaman

### **Executive Vice President**

Mr. Muhammad Hajjaj-Bin-Mahfooz

### **Senior Vice Presidents**

Mr. Kabir Ahmed

Mr. Md. Ikram Rouf

Mr. Syed Mahbubul Haq

Mr. Tanusree Mitra

Mr. Kazi Md. Safayet Kabir

### **Vice Presidents**

Mr. Md. Kabir Hossain

Mr. Harunur Rashid

Mr. Md. Mynul Hossain Kabir

Mr. Dipak Kumar Chakraborty

Mr. Md. Azharul Islam

Mr. Mohammad Mostahaque

Mr. Md. Delwar Hossain

Mr. Md. Akhtar Hossain

Mr. A. I. M. Mostafa

### **First Vice Presidents**

Mr. Md. Anisur Rahman

Mr. Sayed Md. Moharam Hossain

Mr. Asif Ahmed

Mr. Ibne Ali Md. Najmul Kibria

Mr. Chowdhury Mohiuddin

Mr. Md. Haider Akhlaque

Mr. Md. Masum Haider

### **Assistant Vice Presidents**

Mr. Habibur Rahman Khan

Mr. Md. Abu Moshahed

Mr. Hasnat Reza Mohibbul Alam

Mr. Md. Monirul Islam

Mr. M. M. Moshir Rahman

Mr. Golam Mahamood

Mr. Md. Arifur Rahman

Mr. Ashim Kumar Das

Mr. Pradyuth Bikash Chodhury

Mr. Md. Shafiul Azam

Mr. Md. Nasimul Kabir



## Deposit Products

### Savings Account

A customer can open this account in his/her own name or jointly. Customers can deposit and withdraw any amount from this account. There are no hidden charges or penalties. Attractive rate of return is given for the balance in account. Other benefits includes cheque book facility, VISA debit card facility, access to account 24/7 via ATM, opportunity to get up to 6.50% interest, etc. The rate of interest of this account is as follows:

|                          |                       |                               |
|--------------------------|-----------------------|-------------------------------|
| Saving Bank Deposit (SB) | Upto 1 Crore @ 6.00%  | Conditions apply:             |
|                          | Above 1 Crore @ 6.50% | Minimum balance Tk. 10,000.00 |

### Shohoj Shanchay

This is a unique account with an opportunity to earn higher interest and still enjoy the freedom of savings account. Any individual can open this account in his/her own name or jointly by depositing a minimum declared amount such as Tk.50,000, Tk.1,00,000, and Tk.2,00,000. Customer can deposit and withdraw amount from this account at any time. There are cheque book and debit card facilities against this account. If a customer maintains a declared amount throughout the month, he/she will get interest as per the following table:

| SL. No | Minimum Declared Amount | Interest Rate* |
|--------|-------------------------|----------------|
| 01     | 50,000.00               | 6.00%          |
| 02     | 1,00,000.00             | 6.50%          |
| 03     | 2,00,000.00             | 7.50%          |

### Current Deposit Account (CD)

This account has been designed for business transactions without any restriction on withdrawal or deposit either in amount or in frequency. Other key benefits include cheque book facility, VISA debit card facility, access to account 24/7 via ATM, opportunity to get up to **2.50% interest**, etc.

### Short Notice Deposit

Short Notice Deposit Account (SND) is an interest bearing deposit account which allow customers withdraw and deposit any amount and earn a high rate of return at the end of month. This account is suitable for corporate or government bodies. Other key benefits include cheque book facility, VISA debit card facility, access to account 24/7 via ATM, opportunity to get up to 7.50% interest, etc. Interest rate on SND accounts is varied based on the balance of the account. Present rate of interest is as under:

|                            |   |                               |
|----------------------------|---|-------------------------------|
| Short Notice Deposit (SND) | Less than Tk.1.00 Crore : 5.50%<br>Tk.1.00 crore and above but less than Tk.25 crore : 5.75%<br>Tk.25.00 crore and above but less than Tk.50 crore : 6.50%<br>Tk.50.00 crore and above but less than Tk.100 crore : 7%<br>Tk.100.00 crore and above : 7.50% | Minimum balance Tk. 50,000.00 |
|----------------------------|---|-------------------------------|

