

Directors' Report

The Board of Directors welcomes you all to the 11th Annual General Meeting (AGM) and is pleased to present before you the Annual Report comprising the Audited Financial Statements of the Bank for the year 2023 together with Auditors' Report to the Shareholders. A review of business and financial performance and the underlying forces affecting those have been briefly pointed out.

The BODs has reviewed the business and financial performance of the Bank during the year and highlighted all the major drivers behind our performance to give you a genuine insight about the Bank's performance and continuous growth in the competitive industry. A brief overview of the performances of the world and Bangladesh economy during 2023 and outlook for 2024 are also included in this report.

Global Economic Outlook

Global economy has continued to showcase sustained pace of recovery from certain natural, man-made and socio-economic perils. Inflation has reduced more rapidly than anticipated from its peak in 2022, with a lesser impact on employment and activity than initially anticipated. This is attributed to positive supply-side advancements and various policy measures taken by central banks to contain inflation. However, high interest rates to combat inflation and reduced fiscal support are expected to pull down the economic growth rate in 2024. Global inflation, which was 6.8% (annual average) in 2023, is expected to fall up to 5.8% in 2024.

In 2023, the global economic outlook was marked by a mix of opportunities and challenges. Many regions saw a rebound in economic activity compared to the previous year, with emerging markets and developing economies experiencing notable growth. However, inflation emerged as a significant concern in several parts of the world, driven by supply chain disruptions and expansionary fiscal and monetary policies. Global trade gradually recovered, though tensions between major economies persisted. The acceleration of digitalization trends brought both opportunities for innovation and concerns about job displacement. Environmental sustainability gained prominence, leading to increased investments in renewable energy and clean technologies. Geopolitical tensions remained a source of uncertainty, impacting supply chains and investment flows. Governments and central banks implemented various policy measures to support economic recovery, emphasizing the importance of proactive policymaking in navigating the complex global economic landscape.

In 2023, the global economy expanded by 3.1%, according to the IMF, and is forecasted to maintain this growth rate in 2024 before a slight increase to 3.2% in 2025. However, these projections fall below the pre-COVID annual average of 3.8%, influenced by factors such as restrictive monetary policies, reduced fiscal support, and low underlying productivity growth. Advanced economies are expected to see a slight dip in growth in 2024 followed by a modest uptick in 2025, with the euro area projected to recover from its sluggish performance in 2023, while growth in the United States is expected to slow down. Emerging markets and developing economies, on the other hand, are forecasted to maintain steady growth from 2024 to 2025, although growth rates may vary across regions. Nevertheless, there's a risk of disruption to global growth, especially if there's a spike in commodity prices due to escalating geopolitical conflicts or disruptions in global trade flows.

Particulars	2023	2024P	2025P
World	3.1	3.1	3.2
Advanced Economies	1.6	1.5	1.8
USA	2.5	2.1	1.7
Euro Area	0.5	0.9	1.7
Emerging Markets and Developing Economies	4.1	4.1	4.2
China	5.2	4.6	4.1

Source: IMF World Economic Outlook Update (January 2024); p for projection.

An overview of Bangladesh economy:

In 2023, Bangladesh's economy faced a myriad of challenges, both domestically and globally, spanning multiple fronts. Global disruptions in supply chains, coupled with a surge in fuel and commodity prices, exacerbated inflationary pressures. While numerous nations successfully managed inflation through appropriate policy measures, Bangladesh grappled with ongoing struggles in this regard. Moreover, the nation confronted a series of issues, including a fragile banking sector, financial account deficits, exchange rate volatility, dwindling foreign exchange reserves, escalating income inequality, and imbalances in the energy sector. These collective challenges weakened the longstanding macroeconomic stability that Bangladesh had enjoyed, built on high growth rates, relatively low inflation, and a robust external sector.

In FY 2023, industrial production in Bangladesh experienced a slowdown attributed to disruptions in raw material imports, escalating energy expenses, and shortages of power and gas. This deceleration, coupled with elevated inflation and growing economic uncertainty, resulted in a notable slowdown in private consumption and investment growth. Consequently, the GDP growth rate dipped to 5.78% from the previous fiscal year's 7.10%. Inflationary pressures intensified, with the CPI-based 12-month average inflation rate climbing to 9.48% in December 2023, compared to 7.70% in the previous year. This surge in inflation eroded consumer purchasing power, further dampening estimated private consumption and investment growth. Particularly concerning was the decline in the revenue-to-GDP ratio, which dropped to an estimated 7.9% in FY 2023 from 8.5% in FY 2022, positioning Bangladesh among the countries with the lowest ratios globally. The decline was exacerbated by reduced trade-related taxes, stemming from a sharp decline in imports.

