

Directors' Report

Bismillahir Rahmanir Rahim.

To, The Members,

Your Directors are pleased to present the 11th Annual Report on the business and operations of the Bank together with the audited financial statements (standalone as well as consolidated) for the financial year ended December 31, 2023. In the Directors' Report 2023 we've included a summary of the bank's performance and financial position for the same year, as well as information on key elements of the global and Bangladesh economies. The Directors believe the Report will give real insights of the bank's performance during the year under review.

Global Economic Perspective in 2023

The global economy continues to recover slowly from the blows of the pandemic, Russia-Ukraine war, and the cost-of-living crisis. In retrospect, the resilience has been remarkable. Despite the disruption in energy and food markets caused by the war, and the unprecedented tightening of global monetary conditions to combat decades-high inflation, the global economy has slowed, but not stalled. The global economy is limping along, not sprinting. Economic activity is still below its pre-pandemic trajectory, particularly in emerging markets and developing economies, and regional disparities are becoming more pronounced.

By one measure, the global economy is in a better place than it was a year ago: the risk of a global recession has receded but mounting geopolitical tensions could create fresh near-term hazards for the world economy. Meanwhile, the medium-term outlook has darkened for many developing economies amid slowing growth in most major economies, sluggish global trade, and the tightest financial conditions in decades. Global trade growth in 2024 is expected to be only half the average, in the decade before the pandemic.

The global output growth is projected to slow down to 3.0 percent in 2023 and further to 2.9 percent in 2024 from 3.5 percent in 2022 mainly due to effects of monetary policy tightening to reduce inflation, well below the historical (2000–19) average of 3.8 percent. Advanced economies are expected to slow from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024 as policy tightening starts to bite. Emerging market and developing economies are projected to have a modest decline in growth from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024. Due to diminishing food and energy costs as well as normalization of supply chains, it is now anticipated that global inflation will decrease sharply to 6.9 percent in 2023 from 8.7 percent in 2022, due to tighter monetary policy aided by lower international commodity prices. Core inflation is generally projected to decline more gradually, and inflation is not expected to return to target until 2025 in most cases. After more than a decade of low rates, moderate inflation, and sufficient liquidity, the threat of inflation and interest rates is rising for an extended period of time which will have a significant impact on asset prices and asset allocations. Lack of liquidity in the bond market may cause asset price changes and shocks to be dramatically amplified.

Three global forces are at play



The recovery in services is almost complete



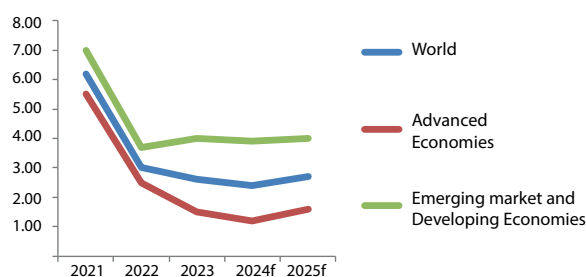
Part of the slowdown is the result of the tighter monetary policy necessary to bring inflation down.



Inflation and activity are shaped by the incidence of last year's commodity price shock.

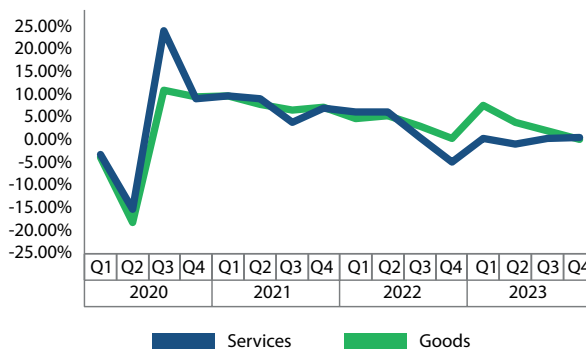
Global GDP growth:

Global growth in 2024 is set to slow for a third year in a row, from 2.6% last year to 2.4% in 2024. Prolonging poverty and debilitating debt levels in many developing countries. As the world nears the midpoint of what was intended to be a transformative decade for development, the global economy is set to rack up a sorry record by the end of 2024—the slowest half-decade of GDP growth in 30 years, hamstrung by the COVID-19 pandemic, then the war in Ukraine and ensuing spikes in inflation and interest rates around the world. Near-term growth will remain weak, leaving many developing countries—especially the poorest—stuck in a trap, that would obstruct progress on many global priorities. Opportunities still exist to turn the tide. Per capita investment growth in developing economies between 2023 and 2024 is expected to average only 3.7%, just over half the rate of the previous two decades.



Global Trade:

Global trade shrink by nearly 5% in 2023 compared to 2022's record level, shrinking by about \$1.5 trillion to below \$31 trillion amid geopolitical strains and shifting trade patterns, Mirroring the global demand slowdown following two years of rapid post-pandemic recovery. This slowdown affects both advanced and emerging market economies and influenced by factors such as the shift from traded goods to domestic services, increased trade barriers, and the lingering impact of the 2022 US dollar appreciation. Global trade has experienced negative growth since mid-2022, primarily driven by a substantial decline in goods trade, which continued to contract in 2023. In contrast, trade in services has displayed more resilience and its growth remained positive throughout the same period. Trade in goods is expected to contract by nearly US\$ 2 trillion in 2023, or 7.5 per cent, while services trade should gain about US\$ 500 billion, or 7 per cent. Even though the value of traded goods decreased in 2023, the slightly positive trend in the volume of international trade suggests a resilient global demand for imported products. The outlook for 2024 remains "highly uncertain and generally pessimistic," citing factors like ongoing geopolitical tensions specially middleeast crisis as well as prolong ukrain-russia war, escalating debt, and widespread economic fragility. Other elements weighing on trade include diminished demand in developed nations, under performance in East Asia economies, an uptick in trade-restrictive measures, commodity price volatility and lengthening supply chains, particularly between China and the United States.



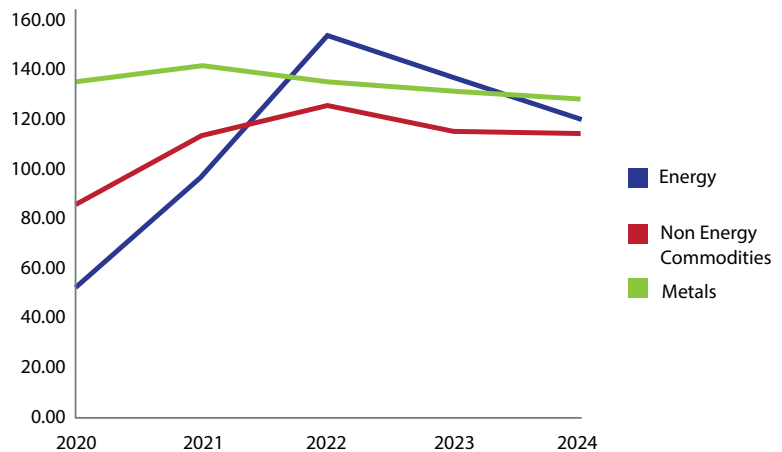
Some of the most relevant factors influencing global trade include:

Relevant factors Influencing Global Trade- 2023

- Positive economic growth, but with significant disparities
- High interest rates and weakening industrial output
- Commodity prices volatility
- Lengthening of supply chains
- Increase in subsidies and trade restrictive measures
- Low demand for container shipping and increasing demand for raw materials.

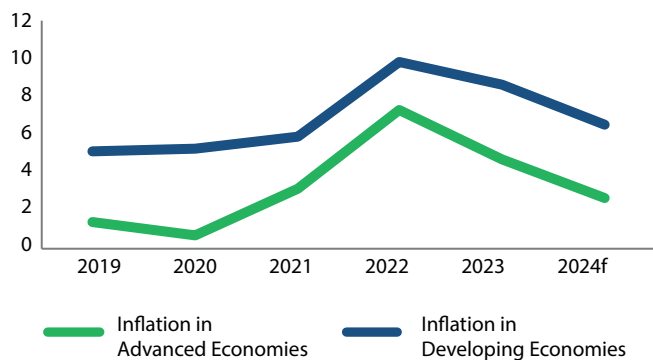
Global Commodity Markets:

Commodity prices have diverged since the start of the war in Ukraine, with energy prices remaining elevated and non-energy prices declining. A sharp global growth slowdown and concerns about an impending global recession are weighing on commodity prices in many countries; however, most commodity prices are much higher in local currency terms because of the strength of the U.S. dollar i.e. currency depreciations of local currency. This could deepen the food and energy crisis already underway in a number of countries. As the global growth slowdown intensifies, commodity prices are expected to ease in the next two years, but they will remain considerably above their average over the past five years.



Global Inflation:

Global headline inflation is expected to fall from an estimated 6.8 percent in 2023 (annual average) to 5.8 percent in 2024 and 4.4 percent in 2025. The global forecast is unrevised for 2024 compared with October 2023 projections and revised down by 0.2 percentage point for 2025. Advanced economies are expected to see faster disinflation, with inflation falling by 2.0 percentage points in 2024 to 2.6 percent, than are emerging market and developing economies, where inflation is projected to decline by just 0.3 percentage point to 8.1 percent. The forecast is revised down for both 2024 and 2025 for advanced economies, while it is revised up for 2024 for emerging market and developing economies, mainly on account of Argentina where the realignment of relative prices and elimination of legacy price controls, past currency depreciation, and the related pass-through into prices is expected to increase inflation in the near term. The drivers of declining inflation differ by country but generally reflect lower core inflation as a result of still-tight monetary policies, a related softening in labor markets, and pass-through effects from earlier and ongoing declines in relative energy prices. Overall, about 80 percent of the world’s economies are expected to see lower annual average headline and core inflation in 2024. Among economies with an inflation target, headline inflation is projected to be 0.6 percentage point above target for the median economy by the fourth quarter of 2024, down from an estimated gap of 1.7 percentage points at the end of 2023. Most of these economies are expected to reach their targets (or target range midpoints) by 2025. In several major economies, the downward revision to the projected path of inflation, combined with a modest upgrade to economic activity, implies a softer-than-expected landing



Bangladesh Economy

As the world grappled with rising geopolitical tensions, supply chain disruptions and rise in commodity prices, the global economy faced significant headwinds and underwent through its weakest medium-term growth with increased financial stability risks. War in Ukraine, zero-Covid policy in China, energy shortages in Europe, protectionism in the United States, and skyrocketing debt burden in developing countries are the major events that generated multi-edged challenges for the current world economies. Soaring inflation, aggressive policy rate hikes by major advanced economies, and slowing economic growth are common features almost everywhere in the world. Bangladesh is no exception, facing inflationary and exchange rate pressure through international trade channels. Resultant inflationary pressures caused central banks to raise interest rates by using SMART Concept as well as policy rate which further impacted growth. However, despite global macroeconomic challenges, the Bangladesh economy, continued to exhibit resilience, and emerged as one of the fastest growing major economy in the world and clocked GDP growth at 6% in FY23 supported by continued economic reforms, tailwinds from pent-up domestic demand and consumption, revival in contact-intensive services sector, and a significant step-up in public and private capital expenditure, etc. The tightening of the financial conditions across the world took its toll on the economic activity, while financial markets remained volatile and usually sensitive to the incoming data. Even though, Bangladesh's economic growth has significant bearing of domestic consumption and investments, the country was unlikely to have remained totally decoupled from these global developments. High global commodity prices, especially of food and oil, led to an increase in imports, exports also lagged on account of slower global growth. This, along with the strengthening of the US dollar led to sharp depreciation pressures on the domestic currency. Domestic economic activity exhibited resilience in FY 2023 due to pent-up consumption demand, revival in the contact-intensive services sector and government's push for capital expenditures. In the first half of the previous financial year, the higher trade gap remained a drag on Gross Domestic Product (GDP) growth from the expenditure side, while private investment continued to lag on the back of weak external and domestic demand outlook. In the second half of the year, private consumption demand started to exhibit sluggishness with the normalisation of pent-up demand. Like in many other parts of the world, Bangladesh too, witnessed elevated levels of inflation. Matters were further complicated by the natural disasters and a consequent loss of agricultural production, leading to food prices shooting up. Government policies were unleashed to address the inflationary pressures.

Some of the most relevant factors influencing Bangladesh Economy includes:

Relevant factors Influencing Bangladesh Economy - 2023



Import

The country's total import declined by 24.32% to \$65.39 billion by the end of 2023 from \$86.40 billion in the previous year, according to Bangladesh Bank data. The sharp reduction has been primarily caused by the reduced imports of capital machinery and industrial raw materials.



Export

Apparel exports from Bangladesh hit a milestone last year fetching an all-time high of nearly \$47 billion. This achievement played a part in taking the country's overall exports in fiscal 2022-23 to another record-high of \$55.56 billion. Garments accounted for 84.58 percent of all export receipts that year.

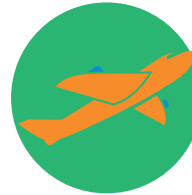


Remittance

The year 2023 ended with a positive trend in Bangladesh's remittance inflow, which surged by 2.54% year on year to \$21.82 billion compared to \$21.28 billion in 2022. Surge to some flexibility in the dollar rate permitted in the latter part of the year by the Bangladesh Bank



Import
\$ 65.39 Bn



Export
\$ 55.56 Bn



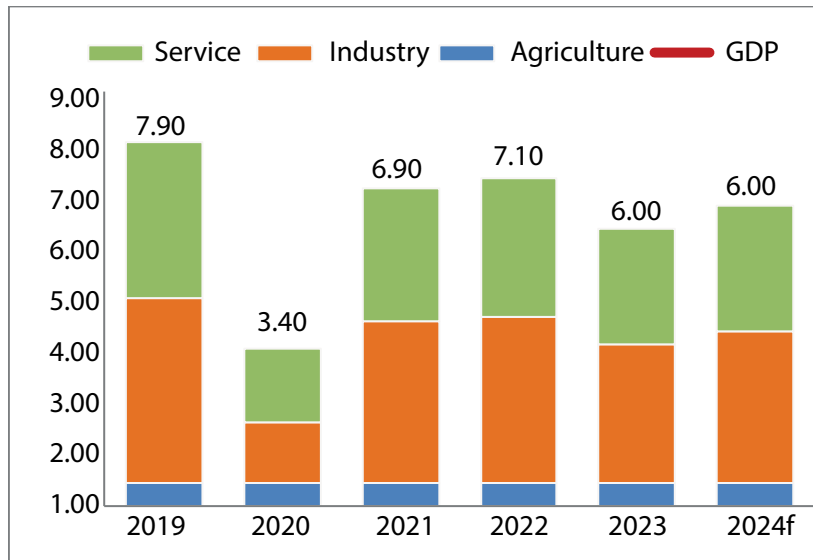
Trade Deficit
\$ 4.63 Bn



Remittance
\$ 21.82 Bn

Gross Domestic Product (GDP):

After a strong rebound from the shock of the Covid-19 pandemic with real GDP growth rates of 6.94 percent and 7.10 percent in FY21 and FY22, respectively, the Bangladesh economy faced challenges due to growing global economic uncertainties stemming from the war in Ukraine, intense pressure on the balance of payments, sharp depreciation of the exchange rate, rationing of electricity supply, and upward revision of fuel and energy prices in the domestic market. These unfavorable developments hindered growth momentum and led to persistently high inflation in FY23. While the fiscal year has not yet concluded, the Bangladesh Bureau of Statistics (BBS) provisionally estimated a lower real GDP growth rate of 6.03 percent for FY23. The industry sector experienced a more pronounced deceleration, with growth registering at 8.18 percent during this period.

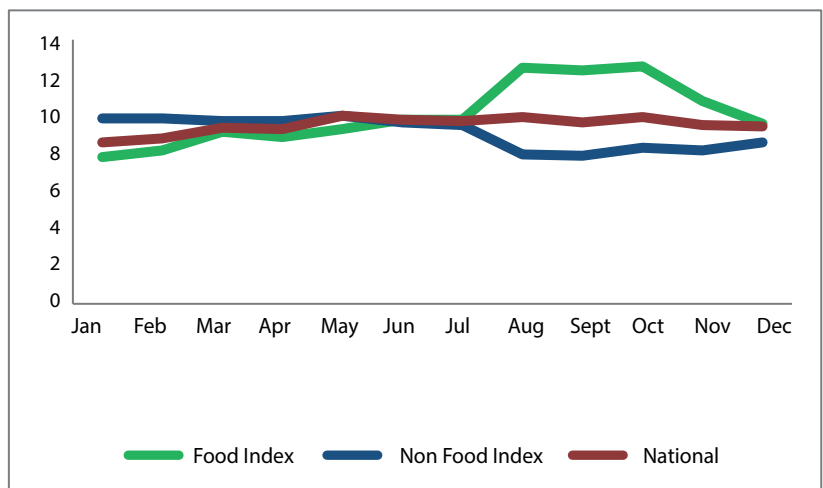


As per the official government estimates, Bangladesh's GDP is projected to have clocked 7.5% growth in FY 24 and continues to be one of the world's fastest growing economies. However, globally, uncertainties will continue, which will affect growth. Going forward, protracted geopolitical tensions, tighter global financial conditions, volatility in global financial market, slowing down of global growth and external demand, pose critical risks for Bangladesh's growth outlook. The International Monetary Fund (IMF) has projected global growth to be 2.9 percent for 2024. The growth outlook for Bangladesh for the 2023-24 fiscal year by international organizations is projected to be lower than that by the government. The International Monetary Fund (IMF) projected that our GDP growth would be 6 (six) percent, while the World Bank estimated it would be 5.6 percent in FY24. On the demand-side, lower growth in private consumption and investment contributed to the dip in GDP growth.

Inflation:

Inflation has been hurting the common people for more than a year. The monthly average inflation was 9.02 percent as of June 2023. In October 2023, there were significant increases in both food and non-food inflation rates—at 12.56 percent and 8.3 percent, respectively—and the overall inflation stood at 9.93 percent. The consistent rise of inflation rates has substantially increased the cost of living, resulting in a reduction of consumer purchasing power.