### Fixed Deposit

Under this account customer can open account by depositing at least Tk.10,000.00 for a fixed tenor. At the end of



the tenor customer can get an attractive reward as per the following rate:

| Particulars | Tenor    | Rate (%)* |
|-------------|----------|-----------|
| Any amount  | 1 Month  | 7.00%     |
|             | 3 Months | 9.50%     |
|             | 6 Months | 9.75%     |
|             | 1 Year   | 9.75%     |
|             | 2 Years  | 10.00%    |

### Money Maker Scheme

Money Maker Scheme allow customers to deposit small amount of money on monthly basis. It is a simple, safe and convenient way to make money grow. Under this scheme customers will deposit a certain amount in every month for a specific tenor of 3, 5, 7 or 10 years and get attractive benefit at maturity as mentioned in the following table:

| Term/Monthly Installment | 200    | 500     | 1,000   | 2,000   | 2,500   | 5,000     | 10,000    | 20,000    | 25,000    |
|--------------------------|--------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|
| 03 Years                 | 8,680  | 21,700  | 43,400  | 86,800  | 108,500 | 217,000   | 434,000   | 868,000   | 1,085,000 |
| 05 Years                 | 16,480 | 41,200  | 82,400  | 164,800 | 206,000 | 412,000   | 824,000   | 1,648,000 | 2,060,000 |
| 07 Years                 | 26,300 | 65,750  | 131,500 | 263,000 | 328,750 | 657,500   | 1,315,000 | 2,630,000 | 3,287,500 |
| 10 Years                 | 46,400 | 116,000 | 232,000 | 464,000 | 580,000 | 1,160,000 | 2,320,000 | 4,640,000 | 5,800,000 |

### Corporate Money Maker Scheme

The Corporate Money Maker Scheme is a modification of regular Money Maker Scheme suited to corporate bodies such as Multinational Company, Corporate House of EPZ, Local Corporate House (sole proprietorship concern, partnership concern, Private/Public Limited Company), Educational Institute, Non-banking Financial Institute, Insurance Company, Club and Association, NGO, etc. Monthly installment size and corresponding maturity value (Principal + Interest) are as below;

| Term/Monthly Installment | 25,000    | 50,000    | 75,000    | 1,00,000  | 3,00,000    | 5,00,000    |
|--------------------------|-----------|-----------|-----------|-----------|-------------|-------------|
| 2 Yrs                    | 6,67,000  | 13,34,000 | 20,01,000 | 26,68,000 | 80,04,000   | 1,33,40,000 |
| 3 Yrs                    | 10,68,000 | 21,36,000 | 32,04,000 | 42,72,000 | 1,28,16,000 | 2,13,60,000 |
| 4 Yrs                    | 15,30,000 | 30,60,000 | 45,90,000 | 61,20,000 | 1,83,60,000 | 3,06,00,000 |
| 5 Yrs                    | 20,69,000 | 41,38,000 | 62,70,000 | 82,76,000 | 2,48,28,000 | 4,13,80,000 |

### Student Savings Scheme

This product is designed for the students to build up savings attitude among them. Any student between six to eighteen years can open an account under this scheme in his/her own name by depositing the first installment. Parents or legal guardian of the students will operate the scheme on behalf of the students. Monthly installment size and corresponding maturity value (Principal plus Interest) are as below;

| Monthly Installment/Term | 50     | 100    | 200    | 300    | 500     |
|--------------------------|--------|--------|--------|--------|---------|
| 03 Yrs                   | 2,180  | 4,360  | 8,720  | 13,080 | 21,800  |
| 05 Yrs                   | 4,170  | 8,340  | 16,680 | 25,020 | 41,700  |
| 07 Yrs                   | 6,740  | 13,480 | 26,960 | 40,440 | 67,400  |
| 10 Yrs                   | 12,050 | 24,100 | 48,200 | 72,300 | 120,500 |



