



DIRECTORS' REPORT



এনআরবিসি ব্যাংক  **NRBCBANK**



DIRECTORS' REPORT

Bismillahaher Rahmanir Rahim.

Dear Fellow Shareholders

I, on behalf of Board, is pleased to welcome you all to the 8th Annual General Meeting of the Bank after successfully listing with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited and, thereon, historic trading on March 22, 2021 of the both Exchanges. As listed company for the first time, The Board of Directors is delighted to present the Annual Report 2020 along with Audited Financial Statements and Auditors Report for the year ended December 31, 2020 for consideration and adoption.



NRBC Bank's capital market transactions started on Monday (March 22, 2021) after simple ceremony ringing of bell at both stock exchanges of the country.

The Board has reviewed the business and financial performance of the Bank during the year and highlighted all the major drivers behind our performance to give you a genuine insight about the Bank's performance and continuous growth in the competitive industry. The Directors' Report has been prepared in compliance with section 184 of the Companies Act 1994, BSEC Notification No. BSEC/CMRCD/2006-158/207/Admin/80, dated 03 June, 2018 of the Securities and Exchange Commission. Moreover, the Directors are pleased to explain and disclose some issues, which they consider relevant to ensure transparency and practice of corporate governance in the operational activities of the bank. The Directors believe the Report will give real insights of the bank's performance during the year under review.



The 7th Annual General Meeting (AGM) held on Sunday 07th June 2020 through video conference wherein shareholder approved @11 % dividend (2% stock and 9% cash) for the year of 2019.

A1.0: Present State of World Economy

The outbreak of pandemic Covid-19 across the world has completely disrupted the political, social, economic, religious, and financial structures of the world. Despite tender signs of improvement at the beginning of the year, current expectations for global economic growth dragged down by the strong impact of the rapidly spreading outbreak of Covid-19. GDP growth forecasted 3.0 percent later revised down to 2.40 percent. Furthermore, the impact of Covid-19 is exacerbated by high global debt levels, the ongoing general slowdown in world trade as well as challenges in manufacturing, impacted by slowing capital expenditure in various key economies. Depending on future developments, further downside risk remains. While the Covid-19 related news dominates markets, additional challenges such as Brexit, geopolitical tensions, and significant fiscal challenges in selective economies continue.

While there is no way to tell exactly what the economic damage from the global COVID-19 pandemic will be, there is widespread agreement among economists that it will have severe negative impacts on the global economy but most major economies encountered significant lost of their gross domestic product (GDP) over 2020. Its spread has left national economies and businesses counting the costs, as governments struggle with new lockdown measures to tackle the spread of the virus.

The COVID-19 pandemic has had far-reaching economic consequences beyond the spread of the disease itself and efforts to quarantine it. As the SARS-CoV-2 virus has spread around the globe, concerns have shifted from supply-side manufacturing issues to decreased business in the services sector, Specially Banking sector. The pandemic may be caused the largest global recession in history, with more than a third of the global population at the time being placed on lockdown. Supply shortages are expected to affect a number of sectors due to panic buying, increased usage of goods to fight the pandemic, and disruption to factories and logistics in China. There have been instances of price gouging. There have been widespread reports of shortages of pharmaceuticals, with many areas seeing panic buying and consequent shortages of food and other essential grocery items. The technology industry, in particular, has been warning about delays to shipments of electronic goods. Global stock markets fell on 24 February 2020 due to a significant rise in the number of COVID-19 cases outside China. By 28 February 2020, stock markets worldwide saw their largest single-week declines since the 2008 financial crisis. Global stock markets crashed in March 2020, with falls of several percent in the world's major indices. Possible instability generated by an outbreak and associated behavioral changes could result in temporary food shortages, price spikes, and disruption to markets. Such price rises would felt most by vulnerable populations who depend on markets for their food as well as those already depending on humanitarian assistance to maintain their livelihoods and food access. The additional inflationary effect of protectionist policies through import tariffs and export bans could cause a significant increase in the number of people facing severe food insecurity worldwide. The

pandemic has forced to switch the plans globally. All fashion, sport, and technology events have been canceling or have changed to be online. While the monetary impact on the travel and trade industry is yet to be estimated, it is likely to be in the billions and increasing. Amidst the recovery and containment, the world economic system is characterized as experiencing significant uncertainty. Economic forecasts and consensus among Macroeconomics experts show significant disagreement on the overall extent, long-term effects and projected recovery.

It is a matter of hope that Activity in many sectors has picked up and partially adapted to pandemic restrictions. Vaccine rollout, although uneven, is gaining momentum and government stimulus, is likely to provide a major boost to economic activity. But prospects for sustainable growth vary widely between countries and sectors. Faster and more effective vaccination deployment across the world is critical. Prospects have improved over recent months with signs of a rebound in goods trade and industrial production becoming clear by the end of 2020. Global GDP growth experienced an upward revision. World output is expected to reach pre-pandemic levels by the middle of 2021 but much will depend on the race between vaccines and emerging variants of the virus. The global vaccine rollout remains uneven, with restrictions remaining in some countries and sectors. The outlook for growth would improve if the production and distribution of doses accelerates, is better coordinated around the world and gets ahead of virus mutations. This would allow containment measures to be relaxed more rapidly and global output to approach pre-pandemic projections for activity. But consumer spending and business confidence would be hit if vaccination programs are not fast enough to cut infection rates or if new variants become more widespread and require changes to current vaccines.

A2.0: Present State of Bangladesh Economy

The economy of Bangladesh is a developing market economy. It's the 35th largest in the world in nominal terms, and 30th largest by purchasing power parity; it is classified among the Next Eleven emerging market middle income economies and a frontier market. The financial sector of Bangladesh is the third largest in the Indian subcontinent. As of 2020, Bangladesh's GDP per capita income is estimated as per IMF data at USD5739 (PPP) and USD 2064 (nominal).

The year 2020 began with a cloud of uncertainty hanging over the horizon. The novel corona virus was spreading in Europe, the destination of over 60 percent exports from Bangladesh, after wreaking havoc in China, its largest trading partner. Bangladesh felt the heat of a looming global crisis though the virus had not yet made its way into the country. The bad news came a couple of months later. On March 8, the authorities confirmed the maiden case of COVID-19 infection in the country. A week later, the first death from the virus was reported. Soon, the country's economy, one of the shining stars in Asia, came almost to a halt as the government imposed countrywide lockdown to contain the spread of the virus. The main index of the stock market was dropped by 15 percent in less than 10 days in the second half of March. During the nationwide lockdown, millions lost jobs, poverty rate doubled and many businesses folded up. Income of the vast majority of the population shrank. Exports hit rock bottom as the importing countries themselves were finding it difficult to keep their economies afloat. The country was staring at an unprecedented three-pronged crisis: health,

economic and food. To protect the people and the economy, the government rolled out a massive Tk. 120,000 crore stimulus package, one of the largest in the world. It capped bank interest rates below single digit to help firms and businesses borrow at a record low rate. Multilateral banks and bilateral partners poured billions of dollars to cushion Bangladesh. But the biggest support came from farmers who continue to feed the country and the migrant workers who proved the grim forecasts wrong, sending home a record amount of remittance. The robust flow of remittance lifted the country's foreign exchange reserves to record highs and put the country on a firm footing. The reopening of the economy in June was a very bold move and proved to be a judicious one, as the virus did not go out of control. The food production, remittance, the stimulus package, the reopening, and the uptick in domestic demand and exports put the country on the path of recovery. Despite the Covid-19 pandemic, Bangladesh was able to escape a contraction in 2020. Bangladesh's GDP growth is forecast to drop to 3.8 percent in 2020, compared to 8.2 percent in the previous year. The government debt as a percentage of the GDP rose to 39.6 percent in 2020, considered low as per the international standards. The government had a fiscal deficit of 6.8 percent in 2020, which allowed it to spend a huge amount of money to cushion the economy.

Despite the pandemic, Bangladesh is set to post the third-highest growth in the world and the highest in Asia in 2020, according to the International Monetary Fund. In terms of growth, only Guyana and South Sudan are ahead of Bangladesh. India's GDP would contract by 10.30 percent and Pakistan's by 0.4 percent. Out of the 190 International Monetary Fund member countries, only 23 are forecast to post a positive growth in the outgoing year. Government of Bangladesh had taken effective measures that fuelled domestic demand and helped people survive the crisis and Bangladesh has been able to keep up the growth trajectory during the crisis. The economy has weathered the impacts of the pandemic and is now on track for a recovery. Optimism is in the air with the arrival of Pfizer, Moderna and AstraZeneca vaccines that promise a high degree of efficacy in debilitating the virus. Rejuvenating structural reforms, ensuring policy support to efficient enterprises faced with existential threat due to the pandemic, and strengthening the social protection system will be key to accelerating recovery while leaving no one behind.

A3.0: Present State of Banking Industry of Bangladesh

The banking sector will be one of the hardest hit sectors of the economy, owing to the broad based slowdown in the economy as a whole, combined with its exposure to the hardest hit sectors of the economy, such as foreign trade, RMG and the capital market. The banking sector was already struggling prior to the pandemic owing to the imposition of a 9 percent interest ceiling on all loans except credit cards, liquidity pressures and a persistently deteriorating non-performing loan (NPL) situation. However, owing to the Covid-19 pandemic and subsequent lockdown, the banking sector experienced an acute crisis on multiple fronts, as banks' asset quality is likely to deteriorate while their interest and fee based income are all affected at the same time. The lending cap policy, which took effect on April 1 2020, risks hitting a financial sector that is already reeling from multiple problem coming from different fronts. The Covid-19 crisis has significantly exacerbated the risks and problems in the sector. Not being able to price loans effectively will essentially

force commercial banks to turn the tap off to the segments of economy small and medium-sized enterprises most affected by the crisis, exactly when liquidity is much needed. The high level of non-performing loans in the banking sector in Bangladesh has been an area of concern even before the pandemic. With the pandemic, the risk profile of the borrower has deteriorated across the world and Bangladesh is no exception. With lending cap policy that take away the ability to cover the risk to the full extent created an ill-timed double whammy. The Covid-19 pandemic has caused a historic fall in the operating income of banks. In an unprecedented situation, both interest income and non-interest income have been drastically hit by the economy grinding to a total halt. The Bangladesh economy has been hit by a 'perfect storm' as the pandemic targets all the main pillars of the Bangladesh economy which has powered its growth for the past decade. Business of Ready Made Garments (RMG) Sectors Shrunk which affects banks interest income as the factories failed to pay installments, while the slowdown in export and import L/C processing hit non-interest income. Seafood, footwear and agricultural products also faced order cancellations due to economic disruption and reduction in demand due to lockdown measures, eventually interest income from these export-oriented sectors and non-interest income from export L/C processing reduced. On 19 March 2020, Bangladesh Bank announced a ban on classification of any loans until 30 June 2020 regardless of payments. This means that the classification status of all loans on 1 January 2020 remain unchanged until 30 June 2020. In a later circular dated 15 June 2020, Bangladesh Bank extended the moratorium period to 30 September 2020 and later extend the moratorium period up to December 2020. The move has removed incentives from borrowers to pay their loan installments on time in order to keep their loans unclassified. As a result, banks are not likely to be able to collect loan payments from borrowers until then, although the classifications status of these loans remains the same. On 3 May 2020, Bangladesh Bank issued a circular ordering interest income on all types of bank loans for the months of April and May to be put in a separate, interest free blocked account, and forbidding the interest accrued for the two months from being accounted as interest income for the banks. Later, on 10 June 2020, the Bangladesh Bank issued another circular allowing the interest to be transferred to the banks' books but allowing customers to pay those two months' interest income over 12 months in equal installments. This lessened the burden of interest payment on borrowers.

The government has announced several stimulus measures to help the economy deal with the fallout of the COVID-19 pandemic and associated lockdown and other mitigation measures. Most of these have been from the monetary side, in terms of easing liquidity and introducing new refinancing schemes. The government announced nineteen (19) stimulus packages accounting for around 3.70 percent of the GDP of the country for vibrant the economy. There have been some policy measures by the Bangladesh Bank to increase cash flow in the economy. Further, the national Budget for the financial year 2020–2021 provides some support measures for returnee migrants. There have been some social safety net

programs to address the growing poverty and vulnerability of the population as well. The cash reserve ratio (CRR) was reduced from 5.0 percent to 4.0 percent on 1 April 2020. The cut in CRR is expected to free up BDT 171 billion in liquidity for the banking sector. The advance deposit ratio (ADR) was increased 85 percent to 87 percent for conventional banks, and from 90 percent to 92 percent for Islamic banks, which is expected to add BDT 228 billion in extra liquidity for banks. The repo interest rate was cut from 6 percent to 5.75 percent on 23 March. The repo rate was further cut to 5.25 percent from 12 April 2020 and revised down to 4.75 percent to ensure adequate liquidity in the financial system.

Banking industry passed a challenging year in terms of governance, capital adequacy, profitability and soundness in 2020. Despite intensified challenges, NRBC Bank managed its portfolio efficiently closing the year 2020 with an NPL of 2.93 percent which is lower than that of industry average 7.66% as of December 2020. It is to be mentioned here that, relaxation of classification criteria by Bangladesh Bank helped in reduction of new classification and down-gradation of loans. The prime focus during the year has been upholding service excellence, maintaining asset quality, recovering classified loans, mobilization of deposits, and rationalizing costs. In the year 2020, Net interest income (NII) decreased by 33.11 percent due to lending cap set the central bank. Investment income and noninterest income increased by 169.44 percent and 3.38 percent respectively compared to those of preceding year. Operating expenses increases considerably due to expansion of network, but operating profit increased by 18.59 percent. Total provision increased 88.80 percent compared to last year total provision. Other provision decreased by BDT 137.12 million mainly due to provision released for quoted securities as market price increased. Besides, BDT 134.28 million have been maintained as other provision for "Start-up Fund", and BDT 134.28 million have been maintained as other provision for "Corporate Social Responsibility Fund". Total tax provision decreased by 22.07 percent in 2020 compared to last year mainly due to increase of deferred tax Asset by 28.92 percent as new classification and down gradation of loans was halted for 2020 as per Bangladesh Bank's instruction. Finally, Bank's profit after tax increased by TK. 16.94 percent in 2020 compared to 2019. NRBC is introduced Offshore Banking Unit (OBU) which will work as separate unit at two (02) Branches. Bank is acting as partner of Government of the people republic of Bangladesh to provide different stimulus for combating the economic and social crisis and to ensure recovery of the economy

B1.0: Liquidity Management

The decisive objective of liquidity management is to maximize liquidity and minimize the cost of funds. Liquidity management refers to hold liquid assets in such a way that will ensure proper utilization of asset and meeting short term obligation. NRBC Bank holds of TK. 164.95 liquid assets against BDT 100 Short term obligation. As per net stable funding ratio of the Bank is enough stable funding to cover the duration of their long-term assets.

