

# Directors' Report

The Board of Directors (BODs) of NRB Bank Limited is very happy to welcome you in the 10<sup>th</sup> AGM of the bank. The BODs expressing the pleasure of presenting Director's Report, Audited Financial Statements for the year ended on December 31, 2022 together with Auditors' Report to the Shareholders on the occasion of 10<sup>th</sup> AGM of the Bank. An overview of the global and Bangladesh economy during 2022 and outlook for 2023 has been provided as part of humble presentation to our valued shareholders and all other internal & external stakeholders of the bank.

The BODs has reviewed the business and financial performance of the Bank during the year and highlighted all the major drivers behind our performance to give you a genuine insight about the Bank's performance and continuous growth in the competitive industry. A brief overview of the performances of the world and Bangladesh economy during 2022 and outlook for 2023 are also included in this report.

## World Economy

Since the year 2020 the world is facing the uncertain contagious COVID-19 pandemic continued to mess on lives and livelihood and disrupted the global financial stability. However, global economy has regained the adequate speed, partially attributable to vaccination of people and a hard administration of the health-hazard related issues pertinent to the pandemic. After Covid-19, another disaster (Russia & Ukraine war) has come in front of us and the world is suffering drastically.

Both the International Monetary Fund and the World Bank have highlighted a miserable scenario for the global economy for 2023 as uncertainty persists amid the protracting Russia-Ukraine war, the volatility in the international energy market and higher inflation. The world is suffering another economic recession.

Increasing the price of edible & fossil oil, energy and supply chain disruptions have caused in higher and more red-looking inflation than estimated, especially in the USA and other emerging countries and developing nations. All these have created the stress on speedy recovery of economic activities to the full-lengths. Amid this, geopolitical issues and social turmoil is peeping due to existing war happening between Russia and Ukraine which also enhance the risk of smoothly supplying energy, international trade & commerce. Which caused increasing the price of food and other commodities in the world. Climbing commodity prices, extensive financial sanctions and the potential for a ban on energy imports from Russia all these are threatening to disrupt the global economy, weakened by the COVID-19 pandemic, still frightening to regain actual motion. As a result, the world is facing record debt levels, declining investment rates, high inflation and widespread hunger.

Meanwhile, world is facing the most dreadful situations due to Ukraine and Russia war. The world is moving towards the high inflation rate mostly due to mentioned battle and it causes the price hike. Currently, inflation is a burning issue of the world as actual rate is more worse than the reported inflation rate.

Covid-19's longer-term economic impact appears to be on the labour market, mostly as the health hazard impact of the pandemic become clearer. As a result increased workers' bargaining power has caused a shift in the labour market. Increased cost of living is creating the necessary conditions for claiming higher wages and an aging population is reducing the supply of labour. According to world employment and social outlook (WESO), global employment would slow from 6.2% in 2022 to 5.9% in 2023. WESO also predicts that, number of people without jobs around the world is expected to rise by 3 million to 208 million in 2023. Despite a tight labor market, with the monetary tightening, unemployment rates in the US and the EU are expected to be high in 2023.

According to the IMF, global inflation is expected to fall from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024. Moreover, wage acceleration poses a risk to the outlook. Financial markets could

respond adversely to reverse inflation outcomes.

The war in Ukraine has triggered a costly humanitarian crisis that demands a peaceful resolution. At the same time, economic damage from the conflict contributed to a significant slowdown in global growth in 2022 which add to high inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest. According to the IMF Blog (March 10, 2023) global food crisis may continue with higher prices.

The major capital bourses of USA is currently going through a negative trend. As on 8<sup>th</sup> May 2023 the index of Dow Jones stands at 33,674.38, NASDAQ is at 12,235.41, S&P 500 is at 4,136.25 which represents 1.59%, 16.90% & 7.73 YTD growth respectively. On the other hand FTSE -100 index is also representing positive momentum with 4.38% YTD growth. The Broad index of Tokyo Stock Exchange is also providing positive vive with 10.98% YTD growth. In Bangladesh, the broad index DSEX was at 6,195 level at the beginning of the year 2023 and currently stands at around 6,261 index posting 1.07% positive growth.

