



114, Motijheel Commercial Area  
Dhaka-1000  
Bangladesh

**NRB Commercial Bank Limited**

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Auditors' report and Audited Financial Statements for the period ended  
31 December 2013

**A. Wahab & Co**

Chartered Accountants  
Hotel Purbani, Annex-2  
4th Floor, 1 Dilkusha C/A  
Dhaka-1000  
Bangladesh

**K. M. Hasan & Co**

Chartered Accountants  
Hometown Apartments (8th & 9th Floor)  
87 New Eskaton Road  
Dhaka-1000  
Bangladesh

**AUDITORS' REPORT  
TO THE SHAREHOLDERS  
OF  
NRB COMMERCIAL BANK LIMITED**

We have audited the accompanying financial statements of **NRB Commercial Bank Limited** ("the Bank"), as at December 31, 2013 which comprise the balance sheet, the profit and loss account, statement of changes in equity and cash flows and statement of liquidity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

***Management's Responsibility for the Financial Statements***

Management of the **NRB Commercial Bank Limited** is responsible for the preparation of financial statements and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) along with Rules and Regulation issued by Bangladesh Bank. This responsibility includes: Designing, implementation and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selection and applying appropriate accounting policies; and making accounting estimates that are responsible in the circumstances.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 referred to the above, which have been prepared in Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standards (BFRS) in the form prescribed by Bangladesh Bank vide circular # 14 dated 25 June 2003, give a true and fair view of the financial position of the Bank as at December 31, 2013 and of the result of its operations and its cash flows for the year then ended and comply with Banking Companies Act, 1991 as amendments up to 2013, the Companies Act, 1994 and the rules and regulations issued by Bangladesh Bank and other applicable laws and regulations.

***Report on Other Legal and Regulatory Requirements***

We also report the following:

- a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) 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 purposes of our audit have been received from branches not visited by us;
- c) The Balance Sheet and Profit and Loss Account together with dealt with by this report are in agreement with the books of account and returns;
- d) The records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- e) The financial statements have been drawn up in conformity with Banking Companies Act 1991 and in accordance with rules and regulations issued by Bangladesh Bank and the Financial Statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh.
- f) The financial position of the Bank as at December 31, 2013 and the profit for the period then ended have been properly reflected in the financial statements and the financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS);
- g) Adequate provisions have been made for loans and advances as required by law;
- h) The expenditures incurred during the period were for the purposes of the business of the Bank;
- i) Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) with Bangladesh Bank have been maintained as per rule;
- j) As far as it was revealed from our test checks, the existing rules and regulation for loan sanctioning and disbursements have been followed properly;
- k) It appeared from our test checks that the internal control system was satisfactory and adequate to prevent probable frauds and forgeries;
- l) Adequate capital of the Bank, as required by law, has been maintained during the period under audit;
- m) We were not aware of any other matters, which are required to be brought to the notice of the shareholders of the Bank;
- n) 80% of the Risk Weighted Assets have been reviewed by us;
- o) We have spent approximately 3,150 man hours for the audit of books and account of the Bank.

**-SD-**

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

**-SD-**

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

Place: Dhaka

Dated: 27 February 2014

NRB COMMERCIAL BANK LIMITED  
Balance Sheet  
As at 31 December 2013

Particulars	Note	2013 Taka
<b>PROPERTY AND ASSETS</b>		
Cash:	3	30,63,94,864
In Hand (Including Foreign Currencies)	3.1	6,90,48,955
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	3.2	23,73,45,909
Balance with other banks and financial institutions	4	4,21,61,50,441
In Bangladesh		4,19,51,94,665
Outside Bangladesh		2,09,55,776
Money at call and short notice	5	-
Investments	6	64,32,44,539
Government		64,32,44,539
Others		-
Loans, advances and lease /investments	7	3,71,71,45,445
Loans, cash credits, overdrafts etc./ investments	7.2	3,68,32,56,242
Bills purchased and discounted	8	3,38,89,203
Fixed assets including premises, furniture and fixtures	9	14,51,49,165
Other assets	10	50,95,08,218
Non - banking assets		-
<b>Total assets</b>		<b>9,53,75,92,672</b>
<b>LIABILITIES AND CAPITAL</b>		
Liabilities		
Borrowings from other banks, financial institutions and agents	11	-
Deposits and other accounts	12	4,90,99,55,503
Current accounts and other accounts		26,62,19,631
Bills payable		3,18,61,689
Savings bank deposits		7,55,40,097
Special notice deposits		3,68,38,153
Fixed deposits		4,05,48,59,292
Bearer certificates of deposit		
Other deposits		44,46,36,641
Other liabilities	13	22,84,51,474
Total liabilities		4,39,91,85,696
Total Shareholders' Equity		4,37,38,49,812
Paid -up capital	14	76,62,052
Statutory reserve	15	33,07,486
Other reserve	16	1,43,66,346
Retained earnings	17	
<b>Total Liabilities and Shareholders' Equity</b>		<b>9,53,75,92,672</b>

NRB COMMERCIAL BANK LIMITED  
Balance Sheet  
As at 31 December 2013

Particulars	Note	2013 Taka
OFF - BALANCE SHEET EXPOSURES		
Contingent liabilities	18	1,08,31,05,799
Acceptances and endorsements		20,14,72,352
Letters of guarantee		11,57,34,254
Irrevocable letters of credit		64,54,04,000
Bills for collection		12,04,95,193
Other contingent liabilities		-
Other commitments		
Documentary credits and short term trade -related transactions		
Forward assets purchased and forward deposits placed		
Undrawn note issuance and revolving underwriting facilities		
Undrawn formal standby facilities , credit lines and other commitments		
Liabilities against forward purchase and sale		
Total Off-Balance Sheet exposures including contingent liabilities		1,08,31,05,799
Other memorandum items		
Value of travellers cheques		
Value of savings certificates (sanchaya patra)		

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

-SD-  
Dewan Mujibur Rahman  
Managing Director & CEO

-SD-  
Mohammed Adnan Imam, FCCA  
Director

-SD-  
Dr. Toufique Rahman Chowdhury  
Director

-SD-  
Engr. Farasath Ali  
Chairman

Auditors' Report to the shareholders to see annexed report on even date

-SD-  
A. WAHAB & CO  
Chartered Accountants

-SD-  
K. M. HASAN & CO  
Chartered Accountants

Dhaka, 27 February 2014

NRB COMMERCIAL BANK LIMITED  
Profit and Loss Account  
For the Period ended 31 December 2013

Particulars	Note	2013 Taka
<b>OPERATING INCOME</b>		
Interest income	19	55,33,63,491
Less: Interest paid on deposits and borrowings, etc.	20	24,08,09,039
<b>Net interest income</b>		31,25,54,452
Investment income	21	2,84,82,723
Commission, exchange and brokerage	22	1,04,04,350
Other operating income	23	22,41,490
<b>Total operating income (A)</b>		35,36,83,015
<b>OPERATING EXPENSES</b>		
Salary and allowances	24	11,48,72,896
Rent, taxes, insurance, electricity, etc.	25	6,58,44,566
Legal expenses	26	1,13,625
Postage, stamps, telecommunication, etc.	27	39,98,353
Stationery, printing, advertisement, etc.	28	1,13,01,219
Chief Executive's salary and fees	29	74,15,000
Directors' fees & meeting expenses	30	15,98,562
Auditors' fees	31	2,00,000
Charges on loan losses	32	-
Depreciation and repairs of Bank's assets	33	3,28,21,500
Other expenses	34	2,29,77,220
<b>Total operating expenses (B)</b>		26,11,42,941
<b>Profit before provision (C = A-B)</b>		9,25,40,074
Provision against loans and advances	35	4,33,98,760
Provision for diminution in value of investments	36	-
Other provisions	37	1,08,31,058
<b>Total provision (D)</b>		5,42,29,818
<b>Profit before taxation (C-D)</b>		3,83,10,256
Provision for taxation		1,62,81,859
Current tax	38	1,30,40,607
Deferred tax	39	32,41,252
<b>Net profit after taxation</b>		2,20,28,397
<b>Appropriations:</b>		
Statutory reserve		76,62,052
General reserve		-
Dividends, etc.		-
Retained surplus		1,43,66,346
<b>Net profit attributable to the shareholders</b>		
<b>Earnings per share (EPS)</b>	40	0.0495

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Dhaka, 27 February 2014

NRB COMMERCIAL BANK LIMITED  
Statement of Cash Flows  
For the Period ended 31 December 2013

Particulars	Note	2013 Taka
<b>A. Cash flows from operating activities</b>		
Interest receipts in cash		47,91,28,067
Interest paid in cash		(14,88,91,970)
Dividend receipts		-
Fee and commission receipts in cash		1,04,04,350
Recoveries on loans previously written off		-
Payments to employees		(12,04,98,849)
Payments to suppliers		(1,31,40,172)
Income taxes paid		-
Receipts from other operating activities	41	1,89,54,922
Payments for other operating activities	42	(8,48,96,990)
<b>Operating profit before changes in operating assets &amp; liabilities</b>		14,10,59,358
<b>Increase/decrease in operating assets and liabilities</b>		
Purchase of Trading Security		
Loans and advances to Other Bank(s)		
Loans and advances to customers		(3,71,71,45,445)
Other assets	43	(41,02,05,302)
Deposits from other bank(s)		-
Deposits from customers		4,90,99,55,503
Trading liabilities (short-term borrowings)		
Other liabilities	44	2,63,61,555
<b>Net increase/(decrease) in operating liabilities</b>		<b>80,89,66,311</b>
<b>Net cash from operating activities (A)</b>		<b>95,00,25,669</b>
<b>B. Cash flows from investing activities</b>		
(Purchase)/ sale of government securities	45	(63,98,35,353)
(Purchase)/sale of Non-trading Security		
(Purchase)/Sale of Share/Securities		
(Purchase)/ sale of property, plant and equipment		(16,13,93,123)
<b>Net cash from/(used) in investing activities(B)</b>		<b>(80,12,28,476)</b>
<b>C. Cash flows from financing activities</b>		
Borrowing from other Bank(s)		-
Increase/(decrease) in long-term borrowings/ Loan Capital & Debt Capital		-
Receipt from issue of Ordinary Shares		4,37,38,49,812
Dividend paid		-
<b>Net cash from/(used) in financing activities (C)</b>		<b>4,37,38,49,812</b>
<b>D. Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>4,52,26,47,005</b>
<b>E. Effects of exchange rate changes on cash and cash equivalents</b>		
F. Cash and cash equivalents at the beginning of the year		
Cash and cash equivalents at the end of the year [D+E+F]		4,52,26,47,005
<b>Cash and cash equivalents:</b>		
Cash	3.1	6,90,48,955
Prize bonds	6.1	1,01,700
Money at call and on short notice		-
Balance with Bangladesh Bank and its agent bank(s)	3.2	23,73,45,909
Balance with other banks and financial institutions	4	4,21,61,50,441
		4,52,26,47,005