Figure in million(BDT) unless otherwise specified

Year	2020	2019	2018	2017	2016
Liquidity Coverage Ratio(LCR)	164.95%	131.89%	148.83%	109.30%	120.39%
Net Stable Funding Ration (NSFR)	101.13%	107.54%	113.80%	112.95%	107.11%
Cash in Hand & Cash Equivalent	9,592.95	7,870.16	6,612.43	5,501.74	7,099.34
Cash Reserve Requirement (CRR)	4.00%	5.50%	5.50%	6.61%	6.62%
Cash to Deposit Ratio	6.76%	8.12%	7.56%	8.71%	7.01%
Operating Cash Flow per share	15.88	12.90	10.16	-5.01	5.56
Balance –Other Banks and Financial Institutions	3,501.04	2,034.56	2,524.68	1,550.03	4,040.68

To boost liquidity in banking sector in an effort to implement the stimulus packages announced to cushion the coronavirus impact, Bangladesh Bank issued MPD Circular No. 03 dated April 09, 2020 CRR reduced to 3.50% on daily basis and 4.00% on bi-weekly basis of Average Time and Demand Liabilities and NRBC Bank complied with it. The operating cash flow per share is a reliable measure of a bank's financial strength. Cash flow per share takes into consideration a company's ability to generate cash. It is regarded by some as a more accurate measure of company's financial situation than earnings per share. In 2020, Operating Cash Flow per share shows 23.10% growth over that of preceding period which represents Bank's ability to allocate more cash for each share.

B2.0: Fund Management

Funds management is the overseeing and handling of a financial institution's cash flow. The fund manager ensures that the maturity schedules of the deposits coincide with the demand for loans. To do this, the manager looks at both the liabilities and the assets that influence the bank's ability to issue credit. The treasury management division focuses on its three core responsibilities, such as assets and liabilities management, cash management, and financial risk management. NRBC Bank treasury Management Division conforms cash reserve requirements, ensure proper management of liquidity, and minimize interest rate risk on the Bank's statement of Financial Position. Treasury team of NRBC Bank has acts as a Primary Dealer since its commencement of operation in the treasury market. As a primary dealer, Bank is required to make bids or offers when Bangladesh Bank conducts open market operations and to participate actively in government treasury securities auctions.

Figure in million(BDT) unless otherwise specified

Year	2020	2019	2018	2017	2016
Total Investment	26,367.84	15,298.17	8,276.75	6,495.12	7,174.16
Investment In Govt. Securities	24,141.74	12,715.43	6,151.26	4,903.78	5,253.16
Ratio of Govt. Investment to Total Investment	91.56%	83.12%	74.32%	75.50%	73.23%
Net Treasury Income	3,386.85	1,486.06	877.88	1,236.00	1,295.69

The Table below depicts the scenario of steady growing of investment over the years. The table exhibits substantial upward movement of Investment In the year 2020. Total investment increased by 72.36 percent over the preceding year. Investment Increased to diversify the investment Portfolio which will minimize risk. Ratio of Investment in Government Securities/ total Investment is 91.56 percent, which is 8.44 percent higher than that of year earlier year. Net Treasury Income appreciated by 127.91 percent in the year of 2020. Bank increased its Investment in Government Securities because of stable return and highly liquid nature of

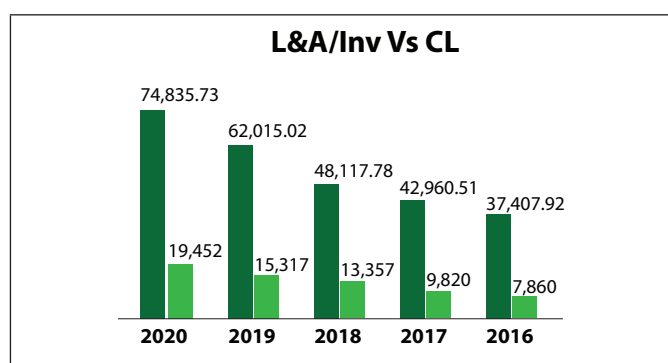
it. Net Treasury income shows a rising trend and increased by 129.70 percent increased over that of prior year.

B3.0: Loans and Advances

Loans and advance/Investments are the most imperative earning source of bank. Bank's Success is contingent upon the success of revenue generating ability of its loans & advance/investments. Bank's profitability depends on the asset quality, or on revenue generating ability.

Figure in million(BDT) unless otherwise specified

Year	2020	2019	2018	2017	2016
Loans & Advance/Investments	74,835.73	62,015.02	48,117.78	42,960.51	37,407.92
AD Ratio	78.66%	82.54%	85.91%	93.07%	82.99%
% of Classified Loan	2.93%	3.20%	2.94%	2.46%	0.52%
% of Large loan	44.25%	44.70%	45.68%	43.20%	33.14%
No. of loan Account	19452	15,317	13,357	9,820	7,860



Loans and Advance/ Investments of Bank increased and stood at BDT 74,835.73 million, which was BDT 62,015.02 million in preceding year. The table depicts and 20.67 percent growth of credit over that of 2019, while reducing AD Ratio from 82.54 percent to 78.66 percent. We can see a decreasing trend of Non Performing loan (NPL). The graph depicts an increasing trend of number of loan account over the five years' period. Number of loan account increased by 27.0 percent in the year 2020 from the preceding year 2019

Bank also achieved the target of SME, Women Entrepreneur Loan and Agricultural loan set by Bangladesh Bank. The Bank approved loan application on the basis of its merit, credit worthiness, security market reputation etc. This Prudential credit management team is always aware to build a healthy assets portfolio and to attain quality growth.

Figure in million (BDT) unless otherwise specified

Sector	Figure in (BDT) Million	% in the Portfolio
Agricultural Industry	503.58	0.67%
Textile	2,396.79	3.20%
RMG	9,256.04	12.37%
NBFI	859.41	1.15%
Beverage	288.80	0.39%
Pharmaceutical	10.27	0.01%
Electrical	929.21	1.24%
Construction	3,316.22	4.43%
House Building Residential	2,060.31	2.75%
Leather	48.32	0.06%
Service Industry	4,910.80	6.56%

Capital Market	800.84	1.07%
Furniture	753.89	1.01%
Insurance	120.08	0.16%
Consumer Finance	3,441.13	4.60%
Printing	238.86	0.32%
Ship Breaking	1,011.35	1.35%
SME	28,632.36	38.26%
Staff Loan	639.65	0.85%
Steel	1,497.13	2.00%
Trade Industry	6,024.91	8.05%
Card	713.67	0.95%
Other Manufacturing Industry	6,335.89	8.47%
Others	43.47	0.06%
Total	74,835.73	100.00%

SME, RMG, Trade Finance and other manufacturing industry are three sectors where bank lends most of its Loan-able fund. Bank diversified its loan portfolio by lending money in textile, service industry, consumer finance, and steel industry as well.

B4.0: Deposits

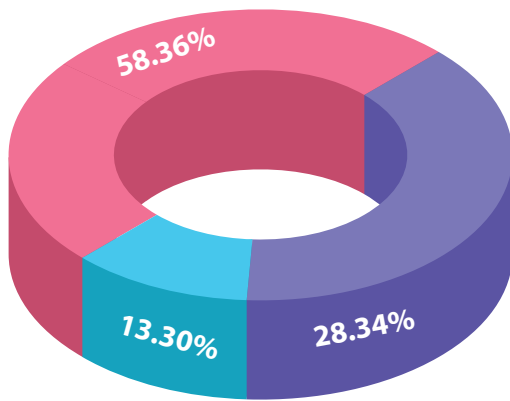
Deposits consist of money placed into banking institutions for safekeeping. Deposit growth in the country's banking sector was 13.50 per cent in 2020, while the growth rate was 16.67 per cent in Shariah-based banks. The growth in deposit and lending growth in Islamic Shariah-based banks was better than the overall growth in the country's banking sector in the year 2020. Deposits in Islamic banks increased by TK. 466,944.50 Million and reached at Tk. 3,269,222.50 million by the end of December 2020 from Tk. 2,802,278.00 million a year ago.

Like other Banking Financial Institutions, NRBC Bank mobilizes fund from surplus economic unit and deploy those to deficit economic units. The bank opened eight (08) new branches, Fifty Nine (59) Sob-Branches, Two Hundred Seventy Six (276) Land Registry collection booths, Twenty Four (24) BRTA Collection Booths, and number of agent points to bring unbanked people in the banking channel in 2020. Deposit increased by 25.49 percent over that of earlier year 2019.

Figure in million (BDT) unless otherwise specified

Year	2020	2019	2018	2017	2016
Deposits	90,177.26	71,857.90	54,083.28	45,236.44	44,143.28
Cost of Deposit	5.53%	6.98%	7.27%	6.47%	6.91%
No. of Deposit A/c	526,943	370,731	257,053	163,990	122,179
% of low cost deposit mixing (CASA)	41.64%	35.22%	28.96%	29.08%	29.29%

NRBC Bank's Deposit increased by 25.49 percent which is significantly higher than industry average. Bank focuses mainly on Low-cost deposits i.e. CASA (CD, SB and SND) which are the key factors for a bank to accelerate its growth. At Present 41.64 percent of total deposit is no cost or low cost deposit which was 28.96 percent in earlier year. An Increase of low/No Cost deposit will increase the bank's Net Interest Income (NII):

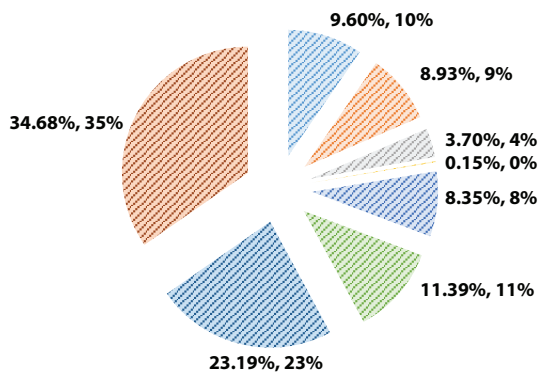


Higher portion of Low/ No Cost Deposits of the total deposit mix accelerate the growth and profitability of the Bank. In the year 2020, NRBC Bank focuses on CASA Deposit by expanding its area of Coverage, and bringing unbanked people under the umbrella of NRBC Bank, through Sub-branches, Agent Points, etc.

Figure in million (BDT) unless otherwise specified

Particular	2020		2019	
Current Accounts	9.60%	8,659.71	5.62%	4,038.98
Savings Deposits	8.93%	8,051.72	7.29%	5,238.71
Sundry Deposit	3.70%	3,340.92	2.86%	2,057.93
Foreign Currency Deposit	0.15%	132.31	0.10%	68.31
Bills Payable	8.35%	7,528.32	10.00%	7,185.41
Short Notice Deposits	11.39%	10,271.23	10.17%	7,306.87
Fixed Deposits	23.19%	20,911.99	19.20%	13,795.85
Deposit Under Schemes	34.68%	31,273.59	44.75%	32,158.48

Deposit Mix-2020



deposit mix, which is significantly lower than that of earlier year. Apart from Fixed Deposit of Scheme Deposit all are either low cost deposit or No Cost Deposit. Deposit mobilized other than Fixed Deposit Account and Scheme Deposit Account is 42.13 percent in the year 2020 and 36.05 percent in the year 2019

B5.0: Shareholder Equity and Capital

Remaining rest metric is frequently used by analysts to determine a company's general financial health. Equity and capital are growing consistently over the years. In the 8th AGM, the shareholder approved 5.00 percent stock dividend and 7.50 percent cash Dividend recommended by the Board of Directors. Consistent Increasing Trend of equity, capital and Net Asset Value (NAV) of the bank reflect its financial Strength of the bank.

Fixed Deposit and Scheme Deposit 57.87 percent of total

Figure in million (BDT) unless otherwise specified

Particular	2020	2019	2018	2017	2016
Shareholder Equity	9,797.5	8,189.94	7,047.61	6,410.80	5,728.73
Regulatory Capital	10,391.2	8,907.26	7,357.66	6,780.60	6,200.61
NAV (Tk.) per share	16.82	14.06	13.71	13.00	12.42
Capital Surplus/(Deficit)	16.50	514.57	1,130.82	1,164.20	1,319.26
Risk Weighted Assets	82,997.7	66,462.20	52,565.30	49,922.70	45,942.09
Capital Adequacy Ratio	12.52%	13.40%	14.03%	13.58%	13.50%
Capital - Core (Tier I)	8,594.20	7,883.21	6,778.83	6,235.40	5,690.27
Capital - Supplementary (Tier II)	1,797.00	1,024.04	592.83	545.10	510.34

Capital Adequacy must be 10 percent of Risk Weighted Asset and 2.50 percent capital conservation buffer. As per BASEL Accord Minimum Capital requirement must be at least 12.50 percent of Risk weighted Assets (RWA) for the year 2020. Bank has maintained Capital Adequacy Ratio of 12.52 percent which is higher than minimum capital requirement for the year 2020.

This Minimum Capital Requirement (MCR) is set to protect depositors' Interest and to ensure stability and efficiency of Financial System.

Net Assets Value (NAV) per share reaches at Tk.16.82, which is higher than previous year by 18.11 percent. Consistent Increase of equity and Capital amplify Net Asset Value (NAV)/ Share and Investors consider the Bank Lucrative for Investors

The table shows a hike in Equity, Capital and Risk Weighted Assets by 19.63 percent, 16.66 percent and 24.88 percent respectively. The table depicts Bank's ability of maintain capital adequacy ratio above the regulatory requirements. The Bank also maintained the incremental growth of the Risk

Weighted Assets by ensuring diversification of the portfolio in SME, Retail and Corporate segments.

B6.0: Economic Value Added (EVA)

EVA measures the company's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes on a cash basis. EVA is used to measure the value a company generates from funds invested in it. If a company's EVA is negative, it means the company is not generating value from the funds invested into the business. Conversely, a positive EVA shows a company is producing value from the funds invested in it.