### Lakhopoti Savings Scheme

Any customer can open an account under this scheme in his/her own name or jointly by depositing the Initial Deposit amount and First installment amount. The Tenure of this scheme is of 5 years. After depositing 60 installments, along with the initial deposit. The customer will get attractive benefit as below:

| Deposit Amount   |                     | Payable on Maturity* |
|------------------|---------------------|----------------------|
| One time deposit | Monthly Installment |                      |
| 10,000           | 1,000               | 1,00,000             |
| 20,000           | 2,000               | 2,00,000             |
| 30,000           | 3,000               | 3,00,000             |
| 40,000           | 4,000               | 4,00,000             |
| 50,000           | 5,000               | 5,00,000             |
| 1,00,000         | 10,000              | 10,00,000            |
| 5,00,000.0       | 50,000.0            | 50,00,000            |
| 10,00,000        | 1,00,000            | 1,00,00,000          |

### Millionaire Savings Scheme

This is an ideal scheme for individuals who want to save their surplus income and attain a savings goal. Customers can deposit a specific amount each month to become a millionaire. Maturity period varies between 3 to 10 years.

| Term     | Monthly Installments | Amount Payable on Term* |
|----------|----------------------|-------------------------|
| 03 Years | 23,200               | 10,00,000               |
| 04 Years | 16,300               |                         |
| 05 Years | 12,250               |                         |
| 06 Years | 9,500                |                         |
| 07 Years | 7,600                |                         |
| 08 Years | 6,200                |                         |
| 10 Years | 4,300                |                         |

### Priority Deposit Scheme

A customer is allowed to open an account under this scheme in his/her own name or jointly or in name of institution/organization by depositing at least Tk. 20 lac. Tenor of the scheme: 3 months, 6 months, 1 year, and 2 years. Payable amount at maturity is as proportionate to the amount given below:

| Tenure    | Maturity value for Tk 20 lac* |
|-----------|-------------------------------|
| 03 Months | 20,50,000                     |
| 06 Months | 21,00,000                     |
| 01 Year   | 22,00,000                     |
| 02 Years  | 24,00,000                     |

### Monthly Benefit Scheme

Monthly Benefit Scheme allows customers to earn interest on monthly basis against a one-time deposit. Customer is allowed to open this scheme in his/her own name or jointly by depositing any amount of Tk.50,000 or its multiple.



The Tenure of the scheme is 3 years. Benefit will be given upon completion of each month upto 36 months. Principal will be given back to the customer upon maturity/encashment of the scheme.

At present monthly benefit is as under:

| Principal | Monthly Benefit* |
|-----------|------------------|
| 50,000    | 475              |
| 1,00,000  | 950              |

### Double Benefit Deposit Scheme (DBDS)

Under this scheme deposited amount will be doubles at 6 years 3 months. Customer can open this scheme in his own name or jointly by depositing BDT 10,000 or its multiple.

### Triple Benefit Deposit Scheme (TBDS)

Under this scheme, principal amount will be tripled at 10 years 10 months. Customer is allowed to open this scheme in his own name or jointly by depositing any amount of Tk. 10,000 or its multiple. Moreover, if customers encash the scheme before maturity, they will get the full interest for the completed year(s). Principal amount and yearly payable amount are as under:

| Tenor              | Principal and yearly payable amount* |
|--------------------|--------------------------------------|
| 00 Year            | 10,000                               |
| 01 Year            | 10,850                               |
| 02 Years           | 11,800                               |
| 03 Years           | 12,862                               |
| 04 Years           | 14,084                               |
| 05 Years           | 15,492                               |
| 06 Years           | 17,196                               |
| 07 Years           | 19,174                               |
| 08 Years           | 21,523                               |
| 09 Years           | 24,159                               |
| 10 Years           | 27,155                               |
| 10 Years 10 Months | 30,006                               |