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

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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 on even date

-SD-	-SD-
A. WAHAB & CO Chartered Accountants	K. M. HASAN & CO Chartered Accountants

Dhaka, 27 February 2014

NRB COMMERCIAL BANK LIMITED  
Statement of Changes in Equity  
For the Period ended 31 December 2013

Particulars	Paid-up capital	Statutory reserve	General reserve	Foreign exchange revaluation reserve on investment in foreign operation	Investment revaluation reserve	Retained earnings	Total
Balance at 17 April 2013	4,28,18,89,047						4,28,18,89,047
Effects of changes in accounting policy							-
Net profit after taxation for the year						1,43,66,346	1,43,66,346
Addition/(Adjustment) made during the year	9,19,60,765	76,62,052			33,07,486		10,29,30,303
Foreign exchange fluctuation							-
Balance at 31 December 2013	<u>4,37,38,49,812</u>	<u>76,62,052</u>	<u>-</u>	<u>-</u>	<u>33,07,486</u>	<u>1,43,66,346</u>	<u>4,39,91,85,696</u>
Balance at 17 April 2013	<u>4,28,18,89,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,28,18,89,047</u>

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Dhaka, 27 February 2014

NRB COMMERCIAL BANK LIMITED  
Liquidity Statement  
Assets and Liability Maturity Analysis  
As of 31 December 2013

Particulars						Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	
<b>Assets</b>						
Cash in hand and with banks	30,27,92,573				36,02,291	30,63,94,864
Balance with other banks and financial institutions	1,86,31,55,361	73,39,77,567	1,12,46,64,723	2,09,00,329	47,34,52,461	4,21,61,50,441
Money at call and on short notice	-	-	-	-	-	-
Investments	6,81,15,403	11,24,50,453	24,03,32,465	20,24,16,975	1,99,29,243	64,32,44,539
Loans and advances	5,06,00,673	9,54,01,269	1,26,21,16,788	2,16,79,24,837	14,11,01,877	3,71,71,45,445
Fixed assets including premises, furniture and fixtures	-	-	-	-	14,51,49,165	14,51,49,165
Other assets	4,19,84,197	1,14,95,673	2,06,92,211	1,13,95,711	42,39,40,426	50,95,08,218
Non-banking assets	-	-	-	-	-	-
<b>Total Assets (A)</b>	<b>2,32,66,48,207</b>	<b>95,33,24,962</b>	<b>2,64,78,06,188</b>	<b>2,40,26,37,853</b>	<b>1,20,71,75,463</b>	<b>9,53,75,92,672</b>
<b>Liabilities</b>						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	-	-	-	-	-	-
Deposits and other accounts	(1,62,16,86,579)	(1,44,38,77,502)	(1,51,07,12,155)	(24,67,68,719)	(8,69,10,549)	(4,90,99,55,503)
Provision and other liabilities	(1,39,57,979)	(1,66,08,228)	(4,38,17,452)	(2,31,45,509)	(13,09,22,306)	(22,84,51,474)
Capital & Reserve		(33,07,486)		-	(4,39,58,78,210)	(4,39,91,85,696)
<b>Total Liabilities (B)</b>	<b>(1,63,56,44,557)</b>	<b>(1,46,37,93,216)</b>	<b>(1,55,45,29,607)</b>	<b>(26,99,14,227)</b>	<b>(4,61,37,11,065)</b>	<b>(9,53,75,92,672)</b>
<b>Net Liquidity Excess/(Shortage) (A-B)</b>	<b>69,10,03,650</b>	<b>(51,04,68,254)</b>	<b>1,09,32,76,581</b>	<b>2,13,27,23,625</b>	<b>(3,40,65,35,602)</b>	<b>(0)</b>

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

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Dhaka, 27 February 2014

NRB COMMERCIAL BANK LIMITED  
Explanatory Notes to the Financial Statements  
For the period ended December 31, 2013

1 Legal Status of the Bank and its principal activities

NRB Commercial Bank Limited 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 NRBCB.

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. NRBCB 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.

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 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 2013 and have been prepared under the historical cost convention except investments categorized under held for trading, 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 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 equivalent

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, 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 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

## Significant Accounting Policies

The accounting policies set out below have to be applied consistently for all periods presented in the financial statements except otherwise instructed by Bangladesh Bank.

## 2.5 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.

## 2.6 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.

## 2.7 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 25th June 2003.

## 2.8 Liquidity Statement

The basis of the liquidity statement of assets and liabilities as on the reporting date is given below:

Particulars	Basis
Balance with other banks and financial institutions	Maturity term
Investments	Respective maturity terms
Loans and advances	Repayment schedule basis
Fixed assets	Useful life
Other assets	Realization/ amortization basis
Borrowing from other banks, financial institutions and agents	Maturity/ repayment terms
Deposits and others accounts	Maturity term/ Previous trend
Other liabilities	Payments/ adjustments schedule basis

## 2.9 Assets and basis of their valuation

### 2.9.1 Cash and cash equivalents

Cash comprises cash in hand and demand deposits in the banks.

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.

### 2.9.2 Loans and advances

- i Loans and advances are stated at gross amounts at 31 December 2013
- ii 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 loans/ investments as per guideline 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 and BRPD

circular no. 05 dated 29 May 2013. The rates for provisions are stated below:

Types of loans and advances		General Provision		Specific Provision		
		UC	SMA	SS	DF	BL
Consumer	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%
Short-term agri-credit and micro credit		0.25%	5%	20%	50%	100%
Other advances		1%	5%	20%	50%	100%

### 2.9.3 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:

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

Investments which are intended to be held to maturity are classified as "Held to Maturity". These are measured at amortised cost at each year end by taking into account any discount or premium in acquisition. Amortised amount of such premium are booked into Profit and Loss Statement or discount is booked to reserve until maturity/disposal.

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

Investments primarily held for selling or trading are classified in this category. After initial recognition, investments are mark to market weekly. Decrease in the book value is recognised in the Profit and Loss Statement and any increase is transferred to revaluation reserve account.

Value of investments has been enumerated as follows:

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Treasury Bill / Bond (HFT)	Cost	Market value	Loss to profit and loss statement (P&L), gain to revaluation reserve
Treasury Bill / Bond (HTM)	Cost	Amortised value	Increase in value to equity and decrease in value to P&L
Prize Bond	Cost	None	None

### 2.9.4 Property, Plant and Equipment

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 reliably measured:

- 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.
- The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably.
- Depreciation on fixed assets is charged on straight-line method irrespective of all assets. The rates of depreciation are as follows:

Category of asset	Rate of depreciation
Land	Nil
Building and Construction	2.50%
Furniture and Fixtures	10%
Equipment and Machinery	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.

- v. The cost and accumulated depreciation of disposed assets are eliminated from the fixed assets schedule.
- vi. 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
- viii. Bank also follows a policy for amortization of expenditure considering the durability and useful life of items. These are treated as intangible assets and are booked under the head "Fixed Assets" and amortized over their estimated useful life by charging under the broad head "Depreciation".

#### 2.9.5 Intangible Assets

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

- a. it is probable that the expected future economic benefits that are attributable to the assets will flow to the entity; and
- b. 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.

#### 2.9.6 Other Assets

Other assets include all balance sheet accounts not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the Bank.

#### 2.9.7 Leasing

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.

#### 2.9.8 Stock of Stationery

Stock of stationery has been shown under other assets and is valued at cost.

#### 2.9.9 Non-banking Assets:

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

#### 2.10 Capital, Reserve, Liabilities and Provision and basis of their valuation

#### 2.10.1 Share Capital

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.

#### 2.10.2 Statutory Reserve

As per Section 24 of Banking Companies Act 1991, 20% of current year's profit of the Bank is required to be transferred to Statutory Reserve until such reserve together with share premium account equals to its paid up capital.

#### 2.10.3 Deposits and Other Accounts

Deposits are recognized when the Bank enters into contractual arrangements with the counterparties, which are generally on trade date and initially measured at the amount of consideration received.

#### 2.10.4 Borrowing

Borrowed funds include call money, term borrowings and re-finance from different commercial banks, non-banking financial institutions and central bank.

#### 2.10.5 Provision for Taxation

Income tax represents the sum of the current tax and deferred tax.

##### 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 @ 42.5% on the accounting profit made by the Bank after considering taxable allowances and disallowances as per income tax laws applicable for the Bank.

##### 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 recognised 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.

#### 2.10.6 Retirement Benefits to the Employees

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:

#### Provident Fund

There is a Provident Fund scheme under the defined contribution plan. The fund is operated by a separate board of trustees and all eligible employees contribute 10% of their basic pay to the fund. The Bank also contributes equal of employee's contribution to the fund. These contributions are invested separately. Benefits from the fund are given to eligible employees at the time of retirement/resignation as per approved rules of the fund.

#### Staff Gratuity

The Bank has formed a separate Board of Trustees for operating the staff gratuity fund, employees of the Bank will be entitled to get gratuity benefit at rates determined by the Service Rules of the Bank.

#### 2.10.7 Provision for Liabilities

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.

#### 2.11 Revenue Recognition

##### 2.11.1 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 or treated as SMA as per BRPD circular no. 19 dated 27 December 2012 and is kept in interest suspense account. Interest on classified advances is accounted for as income when realized.

Bank has no classified loan for the period of 2013 and therefore no interest suspense accrued.

##### 2.11.2 Investment Income

Interest income on investments is recognized on accrual basis except treasury bills.

##### 2.11.3 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.

##### 2.11.4 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".

##### 2.11.5 Other Operating Expenses

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

##### 2.11.6 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 Provision for Nostro Accounts

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 un-reconciled debit balance of Nostro account more than 3 months as on the reporting date in these financials.

Since there is no unreconciled entries which are outstanding for more than 3 months, provision has not been made.

#### 2.17 Reporting Period

These financial statements cover for the period ended 31 December 2013

#### 2.18 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 BAS	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

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.

## 2.19 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) Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- iv) The Securities and Exchange Rules 1987
- v) The Securities and Exchange Ordinance 1969
- vi) The Securities and Exchange Commission Act 1993
- vii) The Income Tax Ordinance 1984 and Rules
- Viii) The Value Added Tax (VAT) 1991 and Rules

## 2.20 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:

### 2.20.1 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. Bank has no classified loan for the period ended 2013.

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 -7.6.

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- 7.6**.