According to the UN forecast, inflation will decrease in Bangladesh in 2024. The average price inflation in this country was 9.6 per cent in 2023. In the new year, it will come down to 6.8 per cent. In 2025, it will further decrease to 5.5 per cent. Since the start of the Russia-Ukraine war, global inflation has been on the rise. In August 2022, after the price of all types of fuel oil was increased by 50 per cent in Bangladesh, inflation increased. The people felt the pressure of inflation throughout the year 2023.



Inflation hit two records in 2023. One is that overall inflation rose to 9.94 per cent last May, the highest in 134 months or 11 years and two months. Earlier in March 2012, the highest inflation was seen at 10.10 per cent. Since then, inflation never went into double digits.

The other record was set on last August, when food inflation suddenly rose to double digits for the first time. According to the Bangladesh Bureau of Statistics (BBS), food inflation rose to 12.54 per cent in August, the highest in the last 11 years and 7 months. Earlier, food inflation in January 2012 was 12.73 per cent.

In Bangladesh, 2023 was the year of inflation. According to the Bangladesh Bureau of Statistics (BBS), inflation has consistently remained above nine percent since March. Food inflation was even higher, peaking at 12.56 percent in October—the highest

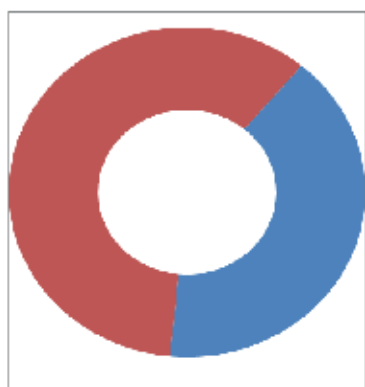
in at least a decade.

On May 08, 2024, Bangladesh Bank unveiled the crawling peg exchange rate system and allowed banks to buy and sell US dollars freely near Tk117, as well as letting go of its regulatory power of the Smart rate i.e. The central bank disbanded the Smart formula to make interest rates in the banking system fully market-based and hiking the repo rate by 0.50% basis point. This adaption may cast exaggerate inflation and continue prevail over the year of 2024.

Revenue Collection:

Revenue Mobilization (In Crore Tk.)					
Particular	2018-19	2019-20	2020-21	2021-22	2022-23
Total Revenue	316,599	348,069	351,532	389,000	433,000
Tax Revenue	289,599	313,068	316,000	346,000	388,000
Non-Tax Revenue	27,000	35,002	35,532	43,000	45,000
As percent of GDP					
Total Revenue	10.73	10.98	9.96	9.78	9.68
Tax Revenue	9.81	9.87	8.95	8.7	8.67
Non-Tax Revenue	0.91	1.10	1.01	1.08	1.00

Tax Collection Scenario in FY 2024



Need To be Collected in Jan-June
244,170 cr.

Overall Collected in Jul-Dec
165,630 cr.

The National Board of Revenue (NBR) witnessed a 10% growth in revenue collection during the FY 2022-23 compared to the previous fiscal year. In FY23, the revenue-GDP ratio stood at 8.2 percent. NBR sources said revenue collection was Tk3.31 lakh crore in FY23 against the targeted amount of Tk3.70 lakh crore. Growth in revenue collection was not as expected due to the slowdown in the economy throughout the last financial year. In FY23, the growth in income tax was slightly more than 10% and value-added-tax (VAT) collection increased by around 16%.

Tax collection soared nearly 14 percent in the first half of the fiscal year (FY) 2023-24, helping the National Board of Revenue (NBR) reach above the minimum benchmark set by International Monetary Fund (IMF) as a condition for its \$4.7 billion loan

Annual Development programme (ADP):

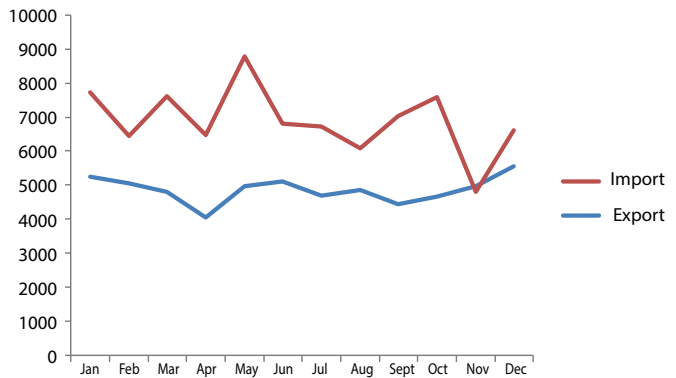
The government approved Tk.2.63 trillion Annual Development Programme (ADP) for the fiscal year of 2023-24 (FY '24) which is 11.18 per cent higher than FY '23.

Expenditure:

Public Expenditure (In Crore Tk.)					
Particular	2018-19	2019-20	2020-21	2021-22	2022-23
Operating expenditure	266,926	295,280	323,725	366,627	414,504
Development expenditure	173,449	202,349	207,988	221,948	241,407
Other expenditure	2,166	3,948	7,270	4,925	4,596
Total Public expenditure	442,541	501,577	538,983	593,500	660,507
As percent of GDP					
Operating expenditure	9.04	9.31	9.17	9.23	9.26
Development expenditure	5.88	6.38	5.89	5.59	5.4
Other expenditure	0.07	0.12	0.21	0.12	0.1
Total Public expenditure	14.99	15.82	15.27	14.93	14.76

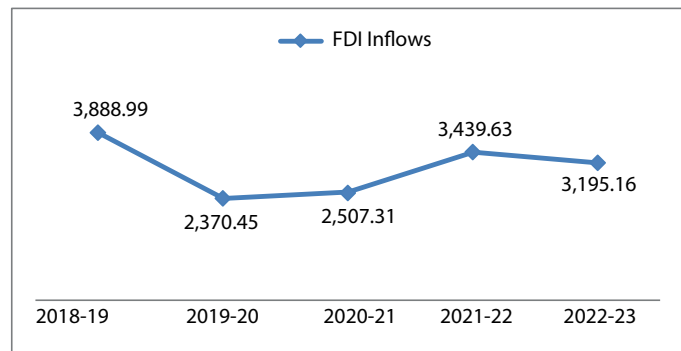
Export & Import Scenario of the Country:

Global trade has turned around in 2021 after the effects of COVID-19 pandemic; the Russia-Ukraine conflicts as well as middleeast crisis have been showing significant negative impact on world trade. As a result, food supply chains have been disrupted and Western sanctions on Russia have led to global trade instability. At the same time, the prices of petroleum along with commodity prices are rising, which is also creating inflationary pressures on the economies. However, Bangladesh's export growth is on a positive trend since FY 2022-23. During FY 2023-24, total export earnings increased by 1.93 percent to US\$ 58,42 billion compared to the same period of previous fiscal year. However, dollar crisis with other factors import stood at US\$ 82.68 billion in FY 2023-24, which was 11.84 percent lower than same period of the preceding fiscal year [Source BBS, Statistics and Informatics Division (SID), Ministry of Planning Release issue no-203].



Foreign Direct Investment (FDI)

Bangladesh is quite successful in attracting FDI inflows since the inception of economic reform in 1995. The inflow of FDI has contributed significantly to the economic development of Bangladesh. From 2017 to 2022, Bangladesh received an annual average of \$2.92 billion in FDI. Net foreign direct investment (FDI) inflow dropped by 13.67 per cent to \$3 billion in 2023, when the country was severely suffering from a shortage of US dollars and high inflationary pressure, according to the latest Bangladesh Bank (BB) data.



Banking Sector in Bangladesh

The monetary policy for FY23 was designed to spur economic recovery and to maintain appropriate overall price and financial stability, which is to maintain the stability of the banking system and the economy as a whole. To support smooth operation of the schedule banks and non-banking financial institutions (NBFIs) under this critical juncture, Bangladesh Bank (BB) has emphasized the continuance of the prudential measures taken at the inception of the pandemic, though with some fine-tuning. As a result of these prudent and planned policy actions, the economy of Bangladesh experienced a resilient recovery from the economic shocks of the COVID-19 pandemic. However, the outbreak of the Russia-Ukraine war posed significant challenges to the effort to accelerate growth. Particularly, the supply-chain shocks in terms of higher fuel and commodity prices and disruptions in the global delivery system has put pressure in the country's external balances which in turn, in the form of the exchange rate shock, has affected the balance sheet of the banking sector. To address the external shocks, BB has decided to move toward a more market-based interest rate and exchange rate regime that unveiled on May 08, 2024. Nonetheless, FY23 saw significant liquidity pressure in the banking sector, especially in the case of several Islamic banks. To mitigate the liquidity shocks and prevent spillover effect of these shocks in other parts of the economy, central bank has opened special liquidity support facilities for banks until the risk subsides. Several reform programmes was introduced with the technical assistance of the IMF and the IFC, namely, the implementation of the risk-based supervisory framework. Also, to improve governance of selected banks with deteriorating financial conditions, BB has initiated a three-year special supervisory programme. Under this programme, selected banks have been given concrete, time-bound targets and are being monitored meticulously as per the terms and conditions of Memorandum of Understandings (MoU) with that Banks.

Global central banks, led by the US Federal Reserve, responded with a synchronized policy rate action. The tightening of financial conditions across the world took its toll on the economic activity, while the financial markets remained volatile and usually sensitive to the incoming data. Global Uncertainties causing Growth Restraint, The Indian economy, on the other hand, demonstrated continued resilience and thrived despite all odds. Our economy carefully navigated the twists and turns through prudent structural reforms, effective policy response, and governance initiatives, while also maintaining its energy security simultaneously. CY2022 marked the 75th year of independence for India, as the nation entered its 'Azadi ka Amritkaal'. Moreover, India emerged as a global power of influence as it assumed the Presidency of G20 nations in December 2022. As per the official government estimates, India's GDP is estimated to have clocked 7.2% growth in FY 2022-23 and continues to be one

of the world's

Posture of Bangladeshi Banking Sector in Sep' 2023:

Types of Banks	CRAR %	ROA %	ROE %	NPL %	Deposit Growth %	Advance Growth %	AD Ratio
	Sep'23	Jun'23	Jun'23	Sep'23	Sep'23	Sep'23	Sep'23
State Owned Banks (SCB)	6.03	0.08	2.26	21.7	10.19	16.09	69.02
Specialized banks (SB)	-38.91	-3.53	-14.29	12.1	8.78	8.89	64.2
Private Banks (PCB)	12.82	0.47	7.66	7.04	7.92	7.87	84.21
Foreign Banks (FCB)	35.72	3.09	17.27	5.07	22.15	16.14	46.19
All Banks	11.08	0.43	7.88	9.93	9.12	9.76	78.08

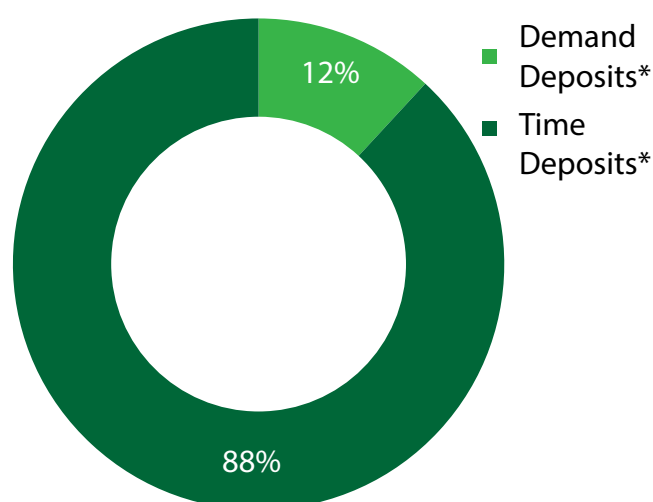
Liquidity Position of the Scheduled Banks (In billion BDT) As of end September, 2023

Bank Groups	CRR			SLR		
	Required	Maintained	Excess	Required Liquidity	SLR eligible liquid assets of banks	Excess(+)/shortfall (-) of SLR
SCBs	175.2	184.7	9.5	564.3	1166.7	602.5
SBs	18.8	18.8	0	0	0	0
PCBs (Other than Islamic)	309.8	327.7	17.8	1017.3	1681.3	664
Private Banks (Islamic)	168.2	177.5	9.3	232.8	254	21.2
FCBs	36.8	60.1	23.3	127.4	484.1	356.7
All Banks	708.8	768.7	59.9	1941.8	3586.2	1644.4

Bangladesh's banks had disbursed a total of nearly Tk. 16.18 trillion in loans by December 2023, of which nearly Tk. 1.36 trillion – or 9 percent – were non-performing. Bangladesh's banking sector is poised for a significant decline in nonperforming loans (NPL), projected to decrease by 2.76% over the next two years. This estimate comes in the wake of Bangladesh Bank's strategic move to streamline its bad loan management, reducing the write-off period from three years to two.

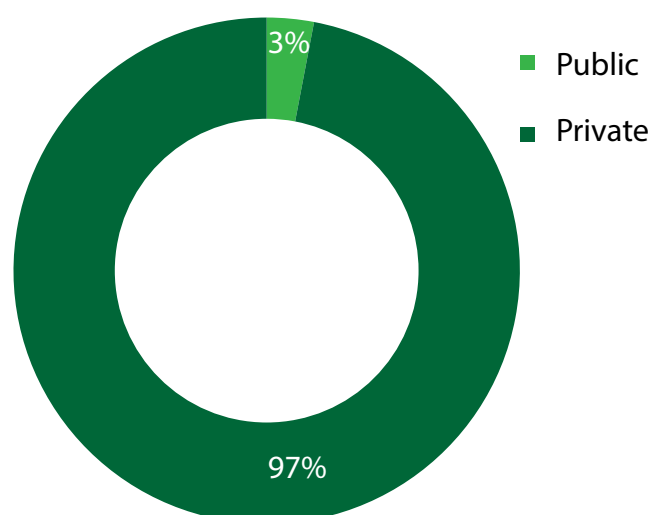
Deposit

Grew 11.16% in the year (Jan-Dec) from 14.8 trillion to 16.5 trillion



Advance

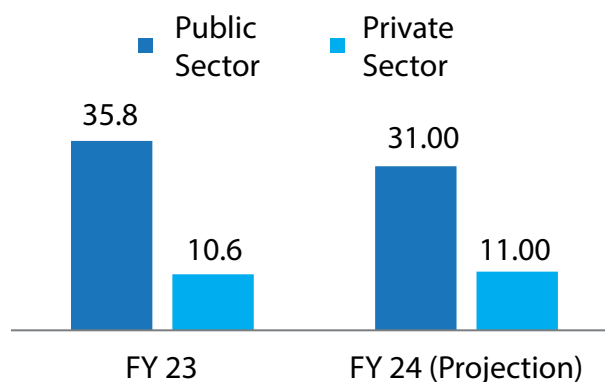
Grew 10.72% in the year (Jan-Dec) from 14.1 trillion to 15.6 trillion



Under this roadmap, the central bank has eased the loan write-off policy, empowering banks to expedite the process within a two-year timeframe instead of the previous three years. This policy adjustment is anticipated to contribute to a significant reduction of NPL by Tk 43,300 crore, equivalent to 2.76% by 30 June 2026.

BB has now adopted a contractionary monetary policy stance (MPS) for the second half of FY24 in order to keep the inter-bank call money rate close to the policy rate of 8.00 percent, accompanied by a ± 150 basis point symmetric corridor consisting of a standing lending facility rate at 9.50 percent and a standing deposit facility rate at 6.50 percent. This approach provides the utmost priority to contain inflation to the desired level while ensuring the necessary flow of funds to productive and employment-generating activities to support the growth target. With the introduction of market-driven reference rate, known as "SMART" (the six-month moving average rate of Treasury bill), lending rate cap has already been removed. Banks could charge on loans at SMART plus a margin up to 3.75 percent. Though such SMART mechanism declared abandoned on May 08, 2024 being introduction of Market Rate along with change of policy rate by 0.5% basis point. This market-driven rate and new policy rate will establish a true market mechanism which can response effectively the demand for and supply of money by adjusting the rates and control demand-pull inflation. BB is providing a sufficient flow of funds for agriculture, CMSMEs and import substituting industries from its pre-finance and refinance schemes, which could affect growth positively. However, for smooth flow of funds to the private sector, banks need to strengthen the recovery drive of NPLs, otherwise, the increase in NPLs can limit credit to the private sector which may negatively affect the growth. 1.35% Credit to the public sector has increased sharply in recent years due to financing for mega development projects. In the past two years, government's borrowing from the banking system, particularly from BB has increased tremendously, which ultimately contributed to inflation hike. Higher government borrowing from the banking system could increase "SMART", But new market base lending rate will be increased. Resultantly, credit flows to the private sector might be slowed down in FY24 i.e. inflationary pressure will be curve down apart from govt. borrowing.

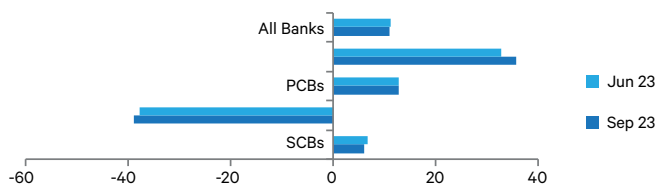
Credit Growth



Capital to Risk Weighted Assets Ratio (CRAR)

Overall capitalization of the banking system remained broadly stable as per the Basel norm.

Capital to Risk Weighted Assets Ratio (CRAR) (In percent)



Capital to Risk Weighted Assets Ratio by Types of Banks

Bank types	2019	2020	2021	2022 (June)	2023 (June)
SCBs	5	9.6	8.1	6.4	6.76
SBs	-32	-32.9	-33.6	-35.8	-37.79
PCBs	13.6	13.7	13.7	13	12.81
FCBs	24.5	28.4	25.9	26.4	32.91
All banks	11.6	12.5	12	11.2	11.19

Developments of Monetary Aggregates

With Global challenges, Bangladesh is no exception, facing inflationary and exchange rate pressure through international trade channels. In this circumstance, Bangladesh Banks monetary and credit programs for the second-half of FY23 has been designed to pursue a cautiously accommodative policy stance to contain inflationary and exchange rate pressures, support desired economic growth, ensure the necessary flow of funds to the economy's productive and employment generating activities.