### Deposit Pension Scheme

Deposit pension scheme allows customers to deposit a specific amount every month throughout 6 (six) years. At the end of the 6 (six) years, customers can get either a lump sum amount or a specific monthly benefit throughout next 5 (five) years. During the pension period, if customer wishes to stop enjoying pension or at the end of the pension period customer will get the lump sum amount according to the below table:

| Monthly Installment (for 6 years) | Lump sum Payable after 6 Years | Monthly pension payable for 5 Years after depositing installment for 6 years | Fixed Amount Payable after pension period |
|-----------------------------------|--------------------------------|--|---|
| 1000                              | 1,05,000                       | 1000   | 1,05,000                                  |
| 2000                              | 2,10,000                       | 2000   | 2,10,000                                  |
| 3000                              | 3,15,000                       | 3000   | 3,15,000                                  |
| 4000                              | 4,20,000                       | 4000   | 4,20,000                                  |
| 5000                              | 5,25,000                       | 5000   | 5,25,000                                  |
| 10000                             | 10,50,000                      | 10,000   | 10,50,000                                 |

\*Rate of interest/benefits on different deposit products may be change on time to time as per bank's policy.

**Note: Depositor may avail credit facility against deposited amount or encashment value of the scheme according to the credit policy of the bank.**



## Branch Network

### Principal Branch

114, Motijheel C/A, Dhaka-1000  
 PABX: 88 029573422-30  
 Fax: 88 02 9588 323  
 Cell : 019 555 02 101  
 E Mail : principalbr@nrbcommercialbank.com  
**HOB: Mr. Kazi Md. Talha, SEVP**

### Gulshan Branch

Silver Tower, 52, Gulshan Avenue  
 Gulshan -1, Dhaka  
 Phone: 9897531-32  
 Cell : 019 555 02 10  
 E Mail : gulshan@nrbcommercialbank.com  
**HOB: Mr. Muhhamad Hajjaj-Bin-Mahfooz, EVP**

### Ruhitpur Branch

Rahim Noor Skyview Tower  
 Ruhitpur Bazar  
 Keraniganj, Dhaka  
 PABX :02-7766 886-7  
 Cell : 019 555 02 103  
 E Mail : ruhithpur@nrbcommercialbank.com  
**HOB: Mr. Md. Azharul Islam, VP**

### Mawna Branch

Hazi Abdus Salam Tower  
 Dhaka- Mymensingh Road  
 Mawna, Sreepur, Gazipur  
 Cell : 019 555 02 104, 01711-202051  
 E Mail : mawna@nrbcommercialbank.com  
**HOB: Mr. Mohd Shahidul Islam, FAVP**

### Agrabad Branch

Quaderi Chamber  
 37, Agrabad C/A  
 Chittagong  
 Tel:+88 031-2521702-04  
 Fax:+88 031-2521706  
 Cell : 019 555 02 105  
 E Mail : agrabad@nrbcommercialbank.com  
**HOB: Mr. Syed Mahbubul Haq, SVP**

### Chinishpur Branch

Chinishpur (Jailkhana Morh)  
 Narsingdi  
 PABX : +88 02 945 2481-82  
 Fax:+88 02 945 2483  
 Cell : 019 555 02 106  
 E Mail : chinishpur@nrbcommercialbank.com  
**HOB: Mr. Lalon Sarwar, PO**

### Hemayetpur Branch

225 Singair Road, Hemayetpur  
 Savar, Dhaka  
 PABX: 7745151, Fax: 7745152  
 Cell: 01730-300210  
 Cell : 019 555 02 107  
 E Mail : hemayetpur@nrbcommercialbank.com  
**HOB: Mr. Md. Monirul Islam, FAVP**

### Uttara Branch

Masum Plaza  
 House#13, Road#15, Rabindra Sarani  
 Sector#3, Uttara, Dhaka  
 PABX 5895 0025, 8950192  
 FAX-8950126  
 Cell : 019 555 02 108  
 E Mail : uttara@nrbcommercialbank.com  
**HOB: Mr. Md. Delwar Hossain, VP**

### Board Bazar Branch

China Town Bangladesh  
 84 Kalameswar, Ward No.-35, Zone -02  
 Board Bazar, Joydebpur, Gazipur  
 PABX: 9291831, 9291834  
 Cell : 019 555 02 109  
 E Mail : boardbazar@nrbcommercialbank.com  
**HOB: Mr. Md. Ikram Rouf, SVP**

