



## Selected explanatory notes

as at and for the first quarter ended from 1 January 2024 to 31 March 2024

### 1 The Bank and its activities

#### 1.1 Reporting entity

The NRB Bank Limited (hereinafter called "the Bank" or "NRB Bank") is a private commercial bank (PCB), incorporated as a public limited company in Bangladesh on 19 March 2013 under the Companies Act, 1994. It started its banking businesses from 04 August 2013 under the license issued by Bangladesh Bank. Shares of the Bank is listed with both Dhaka Stock Exchange (DSE) PLC and Chittagong Stock Exchange (CSE) PLC.

The registered office of the Bank is located at Uday Sanz, Plot # 2/B, Gulshan South Avenue, Gulshan-1, Dhaka 1212, Bangladesh.

#### Principal activities

The principal activities of the Bank are to provide a comprehensive range of financial products and services, personal and commercial banking, islami banking, trade services, cash management, treasury, securities and custodial services to its customers.

#### Islamic banking branch

NRB Bank has got permission for Islami Banking Business vide memo no. BRPD (LS-2)/745(61)/2021-7959 dated 07 September 2021 and its soft operation inaugurated on 09 September 2021 of our first Islami Banking Branch. Bank is intended to expand operation all over the country in spirit of Islami Shariah.

#### NRB Bank Securities PLC

NRB Bank Securities PLC (the company) has been incorporated in Bangladesh on 16 March 2021 as a public limited company under the Companies Act 1994 vide certificate of incorporation no. C-169869/2021. NRB Bank Securities PLC has commenced its business on 10.11.2022. It is a subsidiary company of NRB Bank Limited, a banking company incorporated in Bangladesh under the Banking Companies Act 1991 having its registered office at Balaaree (4th Floor), House#30, Road# 130, Gulshan South Avenue, Gulshan 1, Dhaka.

### 2 Basis of preparation and significant accounting policies

Basis of preparation, accounting policies and estimates applied in these financial statements as at and for the period ended 31 March 2024 are same as those applied in the audited annual financial statements for the year ended 31 December 2023. Certain selected explanatory notes are given below:

#### 2.1 Statement of compliance

The consolidated and separate financial statements of the Group and the Bank have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the the Financial Reporting Council (FRC) under the Financial Reporting Act, 2015 (FRA) and the requirements of the Bank Company Act 1991 (as amended up to date), the rules and regulations issued by Bangladesh Bank (BB), the Companies Act 1994 & the Securities and Exchange Rules 1987.

In case of any requirement of the Bank Company Act 1991 (as amended up to date), and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs, the requirements of the Bank Company Act 1991 (as amended up to date), and provisions and circulars issued by Bangladesh Bank shall prevail.

#### 2.2 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (BDT), which is the Bank's functional and presentation currency. All financial information presented in Taka has been rounded off to the nearest Taka except when otherwise indicated.

#### 2.3 Use of estimates and judgments

The preparation of the consolidated and separate financial statements of the Group and the Bank in conformity with IFRSs require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

### 3 Significant accounting policies

The accounting policies set out have been applied consistently to all period presented in these financial statements, and have been applied consistently by group entities except otherwise instructed by Bangladesh Bank as the prime regulator.

The financial statements of the subsidiaries which are included in Consolidated Financial Statements of the Group have been prepared using uniform accounting policies of the Bank (Parent) for transactions and other events of similar nature.

#### 3.1 Revenue recognition

##### Interest income

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

#### Profit on investment (islamic banking)

Income from general investments is accounted for on accrual basis except investments under Mudaraba and Ijarah modes, where the investment income is accounted for on realization basis. The islamic banking does not charge any rent during the gestation period of investment against Hire Purchase under Shirkatul Mulk (HPSM) mode but it fixes the sale price of the assets at a higher level in such a way to cover its expected rate of return. Such income is recognized on realization basis.

#### 3.2 Cash flow statement

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

#### 3.3 Statement of changes in equity

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

#### 3.4 Earnings Per Share

As per IAS 33 "Earnings Per Share" the Bank has been reporting 'Basic EPS' as there has been no dilution possibilities during the period. Basic EPS is computed by dividing the profit or loss attributable to ordinary shareholders of the Bank by the number of ordinary shares outstanding during the period.

#### 3.5 Credit Rating of the Bank

As per BRPD circular no. 6 dated 5 July 2006, the bank has done its credit rating by Credit Rating Information and Services Limited (CRISL) based on the financial statements as at and for the year ended 31 December 2022. The following ratings have been awarded

Periods up to	Date of Rating	Surveillance Rating	
		Long Term	Short Term
24 June 2024	25-Jun-23	A+	ST-2
29 June 2023	30-Jun-22	A+	ST-2
29 June 2022	1-Jul-21	A	ST-2

#### General

##### 3.6 Reporting period

The period of these financial statements covers from 1 January to 31 March 2024.