(Y-to-Y growth in %)

Item	Jun-22	Dec-22	Program for Jun-23	
	Actual	Actual	Original	Revised
Broad money	9.4	8.4	12.1	11.5
Net Foreign Assets	-11.9	-22.6	-2.1	-11.9
Net Domestic Assets	17.2	18.5	16	17.9
Domestic Credit	16.2	15.1	18.2	18.5
Credit to the public sector	29.1	26.6	36	37.7
Credit to the private sector	13.7	12.8	14.1	14.1
Reserve money	-0.3	17.4	9.0	14.0
Money multiplier	4.93	4.63	5.07	4.82
NCG (Crore Taka, during the respective fiscal year)	62,540.00	32,249.00	106,334.00	111,608.00

In FY 22-23, due to globally induced volatility hiccups and supply chain disruptions, the banking sector credit growth was 10.57% Y-O-Y, compared to a Y-O-Y growth of 13.66% in FY 21-22. The central bank has set a private credit growth target of 10% for the January-June period of FY 2023-24 as the Bangladesh Bank has been adhering to a contractionary monetary policy since July 2023, interest rate on loans to customers are increasing every month by using “SMART” that continue to April 2024. The cost of funds for banks has increased as the policy rate has been increased several times, leading to a decrease in private sector credit growth. Though the private sector credit growth was slow, this growth was broad-based and across all population groups viz. rural, semi-urban, urban, and metropolitan.

Aggregate deposits within the banking sector saw some moderation and grew at 11.04% in December 2023 and continues to maintain Year-on-Year growth driven by rising interest rates and remittance inflows. Asset quality improved as the non-performing loan (NPL) ratio decreased to 9.93 percent at the end-September 2023 from 10.11 percent at the end of June 2023. The profitability in term of Return on Assets (ROA) and Return of Equity (ROE) was 0.41 percent and 7.46 percent in September quarter of 2023. At the End-September 2023, the CRAR of the banking sector stood at 11.08 percent. The Tier-1 capital ratio stood at 7.98 percent. The both ratios were above the respective minimum regulatory requirements in line with the BASEL-III framework.

NRBC Response

In early of 2023 Board of Directors in its 157th meeting of the Bank held on 14 January 2023 set the sizable budget of by considering:

- ✓ Financial Budget for 2023 should be dynamic that would adapt to changes and modifications depending on variable macroeconomic scenario.
- ✓ By adopting Bank’s long and short term goal to ensure continued sustainability while satisfying the stakeholders and shareholders by achieving the best possible outcome by the end of 2023.
- ✓ Deposit mobilization with special focus on procuring low cost/no cost fund, retail banking, commission based business and potential customer acquisitions during the year 2023
- ✓ Strengthen the efforts for recovery of bad loans and nursing with enhanced monitoring in order to keep non-performing loans under 5% by December-2023.
- ✓ Management shall give all acts and deeds as deemed necessary to improve all indicators with a view to maintaining CRAR level above 12.5%

The Bank continued reiterated to pursue its strategic objective to further ‘granularise’ its balance sheet with significantly higher focus on Retail, SME, Egp and Mid Corporate segments instead of large loan concentration. Through slightly increase in NPL ratio which excess of Board desire, but CRAR reached to 13.69% from 12.44% from the last year 2022. NRBC shall try to fortify its balance sheet by reduction in its Gross NPA and Net NPA in 2024. NRBC Bank has distributed micro Backed by its strong digital and technological capabilities, the Bank is bringing more unbanked people around the country under modern banking facilities. NRBC Bank has been awarded by the Global economies for “Best bank for Emerging Entrepreneurs-2023” and “Fastest Growing Private Bank 2023”

Financial Insight of NRBC Bank in 2023

BUSINESS OVERVIEW:

FY 2023 was the Sixth year of the “new journey of NRBC Bank PLC” under the new management; Post the Reconstruction stage which was implemented in December 2017. Whilst, in the first few years, the focus was on rebuilding the Bank, then, we swiftly shifted our focus on growing the Bank; and continued to build on a strong momentum on both our asset and liability with focus on granularity and in risk calibrated manner. The Bank has further progressed on its transformation journey and has emerged as a re-energized, recapitalized and recalibrated organisation, by leveraging on a unique opportunity to learn from past challenges and become stronger, while continuing to fulfill its unwavering commitment towards its customers and stakeholders. We achieved critical milestones under the new management. Among the contemporary fourth Generation bank, NRBC Bank is now in Top position in terms of Deposit, Loan, and Profit parameter and pioneer of Modern Sub-Branch banking. To maintain the increasing demand of customers for innovative services, With state-of-the-art modern banking facilities NRBC Bank has maintained a balanced distribution of network, the whole network of NRBC Bank now consists of 106 branches, 228 sub- branches, 131 partnership sub-branch, 24 BRTA Collection booth, 286 Land registry Sub-branch, 594 Agent outlets, 4 SME service centers, 5 Islamic windows, 81 own ATMs with more than 12,000+ shared ATMs to reach its services to the door steps of the people. The Directors are pleased to inform the shareholders that the Bank’s Total Assets in FY 2023 crossed 21.79 thousand crore, with deposits crossed 17.56 thousand crore and CASA ratio at 47.73%. The Bank is on track to achieve its longer-term Strategic Objectives and none of this would have been possible without the confidence reposed of the Bank’s customers, depositors and investors. The confidence of stakeholders has not only been seen through the improving financial performance of the Bank during the last few years, but also through external validation in the form of Credit Rating upgrades, successful client win-backs and acquisition strategy. The Bank undertook multiple initiatives to grow the Bank’s business and launched innovative and tailored propositions for its customers.

The Bank was a preferred partner of choice for the Government in multiple new breakthrough initiatives such as eGP payment services, Government fees collection, Safety net programs, A-challan etc. The Bank is now becoming employee’s choice, which is a reflection of Bank’s high-trust and high performance culture. The Bank also received multiple national and international awards for its performance and digitalization of services. The Bank continued its efforts towards building a stronger retail franchise. Digitization remains the Bank’s key pillar to grow the Retail, SME and the Transaction Banking businesses.



“NRBC Bank PLC will be the epitome of people's aspirations and the fulfillment of their dreams in the future. We have brought our main goal of ensuring banking services to the doorstep of deprived individuals”

S M Parvez Tamal
Chairman, NRBC Bank PLC.

STATE OF THE AFFAIRS OF THE BANK:

The Bank's fundamentals have strengthened and it has emerged from the crisis as a financially sound, well capitalised, well governed institution, with customer centricity and digital at the heart of its strategy. The Bank remains focused on its priorities and looks to continue this momentum onwards and upwards so that it can deliver on its strategic objectives while creating superior value for all its stakeholders.

Financial Performance:

Amidst all the uncertainties in the economy during 2023, the global geo-political instability and the ups and downs in the financial sector NRBC bank passed another year of consolidation and compliance with enhanced growth and profitability. This has not been possible without strong customer confidence backed by our value-based banking and transparent governance.

In 2023, Operating profit of the bank is Tk. 3,565 million which was lesser than previous year. The core challenge was interest rate hike of deposit expense that resulted in decrease of net interest income. At the same time, unstable market rate effect on Bond yield resulting decrease in operating profit. However, Bank's total assets reached Tk. 217,992 million in 2023 compared to Tk. 200,356 million in 2022 with a growth of 9%. Deposit reached Tk. 175,669 million compared to Tk. 161,149 million with a growth of 9% and Loans and advances was also 7% higher than the preceding year and stood at Tk. 145,086 million. Bank's import decreased by 9% and stood at Tk. 39,143 million in 2023 against Tk. 36,028 million in 2022. Export decreased by 5% and reached Tk. 31,928 million which was Tk. 33,735 million in the previous year. Inward remittance in 2023 showed negative growth and reached Tk. 7,327 million. Net profit after tax of the bank stood at Tk. 1,846 million having growth of 6% over previous year. Bank's initiatives on loan recovery helped the Bank to restrain CL ratio to 5.35% in 2023.

The Bank is standing on a sound footing where strong capital base is playing a key role for smooth business growth and capacity to absorb any unforeseen shock. NRBC bank's capital increased by 4% and stood Tk. 20,008 million helped the Bank to maintain a satisfactory Capital to Risk Weighted Assets Ratio (CRAR) of 13.70% from its previous year 12.44%.

BUSINESS OUTLOOK:

The overall bank credit trajectory is expected to remain healthy on account of continued capex investments, expansion of public digital infrastructure, stronger credit growth to SME's and retail segments.

A1.0: Advance and Deposit Growth

Bank's total assets registered a growth of 8.80 per cent YoY, i.e. BDT 17,636.75 Mn, reaching BDT 217,992.82 Mn in 2023 from BDT 200,356.06 Mn in 2022. Growth in total assets was mainly driven by an increase in loans and advances of BDT 8,912.59 Mn YoY (6.55 per cent). The asset portfolio was supported by deposits growth of 9 per cent YoY, i.e. BDT 14,520 Mn, demonstrating our constant growth with the trust that our customers have bestowed upon us and the operating strength.

Performance Summary



Total Asset
BDT **217,992** Mn



Total Loans & Advance
BDT **145,086** Mn



Total Deposit
BDT **175,669** Mn



Shareholder's Equity
BDT **14,180** Mn



CRAR
13.70



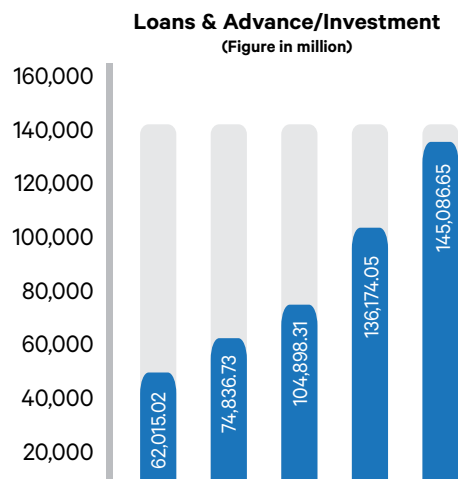
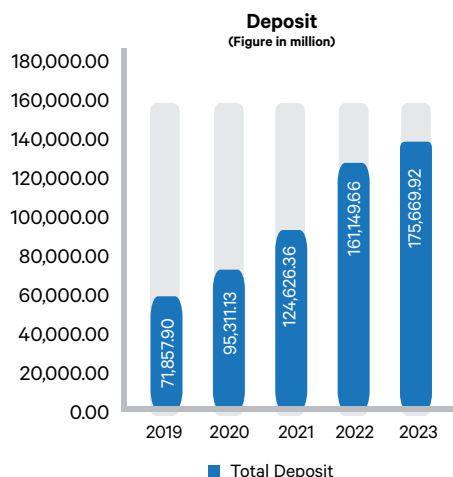
EPS
2.228



NAVPS
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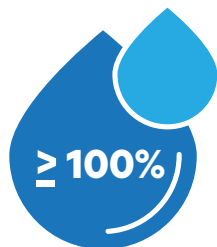
NOCFPS
13.13



A2.0: Liquidity Management

Liquidity management is a fundamental component in the safe and sound management of the bank. Liquidity is the ability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Effective liquidity management helps ensure a bank's ability to meet its obligations as they fall due and reduces the probability of an adverse situation developing. Banks are often evaluated on their liquidity, or their ability to meet short term obligations without incurring substantial losses. In either case, liquidity management describes the effort of investors or managers to reduce liquidity risk exposure. The decisive objective of liquidity management is to ensure maximum utilization of resources. If bank holds liquid assets more than industry average, then it is under utilizing its asset is the result. If bank holds liquid assets less than industry average, then it is taking too much risk. Liquidity management refers to holding liquid assets in such a way that will ensure proper utilization of asset and meeting short term obligation.

Liquidity Coverage Ratio Vs Net stable funding ratio (NSFR) result in 2023:



LCR-150.89% which is $\geq 100\%$

Meet short term obligations



NSFR-101.07% which is $> 100\%$

Over a one year horizon

NRBC Bank holds of Tk. 3,117.83 Million liquid assets that show the strength of the bank of meeting short term obligation. As per net stable funding ratio Bank hold enough stable funding to cover the duration of their long-term assets.

Figure in million (BDT) unless otherwise specified

Year	2023	2022	2021	2020	2019
Liquidity Coverage Ratio(LCR)	150.89%	144.47%	132.83%	164.95%	131.89%
Net Stable Funding Ration (NSFR)	101.07%	102.89%	101.59%	101.13%	107.54%
Cash in Hand & Cash Equivalent	15,534	18,041	12,693	9,592.95	7,870.16
Cash Reserve Requirement (CRR)	4.00%	4.00%	4.00%	4.00%	5.50%
Cash to Deposit Ratio	8.84%	11.19%	10.18%	6.76%	8.12%
Balance with Other Banks and Financial Institutions	4,917.64	7,049.69	4,547.85	3,501.04	2,034.56

According to MPD Circular No. 01 dated 03 April 2018 of Bangladesh Bank, Cash Reserve Requirement is 3.50% on daily basis and 4.00% on bi-weekly basis of Average Time and Demand Liabilities and, accordingly, NRBC Bank complied with it.

A3.0: Treasury Management

NRBC Bank Treasury Management is tempted to manage Bank's financial resources in order to achieve its strategic and operational objectives. Hence, Treasury management is mainly focused on overseeing and handling of a financial institution's cash flow. Being fund manager, NRBC Bank Treasury Management ensured 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

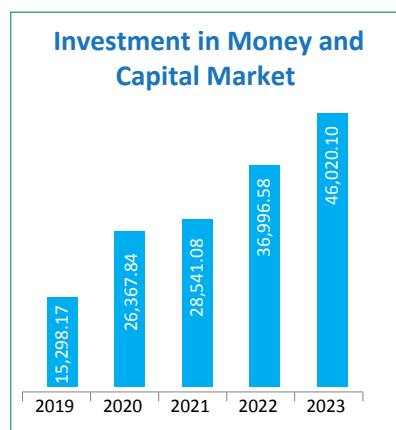
to issue credit. Fund management in Bank is primarily done by Treasury Management division which oversees following core areas: (a) asset liability management (ALM), (b) trading and hedging, (c) portfolio management i.e. Capital Market Investment, and (d) funds transfer pricing (FTP).

Bank has strong Asset-Liability Committee (ALCO) which conducts meeting in every month that ensures fund flow considering projected scenario of the market. ALCO revised deposit pricing 7 Times and also loan pricing 6 times during the year 2023 with Tune of SMART implementation.

Figure in million (BDT) unless otherwise specified

Year	2023	2022	2021	2020	2019
Total Investment	46,020.10	36,996.57	28,541.08	26,367.84	15,298.17
Investment In Govt. Securities	38,161.40	29,385.13	23,063.36	24,141.74	12,715.43
Ratio of Govt. Investment to Total Investment	82.92%	79.43%	80.81%	91.56%	83.12%
Net Treasury Income	3,925.50	3,895.40	3,572.61	3,386.85	1,486.06

NRBC Bank Treasury Division usually conform cash reserve requirements as per regulatory condition like as inception of its operation, ensure proper management of liquidity, and minimize interest rate risk on the Bank's statement of Financial Position. The Table above depicts the scenario of steady growing of investment over the years. The table exhibits an upward movement of Investment in the year 2023. Total investment increased by 24.39% over the preceding year. Investment Increased to diversify the investment Portfolio which will minimize risk and Maximize Profit. Ratio of Investment in Government Securities/ total Investment is 82.92%. Net Treasury Income appreciated by 9.04% in the year of 2023 though contribution from capital market was mostly negative return to the Bank due to Bangladesh's stock market had a lackluster year in 2022 after posting double-digit returns for the previous two years.



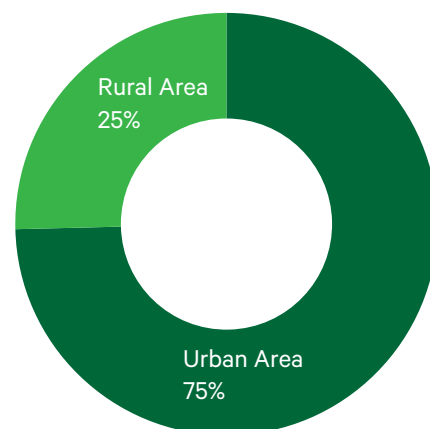
A4.0: Loan and Advance

Loans and advance/Investments are the most substantial 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. NRBC Bank has improved and maintained its asset quality over the years. In 2023 percent of large loan dependency reduced to 16.12% which was 18.58% in 2022. Aggregate exposure of large loan is well below the ceiling set by Bangladesh Bank BRPD Circular No-01 dated January 16, 2022 against Banks total loans and advance.