The surge in import payments, coupled with fluctuations in global commodity prices and a widening financial account deficit, exerted considerable pressure on Bangladesh's FX reserves. By the end of 2023, the FX reserve stood at USD 27.13 billion, a decrease from

USD 21.87 billion under the BPM6 classification, excluding other foreign currency assets like the Export Development Fund (EDF). Remittances could have potentially alleviated the strain on foreign exchange reserves; however, despite the increase in migrant workers, particularly in Gulf and Middle Eastern countries, remittance inflows decreased due to active informal channels offering higher rates than the official ones. Remittance growth in FY2023 was a mere 2.75%, notably lower than the migration growth rate of 11.38%. To incentivize remittance inflows through official channels, the Bangladesh government and Bangladesh Bank have implemented various measures, including granting commercially important person (CIP) awards to remittance senders, expanding and simplifying the remittance disbursement process, increasing incentive amounts, and providing tax incentives for IT freelancers.

Between July and November 2023, Bangladesh faced a financial account deficit of USD 5.40 billion, contrasting sharply with the surplus of USD 1.26 billion recorded during the same period in 2022. This deficit exerted pressure on the balance of payments (BoP), despite a current account surplus. The slowdown in private foreign borrowings, amid global interest rate hikes and economic uncertainties, alongside delayed repatriation of certain export earnings, primarily contributed to this deficit. The overall BoP deficit for July-November 2023 amounted to USD 4.90 billion, a slight improvement from the USD 6 billion recorded in the corresponding period of 2022. While total export growth saw a modest increase of 6.67% in FY 2023, reaching USD 55.56 billion, the growth rate marginally rose by 0.84% in the first half of FY 2024 compared to previous periods. Conversely, total imports experienced a sharp decline of 15.81% in FY 2023 and 19.91% in H1 of FY 2024, attributed to tighter import controls and a shortage of foreign currency liquidity in the markets.

Banking Industry of Bangladesh

The banking industry in Bangladesh is characterized by a notable divide between state-owned commercial banks and local and foreign private commercial banks, each exhibiting distinct operational modes, service standards, profitability levels, and financial health indicators such as governance, asset quality, and capital adequacy. Throughout 2023, this sector encountered multifaceted challenges primarily stemming from governance deficiencies, a scarcity of foreign currency liquidity, loan irregularities, and the depreciation of the local currency, collectively eroding macroeconomic stability. Relaxed loan classification and rescheduling regulations, coupled with a prevailing culture of impunity, have facilitated fraudulent practices, leading to a significant surge in non-performing loans (NPL) within the banking sphere.

The liquidity of many banks faced significant pressure due to various factors including dollar sales by the central bank impacting reserves, sluggish deposit growth, limited official remittance inflows, and weak loan recovery. Particularly, Shariah-based banks experienced notable liquidity shortages as depositor confidence waned, necessitating liquidity support from the Bangladesh Bank (BB). With the official exchange rate of the Bangladeshi Taka (BDT) against the US dollar fixed at 110, considerably lower than the informal market rate, BB continued its intervention in the foreign exchange market by net selling foreign currency totaling USD 5.69 billion from July to December 2023, aiming to mitigate the demand-supply gap. Additionally, alongside import restrictions, BB implemented various measures to safeguard foreign currency reserves, including reducing the size of the Export Development Fund (EDF) and enforcing stringent eligibility criteria. Other measures included alternative currency arrangements for trade transactions, ensuring timely receipt of export earnings, and providing banks with flexibility in transferring capital between their offshore and domestic operations.

Bangladesh Bank (BB) has persisted with a contractionary monetary policy aimed at curbing inflation. However, private sector credit growth decelerated amidst tighter liquidity conditions, reduced demand for trade finance, and escalating economic and political uncertainties. Conversely, public sector credit growth surged due to heightened government borrowing from the banking sector, partially driven by a shift away from National Savings Certificates (NSCs). Liquidity within the banking

system remained strained due to BB's dollar sales and sluggish deposit growth, influenced by negative real interest rates and diminished depositor confidence. BB implemented various policy measures including raising the policy rate to 7.75%, abolishing lending rate caps, and introducing the "Six-Month Moving Average Rate of Treasury Bill (SMART)" with a suitable margin, while halting devolvement for lending to the government. In December 2023, domestic credit growth stood at 11.89%, down from 14.98% in December 2022, against a deposit growth rate of 11.04% (year-on-year) in December 2023. The Advance to Deposit Ratio (ADR) was 80.38% by December 2023, comfortably below BB's maximum allowable limit. However, the Non-Performing Loan (NPL) ratio rose to 9% in December 2023 from 8.16% at the end of 2022. This accumulation of bad loans poses a significant risk to the economy's credit supply channel, potentially impacting the resilience of the private sector.