### 2.20.2 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.

### 2.20.3 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 no exposure in the capital market for the year 2013.

#### 2.20.4 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.

#### 2.20.5 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.

#### 2.20.6 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.

#### 2.20.7 Fraud and Forgeries

Fraud and Forgeries arises due to lack of internal control system. Bank has designed its control structure in such way so that all activities would be checked by others. Internal Control and Compliance Division monitoring and oversees through periodical and special audit of the branches and departments at the Head Office. However, no such incident of fraud and forgeries has not been identified in the year 2013.

#### 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:

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) 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:

- i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company; has an interest in the company that gives it significant influence over the company; or has joint control over the company;

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

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

## 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	Educational/ Professional Qualification
1	Mr. Mohammed Adnan Imam	Director	Chairman	With effect from 08 May 2013	Fellow of Chartered Certified Accountant
2	Mr. Mohammed Oliur Rahman	Director	Member	With effect from 08 May 2013	Undergraduate
3	Mr. Abu Mohammad Tushar Iqbal Rahman	Director	Member	With effect from 08 May 2013	B. Sc Engr. from BUET and Post Graduate from University Of ULM, Germany
4	Mr. Tamal S.M.Parvez	Director	Member	With effect from 08 May 2013	M.Sc in Electrical Engineering
5	Mr. Rafikul Islam Mia Arzoo	Director	Member	With effect from 08 May 2013	Post Graduate and Microsoft Sales Professional

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

### ii) Meeting held with Audit Committee

During the year 2013, the Audit Committee conducted 03 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;
- Quarterly and half-yearly accounts of the Bank for the year 2013
- Status of compliance of different rules and regulations

### 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

The Board of Directors of the Bank in its meeting held on February 27, 2014 approved the Financial Statements and authorized the same for issue.

## 2.25 General

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

			2013 Taka
3	Cash:		
	Cash In Hand	(Note: 3.1)	6,90,48,955
	Balance with Bangladesh Bank and its agent bank(s)	(Note: 3.2)	23,73,45,909
			30,63,94,864
3.1	Cash In Hand		
	In local currency	(Note: 3.1.1)	6,53,18,124
	In foreign currency		37,30,831
			6,90,48,955
3.1.1	Cash In Hand:		
	Cash in Hand-Vault		6,48,73,124
	Cash in ATM		4,45,000
			6,53,18,124
3.2	Balance with Bangladesh Bank and its agent bank(s)		
	In local currency		23,31,50,463
	In foreign currency		41,95,446
			23,73,45,909
	Sonali Bank Ltd. (as an agent bank of Bangladesh Bank) - local currency		-
			23,73,45,909

### 3.3 Cash Reserve Requirement (CCR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Requirement and Statutory Liquidity Ratio have been calculated and maintained in accordance with section 33 of Bank Companies Act, 1991 and BCD Circular No. 13 Dated 24.05.1992, BRPD Circular No. 12 Dated 20.09.1999 & BRPD Circular No. 22 Dated 06.11.2003, BRPD Circular No. 12 Dated 25.08.2005, MPD circular nos.04, dated December 01, 2010 MPD circular nos.05, dated December 01, 2010

The Cash Reserve Requirement on the Bank's time and demand liabilities at the rate of 6% has been calculated and maintained with Bangladesh Bank in current account and 19% Statutory Liquidity Ratio, including CRR, on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including FC balance with Bangladesh Bank. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:

#### a) Cash Reserve Requirement (CRR) 6% of Average Demand and Time Liabilities

Required Reserve (5.5% on daily basis and 6% on bi-weekly basis of Average Time and Demand Liabilities)	22,95,02,000
Actual Reserve Maintained	23,37,78,000
Surplus/(deficit)	42,76,000

#### b) Statutory Liquidity Ratio (SLR) of 19 % Average Demand and Time Liabilities

Required reserve (including CRR)	72,67,53,720
Actual reserve maintained (including CRR) [Note 3.3a)	94,96,39,403
Surplus / (deficit)	22,28,85,683
Total required reserve	72,67,53,720
Actual reserve held	94,96,39,403
Total surplus	22,28,85,683

### 3.3a Held for Statutory Liquidity Ratio [SLR]

		2013 Taka
Cash in hand		6,90,48,955
Balance with Bangladesh Bank (Local Currency)		23,31,50,463
Balance with Bangladesh Bank (Foreign Currency)		41,95,446
Balance with Sonali Bank Ltd.		-
TT in Transit		-
HTM Securities		28,83,78,438
HFT Securities		35,47,64,401
Other Eligible Security i.e. Prize Bond		1,01,700
		<u>94,96,39,403</u>
4 Balance with other banks and financial institutions		
In Bangladesh	(Note: 4.1)	4,19,51,94,665
Outside Bangladesh	(Note: 4.2)	2,09,55,776
		<u>4,21,61,50,441</u>
4.1 In Bangladesh		
<u>Current Deposits:</u>		
Bank Asia Ltd, Ruhitpur Br.		1,000
Standard Bank Ltd, Principal Br.		5,00,000
		<u>5,01,000</u>
<u>Special Notice Deposits</u>		
Mercantile Bank Ltd, Main Br.		78,45,40,698
Mercantile Bank Ltd., Agrabad Br.		1,000
Southeast Bank Ltd., Principal and Mohammadpur Br.		23,01,79,310
NCC Bank Ltd., Motihjeel Br.		3,23,78,937
Eastern Bank Ltd., Principal Br.		42,97,336
Jamuna Bank Ltd., FEX Br.		89,316
Agrani Bank Ltd., Principal Br.		10,274
Trust Bank Ltd for Q-cash Settlement		1,12,793
		<u>1,05,16,09,665</u>
<u>Fixed Deposits Receipt (FDRs)</u>		
a. FDR lending with Banks.		
NRB Global Bank Ltd.		1,00,00,00,000
Farmers Bank Ltd.		15,00,00,000
Jamuna Bank Ltd.		1,25,00,000
Agrani Bank Ltd.		1,05,84,000
		<u>1,17,30,84,000</u>
b. FDR lending with NBFIs		
FAS Finance And Investment Ltd.		15,00,00,000
First Lease Finance and Investment Ltd.		5,00,00,000
Reliance Finance Ltd.		12,00,00,000
Peoples Leasing Financial Services Ltd.		20,00,00,000
Investment Corporation of Bangladesh		50,00,00,000
Lanka Bangla Finance Ltd		10,00,00,000
Uttara Finance & Investment Ltd.		20,00,00,000
MIDAS Financing Ltd.		15,00,00,000
Bangladesh Finance and Investment Company Ltd.		10,00,00,000
Fareast Finance and Investment Ltd		5,00,00,000
Prime Finance Ltd		10,00,00,000
Phoenix Leasing Ltd.		10,00,00,000
Bangladesh Industrial Finance Company Ltd.		5,00,00,000
Union Capital Ltd		10,00,00,000
		<u>1,97,00,00,000</u>
<u>(Details of FDR are given in Annexure - A)</u>		
4.2 Outside Bangladesh		

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Current Deposits:

Habib American Bank NY, USD  
Mashreq Bank PSC NY, USD  
AB Bank Ltd Mumbai, Acu Dollar  
United Bank Of India, Kolkata, Acu Dollar  
National Bank Of Pakistan, Tokyo, Jpy

1,19,06,053  
76,83,819  
5,04,986  
1,57,522  
7,03,397  
2,09,55,776

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

4.3 Account-wise/grouping of balance with other banks and financial institutions

Current Deposits  
Special Notice Deposits  
Fixed Deposits

2,14,56,776  
1,05,16,09,665  
3,14,30,84,000  
4,21,61,50,441

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

1,07,30,66,441  
1,15,00,00,000  
1,99,30,84,000  
-  
-  
4,21,61,50,441

5 Money at call and short notice

-

6 Investments

Nature wise:

Held for Trading  
Held to Maturity  
Others

35,47,64,401  
28,83,78,438  
1,01,700  
64,32,44,539

Claim wise:

Government securities  
Other investments

(Note: 6.1)

64,32,44,539  
-  
64,32,44,539

6.1 Government securities

Treasury bills  
Prize Bond

(Note: 6.1.1)

64,31,42,839  
1,01,700  
64,32,44,539

6.1.1 Treasury bills:

Held for Trading

28 Days Treasury Bills  
30 Days Treasury Bills  
91 Days Treasury Bills  
182 Days Treasury Bills  
364 Days Treasury Bills

-  
-  
98,24,803  
2,47,08,589  
32,02,31,008  
35,47,64,401

Held to Maturity

28 Days Treasury Bills

-

30 Days Treasury Bills  
 91 Days Treasury Bills  
 182 Days Treasury Bills  
 364 Days Treasury Bills  
 5 Year T-Bond  
 10 Year T-Bond  
 15 Year T-Bond  
 20 Year T-Bond

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-
-
-
6,60,60,672
10,06,04,142
10,17,82,562
99,75,107
99,55,956
28,83,78,438

## 6.2 Maturity grouping

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

1,01,700
98,24,803
41,10,00,269
10,06,04,142
12,17,13,624
64,32,44,539

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7	Loans, advances and lease /investments	3,71,71,45,445
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#### 7.1 Maturity grouping

Repayable	-on demand	3,20,42,055
	– up to 3 months	5,98,76,811
	– over 3 months but below 1 year	1,18,99,61,570
	– over 1 year but below 5 years	2,29,61,74,896
	– over 5 years	13,90,90,113
		3,71,71,45,445

#### 7.2 Broad category-wise breakup

##### In Bangladesh

Loans	2,96,53,01,258
Overdrafts	47,35,54,637
Cash Credit	24,44,00,347
	3,68,32,56,242

##### Outside Bangladesh

-
3,68,32,56,242

#### 7.3 Product wise Loans and Advances:

Overdraft	37,18,90,531
Cash Credit	24,44,00,347
Time loan	33,99,17,146
Term loan	1,47,05,75,271
Payment Against Document	0
Loans against Trust Receipt	6,09,80,412
Packing Credit	4,02,07,516
Hire Purchase	25,29,74,067
Consumer Loan	20,90,04,576
Staff Loan	6,18,37,416
Other Loans and Advances	66,53,58,163
	3,71,71,45,445

#### 7.4 Sectorwise Loans and Advances including bill purchased and discounted:

Govt. Sector	-
Public Sector	-
Private Sector	3,71,71,45,445
	3,71,71,45,445

#### 7.5 Net loans, advances and lease/investments

Gross loans and advances	3,71,71,45,445
Less:	
Interest suspense	-
Provision for loans and advances	4,33,98,760
	4,33,98,760
	3,67,37,46,685

#### 7.6 Loans and Advances on the basis of significant concentration including Bills Purchased and

Discounted.