Figure in million (BDT) unless otherwise specified

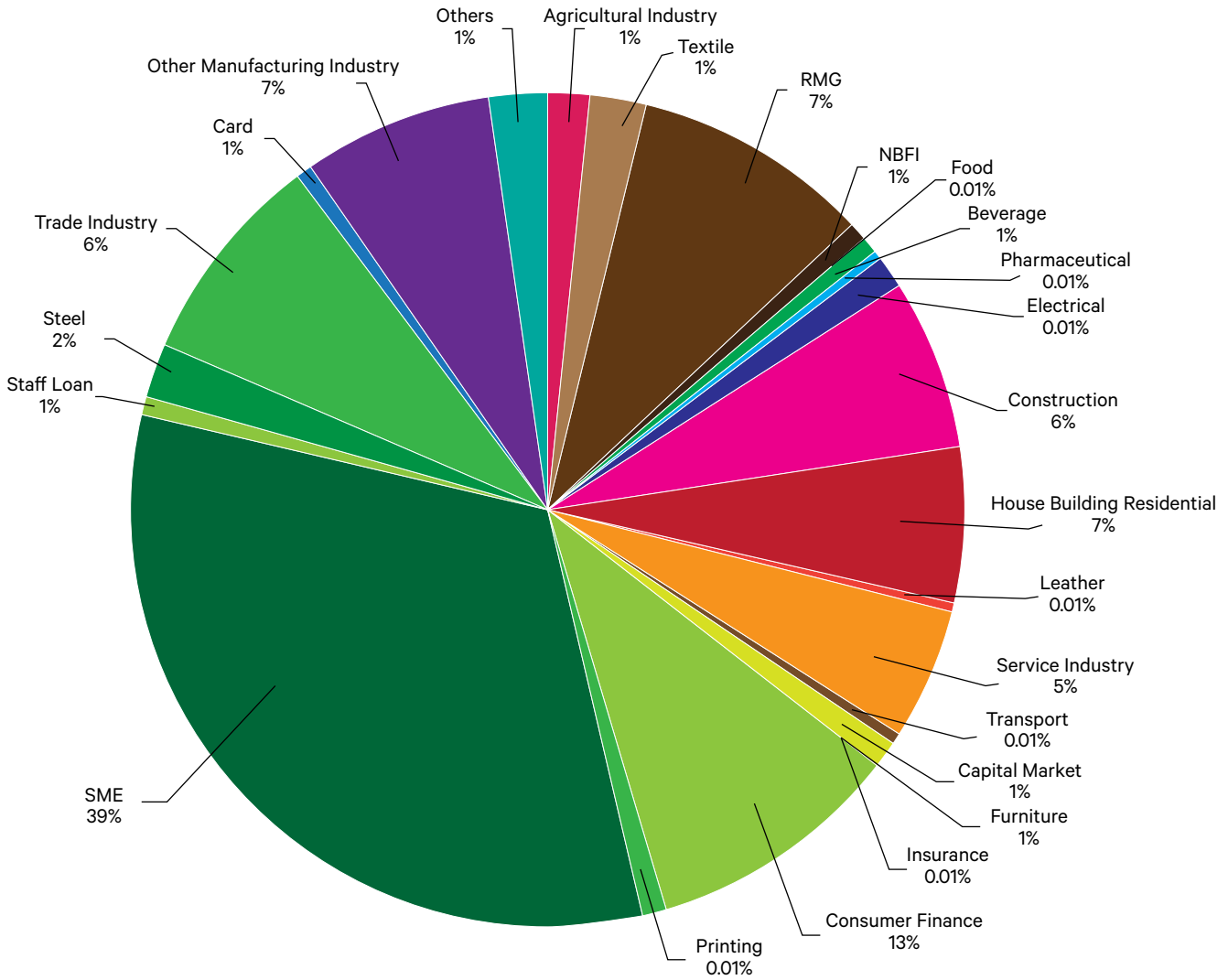
Year	2023	2022	2021	2020	2019
Loans & Advance/Investments	145,086	136,174	104,898	74,836	62,015
AD Ratio	82.59%	84.49%	84.17%	78.66%	82.54%
% of Classified Loan	5.35%	4.69%	4.56%	2.93%	3.20%
% of Large loan dependency	16.12%	18.58%	30.74%	35.39%	36.25%
Number of loan Account	92,670	78,357	25,386	19,452	15,317

- Loans and Advance/ Investments of Bank increased since inception of its operation in 2013 and stood at BDT 145,086 million in 2023, which is 6.54% higher than the preceding year. Number of loan account increased by 18.27% in the year 2023 from the preceding year 2022. The increased percentage of loan account occurred due to more focus on SME loan disbursement and disbursement of micro finance loan through sub branch banking throughout the country by reaching door to door of people in both rural areas and urban areas.
- The Bank is focused on diversifying its portfolio and concentrating on SME sector and 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 helps the bank to build a healthy assets portfolio and to attain quality growth.

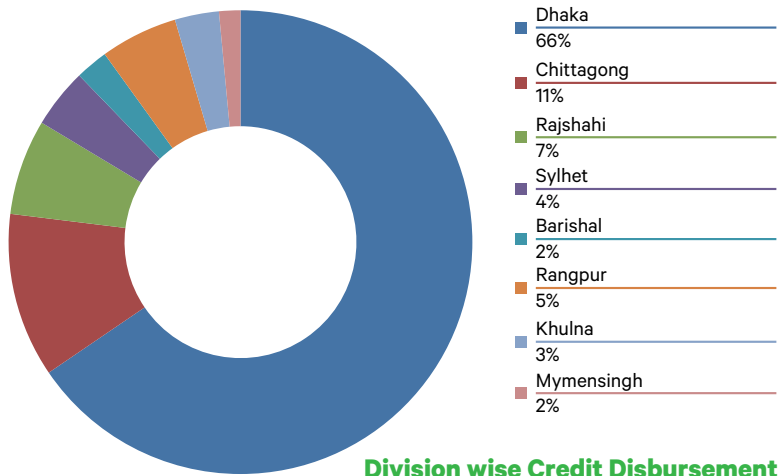


Area wise credit disbursement

Sectoral Distribution of Credit



- SME, RMG, Trade Finance and other manufacturing industry are prominent sectors where bank lends most of its loanable fund. Bank diversified its loan portfolio by lending money in textile, service industry, consumer finance, and steel industry as well. Bank diversified its Asset portfolio and reduced dependency on corporate borrower by focusing on retail, CMSME, and Micro Sector. Bank intends to reduce its concentration risk by avoiding a single counter party of sector that poses higher risk on its Asset Liability Portfolio. Concentration risk primarily applies to the Asset Side of the Balance sheet. Bank emphasized on retail, CMSME, and Micro Sector to lend money through Branches and Sub Branches operating all over the country. Substantial Portion of the loans and advance/Investment Customers of NRBC Bank are from Dhaka and Chittagong division that pose a concentration risk on our total loan portfolio. Sub Branches opened in different area of the country mobilized Asset and reduced risk arising from investment from geographical concentration risk.



Division wise Credit Disbursement

NRBC Bank expanded its credit disbursement throughout the country. Credit concentration on Dhaka division is reduced by 3.00% due to Expansion of Micro credit program and CMSME in rural areas to fight against poverty as its one of the main goal of the bank.

Figure in Crore (BDT) unless specified otherwise

Division	Year									
	31 December, 2023		31 December, 2022		31 December, 2021		31 December, 2020		31 December, 2019	
Dhaka	9,501.19	65.49%	9,277.86	68.13%	76,884.60	73.29%	5,614.39	75.02%	4,535.23	73.13%
Chittagong	1,663.16	11.46%	1,469.54	10.79%	11,162.90	10.64%	969.06	12.95%	911.31	14.69%
Rajshahi	966.53	6.66%	908.28	6.67%	498.36	4.75%	327.97	4.38%	330.55	5.33%
Sylhet	602.36	4.15%	384.12	2.82%	211.08	2.01%	148.1	1.98%	141.87	2.29%
Barisal	330.90	2.28%	310.66	2.28%	311.89	2.97%	203.99	2.73%	88.14	1.42%
Rangpur	782.71	5.39%	868.75	6.38%	418.9	3.99%	48.38	0.65%	46.37	0.75%
Khulna	446.57	3.08%	334.5	2.46%	155.68	1.48%	94.48	1.26%	87.46	1.41%
Mymensingh	215.25	1.48%	63.72	0.47%	89.17	0.85%	77.2	1.03%	60.57	0.98%

Continuation of Write-off loan of delinquent Customers and setting recovery target:

In continuation of previous year after adopting Write off policy in its 152th BoD Meeting, Total 524.18 million being written off during the year 2023 by the Board of Directors in its 177th meeting of the Bank held on 26 December 2023. Out of Tk. 71.62 Million and Tk.256.81 million settled through Interest and suspense interest income respectively. Detail loan write off given in the annexure –G of Audited Financial Statement segment.

The Board of Director in its 180th meeting held on February 25, 2024 fixed of Annual Recovery Target write off borrowers of our bank for the year of 2024 according **to directive of Bangladesh Bank.**

Annual Recovery Target against individual write-off borrower as listed below:

Figure in Crore (BDT)

SL	Branch Name	Borrower Name	Total	Recovery Target (20%)
1	Principal Branch	CAR IMPO	23.83	4.77
2		MOHAMMAD RASHED	0.05	0.01
3		RAINBOW ELECTRIC HOUSE	0.04	0.01
4		J. H. NET	0.04	0.01
5		MD. TOUHIDUZZAMAN	0.03	0.01
6	Gulshan Branch	NIPUN ENTERPRISE	3.38	0.68
7	Chinispur Branch	M/S. J.S.M PAPER CONE FACTORY	1.32	0.26
8	Uttara Branch	SHAHNAJ FASHION AND FEBRICS	0.04	0.01
9	Panchabati Branch	A.B. KNITWEAR	1.44	0.29
10		SIAM IBRAHIM FASHION	0.79	0.16
11	O R NIZAM Road Branch	M. S. ENTERPRISE	9.62	1.92
12		CHITTAGONG ENTERPRISE	4.75	0.95
13	Pulhat Branch	M/S MOULA INDUSTRIES	3.39	0.68
14		M/S SHAHARIA TRADERS	0.80	0.16
15	Hatirpool Branch	GIFT MART	2.10	0.42
16		HABIB AND BROTHERS	0.09	0.02
17	Hatgopalpur Branch	M/S SOHANA TRADERS	0.28	0.06
18	Dhanmondi Mohila Branch	NEW RUBI FASHION	0.44	0.09
19		POROB CONSUMER FOODS LIMITED	0.16	0.03
Total			Tk.52.59 Crore	Tk.10.52 Crore

Recovery target Tk. 10.52 Crore for the year 2024 which stands 20.00% in total and the Board urged all sort of effort will be given for recovery as well as appropriate action against all relating parties of defalcation. However, recovery target was not impressive for Bank in 2023 against target set by Board. Tk.4.15 Million was recovered from delinquent customer as well as Tk.15.27 million at the hand of the Bank awaiting to encashment by hand over of mortgage property to the prospective Buyers.

A5.0: Deposits Mobilization through our network

Deposit mobilization is the process of mobilizing funds by financial institutions from the surplus units to the deficit units to create better opportunities for productive investment. Bank retains the deposit of its customer as custodian. But truly speaking, it is the lifeblood of banking business and as such Bank accepts / procures deposits in two broad categories- Demand Deposit and Time Deposit.

The Board of Directors in its 182nd Meeting held on April 02, 2024 express that over the past six years, deposits have quadrupled, a testament to the faith placed to Bank by our patrons. Furthermore, workforce has seen exponential growth with employment numbers increasing sixfold since 2017 expedite deposit mobilization.

On year to analysis, Deposits and number of Deposit Accounts Increased by 19.29 percent and 21.75 percent respectively; than that of preceding year which is well ahead of industry percentage as a whole. This was possible due to continuous expansion program to reach more people all over the country to bring unbanked people under modern banking facilities in line with the notion of Financial Inclusion. Deposit and Number of Deposit Account Increased significantly because of expansion of network, and mobilization deposit from individual savers instead of corporate savers.

Figure in million (BDT) unless otherwise specified

Year	2023	2022	2021	2020	2019
Deposits	175,669.92	147,262.42	114,874.87	90,177.26	71,857.90
Cost of Deposit	4.63%	4.25%	4.25%	5.53%	6.98%
Number of Deposit A/c	1,415,735	1,162,792	789,099	526,943	370,731
% of low cost deposit mixing (CASA)	37.77%	34.12%	48.61%	41.64%	35.22%

Cost of Deposit is one of the most dominant cost factors for Bank. It is the amount of Money that the Bank spent in order to acquire money to lend to its customers. Bank extended its network with a view to mobilizing Low/No cost Deposit or CASA deposit to bring the weighted Average Cost of Capital down. Due to unveiled "SMART" Rate for loan pricing in the Mid of 2023, Cost of Deposit was upward trend and at the end of year 2023 it stood 4.63% from 4.25% in the year 2022. Cost of deposit is comparative keeping down considering industry average due to by expanding its coverage in the area where people are not interest rate sensitive. In urban area, people are very much interest rate sensitive, but in rural area people are not behave the same. As the benediction of expansion Bank has been able to mobilized deposit at a relatively lower rate of interest that helped the bank to increase its profitability

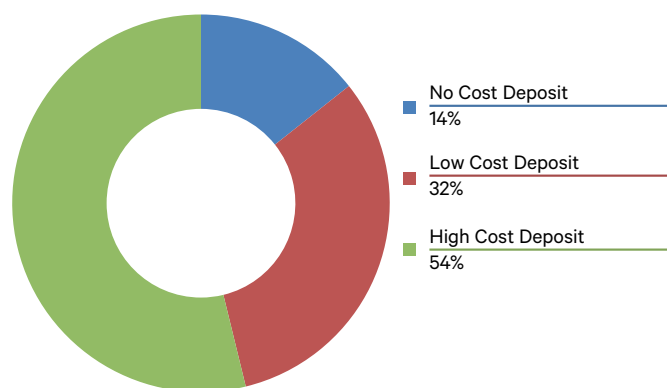
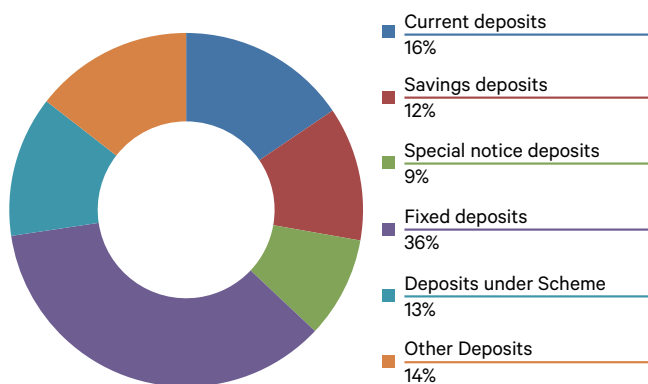
NRBC Bank set target for acquisition of low cost/ no cost fund to reduce Cost of Fund and minimize administrative cost and Management achieved modest target Low/No cost Deposit or CASA deposit which is in lower trend since 2021. As cost of deposit in overall industry increased in 2023 largely due to change of policy rate of Bangladesh Bank, but NRBC bank were able to maintain a standard cost of deposit ratio due to increase in No cost deposit in the basket compared to previous year.

Growing number of accounts takes banks closer to people. Although there is no clear data on the number of unbanked people in Bangladesh, different research hints that almost 40 percent of the population remains out of the formal financial system. NRBC Bank focused on this untouched market and expanded its network to bring the banking services at the doorstep of the said Segment.

The Higher the portion of Low/No Cost Deposit in the Deposit basket, the Lower will be the Cost of Deposit (CoD), the higher will be the spread between Yield on Advance (YoA) and Cost of Fund(CoF). A comparative scenario of Deposit Mix of the Last three years is given below:

Figure in million (BDT) unless otherwise specified

Particular	2023	2022	2021	2020
No Cost Deposit	24,742.50	17,092.48	17,461.00	11,990.42
No Cost as % of Total Deposit	14.34%	11.26%	15.20%	13.30%
Low Cost Deposit	54,957.70	51,779.85	38,379.73	25,558.33
Low Cost as % of Total Deposit	31.85%	34.12%	33.41%	28.34%
Total No Cost & Low Cost Deposit	79,700.20	68,872.33	55,840.72	37,548.74
No Cost & Low Cost Deposit as % of Total Deposit	47.73%	45.38%	48.61%	41.64%
High Cost Deposit	92,867.70	78,402.35	59,034.21	52,627.45
High Cost Deposit as % of Total Deposit	52.27%	53.24%	51.39%	58.36%
Total Deposit	172,567.90	147,274.68	114,874.90	90,177.26



A comparative analysis of Time Deposit and Demand Deposit for last two years is given below. Time deposit and Demand deposit is 74.25 percent and 25.75 percent respectively in 2023. Which was 76.43 percent and 23.57 percent in previous year.

Figure in million (BDT) unless otherwise specified

Particular	2023	%	2022	%
Current Deposit	27,262.85	15.52%	24,942.80	16.94%
Savings Deposit	21,529.89	12.26%	18,223.00	12.37%
Short Notice Deposit	16,237.64	9.24%	16,038.74	10.89%
Fixed Deposit	62,584.43	35.63%	57,980.34	39.37%
Deposit Under Scheme	22,611.46	12.87%	21,966.96	14.92%
Others	25,443.67	14.48%	8,122.84	5.52%
Total	175,669.92	100.00%	147,274.68	100.00%

A6.0: Net Assets Value to the shareholders

Shareholders' equity represents the net worth of a company, which is the amount that would be returned to shareholders if a company's total assets were liquidated and all of its debts repaid. This financial metric is frequently used by analysts to determine a company's general financial health. Equity and capital are growing consistently over the years. Capital and Net Asset Value (NAV) of the bank reflect its financial Strength of the bank.

Net Assets Value (NAV) per share stood at Tk.17.11 per share. The Bank is also trying to curve down the Risk Weighted Assets by ensuring rated corporate segments customer as well as diversification of the portfolio in SME, Micro Credit and Retail those have lower impact on capital charge.

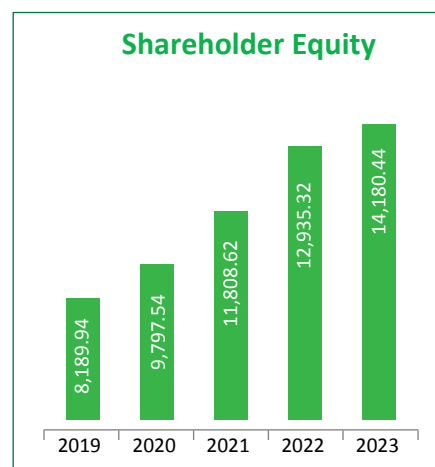
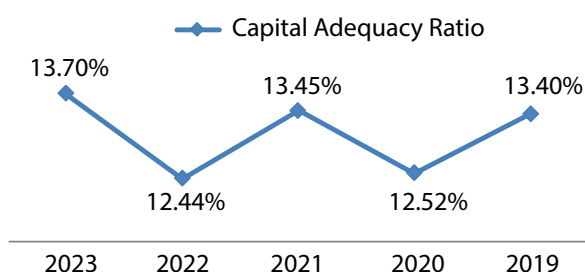


Figure in million (BDT) unless otherwise specified

Particular	2023	2022	2021	2020	2019
Shareholder Equity	14,180.44	12,935.32	11,808.62	9,797.50	8,189.94
Regulatory Capital	20,008.01	19,221.27	16,069.33	10,391.20	8,907.26
NAV (Tk.) per share	17.11	15.61 (Restated)			
Capital Surplus/(Deficit)	1,753.72	-90.4	1,133.97	16.5	514.57
Risk Weighted Assets	146,034.36	154,493.40	119,482.86	82,997.70	66,462.20
Capital Adequacy Ratio	13.70%	12.44%	13.45%	12.52%	13.40%
Capital- Core (Tier I)	12,844.76	11,993.53	11,080.48	8,594.20	7,883.21
Capital- Supplementary (Tier II)	7,163.25	7,227.74	4,988.85	1,797.00	1,024.04

Capital Strengthen

All scheduled banks are required to calculate capital-to-risk weighted asset ratio (CRAR). The calculation of CRAR under Basel III has been made as per "Guidelines on Risk Based Capital Adequacy", issued by Bangladesh Bank vide BRPD Circular no. 18 dated December 21, 2014, and subsequent circulars of Bangladesh Bank. NRBC Bank is always keen to maintain sufficient capital base against performing business to support healthy growth of business and ensure compliance with the



Basel III capital accord in line with Bangladesh Bank roadmap except 2022. Bank's CRAR (Capital to Risk weighted Asset Ratio) reached to 13.70% as on December 31, 2023 against required 12.50%.