The banking sector's overall solvency, primarily gauged by the Capital to Risk Weighted Assets Ratio (CRAR), consistently remained above the regulatory threshold of 10%, ensuring sufficient capital buffers to mitigate uncertainties and risks. Although there was a slight decline, the overall CRAR stood at 11.08% by the end of September 2023, down marginally from 11.19% in June 2023. Furthermore, the banking sector as a whole upheld the required levels of the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR), along with other liquidity ratios such as the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as of December 31, 2023.

Aligned with the government's "Smart Bangladesh Vision," Bangladesh Bank has launched the "Cashless Bangladesh" program, aiming to achieve a target of 75% cashless transactions by 2027. This initiative entails various measures such as the issuance of Digital Bank licenses, the implementation of Binimoy, QR Code transactions, and the introduction of TakaPay, all geared towards integrating the unbanked and marginalized segments of the population into the formal banking system.



Business, economy and banking system outlook 2024

The outlook for global growth in 2024 remains robust, albeit with a projected slowdown. Geopolitical tensions have emerged as the predominant risk facing the global economy, with conflicts escalating in key regions vital for the world's food and energy supply—Eastern Europe and the Middle East. These tensions introduce heightened uncertainty, dampening investment and economic expansion. Moreover, conflicts disrupt global supply chains, potentially triggering inflationary pressures. In the event of an escalation in the Middle East conflict, oil prices could surge, further fueling inflation and potentially stalling global economic growth. Additionally, China's economic deceleration, stemming from challenges in its property sector, poses risks to numerous advanced and developing economies with significant trade ties to China.

The IMF forecasts a GDP growth of 6% for Bangladesh in FY 2024, marking a revision from the initial government target of 7.5% to 6.5%. According to the World Economic Situation and Prospects 2024 Report by the United Nations Department of Economic and Social Affairs (UN DESA), Bangladesh is anticipated to witness a decline in inflation to 6.8% in 2024 from a provisional 9.6% in 2023. Key priorities for Bangladesh in 2024 include managing inflation, enhancing revenue collection to improve the revenue-GDP ratio, stabilizing the exchange rate, and bolstering foreign exchange reserves. The government's ability to support vulnerable groups impacted by high inflation may be constrained due to limited fiscal space, exacerbated by inflation fueled by government borrowing from the central bank in FY 2023. Efforts to curtail operational and administrative expenses to reduce the budget deficit are essential, alongside enhancing the efficiency of institutions responsible for economic oversight and accountability to foster sustainable economic growth in Bangladesh.

Continued depreciation of the Bangladeshi Taka (BDT) against the US dollar is anticipated in 2024 due to significant financial outflows. However, the implementation of various policy measures aimed at promoting exports and remittances, coupled with robust foreign direct investment (FDI) inflows and improvements in the trade balance, may contribute to stabilizing the exchange rates of the BDT in the forthcoming months. Nonetheless, potential downside risks persist, stemming from disruptions in global energy and food markets, unprecedented monetary policy interventions by nations to tackle historically high inflation levels, and slower-than-anticipated global economic growth. Additionally, tightening global financial conditions could trigger widespread capital outflows, impacting cross-border portfolios, reducing FDI inflows, and increasing borrowing costs and debt burdens. Given the persistent challenge of high inflation in the Bangladeshi economy, current monetary and fiscal policies prioritize addressing inflationary pressures as a matter of utmost importance.

Commercial banks, as providers of investible funds to both public and private sectors, play a pivotal role in Bangladesh's economic development. However, recent years have seen a lack of discipline in this sector, overshadowing progress and necessitating urgent reforms. In response, Bangladesh Bank has introduced a Prompt Corrective Action (PCA) framework scheduled for implementation from March 2025, based on audited financial indicators from the end of 2024. Additionally, the central bank is advocating for mergers and acquisitions among financial institutions, providing necessary guidelines and policy support. Nonetheless, prioritizing transparency, accountability, and sound management practices is essential to instill stability in the banking sector.

NRB Bank Limited – At a Glance

Corporate Banking

The Bank offers a comprehensive range of products and services to cater to the diverse financial requirements of corporates. Through expertise, innovation, and tailored solutions, the Bank simplifies the intricacies of the financial landscape for clients, enabling them to achieve their objectives effectively. Emphasizing long-term, mutually beneficial relationships, the Bank endeavors to support clients throughout their journey of development.

NRB Bank consistently extends support to corporates through an extensive array of traditional Corporate Banking Products and Services, supplemented by cutting-edge solutions tailored to their specific needs. Through its focused approach, NRB Bank has often provided innovative and insightful assistance, propelling corporate clients within their respective markets. With a proven track record as a book runner, mandated lead arranger, and underwriter of Syndicated loans, NRB Bank demonstrates its capability to handle complex transactions with flexibility and expertise. Leveraging its extensive experience, the Bank offers clients customized loans and facilities, along with comprehensive services for Syndication transactions. As a steadfast financial partner boasting substantial underwriting capacity, NRB Bank equips clients with the essential services to raise capital and debt from the market effectively.