- a) Loans, advances and lease / investments to Directors of the Bank
- b) Loans, advances and lease / investments to Chief Executive and other senior executives of the Banks
- c) Loans, advances and lease / investments to customer groups :

i) Agricultural Loan	-
ii) Commercial lending	2,87,13,07,132
iii) Export financing	4,02,07,516
iv) House building loan	1,45,54,853
v) Retail loan/Consumer Finance	20,90,04,576
vi) Small and medium enterprises (SME) and Special Program Loan (SPL)	20,19,33,834
vii) Staff loan	6,18,37,416
viii) Other loans and advances (SOD)	31,83,00,117
	<u>3,71,71,45,445</u>

Loans and advances allowed to each customer exceeding 10% of Bank's Total Equity. Total Capital of the Bank was Tk Tk.439.98 crore as at 31 December 2013

Total capital of the Bank	Fig in Lac 4,39,91,85,696
Number of Customer	6
<u>Amount of Outstanding Facilities:</u>	
Funded Facilities	18,082.45
Non-Funded Facilities	7,130.37
Classified loan thereon	-
Measures taken for recovery	-

Figure in Lac

SL	Name of Client	Facilities		Balance/Business as on 31.12.2013	
		Fund	Non-Funded	Fund	Non-Funded
1	Ifad Autos	6,350.00	1,000.00	4,693.33	422.00
2	Nitol Motors	5,500.00	1,000.00	2,529.74	-
3	AG Agro*	5,800.00	10,000.00	1,901.90	203.00
4	Anwar Group	6,200.00	5,000.00	6,106.14	-
5	Navana Group	5,800.00	4,500.00	2,205.64	912.00
6	Gold Star Group	2,350.00	6,650.00	645.70	5,593.37
	<b>Total</b>	<b>32,000.00</b>	<b>28,150.00</b>	<b>18,082.45</b>	<b>7,130.37</b>

\* Tk. 4000.00 lac is inner limit of LC Facilities

- d) Industry wise loans including Bills purchased & discounted:

i) Agricultural industries	-
ii) Textile & Garments industries	4,02,07,516
iii) Food and allied industries	-
iv) Pharmaceutical industries	-
v) Chemical Industries	-
vi) Electronic and Automobile Industries	1,02,26,676
vii) Housing & Construction Industries	12,28,95,000
viii) Leather, Chemical, Cosmetics, etc.	-
ix) Tobacco industries	-
x) Cement and Ceramic industries	-
xi) Service Industries	-
xii) Transport and Communication industries	80,26,73,000
Xiii) Other industries including bills purchase and discounted	2,74,11,43,253
	<u>3,71,71,45,445</u>

## 7.7 Geographical location-wise Loans and Advances

Urban Branch

Dhaka  
Chittagong

3,69,78,43,774  
93,12,015

Rural Branch

Dhaka

99,89,655

## 7.8 A. Required provision for Classification of loans and advances

Status	Base for Provision	Rate (%)	
Unclassified- General loan	3,24,43,69,618.22	1	3,24,43,696
Unclassified-Consumer Finance	20,90,04,576.21	5	1,04,50,229
Unclassified-SME & SPL	20,19,33,834.43	0.25	5,04,835
			4,33,98,760
Classified			
Sub-Standard		20	
Doubtful		50	
Bad or loss		100	

Required provision for loans and advances

4,33,98,760

Total Provision maintained

4,33,98,760

Excess / (short) provision at 31 December 2013

-

## B. Provision required on Off-Balance Sheet Exposures

Particulars	Base for Provision	Rate (%)	Amt in Tk.
Acceptances and endorsements	20,14,72,351.92	1	20,14,724
Letter of guarantee	11,57,34,253.54	1	11,57,343
Irrevocable letters of credit	64,54,04,000.00	1	64,54,040
Bills for collection	12,04,95,193.05	1	12,04,952
Other contingent liabilities	-	1	-
Required Provision			1,08,31,058
Total Provision maintained			1,08,31,058
Excess / (short) provision at 30 June 2013			-

## 7.9 Particulars of Loans and Advances:

i. Loans and advances considered good in respect of which the Bank is fully secured	3,65,56,19,109
ii. Loans and advances considered good against which the Bank holds no security other than the debtors' personal guarantee	-
iii. Loans and advances considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	6,15,26,335
iv. Loans and advances adversely classified; provision not maintained there against	-
	3,71,71,45,445
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	-
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	-

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either separately or jointly with any other person.

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. Due from banking companies	-
x. Classified loans and advances	
a) Classified loans and advances / investments on which interest has not been charged	-
b) Provision on classified loans and advances	
c) Provision kept against loans / investments classified as bad debts	
d) Interest credited to Interest Suspense Account	
xi. Cumulative amount of written off loans and advances	
a) Opening Balance	-
b) Amount written off during the year	-
Sub-Total	-
c) Amount realised against loans / investments previously written off	-
d) The amount of written off / classified loans / investments for which law suits have been filed	-

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

a. Secured	
Collateral of movable/immovable assets	1,58,90,19,456
Local Banks & Financial Institutions Guarantee	1,11,05,58,953
Government Guarantee	-
Export Documents	3,38,89,203
<u>Fixed Deposit Receipt:</u>	-
Own FDR	47,27,02,778
FDR of Other Banks	8,51,859
Personal Security	7,32,67,688
Other Security	43,68,55,508
	3,71,71,45,445
b. Unsecured	-
	3,71,71,45,445

#### 8 Bills purchased and discounted:

Repayable in Bangladesh	3,38,89,203
Repayable outside Bangladesh	-
	3,38,89,203

#### 8.1 Maturity grouping of Bills purchased and discounted

Payable within one month	-
Over one month but less than three months	3,25,51,844
Over three months but less than six months	13,37,360
Six months or more	-
	3,38,89,203

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

Land, Building and Construction  
Furniture and fixtures  
Equipment and Machinery  
Vehicles  
Leased Assets: Vehicle

Less: Accumulated Depreciation  
Book Value

-
8,01,517
12,20,24,565
1,15,00,000
2,71,06,624
16,14,32,705
1,62,83,540
14,51,49,165

A schedule of fixed assets is given in Annexure- C.

10 Other assets

Advance Security Deposit  
Stock of Stationery and printing items [Note -10.1]  
Stamps in Hand  
Suspense Account [Note -10.2]  
Advance Office Rent  
Interest Receivable on Balance with Other Banks & FIs  
Interest Receivable on Treasury Bonds  
Interest Receivable on Treasury Bills  
Prepaid Insurance Premium  
Advance Income Tax **[Note -10.3]**  
Membership with Visa Worldwide PLC Ltd  
Pre-paid Expense House Furnishing  
Preliminary Expenses **[Note -10.4]**  
Pre Operating Expenses/Formation Expenses [Note -10.5]

2,84,485
18,38,952
1,03,970
7,72,04,006
25,50,28,389
7,42,35,424
91,03,844
26,65,447
8,44,325
3,29,25,394
23,11,500
1,05,10,953
1,61,72,727
2,62,78,801
50,95,08,218

10.1 Stock of Stationery and printing items

Printing Stationery  
Security Papers  
Security Stationery - CARD

10,03,516
6,09,260
2,26,176
18,38,952

10.2 Suspense Account:

Advance against New Branches  
Advance against Interior Decorations  
Petty Cash  
Suspense Others

1,00,88,500
6,68,30,000
24,235
2,61,271
7,72,04,006

10.3 Advance Income Tax

Balance at 17 April 2013  
Add: Paid during the year  
Add: Withholding Tax during the year [Tax on interest and vehicle] (10.3a)  
  
Less: Settlement during the year  
Balance at 31 December 2013

-
-
3,29,25,394
3,29,25,394
-
3,29,25,394

10.3a Withholding Tax at source

TDS@10% on Interest Income from Balance with Banks  
TDS@10% on FDR Interest Income with FIs  
Advance Tax for Bank's Pool Vehicles

2,80,65,991
46,64,403
1,95,000
3,29,25,394

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#### 10.4 Preliminary Expenses

a. Application Fee for getting license	10,98,600
a. Registration Fee along with filing and Certified Copy of MOA & AOA with RJSC	45,14,725
b. Stamp Charge for Registration with RJSC	21,100
c. Consultancy Fee for Market Survey & Feasibility Report, Application Business Plan, Scrutinizing CVs of Sponsors, Preparation of Projected Financial Statement, Preparation of Presentation to authority etc	1,50,00,000
d. Registration with the Security and Exchange Commission [SEC]	9,29,212
Balance of Preliminary Expenses as on 17 April 2013	2,15,63,637
<u>Less: Amortized during the year</u>	<u>53,90,910</u>
Balance at 31 December 2013	<u>1,61,72,727</u>

The Board of Directors in its 13th meeting held on 22.12.2013 decided to amortize the preliminary expenses in the year 2013 and 2014. Accordingly Tk.87,59,600 has been amortized during the year 2013.

#### 10.5 Pre-Operating Expenses/Formation Expenses

Salary, Allowances and Other Benefits	44,21,500
Rent, taxes, insurance, electricity, etc.	1,10,77,050
Postage, stamps, telecommunication, etc.	5,72,829
Stationery, printing, advertisement, etc.	7,65,389
Other expenses	1,48,41,634
Expense of Opening Ceremony of Bank held on 02.04.2013	17,80,000
Expense of Opening Ceremony of Principal Branch	15,80,000
Balance of Pre Operating Expenses/Formation as on 17 April 2013	3,50,38,401
<u>Less: Amortized during the year</u>	<u>87,59,600</u>
Balance at 31 December 2013	<u>2,62,78,801</u>

The Board of Directors in its 13th meeting held on 22.12.2013 decided to amortize the pre-operating expenses in the year 2013 and 2014. Accordingly, Tk.87,59,600 has been amortized during the year 2013.