A7.0: 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. The key operational activities include Acceptance of Deposits, Lending of Funds, Remittance of Funds, Bill Payment Services, Overseas Banking Services, Wealth Management, Investment Banking, and Social Objectives. 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

in million (BDT) unless otherwise specified

Particulars	2023	2022	% Change	2022	2021	% Change
Total operating income	8,670.90	8,691.99	-0.24%	8,691.99	7,582.00	14.64%
Total operating expense	5,105.43	4,652.87	9.73%	4,652.87	3,527.54	31.90%
Operating profit (Profit before provision and tax)	3,565.47	4,039.13	-11.73%	4,039.13	4,054.46	-0.38%
Profit before tax for the year (PBT)	2,528.34	2,988.69	-15.40%	2,988.69	3,002.42	-0.46%
Tax provision	682.01	1,249.12	-45.40%	1,249.12	918.48	36.00%
Profit after tax (PAT)	1,846.33	1,739.57	6.14%	1,739.57	2,083.94	-16.52%
Earnings per share (EPS)	2.228	2.099 (Restated)*	0.129	2.099 (Restated)*	2.51 (Restated)*	-0.42
Cost income ratio	58.88%	53.77%	5.11%	53.77%	46.53%	7.24%
Return on investment (ROI)	13.62%	14.06%	-0.44%	14.06%	20.83%	-6.77%
Return on assets (ROA)	0.88%	0.98%	-0.10%	0.98%	1.68%	-0.70%

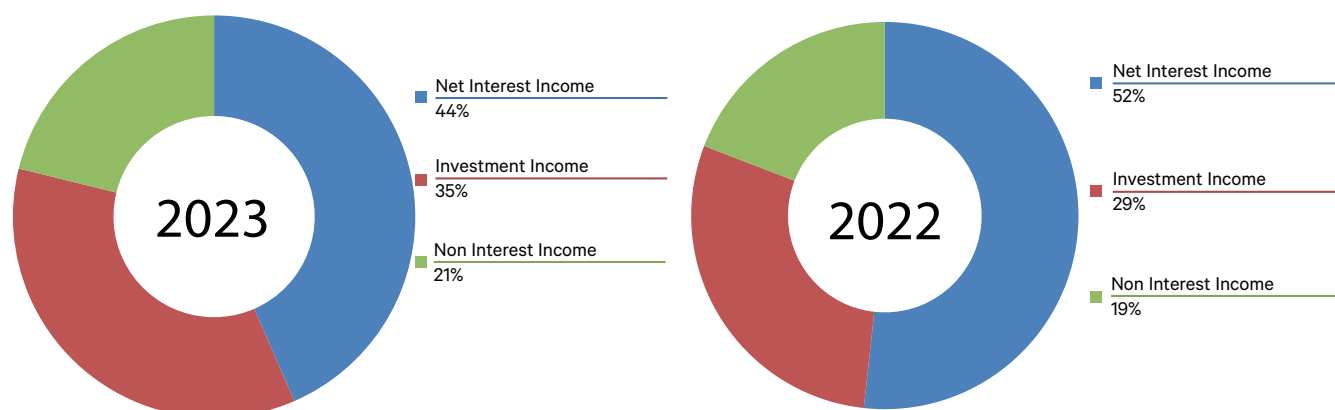
*Restated by no. share 828,649,534 outstanding as of December 31, 2023 for comparative analysis

The table depicts that operating income of the bank decreased by 0.24% percent, which is mainly due to increase in interest rate cap. As such, Operating Profit decreased by 11.73 percent due to operating expenses increased by 9.73 percent. Expansion program of the Bank as well as recruitment of new employees were primary causes of the increase in operating expenses.

As the Bank concerned that such expansion program will ensure low cost fund as well as large loan concentration viz. rural credit will ensure the profitability of the Bank in the future. Profit before tax for the year (PBT) decreased by 15.40% percent, eventually such fact impacted on Return on investment (ROI), and Return on assets (ROA). Earnings per share (EPS) increased to 2.228 due to increase in Profit after Tax (PAT) by 6.14% due to adjustment of additional Tax Provision in previous years and, hence, it stood at 1,846.33 Million as divisible profit by netting differed tax.

Revenue

Total Revenue (operating income) during the year was 8,670 Mn, indicating a solid financial performance for the bank during the year ending on December 31, 2023. During 2023, Interest Income increased by BDT 1,167 million (10.44%), mainly for growth in loan portfolio as well as implementation of SMART rate in the 2nd half of the year 2023. Investment Income increased by BDT 535 million (21.17%), Commission and Other Operating Income increased by BDT 170 million (10.26%).



Turmoil situation of market rate effect Bond Market, specially 2nd half of the year, that effect the value of holding treasury resulting investment income was not expected in 2023.

A8.0: NRBC Group's Performance Versus NRBC Bank's Performance

NRBC Group Consists of-NRBC Bank Limited with its two subsidiaries- NRBC Bank Securities Limited (NRBCBSL) and NRBC Bank Asset Management Limited (NRBCAML).

NRBC Bank is operating all over the country through its branches, Banking Sub Branches, Micro Finance Sub Branches, BRTA Collection Booth, & Sub-registry booth and strategic agent banking partners who have sub-agent points all over the country. Expansion of Network positively contributes to the mobilization of deposit, resulting in the creation of credits by the banking system. Branch expansion means creation of future market for banks, tapping the untouched market where opportunities exist to grow or prosper. NRBC Bank has taken an all-out effort to position the bank as mid-sized player in the industry in line with its slogan 'Building Market Share". Bank expanded its area of operation from Conventional Branch Banking to Sub Branch Banking. Bank started Micro Finance Banking throughout the country through Micro Finance Sub-branches to bring unbanked people under the umbrella of NRBC Bank, moreover to ensure its existence in every corner across the country. It is working to create employment opportunities and promote economic Growth of the country.

Snapshot of subsidiaries

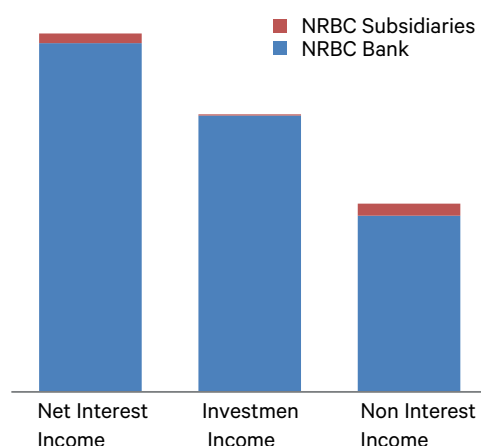
Name of Subsidiaries	Business Location	Nature of business	Total assets	Net Profit
NRBC Bank Securities Limited	Bangladesh	Securities Management	2,985 Million	140 Million
NRBC Bank Asset Management Limited	Bangladesh	Asset Manager	102 Million	2.5 Million

Figure in million (BDT) unless otherwise specified

Particular	Group			NRBC Bank Ltd		
	2023	2022	Change (%)	2023	2022	Change (%)
Interest Income	12,581.79	11,368.48	10.67%	12,346.02	11,178.65	10.44%
Interest Expenses	8,701.71	6,714.19	29.60%	8,577.10	6,682.03	28.36%
Investment Income	3,074.08	2,552.92	20.41%	3,067.46	2,576.05	19.08%
Non-Interest Income	1,964.63	1,878.79	4.57%	1,834.52	1,663.82	10.26%
Non-Interest Expenses	5,176.55	4,722.06	9.62%	5,105.43	4,697.37	8.69%
Total Income	17,620.50	15,800.19	11.52%	17,248.00	15,418.52	11.87%
Total Expenses	13,878.26	11,436.25	21.35%	13,682.53	11,379.40	20.24%
Operating Profit	3,742.23	4,363.94	-14.25%	3,565.47	4,039.12	-11.73%
Provision for Loans and Others	1,016.52	1,089.26	-6.68%	1,037.12	1,050.43	-1.27%
Profit Before Tax	2,725.71	3,274.68	-16.76%	2,528.35	2,988.69	-15.40%
Provision for Tax	735.92	1,341.38	-45.14%	682.01	1,249.13	-45.40%
Profit After Tax	1,989.79	1,933.30	2.92%	1,846.34	1,739.56	6.14%
Cost income ratio	58.04%	51.97%	11.68%	58.88%	53.53%	9.99%
Return on Equity (ROE)	14.30%	15.31%	-6.62%	13.62%	14.06%	-0.44%
Return on assets (ROA)	0.95%	1.09%	-13.20%	0.88%	0.98%	-0.10%
Cost of Deposit	4.66%	4.25%	9.65%	4.63%	4.25%	0.38%
Net Assets Per Value/Tk	17.58	16.01	1.57	17.11	15.61	1.50
Earnings Per Share/Tk	2.401	2.333	0.07	2.228	2.099	0.13

Interest Income of the group increased by 10.67% and reached to 12,581.79 Million, which was 11,368.48 Million in 2022. Investment income Increased significantly by 20.41% compared to previous year. Interest Expenses increased pointedly as the market interest rate has increased significantly due to Bangladesh bank policy. As a result operating profit of NRBC Group is decreased by 14.25 percent over the preceding year and profit after tax increased by 2.92 percent. Cost Income Ratio increased and reached at 58.04 percent because operating expenses of the bank increased due to expansion of network all around the country.

Net Asset Value of the NRBC Group is 16.73 per share, whereas Net Asset Value of NRBC Bank is 17.58 per share, an increase of 1.57 Tk. NRBC Bank holds 99.78 percent of the group consolidated Balance Sheet.



Return on Equity (ROE) decreased and stood at 14.30 percent and Return on Asset (ROA) decreased and reaches at 0.95%. Increasing Net Assets Value (NAV)/Share reflects increased net worth of the bank. The Earnings per Share (EPS) of 2.401 exhibit consistent performance of the bank for the year 2023.

A9.0: NRBC Group's Performance versus NRBC Subsidiaries Performance

NRBC Bank Subsidiaries contributed in group operating profit by 95.28 percent and 4.72 percent respectively. Balance sheet size of NRBC bank constitutes 99.18 percent of the group balance sheet.

Figure in Million (BDT) unless otherwise Specified

Particulars	2023			2022		
	NRBC	Subsidiary	Consolidated*	NRBC	Subsidiary	Consolidated*
Cash in Hand & at Bank	15,534.77	141.24	15,426.58	18,041.48	185.44	17,751.68
Investment	46,020.10	646.92	46,667.03	36,996.57	752.99	37,749.56
Loan & Advances	145,086.65	1909.63	146,520.32	136,174.05	1683.53	136,523.71
Fixed Assets	1,729.99	20.45	1,750.44	1,883.20	15.07	1,898.27
Others Assets	5,878.01	369.52	5,686.22	7,116.36	184.87	6,739.98
Borrowing	12,715.47	1757.78	13,997.29	12,372.25	1583.46	12,621.81
Deposits	162,989.29	-166.65	162,822.65	147,274.69	82.6	146,882.05
Other Liabilities	22,587.61	299.55	22,887.16	22,273.80	260.97	22,533.45
Shareholder Equity	14,180.44	946.35	14,566.79	12,935.32	894.96	13,270.28
Balance Sheet Size	217,992.82	3,087.77	219,793.89	200,356.06	2,821.97	200,807.60
Operating Profit	3,565.47	176.77	3,742.24	4,039.12	324.8	4,363.93
Profit after Tax	1,846.33	143.46	1,989.80	1,739.57	193.72	1,933.29

*Intercompany Transaction has been omitted

NRBC Bank Subsidiaries Profit Contribution stood at 4.72% in 2023, which was 7.44% in 2022. The reduction was mainly due to uncertainty in the capital market, which affected NRBCSL business performance in 2023.

Among these NRBC Bank Securities Ltd Profit Contribution stood at 4.62% and NRBC Bank Asset Management Ltd. Contribution was 0.10% in 2023. NRBC Bank Asset Management Ltd. Yet to start its main business operation. In 2023, Operating profit of 3.9 million was due to interest income from bank by investing its capital fund.

Consolidated Financial Performance



8,918 Million
Operating Income



1,989 Million
Profit after Tax



5,176 Million
Operating Expense



2.401
EPS

A10.0: Trend Analysis of Financial Performance of Five Years (05) Years

NRBC Bank continued its efforts for a solid performance throughout the years. Basic financial- indicators Loans & Advances/ investment; Deposits, Net Asset Value (NAV) and Balance Sheet Size showing increasing trend over the years. Digitization remains the Bank's key pillar to grow the Retail, SME and the Transaction Banking businesses. Trend analysis of financial performance of last five years is given below:

Figure in Million (BDT) unless otherwise Specified

key Operating and Financial data	2023	2022	2021	2020	2019
Loans & Advances/investment under Shahriah Banking	145,086.65	136,174.05	104,898.31	74,835.73	62,015.02
Deposits	175,669.92	161,149.65	114,874.87	90,177.26	71,857.90
Shareholder Equity (Net Asset Value)	14,180.44	12,935.32	11,808.62	9,797.54	8,189.94
Balance Sheet Size	217,992.82	200,356.06	153,552.38	116,620.41	90,118.08
Total Contingent Liabilities & Commitments	52,441.01	50,265.90	53,600.42	35,483.89	27,408.20
Import	39,142.80	36,028.30	42,370.77	30,579.76	332,206.16
Export	31,928.70	33,735.60	30,652.26	28,070.50	292,160.01
Remittance	7,327.70	13,329.20	10,820.93	4,089.41	20,938.62
Operating Profit	3,565.47	4,039.13	4,054.46	3,068.00	2,587.14
Profit Before Tax	2,528.34	2,988.70	3,002.42	2,039.73	2,042.51
Profit After Tax	1,846.33	1,739.57	2,083.94	1,342.83	1,148.26
Earnings Per Share	2.23	2.19	2.83	2.31	2.01
Earnings Per Share-Restated	-	2.099	2.51	1.62	1.39
Diluted Earnings Per Share	-	-	1.98	-	-
Capital- Core (Tier I)	12,844.76	11,993.53	11,080.48	8,594.24	7,883.21
Capital- Supplementary (Tier II)	7,163.25	7,227.74	4,988.85	1,796.99	1,041.54
Total Capital	20,008.01	19,221.27	16,069.33	10,391.24	8,979.65
Capital Surplus/(Deficit)	1,753.72	-90.4	1,133.97	16.53	514.57
Statutory Reserve	3,570.68	3,065.01	2,467.27	1,866.79	1,458.84
Retained Earnings	2,268.04	1,897.40	1,879.43	1,294.95	1,015.13
Capital Adequacy Ratio	13.70%	12.44%	12.52%	12.52%	13.27%
Cost income ratio	58.88%	53.77%	46.53%	51.30%	46.67%
Return on investment/Equity (ROI/ROE)	13.62%	14.06%	19.29%	15.28%	15.04%
Return on assets (ROA)	0.88%	0.98%	1.54%	1.34%	1.47%
Cost of fund	7.47%	7.31%	7.56%	9.69%	9.97%
Loan Deposit Ratio	82.59%	84.50%	84.17%	78.66%	82.54%
% CL to Total Loans & Advances	5.35%	4.69%	4.56%	2.93%	3.20%

Balance Sheet Size increased by 8.80 percent compared to 2022 and reached BDT 217,992.82 million reflecting continuous growth of the Bank. Earnings per Share (EPS) is Tk. 2.228 in 2023 which was 2.194 in 2022, reflecting banks continuous constant performance.