Retail Banking Business

In response to a surge in competition, both from banks and non-banks, many financial institutions have embarked on launching or revamping retail products to capture a larger share of the personal financial services market. Retail banking now transcends being merely an avenue to address shrinking margins; it's become imperative for preserving profits and market positions. With customers having a plethora of personal financial options, a burgeoning credit culture, and a propensity to switch between providers for better rates, banks realize the need to be proactive rather than passive. NRBBL prioritizes the development of flexible and tailored retail products on a sophisticated technology platform, reflecting its commitment to offering diversified products and services. Leveraging its expanded branch network, efficient workforce, Direct Sales Executives, and Alternate Delivery Channels (ADCs), the Bank ensures banking services are conveniently accessible at the customer's doorstep.

NRB Bank Retail Product Line

Credit Schemes

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

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

Deposit Products

The bank offers a diverse range of deposit products tailored to meet the needs of consumers across various segments. These include specialized accounts such as the Pearl Account designed specifically for women, the Power Saver Account, the Amar Shopno Account catering to underprivileged individuals, as well as the My Early Account and My Future DPS tailored for children under 18 years old. Additionally, the bank provides an Investment Savings Account tailored for resident Bangladeshi investors interested in the capital market. These offerings extend beyond traditional deposit products, reflecting the bank's commitment to catering to the unique financial requirements of its clientele.

SME Business

Small and Medium Enterprises (SMEs) play a pivotal role in propelling our country towards the transition from a Least Developed Country to a Developing one. SME financing not only drives sustainable economic growth but also fosters financial inclusion and generates employment opportunities. Recognizing the significance of SMEs, NRB Bank has bolstered its support for this vital sector, focusing particularly on manufacturing industries, women-led enterprises, and service-oriented businesses. With a strong commitment to SME development, the bank has disbursed loans to numerous SME clients across various sectors and segments. NRB Bank continues to enhance its business focus on SMEs, thereby enriching its SME portfolio. Moreover, the bank has introduced tailor-made products specifically designed to meet the needs of SME clients, while simultaneously expanding its distribution network nationwide.

School Banking

Since its inception, NRB Bank has been actively engaged in promoting School Banking through its School Banking Program. The bank has consistently participated in all School Banking conferences and seminars organized by Bangladesh Bank across various divisions of the country. As part of this initiative, NRB Bank offers appealing school banking accounts under the name "My Early Account," tailored to students' needs. These accounts aim to simplify banking for students by providing straightforward features and time-saving services, aligning with their requirements as modern citizens.

Agent Banking Business

In line with the inclusive financial concept of the Government of Bangladesh, NRB Bank intends to facilitate each of the marginalized population of our country with at least one bank account so that financial inclusion may prevail over their poverty and financial ignorance. With a view of providing banking services to those unbanked and underserved segment of the society at the geographically dispersed locations of our country, NRB Bank started its Agent Banking operation on 06th May, 2018 at Amtoli Bazar, Bijoynagar, B.Barua on pilot basis. Later, the honorable Chairman of the Bank, Mr. Mohammed Mahtabur Rahman formally inaugurated the operations of NRB Bank Agent Banking on 22nd July, 2018 at Balinga Bazar, Beani Bazar, Sylhet. Since then, the Bank's Agent Banking Division has successfully launched 310 (three hundred and Ten) Agent Outlets at 67 (sixty Seven) Upazilas of 29 (twenty Nine) Districts in Bangladesh. Mentionable that 99% of NRBBL Agent outlets are in rural

areas, aligning with the main goal of Bangladesh Bank to bring banking services to the unbanked population.

Creation and expansion of financial services targeted to poor and low-income populations can play a vital role in enhancing financial access. As such, NRB Bank has also expanded its Agent Banking channel through the Union Digital Centers (UDC) by signing an Agreement with the Government's a2i Programme under ICT Ministry on 31 July, 2018. Apart from this, NRB Bank has signed Agreements with various Government and Private Sector Bodies like, Rural Electrification Board (REB), Ekpay Project under a2i and PayWell Bangladesh Limited for facilitating its Agent Banking customers.

Apart from Its regular Banking Services, NRB Bank Agent Banking Outlets are equipped with various exceptional and customer friendly banking products like, Weekly and Monthly DPS, Bondhu Sanchita Account (Special Savings Product for Women), Bondhu Double, Triple, Der Goon (One & Half Times) and Monthly Benefits, Bondhu FDR and Lakhopati Schemes, Foreign Remittance Payments, School Banking, BEFTN, RTGS, Charge-free ATM Withdrawal Facilities, newly incorporated NRB Click app is an exciting new digitalization platform offering user-friendly features for Agent Banking customers. It allows NRBBL Agent Banking customers to manage their own accounts, transfer funds, top up, pay utility bills, use RTGS and BEFTN, deposit into various MFS, and more on.