#### 11 Borrowings from other Banks, Financial Institutions and Agents

In Bangladesh	-
Outside Bangladesh	-
	<u>-</u>

##### 11.1 Security Against borrowing from other Banks, Financial Institutions and Agents

Secured	-
Unsecured	-
	<u>-</u>

##### 11.2 Maturity grouping of borrowing from other Banks, Financial Institutions and Agents

Repayable on demand	-
Over 1 month but within 3 months	-
Over 3 months but within 6 months	-
Over 6 months but within 1 year	-
Over 1 year but within 5 years	-
Over 5 years	-
	<u>-</u>

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12 Deposits and other accounts	
Deposit from Inter Bank (note-12.1)	-
Deposit from Customers (Note-12.2)	4,90,99,55,503
	<u>4,90,99,55,503</u>
12.1 Deposits from Inter Bank	
12.2 Deposits from Customers	
i. <u>Current accounts and other accounts</u>	
Current Deposit	15,08,03,355
Foreign Currency Deposit	2,89,19,723
Sundry Deposit (note-12.3)	8,64,96,553
	<u>26,62,19,631</u>
ii. <u>Bills Payable</u>	
Pay Order	3,18,61,689
iii. <u>Savings Bank Deposit</u>	7,55,40,097
iv. <u>Term Deposit/Fixed Deposit</u>	
Fixed Deposit excluding Inter Bank Deposit	4,05,48,59,292
Short Term Deposit	3,68,38,153
Deposit Under Schemes	44,46,36,641
	<u>4,53,63,34,086</u>
12.3 Sundry Depsoit	
Margin on Letter of Guarantee	82,87,069
Margin on L/C	5,09,12,005
Margin on Bills	7,12,000
Sale Proceeds of Govt. Savings Certificates	6,00,000
Security Deposits	56,30,349
Risk Fund on Loans and Advances	7,36,172
Provident Fund	670
Employees Welfare Fund	4,88,135
VAT, Excise Duty and Withholding Tax	80,63,098
Sundry Creditors	1,02,68,602
Other Sundry Deposits	7,98,453
	<u>8,64,96,553</u>
12.4 Maturity analysis of Other Deposits	
Repayable on demand	7,88,91,649
Over 1 month but within 3 months	73,617
Over 3 months but within 6 months	57,77,583
Over 6 months but within 1 year	4,41,703
Over 1 year but within 5 years	
Over 5 years but within 10 years	
Over 10 years	
	<u>8,51,84,553</u>
12.5 Demand and Time Deposits	
A. Demand Deposits	
Current Accounts and Other Accounts	15,08,03,355
Savings Deposits (9%)	67,98,609
Sundry Deposit	8,64,96,553
Foreign Currency Deposit	2,89,19,723
Bills Payable	3,18,61,689
	<u>30,48,79,929</u>
B. Time Deposits	

Savings Deposits (91%)  
Short Notice Deposits  
Fixed Deposits  
Deposit Under Schemes

2013 Taka
6,87,41,488
3,68,38,153
4,05,48,59,292
44,46,36,641
4,60,50,75,574
4,90,99,55,503

#### 12.6 Sector-wise Deposits

Government  
Public Sector  
Private Sector

22,49,79,000
16,31,27,000
4,52,18,49,503
4,90,99,55,503

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### 13 Other Liabilities

Provision against Loans and Advances (Note 13.1)	4,33,98,760
Provision for Off Balance Sheet items (Note 13.2)	1,08,31,058
Provision for Gratuity (Note 13.3)	39,00,000
Accrued Interest (Note 13.4)	9,19,17,069
Current Income Tax Payable	1,30,40,607
Deferred Tax Liabilities	32,41,252
Provision against Expenses-Rent	2,45,18,531
Provision for Incentive Bonus	84,00,000
Provision for Telephone Bill-Office	25,000
Provision for Power and Electricity Expense	3,73,500
Provision for Wasa and Gas Bill	16,600
Provision for Plant Maintenance	5,000
Provision for Depreciation	39,583
Provision for Other Expenses	7,500
Provision for Audit Fees	2,00,000
Provision for CSR	21,75,459
Lease Payable for Lease Hold Property	2,63,61,555
	<u>22,84,51,474</u>

#### 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 at the end of the Period		<u>-</u>

##### ii. The movement in General provision for Special Mentioned Account (SMA)

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	(-)	-
Provision held at the end of the Period		<u>-</u>

##### iii. The movement in General Provision for Unclassified Loans

Provision held at the beginning of the period		-
Provision During the period	(+)	4,33,98,760
Transferred to Provision for Special Mentioned Account (SMA)	(-)	-
Transferred to Provision for Bad and Doubtful Debts	(-)	-
Provision held at the end of the Period		<u>4,33,98,760</u>

Total Provision held at the end of the Period	<u>4,33,98,759.63</u>
---	-----------------------

Provision for	Required	Maintained
	2013	2013
General Provision :		
Standard	4,33,98,760	4,33,98,760
Special Mention Account	-	-
Specific Provision:		
Substandard	-	-
Doubtful	-	-
Bad/Loss	-	-
	<u>4,33,98,760</u>	<u>4,33,98,760</u>

2013 Taka
--------------

### 13.2 Provision for Off Balance Sheet Items

Provision held at the beginning of the period  
Add: Provision made during the period  
Less: Adjustment during the period  
Provision held at the end of the Period

1,08,31,058
<u>1,08,31,058</u>

Bank has made provision @1% of Tk. 1,083,105,798.51 on Off Balance Sheet Exposure (i.e. Acceptance & Endorsement, Letter of Credit and Letter of guarantee) as per BRPD circular no. 14 dated 23.09.2012 from current year profit.

### 13.3 Provision for Gratuity

Provision held at the beginning of the period  
Add: Provision made during the period  
Less: Paid during the period  
Provision held at the end of the Period

(+)  
(-)

39,00,000
<u>39,00,000</u>

### 13.4 Accrued Interest

Interest Payable of FDR-Day basis  
Interest Payable of FDR-1 month  
Interest Payable of FDR-3 months  
Interest Payable of FDR-6 months  
Interest Payable of FDR-12 months

1,71,68,056
5,21,428
2,92,67,137
1,29,84,699
3,19,75,750
<u>9,19,17,069</u>

2013  
Taka

#### 14 Share Capital

##### 14.1 Authorized Capital

###### Authorized Capital

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

10,00,00,00,000

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

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

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

4,44,60,59,000

Less: Shortfall due to Conversion/Exchange Loss as of position on 17.04.2013

16,41,69,953

Issued, Subscribed and Paid-up Capital Balance as on 17 April 2013 after conversion loss

4,28,18,89,047

Add. Deposited Paid-up Capital of shortfall amount vide Bangladesh Bank letter # BRPD (P-3)/745(60)/2013-1757 dated 17.04.13

9,19,60,765

Issued, Subscribed and Paid-up-Capital Balance as on 31 December 2013

4,37,38,49,812

##### 14.3 Particulars of Share Capital

Particulars	Shareholding	
	In Number	In Percentage
Sponsors/Promoters	44,46,05,900	100%
Financial Institutions		
Others		
Total	44,46,05,900	100%

##### 14.4 Name of the Directors and their shareholdings as at 31 December 2013

SL	Name of the Directors	Status	No of Shareholding
1	Engr. Farasath Ali	Director & Chairman of the Board	2,00,00,100
2	Dr. Toufique Rahman Chowdhury	Director & Vice Chairman	1,00,00,000
3	Mr. ABM Abdul Mannan	Director	3,04,13,600
4	Mr. Mohammed Oliur Rahman	Director	3,65,62,500
5	Mr. Mohammed Enayet Hossain	Director	2,50,85,000
6	Mr. Md. Amir Hossain	Director	2,00,28,100
7	Mr. Abu Mohammad Tushar Iqbal Rahman	Director	2,00,27,800
8	Mr. Firoz Haider Khan	Director	2,00,04,100
9	Mrs. Kamrun Nahar Sakhi	Director	1,33,04,800
10	Mr. Abu Bakr Chowdhury	Director	2,00,00,000
11	Mr. Mohammad Shahid Islam	Director	2,00,00,000
12	Mr. Loquit Ullah	Director	1,70,67,900
13	Mr. Tamal S.M.Parvez	Director	2,00,07,000
14	Mr. Rafikul Islam Mia Arzoo	Director	2,04,10,000
15	Mr. Mohammed Nazim	Director	2,00,09,300
16	Mr. Syed Munsif Ali	Director	1,79,30,000
17	Mr. Mohammed Adnan Imam	Director	1,00,11,800
18	Dr. Nuran Nabi	Director	20,00,000
19	Mrs. Kaniz Farzana Rashed	Director	1,00,66,800
20	Mr. Mohammed Manzurul Islam	Director	10,14,400

##### 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 Augsut 3 and December 29, 2010 respectively, required capital based on RWA of the Bank at the close of business on 31 December 2013 is Taka 55.35 crore as against available core capital of Taka 439.65 crore and supplementary capital of Taka 5.75 crore that is, a total of Taka 445.41 crore thereby showing surplus capital/equity of Taka 392.11 crore at that date. Details are shown below:

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

2013 Taka Amt in Crore	
	437.38
	0.77
	1.44
	439.59

Deductions from Tier-1 (Core Capital)

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

	-
	-
	-
	-
	-
	-

Total Eligible Tier-I Capital

Supplementary Capital (Tier II)

General Provision for Unclassified Loans Limited to 1.25% of RWA  
General Provision for off Balance Sheet exposure (A & B are limited to 1.25% of RWA)  
Assets Revaluation Reserves up to 50%  
Revaluation Reserves of Securities ( Up to 50% ) Revaluation Reserve for equity instruments up to 10%  
all other preference shares  
Balance of Exchange Equalisation Fund  
Perpetual Subordinated Debt  
Total Supplementary capital

	4.34
	1.08
	-
	0.33
	-
	-
	5.75

Capital eligible for Market Risk (Tier-III)

Short-term Subordinated Debt

Total Eligible Capital

A. Total Assets including off-Balance Sheet items

B. Total Risk-Weighted Assets (RWA)

C. Required capital based on Risk Weighted Assets (10% of Total RWA)

D.Capital Surplus / (Shortfall) [A-C]

Capital Adequacy Ratio (%)

	445.34
	1,062.07
	553.50
	55.35
	389.99
	80.46%

Details in Annx-DPercentage of Capital on Risk-Weighted Assets

Capital Requirement

Core Capital (Tier - I)  
Supplementary Capital (Tier II)

2013	
Required	Held
5.00%	79.42%
-	1.04%

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

		2013 Taka
15 Statutory Reserve		
Opening Balance at the beginning of the period		-
Add: Addition during the year *		76,62,052
Add./less Adjustment for Foreign Exchange Rate Fluctuation		-
Closing Balance at the end of the period		<u>76,62,052</u>

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

#### 16 Other Reserve:

General Reserve (Note 16.1)		-
Assets Revaluation Reserve (Note 16.2)		-
Investment Revaluation Reserve (Note 16.3)		33,07,486
Foreign Currency Translation Gain/ (Loss) (Note 16.4)		-
		<u>33,07,486</u>

#### 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		<u>-</u>

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		<u>-</u>

#### 16.3 Investment Revaluation Reserve:

##### Revaluation Reserve for HFT Securities

Opening Balance at the beginning of the period		
Add: Addition during the year	(+)	27,51,202
Less : Adjustment during the year	(-)	
Closing Balance at the end of the period		<u>27,51,202</u>

##### Revaluation Reserve for HTM Securities

Opening Balance at the beginning of the period		
Add: Addition during the year	(+)	5,56,284
Less : Adjustment during the year	(-)	
Closing Balance at the end of the period		<u>5,56,284</u>

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.