Standalone Financial Performance



8,670 Million
Operating Income



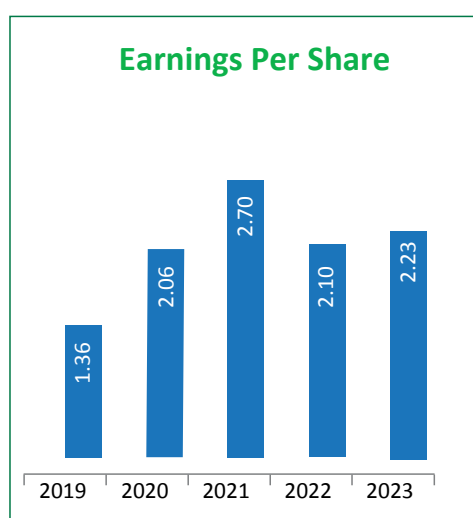
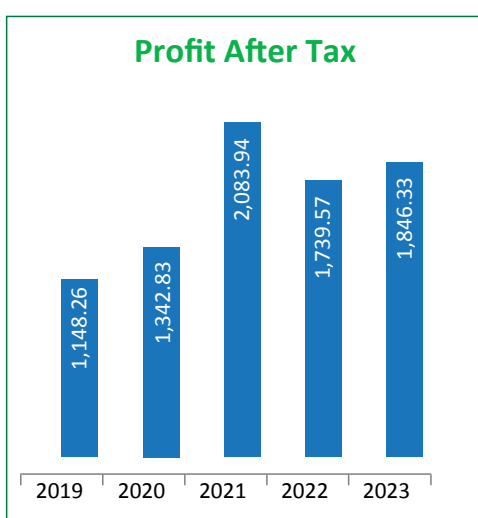
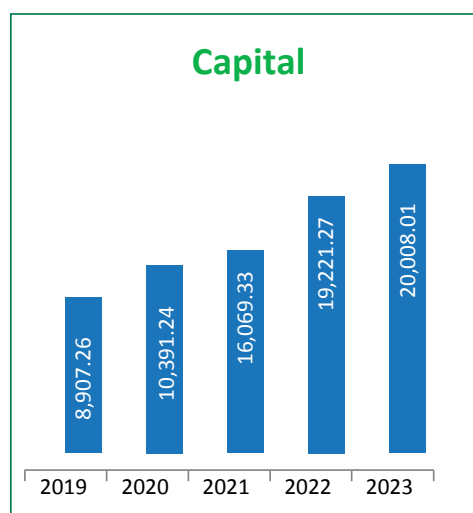
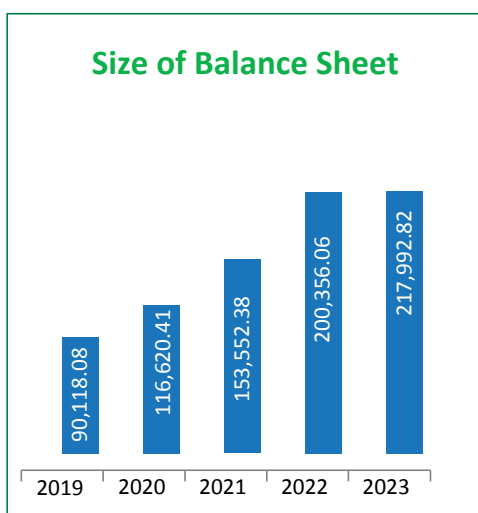
1,846 Million
Profit after Tax



5,105 Million
Operating Expense



2.228
EPS



Banks Capital Adequacy ratio improved a lot in 2023 which is 13.70%, which is well above the regulatory requirements. Credit is growing and maintaining credit Deposit ratio set by the regulator. Non-performing loan (NPL) somewhat increased but still far behind than industry average at 9.0 % in Dec 2023. 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 such as:

- The 161st Board Meeting instructed to recover Tk. 80.83 million from top 20 default borrowers in 2023, which stands 15% in total
- In 178th meeting Management advised to prioritize taking legal actions against defaulters and mortgage property as permissible within the purview of the law.
- In 179th meeting Management advised to form a dedicated NPL recovery squad, including members from the legal division, to actively pursue and recover non-performing loans. Set clear targets and timelines for NPL reduction.

A11.0: Foreign Trade Operation

Recent global trade scenario is driven by rise of protectionism, geo-politics, pandemic, technological advancements particularly ecommerce, logistics and digital technologies and focus on sustainability and social responsibility. During this year, many countries have implemented protectionist policies, including higher tariff and trade barriers to protect their domestic industries and jobs. Geo-political aspects including Brexit, the US-China trade war, war in Ukraine created tension among the nations. Pandemic has left its footprint with significant damage in the economy. Whereas green and sustainable business practices are becoming important to the policy makers and businesses day by day. These factors indeed, disrupted global supply chains, increased uncertainty, and negatively affected global trade. Whereas, digital technologies, AI, block chain reduced business cost, increased efficiency and helped market expansion. Though it has at the same time cybersecurity risks, data privacy concerns and possibility of creation of digital divides. Overall, the FY 2022-23 was turbulent for global trade scenario, some countries passed this turbulence marginally, some countries have been affected severely.

For this global effect, in Bangladesh Export, remittance earnings limp along, the lower-than-expected export and remittance earnings have a direct impact on the foreign exchange reserves, which have fallen to a level enough to bring about an unprecedented cost of living crisis and a drastic fall in the value of the local currency.

NRBC Bank is not exception in foreign trade business in contest of global scenario as well as of domestic economy.

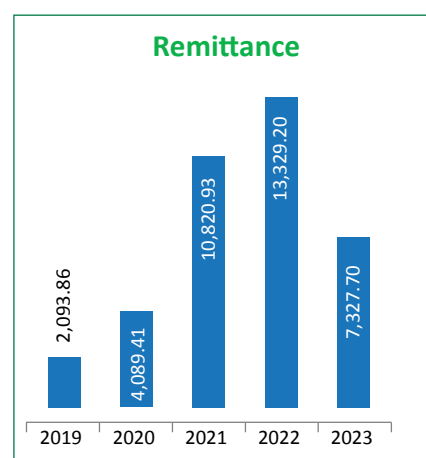
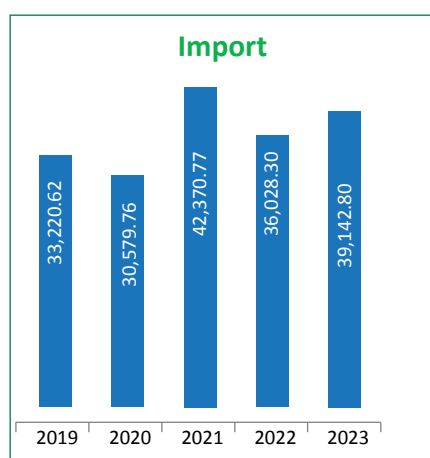
NRBC Bank export finance includes working capital to import, procure raw materials and settlement of export bills. Export financing technique includes Back to Back Letter of Credit, Export time loan, Export Cash Credit Hypo, overdraft, EDF Loan, FDBP, Loan against accepted bills, and IDBP

NRBC Bank Import finance includes Import Pant & Machineries, Raw Material, luxury goods, Trading Goods, Spare & Parts and all permissible item manufacturing trading, service industry and users, and pay Import duty. 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 NRBC Bank and its 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 over the year:

Figure in Million (BDT) unless otherwise Specified

Particulars	2023	2022	2021	2020	2019
Import	39,142.80	36,028.30	42,371.00	30,579.76	33,220.62
Export	31,928.70	33,735.60	30,652.00	28,070.50	29,203.89
Remittance	7,327.70	13,329.20	10,821.00	4,089.41	2,093.86
RMA	182	182	171	175	170
NOSTRO-Account	24	24	21	13	12
Foreign Remittance Sub-Agencies	8	9	9	7	4



B1.0: Maintenance of Required [Section 184(1b) of the act]

Like as previous year, NRBC Bank is consistently transfer 20% of Pretax Profit to Statutory Reserve in pursuant to Section 24 of the Bank Companies Act 1991 (as amended 2023) in view to cumulative balance of statutory reserve reaches at the equal level of Paid up Capital of the Bank. Statutory reserve exceeded Tk. 3,500 million landmarks this year which is more 80% of initial sponsored paid up capital of Tk. 4,446.06 million and 43.09% of Paid up Capital in compliance with of the proviso of the act.

According to proviso of the act, Bank is required to transfer to Statutory Reserve on basis of after tax profit but before distribution of dividend or any transfer to govt., in case of state owned Bank. If so effect the matter, Bank is required to transfer Tk. 369.27 Million instead of Tk.505.67 Million. Though maintenance of higher side Statutory Reserve contributed to Tier-1 Capital, but reduced to divisible profit to the shareholder.

Following table shows that the last 5-year statutory reserve position which is remarkable for the bank:

Figure in Million (BDT) unless otherwise Specified					
Movement of Statutory Reserve	2023	2022	2021	2020	2019
Beginning Balance	3,065.01	2,467.27	1,866.79	1,458.84	1,050.34
Transfer during the period from pre-tax profit	505.67	597.74	600.48	407.95	408.5
Closing Balance of Statutory Reserve	3,570.68	3,065.01	2,467.27	1,866.79	1,458.84
% of Change over previous year Contribution	16.50%	24.23%	32.16%	27.96%	38.89%

No other reserve was maintained/proposed by Board of Directors during the year under consideration except Tk.55.22 million as revaluation reserve which is required to maintained as per DOS Circular letter No 27 dated 04 December 2023.

In 2023, Statutory Reserve contributed 27.80% in the admissible tier 1- capital under regulatory capital of BASEL accord which helped to business exposure for large conglomerate client.

B2.0: Recommendation of dividend [Section 184 (1c) of the act]

The Board of NRBC Bank maintained a good tract for dividend to the shareholders after listing and bank is entered into 4th year after listing in the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) i.e. after Trading of share on March 22, 2021.

NRBC Bank has to comply two regulatory law/Circulars for recommendation of Dividend as listed company with Stock exchanges in Bangladesh.

- i. **Proposition of National Board of Revenue (NBR) Directive for Dividend:** Section 22 and 23 of Income Tax Act, 2023, “30% dividend out of retained profit with equal proportion of Cash & Stock Dividend must be maintained to avoid additional 10% tax”

Net Profit after Tax [Lakh Taka]	Minimum 30% dividend out of current profit [Lakh Taka]	Cash & Stock Ratio to be 50% to avoid additional 10% tax	
		50% Cash Dividend	50% Stock Dividend
18,463.33	5,538.99	2,769.49	2,769.49

- i. **Bangladesh Bank Directive:** Dividend Declaration for 2023 on basis Capital Adequacy Ratio (CAR) as per DOS Circular 01 Dated February 07, 2021. **Bank’s Capital Adequacy Ratio (CAR) stood 13.70% for the year 2023 and falls under Serial no. Ka(2)**

SL No	Capital to Risk Weighted Assets Ratio (CRAR)	Dividend	Cash Dividend (Max)	Stock Dividend
Ka(2)	If CRAR 13.5% to 15% [Without provision deferral] *	25%	12.5%	12.5%

Bank got approval for declaration of dividend from Bangladesh Bank on basis of above mentioned proposition vide their letter # DOS (CAMS)/1157/41(Dividend)/2024-1783 dated April 29, 2024.

The Audit committee and the Board of Directors reviewed/figure out the dividend proposition of National Board of Revenue (NBR) and central Bank as well as consent of Bangladesh Bank for declaration of dividend:

SL	Particulars	Taka [Crore]
1	Retained surplus as of December 31, 2023	226.80
2	Less : Deferred tax that inflated Profit for which Dividend not Distributed	(134.78)
3	Divisible Profit for dividend fund	92.02

Hence, considering the interest of general investors and track 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:

Figure in million(BDT) unless otherwise specified

Form of Dividend	2022		2021		2020		2019		2018	
	Rate	Taka	Rate	Taka	Rate	Taka	Rate	Taka	Rate	Taka
Cash	7.50%	356.83	7.50%	553.23	7.5%	351.26	9%	513.98	-	-
Stock	4.50%	594.72	7.50%	553.23	5.00%	526.89	2%	114.21	11%	565.95

The Audit committee in its 51st meeting held on April 30, 2024 and, subsequently, the Board of Directors, in its 183rd meeting held on that day discussed above proposition of the regulatory bodies as well as dividend declaration clearance from Bangladesh Bank, recommended for 11% cash dividend to the shareholders for the Financial Year end December 31, 2023:

Figure in Million(BDT) unless otherwise Specified

Dividend	Form	Amount	Remarks
11.00%	Cash	911.51	Declared dividend is 99.06% of retained profit available for dividend
Total		911.51	

Among last 7 (Seven) Years, The Board of Directors only declared Cash Dividend@11% for the year 2023 to build up confidence of general shareholders apart from mixing of dividend.

B3.0: Material changes before issue of Directors’ Report [Section 184 (1d) of the act]

No material change 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 183rd Board Meeting held on April 30, 2024 for recommendation of Dividend @ 11% cash dividend for the year 2023 which is expected to be approved in the 11th Annual General Meeting (AGM) of the Bank.

B4.0: Material Change of the state of company's affairs [Section 184 (2) of the act]

a. Change in Company's Business Nature [Section 184 (2a) of the Act]:

No Other Change in NRBC Bank Banking Business nature except mentioned below two Para. The Board of Directors intent expand and diversify the business by exploiting the opportunity:

▪ Change the registered Name of the Bank to "NRBC Bank PLC." from "NRB Commercial Bank Limited"

After adaption of Special resolution of in the 10th Annual General Meeting (AGM) held on June 19, 2020 regarding Name of the Bank to "NRBC Bank PLC." from "NRB Commercial Bank Limited" in line with directive of Bangladesh Bank vide BRPD Circular No. 04 Dated February 22, 2023 wherein directed to align with Sec-11A of The Companies Act 1994 (2nd Amendment 2020), Bank applied to Bangladesh Bank to effect name change that confirm by shareholders.

Bangladesh Bank issued vide BRPD Circular No.40 dated 17.09.2023 and Bangladesh Bank Gazette no. BRPD(LS-1)/745(60)/2023-7719 dated 17.09.2023 regarding change of the name of the Bank from "NRB Commercial Bank Limited" (এনআরবিসি কমার্শিয়াল ব্যাংক লিমিটেড) to "NRBC Bank PLC." (এনআরবিসি ব্যাংক পাব্লিক লিমিটেড)।

The Board of Director in its 171st Meeting of the Bank held on September 26, 2023 expressed satisfaction regarding change of Bank Name as adopted in the 10th AGM. Bank already completed all formalities regarding name Change "NRBC Bank PLC." from "NRB Commercial Bank Limited"

▪ Assets Management Company(AMC):

NRBC Bank Asset Management Limited (NRBCAML) is yet to start its full scale business operation only soft operation as Asset Manager on October 16, 2022 and Bank got "Letter of Intent" November 6, 2023 which perquisite of getting Asset Manager Licenses.

The Board of Directors in its 175th Meeting of the Bank held on November 29, 2023, reconstitute the Board of NRBC Bank Asset Management Limited (NRBCAML) by including an independent Director as well as ensure compliance with regulations, underscore the importance of adhering to the rules specified in "বিধি ২৭(১)(চ) of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন)মিউচুয়াল ফান্ড (বিধিমালা, ২০০১"

Bank aspect that full scale operation will start within July 24 by compliance of Directive BSEC/Reg./AMC-314/2023/504 dated November 6, 2023 which will cutter the portfolio business by pooling of funds from various individual's Institutional investors and investing various securities that match with declared financial objective of the Bank.

b. Change in the company's subsidiaries or in the nature of the business [Section 184 (2b) of the Act]:

NRBCAML: The Company is yet to start its business only soft operation for getting Asset Manager Licenses as mentioned preceding para, Hence, no change in nature of business.

NRBCBSL: Subsidiary NRBC Bank Securities Ltd did not Changes its nature of Business except application for Digital Banking license under inspiration of Parent NRBC Bank PLC.

UPAY Digital Bank PLC: According to decision of Parent Company's Board of Directors in its 168th meeting held on July 24, 2023 and 169th meeting held on August 14, 2023 decided subsidiary company 'NRBC Bank Securities Limited' to become a corporate sponsor or **to invest Tk. 12,50,00,000.00 (Tk. Twelve Crore Fifty Lac Only) which is 10% of total paid-up capital for proposed digital bank "UPAY Digital Bank PLC." subject to approval of Bangladesh Bank and other regulatory authorities.** by ratified the matter before the Board of NRBC Bank Securities Limited and application is under consideration of Bangladesh Bank.

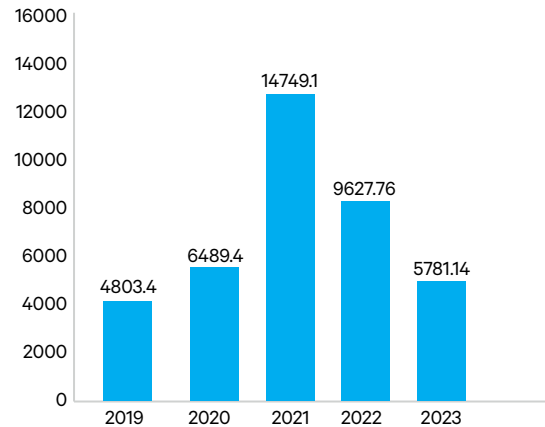
8th Annual General Meeting (AGM) of NRBC Bank Securities limited will hold on June 05, 2024 Wednesday at 3.00 P.M [BST] Physically & Virtually by using Digital Platform and Board of Directors' posted expressed financial highlight in the Director Directors' Report:

Name of the company	NRBC Bank Securities Limited
Address of the registered office	Hadi Mansion (3rd Floor, South Side) 2, Dilkusha C/A, Dhaka-1000 Bangladesh
Phone Number	(+880-2) 57 16 52 53-54
E-mail	info@nrbcbanksecurities.com
Web	https://www.nrbcbanksecurities.com/home/nrb
Date of Incorporation	20 th September, 2015
Registration No.	C-125904/2015
Authorized Capital	1,000,000,000 (100,000,000 shares of tk.10 each)
Paid-up Capital	460,000,000 (46,000,000 shares of tk.10 each)

Capital Market Overview:

The country's capital market underwent notable fluctuations in the year 2023, mainly due to various challenges, such as high inflation, exchange rate pressures, and economic uncertainties at home and abroad. Throughout the year, the range-bound capital market faced challenges, as the Dhaka Stock Exchange (DSEX) saw sideways movement, ranging between 200 points. With a turnover of 5,781.15 mn on average, the market has experienced a negative growth by 39.80% compared to 2022 and the market Capitalization only went up 2.6% to BDT 7,808.5 billion from the preceding year. Thus the year 2023 was a completeness for the shock and a year of disappointment for the stock market as the average turnover and foreign investment reached rock bottom, which was never encountered by investors at such a bad time after the collapse in 2010. The continuation of floor price method has been detrimental to market liquidity and money flow since around 60% of the entire market capitalization was locked at the floor price during the year, which is mostly illiquid and lifted by the regulators the floor price curbs on most stocks after 18 months in January 2024.

DAILY AVG TURNOVER (mn)



Some key financial highlights of the Capital Market in the year 2023

- This year the DSE's average daily turnover fell by 39.83 per cent to Tk 578 crore. It was Tk 960 crore in the previous year.
- DSE benchmark index declined by 1.5% to 6,245 points from June to December 2023
- Market capitalisation to GDP ratio declined to 17.59 per cent in the outgoing year, down from 19.14 per cent in 2022.
- The overall price earnings (P/E) ratio rose to 15.77 at the end of 2023
- The Firms reported poor earnings in the FY 2023 due to lower demand and margin pressures. Rising oil price and currency devaluation played a major role in pressure on merging

NRBCSL Business highlights:

Total asset size increased by 9.67% in 2023 compared to 2022 and reached Tk. 2,985 million. Country's stock market fluctuations affected the business of NRBCSL. Total operating income declined by 35.27% compared to 2022 and reached Tk. 268 million and operating profit declined by 46.80% compared to 2022 and reached Tk. 172 million. Therefore, Earnings Per Share (EPS) dropped to Tk.3.06 for the year 2023 from Tk.4.21 in previous year.