Figure in million (BDT) unless otherwise specified

Particular	2020	2019	2018
Invested Fund by the shareholders:			
Shareholders' Equity	9,797.54	8,189.94	7,047.61
Add: Cumulative Provision for Loans/ Investment/ Off Balance Sheet Exposures/ Offshore Banking Units & Others	2,899.23	1,207.67	1,326.32
Total Invested fund by the Shareholders	12,696.77	9,397.61	8,373.93
Average Invested fund by the shareholders (A)	11,047.19	8,885.77	7,860.39
Earnings for the year:			
Profit after Taxation	1,342.83	1,148.26	934.34
Add: Provision for Loans/ Investment, off balance sheet items and offshore banking units	1,028.27	544.64	326.88
Less: Written off during the year	-	-	-
Earnings or the Year (B)	2,371.10	1,692.90	1,261.22
Cost of equity (On the basis of the weighted average annual rate for Savings Certificate (SC) plus 2% risk premium)[C]	13%	13%	13%
Cost of Average Equity (D= A X C)	1,436.13	1,155.15	1,021.85
Economic Value added (B-D)	934.96	537.75	239.37

The table depicts that EVA is gradually increasing over the years. NRBC Bank is producing value for the fund invested in it. If the fund invested in Bank, invested in Government Securities (Savings Certificate) at the 11.0 percent with 2.0 percent risk premium, return generated at the 13.0 percent is lower than return generated by the bank, eventually Bank generates positive and gradually increasing Economic Value Added (EVA)

B7.0: Comparative Financial Metrics

Banks perform various types of transactions and activities to support their banking business. These transactions may include making or accepting payments, trading, clearing

and settlement of accounts, and custody. Banking operation involves, the legal transactions executed by bank in daily business such as mobilizing fund, providing loan, mortgage and investment, depending on the focus and size of the bank. In other word, practice and procedure that bank use to ensure customers transaction are completed accurately and appropriately. Income of bank is generated from four (04) main sources, which Income from loans and advances, Investment Income, Commission and fee based Income, and other operating income. Expenditure can be categorized into two (02) categories, which are interest paid on deposit and borrowings and operating expenses. The table shows some indicators to compare the performance of the bank between two periods

Figure in million (BDT) unless otherwise specified

Particulars	2020	2019	% Change	2019	2018	% Change
Total operating income	6,300.05	4,810.69	30.96%	4,810.69	3,704.24	29.87%
Total operating expense	3,232.06	2,223.55	45.36%	3,232.06	1,814.99	78.08%
Operating profit (Profit before provision and tax)	3,068.00	2,587.14	18.59%	2,587.14	1,889.26	36.94%
Profit before tax for the year (PBT)	2,039.73	2,042.51	-0.14%	2,042.51	1,562.38	30.73%
Tax provision	696.90	894.24	-22.07%	894.24	326.88	173.57%
Profit after tax (PAT)	1,342.83	1,148.26	16.94%	1,148.26	1,235.51	-7.06%
Earnings per share (EPS)	2.31	1.97	16.94%	1.97	1.82	8.55%
Cost income ratio	51.30%	46.22%	5.08%	46.22%	49.00%	-2.78%
Return on investment (ROI)	16.11%	15.04%	1.07%	15.04%	13.89%	1.16%
Return on assets (ROA)	1.42%	1.47%	-0.04%	1.47%	1.50%	-0.04%

Above performance depicts that operating income of the bank increases by 30.96 percent, and stood TK. 6,300.05 million, operating expenses are also increased by 45.36 percent for newly opened Branch, Sub-Bunches, ATMs, BRTA Collection booths, Sub-Registry booths, and Agent Points. Though operating expenses increased but Operating Profit shows an increasing trend, which shows the ability of the bank to ensure proper utilization of its assets. Provision for tax increased with operating income. We can see a significant increase of Earnings per Share (EPS). The ability of the bank to maintain its operating expenses with operating income decreases but burden ratio also decreases. Lower burden ratio shows lower amount of operating expenses are covered by Fees based income.

B8.0: NRBC Group's Performance Versus NRBC Bank's Performance

NRBC Bank Group Consists of NRBC Bank Limited and NRBC

Bank Securities Limited is a subsidiary of NRB Commercial Bank Limited. NRBC Bank is operating all over the country through its 83 branches, 59 Sub Branches, 24 BRTA Collection Booth, & Sub-registry booth and three (03) strategic agent banking partners who have 567 sub-agent points all over the country for the year 2020. Expansion of network is creating opportunity for business to channelize the fund from surplus group to deficit group or to the area where there are lot of investment opportunities.

NRBCBSL offers stock brokerage services to local and international institutions and retail clients. It especially provides one-stop services to Non-resident Bangladeshis (NRB). To ensure client's satisfaction, NRBCBSL is always one step ahead and ready with state of the art technology and innovative services. Prioritizing information infrastructure NRBCBSL wants to lead from the front when it comes to value investing, algorithmic trading and predictive analysis in Bangladesh Capital Market.

Figure in million (BDT) unless otherwise specified

Operation Result	Group			NRBC Bank Ltd		
	2020	2019	Change (%)	2020	2019	Change (%)
Interest Income	6,639.51	7,037.00	-5.65%	6,300.05	4,810.69	30.96%
Interest Expenses	4,923.93	4,487.31	9.73%	4,923.93	4,488.13	9.71%
Investment Income	3,595.20	1,293.37	177.97%	3,586.65	1,284.16	179.30%
Non-Interest Income	1,057.17	1,008.59	4.82%	1,016.38	989.69	2.70%
Non-Interest Expenses	3,267.51	2,248.50	45.32%	3,232.06	2,223.55	45.36%
Total Income	11,291.88	9,338.97	20.91%	10,903.08	7,084.54	53.90%
Total Expenses	8,191.43	6,735.81	21.61%	8,155.99	6,328.38	28.88%
Operating Profit	3,100.44	2,603.15	19.10%	2,747.10	756.16	263.30%
Provision for Loans and Others	1,096.45	376.74	191.03%	1,096.45	376.74	191.03%
Profit Before Tax	2,092.06	2,051.76	1.96%	2,039.73	2,042.51	-0.14%
Provision for Tax	707.53	898.19	-21.23%	696.90	894.24	-22.07%

Profit After Tax	1,384.53	1,153.57	20.02%	1,342.83	1,148.26	16.94%
Cost income ratio	51.30%	46.67%	4.63%	51.30%	46.67%	4.63%
Return on Equity (ROE)	14.93%	15.04%	-0.11%	14.93%	15.07%	-0.14%
Return on assets (ROA)	1.30%	1.47%	-0.17%	1.30%	1.46%	-0.16%
Cost of Deposit	5.53%	6.98%	-1.45%	5.53%	7.27%	-1.74%
Net Assets Per Value	16.88	14.08	19.93%	15.65	14.34	9.16%
Earnings Per Share	2.37	1.98	19.72%	2.31	2.01	14.65%

Although Interest Income reflects Negative growth over previous year but investment income increased significantly. As a result, operating profit of NRBC Group is increased by 17.86 percent over the preceding year and profit after tax increased by 16.41 percent. Cost Income Ratio increased and reached at 51.30 percent because operating expenses of the bank increases due to expansion of network all around the country.

Return on Equity (ROE) decreased and stood at 14.93 percent and Return on investment (ROI) decreases and reaches at 1.30 percent. Downward trend in Return on Asset (ROE) and Return on equity (ROE) reflects under utilization of bank's asset and Equity. Decreasing Net Assets Value (NAV)/Share reflects decrease net worth of the bank. The higher Earnings

per Share (EPS) exhibit the higher profitability/ share of the bank.

B9.0: NRBC Group's Performance versus NRBC Subsidiary's Performance

Group performance of NRBC and its Subsidiary Company NRBC Bank Securities limited is just above average, according to consolidated financials of NRBC Bank Limited on 31 December 2020. NRBC Bank and NRBC Bank Securities limited contributed in group profit by 96.90 percent and 3.10 percent respectively. Balance sheet size of NRBC Securities increases by 125.56 percent but Profitability of NRBC Securities increases by 685.60 percent.

Figure in Million(BDT) unless otherwise Specified

Particulars	2020			2019		
	NRBC	Subsidiary	Consolidated	NRBC	Subsidiary	Consolidated
Cash in Hand & at Bank	9,592.95	196.48	9,473.47	7,870.16	113.90	7,920.82
Investment	26,367.84	359.36	26,727.20	15,298.17	327.50	15,625.66
Loan & Advances	74,835.73	848.30	74,887.43	62,015.02	138.41	62,059.56
Fixed Assets	835.06	5.85	840.91	506.22	7.08	513.30
Others Assets	4,854.04	86.71	4,579.46	3,571.82	40.68	3,251.22
Borrowing	4,133.97	-	4,133.97	1,290.23	-	1,290.23
Deposits	90,177.26	213.00	90,074.31	71,857.90	121.11	71,879.79
Other Liabilities	12,511.64	45.40	12,555.75	8,780.02	36.56	8,815.29
Shareholder Equity	9,797.54	44.17	9,879.24	8,189.94	41.20	8,241.95
Balance Sheet Size	116,620.41	1,496.70	116,643.27	90,118.08	6,635.53	90,227.26
Operating Profit	3,068.00	32.42	3,100.44	2,587.14	16.01	2,603.15
Profit after Tax	1,342.83	41.68	1,384.53	1,148.26	5.31	1,153.57

The table exhibits' the minimal contribution of subsidiary's to the group. Components of statement of financial position and statement of profit and loss indicates nominal role to the consolidated financial statements. Size of balance sheet is only 1.28 percent of NRBC Bank limited. Loans & Advance, Equity, and operating profit are 1.13, 0.45 and 1.06 percent

respectively. Though their contrition to the group is nominal but financial indicators show that NRBC Bank Securities is performing better gradually. Operating profit, profit before tax, are profit after tax are increased by 116.19, 465.09, 685.60 percent respectively.

B10.0: Multiplier Analysis

In multiplier analysis DuPont is important to determine the factors have an effect on the profitability, DuPont determines

the factors that drive the company's ROE and profit margin shows operating efficiency, asset turnover reflects asset use efficiency and leverage factors reflect how much debt is being used

Figure in million (BDT) unless otherwise specified

Particulars	2020	2019	2018	2017	2016
DuPont	14.16%	14.62%	12.38%	15.31%	11.55%
ROE (Shareholder Return)	16.11%	15.04%	13.88%	15.30%	11.55%
Net Profit margin	11.96%	12.30%	12.68%	13.92%	11.92%
Total Asset turnover	0.1086	0.1188	0.1186	0.1201	0.1538
Financial Leverage/Equity Multiplier	10.9030	10.0035	8.2316	9.156	6.299
Operating Profit Margin	27.33%	27.70%	25.79%	27.60%	26.15%

Operating Profit Margin and Net Profit Margin decreased a bit and reaches at 27.33 percent and 11.96 percent respectively because provision for loans and Advance increased by 88.80 percent. The table exhibits a declining trend in asset turnover ratio and upward trend in case of financial leverage/Equity multiplier. Efficiency of utilization of total assets turnover decreased compared to 2019 due to lower yield of Investment and deterioration of quality of loans & Advance. Bank is highly levered firm and financial leverage/equity multiplier goes up a bit.

B11.0: Trend Analysis of Financial Performance of five Year (05) years

Almost all the financial indicators are showed an increasing trend over the previous period. Operating profit, profit before tax, and profit after tax show increasing movement over five (05) year period.

Figure in Million(BDT) Unless otherwise Specified

key operating and financial data	2020	2019	2018	2017	2016
Loans & Advances	74,835.73	62,015.02	48,117.78	43,000.28	37,408.28
Deposits	90,177.26	71,857.90	54,083.28	45,236.44	44,143.28
Equity	9,797.54	8,189.94	7,094.31	6,410.80	5,728.73
Balance Sheet Size	116,620.41	90,118.08	67,142.86	57,529.35	53,619.10
Total Contingent Liabilities & Commitments	35,483.89	27,408.20	19,455.25	16,591.43	12,934.95
Import	30,579.76	332,206.16	26,229.88	24,786.54	18,133.73
Export	28,070.50	292,160.01	25,091.91	22,459.69	16,885.62
Remittance	4,089.41	20,938.62	996.19	399.3	409.74
Operating Profit	3,100.44	2,587.14	1,889.26	1,841.92	1,537.52
Profit Before Tax	2,092.06	2,042.51	1,562.38	1,397.82	1,307.90
Profit After Tax	1,384.53	1,148.26	934.34	928.94	869.03
Earnings Per Share	2.37	2.01	1.82	1.89	1.9
Diluted Earnings Per Share	1.96	-	-	-	-
Capital - Core (Tier I)	8,594.24	7,883.21	6,778.83	6,235.42	5,690.27
Capital - Supplementary (Tier II)	1,796.99	1,041.54	592.83	545.13	517.33
Total Capital	10,391.24	8,979.65	7,371.66	6,780.55	6,200.61
Capital Surplus/(Deficit)	16.53	514.57	1,130.82	1,137.39	1,319.26
Statutory Reserve	1,866.79	1,458.84	1,050.34	737.87	462.77
Retained Earnings	1,294.95	1,015.13	841.32	730.51	627.86
Capital Adequacy Ratio	12.52%	13.27%	14.03%	13.52%	13.50%
Cost income ratio	51.30%	46.67%	49.15%	47.76%	49.03%

Return on investment/Equity (ROI/ROE)	14.93%	15.04%	13.89%	15.30%	15.97%
Return on assets (ROA)	1.30%	1.47%	1.50%	1.67%	1.93%
Cost of Deposit	4.95%	6.98%	7.27%	6.47%	6.91%
Loan Deposit Ratio	78.66%	82.54%	85.91%	92.18%	82.99%
% CL to Total Loans & Advances	2.93%	3.20%	2.94%	2.46%	0.52%

All the indicators of statement of financial position such as loans & Advances, deposit, equity and balance sheet size reflects positive growth over the previous year, that exhibits the strength of NRBC Bank limited. Indicators of income, expenditure, profit, Earnings per Share (EPS) reflect positive trends over the five-year period. Loans & advance, Deposits, Equity, and Balance Sheet Size increased by 20.67 percent, 25.49 percent, 19.63 percent, and 29.41 percent respectively.

Return on Asset (RoA) and Return on Equity (RoE) decreased because Proportionate increase of Net Profit after Tax is lower than Proportionate increase of Average Equity and Average Asset. Indicators measuring regulatory capital such as Tier-1 & Tier-2 Capital of the bank are rising gradually and bank has adequate capital surplus. Credit is growing by maintaining credit Deposit ratio set by the regulator. Non-performing loan (NPL) decreased and remains in the acceptable limit and much lower than industry average. Management is very much concern and has taken necessary initiatives to keep Non Performing Loan (NPL) as low as possible. The Board of Directors oversees the Non-Performing loan (NPL) position regularly and provides necessary directives.