Preaching the motto of financial inclusion of our country, NRB Bank has introduced Charge-free Bondhu Prantik Account and also for uplifting the socio-economic condition and achieving financial independence, the Bank has been facilitating the rural people of our country with various loan products like, Bondhu Proshar, Prerona, Young Entrepreneur, Quick Cash etc., which undoubtedly have added values to encompass the name of NRB Bank Limited in the arena of Financial Inclusion in Bangladesh."

Alternate Delivery Channel

NRB Bank has established an extensive network of ATMs spanning across both urban and rural areas nationwide. In addition to this, the bank offers a range of convenient banking services



including Visa Debit Cards, Credit Cards, Islamic Credit Cards, SMS Banking, and Internet Banking. With the added convenience of a 24-hour call center, NRB Bank ensures that its customers have access to banking services anytime and anywhere.

Automated Teller Machines (ATMs)

NRB Bank has significantly expanded its ATM network, now comprising 51 ATMs and NPSB shared ATM booths nationwide. This expansion is reshaping traditional banking practices, with ATMs emerging as a preferred banking channel for customers. Moreover, NRB Bank's ATM facilities are accessible to any Visa cardholder worldwide. Additionally, NRB Bank has joined the National Payment Switch of Bangladesh (NPSB), enabling cardholders from any member bank to withdraw cash from NRB Bank's ATMs. Likewise, NRB Bank's cardholders can utilize ATMs of other NPSB member banks for cash withdrawals.

Green Finance: Sustainable Finance

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

As climate change has become the burning issue over the last decade, NRBBL management is fully aware of the risk and also taking necessary steps to have an optimistic outcome on this issue. Complying with Bangladesh Bank's green banking policy, NRB Bank is financing environment friendly projects (such as renewable energy projects, Renewable Energy, Energy Efficiency, Solid Waste Management, Liquid Waste Management, Alternative Energy, Fire Burnt Brick, Non Fire Block Brick, Recycling and Recyclable Product, Green Industry, Safety and Security of factory and others).

From the very beginning of its journey NRB Bank Ltd. adopted CSR and Green Banking practices and activities which are the key areas of Sustainable Finance. Management of the Bank declared 2024 as "NRB Bank Go Green" and this will contribute to reduce Green House Gas (GHG) emission which is the NRB Bank's commitment to green and sustainable economic growth. Each year the Bank contributes substantial amount of money towards CSR activities. Since 2017, we have started direct Green Financing in environment friendly Brick manufacturing projects. From the inception of our Bank, top priority sectors of lending include SME and Agricultural sector. Every year, we fulfill Agricultural and Rural Credit disbursement target and receive appreciation from Bangladesh Bank. We have Agent Banking activities which has major impact in financial inclusion of underprivileged and rural people. As a whole, we are committed towards establishing Sustainable Finance in the country through integrating sustainability factors, i.e. environmental, social and economic considerations into our core banking activities and services.

NRB Islamic Banking

NRB Bank Limited has started providing Islamic banking services on 09 September 2021 with brand name "NRB Islamic Banking", which has already received a huge response among the public. The prime goal of NRB Islamic Banking is shariah purity in all Islamic Banking services. Following Islamic Banking deposit products are available at NRB Islamic Banking: Al-Wadeeah Current Account, Mudaraba Savings Account, Mudaraba Short Notice Deposit Account, Mudaraba My NRB Savings Account, Mudaraba Payroll Account, Mudaraba Women Account, Mudaraba Senior Citizen Account, Mudaraba Term Deposit Account, Mudaraba Monthly Profit Deposit Scheme Account, Mudaraba Deposit Pension Account, Mudaraba Hajj Savings Scheme, Mudaraba Bibaho Savings Scheme, Perpetual Cash Waqf Account, Temporary Cash Waqf Account. Moreover, following Islamic Banking financing products and services are also available: Working capital finance, Import finance, HPSM-

household finance, Quard/Withdrawal facility, LC opening, Bank Guaranty, Locker Service etc. At present the Bank is also working to provide Islamic Banking services more extensively.