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

Opening Balance at the beginning of the period		
Add: Addition during the year	(+)	
Closing Balance at the end of the period		<u>-</u>

		2013 Taka
17	Retained Earnings/Movement of Profit and Loss Account	
	Opening Balance	-
	Add: Post-Tax Profit during the period	2,20,28,397
	Less: Transfer to Statutory Reserve	76,62,052
	Less: Transfer to General Reserve	
	Add/(Less): Foreign Exchange Translation Loss	
		<u>1,43,66,346</u>
18	Contingent liabilities	<u>1,08,31,05,799</u>
18.1	Acceptances and Endorsements	
	Accepted Bills Against BTBLC - Local	6,87,44,352
	Accepted Bills Against BTB LC - Foreign	9,98,37,000
	Accepted Bills Against BTBLC EPZ	1,25,21,000
	Accepted Bills Against. LC Cash Foreign	2,03,70,000
		<u>20,14,72,352</u>
18.1	Letters of Guarantee	
	Money for which the Bank is in contingently liable in respect of guarantees issued in favour of:	
	Directors	
	Government	
	Banks and other Financial Institutions	
	Others (Note 18.1a)	11,57,34,254
		<u>11,57,34,254</u>
18.1a	Letters of Guarantee -Others	
	Shipping Guarantee Against Cash LC-Sight	1,16,70,000
	Bid Bond Local	48,95,000
	Performance Guarantee Local	8,89,72,754
	Advance Payment Guarantee Local	1,01,96,500
		<u>11,57,34,254</u>
18.2	Irrevocable Letters of Credit	<u>64,54,04,000</u>
18.3	Bills For Collection	<u>12,04,95,193</u>

		2013 Taka
19	<b>Interest Income</b>	
	Over Draft	1,84,25,677
	Term Loan	7,29,23,741
	Lease Finance and Hire Purchase	2,66,32,315
	Time Loan	99,36,479
	Loan against Trust Receipt	63,06,172
	Payment Against Documents (PAD)	16,021
	SME Credit	2,08,890
	Packing Credit	1,92,516
	Agricultural Credit	44,40,859
	Consumer Loan	34,51,610
	Cash Credit (Hypo)	81,47,288
	House Building Loan	11,43,068
	Interest on Balance With Banks and Fis	40,15,38,854
		<u>55,33,63,491</u>
20	<b>Interest Paid on Deposits and Borrowings, etc.</b>	
	Interest Paid on Deposits (Note 20.1)	22,68,65,738
	Interest Paid on Borrowings (Note 20.2)	1,39,43,301
		<u>24,08,09,039</u>
20.1	<b>Interest Paid On Deposits</b>	
	Current Account	8,71,576
	Savings Account [Customer and Staff]	15,13,641
	Special Notice Deposits	15,19,054
	Fixed Deposit Receipts	19,91,15,724
	Deposit under Schemes	2,38,45,743
		<u>22,68,65,738</u>
20.2	<b>Interest Paid on Borrowings</b>	
	Interest Paid on Call money borrowing	70,32,764
	Interest Paid on Secondary Security Purchased	69,10,537
		<u>1,39,43,301</u>
21	<b>Investment Income</b>	
	Interest on Treasury Bill	1,87,49,545
	Interest Income Money at Call	6,29,333
	Interest on Treasury Line	-
	Interest on Treasury Bond	91,03,844
	Interest on Bangladesh Bank Bill	-
		<u>2,84,82,723</u>
22	<b>Commission, <del>Exchange</del> and Brokerage</b>	
	Commission on L/C	51,41,681
	Commission on Bank Guarantee	37,16,077
	Commission on Export Bills	12,500
	Commission on Remittance	34,894
	Commission on Sale Of FC Cash	13,262
	Commission on IBC, OBC and Others	7,861
	Exchange gain on FC	14,78,074
		<u>1,04,04,350</u>

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

		2013 Taka
<b>23 Other Operating Income</b>		
Service Charges and Fees	18,82,929	
Income from Card Services	1,467	
Charges On Trade Finance	2,84,082	
Miscellaneous Earnings	73,012	
	<u>22,41,490</u>	
<b>24 Salaries and Allowances</b>		
Basic Salary	3,72,28,728	
Bank Contribution To Provident Fund	32,95,836	
Allowances (Note 24.1)	7,43,48,332	
	<u>11,48,72,896</u>	
<b>24.1 Allowances</b>		
House Rent	1,74,85,871	
Conveyance Allowance	18,41,158	
Medical Allowance	74,64,089	
Other Allowances [Utility+House Maintenance+Other]	84,78,123	
Car Allowance	1,00,53,404	
Furniture Allowance	22,19,047	
Overtime Allowance	3,000	
Leave Fare Assistance	57,87,953	
Gratuity	39,00,000	
Bonus-Festival Allowance	83,77,300	
Bonus-Incentive	84,00,000	
Charge Allowance	49,000	
Risk Allowance	2,89,387	
	<u>7,43,48,332</u>	
<b>25 Rent, Taxes, Insurance, Electricity, etc.</b>		
Office Rent	5,85,30,553	
Garage Rent	16,200	
Insurance Expenses	15,91,163	
Rates and Taxes	1,36,120	
Electricity and Other Utility Expenses	55,70,530	
	<u>6,58,44,566</u>	
<b>26 Legal expenses</b>		
Notary Public Charge	5,250	
Legal and Consultancy fees	1,08,375	
	<u>1,13,625</u>	
<b>27 Postage, Stamps, Telecommunication, etc</b>		
Stamps and Cartridge Cost	32,975	
Postage & Courier Charges	5,68,811	
Telephone Charges	7,38,682	
SWIFT, FAX, Internet, WAN, Radio Link & DDN Charges	26,57,885	
	<u>39,98,353</u>	
<b>28 Stationery, Printing, Advertisement, etc</b>		

2013 Taka
14,26,942
14,68,172
1,59,064
3,56,197
74,10,684
4,80,161
<u>1,13,01,219</u>

Printing Stationery  
Office Stationery  
Security Stationery  
Crockery and Utensil  
Publicity, Advertisement, etc  
Computer Expenses

**29 Chief Executive's salary and fees**

Basic Salary  
House Rent Allowance  
House Attendance Allowance  
Other Allowance  
Leave Fare Compensation  
Bonus

36,00,000
12,60,000
4,05,000
8,10,000
5,40,000
8,00,000
<u>74,15,000</u>

**30 Directors' Fees & Meeting Expenses**

Directors' Fees  
Travelling and Haltage  
Board Meeting Expenses  
Executive Committee Meeting Expenses

10,86,750
1,78,140
3,33,672
-
<u>15,98,562</u>

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.

**31 Auditors' Fees**

Statutory  
Others

2,00,000
-
<u>2,00,000</u>

**32 Charges on Loan Losses**

Loan-written off  
Interest waived

-
-
<u>-</u>

**33 Depreciation and Repairs of Bank's Assets**

2013 Taka
--------------

Depreciation of Bank's Assets-Own Assets (a):

Land, Building and Construction  
Furniture & Fixtures  
Equipment and Machinery  
Vehicle

-
1,39,845
1,42,08,320
4,33,333
1,47,81,498

Depreciation of Bank's Assets-Leased Assets (b):

Land, Building and Construction  
Furniture & Fixtures  
Equipment and Machinery  
Vehicle

15,02,042
15,02,042

Depreciation has been charged from the month of purchased

Repair, Renovation & Maintenance of Bank's Assets ©:

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, Repacement and Servicing of Motor Vehicle  
Plant Maintenance

2,10,053
7,900
1,29,870
76,730
11,50,307
17,325
7,70,265
25,000
23,87,450

Amortization of Assets (d)

Amortization of Preliminary Expenses  
Amortization of Pre-Operating Expenses/Formation Expense of the Bank

53,90,910
87,59,600
1,41,50,510
3,28,21,500

Total [a+b+c+d]

**34 Other Expenses**

Bank Charges  
Entertainment and other Expenses [Note: 34.1]  
Travelling Expenses  
Conveyance, Carriage and Freight  
Business Development  
Liveries and Uniforms  
Medical Expenses  
Newspaper, Magazine and Periodicals  
Car Expenses  
Discount and Commission Paid  
Lease Rent  
CSR  
Sundry Expenses  
Laundry and Cleaning  
Photograph and Photocopy  
Cash Carrying/Remittance Charges  
Nursery and Plantation  
Other Professional Charges  
Computer Paper for Card  
Paper And Periodicals  
Security and Cleaning  
Training and Internship  
Interest Expense on Leased Properties  
Loss On Revaluation Of Govt. Securities:Treasury Bills

3,04,558
35,56,628
26,84,169
2,87,886
17,62,729
17,040
68,984
85,553
16,56,064
14,52,345
8,77,000
21,75,459
3,06,412
24,770
35,035
1,200
1,44,830
9,408
6,800
25
65,08,717
98,850
8,65,162
47,596
2,29,77,220

**34.1 Entertainment and Other Expenses**

		2013
		Taka
Entainment allowance		16,800
Refreshment for Office Purpose		15,71,760
Opening Ceremoney, Business Confirence, Meeting and Closing allowance		19,68,068
		<u>35,56,628</u>
<b>35</b>	<b>Provision against loans and advances</b>	
	Provision for Bad and Doubtful Debts Loan and Advances	-
	Provision for SMA Loans and Advances	-
	Provision for Unclassified Loans and Advances	4,33,98,760
		<u>4,33,98,760</u>
<b>36</b>	<b>Provision for Diminution in Value of Investments</b>	
<b>37</b>	<b>Other Provisions</b>	
	Provision required on Off-Balance Sheet Exposures	1,08,31,058
	Others	-
		<u>1,08,31,058</u>

### 38 Provision for Current Tax Payable/Credit

SL	Particulars	2013 Taka
1	Net Income Before Tax	3,83,10,256
2	Add: Provision for Gratuity	39,00,000
	Depreciation for Accounting Purpose	1,62,83,540
	Total	2,01,83,540
3	Less: Depreciation for Tax Purpose	2,78,10,014
	Total	2,78,10,014
4	Taxable Income [1+2-3]	3,06,83,782
5	Current Tax Payable @42.50%	1,30,40,607
6	Deffered Tax Liability ( <b>Note-39</b> )	32,41,252
7	Tax Expense for the Period	1,62,81,859