B12.0: Foreign Trade Operation

International trade (export and import) has a significant positive impact on economic growth (GDP) in Bangladesh and international trade is strongly positively correlated with economic growth (GDP) in Bangladesh. International trade is so much essential for the development of any country because at the time of globalization one country's people can easily buy or sell products to another country's people. Trade is central to ending global poverty. Countries that are open to international trade tend to grow faster, innovate, improve productivity and provide higher income and more opportunities to their people. Open trade also benefits lower-income households by offering consumers more affordable goods and services. Bangladesh's economy is such that its GDP is led by the Export, Import, and Remittance. Bangladesh's Economic growth has averaged more than 6.00 percent over the last decade significantly lifting per capita income. A snapshot of Export Import and remittance of Bangladesh in Financial year 2019-2020 and 2020-2021 has been given below:

Figure in Million (BDT) unless otherwise specified

Particular	2020-2021	2019-2020	% Change
Trade Balance	(9,787.00)	(9,642.00)	1.50%
Export Including EPZ	22,132.00	22,360.00	-1.02%
Import Including EPZ	31,919.00	32,002.00	-0.26%
Current Account Balance	(1,809.00)	2,235.00	-180.94%
Overall Balance	132.00	6,409.00	-97.94%
Remittance	19,800.00	18,205.01	8.76%

NRBC Bank Limited export finance includes working capital to import/ procure raw materials, spares & Parts, Payment overhead expenses including salary, wages, utility bills and settlement of export bills. Export financing technique includes Back to Back Letter of Credit, Export time loan, Export Cash Credit Hypo, overdraft, EDF Loan, FDBP, Loan against accepted bills, and IDBP

NRB Commercial Bank is receiving Foreign Remittance

through Western Union, Xpress Money, Ria, Placid Express and Moneygram in a simple and faster way. All the branches of NRB Commercial Bank and Agent Banking points are now capable to receive Foreign Remittance instantly through online from any countries of the world.

A snapshot of Export Import and remittance of Bangladesh Export Import and remittance of Bangladesh in 2020

Figure in Million(BDT) unless otherwise Specified

Particulars	2020	2019	2018	2017	2016
Import	30,579.76	33,220.62	26,229.88	24,786.54	18,133.73
Export	28,070.50	29,203.89	25,091.91	22,459.69	16,885.62
Remittance	4,089.41	2,093.86	997.65	447.01	409.74
RMA	175	170	160	152	148
NOSTRO-Account	13	12	13	12	13
Foreign Remittance Sub-Agencies	7	4	5	5	5

The table depicts import and export decreased by 7.95 percent and 3.88 percent due corona pandemic. The Covid-19 induced economic crisis has affected the export and import of Bangladesh by large margins. The economic crisis has been exacerbated by the closure or limited operation of businesses during the lockdown at home and abroad. Remittance grew up by 95.30 percent which helped the economy to absorb the shock that stir up from pandemic situation

B13.0 New era of Micro finance for marginalized people financial inclusion

Microfinance through banking system with a view to providing service for unemployed or low-income individuals or groups who otherwise will have no other access to financial services. Microfinance allows people to take on reasonable small business loans safely, and in a manner that is consistent with ethical lending practices. With a view to increasing deep outreach in rural, remote, semi-urban places of the country, the NRBC has taken micro finance initiative through MFIs. For Micro-Finance wholesaling, the NRBC assessed the institutional setup, organization and financial strength of the partner MFIs proposing to carry out such wholesaling for cottage and Micro Enterprise those could not avail institutional finance i.e. bank

finance due to living in remote areas, lack of collateral, absence of banking history and the need of small quantum of finance. Such whole selling model will be an excellent vehicle to bridge the financing need of these cottage and Micro Entrepreneur. It also helps in diversifying Bank's Micro-Finance portfolio by expanding outreach.

As a financial organization, NRBC is moving with Humanitarian Banking philosophy to serve more people of marginal community and want to be an active partner of development works of government of Bangladesh. UN for achieving sustainable development, The Development of Micro Finance was based on the principle inclusion of the poor and one hand and the sustainable of the institution of the other hand. These dual objectives of reaching credit operations to the hard-to-reach household and making the microfinance viable put the market in a challenging position such as lower operational self-sufficiency.

In this regard, NRBC started the process of Micro-Credit finance through its own channels like; Branch, Sub-Branch and Agent-Banking system. Being rigorous such Micro-Credit finance, NRBC had agreed with SKS foundation for the same. It is also noted that MFIs collection rate is more than 98%, and on the other hand present bank collection rate is below 70%.



NRBC Bank Managing Director and CEO Md Mukhter Hossain and SKS Foundation CEO Rasel Ahmed Liton exchange documents after signing an agreement for expansion of Micro Finance Through MFIs.



NRBC launches Micro Finance with SKS Foundation in 10 locations in Gaibandha.

Bank already disbursed Tk. 300.00 Lac around 100 clients in several sectors under various loan products like NRBC Shapna Nir, NRBC Desh Gori, NRBC Shonali Din, NRBC Karigar, and NRBC Probashi Sosthi , NRBC Proyojon through partnership model micro-financing which help our economy as well as the profitability of our bank.



Micro Finance beneficiary project where Bank extend credit through MFS-SKS Foundation

Our target customers are marginal individuals engaged in Agricultural Farming, Cottage, Micro, Small industries; Service etc through formation of group/ Samiti as bank Micro Credit Program.

B14.0 NRBC “Al-Amin Islamic Banking” Scenario

The popularity of Islamic Banking being on a rising trend not only in our Country but also across the world. In the recent years Islamic Finance experienced fast track growth as evidenced from the report of IMF mentioning the growth rate around 15%-20% annually.

Bangladesh is one of the largest Muslim population countries in the World. The people of this country are deeply committed to Islamic way of life on enshrined in Holy Quran and the Sunnah. Increasing pace of customer awareness and showing interest to the Islamic Banks for its financial products in the local market opens a wide era for entering into the Islamic Banking sector and this is the high time to grab the market.

In the face of the emerging demand a good number of Islamic Banks are in operation, while some conventional banks had made wholesale conversion into Shariah based Islamic Banking. Besides, a good number of Conventional Banks have started Islamic Banking operations by opening separate windows/ wings and branches.

To keep this point in mind for providing the best level Islamic Banking & Financial products to the customers NRB Commercial Bank commenced its Islamic banking operation through 8 of its Windows since 20 January, 2020. Afterwards, on February 08, 2021 the Bangladesh Bank has given their consent to operate Islamic Banking operation to all of our Branches across the Country.

Bank implemented purely Islamic Shariah based Income Sharing Ratio (ISR) which is the best model in Islamic Banking system. Al-Amin Islamic Banking window will be able to create a vibration in the mass people as well as Islamic horizon.

The NRBC already formed a separate Shariah Supervisory Committee consisting 08 (Eight) members which leading by the renowned Islamic Scholar & Islamic media person Janab Shah Mohammad Wali Ullah. At the same time, NRBC developed significant number of Islamic Banking Products, Policies & relevant forms/formats to accelerate our Islamic Banking activities more prudently. Catering such Banking, Human resource is on the way by Training sessions for staffs to enable them Islamic Banking process.

By this time, 83 Branches are started the Al-Amin Islamic Banking operations with total Deposit & Investment Portfolio stands as Tk. 8000.00 Lac (Approx.) & Tk. 2200.00 Lac (Approx.). Al-Amin Islamic Banking window is working for increasing Business Portfolio with a motive to contribute a significant lot in the global income of the Bank. Presently the Islamic Banking operations of the Bank are operated by a separate Islamic Banking team headed by the Additional Managing Director of the Bank as CEO of Al-Amin Islamic Banking window.

B15.0 Green Banking initiative in 2020

Green banking is a category of banking practices considering all the social and ecological factors with an aim to defend the environment and preserve natural resources. Banks' concern about environmental well-being while financing to businesses is considered as green banking. To get a sustainable positive

impact from business, green banking is essential.

NRBC Bank performs several green banking activities like in house environment management, green financing like installation of EFT, Green Building, Brick Field (Zigzag /HHK Tunnel kiln), establishment of solar panel, Bio gas plant etc. NRBC Bank also involves in green marketing activities to ensure environment friendly activities like plant tree, finance in environment friendly projects, pay bill via online, be paperless etc.

Step taken regarding green banking are:

a. Green Banking Policy & Sustainable Finance Unit:
NRBC Bank, with consistency of the Green Banking Policy of Bangladesh Bank, maintains a separate “Sustainable Finance Unit” under Credit Risk Management Division. NRBC Bank has introduced both in-house & external Green activities for supporting the Green Economy.

b. Diversification of Credit portfolio tense to Green Financing:

NRBC Bank emphasizes on diversifying its credit portfolio over various sectors including Green & Environment-friendly Financing. NRBC Bank undertook an initiative to go green by paying low interest loans to the customers who would like to setup solar equipments, ETP, Brick-field (Zigzag /HHK Tunnel kiln), Green Building ,Bio-gas Plant etc. Besides, most of the Textile Industries financed by NRBC are well equipped with ETP facilities. In 2020, total disbursement under direct green finance was Tk.326.96 million.

Tk. in million

Quarters	Amount
1 st Quarter	89.57
2 nd Quarter	74.83
3 rd Quarter	66.90
4 th Quarter	95.66
Total	326.96

c. Introduction of Green Financing Loan Products under the name and style “NRBC- সবুজ”:

To promote green finance activities more effectively, NRBC Bank Ltd. introduced a new green product named as “NRBC- সবুজ” for the sake of green financing.

d. In-House Green Banking Activities of NRBC Bank:

NRBC Bank also emphasizes on promoting Green banking within the bank by taking several In-House Green Banking Activities like:

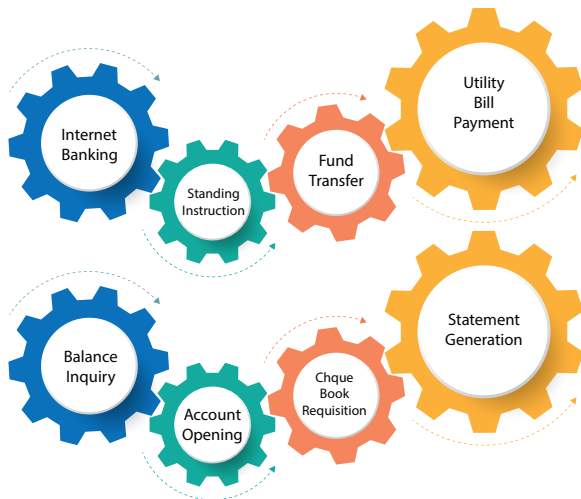
- Paper Consumption Management: Internal communications through emails, Customer communications done through emails or SMS, Use of one side used papers for draft copies of the office assignments etc.
- Water management: Efficient use of gas, fuel, electricity and water with a view to reducing carbon emission.
- Power Savings Equipments: Introducing Energy saving

Bulbs in the offices.

- e. Digitalized for taking Banking service at home by the customer :

All Business unit of NRB Bank are providing online banking facilities through its core banking system namely "Bank Ultimus".

- Fund Transfer to Other bank's Accounts through BEFTN is now available through Online internet Banking and Planet App for taking this service at home by the Customers. Synchronization online of internet Banking like as :

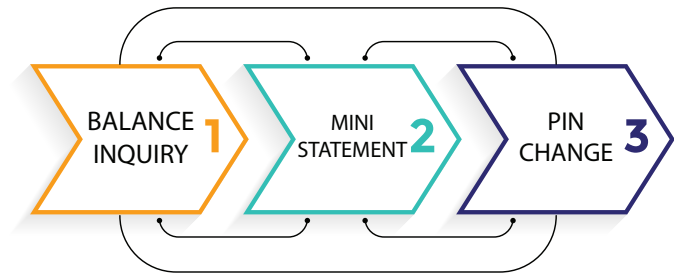


- E-service through National payment gateway:

NRBC is connected to National Payment Gateway Switch which enables Bank's debit/credit card customers to withdraw money from any other bank's ATMs within Bangladesh.

- SMS banking:

Any mobile phone user having account with NRBC Bank can get the services through the mobile phone. By using SMS banking our customers can avail the services like:



- Missed Call banking service:

NRBC Bank introduced Missed Call Balance Inquiry Service for its account holders view to mitigate the query of the account Balance and, hence, carbon emission will be reduced significantly.

- Smart Banking Mobile Apps (PLANET):

NRBC Bank Ltd. introduced PLANET mobile apps which is a cashless and online banking software application designed specifically for use on small, wireless computing devices such as Smart phones, Tablets etc.

Details in the segment "NRBC Paperless hassle free digitalized initiative in 2020" for Green banking initiative

Businesses are the driver of the economy, and sustainable business can influence the sustainability of the economy; therefore, successful green business establishment is crucial. NRBC Bank believes that every small 'GREEN' step taken today would go a long way in building a greener future. Therefore, NRBC Bank has adopted technology, process and products which result in substantial reduction of its carbon footprint as well as develop a sustainable business.

C1.0: Maintenance of Required Reserve [Section 184 (1b) of the act]

Like as previous year, NRBC Bank is consistently maintaining the 20% statutory reserve in pursuant to Section 24 of the Bank Companies Act 1991, as amended 2018 and expecting to maintain it as long as cumulative balance of statutory reserve reaches at the equal level of sponsored paid up capital. Statutory reserve exceeded Tk. 1,000 million landmarks two years ago by compliance of the proviso of the act. Balance of statutory reserve reached at BDT 1,866.79 in 2020. Following table shows that 5 year statutory reserve position which is remarkable:

Figure in Million(BDT) unless otherwise Specified

Movement of Statutory Reserve	2020	2019	2018	2017	2016
Beginning Balance	1,458.84	1,050.34	737.87	462.77	203.22
Transfer during the period from pre-tax profit	407.95	408.50	312.48	275.09	259.55
Closing Balance of Statutory Reserve	1,866.79	1,458.84	1,050.34	737.86	462.77
% of Change over previous year Contribution	27.96%	38.89%	42.35%	59%	128%

No other reserve was maintained/proposed by Board of Directors during the year under consideration except Tk.810.63 million as revaluation reserve which is required to maintained DOS circular # 15 Dated 31/10/2005, DOS circular letter # 03 dated 07/02/2007 and DOS circular letter # 05 dated 26/05/2008.