NRB Bank Securities PLC

NRB Bank Securities PLC (NRBBSPLC), a subsidiary of NRB Bank Limited, was officially established in Bangladesh on March 16, 2021, as a public limited company under the Companies Act 1994, with certificate of incorporation no. C-169869/2021. The primary objective of NRBBSPLC is to operate as a stock broker and stock dealer, engaging in the buying, selling, and dealing of shares, stocks, debentures, and other securities within the stock exchange in Bangladesh and potentially elsewhere. This encompasses conducting any business activities permissible for a duly licensed broker and dealer by the Bangladesh Securities and Exchange Commission (BSEC). Following its incorporation, NRBBSPLC obtained its Trading Right Entitlement Certificate (TREC) on September 4, 2021, and subsequently secured its Stock-Broker and Stock-Dealer License on May 26, 2022. Commencing business operations on November 10, 2022, NRBBSPLC is positioned to actively participate in the dynamic landscape of the securities market.

Financial Performance 2023 highlights of NRB Bank Limited

Summary

The Bank earned total operating income of BDT 3,242 million for the year 2023. After keeping as provision against classified and unclassified loans and advances, diminution in the value of investments, off-balance sheet exposures and other assets, the pre-tax profit and net profit after tax stood at BDT 1,384 million and BDT 794 million respectively for the year 2023.

Loans and Advances

Loans and Advances was at BDT 60,071 million in 2023 compared to BDT 49,491 million in 2022, i.e. representing a growth up by 21.38% year-on-year basis. Non-performing Loans (NPLs) of the Bank stood at BDT 2,993 million 2023 which is 4.98% of the total loans and advances of the Bank. The Loans and Advances cover up the areas of corporate (based on both Conventional and Islamic Shariah Mode), SME, Retail and Credit Card. Corporate lending is still

the core business of the Bank and continues to remain the major segment of the business. While disbursing loans to our customers, the policy of Bangladesh Bank is strictly followed. The portfolio has further been diversified to avoid risk of single industry concentration and remains in line with the Bank's credit norms relating to risk quality. The Customer Relationship has been strengthened and frequent visits to the clients have been ensured for further cementing existing relationship.

Five Year comparison of Financials

Particulars	BDT Million				
	2023	2022	2021	2020	2019
Loans & Advance	60,071	49,491	40,244	38,849	38,932
Deposits	66,851	54,875	44,755	41,831	41,810
Investment	14,901	13,064	10,385	7,665	8,257
Investment in govt. securities	10,268	8,669	7,747	6,079	6,703
Shareholders' Equity	8,143	7,766	7,002	5,804	5,128
Net Interest Income	1,463	958	1,100	995	1,514
Operating Income	3,242	2,325	2,632	2,439	2,428
Operating Profit	1,430	772	1,203	950	925
Profit Before Tax	1,384	684	629	959	(94)
Profit After Tax	794	556	428	671	(125)
CRAR (%)	15.44%	16.41%	18.23%	16.07%	13.32%

Deposits

The Bank successfully enhanced the deposit portfolio to BDT 66,851 million in 2023 with a growth of 21.83% compared to BDT 54,875 million in 2022 (note # 12). Cost of deposit stood at 5.88% in 2023, as against 5.29% in 2022. The strong customer-based deposits comprise of individual, corporation, small & medium size enterprises, NBFIs, government entities, NGOs, autonomous bodies and others.

Fixed Assets and Other Assets

The aggregate amount of written down value of fixed assets of the Bank stood at BDT 395 million in 2023, compared to BDT 439 million in 2022 (note # 8). On the other hand, other assets comprise of advance income tax, accrued interest on investment, etc.

Investments

During the year ended on December 31, 2023, the investment increased by 14.06% to BDT 14,901 million in 2023 from BDT 13,064 million in 2022. Bank's investment comprises of government securities of BDT 10,268 million and others investment of BDT 4,633 million (investment in debenture, corporate bond, etc.)

Equity

The Common equity was BDT 5,905 million in 2023 which is same as for the year ended 2022 due to no bonus share declared for shareholders in the last Annual General Meeting. Statutory reserve stood at BDT 1,199 million in 2023 which was BDT 923 million in 2022, while retained earnings increased by BDT 95 million to BDT 1,027 million in 2023.

Cash in hand

Cash in hand balance stood at BDT 1,449 million in 2023 compared to BDT 1,427 million in 2022, i.e. 1.55% growth over 2022.

Interest Income & Interest Expenses

NRB Bank Limited earned interest income from loans and advances and profit from Islamic Banking investment amounting BDT 5,376 million during the year 2023 as against BDT 3,835 million in 2022 where interest and profit paid on deposits and borrowings BDT 3,914 million in 2023 against BDT 2,878 million in 2022.

Total Operating Expenses

The operating expenses shown in Profit and Loss account was BDT 1,812 million in 2023 compared to BDT 1,553 million in the previous year. Salary and allowances constituted 58% of total operating expenses in 2023. The total operating expenses of the Bank increased by 17% from previous year.

Net Profit after Tax

Consolidated net profit after tax stood at BDT 794 million in the year 2023 from BDT 556 million in the year 2022 and earnings per share was BDT 1.34 in the year 2023 whereas it was BDT 0.94 in the year 2022.