NRBCSL Financial Performance



2,985 Million
Total Asset



140 Million
Profit after Tax



172 Million
Operating Profit



3.06
EPS

NRBCSL Dividend Declaration and approval:

Considering the Financial Strength and Future Prospect as well as capital Market Opportunity, the Board of Directors on its 39th meeting on April 22, 2024 recommended No Dividend for the year ended December 31, 2023 that waiting for approved by shareholders in the 8th AGM of the company will hold on June 05, 2024

C. Change in Classes of Bank's Business [Section 184 (2c) of the Act]:

Like as 2022, no material changes for appreciation of the state of the company's affairs except scale of operation i.e. 03 (Three) new Branches and 04 (Four) sub branch across the country by due approval of the Board of Director during the financial year 2023.

C1.0: Information and Explanation contained in the Auditor's Report [Section 184 (3) of the Act]

According to convention of finalize of Audited Financial Statement for the year ended December 31, 2023, A tripartite meeting was being held among Auditors MABS & J Partners Chartered Accountants, Inspection team of Bangladesh Bank with the management of the Bank on April 03, 2024, In that meeting, a threadbare discussion was held for assets quality, adequate provision, fair presentation of audited financial statement and internal Control system.

Outcome of tripartite meeting as well as directive of Department of Banking Inspection team-3 of Bangladesh Bank, audited Financial statements has been finalized by adopting recommendation thereon by Statutory Auditor MABS & J Partners Chartered Accountants for the year ended December 31, 2023.

After that Statutory Auditor MABS & J Partners, Chartered Accountants expressed their opinion amongst basic Information and Explanation contained in the **Auditor's Report:**

SL	Point of Auditor's Report	Opinion amongst basic Information and Explanation
1	Opinion	Unmodified/Unqualified Opinion having a true and fair view of the consolidated financial statements of the Group and separate financial statements of the Bank (the "financial statements") as at 31 December 2023
2	Basis for Opinion	Auditor obtained sufficient and appropriate audit evidence to express of opinion of the Consolidated and Separate Financial Statements after conducting audit in accordance with International Standards on Auditing (ISAs)
3	Key Audit Matters	<p>Measurement of provision for Loans and Advances: At the year end of 2023 the Group reported total gross loans and advances/investments of BDT 146.52 billion (2022: BDT 136.52 billion) and in 2023 the Bank reported total gross loans and advances/investments of BDT 145.08 billion (2022: BDT 136.17 billion) and Bank as group kept adequate provision against loans and advances/investments of BDT 1,059 million (2022: BDT 871 million) and solo basis kept provision for loans and advances/investments of BDT 1,056 million (2022: BDT 874 million) i.e. no shortfall provision thereon.</p> <p>Recognition of interest income/Profit: Auditor tested the operating effectiveness on automated control in place to measure and recognize interest income and the then applied substantive procedure to check whether interest income is recognized completely and accurately.</p> <p>Valuation of Treasury Bill and Treasury Bond: Auditor obtained and tested the valuation models and the operating effectiveness of the key controls over the financial instrument valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.</p> <p>Impairment assessment of unquoted investments: In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds by considering direct or indirect unobservable market data as well as adopting investments valuation model by comparing results to the recorded value.</p> <p>Measurement of Deferred Tax Assets: The Bank reported net deferred tax assets to a total of BDT 1,435 million (2022: BDT 990.37 million) as of 31 December 2023 that appropriately disclosed as per IAS 12 Income Tax.</p> <p>Legal and Regulatory matters: Auditor obtained an understanding on legal and regulatory matters relating to the Group and the Bank and tested the operational effectiveness of the Group's key controls over the legal provision and contingencies process as well as assess the appropriateness of disclosure given for provisions and contingent liability.</p> <p>IT Systems and Controls: Auditor tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. Auditor also Tests of IT General Controls to evaluate the Application Development and Database, Hosting Platforms, and segregation of incompatible duties relevant to application and database change management.</p>
4	Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls	Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 and comply with the Bank Companies Act, 1991 (as amended up to date), the Companies Act, 1994, the Rules and Regulations issued by the Bangladesh Bank, the Rules and Regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable Laws and Regulations.
5	Report on other Legal and Regulatory Requirements	Auditor expressed that that obtained all the information and explanations required by them have been received and found satisfactory that supported by Internal control and risk management process of the Group as disclosed in the financial statements appeared to be materially adequate
6	Engagement/Responsible Partner	Nasir U Ahmed FCA, FCS, CGMA, ACMA (UK), FCA (England & Wales) Deputy Managing Partner ICAB Enrollment No: 535
7	Document Verification Certificate (DVC) No	2404300535AS770304

The Audit Committee of Board in its 52nd Meeting has reviewed the Auditors' Opinion as well as Key Audit Matters mentioned in the Auditors' report along with audited financial statement and, henceforth, forward for dividend declaration as Board think fit for shareholders in 183rd Board meeting held on April 30, 2024

D1.0: 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 also presented in the Annexure (J) of Audited Financial Statements.

D2.0: Utilization of proceeds raised through public issues

Bank received the proceeds of Initial Public Offering (IPO) amounting to Tk. 1,200 Million on April 29, 2021 followed on subscription from February 03, 2021 to February 09, 2021 and utilized the proceed by Bank within 3 (three) month as mentioned in the prospectus which duly report in the 9th and 10th Annual Report.

D3.0: Financial Condition of the Bank after Initial Public Offering (IPO)

Bank utilized the Initial Public Offering (IPO) proceed amounting to Tk. 1,200 Million from April 29, 2021 to July 31, 2021 mainly 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.

Analysis of Financial condition after Two year later utilization of IPO Proceed from period of 2021:

Figure in Million otherwise specified

Particulars	2023	2022	2021	Increase/(Decrease) over IPO proceed utilization period of 2021
Investment in T-Bond/Bill, Listed Share, Sukuk & Other Bond	46,020.10	36,996.56	28,541.08	61.24%
Loan and Advances/Investment	145,086.65	136,174.05	104,898.31	38.31%
Deposit Mobilization	175,669.92	161,149.65	124,626.35	40.96%
Stockholder Equity	14,180.44	12,935.32	11,808.62	20.09%
Balance Sheet Size	217,992.81	200,356.06	153,552.38	41.97%
Net Asset Value (NAV) Per Share in BDT*	17.11	15.61	14.25	2.86
Net profit after taxation	1,846.33	1,739.57	2,083.94	-11.40%
Earnings Per Share (EPS) in BDT *	2.23	2.10	2.51	(0.28)

* Restated [After considering 4.5% Stock Dividend approved in the 10th AGM]

On basis of above data, Major financial indicators in the 2nd year after IPO proceeds utilization were growing trend.

D4.0: Quarterly Performance study and any variance thereof

The Board of the Directors evaluates the quarterly reports every year. The Management prepares the financials and submits to the Board for approval. The Board examines the financials with due diligence in order to ensure the financial statements are fairly stated. Thereafter, the Board approves the financials with recommendation in various aspects such as reducing non-performing loan, increase of profitability and other key issues for improvement of financial performance.

Net Interest income decreased from the 2nd Quarter and overall decrease in 2023 was 16% over the previous year 2022, which was mainly due to increase in interest rate and affected the operating profit. The capital market was a tough ride due to economic challenges resulting from global adversities such as the escalating Russia-Ukraine war and worldwide recessionary forecasts, and therefore, 2nd Quarter contributed negative return.

Figure in Million (BDT) unless otherwise Specified

Particulars	Q1, 2023	Q2, 2023	Q3, 2023	Q4, 2023	*QA, 2023	Annual, 2023
Net Interest Income	1,086.81	953.32	983.35	745.44	942.23	3,768.92
Non-Interest Income	913.74	1,218.15	1,087.65	1,682.45	1,225.50	4,901.99
Operating Income	2,000.55	2,171.46	2,071.00	2,427.90	2,167.73	8,670.91
Operating Expenses	1,196.51	1,398.86	1,119.67	1,390.40	1,276.36	5,105.44
Operating Profit	804.04	772.60	951.33	1,037.50	891.37	3,565.47
Provisions	(411.45)	1,407.07	647.87	(606.37)	259.28	1,037.13
Tax Effect	420.26	(213.68)	(161.81)	637.24	170.50	682.01
Net profit	795.23	(420.78)	465.27	1,006.62	461.58	1,846.33
*QA = Quarterly Average						

D5.0: Remuneration of directors

Like as previous years, The Bank does not pay any remuneration for the year 2023 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 ex. officio of the Bank and entitled to get salaries and allowances as per approval of the Board and Bangladesh Bank. But Bangladesh Bank recently issued BRPD Circular No-2/2024 all directors will get Tk. 10,000 excluding VAT and Independent Director will Tk. 50,000 as monthly remuneration with effect from February 2024.

D6.0: Fair Presentation of the financial statements by the management

The Management of NRBC bank 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. Furthermore, MABS & J Partners Chartered Accountants is the statutory auditor of the Bank also mentioned responsibility of the management under segment **“Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls”** wherein cited that auditee prepared the consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 and comply with the Banking Companies Act, 1991 (as amended up to date), the Companies Act, 1994, the Rules and Regulations issued by the Bangladesh Bank, the Rules and Regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable Laws and Regulations and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Regarding fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank, Tri-party meeting was held on April 03, 2024 among Bangladesh Bank, Statutory Auditors and Bank Management adopting any recommendation that would be error free i.e. fair presentation to the users. There upon Department of Banking Inspection-3 issued a directive Vide letter # DBI-3/44 (2) 2024-634; dated 28/04/2024 to finalized the Audited Financial Statements for the year ended December 31, 2023.

There upon the external auditors MABS & J Partners Chartered Accountants has also provided their opinion on the same by issuing an unqualified audit report which that the said consolidated financial statements prepared by the Management as at and for the year ended on December 31, 2023 have been presented fairly, in all material respect, its state of affairs, the results of its operations, cash flows and changes in equity.



True and Fair View

- Financial statements have been prepared in accordance with IFRS adopted by FRC
- We have prepared the financial statements on a going concern basis



Maintenance of Proper Books of Account

- We have maintained proper books of accounts.
- The bank also complied with the laws and regulations of the various relevant governing bodies of Bangladesh



Accounting Policies and Estimates

- Appropriate accounting policies have been used and applied consistently
- Ensured compliance with Applicable IASs & IFRSs

D7.0: 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 different application software for proper recording of all transactions in compliance with the Companies Act, 1994 and Bank Companies Act, 1991(As amendment 2023). The external auditors MABS & J Partners Chartered Accountants has provided their remarks in the SL No. iii Auditor’s Report Segment “Report on other Legal and Regulatory Requirements”

D8.0: Consistent application of appropriate accounting policies as well as accounting estimates

NRBC Bank consistently apply accounting policies i.e., specific principles, basis, conventions, rules and practices in preparing and presenting financial statements in order to comparability between financial statements of different accounting periods.

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 In the Audited Financial Statement.

D9.0: Follow up of IAS & IFRS in preparation of financial statements

The financial statements of the Bank as at and for the year ended 31 December 2023 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 2023), 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 (xvii) in the financial statements.

D10.0: 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 it 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.

Detail of functional activities of ICC in the department Report segment.

D11.0: 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 Bank has two subsidiary M/s. NRBC Bank Securities Limited (NRBCSL) and NRBC Bank Management Limited (NRBCAML). Bank hold 99.99% shareholding of the both subsidiary and minority shareholding's interest duly protected in line with statutory remedy in section 233 of the Companies Act, 1994 of Bangladesh.

D12.0: 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 assessed 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. In assessing the going concern status, the Board has also considered the current statement of financial position, the profit & loss statement, business portfolio, operational strengths, long-term strategy of the business and regulatory capital and liquidity plans and plans for future capital mobilization. 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.

The issue of going concern is also reported in the audited financial statement in the Note # 2 and also auditor MABS & J Partners Chartered Accountants assessed the going concern ability mentioned in their auditor's responsibility of the Auditor's Report issued by them.

D13.0: Explanation of Cash dividend recommended by Board

The Board of Directors of NRBC Bank recommended for 11% Cash dividend for the year 2023 in its 183rd meeting held on April 30, 2024 and such dividend will be entitled on the shareholding at record date on May 21, 2024.

Bangladesh's stock market has been going through a bear run for the last three months' despite petering out of election-linked uncertainty, signaling that the worries about the macroeconomic challenges are far from over the falling trend comes after the regulator lifted the floor price, handing investors the long-awaited freedom to sell shares at their will, a liberty they could not enjoy for the 18 months to January this year owing to the artificial measure and therefore, stock bourse are falling trend till dividend declaration date on April 30, 2024.

There upon building confidence of General Shareholder as well as capital Market of Bangladesh, The Board of Directors of NRBC Bank recommended only cash dividend though Bangladesh Bank enforced tightening dividend policy for banks in view to intensify the capital structure in the Banking Sector vide # DOS Circular 01 Dated February 07, 2021 i.e. to improve the Capital

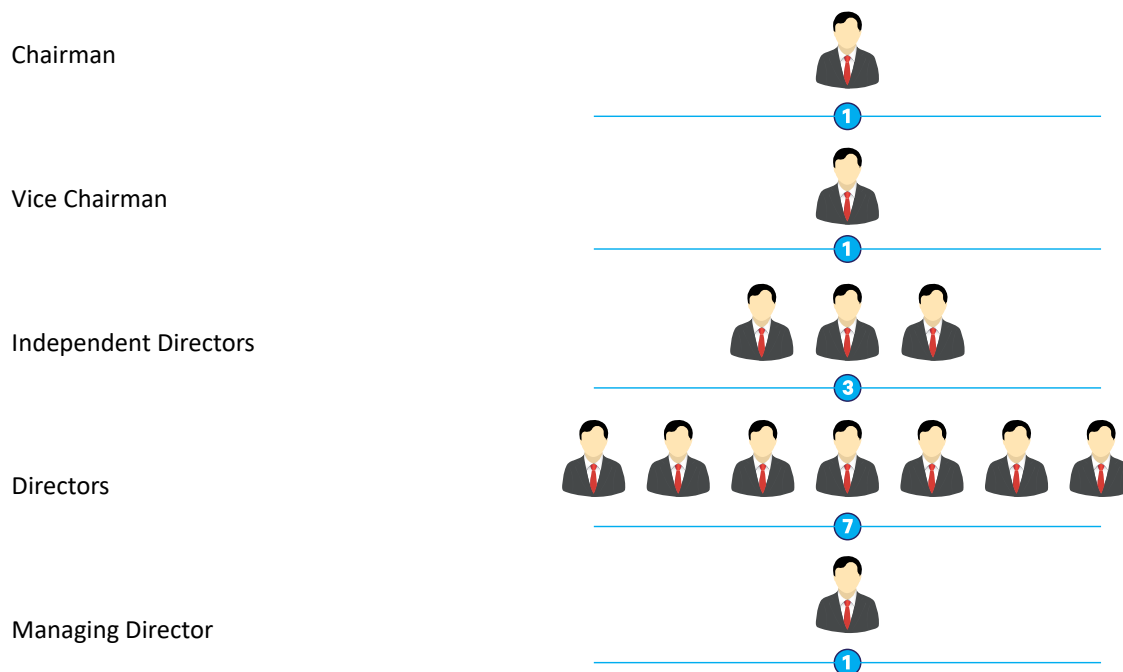
to Risk Weighted Assets Ratio (CRAR) of the Bank.

D14.0: 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 21 Board Meetings which were held during the year 2023 before Unaudited Financial Statements were placed before Board by the Management. The Board of Directors also affirmed that Company i.e. NRBC Bank has no intention to declare any interim dividend in form of Bonus or Stock Dividend in 2024.

D15.0: Board of Directors and History Annual General Meeting (AGM)

During the Year 2023, the Board comprises Twelve (12) Directors. The Board comprises eminent personalities from diverse fields and experience, with the necessary qualification, skill sets, track record, integrity, and expertise as required under the applicable statutory provisions. The Board’s composition as at December 31, 2023 is presented below:



General Body Meetings (AGM)

The details of General Body Meetings held in the last three years are given below:

General Body Meeting	Day, Date	Time	Venue
Eighth Annual General Meeting	June 26, 2021	12:00 p.m.	Meeting held through Video Conferencing/ Other Audio Visual Means
Ninth Annual General Meeting	June 02, 2022	11:00 p.m.	Meeting held through Video Conferencing/ Other Audio Visual Means
Tenth Annual General Meeting	June 19, 2023	12:00 p.m.	Meeting held through Video Conferencing/ Other Audio Visual Means

D16.0: Board meetings and Members’ attendance thereof

During the year 2023, the Board of Directors was comprised 12 Members excluding the MD & CEO who is the ex-officio member of the Board. In the 10th Annual General Meeting of NRBC Bank PLC. held on 19 June 2023, 03 Members [Mr. S M Parvez Tamal, Mr. Rafikul Islam Mia Arzoo and Mr. A K M Mostafizur Rahman] of the Board retired by rotation and re-elected by Shareholders. In the immediate succeeding 167th Board meeting of the Bank held on 25 June 2023 after holding of the AGM, the Board of Directors unanimously re-elected Mr. S M Parvez Tamal as Chairman and Mr. Rafikul Islam Mia Arzoo as Vice Chairman of the Board of Directors.

Mr. Abu Bakr Chowdhury, a Sponsor of the Bank, was nominated by Board of Directors in the 166th Board Meeting held on June 14, 2023 was also elected by the Shareholders in the 10th AGM. Bank’s reelection of Mr. S M Parvez Tamal, Mr. Rafikul Islam Mia Arzoo, and election of Mr. Abu Bakr Chowdhury had been approved by the Bangladesh Bank vide letter dated June 06, 2023. However, re-election of Mr. A K M Mostafizur Rahman as a Director in the 10th AGM was later approved by Bangladesh Bank vide letter dated September 09, 2023.