C2.0: Recommendation of dividend [Section 184 (1c) of the act]

Like as previous year of 2019, Bangladesh Bank had announced a dividend policy for the banks for 2020 with view to keep banks free from outbreak of corona virus impact as such the necessity to strengthen banks' capital base further

has become vital for the coming years. Bangladesh Bank issued DOS Circular 01 Dated February 07, 2021 under the section 45 of the Bank Company Act, 1991 (amended in 2018) by setting six dividend sub-slabs under two slabs for the banks based on their liquidity situation. Dividend scenario based on aforesaid of the circular:

SL No	Capital to Risk Weighted Assets Ratio (CRAR)	Dividend	Cash Dividend (Max)	Stock Dividend
Ka(1)	If CRAR 15% or above [Without provision deferral]	35%	17.5%	17.5%
Ka(2)	If CRAR 13.5% to 15% [Without provision deferral]	25%	12.5%	12.5%
Ka(3)	If CRAR mini 11.875% [Without provision deferral]	15%	7.5%	7.5%
Kha (1)	If CRAR 12.5% or above [With provision deferral]	12%	6%	6%
Kha (2)	If CRAR 11.875% % to 12.5%[With provision deferral]	10%	5%	5%
Kha (3)	If CRAR mini 10.625% % to 11.875%[With provision deferral]	5%	-	5%

The Audit committee and the Board of Directors reviewed the dividend proposition of central Bank. However, NRBC Bank already been listed with Dhaka Stock Exchange (CSE) and Chittagong Stock Exchange (CSE) and its share trading started on March 22, 2021 and all shareholders would be entitled to get dividend due to record rate ahead while adoption of

Audited Financial Statements. Hence, considering the interest of general investors and tract history of dividend declaration along with stable growth of the Bank, the Board of Directors applied prudent decision for shareholders. Dividend tract history of the Bank:

Form of Dividend	2019		2018		2017		2016		2015	
	Rate	Rate	Rate	Taka	Rate	Taka	Rate	Taka	Rate	Taka
Cash	9%	9%	-	-	5%	245	5%	228.97	6%	266.76
Stock	2%	2%	11%	565.95	5%	245	7%	320.56	3%	133.38

As such, NRBC Bank's is under category of ka(3) of the aforesaid circular, the Board of Directors in its 119th meeting held on April 29, 2021 recommended for 12.50% dividend comprising form of Cash and Stock for the year 2020 on record after getting permission from Bangladesh Bank:

Figure in Million(BDT) unless otherwise Specified

Dividend	Form	Amount	Remarks
5.00%	Stock	351.26	Paid up capital will be Tk. 7,376.42million
7.50%	Cash	526.89	

The Board of Director is expected this rational proposition of dividend will help strengthen the capital base as well as confidence of shareholders.

C3.0: Material changes before issue of Directors' Report [Section 184 (1d) of the act]:

Three changes occurred in nature of NRBC business before issue of Directors' Report before 8th AGM:

a) Trading of NRBC Share in the Stock Exchanges:

The Bangladesh Securities and Exchange Commission (BSEC) in its 749th meeting held on November 18, 2020 approved initial public offering (IPO) of 120 million ordinary shares at a face value of BDT 10.00 each under fixed price method. NRBC

is the first ever private commercial bank in the last 12 years listed with the stock market. Subsequently Bank got BSEC's consent letter BSEC/CI/IPO-307/2020/304 dated January 04, 2021 and, upon fulfilling all compliance, lottery was conducted on digital platform on March 03, 2021 followed completion of the application phase was conducted from February 03, 2021 to February 09, 2021.



The initial public offering (IPO) lottery draw of NRBC Bank was held on Wednesday (March 3, 2021) to allocate its 120 million ordinary shares among successful applicants through digital platform under the supervision of a representative team from Bangladesh University of Engineering and Technology (BUET).

The then NRBC Bank had got listing approval from Stock exchanges:

Stock exchanges	Approval Ref.	Trading Company Code	Trading Code
Dhaka Stock Exchange Limited	DSE/Listing/ULC/2021/1735, dated March 10, 2021	11150	NRBCBANK
Chittagong Stock Exchange Limited	CSE/Listing/NRBCBANK/2021, dated March 10, 2021.	22034	NRBCBANK

Historic day “**March 22, 2021**” was the inauguration of Trading “NRBCBANK” Stock through ringing of bell at both stock exchanges.

b) Islamic Banking window of Business Unit of NRBC:

The Board of Directors in its 114th meeting express satisfaction for Bangladesh Bank’s permission of Islamic Banking window of all Branches and sub-Branches of NRBC Bank vide # BRPD (P-3)745(60)/2021-1467 dated February 08, 2021 followed on inauguration on January 20, 2020 which is another dimension of another Banking business of NRBC and, accordingly, all Branches and sub-branches started Islamic Banking service the customers.

c) Offshore Banking :

For involved in the global market, Bank started another business dimension offshore Banking operation on February 7, 2021 after getting approval from Bangladesh Bank approval # BRPD (OB)/744 (128)/2020-7786 dated September 22, 2020.

The Board of Director of its 103rd meeting expressed satisfaction on obtaining Offshore Banking permission from Bangladesh Bank which has opened new horizon for the Bank to expand its business across the borders.

Presently Offshore Banking service is operating through two offshore Banking units of Gulshan Branch and Agrabad Branch in compliance with guidelines of Bangladesh Bank.

No other material changes has occurred between the end of the financial year and the date of the Directors’ Report placing before the AGM except the Board of Directors in its 119th Board Meeting held April 29 2021 recommendation of Dividend @ 12.5% dividend comprising of 7.5% in the form of cash and 5% In the form of Stock for the year 2020 which is expected to be approved in the 7th Annual General Meeting (AGM) of the Bank.

C4.0: Material Change of the state of company’s affairs [Section 184 (2) of the Act]:

NRBC engaged in Islamic Banking business nature along with conventional Banking system historic inaugurated on January 20, 2020 that mentioned in the segment “Material changes before issue of Directors’ Report” of the Directors’ Report -2019. Like as 2019 no material changes for appreciation of the state of the company’s affairs except scale of operation by its members that have occurred during the financial year 2020:

D-4.0 (a) Change in Company’s Business Nature [Section 184 (2a) of the Act]:

No other change in NRBC Banking Business nature except mentioned in the preceding para.

D-4.0 (b) Change in the company’s subsidiaries or in the nature of the business [Section 184 (2b) of the Act]:

2020 is exception year for NRBC Bank Securities Limited that it ends with healthy earnings than which nearly 8th times higher than last year of 2019. Subsidiary reached Tk. 40.00 million after tax landmark profit that meet expectation Bank as well as its minority group. NRBC Bank Securities articulate changes of capital market pattern that the best performing stock market in the region. DSEX, the benchmark index of the Dhaka Stock Exchange, gained 21.3%, the highest among its peers, despite the 66-day recess for the countrywide general shutdown to slow the spread of corona virus. This was quite the turnaround for DSEX, which fell 17.3 per cent in 2019 while bourses in emerging Asian countries showed healthy gains. First ever such impressive performance, The Board of Directors recommended 10% cash dividend in its 22nd meeting held on March 31, 2021 which will approve in the 5th AGM of the company. NRBC Bank Securities Limited has no intension to change its nature of business in near future.

NRBC is going to from another subsidiary NRBC Bank Asset Management Limited and the process was started followed on 69th Board Meeting held 19th August 2018. At last Bank got permission from Bangladesh Bank vide # BRPD(R-1)/717/2021-2745 dated March 14, 2021 after modification of Such Merchant Banking formation in its 115th meeting held on February 28, 2021. Bank hope that new company will be started within 2021 and will cutter the portfolio business by pooling funds into stock market that match with the declared financial objectives of the Bank.

D-4.0 (c) Change in Classes of Bank’s Business [Section 184 (2c) of the Act]:

NRBC entered into new class Islamic Banking business (Alamin) in a historic inauguration on January 20, 2020 mentioned in earlier para.

In the Year 2021, NRBC Bank sets its target of Building Market Share by Expanding its area of operation At present NRBC Bank is operating all over the country.

Decentralization of Credit Approval and Credit Recovery process is required to identify viable borrowers at remote areas and expansion of business as well as expedite the national goal of financial inclusion. Authority as well as accountability is delegated to the different tiers of management at both head office and field level to take decisions on the basis of customized demand of local markets for products like Secured Overdraft (SOD), Small and Medium Enterprise (SME) Loan etc.

Introduction of Partnership banking under the umbrella of Agent Banking to better serve the main purpose of agent banking of providing banking services to the rural and unbanked people through agents where the physical structure of a bank is not established NRBC Bank got license from Bangladesh Bank on 22 September 2020, in the year 2021 NRBC offshore

Banking Unit (OBU) will commence its operation

E1.0 Information and Explanation contained in the Auditors' Report [Section 184 (3) of the Act]:

For being finalized Audited Financial Statements, a tripartite was held among Auditors M/s. Howladar Yunus & Co., Chartered Accountants and K. M. Hasan & CO, Chartered Accountants, Inspection team of Bangladesh Bank with the management of the Bank and on April 13, 2021. In that meeting, a threadbare discussion has been held for assets quality, provision, fair presentation of audited financial statement and internal Control system. Financial statements are finalized by adopting recommendation by both Statutory Auditors and Inspection team of Bangladesh Bank on basis of circular issued by Bangladesh Bank amid of COVID-19.

The Board Audit Committee of Board has reviewed the Key Audit Matters mentioned in the Auditors' report along with audited financial statement and, henceforth, forward dividend declaration as Board think fit for shareholders subject to approval of Bangladesh Bank in 119th Board on April 29, 2021

F1.0 Future outlook:

Banks are now the safety net that will have to catch the company in free fall. Although the full extent of Corona virus pandemic cannot yet be predicted due to second wave still continue since end of march, 2021 but there is no time to loose in preventing the worst. Banks therefore, to reach out their customers now, guide them through the difficult times as little damage as possible. After all, the primary goal is to get the majority through this extreme situation and then return to a normal state. Whatever, normal may mean in the future. Factors that will affect the future banking operation especially the year 2020 are described briefly. Government has taken several initiatives to combat the epidemic Corona Virus like tax measures, economic stimulus, and employment related measures.

- I. The government of Bangladesh has taken policy decision to put a cap on lending and deposit rate effective from April 01 2020. Accordingly lending rate offered by schedule bank should not exceed 9.0 percent and deposit rate should not exceed 6.0 percent. Cap on Loans & Investments will reduce Interest Income from Loans and Advances of the bank significantly and Cap on deposit will not reduce weighted average cost of deposit drastically, subsequently spread between lending rate and borrowing rate will go down.
- II. The immediate negative impact of low rates is that it constrains the banks' net interest income, it also forces banks to become more selective about who they lend to, meaning that they are less likely to face credit losses down the line
- III. Cap on Deposit may demoralize Depositors to deposit money in Bank. Depositors may go for Non-Bank Financial Institutions for higher return instead of Banking Financial Institutions. Bank's loanable fund will shrink. Investment will go down and eventually Economic Growth will go down. Moreover, depositors may withdraw huge amount of fund to the fear of meeting corona virus attack related expenses.
- IV. Bank's cash flow has been affected negatively due to

non-classification period of Loans and Advances set by the Central Bank. Borrowers won't be willing to repay the installment as their credit facilities cannot be downgraded by the Banks. The Bangladesh Bank has asked the scheduled banks to keep unchanged the classification status of loan, lease or advance until June 30 to facilitate business activities amid the corona virus outbreak. As per BRPD Circular Number-04, dated 19th March, 2020 the classification status of loan, lease or advance on January 01, 2020 will remain unchanged until June 30. As per BRPD Circular No-13 dated 15th June, 2020, The Bangladesh Bank extended non-classification period of Loans and Advances till September 30, 2020 for the borrowers' failure to repay those as the corona virus outbreak has affected almost all the business sectors.



Remarkable 100th NRBC's Board of Directors Meeting held on Saturday 27th June through video conference. Of that remarkable 100th BoD meeting, Mr. S M Parvez Tamal was reelected as the Chairman of the Bank.

- V. Bangladesh Bank on September 29, 2020 in a circular had extended its relaxed conditions for loan repayment till December 31, 2020 taking into consideration the impacts of corona virus on the country's trade and business.
- VI. Bangladesh Bank has further relaxed repayment of loans by allowing the borrowers to make their due payments to financial institutions in more installments, considering the Covid-19 fallout. The existing policy in this regard will remain unchanged and the financial institutions will refrain from imposing any extra fee, charges or penalty on borrowers in calculating their interest or profits. Borrowers now can clear their installment on loans by June 30, 2021. Unpaid interest has been cleared in six quarterly installments from March 2021 to June 2022. Borrowers are also allowed to defer for repay their demand loans.
- VII. To combat the economic and social crisis and to ensure recovery of the economy, the stimulus measures include:
 - (a) BDT 50,000.00 million for export oriented industries to pay the wage bill for three months. This stimulus package comes as two (02) year loans to factory owners at 2.0 percent interest
 - (b) BDT 300,000.00 Million for banks to provide working capital loan facilities to the affected industries. Loans, under this stimulus package, are at an interest rate of 9.0 percent. While half of the 9.0 percent is to be borne by the borrower, the other half will be borne by the government as a subsidy
 - (c) BDT 200,000.00 million for banks to provide