Utilization of Proceeds from Public Issues

The Bank has raised BDT 100.00 crore capital from primary market to strengthen its equity base in February, 2024. The share trading has been started in Dhaka Stock Exchange PLC and Chittagong Stock Exchange PLC from 27 February 2024. The Bank purchased Government securities (treasury bill) amounting BDT 92.00 crore as part of utilization of IPO proceeds as declared in the prospectus. The amount of BDT 4.34 crore has been invested in the secondary market under 'A' category listed securities as declared in the prospectus. The remaining amount of BDT 3.66 crore has incurred as IPO expenses.

Going Concern

Going concern is one of the fundamental assumptions in accounting on the basis of which financial statements are prepared. Financial statements are prepared assuming that a business entity will continue to operate in the foreseeable future without the need or intention on the part of management to liquidate the entity or to significantly curtail its operational activities. Therefore, it is assumed that the entity will realize its assets and settle its obligations in the normal course of the business. NRB Bank Limited has prepared its Financial Statement considering the going concern assumption.

Preparation of Financial Statements

The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity. These statements have been



prepared in accordance with the “First Schedule (Section-38) of the Bank Company Act 1991, BRPD circular # 14 dated 25 June 2003, the rules and regulations issued by Bangladesh Bank, International Financial Reporting Standards (IFRS) as adopted by the Financial Reporting Council (FRC), the Securities and Exchange Rules 2020, Dhaka and Chittagong Stock Exchange’s listing regulations and relevant rules & regulations applicable in Bangladesh. The financial statements of 2023 have been reviewed by the Audit Committee of the Board of Directors of the Bank and then referred to the Board of Directors for its consideration. The financial statements present fairly its state of affairs, the result of its operations, cash flows, and changes in equity.

Maintaining Proper Books of Account

NRB Bank maintained proper books of accounts for its financial transactions occurred during the year 2023. The transactions are recorded as per guidelines stipulated by the International Accounting Standard (IAS) and International Financial Reporting Standards (IFRS) as applicable for the bank. The books of accounts have also been reviewed by the external auditors, M/S. G. Kibria & Co., Chartered Accountants.

Appropriate Accounting Policies

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

Follow up of IAS & IFRS in Preparation of Financial Statements

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

Corporate Governance

Corporate governance serves as the framework through which companies are guided and managed. It epitomizes the intrinsic values upheld by the Bank in its daily operations. NRB Bank acknowledges the paramount significance of robust corporate governance in ensuring the secure and efficient functioning of the institution. The bank places great emphasis on implementing structures, procedures, and systems that are geared towards defining strategic objectives to best serve the interests of the Bank and its stakeholders, thereby facilitating effective oversight and monitoring.

Appointment of Auditors

The external auditors are responsible for reviewing the system of internal controls to form an opinion on the financial statements. M/S. G. Kibria & Co., Chartered Accountants successfully conducted the audit of NRB Bank for the year 2023. As per provision of Bangladesh Bank Circular, they are eligible for reappointment and they have also expressed their willingness for the next term. The Board Audit Committee in its 62nd meeting held on 07 May 2024 and subsequently the Board of Directors in its 185th Meeting held on 27 May 2024 recommended to appoint M/S. G. Kibria & Co., Chartered Accountants as external auditors of the Bank for conducting audit for the year 2024.

Retirement and Re-election of Directors

In the 11th Annual General Meeting, election and re-election of Directors will be held as per Companies Act 1994, Bank Companies Act 1991, Bangladesh Bank’s Circular, Articles of Association of the Bank and other prevailing rules & regulations.

Related Party Transactions

The Directors and other key Management personnel are very much cautious to avoid any conflicts of interest in conformity with the prevailing rules and regulations. Related party transactions, when undertaken, are carried out on an arm’s length basis without any special benefit to the related party. All such transactions have been approved by competent authority in compliance with Bangladesh Bank’s BRPD circular # 04 dated 23 February 2014. All related party transactions have been incorporated in Note-41 of the financial statements.

Proclamation to the Shareholders

The Bank prioritizes the protection and empowerment of its shareholders, acknowledging their fundamental right to the bank. The Bank protects shareholders right, holds Shareholders meeting with serving required notice in time as per regulations. Annual Report and other documents/information are sent to all shareholders to ensure their effective participation in the meetings in person or by proxy. The annual report of the Bank covers all the notes for current financial year, business performance, future plan and strategy and other key corporate information and disclosures. The Bank always try to share a portion of its profit with shareholder in the form of dividend every year. All shareholders are treated equally on the basis of one vote per share and Minority shareholders have been protected from abusive actions. The shareholders’ role is to appoint the suitable directors and the auditors for the Bank.