### 39 Provision for Deferred Tax Liability

	<u>Carrying Amt</u>	<u>Tax Base</u>	<u>Temporary Difference</u>
Fixed Assets	14,51,49,165	13,36,22,691	1,15,26,474
	<b>Total Taxable Temporary Difference at Asset side</b>		1,15,26,474
Gratuity	39,00,000	-	(39,00,000)
	<b>Total Deductible Temporary Difference at Liability side</b>		(39,00,000)
Net Taxable Temporary Difference [i.e. Tax will be paid in future period]			76,26,474
Tax Rate @42.50% i.e deffered Tax Liabilty			32,41,252

### 40 Earnings Per Share (EPS)

Profit after Taxation	2,20,28,397
Number of Ordinary Shares outstanding	44,46,05,900
Earnings Per Share	0.0495

		2013 Taka
41	Receipts from Other Operating Activities	
	Interest on Treasury Bill	1,60,84,098
	Interest on Money at call	6,29,333
	Interest on Treasury Bond	-
	Service Charges and Fees	18,82,929
	Income from Card Services	1,467
	Charges on Trade Finance	2,84,082
	Miscellaneous Earnings	73,012
		<u>1,89,54,922</u>
42	Payments for Other Operating Activities	
	Rent, Taxes, Insurance, Electricity, etc	4,17,80,260
	Legal expenses	1,13,625
	Postage, Stamps, Telecommunication, etc	40,77,323
	Directors' fees & Meeting Expenses	15,98,562
	Repair, Renovation & Maintenance of Bank's Assets	1,65,25,460
	Other Expenses	2,08,01,761
		<u>8,48,96,990</u>
43	Other Assets	
	Advance Security Deposit	2,84,485
	Membership with Visa Worldwide PLC Ltd	23,11,500
	Suspense Account	7,72,04,006
	Advance Rent	25,50,28,389
	Advance Income Tax	3,29,25,394
	Preliminary Expenses	1,61,72,727
	Pre-operating/Formation Expenses	2,62,78,801
		<u>41,02,05,302</u>
44	Other Liabilities	
	Lease Payable for Lease Hold Property	<u>2,63,61,555</u>
		<u>2,63,61,555</u>
45	(Purchase)/ Sale of Government Securities	
	Treasury Bills-HFT	35,47,64,401
	Treasury Bills-HTM	28,83,78,438
	Less: Revaluation Gain on Treasury Bills which is non cash	(33,07,486)
		<u>63,98,35,353</u>
46	Conversion Rates	

Assets and Liabilities as at 31 December 2013 denominated in foreign currencies have been converted to local currency Bangladesh Taka (BDT) at the following exchange rates:

<u>Currency</u>	<u>Abbreviation</u>	<u>Unit</u>	<u>Equivalent BDT</u>
US Dollar	USD	1	77.75
Japanese Yen	JPY	1	0.75

#### 47 Highlights of overall activities of the Bank

Sl #	Particulars	2013
		Taka
1	Paid-up Capital	4,37,38,49,812
2	Total Capital	4,39,91,85,696
3	Capital Surplus	3,90,05,66,279
4	Total Assets	9,53,75,92,672
5	Total Deposits	4,90,99,55,503
6	Total Loans and Advances	3,71,71,45,445
7	Total Contingent Liabilities and Commitments	1,08,31,05,799
8	Credit-Deposit Ratio	72.81%
9	Ratio of Classified Loans against Total Loans and Advances	-
10	Profit after Tax and Provision	2,20,28,397.25
11	Loans Classified during the Year	-
12	Provision kept against Classified Loans	-
13	Provision Surplus/ (deficit)	-
14	Cost of Fund	11.13%
15	Interest Earning Assets	8,55,49,81,948
16	Non-interest Earning Assets	98,26,10,724
17	Return on Investments (ROI)	0.5084%
18	Return on Assets (ROA)	0.2783%
19	Income from Investments	4,11,28,563
20	Earnings Per Share	0.0495
21	Net Income Per Share	0.0495
22	Price-Earnings Ratio (Times)	N/A

#### 48 Events after Reporting Period

Bank has received the shortfall of paid up capital of TK. 7.22 Crore vide Bangladesh Bank letter # BRPD (P-3)/745(60)/ 2013-2587 dated 30 December 2013 and complied the paid up capital requirement of Tk. 444.61 crore of the Bank.

-SD-

Dewan Mujibur Rahman  
Managing Director & CEO

-SD-

Mohammed Adnan Imam, FCCA  
Director

-SD-

Dr. Toufique Rahman Chowdhury  
Director

-SD-

Engr. Farasath Ali  
Chairman

Dhaka, Bangladesh  
Dhaka, 27 February 2014

# NRB COMMERCIAL BANK LIMITED

FDR with Banks/NBFIs

As of 31.12.2013

## Annexure-A

SL	Name of the Bank/NFBI	Period	Issue Date	Maturity Date	Principal Amount
<b>BANKS</b>					
1	The Farmers Bank Ltd.	90 Days	09-Oct-13	07-Jan-14	5,00,00,000
2	NRB Global Bank Ltd.	92 Days	23-Oct-13	23-Jan-14	50,00,00,000
3	NRB Global Bank Ltd.	92 Days	23-Oct-13	23-Jan-14	25,00,00,000
4	NRB Global Bank Ltd.	92 Days	23-Oct-13	23-Jan-14	25,00,00,000
5	The Farmers Bank Ltd.	91 Days	10-Nov-13	09-Feb-14	5,00,00,000
6	The Farmers Bank Ltd.	91 Days	10-Nov-13	09-Feb-14	5,00,00,000
7	Jamuna Bank Ltd.	12 Months	11-Nov-13	11-Nov-14	1,25,00,000
8	Agrani Bank Ltd.	12 Months	21-Nov-13	21-Nov-14	1,05,84,000
	Sub-Total				1,17,30,84,000
<b>NBFIs</b>					
1	Prime Finance & Investment Ltd.	184 Days	14-Jul-13	14-Jan-14	10,00,00,000
2	Phoenix Leasing Ltd.	182 Days	21-Jul-13	19-Jan-14	10,00,00,000
3	Bangladesh Industrial Finance Company Ltd.	182 Days	22-Jul-13	20-Jan-14	5,00,00,000
4	Union Capital Ltd.	182 Days	15-Sep-13	16-Mar-14	10,00,00,000
5	FAS Finance And Investment Ltd.	182 Days	01-Oct-13	01-Apr-14	10,00,00,000
6	Peoples Leasing Financial Services Ltd.	182 Days	07-Oct-13	07-Apr-14	10,00,00,000
7	Reliance Finance Ltd.	182 Days	29-Oct-13	29-Apr-14	2,00,00,000
8	First Lease Finance and Investment Ltd.	180 Days	29-Oct-13	29-Apr-14	5,00,00,000
9	Peoples Leasing Financial Services Ltd.	182 Days	30-Oct-13	30-Apr-14	10,00,00,000
10	Investment Corporation of Bangladesh (ICB)	90 Days	30-Oct-13	28-Jan-14	50,00,00,000
11	Lanka Bangla Finance Ltd.	182 Days	03-Nov-13	04-May-14	5,00,00,000
12	Fareast Finance and Investment Ltd	182 Days	10-Nov-13	11-May-14	5,00,00,000
13	Lanka Bangla Finance Ltd.	180 Days	22-Nov-13	21-May-14	5,00,00,000
14	Uttara Finance & Investment Ltd.	181 Days	22-Nov-13	22-May-14	5,00,00,000
15	MIDAS Financing Ltd.	182 Days	02-Dec-13	02-Jun-14	5,00,00,000
16	MIDAS Financing Ltd.	90 Days	04-Dec-13	04-Mar-14	5,00,00,000
17	Bangladesh Finance and Investment Company Ltd.	182 Days	10-Dec-13	08-Jun-14	10,00,00,000
18	First Lease Finance and Investment Ltd.	180 Days	12-Dec-13	10-Jun-14	10,00,00,000
19	MIDAS Financing Ltd.	182 Days	15-Dec-13	15-Jun-14	5,00,00,000
20	Fareast Finance and Investment Ltd.	182 Days	22-Dec-13	22-Jun-14	5,00,00,000
21	Uttara Finance & Investment Ltd.	180 Days	26-Dec-13	26-Jun-14	15,00,00,000
	Total				1,97,00,00,000

**NRB COMMERCIAL BANK LIMITED**  
Currency wise balance position of Nostro Accounts  
**As of 31.12.2013**

**Annexure-B**

SL	Name of the bank	Location	Name of currency	As at 31 December 2013		
				Amount in Foreign Currency	Conversion Rate	Equivalent Amount in Taka
1	Habib American Bank	New York	USD	1,53,132.51	77.75	1,19,06,053
2	Mashreq Bank PSC	New York	USD	98,827.26	77.75	76,83,819
3	AB Bank Limited	Mumbai	Acu Dollar	6,495.00	77.75	5,04,986
4	United Bank of India	Kolkata	Acu Dollar	2,026.00	77.75	1,57,522
5	National Bank of Pakistan	Tokyo	Jap.YEN	9,37,862.00	0.75	7,03,397
Total				11,98,342.77		2,09,55,776

**NRBCB**  
Schedule of Property, Plant & Equipment  
As of 31.12.13

SI NO.		Assets				Rate of Depreciation	Depreciation				Book Value
		Opeing Balance 18.04.13	Addition during the year	Disposal during the year	Closing Balance		Opeing Balance 18.04.13	Addition during the year	Disposal during the year	Closing Balance	
1	Land, Building and Construction	-	-		-	2.50%		-		-	-
2	Furniture and fixures		8,01,517		8,01,517	10.00%		1,39,845		1,39,845	6,61,672
3	Equipment and Machinery		12,20,24,565		12,20,24,565	20.00%		1,42,08,320		1,42,08,320	10,78,16,245
4	Vehicles		1,15,00,000		1,15,00,000	20.00%		4,33,333		4,33,333	1,10,66,667
5	Leased Assets: Vehicle		2,71,06,624		2,71,06,624	20.00%		15,02,042		15,02,042	2,56,04,582
	Total	-	16,14,32,706		16,14,32,706		-	1,62,83,540	-	1,62,83,540	14,51,49,166

## Detailed of Risk Weighted Assets under Basel II at 31 December 2013

Risk Weighted Assets (RWA) for	2013	
	Exposure	Risk Weighted Asset
A. Credit Risk	9,29,77,16,211	4,96,60,99,863
On- Balance Sheet (as shown below)	9,09,07,70,028	4,72,42,39,364
Off-Balance Sheet (as shown below)	20,69,46,183	24,18,60,499
B. Market Risk		3,83,29,631
C. Operational Risk		53,05,24,523
Total: RWA (A+B+C)	9,29,77,16,211	5,53,49,54,016