- working capital loan facilities to small and medium enterprises. However, these loans are at an interest rate of 9.0 percent, 4.0 percent to be borne by the borrower, and 5.0 percent by the government as a subsidy
- (d) A refinance scheme of BDT 50000 Million for the agriculture sector. The Bangladesh Bank will charge interest of 1.0 percent from banks, and banks will charge 4.0 percent from customers. The loan will be repayable within 18 months including the six month grace period
- (e) Under the Back-to-Back LC arrangement, the Export Development Fund of the Bangladesh Bank is increased from US Dollar 3,500.00 million to US Dollar 5,000.00 million to facilitate further import of raw materials. The interest rate is 2.0 percent
- (f) BDT 50,000.00 million for pre-shipment credit refinance scheme by the Bangladesh Bank for local products and the export sector, under which the Bangladesh Bank will charge interest of 3.0 percent from banks and banks will charge 6.0 percent from customers. There have been some policy measures by the Bangladesh Bank to increase cash flow in the economy. Further, the national Budget for the present financial year provides some support measures for returnee migrants. There have been some social safety net programs to address the growing poverty and vulnerability of the population as well.
- VIII. This pandemic will create the risk of massive withdrawal of savings, risk of increased default rates, low growth of loan and investment, low-interest income and high possibility of bankruptcy risk. Moreover, it will be tough for developing countries to recover immediately from the shocks of the COVID-19 pandemic because of weak institutional governance, underdeveloped capital market and bureaucratic problems in policy formulation concluded that banks with a good capital base and high profitability will perform relatively smooth during the pandemic.
- IX. Bangladesh Bank also slashed the policy or repurchase agreement rate by 100 basis points from 5.75 percent to 4.75 percent to make funds cheaper for banks. The reduced repo rate means banks can get more access to central bank funds if needed at a lower rate of return, thus enabling commercial banks to tackle the impending financial recession as efficiently as possible
- X. Private investment is expected to remain subdued. Expanded government development spending, favorable trends in power production, and reforms to better mobilize domestic resources may reduce the effects of the pandemic. Inflation is expected to stay in check, and the current account deficit will narrow further.
- XI. As per road map for implementation of Basel III, banks will require maintaining additional buffer capital of 2.50 percent from 2020 onwards and this may cause pressure on Capital Management resulting in curtailing fresh lending.
- XII. Bangladesh had recorded a growth rate of 8.2 percent in 2019 which is estimated to decelerate to 2.0 percent in 2020 further dipping to an estimated 1.6 percent for the financial year 2020-21. The forecast notes that the growth rate in Bangladesh will rebound to 3.4 percent in 2022
- XIII. Country's total investment in terms of Gross Domestic Product (GDP) increased modestly in the last fiscal year 2020. The provisional estimate of GDP, released by Bangladesh Bureau of Statistics (BBS), showed that investment-GDP ratio stood at 31.75 per cent in Financial Year 2020 which was 31.57 per cent in Financial Year 2019. Gross domestic investment stood at BDT 8.88 trillion in the last fiscal year, registering 10.58 per cent growth over BDT 8.03 trillion in Financial Year 2019. The Seventh Five-Year Plan earlier projected to enhance the ratio to 34.40 per cent in Financial Year 2020.
- XIV. The World Bank has forecasted that Bangladesh's Gross Domestic Product (GDP) will be at 5.1 percent and 6.2 percent in 2021-22 and 2022-23 Financial Year respectively. If value of all goods and services is increased in Bangladesh, new investment opportunities will be created for the banks
- XV. Higher Investment GDP Ratio leads to increases in the production of goods and services, increase in consumer spending, increase in international trade and businesses that increase their investment in capital spending can all impact the level of production of goods and services in an economy.
- XVI. Our per capita income has increased by 9.0 percent and reached at TK 188,873.00, which was Tk. 174,683.00 in prior period. GDP also has increased to Tk. 30,873,000 million from Tk. 27,963,580 million, according to the primary data. It is a matter of hope that Bangladesh economy is growing during this pandemic situation, which will eventually create investment and employment opportunities.
- XVII. Inflation rate in Bangladesh is forecasted to stay around 5.50 percent, which is the natural rate of inflation. Rapid economic growth tends to cause upward pressure on price and wage and which leads to higher inflation.
- XVIII. Unemployment Rate in Bangladesh is expected to reach 6.00 percent by the end of 2021, according to Trading Economics global macro models and analysts expectations. In 2020, the unemployment rate in Bangladesh was at approximately 4.15 percent. The unemployment rate is the proportion of unemployed persons in the labor force. Unemployment adversely affects the disposable income of families, erodes purchasing power, diminishes employee morale, and reduces an economy's output.
- XIX. Bangladesh Gross National Product (GNP) was reported at Tk. 29,204,298.50 million in Dec 2020. This records an increase from the previous number of TK. 26,709,774.00 million for Dec 2019. Bangladesh Gross National product (GNP) increased by 9.34 percent which indicates citizens, businesses, and corporations of Bangladesh are providing net inflows to the country through their overseas operations. Consequently,

this higher gross national product may signal that Bangladesh is increasing their international financial operations, trade, or production.

XX. The borrowings by the government will of course raise the government debt-GDP ratio. But this should not alarm the government because the ratio is currently quite low at only 31.0 per cent of GDP and debt servicing liabilities are also correspondingly low at about 2.0 per cent. Two or three percentage point increase in the ratio will not impose an unbearable burden on the government budget. Some discipline in budget spending or rapid economic growth in future can bring down the ratio if the government so decides. But the borrowing now can be used to reduce the suffering of the people during the pandemic.

XXI. NRBC Bank Introduced Offshore Banking Unit that will deal with non-resident Bangladeshi citizens, maintain exclusively foreign currency transactions, borrow and lend in Foreign Currency with any other local and global Banks, treat its operation as a country within a country. Offshore Banking Unit(OBU) is commissioned by a separate Banking License from Bangladesh Bank and is free from minimum reserve requirement. It may be further defined as the prioritized banking operation where there is no permission for resident Bangladeshi citizen and on contrary dealing with the non-resident 100% foreign-owned & joint-venture investment enterprises inside the export processing zones which does not fall under the set regulations of Bangladesh Bank and other regulators. It is completely a separate functions and distinct identity, where its customers can enjoy unique package of tax benefit and the operations which are free from local regulations to compete with domestic banks including local branches of foreign banks.

F2.0: NRBC Bank's Measures

The banking sector in Bangladesh has been diligently navigating the unprecedented Covid-19 crisis since the beginning. Initially, the sector has successfully met the cash flow challenges in the economy during the lockdown period with some regulatory relaxations in policy rates i.e., CRR, ADR & repo. Now the sector has been entrusted with the prime responsibility of implementing most of the stimulus packages declared by the government. In a Post Covid world, a strong banking sector will also be needed for a strong recovery. To prepare for this, banks now should respond to the changing customer demands in the new normal, while fostering efficiency and creating resilience in the challenging operating environment. NRBC Bank, as a player of the financial market needs has taken some initiatives to face the consequences that arouse in corona virus Pandemic:

- I. NRBC Bank is focusing on mobilizing low cost Deposit because of the cap on lending and deposit rate effective from April 01, 2020. The average cost of deposit of the bank is almost 5.53 percent. 41.64 percent is no cost deposit and low cost deposit and 58.36 percent is high cost deposit. NRBC bank Limited seeks to enrich no cost deposit and low cost deposit in its deposit mix.
- II. In the Year 2021, NRBC Bank set the target of Building Market Share by Expanding its area of operation. At present NRBC Bank is operating in all over the country

through its 83 Branches, 59 Sub-Branches, 276 Land Registry Booths, 24 BRTA Collection Booths, and 563 Agent Points. In the year 2021, the Bank is planning to open 10 new Branches, 150 Sub-Branches, and 200 Land Registry Booths. The Bank intends to bring all the bankable people of Bangladesh under the umbrella of banking services, covering from urban area to quite remote area, in line with the notion of Financial Inclusion

- III. Bank will accentuate on the growth of deposit and to increase the number of account by focusing on CASA Deposit/ Low or No Cost Deposit with a view to reducing weighted average cost of capital and Cost of Fund. If Cost of Deposit decreases, Cost of Fund will also be Decreased, Net Interest Income (NII) will be increased, and eventually Bank's Profitability will be improved. Lower Cost of Deposit and Cost of Fund will increase the Size of Balance sheet, improve the Return on Asset (RoA), the Return on Equity (RoE) and decrease the Cost Income Ratio and the Burden Ratio of Bank.



A Day long Town Hall City Meet in Dhaka Zone conference was held on 08th February 2020, Saturday at The Radisson Blu, Dhaka with a commitment to increase the outreach of branches and sub-branches with a view to providing modern banking facilities to the Bank's clients

- IV. Focusing on opening NRB Accounts, where Non Resident Bangladeshi will maintain their account from abroad through online Banking System. NRB Taka Savings Account will offer a regular savings account in local currency for the NRBs who are residing abroad and want to save their hard-earned money to utilize in future and facilitate their family maintenance
- V. Focusing on opening Staff/Salary Account of Private Conglomerate, Group of Companies, Multinational Companies, Autonomous and Semi-Autonomous Bodies. Staff account will provide some benefits including free cheque book, passbook, e-statements, Debit Cards, Internet Banking, Phone Banking, online fund transfer, loan conveniences, Credit Card offers, utility bill payments etc.
- VI. Increasing the flow of Remittance in Bangladesh through Remittance Saver account by offering attractive benefits like 0.50 percent higher interest rate than the regular savings account, flexibilities and other values to the remittance customers. Remittance Saver Account can be opened under both conventional & Islamic banking.
- VII. Bank intends to grow its credit portfolio by 30 percent in the year 2021 over that of the year 2020, emphasizing growth of Micro credit, Small & Medium Enterprise loan, Retail Credit and Islamic Bank Investment. In case of Corporate and medium size loan bank will maintain the present scenario. If any corporate or medium size loan is settled, bank will invest for settled amount only, if and only if the investment is less risky.

- VIII. Decentralization of Credit recovery process to ensure credit control management and debt collection activities result in timely payment of the outstanding debts from customers, without damaging good customer relations with clients.
- IX. The Board is advised to the Management for vigilant about loan processing of the proposals concerning RMG sector. Considering the current progress and expansion of the Bank, the Management will look into the possibilities of funding the mainstream garments. Further, Management is advised to focus on the quality of the loan and repayment capability of the customers instead of solely focusing on mortgaged securities. The Management will collect net worth statement of the personal guarantors against the credit facilities.
- X. Bank will continue to provide aid to all the employees of the bank, frontline doctors and healthcare professionals working in the hospitals nationwide, ministry and government offices, electronic and print media by providing various protective equipments. Bank will reprioritize the loan concentration and priority should be given to healthcare and pharmaceutical, agriculture, retail and SME sectors. In case of retail loans, customers should be segmented carefully and priority should be given to government/semi-government job holders, teachers etc.
- XI. Bank will monitor and supervise NGO Customers regularly. Bank visits the NGO customers on regular basis and places updated visit to the appropriate authority. If any customer is found to be bypassing/overlapping the conditions under which the loans have been sanctioned, then Bank will ensure that the concerned customers will pay additional 2% in the next installment of their loan.



Half yearly Business Conference-2020 held on Tuesday 11 August, 2020, Honorable Chairman of the Bank Mr. S M Parvez Tamal attended the program through video conference as Chief Guest. Chief Guest Mr. Parvez Tamal thanked the Bank's management and officials for being recognized as humanitarian Bank through continuing banking services during the Coronavirus pandemic. Conference set business plan and strategy for achieving targets for the year 2020.

- XII. The Board decided to form a High Power Cell named 'Distressed Account Management Cell' comprised of all Cluster Heads which will be headed by the Managing Director & CEO. The Cell will submit reports to the Chairman of Audit Committee and the Chairman of Risk Management Committee. After initial review by the AC Chairman and RMC Chairman, the reports

will be placed to the Board of Directors routed with recommendation of the Audit Committee and Risk Management Committee of Board of Directors.

- XIII. Encouraging Export Bill Negotiation, Bill Purchase, and Bill Discounting through newly Introduced Off-shore banking of the Bank.
- XIV. Innovative, pioneering, and ground braking products will be offered under the window of Islamic banking at the earliest possible time to stretch of Al Amin Islamic Banking Window. Investment needs to grow by maintaining 90 percent Investment Deposit Ratio (IDR) in case of Islamic Banking operations.
- XV. NRBC Bank facilitates contractors and supplier firms to purchase schedule from National e-Government Procurement (e-GP) portal of the Government of the People's Republic of Bangladesh developed, owned and being operated by the Central Procurement Technical Unit (CPTU). NRBC stood first position of e-Government Procurement (e-GP) system of the reporting year 2020. Bank outnumbered its peer groups in collecting schedule, Issuing Payment Order, and Performance Guarantee on behalf of the Suppliers and Contractors Firms. This year Bank will augment these services and expedite the process to better serve the customers to hold the position accordingly.
- XVI. NRBC Bank will initiate Partnership banking under the umbrella of Agent Banking to better serve the main purpose of agent banking of providing banking services to the rural and unbanked people through agents where the physical structure of a bank is not established. ATM and CDM Machines are going to install along with Branches, Sub-Branches to increase the accessibility of bank, and to make the Bank reachable for the Maximum number of bankable people.

- XVII. Bank focuses on Non-Funded Business especially through earnest Money, Bid Bond, Letter of Credit (LC), Bank Guarantee, and other fee based Income that will eventually increase the non-interest income and reduce the Burden ratio of the bank.

- XVIII. The Bank liquidity ratios like LCR, NFSR and LDR are maintained at or well above the Bangladesh Bank compliance levels. Bank deposits are growing gradually. The Cash in hand balances of branches are satisfactory; Treasury has satisfactory adequate limits to borrow from market through repo and money market.

- XIX. Bank introduced microcredit Finance program under the name NRBC Desh Gori, NRBC Karigar, NRBC Sonali Din for Urban/rural marginal People. Marginal people engaged in Agriculture Farming, Cottage, Micro, and Small Industry, Service etc through formation group Society are the customer for Bank's micro Credit program. The loan amount will be from BDT 25,000.00 to BDT 500,000.00 at 9.00 percent per annum. The purpose of the loan is to meet up the cost of establishment of Business, to procure fixed asset like machinery and equipment, to construct factory/ shed for operation of business, and to procure cattle or other required item for establishment. There will be a team of three (03) members in every sub-branch to sell the products under microcredit Finance program. One will

be team leader and other two (02) will work under the supervision of the leaders. Team member will find prospective client and provides loan considering the repayment capacity of the borrower.

XX. NRBC Bank emphasizes on Paperless processing solutions and other efficient and ecologically-friendly business practices can increase processing speed, reduce error and risk, save money and attract customers. They can be made available not only to banks but by banks to their customers, with clear and measurable benefits to the environment.

XXI. NRBC Bank is very much concern of taking the advantage of the demographic dividend. The crucial factors behind successful banking will be continuous and sustained build up of skills, knowledge, education and attitudes among people working in the banks. Bank undertakes training and development programs for their employees to increase their efficiency. Banks provide training programs to enhance their knowledge and skills to satisfy the customers. Bank staffs are goal oriented and encouraged to practice professionalism for their personal growth and thus contribute to the organization's growth.

G1.0: Related party transactions and its disclosure

The basis for related party transactions has been stated in the Corporate Governance Report and a statement of related party transactions has been presented in the Annexure (I1) of Audited Financial Statements.

G2.0 Utilization of proceeds raised through public issues:

As per declaration mentioned in Prospectus of Initial Public Offering (IPO), Proceeds through IPO by issuance of 120,000,000 nos. of ordinary shares at an issue price of Tk. 10.00 each at par totaling Tk. 1,200,000,000 as under:

Utilization of IPO	Taka
Govt. Securities	1,100,000,000.00
Secondary Market (A Category Listed Securities)	60,523,624.00
Estimated IPO Expenses	39,476,376.00
IPO Proceed	1,200,000,000.00

Such IPO proceed was not received during the period. The IPO application conducted from February 03, 2021 to February 09, 2021 followed on BSEC's consent letter ref: BSEC/CI/IPO-307/2020/304 dated January 04, 2021 and Bank used such from mid of March 2021. Bank will submit Progress IPO utilization report to the BSEC upon doing the same mentioned above.

G3.0: Initial public offering (IPO) and Financial Condition of the Bank.

The Board of Directors in its 96th meeting instructed the management for compliance of (Public Issue) Rule 2015 so that NRBC would be listed with the stock exchanges. Upon such mitigating all regulating compliance, the cherished dream had come into reality on November 18, 2020, the date is special for Bank on account of Bangladesh Securities and

Exchange Commission (BSEC) was accorded the initial public offering (IPO) to raise Tk. 1200 million from General Public. This was first ever fourth generation private commercial bank being listed with the stock market in the last 12 years. NRBC, a private commercial bank, issued 120 million ordinary shares at a face value of TK. 10.00 each.