Internal Control

The Board of Directors holds the responsibility for endorsing the overarching business strategies and significant policies of the Bank, as well as establishing acceptable risk levels and ensuring that senior management takes requisite measures to identify, assess, monitor, and mitigate these risks. Furthermore, the Board approves the implementation of an effective internal control system, which entails establishing an appropriate control structure with defined control activities at each business level. These activities encompass top-level management reviews, departmental/divisional

activity controls, physical controls, adherence to exposure limits, diligent follow-up on non-compliance issues, authorization and approval systems, and robust verification and reconciliation procedures. The system of Internal control is sound in design and has been effectively implemented and monitored.

Risk and Concerns

In the pursuit of sustainable performance and long-term success, NRB Bank recognizes the significance of effective risk management. The Board and management are committed to upholding a sound and responsible approach to risk, ensuring that the Bank's operations do not jeopardize its standing or viability. To fulfill this commitment, the Board receives regular support from the Risk Management Committee (RMC) in evaluating and overseeing the Bank's overall risk management system.

The Risk Management Committee (RMC) plays a pivotal role in assessing and monitoring risks within the Bank. It assists the Board in comprehensively reviewing the risk management practices, policies, and procedures of the Bank. By regularly evaluating the risk landscape, the RMC ensures that the Bank's risk management framework remains aligned with industry standards and best practices.

The Annual Report of NRB Bank features the 'Chief Risk Officer's Report on Risk Management,' which provides an in-depth account of the Bank's risk management system. This report encompasses an analysis of various risks faced by the Bank, as well as the measures implemented to mitigate and manage these risks effectively.

Meeting of the Board

During the year 2023, the number of the meetings held by the Board of Directors was 22 (twenty two) and that of the Executive Committee was 14 (fourteen). The Audit Committee of the Board of Directors held 07 (seven) meetings and the Risk Management Committee of the Board sat for 04 (four) meetings during the period under report.

Remuneration of Directors

The Directors' Remuneration for the year ended 31 December 2023 has been given in Note 30 of the financial statements.

Dividend

The Board of Directors of the Bank has recommended "@10% Cash Dividend for the General Securities Holders and @6% Cash Dividend for the Sponsors and Directors" of the Bank for the year 2023 subject to approval of Shareholders in the 11th Annual General Meeting (AGM) of the Bank. Mentionable that no bonus Share or stock dividend has been or shall be declared as interim dividend.

Annual General Meeting (AGM)

11th Annual General Meeting of the Bank will be held on Thursday, 27 June 2024, at 11.00 a.m. (BD Standard Time) through Hybrid System i.e. online video conferencing as well as physical presence of honorable Shareholders of the Bank at Renaissance Dhaka Gulshan Hotel (R Events, Level 2), 78 Gulshan Avenue, Dhaka- 1212. The Financial Statements were adopted in the 182nd Meeting of the Board of Directors held on 28 April 2024 for the presentation to and approval of the Shareholders in the AGM.

Contribution to national exchequer:

NRB Bank regularly pays corporate tax on time, sometime even before it falls due if demanded by the tax authority. We also deposit excise duty, withheld tax and VAT to government exchequer on time deducted from customers, employees' salary as well as on bills from third parties including vendors.

Shareholders' value

At the core of our endeavors lies a singular objective: the maximization of shareholders' value—the

raison d'être and pinnacle of our existence. With this guiding principle, our focus is steadfastly directed towards bolstering profitability to elevate Earnings per Share, dividends, and shareholder confidence. Together, in tandem with our esteemed team of banking professionals, we aspire to propel NRB Bank to the zenith of excellence, establishing it as a preeminent brand within our nation's borders and beyond. A supremacy brand possesses the resilience to endure adversities, and it is our collective vision to fortify NRB Bank as such. With unwavering determination, the Board of Directors of NRB Bank pledges to realize your aspiration of positioning the bank as 'The First Choice of the Customers' in the near future.

Thanks and Gratitude

We extend our utmost gratitude and profound respect to our esteemed shareholders for their unwavering supports. We also wish to convey our heartfelt appreciation to the Ministry of Finance, Bangladesh Bank, Bangladesh Securities & Exchange Commission, Register of Joint Stock Companies and Firms, Dhaka Stock Exchange PLC and Chittagong Stock Exchange PLC for their invaluable guidance, cooperation, and counsel provided to us throughout our journey. Additionally, we express sincere gratitude to the Management, Executives, Officers, and all members of staff for their tireless dedication towards advancing the bank's mission. Furthermore, we extend our appreciation to our clients, sponsors, shareholders, patrons, and well-wishers for their steadfast support and patronage, which has been instrumental in propelling our institution along its current trajectory of growth and success.

On behalf of the Board of Directors,



Mohammed Mahtabur Rahman
Chairman
NRB Bank Limited