### Mograpara Branch

Nurul Islam Plaza  
 Habibpur (Mograpara)  
 Mograpara, Sonargaon, Narayanganj  
 Cell: 01715-431015  
 E Mail : mograpara@nrbcommercialbank.com  
 Cell : 019 555 02 110  
**HOB: Mr. Md. Delower Hossain, PO**

### Dhanmondi Branch

Mir Nur Square, House# 43(New)  
 Road #2-A(New), Satmasjid Road  
 Dhanmondi R/A, Dhaka  
 PABX: 9671713, 9671786, 9671798  
 Cell : 019 555 02 111  
 E Mail : dhanmondi@nrbcommercialbank.com  
**HOB: Mr. Md. Kabir Hossain, VP**

### Aganagar Branch

Din Complex, 1<sup>st</sup> floor  
 Kodomtoli Morh, Shuvadda  
 Keraniganj, Dhaka  
 PABX : 7764581-82  
 Cell : 019 555 02 112  
 E Mail : aganagar@nrbcommercialbank.com  
**HOB: Mr. Mohammad Abdus Shobhan, FAVP**



|  |   |
|--|---|
| <b>Gorai Branch</b><br>Mir Milton Complex, Gorai<br>Mirzapur, Tangail<br>Cell : 019 555 02 113, 01915-478997<br>E Mail : gorai@nrbcommercialbank.com<br><b>HOB: Mr. Abu Bakor Siddique, PO</b>   | <b>Panchabati Branch</b><br>Mamun Super Market (Panchabati)<br>Harihorpara, Enayetnagar<br>Fatulla, Narayanganj<br>PABX: 7670461-2<br>Cell : 019 555 02 114<br>E Mail : panchabati@nrbcommercialbank.com<br><b>HOB: Mr. Mohammad Abu Sayem Khan, PO</b>     |
| <b>Zirabo Branch</b><br>Fuad Complex<br>Zirabo Bazar, Taibpur<br>Ashulia, Savar, Dhaka<br>Cell : 019 555 02 115 , 01716-591435<br>E Mail : zirabo@nrbcommercialbank.com<br><b>HOB: Mr. Kazi Mizanur Rahman, PO</b>   | <b>Sylhet Branch</b><br>HS Tower, Dargahgate<br>Waves 1, Sylhet.<br>PABX: 0821-711476-7<br>FAX: 0821-711486<br>Cell : 019 555 02 116<br>E Mail : sylhet@nrbcommercialbank.com<br><b>HOB: Mr. Ibne Ali Md. Najmul Kibria, FVP</b>                            |
| <b>Nabinagar Branch</b><br>Dendabor, Savar Cantonment<br>Ashulia, Savar, Dhaka<br>Cell : 019 555 02 117, 01715-505057<br>E Mail : nabinagar@nrbcommercialbank.com<br><b>HOB: Mr. Mohammad Sultan Chowdhury, PO</b>   | <b>O.R. Nizam Road Branch</b><br>Atlanta Trade Centre, GEC Morh<br>O R Nizam Road, Chittagong<br>PABX 031-612413, 612866,<br>Cell : 019 555 02 119, 01711 078 776<br>E Mail : ornizamroad@nrbcommercialbank.com<br><b>HOB: Mr. Chowdhury Mohiuddin, FVP</b> |
| <b>Barisal Branch</b><br>Lisa Plaza<br>140/1, Sadar Road, Barisal.<br>Cell : 01955 502 118, 019 555 02 111<br>E Mail : barishal@nrbcommercialbank.com<br><b>HOB: Mr. G. K. A. M. Maksud Bin Harun, FAVP</b>  | <b>Rajshahi Branch</b><br>F R Plaza, Rani Bazar, Boalia<br>Rajshahi City Corporation, Rajshahi.<br>Tel : 0721 775046, 773373, Cell : 019 555 02 120<br>E Mail : rajshahi@nrbcommercialbank.com<br><b>HOB: Mr. Asim Kumar Das, FAVP</b>                      |
| <b>Banani Branch</b><br>AWR NIB Tower<br>House# 99, Road# 11<br>Block # C, Banani, Dhaka<br>Pabx- 982 2396-7, Fax : 982 2364<br>Cell : 019 555 02 121<br>E Mail : banani@nrbcommercialbank.com<br><b>HOB: Mr. A. I. M. Mostafa, VP</b>                       | <b>Naogaon Branch</b><br>T K Plaza, Batar Morh<br>Naogaon Sadar, Naogaon<br>Tel : 0741 62 006- 8<br>Cell : 019 555 02 122<br>E Mail : naogaon@nrbcommercialbank.com<br><b>HOB: Mr. Shamol Chandra Barmon, FAVP</b>  |
| <b>Ekuria Branch</b><br>Holding#01, Block-A, Ward # 9<br>Hasnabad Housing Plot, Ekuria<br>South Keraniganj, Dhaka-1311<br>Tel: 776 2495 & 776 2390, Cell : 019 555 02 123<br>E Mail : ekuria@nrbcommercialbank.com<br><b>HOB: Mr. Md. Nasimul Kabir, AVP</b> | <b>Chatkhil Branch</b><br>Jonaki Super Market<br>Chatkhil, Noakhali<br>Tel : 0322 75357-9<br>Cell : 019 555 02 124<br>E Mail : chatkhil@nrbcommercialbank.com<br><b>HOB: Kazi Md. Ziaul Karim, PO</b>   |
| <b>Chandraganj Branch</b><br>Dada Bhai Plaza<br>Chandraganj Bazar<br>Chandraganj, Lakshmipur<br>Cell: 01975 651 464, 01755 651 464<br>Cell : 019 555 02 125<br>E Mail : chandraganj@nrbcommercialbank.com<br><b>HOB: Mr. Md. Shakhawat Hossain, FAVP</b>     | <b>Borodighirpar Branch</b><br>Haji Raza Mia Market<br>Chikon Dondi, Hathazari<br>Chittagong<br>Tell : 031-2580 407-8<br>Cell : 019 555 02 126<br>borodighirpar@nrbcommercialbank.com<br><b>HOB: Mr. Md. Aminul Islam, FAVP</b>                             |