In the Prospectus of Initial Public Offering (IPO), it was enumerate that Bank would be used for enhancing the Tier 1 Capital Base of the Company inter alia proceeds from IPO through issuance of 120,000,000 nos. of ordinary shares at an issue price of Tk. 10.00 each at par totaling Tk. 1,200,000,000 will be deployed as below:

Utilization of IPO	Taka
Govt. Securities	1,100,000,000.00
Secondary Market (A Category Listed Securities)	60,523,624.00
Estimated IPO Expenses	39,476,376.00
IPO Proceed	1,200,000,000.00

Such IPO proceed was not received during the period. The IPO application conducted from February 03, 2021 to February 09, 2021 followed on BSEC's consent letter ref: BSEC/CI/IPO-307/2020/304 dated January 04, 2021 and Bank used such from mid of March 2021. Trading of NRBC Bank Share inaugurated on March 22, 2021 after compliance all requirements.

After completion of IPO proceed realization phase, only first quarter -2021 was completed and financial result was published upon approval of Board in its 121st meeting held on May 20, 2021. Such financial result revealed that (Q1 Un-audited): Consolidated EPS was Tk. 0.44 for January-March 2021 as against Tk. 0.286 for January-March 2020. Consolidated NOCFPS was Tk. (10.32) for January-March 2021as against Tk. (2.25) for January-March 2020. Consolidated NAV per share was Tk. 15.82 as on March 31, 2021 and Tk. 14.00 as on December 31, 2020 which is better than earlier period.

G4.0: Quarterly Performance study and any variance thereof

Third quarter performance was outstanding for the year 2020 though net interest was negative. But net Capital Gain on Govt. Securities (Treasury Bond & Bills) in the Third Quarter Tk. 629.82 Million out of Tk. 1088.53 million for the year 2020 which is almost 57.85% and such capital gain's corporate Tax is "0" under section 32(7) of Income tax Ordinance 1984 resulting huge chunk for the third quarter. Performance of second quarter was not encouraging due Corona Pandemic and loan installment facility to the Borrower by Bangladesh Bank. Moreover, Bank's cash flow has been affected negatively due to Non-Classification period of Loans and Advances set by the Central Bank. According to BRPD Circular Letter No-52, dated December 10, 2020 of Bangladesh Bank, instructed to keep 1% Special COVID Provision as General Provision on Loan account whose has taken deferral facilities, Hence, Additional provision for COVID-19 of TK. 284.64 million along with General Provision of Tk. 326.43 million reflect in the performance of 4th quarter. High tax propensity income is further fall down 4th quarter bottom line.

Figure in Million(BDT) unless otherwise Specified

Particulars	Q1, 2020	Q2, 2020	Q3, 2020	Q4, 2020	*QA, 2020	Annual, 2020
Net Interest Income	582.38	224.32	(6.92)	897.23	424.25	1,697.02
Non-Interest Income	722.38	734.27	1,918.90	1,227.49	1150.76	4,603.03
Operating Income	1,304.76	958.59	1,911.98	2,124.72	1575.01	6,300.05
Operating Expenses	711.68	645.31	988.65	886.42	808.02	3,232.06
Operating Profit	593.08	313.28	923.33	1,238.30	767.00	3,068.00
Provisions	202.87	71.41	(53.28)	807.26	257.07	1,028.27
Tax Effect	196.77	85.54	(55.29)	469.88	174.23	696.9
Net profit	193.44	156.33	1,031.90	(38.84)	335.71	1,342.83

*QA = Quarterly Average

Bank ended the year with 16.94 percent growth of Net Profit after Tax than that of earlier year. Moreover management took some measures to improve asset quality. Increase of non interest income such as investment income and fee based income and transfer of interest suspense from classified loans & advance helped the bank to end the year with 18.59 percent growth of operating profit and 16.94 percent growth of profit after tax.

G5.0: Remuneration of directors

The Bank does not pay any remuneration to its Directors other than purpose stated in the relevant Bank Companies Act and prevailing BRPD circulars. As per the BRPD circular no.03 dated 18/01/2010 and BRPD Circular letter no. 11 dated 04/10/2015, Chairman may be provided with a car, telephone, Office chamber and private secretary. Directors are entitled to fees and other benefits for attending Board, EC, Audit Committee, RMC and Shariah supervisory committee meeting. Managing Director is paid salaries and allowances as per approval of the Board and Bangladesh Bank.

G6.0: Fair Presentation of the financial statements by the management

The Management of NRBC bank is Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IAS/IFRSs. The said consolidated financial statements prepared by the Management as at and for the year ended on December 31, 2020 have been presented fairly, in all material respect, its state of affairs, the results of its operations, cash flows and changes in equity. The external auditors Howladar Yunus & Co., Chartered Accountants and K. M. Hasan & CO, Chartered Accountants, have also provided their opinion on the same by issuing an unqualified audit report

G7.0: Proper books of account maintained by the Bank

NRBC Bank Limited maintains proper books of accounts in line with prevailing law. Bank has a core banking solution "Bank Ultimus" and application software for proper recording of all transactions in compliance with the Companies Act, 1994 and Bank Companies Act, 1991. The external auditors Howladar Yunus & Co., Chartered Accountants and K. M. Hasan & CO, Chartered Accountants have provided their Audit Report Segment "Report on other Legal and Regulatory

Requirements"

G8.0: Consistent application of appropriate accounting policies as well as accounting estimates

NRBC Bank adopted IFRS 16 from 01 January 2020 which is one year later as per Direction adoption of ICAB.

Exception of this, other accounting policies i.e. specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements. Appropriate accounting policies have been consistently applied to prepare the financial statements of the Bank and accounting estimates are based on reasonable and prudent judgment. Estimates and underlying assumptions are reviewed on an ongoing basis and any revision to these is recognized in the period i.e. Bank has provided addition Expense of Tk. 163.34 lakh for adoption of IFRS 16 for year ended December 31, 2020.

The significant accounting policies applied and accounting estimates used for preparing the financial statements of the Bank have been stated in detail in the notes # 2 (Page No. 20) In the Audited Financial Statement.

G9.0: Follow up of IAS & IFRS in preparation of financial statements

IFRS 16: "Leases" came into force on 01 January 2019, as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). But NRBC applied the IFRS 16 one year later i.e., from 01 January 2020. Except IFRS 16 adaption mention in the Note # 2.25, The financial statements of the Bank as at and for the year ended 31 December 2020 have been prepared in accordance with applicable Bangladesh Financial Reporting Standards (BFRSs), the "First Schedule" (section 38) of the Bank Companies Act 1991, as amended (up to 2018), BRPD Circular No. 14 dated 25th June 2003, other Bangladesh Bank Circulars, the Companies Act 1994, the Securities and Exchange Commission Rules 1987, and other laws and rules applicable in Bangladesh.

However, if the requirement of provisions and circulars issued by Bangladesh Bank differ from those of other regulatory authorities and accounting standards, the provisions and circulars issued by Bangladesh Bank shall prevail.

As such the Bank has departed from certain specific requirements of BAS/BFRSs which contradict with those

of Bangladesh Bank, being the prime regulator, which are adequately disclosed in Note 2.2 (i) to (xv) in the financial statements.

G10.0: The internal control system

Bank involves in diversified & complex financial activities and these activities involve high risk, so the issues of an effective internal control system, good governance, and transparency of all financial activities and accountability towards its stakeholders and regulators have become significant to ensure smooth performance of the banking industry throughout the world. Internal Control encompasses not only regulatory and legal requirements but also various internal rules and policies, procedures and practices based on the best practices of Local and global banks. Role of Internal Control becomes important in preventing and detecting fraud to protect the organization's resources. Internal control is a process, rather than a structure. It is not a separate activity disconnected from the rest of the business activities, rather is an integral part of those activities. It is a dynamic, continuing series of activities planned, implemented and monitored by the Board of Directors and Management at all levels within the Bank. Internal Control contains Internal Audit, Compliance and Monitoring of the bank.

As per the 'Guidelines on Internal Control & Compliance in Banks' issued by Bangladesh Bank vide BRPD Circular No. 03/2016 dated 08.03.2016 & 06/2016 dated 04.09.2016, the Head of ICCD reports to the Senior Management of the Bank dotted line to Audit Committee of the Board (ACB) for discussion & necessary information. However, the Head of Audit, although being a part of ICC administratively, reports directly to ACB and is responsible to the ACB. Internal Control & Compliance Division (ICCD) of NRBC Bank acts as a watchdog to ensure safe, sound and compliant operations of the Bank. ICCD regularly provide updates to Audit Committee of the Board regarding safe and sound operations of overall internal control process. To minimize the operational risks of the Bank, the Division conducts regular along with surprise audit/inspection on the business affairs of the Bank based on Internal Audit manuals and various instructions, rules, procedures laid down by Bangladesh Bank and other regulatory authorities from time to time.

G11.0: Protection of minority shareholders' interest

Being as a Listed Company, Board of Director represent or acts on behave of shareholder. Presently no minority shareholdings exist in the proposition share structure. NRBC subsidiary M/s. NRBC Bank Securities has 10% minority shareholding whose interest duly protected in line with statutory remedy in section 233 of the Companies Act, 1994 of Bangladesh.

G12.0: Going Concern of NRBC's Business Ability

Going concern is one of the fundamental assumptions in accounting on the basis of which financial statements are prepared.

NRBC Bank is assess its going concern ability wherein no significant doubt upon Banks ability to continue its business in the foreseeable future. The consolidated financial statements of the Bank have also been prepared on the assumption that the entity is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that NRBC

has neither any intention nor in need of liquidate or curtail materially the scale of its operations in near future despite of Second wave of COVID-19 pandemic spread all over the country at the end of March 2021.

The issue of going concern is also reported in the audited financial statement in the Note # 2 along with effect of Second wave of COVID-19 mentioned in the Note # 49(iv) and also both auditors assess the going concern ability mentioned in their auditors' responsibility of the audit report issued by them.

G13.0: Explanation for composition (Cash Vs Stock) dividend recommended by Board

The Bangladesh Bank set a policy regulation to intensify the capital structure in the Banking Sector considering the COVID -19 situations. Hence, The Bangladesh Bank has tightened dividend policy for banks to counter a probable wave of default loans in the coming months as an aftershock of the pandemic. Dividend policy is linked with financial strength as per DOS Circular 01 Dated February 07, 2021 i.e. fully based Capital to Risk Weighted Assets Ratio (CRAR).

Considering such regulation, The Board of Directors of NRBC Bank recommended for 12.5% dividend comprising 7.5% in the form of cash and 5% In the form of Stock for the year 2020 in its 119th meeting held on April 29, 2021 which is 1.5% higher the composition of 2018 and such dividend will be entitled on the shareholding at record date on May 31, 2021.

G14.0: Board's statement on bonus share or stock dividend as interim dividend

The Board of Directors did not declare/recommend any bonus or stock dividend of its total 20 Board Meetings which were held during the year 2020 before Unaudited Financial Statements were placed before Board by Management. The Board of Directors also affirmed that Company i.e. NRBC Bank Limited has no intention to declare any interim dividend in form of Bonus or Stock Dividend in 2021

G15.0: Board meetings and Members' attendance thereof

The Board of Directors that stands as on December 31, 2020 was approved by the 7th Annual General Meeting held on 07 June 2020 with subsequent changes in the constitution of the Board at different points of time in accordance with the decisions of the Board subject to ratification in the following AGM. The applications of the Directors and Independent Directors were accordingly forwarded to Bangladesh Bank for approval and in return, Bangladesh Bank approved appointment/reappointment of the Directors. However prior to the approval, the Board of Directors conducted their meetings as per previous composition of Board Members in the usual manner. The Board discussed the issues placed before them in each meeting and subsequently decisions are adopted in a prudent way fulfilling their duties to the best of their abilities.

The Board holds meeting on a regular basis usually once or twice in a month, but emergency meetings are called when required. Due to the COVID-19 pandemic, the meetings of the Board were mostly held through video conference in line with Bangladesh Bank instructions.

During the year 2020, total 20 Board Meetings were held. The attendance records of those meetings are as follows:

Sl.	Name of the Members	Status with the Board	Number of Meetings Attended / Total Number of Meetings Held during the Directorship Tenure
01	Mr. S M Parvez Tamal	Chairman	20 / 20
02	Mr. Mohammed Adnan Imam	Director	19 / 20
03	Mr. Rafikul Islam Mia Arzoo	Director	18 / 20
04	Mr. Abu Mohammad Saidur Rahman	Director	19 / 20
05	Mr. Mohammed Oliur Rahman	Director	19 / 20
06	Mr. Abu Bakr Chowdhury	Director	14 / 20
07	Mr. Loquit Ullah	Director	18 / 20
08	Mr. Mohammed Nazim	Director	20 / 20
09	Mr. AKM Mostafizur Rahman	Director	20 / 20
10	Air Chief Marshal Abu Esrar (Retd.)	Independent Director	10 / 10
11	Dr. Khan Mohammad Abdul Mannan	Independent Director	05 / 05
12	Mr. Raad Mozib Lalon, PhD	Independent Director	04 / 04

The attendance records of the above include presence of respective Alternate Directors and presence through video conference where applicable.

Resident Bangladeshis (NRB) has visualized such listing after 12 years in our capital market in Banking Sector category. Bank has neither any parent/Associated yet to exist, nor its only NRBC Bank Securities limited hold any share of the Bank i.e. all share hold by Sponsors/Promoters and Shareholders.