## Credit Risk - On Balance Sheet Items

SL	Exposure Type	2013	
		Exposure	Risk Weighted Asset
a	Cash and Cash Equivalents	6,90,48,955	-
b	Claims on Bangladesh Government and Bangladesh Bank	52,57,24,348	-
c	Claims on other Sovereigns & Central Banks*		
d	Claims on Bank for International Settlements, International Monetary Fund and European Central Bank		-
e	Claims on Multilateral Development Banks (MDBs):		
f	Claims on Public Sector Entities (other than Government) in Bangladesh		
g	Claims on Banks and Non-bank Financial Institution (NBFI):		
i)	Original maturity over 3 months	3,14,30,84,000	1,57,15,42,000
ii)	Maturity less than 3 months	1,05,14,96,871	21,02,99,374
h	Claims on Corporate (excluding equity exposure)	3,42,00,04,996	2,18,39,21,845
i	Claims under Credit Risk Mitigation	12,92,26,583	-
	Fixed Risk Weight Groups:		
j	Claims categorized as retail portfolio & Small Enterprise (excluding consumer loan )	1,17,43,604	88,07,703
k	Consumer Loan	7,12,28,435	7,12,28,435
l	Claims fully secured by residential property	67,82,272	33,91,136
m	Claims fully secured by commercial real estate	77,72,581	77,72,581
n	Past Due Claims (Risk weights are to be assigned net of specific provision):		
o	Investments in Venture Capital		
p	Claim on Capital Market Exposure		
q	Unlisted Equity Investments and Regulatory Capital Instruments issued by other banks (other than those deducted from capital) held in banking book		
r	Investments in premises, plant and equipment and all other fixed assets	14,51,49,166	14,51,49,166
s	Claims on all fixed assets under operating lease		
t	All other Assets	50,95,08,218	50,95,08,218
Total		9,09,07,70,028	4,71,16,20,458

## Credit Risk - Off Balance Sheet items

SL	Exposure Type	2013	
		Exposure	Risk Weighted Asset
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):		
e	Claims on Public Sector Entities (other than Government) in Bangladesh		
f	Claims on Banks:		
i)	Maturity over 3 months		
ii)	Maturity less than 3 months		
g	Claims on Corporate (excluding equity exposure)	19,83,36,853	23,54,03,501
h	Against retail portfolio & Small Enterprise (excluding consumer loan)	86,09,330	64,56,998
i	Consumer Loan		
j	Claims fully secured by residential property		
k	Claims fully secured by commercial real estate		
l	Investments in venture capital		
m	Capital Market Exposure		
n	All other assets		
Total		20,69,46,183	24,18,60,499

## Related Party Disclosure

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial and operating decisions. Related party information are given below:

## i. Directors' interest in different entities:

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
A	B	C	D	E	F	G
1	Engr. Farasath Ali	Chairman	21 Years	a. 1586 Restaurant Inc (Vivo Restaurant), 1586-2nd Ave, NYC, NY-10028. b. SNA Knitting Mill Inc., 1 Market Street, Passaic, N-J-07055.	a. President b. Shareholder	a. 50% b. 90%
2	Dr. Toufique Rahman Chowdhury	Vice Chairman	21 Years	a. East Anglia Resources Ltd, 19 Mayflower Mews, Grantham, NG31 7AF, UK. b. Firstlead Securities Ltd., Al-Hamra, Sylhet-3100. c. National Credit Ratings Ltd., 3 Bijoy Nagar, Dhaka. b. Metropolitan University, Sylhet, Bangladesh.	a. Director b. Managing Director c. Vice Chairman d. Chairman	a. 50% b. None. c. 19% d. 25%
3	Mr. ABM Abdul Mannan	Director	11 Years	AAA Wash & Clean, 89-04 Elliot Avenue, Rego Park, NY 11374, USA.	Owner	100%
4	Mr. Mohammed Oliur Rahman	Director	21 Years	a. Al Haramain Trading LLC, PO Box: 13754, Dubai, UAE. b. Al Haramain Perfumes MFG & Oudh Processing Industry LLC, PO Box: 1885, Aiman. UAE. c. Al Haramain Perfumes LLC, Dubai, UAE. d. Best in Fragrance, Hilton tower, Gate#3, Shops#6-7, PO Box: 18083, Holy Makkah, Kingdom of Saudi Arabia e. Noor Al Haramain LLC, PO Box: 13754, Dubai, UAE.	a. Director b. Shareholder c. Shareholder d. Shareholder e. Shareholder	a. 24% b.20% c.30% d.30% e. 24%
5	Mr. Mohammed Enayet Hossain	Director	16 Years	a. Tanjil-Co, Via Marteri Della Liberta-208, Sanremo. (IM) Italy. b. Tanjil Co. Cleaning Company, Via Ciotti No-1, Vallebona (IM) Italy.	a. Director b. Director	a. 100% b. 100%
6	Mr. Md. Amir Hossain	Director	18 Years	a. Trimx International, LLC, 5 Concourse PKWY, Suite 3000, Atlanta, GA 30328. b. Trimx Ventures LLC, 2730 Weaver Rd., Macon, GA 31217. c. Trimx Recycling LLC, 2730 Weaver Rd., Macon, GA 31217. d. Trimx Demolition LLC, 2730 Weaver Rd., Macon, GA 31217.	a. CEO b. CEO c. CEO d. CEO	a. 100% b. 100% c. 100% d. 100%
7	Mr. Abu Mohammad Tushar Iqbal Rahman	Director	13 Years	Lantiq Deutschland GMBH, Germany, AM Compeon 3, 85579, Neubiberg, Germany.	Staff Engineer	None.
8	Mr. Firoz Haider Khan	Director	14 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	11 Years	a. 7069367 Canada Inc., 587 Third Line, Oakville, ON, L6L 4A8, Canada. b. Mishmak Developments Ltd., Forum Central (6th Floor), Golpahar Circle, MM Ali Road, c. Mishmak Lands Developments Ltd. Forum Central (6th Floor), Golpahar Circle, MM Ali Road, Chittagong.	a. Director b. Director c. Director	a. 50% b. 10% c. 10%
10	Mr. Abu Bakr Chowdhury	Director	11 Years	a. Baizid Steel Industries Ltd., Rahima Center, 4th Floor, 1618/1839 CDA Avenue, Nasirabad. Chittagong. b. CSS Corporation (BD) Ltd., Rahima Center, 4th Floor, 1618/1839 CDA Avenue, Nasirabad. Chittagong. c. CSS Power Ltd., Rahima Center, 4th Floor, 1618/1839 CDA Avenue, Nasirabad, Chittagong. d. ABC Marks Holdings Ltd., Rahima Center, 4th Floor, 1618/1839 CDA Avenue, Nasirabad. Chittagong. e. ATN News Ltd., Hassan Plaza, 53 Kawran Bazar, Dhaka-1215. f. Bijoy TV Ltd., Press Club Bhaban, 2nd Floor, Jamal Khan Road, Chittagong. g. ABC Associates Ltd., Rahima Center, 4th Floor, 1618/1839 CDA Avenue, Nasirabad, Chittagong.	a. MD b. MD c. MD d. MD e. Shareholder f. Shareholder g. MD	a) 59.50% b. 40% c. 80% d. 50% e. 10% f. 15% g. 2.50%

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
11	Mr. Mohammad Shahid Islam	Director	14 Years	Marafie Kuwaitia Group, Arab Union Building, 4th Ringroad, 4th FL Hawally, State of Kuwait.	CEO and Partner	49%
12	Mr. Loquit Ullah	Director	31 Years	Store Alamin SNC, Via Principe Amedia, 134-136, Rome, Italy.	Managing Director	100%
13	Mr. Tamal S.M.Parvez	Director	16 Years	a. OY STN Electronics Ltd., Nokkalanniemi 1C, 02230 Espoo, Finland. b. Oldi Group, Malisheva 20, Moscow, Russia. c. System Invest Trekhprudnaya, 11/13, Off 25, Moscow, Russia.	a. CEO and President b. Director c. Director	a. 100% b. 5% c. 95%
14	Mr. Rafikul Islam Mia Arzoo	Director	21 Years	a. Bonanza, 2nd Magietralnaya 14 G, Moscow, Russia. b. Mela, 2nd Magietralnaya 14 G, Moscow, Russia. c. Lisichka, St. Bibirovskaya 2/1, Moscow, Russia.	a. President b. MD c. Director	a. 90% b. 89.5% c. 80%
15	Mr. Mohammed Nazim	Director	13 Years	a. Al Majal Car Wash and Maint, Al Maliha Street, Industrial Area,-10, Near Gico, PO: 29037, Shariah, UAE. b. Al Badar Car Washing Station, New I/A, PO Box-1267, Aiman, UAE. c. Dar Al Madina Washing Station, Jouraf I/A-1, Near China Mall, Aiman, UAE. d. Dar Al Salam Car Washing Station, Ajman, UAE. e. Al Ardh Al Thahabiah Trucks & Heavy Machines Maint. Center, Shariah, UAE.	a. MD b. MD c. MD d. MD e. MD	a. 100% b. 100% c. 100% d. 50% e. 50%
16	Mr. Syed Munsif Ali	Director	11 Years	a. Multiplan Limited, Suite-8C, Chandrashila, Suvastu Tower (8th Floor), 69/1 Panthpath, Dhaka-1205. b. Multiplan Canada Limited, 8595 Omer Street, Brossard, Montreal, Quebec J4Y 3E9, Canada	a. Chairman and CEO b. President	a. 81.84% b. 20%
17	Mr. Mohammed Adnan Imam	Director	13 Years	a. IPE Capital Limited, 10 Margaret Street, London. W1W 8RL. b. AWR Developents Limited, 82 Great Eastern Street, London, EC2A 3JF. c. AWR Real Estate Limited, 10 Margaret Street, London. W1W 8RL.	a. MD b. MD c. MD	a. 50% b. 50% c. 50%
18	Dr. Nuran Nabi	Director	17 Years	American Super Specialty Hospital, Dhaka, Bangladesh.	Director of Board	None.
19	Mr. Mohammed Manzurul Islam	Director	11 Years	a. Re/Max Universal, 37-17 57th Street, Wodstde, NY11377, USA. b. ATN News Ltd., Hasan Plaza, 53, Kawran Bazar, Dhaka.	a. CEO b. Director	a. 100% b. 20%
20	Mrs. Kaniz Farzana Rashed	Director	14 Years	a. North South Inc., 63 Riverview Heights, Etobicoke, ON M9P 2N3, Canada. b. Bay Navigation Ltd., 261 Mazirghat Road, Chittagong. c. MRF Essentials Trade Ltd., 261 Mazirghat Road, Chittagong.	a. Director and Chairperson b. Shareholder c. Shareholder	a. 100% b. 10% c. 10%

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: Nil

v. Lending policies for granting loan to the Related Party : Nil

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