Registered Office: 114 Motijheel C/A, Dhaka

## Proxy Form

I/We .....  
 of..... being a Member of  
**NRB Commercial Bank Limited** do hereby appoint Mr./Ms. ....  
 of .....  
 falling him/her.....  
 of .....  
 as Proxy/Attorney in my absence to attend and vote for me/us and on my/our behalf at the 2<sup>nd</sup> Annual General Meeting of the Company to be held on 28<sup>th</sup> February 2015, Saturday, at 11:30 am at The Westin, Gulshan, Dhaka or at any adjournment thereof.

Signed this ..... day of ..... 2015

Signature of Proxy .....

.....  
 Signature of Shareholder

Folio No.:

No. of Shares .....

**N.B.**

This Proxy Form, duly completed, must be deposited at least 48 (forty eight) hours before the meeting at the company's Registered Office. Proxy is invalid if not signed and stamped as explained above.

Revenue  
Stamp  
Tk.20.00



## Attendance Slip

I hereby record my attendance at the 2<sup>nd</sup> Annual General Meeting of the Company being held on 28<sup>th</sup> February 2015, Saturday, at 11:30 am at The Westin, Gulshan, Dhaka.

Name of Member/Proxy .....

Folio No.:

Signature .....

Date .....





**NRBC BANK**

এনআরবি কমার্শিয়াল ব্যাংক লিমিটেড

**NRB Commercial Bank Limited**

Head Office : Red Crescent Jashim Trade Centre  
114 Motijheel C/A, Dhaka-1000, Bangladesh  
Phone : 880-02-9573423-7 Fax: 880-02-9573421  
SWIFT Code : NRBB BDDH  
Web : [www.nrbcommercialbank.com](http://www.nrbcommercialbank.com)