Meanwhile, among the 12 Members of the Board, the tenure of 03 Independent Directors [Air Chief Marshal Abu Esrar, BBP, ndc, (Rtd.), Bir Muktijoddha Dr. Khan Mohammad Abdul Mannan and Dr. Raad Mozib Lalon] were extended by one additional tenure of 03 years from the date of expiration of their present tenure with Board resolution adopted in the 167th Board meeting 2023 subject to obtaining clearance from Bangladesh Securities and Exchange Commission, approval of Bangladesh Bank and by the shareholders in the next Annual General Meeting. Accordingly, BSEC clearance was obtained and Bangladesh Bank accorded its approval. Their appointment shall be placed before the 11th Annual General Meeting for approval as per compliance requirements.

The Board of Directors holds its meetings on regular basis once or twice in a month thereby complying with the directives outlined in the regulations of Bangladesh Bank. However, emergency meetings are called as and when required. During the period of January 1, 2023 to December 31, 2023, a total of 21 Board meetings were held. The attendance records of the meetings are as under:

Members Attendance in the Meetings of the Board of Directors During 2023

SL	Name of the Members	Status in the Board	Number of Meetings Attended / Total Numbers of Meeting
01	Mr. S M Parvez Tamal	Chairman	21/21
02	Mr. Rafikul Islam Mia Arzoo	Vice Chairman	19/21
03	Mr. Mohammed Adnan Imam, FCCA	Director	21/21
04	Air Chief Marshal Abu Esrar (Retd.)	Independent Director	21/21
05	Mr. A K M Mostafizur Rahman	Director	17/17
06	Mr. Mohammed Oliur Rahman	Director	20/21
07	Mr. Abu Bakr Chowdhury	Director	05/11
08	Mr. Loquit Ullah	Director	21/21
09	Mr. Mohammed Nazim	Director	18/21
10	Mr. A M Saidur Rahman	Director	21/21
11	Bir Muktijoddha Dr. Khan Mohammad Abdul Mannan	Independent Director	21/21
12	Professor Dr. Raad Mozib Lalon	Independent Director	21/21

Mr. Golam Awlia, Managing Director & CEO attended in the meetings as Ex-Officio of the Bank. Furthermore, The Board of Directors in its 183rd meeting confirm the end of service contract of Mr. Golam Awlia, Managing Director & CEO of NRBC Bank PLC with effect from May 02, 2024.

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

D17.0: The Pattern of shareholding and disclosure thereof

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

Bank has neither any parent/Associated yet to exist, nor its Subsidiary companies NRBC Bank Securities limited and NRBC Bank Asset Management limited hold any share of the Bank i.e., all shares hold by Sponsors/Promoters and Shareholders.

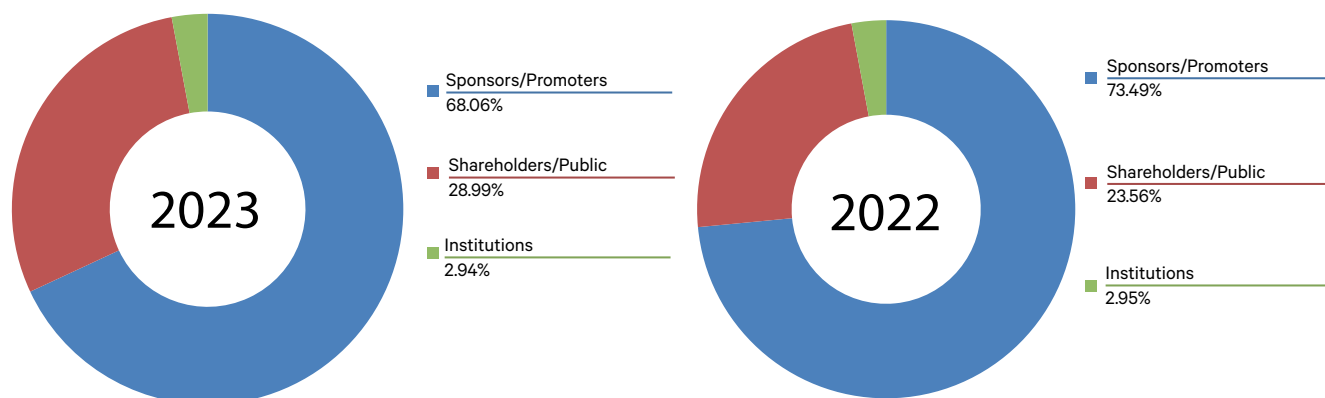
b) The Shareholding Pattern:

NRBC Bank entered into 4th year of trading after first trading on March 22, 2021. Below is the Shareholding Pattern of the Sponsors/ Shareholders for the year ended December 31, 2023:

Share Holding Range	Number of Shareholders	No. of Shares	Ownership (%)
000000001-0000010000	16,365	23,698,019	2.86%
0000010001-0000020000	924	12,343,319	1.49%
0000020001-0000030000	368	8,858,794	1.07%
0000030001-0000040000	211	7,301,136	0.88%
0000040001-0000050000	116	5,201,112	0.63%
0000050001-0000060000	99	5,382,220	0.65%
0000060001-0000070000	41	2,671,077	0.32%
0000070001-0000080000	46	3,456,247	0.42%
0000080001-0000090000	25	2,147,609	0.26%
0000090001-1000000000	254	757,589,999	91.43%
Total :	18,449	828,649,532	100%

c) Ownership Composition for the year ended December 31, 2023:

4.5% stock dividend approved in the 10th AGM held June 19, 2023 resulting composition of share change. Shareholdings of Sponsors/Directors' stood 68.06% and remaining share hold by Public/Shareholder is 28.99% and Institutions is 2.94% as of December 31, 2023. A comparative analysis of shareholding position as of 31st December 2023 and 31st December 2022 is as follows:



Particulars	Shareholding as of 31.12.2023		Shareholding as of 31.12.2022	
	In Number	In Percentage	In Number	In Percentage
Sponsors/Promoters	563,982,688	68.06%	582,758,113	73.49%
Shareholders/Public	240,265,203	28.99%	186,852,040	23.56%
Institutions	24,401,641	2.94%	23,355,907	2.95%
Total	828,649,532	100.00%	792,966,060	100.00%

d) Shareholding structure of directors is as follows as of December 31, 2023 as well as on record date April 21, 2023:

The Board of Directors and Sponsors hold 31.76% and 36.3% outstanding share respectively which is above of BSEC Directive No. SEC/CMRRCD/2009-193/119/Admin/112 dated November 22, 2011:

SL	Name of the Directors	Status	Shareholding	Holding %
1	Mr. S M Parvez Tamal	Chairman	38,998,739	4.71%
2	Mr. Rafikul Islam Mia Arzoo	Vice Chairman	35,933,169	4.34%
3	Mr. Mohammed Adnan Imam, FCCA	Director	19,384,782	2.34%
4	Mr. A K M Mostafizur Rahman	Director	23,351,773	2.82%
5	Mr. Mohammed Oliur Rahman	Director	29,064,191	3.51%
6	Mr. Abu Bakr Chowdhury	Director	31,734,149	3.83%
7	Mr. Loquit Ullah	Director	31,454,357	3.80%
8	Mr. Mohammed Nazim	Director	31,524,405	3.80%
9	Mr. Abu Mohammad Saidur Rahman	Director	21,667,612	2.61%
10	Air Chief Marshal Abu Esrar, BBP, ndc (Retd.)	Independent Director	-	
11	Bir Muktijoddha Dr. Khan Mohammad Abdul Mannan	Independent Director	-	
12	Professor Dr. Raad Mozib Lalon	Independent Director	-	

Aforesaid directors except independent directors hold above of 2% and below 5% of the paid-up capital as per directive of BSEC.

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

NRBC Bank completed its 4th year Audited Financial Statements after Trading Share inaugurated on March 22, 2021 followed on IPO BSEC's consent letter ref: BSEC/CI/IPO-307/2020/304 dated January 04, 2021. Aforesaid official affirm that including Managing Director & CEO did not hold any Share of NRBC Bank as of December 31, 2023 and on record date.

F1.0: 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 NRBC Bank.

According to Section 15 and 15AA of Banking Act, 1991 (amended 2023) define election process along with tenure for being hold office as Director of Bank. Furthermore, BRPD Circular # 02 dated February 11, 2024 and BRPD Circular letter # 20 dated April 04, 2021 clarify the formation of Board of Directors.

As such, 161st and 183rd Board meeting resolve the process election of Director who will submit expression interest along with comply the signed declaration of eligibility, valid ETIN, latest tax declarations in Bangladesh, FATCA declaration as well as aforesaid clause of Article of Association (AoA) as well as relevant provision of Banking Company act, 1991 (Amended 2023).

G1.0: Appointment of Independent Directors and Their Qualification

Shareholders in the 8th Annual General Meeting (AGM) accord the appointment of 3 (Three) Independent Directors according to the Corporate Governance Code of the Bangladesh Securities and Exchange Commission, Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated: 03 June 2018 and were expired in 2023 in different time.

The Board of Directors in its 167th meeting Board of Directors unanimously decided to re-appoint 03 (three) Independent Directors of the Bank named Air Chief Marshal Abu Esrar, BBP, ndc, (Rtd.), Dr. Khan Mohammad Abdul Mannan and Dr. Raad Mozib Lalon by extension for one additional tenure of 03 (three) years from the date of expiration of their present tenure subject to obtaining clearance from Bangladesh Securities and Exchange Commission and approval of Bangladesh Bank and by the shareholders in the next 11th Annual General Meeting (AGM) of NRBC Bank PLC.

Upon approached by Bank, Bangladesh Bank vide BRPD(BMMA)651/9(61)DA/2023-8557 dated 10 October 2023 accorded approval for reappointment of 03 (Three) Independent Directors named Bir Muktijoddha Dr. Khan Mohammad Abdul Mannan, Dr. Raad Mozib Lalon and Air Chief Marshal Abu Esrar (Retd.) for one additional tenure of 03 (three) years from the date of expiration of their present tenure with regard to their re-election in the 167th Board Meeting of the Bank held on 25 June 2023.

Matter of reappointment of 03 (Three) Independent Directors acknowledged the reappointment in its 172nd Board Meeting held on 10th October 2023

As such appointment of reappointment of 03 (Three) Independent Directors named Bir Muktijoddha Dr. Khan Mohammad Abdul Mannan, Dr. Raad Mozib Lalon and Air Chief Marshal Abu Esrar (Retd.) for one additional tenure of 03 (three) years before shareholder in the 11th Annual General Meeting.

Presently the Board of Director consist 11 (Eleven) 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 appointment and qualification are given in the Report on Corporate Governance-2023.

H1.0: Appointment of Statutory Auditors of the Bank [Section 210 of the act]

Appointment of Statutory Auditor is the 4th Agenda of the motion of 11th Annual General Meeting and appointment of auditor's is disseminated for consideration by Hon'ble shareholders:

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 PLC), Auditor(s) will be appointed in the annual General Meeting (AGM) along with their remuneration and hold office till to next AGM.

Furthermore, according to 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." as well as BRPD Circular letter no 12 dated 11 July 2001 "An auditor firm shall be appointed as auditor in any Bank for not more than successive three years"

MABS & J Partners Chartered Accountants, a member firm of Nexia International, UK was the statutory auditor for the year 2023 of the Bank and completed first year tenor out three years on basis of above two regulatory propositions. But, MABS & J Partners declined for being re-appointment of Statutory Auditor of NRBC Bank vide their letter N-1123/MABS & J (B)/2023-24/5507, dated 23 April 2024 by mentioning DBI Circular No-1 Dated November 28, 2023 wherein a Audit Firm (Chartered Accountants) is being appointed as Statutory Auditor for maximum 6 (Six) of Banks and Non-Bank Financial Institutions in a financial Year.

According to instructed by Audit Committee and Board, Management invited few professional audit firm for expression of interest (EOI) from BSEC panel Auditors' of (Updated as on May 30, 2023) for listed company and Bangladesh Bank published eligible list vide DBI Circular No-1 Dated November 28, 2023 for Auditing of Banks and Financial Institutions and placed before them for review and recommendation.

The Audit Committee of Board of its 53rd meeting held on May 09, 2024 reviewed the eligibility of the proposed auditors whose submitted expression of interest as mentioned previous para as well as international affiliation placed before them. The Committee recommended to select any auditor's out of three placed before them or any other Auditor's from penal list of BSEC and Bangladesh Bank as they deem fit for the year 2024.

By considering proposition of the Audit Committee of Board, The Board of Directors of its 185th meeting held on May 20, 2024 also review eligibility other few Auditors and recent DBI Circular, finally accord Mahamud Sabuj & Co., Chartered Accountants as statutory auditor of the Bank with remuneration of Tk.550,000.00 (excluding VAT) for the next term until 12th AGM of the Bank.

However final approval for appointment of auditor will be confirmed by Bangladesh Bank after 11th AGM confirmation that will

hold on June 13, 2024 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.

I1.0: 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 5th Agenda of the motion of 11th 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.”

M/S Haruner Rashid & Associates, Chartered Secretaries & Management Consultants was appointment as Corporate Governance Compliance Auditor in the 10th AGM for the year 2023 and already submitted their Compliance Corporate Governance with opinion of “Compliance is Very Satisfactory in all respect after conducting due audit process”

For Financial Year of 2024, few practicing Professional and Chartered Accountants firm submitted their expression of interest (EOI) for being appointment as Corporate Governance Compliance Auditor upon invitation of Management.

“ After consider all factors & proposals, the Board of Directors in its 185th meeting held on May 20, 2023 appointed M/S Rejaul Karim & Co, Chartered Accountants as Corporate Governance Compliance Auditors of the Bank for the year 2024 at a remuneration of Tk. Tk.50,000.00 excluding VAT and, such appointment will be confirmed in the 11th AGM.

Govt. Revenue Collection and Contribution of NRBC Bank:

NRBC Bank strictly complied with the relevant provision of The Income Tax Act 2023 and Rules and VAT Act, 2012 and rules 2026. Bank duly deducted Tax & VAT at sources and Excise duty from Depositors complying the prevailing laws. 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:

Khat of Govt. Revenue	2023	2022	2021	2020	2019
Corporate Tax paid by bank & Tax deduction at Source	3,317.3	2,396.37	1,624.36	1,219.15	666.00
VAT	316.85	311.63	289.30	170.90	120.31
Excise Duty	423.75	325.81	239.18	158.34	104.63
Total	4,057.9	3,033.81	2,152.84	1,548.40	890.94

The NRBC Bank has paid/deposited total tax of Tk. 3,317.3 million, Tax deduction at Source of Tk. 1,457.7 million, and corporate tax of Tk. 1,859.6 million in the financial year 2023/Assessment Year 2024-2025. The Bank has paid Tk. 316.85 million as VAT to the government. On the other hand, Excise Duty from depositors and loan account holders was deposited Tk. 423.75 million in 2023 which is 30.06% percent higher than 2022. In total Tk. 4,057.9 million has been deposited/paid to Government Treasury in 2023 which is 33.76 percent higher than 2022.

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**' i.e. May 21, 2024 (Tuesday), would be entitled to receive the cash dividend of the Bank as recommended by Board of its 183rd Meeting held on the April 30, 2024. 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 11th AGM and entitled to receive the dividend from NRBC Bank.

11th Annual General Meeting

11th Annual General Meeting (AGM) of NRBC Bank PLC. will be held on June 13 (Thursday), 2024 at 12.00 noon virtually through the link <https://nrbcbank.bdvirtualagm.com> by using digital platform and at venue: Grace 21 Smart Hotel, Banquet Hall, House-1 & 3, Road-21, Nikunja-2, Dhaka-1229, Bangladesh by using hybrid platform as per Directive of BSEC [Ref. BSEC/CMRRCD/2009-193/08 dated 10 March 2021]. The Directors' Report and Financial Statements for the year ended December 31, 2023 were adopted by Board of Directors in its 185th and 183rd held on May 20, 2024 and April 30, 2024 respectively for approval of the Shareholders in the AGM.

Directors' Responsibility Statement

The Directors confirm:

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed, along with proper explanation relating to material departures;
2. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit of the Bank for that period;
3. that they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Banking Regulation Act, 1991 and the Companies Act, 1994 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
4. that they have prepared the annual accounts on a going concern basis;
5. that they have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and
6. that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Strategic Plans for the Year 2024

The Board urged challenges in Banking sector such as client issues, loan rescheduling, liquidity crisis, inflation, foreign exchange rate fluctuation, the impact of Bangladesh Bank's PCA Framework as mentioned in BRPD circular no. 17, and the state of Non-Performing Loans (NPL). In 2023, NRBC bank was among the tops in terms of deposit collection and for extending credit/ Investment which indicates stable credit, strong deposits, and effective management.

By considering all factors the Board of Directors in its 179th Meeting of held on January 31, 2024 set following target for 2024:

- i. Prioritize the recovery of Non-Performing Loans (NPL) and enhance/maintain the liquidity position by developing a viable plan and implement stringent measures for the recovery process.
- ii. Develop effective strategies to monitor and address challenges in the remittance, foreign exchange and foreign trade transactions.
- iii. Emphasize the disbursement of low-risk Small and Medium-sized Enterprise (SME) loans.
- iv. Work towards elevating the Capital to Risk-weighted Assets Ratio (CRAR) level above 13% this year.
- v. Concentrate on providing more short-term loans, demand loans which will be adjusted within the year and exercise caution in handling corporate loans.
- vi. The Bank must maintain a delicate balance between loans and deposits, ensuring that the Asset-Deposit (AD) ratio aligns with Bangladesh Bank guidelines.

Acknowledgment and Gratitude

NRBC Bank is grateful to the Government of the Peoples Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission and other Regulatory and Development Authority of Bangladesh for their continued co-operation, support guidance and wise counsel. NRBC Bank wishes to thank its investors, the domestic and international banking community, rating agencies, depositories and other stakeholders for their support. NRBC Bank would like to take this opportunity to express sincere thanks to its valued Shareholders and customers for their continued patronage, thank you for placing the highest trust and confidence in us. They are truly at the heart of the organisation, having built it to its current strength. The Directors express their deep sense of appreciation to all the employees whose outstanding professionalism, commitment and initiative have made the organisation's growth and success possible and continue to drive its progress. Together, our success has been defined by touching the lives of millions around the country. Finally, the Directors wish to express their gratitude to the Members for their trust and support.

For and on behalf of the Board



S M Parvez Tamal
Chairman