G16.0: The Pattern of shareholding and disclosure thereof:

a) Parent/Subsidiary/Associated Companies and other related parties:

b) The Shareholding Pattern:

2000 is remarkable year for Bank as being listed Dhaka Stock Exchange and Chittagong Stock Exchange. The Dream of Non-

The Shareholding Pattern of the Sponsors/Shareholders on record date May 31, 2021:

Holding Range	Number of Shares	Number of Sponsors/ Shareholders	Percentage of Shares
30000001 above	136,239,750	4	19.39%
25000001-30000000	131,608,343	5	18.73%
20000001-25000000	24,640,199	1	3.51%
15000001-20000000	89,312,709	5	12.71%
10000001-15000000	116,178,286	9	16.54%
5000001-10000000	46,168,239	7	6.57%
01-5000000	158,369,472	16,744	22.54%
Total	702,516,998	16,775	100%

c) Ownership Composition base on record date :

In pre-IPO application process to Bangladesh Securities Exchange Commission (BSEC), The Board of Directors hold 38.29% of outstanding share and, in post IPO, Directors

shareholding stand 31.75% which is higher than prescribed directive of BSEC. As on record date May 31, 2021 for entitlement of dividend for year ended 31st December 2020, Sponsors/Directors' of NRBC Bank hold 73.32% of post IPO shareholding and remaining share hold by Public/Shareholder is 22.86% and Institutions is 3.86%:

Status with the Bank	2020		2019	
	Number of Shares	% of total Shareholding	Number of Shares	% of total Shareholding
Sponsors/Directors	515,048,214	73.32%	515,048,214	88.42%
Public/Shareholders	160,386,841	22.86%	67,468,784	11.58%
Institutions	27,081,943	3.86%	-	-
Total	702,516,998		582,516,998	100.00%

d) Shareholding structure of directors is as follows as of December 31, 2020 as well as on record date May 31, 2021:

SL	Board of Directors	Status	Shareholding	Percentage	
				Pre-IPO	Post -IPO
1	Mr. S M Parvez Tamal	Chairman	33,025,241	5.67%	4.70%
2	Mr. Mohammed Oliur Rahman	Director	24,640,199	4.23%	3.51%
3	Mr. Abu Bakr Chowdhury	Director	26,903,750	4.62%	3.83%
4	Mr. Loquit Ullah	Director	26,666,547	4.58%	3.80%
5	Mr. Rafikul Islam Mia Arzoo	Director	30,463,619	5.23%	4.34%
6	Mr. Mohammed Nazim	Director	26,725,932	4.59%	3.80%
7	Mr. Mohammed Adnan Imam, FCCA	Director	16,434,137	2.82%	2.34%
8	Mr. A K M Mostafizur Rahman	Director	19,797,295	3.40%	2.82%
9	Mr. Abu Mohammad Saidur Rahman	Director	18,369,486	3.15%	2.61%
10	Air Chief Marshal Abu Esrar (Retd.)	Ind. Director	-	-	-
11	Dr. Khan Mohammad Abdul Mannan	Ind. Director	-	-	-
12	Mr. Raad Mozib Lalon, PhD	Ind. Director	-	-	-

e) Shareholding position of Managing Directors & CEO, CFO, CS and Ho-ICC along with their spouse and minor child :

Trading of NRBC Share inaugurated on March 22, 2021 followed on IPO BSEC's consent letter ref: BSEC/CI/IPO-307/2020/304 dated January 04, 2021 and, Subsequent, subscription received from February 03 to 09, 2021. Mr. Golam Awlia joined as Managing Director & CEO on May 02, 2021. None of the aforesaid official including Managing Director & CEO did not hold any Share of NRBC Bank on record date.

H1.0: Rotation of Director

Every year in Annual General Meeting, one third (1/3) of the directors who are serving the longest in office since last election will retire from the Board of Directors. Retired Director(s) will eligible for re-appointment by complying the clause 106,107 and 108 of Article of Association (AOA) of the Bank.

According to Section 15 and 15AA of Banking Act, 1991

(amended 2018) define election process along with tenure for being hold office as Director of Bank. Furthermore, BRPD Circular # 11 dated October 27, 2013 and BRPD Circular letter # 20 dated April 04, 2021 clarify the formation of Board of Directors.

Bank will elect the Directors in line with the said clauses of Article of Association (AoA) as well as relevant provision of Banking Company act, 1991 (amended 2018).

11.0: Appointment of Independent Directors

Appointment of Independent Directors is the 4th Agenda of the motion of 8th Annual General Meeting and appointment of Independent Directors disseminates for consideration by Hon'ble shareholders:

NRBC's Directors appointed one fifth (1/5) Independent Directors in the Board. The Board of Director consist 12 (Twelve) members including 3 (Three) Independent as per BSEC's Notification No.BSEC/CMRRCD/2006-158/207/ Admin/80, dated 03 June, 2018. Details of Independent Directors are given below:

Independent Director	Profile	Approval of Appointment
Air Chief Marshal Abu Esrar, BBP; ndc (Retd)	Air Chief Marshal Abu Esrar, BBP; ndc (Retd), was served Bangladesh Air Force for almost 40 years. During his illustrious career in BAF, he assumed the highest position of Bangladesh Air Force as Chief of Air Staff. Before that he served as the Assistant Chief of Air Staff at Air Headquarters and also commanded number of Bases of Bangladesh Air Force. He also served as Defense Attaché at Embassy of Bangladesh in Russia. He was a Distinguished Graduate from Air Command and Staff College, Air University, USA in 1993-1994. He completed NDC course from National Defence College, Mirpur in 2002. During his glorious career, he earned many awards from home and abroad. He was awarded 'King Fahad Merit of Excellence Medal' from His Majesties King of KSA in 2017. He was also included in the 'International Honour Roll' of the Air University, Alabama, USA in 2016. Air Chief Marshal Abu Esrar was awarded prestigious Biman Bahini Padak (BBP) of Bangladesh Air Force in 2013 for his outstanding contribution to BAF.	Boards of its 100th Meeting appoint as Independent Director. There upon BSEC vide letter # BSEC/CFD/58/2017/137 Dated August 20, 2020 accord the appointment and, subsequently, Bangladesh Bank confirm the same vide # BRPD # 2 (651)/9(61) DL/2020-6802 dated August 27, 2020

Dr. Khan Mohammad Abdul Mannan	Dr. Khan Mohammad Abdul Mannan was Inspector General of Registration of Bangladesh (Senior District & Sessions Judge), Registration Directorate. Before that he was a District & Sessions Judge at Jhenidah, Bangladesh. He completed his PhD from American World University, California, USA. He also completed his DLC (Development Lawyers Course) from International Development Law Institute, Rome, Italy in the year 1992. During his glorious career, he was involved in a number of extra curricular activities, such as discharging duties as the Vice President of Bangladesh Judicial Service Association, Present of Bangladesh Law Association, Founder Secretary General of Padma Degree Collage, Dohar and so on. He actively participated in the liberation war of Bangladesh in 1971.	Boards of its 105th Meeting appoint as Independent Director. There upon BSEC vide letter # BSEC/CFD/58/2017/216 Dated November 04, 2020 accord the appointment and, subsequently, Bangladesh Bank confirm the same vide # BRPD # 2 (651)/9(61) DL/2020-9537 dated November 09, 2020
Mr. Raad Mozib Lalon, PhD	Mr. Raad Mozib Lalon, PhD is a renowned Faculty Member of Department of Banking and Insurance, University of Dhaka. Previously he discharged duties as a respected faculty member in different private universities of Bangladesh. He completed his PhD from University of Dhaka on Banking in the year 2018. He is a specialist of Multinational Financial Management, Risk Management in Commercial Banking/ Financial Institution, Investment Analysis & Modern Portfolio Management and so on. During his illustrious career, he conducted many research and achieved a number of awards for his merit, such as Dean's Merit Award, Certificate of Merit from University of Dhaka. He wrote a number of International Journals on Finance and Banking, Economics and Business Management Studies.	Boards of its 106th Meeting appoint as Independent Director. There upon BSEC vide letter # BSEC/CFD/58/2017/228 Dated November 16, 2020 accord the appointment and, subsequently, Bangladesh Bank confirm the same vide # BRPD # 2 (651)/9(61) DL/2020-9918 dated November 19, 2020

J1.0: Appointment of Statutory Auditors of the Bank [Section 210 of the act]

Appointment of Statutory Auditors is the 5th Agenda of the motion of 8th Annual General Meeting and appointment of auditors disseminates for consideration by Hon'ble shareholders:

M/s. K. M Hasan & Co., Chartered Accountant and M/s. Howladar Yunus & Co., Chartered Accountant were statutory auditors for the year 2020 and have completed 2nd year and 1st year of Audit of the Bank respectively.

In pursuant of the section 210 (2) of the companies Act, 1994 seconded by Article 149 of the Articles of Association of the Company (NRBC Bank Limited), Auditor(s) will be appointed in the annual General Meeting (AGM) along with their remuneration and hold office till to next AGM.

However, according to BRPD Circular Latter No.12 dated 11 July 2001 and Clause 2 (2 & 3) of Gazette notification of BSEC/CMRRCD/2006-158/208/ Admin/81 dated June 20, 2018

"The company shall not appoint any firm of chartered accountants (Panel of Auditor means any partnership firm of Chartered Accountants selected by BSEC) or The auditor or audit firm shall not also be eligible as its statutory auditors for a consecutive period exceeding three years".

Both of aforesaid auditors are submitted willingness before Board for their appointment for the year 2021.

The Audit Committee of Board of its 38th meeting held on May 19, 2021 review eligibility of Both auditors from the latest panel of Auditors' of BSEC (Updated as on July 30, 2020) in their website for audit of listed company and Bangladesh Bank eligible list approved in the 72nd meeting held on 18/02/2021 for Auditing of Banks and Financial Institutions. The Audit Committee of Board expressed their concerned for

appointment of M/s. K. M Hasan & Co., Chartered Accountant and M/s. Howladar Yunus & Co., Chartered Accountant were statutory auditors for the year 2021.

After confirmation from the Audit Committee of Board, The Board of Directors of its 121st meeting held on May 20, 2021 accord aforesaid auditors with remuneration of Tk.350,000.00 (excluding VAT) each for the next term until 9th AGM of the Bank.

But, final approval of appointment of Auditors along with remuneration will be effected in the 8th General Meeting will hold on June 26, 2021.

However final approval for appointment of auditors will be confirmed by Bangladesh Bank after 8th AGM subject to compliance of terms and condition of the BCD Circular letter no. 33 dated 23 December 1992 along with BRPD Circular letter no 12 dated 11 July 2001.

K1.0: Appointment of Corporate Governance Compliance Auditor/Professional and fix their remuneration [BSEC/CMRRCD/2006-158/207/Admin/80 dated June 18, 2018]

Appointment of Corporate Governance Compliance Auditor is the 6th Agenda of the motion of 8th Annual General Meeting and appointment is disseminating for consideration by Hon'ble shareholders:

As per clause 9 (Reporting and Compliance of Corporate Governance) of BSEC/CMRRCD/2006-158/207/Admin/80 dated June 18, 2018:

"The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report."

In the 7th Annual General Meeting (AGM), Shareholder did not Auditor/professional for the same due to non-listed company with DSE/CSE for the year 2020. Aspiration of being listing, submission of Prospectus relating to IPO, compliance certificate for Corporate Governance was prerequisite as per requirement of BSEC Notification and, as such, ATA KHAN & CO., Chartered Accountants appointed as Auditor for the same in the 100th Board of Directors meeting. Continuation of previous appointment, The Board of Directors of its 121st meeting held on May 20, 2021 accord ATA KHAN & CO. Chartered Accountants for the year 2020 with remuneration of Tk. Tk.30,000.00 excluding VAT and, such appointment will be ratified in the 8th AGM on post facto basis.

The Board of Directors also of its 121st meeting accord Husain Farhad & Co., Chartered Accountants as Corporate Governance Compliance Auditor for the year 2021 with remuneration of Tk. 50,000 excluding VAT.

Govt. Revenue Collection and Contribution of NRBC in the period of Pandemic.

The Covid-19 Pandemic Situation and consequent lockdown

Khat of Govt. Revenue	2020	2019	2018	2017	2016
Corporate Tax paid by bank & Tax deduction at Source	1,219.15	666.00	548.87	975.61	618.35
VAT	170.90	120.31	89.93	84.90	53.98
Excise Duty	158.34	104.63	90.05	58.62	45.34
Total	1,548.40	890.94	728.84	1,119.13	717.67

The NRBC Bank has paid/deposited total tax of BDT 1,219.15 million, Tax at Source of BDT 735.58 million, and corporate tax of BDT 483.57 million in the financial year 2020/Assessment Year 2021-2022. Bank paid total tax 83.06 percent higher than that of prior year. The Bank has paid BDT 170.90 million as VAT to the government which is 42.05 percent higher than 2019 and 90.04 percent higher than that of 2018. On the other hand, Excise Duty from depositors and loan account holders was deposited BDT 158.34 million in 2020 which is 51.34 percent higher than 2019 and 75.85 percent higher than that of 2018. In total BDT 1,548.50 million has been deposited/paid to Government Treasury in 2020.

Entitlement to Dividend on record date

The Shareholders whose names would appear in the Register of Members of the Bank and/or in the Depository on the 'Record Date' which is Monday, May 31, 2021, would be entitled to receive the dividend of the Bank as recommended by Board of its 119th Meeting held on the April 29, 2021. The Shareholders whose names would appear in the Register of Members of the Bank and/or in the Depository on the 'Record Date' would be eligible to join the AGM and entitled to receive the annual/ final dividend of the Bank.

8th Annual General Meeting

8th (Eighth) Annual General Meeting (AGM) of the Bank will be held on the 26 June 2021 at 12.00 noon by using Digital Platform through the link <https://nrbcbank.bdvirtualagm.com> as per Directive of BSEC [Ref. SEC/SRMIC/04-231/932 dated 24 March 2020] and Bangladesh Bank [Ref. BRPD Circular Letter no. 09 dated 23 March 2020]. The Directors' Report and Financial Statements for the year ended December 31,

have caused a major dent in coffers of Bangladesh Government with the national board of revenue (NBR) witnessing a negative growth of 4.0 percent in revenue collection in the last Fiscal Year.

NBR attributed that this negative growth in 2019-2020 due to lower tax collection stemming from complete shutdown of manufacturing and service sectors as well as massive drop in discretionary spending post lockdown. NBR also expressed that the negative growth in revenue collection was not unexpected at all given the ground reality as economic activities, including production, consumption, Import and Export, came to a standstill for a nearly three months since the end of march, following the general holidays and movement restriction enforce to contain the spread of coronavirus.

NRBC Bank paid Tax on its income, Tax deducted at sources, VAT deducted at Sources, and Excise duty from Depositors complying the prevailing laws which growth scenario nearly double in comparison of 2019. Trend of corporate tax on income, withheld Tax, VAT and Excise Duty paid by the Bank over the last five (05) years are as follows:

2020 were adopted in the 121st Board Meeting held on the May 20, 2021 for approval of the Shareholders in the AGM.

Vote of Thanks

The Board of Directors take the opportunity to express thanks and gratitude to all the shareholders, valued customers, patrons and well-wishers at home and abroad who have extended their co-operation and support and contributed to put the bank at a distinctive edge over the competitors. We would like to express our gratitude to the Government of the People's Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), other regulatory bodies and financial institutions for their continued guidance and advice towards betterment of the bank. Finally, the Board would like to place on record their heart-felt gratitude and appreciation to the Management and employees at all levels for their dedication and relentless efforts to place the bank on a prestigious position.



S M Parvez Tamal
Chairman