##### Review of the Financial Statements

These financial statements were reviewed by the Audit Committee of the Board of NRBBL in the meeting held on 07 May 2024 and was subsequently approved by the Board in the meeting held on the same date.

##### 3.7 Additional Disclosure in compliance with BSEC notification dated 20 June 2018:

Particulars	Consolidated		Increase/ (Decrease)	Reasons
	January to March 2024	January to March 2023		
Net interest income	25,68,78,629	18,25,46,055	7,43,32,574	Loans & Advances increased by BDT 766 crore in Mar'2024 from Mar'2023 resulting Net Interest Income (Nil) has been increased.
Income from investments	29,58,19,592	12,72,44,170	16,85,75,422	Treasury bill- bond rate followed an upward trend from the 2nd half of 2023. Investment amount has also been increased during this period. Both pushed up to increase the investment income in Q1'2024 as compared to the same quarter of 2023.
Commission, exchange and brokerage	6,33,42,043	19,94,18,880	(13,60,76,837)	In 2023, the Bank maximized its exchange gain via arbitrating the FX rate.
Loan Loss Provision (expense)	(21,56,585)	75,70,14,497	(75,91,71,082)	NPL, in Q1'2024, increased by BDT 5.10 crore where as NPL was increased by BDT 147.50 crore in Q1'2023. So Specific Provision for Q1'2023 was significantly charged to PnL in Q1'2023. On the contrary, due to upgradation of loan status (BL to DF to SS) of certain account and increase of security value of mortgage properties Specific Provision charged to PnL has been released in Q1'2024.
Provision for diminution in value of investments	8,24,32,167	45,902	8,23,86,265	Capital market index sharply fall in Q1'2024 resulting provision requirement has been increased during this quarter.
Deferred tax expense/ (Income)	1,89,587	(30,28,05,799)	30,29,95,386	Deferred tax income was significantly increased in Q1'2023 due to increase of Specific provision charged in this quarter.

	31 March 2024 Taka	31 December 2023 Taka
<b>Net asset value (NAV) per share-Consolidated</b>		
a) Capital / shareholders' equity for the period	9,156,258,182	8,140,537,987
b) Number of shares outstanding	690,587,200	690,587,200
<b>Net asset value (NAV) per share (Restated) ( a÷b)</b>	<b>13.26</b>	<b>11.79</b>

#### Net asset value (NAV) per share-the Bank

a) Capital / shareholders' equity for the period	9,157,034,016	8,143,084,104
b) Number of shares outstanding	690,587,200	690,587,200
<b>Net asset value (NAV) per share (Restated) ( a÷b)</b>	<b>13.26</b>	<b>11.79</b>

$$\text{Calculation of NAVPS} = \frac{\text{Net assets value}}{\text{No of shares outstanding}}$$

	01 January to 31 March 2024 Taka	01 January to 31 March 2023 Taka
<b>Net operating cash flow per share (NOCFPS) per share -Consolidated</b>		
a) Operating cash flow for the period	2,579,995,972	39,696,686
b) Weighted average number of share outstanding	690,587,200	690,587,200
<b>Net operating cash flow per share (Restated) ( a÷b)</b>	<b>3.74</b>	<b>0.06</b>

#### Net operating cash flow per share (NOCFPS) per share-the Bank

a) Operating cash flow for the period	2,508,325,028	45,697,614
b) Weighted average number of share outstanding	690,587,200	690,587,200
<b>Net operating cash flow per share (Restated) ( a÷b)</b>	<b>3.63</b>	<b>0.07</b>

$$\text{Calculation of NOCFPS} = \frac{\text{Net operating cash flow}}{\text{No of shares outstanding}}$$

#### Earnings per share-Consolidated

Net profit after tax	17,175,891	(406,366,504)
Number of ordinary shares outstanding	690,587,200	690,587,200
<b>Earnings per share (Restated)</b>	<b>0.02</b>	<b>(0.59)</b>

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

#### Earnings per share-the Bank

Net profit after tax	15,405,607	(403,253,089)
Number of shares outstanding	690,587,200	690,587,200
<b>Earnings per share (Restated)</b>	<b>0.02</b>	<b>(0.58)</b>

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

$$\text{Calculation of EPS} = \frac{\text{Profit after tax}}{\text{Number of shares outstanding}}$$

The details financial statements are available in the website of the company. The address of the website is "https://www.nrbbankbd.com/investors-relation/#financial-statements".