## A brief overview of Bangladesh economy:

In year 2022, Bangladesh economy has showed its elasticity with rapid implementation of stimulus packages, monetary policy supports and continued fiscal, soaring the hefty remittance inflows, lessening the COVID-19 infection rate, and increasing coverage of vaccination helped country's economy to run in the way of recovery from the COVID-19 impact. As a result, country's economic growth recovered quicker managing 7.2% GDP growth in 2022 from the 6.94% in 2021 largely focused by activities in the agriculture and industry sectors. Bangladesh Bank continued its efforts in line with expansionary monetary policy stance for the year 2023 for supporting investment and

employment generating activities in the recovery process.

Inflationary pressures are forecasted to continue to ease in subsequent quarters in 2023 in developed countries, it is unlikely to happen in developing countries like Bangladesh. This is because soaring the exchange of US dollar, deterioration of foreign currency reserves and delayed pass through of higher food and energy (of which Bangladesh is a net importer) prices to the rising price pressures. The year 2023 would be a hard year if large economies face recession and China finds it very difficult to overcome the current struggle," said Zahid Hussain, a former lead economist at the World Bank's Dhaka office

The current outbreak of inflation in Bangladesh has largely been caused by costs transmitted by disrupted supply chains notwithstanding hoarding by domestic business syndicates. Bangladesh taken the initiatives to lessen the imports of non-essentials products and retain the foreign currency reserves through fiscal austerity.

Inflation in Bangladesh rose to 9.52 per cent in August 2022 but continued to decline thereafter reaching 8.57 per cent in January 2023. Slower economic growth and consequently moderating demand due to higher unemployment helped to cap price rises. The government has already raised fuel prices by more than 50 per cent which will definitely put further pressures on prices.

Meanwhile, Bangladesh has also seen its currency (BDT) weaken against the US dollar and other foreign currency, further adding to the costs of dollar denominated imports including food and fuel. The local currency has already depreciated against the US dollar by 25 per cent over last one year or so in the open market. Country's gross foreign exchange reserves stood at USD 33.75 billion at the end of December 2022 compared to USD 46.15 billion of last year.

The government emphasized on boosting food production to ensure food security amid the Russia-Ukraine war and global food price hike said by finance minister AHM Mustafa Kamal in his budget speech for the fiscal year 2022-2023. He proposed an allocation of Tk 33,698 crore for food, fisheries, and agriculture for the coming fiscal year, which is only 6.2 percent of the total budget. The Govt. subsidies increasing for fertilizer from Tk 12,000 crore (2021-2022) to Tk 16,000 crore.

Bangladesh has come a long way in weaving its inspirational tale of incredible success as one of the fastest-growing economies in the world. Currently the 35th largest economy in the world (World Economic Outlook Database, October 2022 Edition, IMF), by 2030 Bangladesh is expected to become the 24th largest economy globally, according to the National Human Development Report (NHDR), prepared by the Economic Relations Division (ERD) of the government.

Private sector credit remained sluggish with a 13.92% year-on-year growth in November 2022, reflecting slowdown in economic activities amid liquidity shortage and high inflation. The banking sector has been going through a slowdown in credit growth since September, breaking the upward trend of the previous six months because of import restrictions imposed by the Bangladesh Bank to save foreign exchange reserves.

Despite the significant growth of import and export, the BD currency is weakening continuously as import growth is higher compared to export earnings which resulted in higher trade deficit of the country. US dollar is continuously swelling against the BDT of Bangladesh currency. Hence, the buying power of money is lessening day by day.

The concerned authorities namely Bangladesh Securities and Exchange Commission (BSEC) and the Bangladesh Government taken a number of initiatives to boost investors' confidence in the capital market.

On July 28, the Bangladesh Securities and Exchange Commission (BSEC) reimposed floor prices on all shares to contain the free fall of listed securities after the key index dropped below the

6,000-point mark.

Moreover, the central bank of Bangladesh undertook several policy measures under the stimulus package which helped in swelling liquidity in the market, rebuilding investors' confidence and stabilizing the capital market strength.

Bangladesh increases power price 3rd time since January. Business leaders and consumer rights associations said such a major hike would not only affect the prices of daily essentials but also hurt export and industrial production.

The Covid pandemic and Russia-Ukraine war are already making import of raw materials more difficult and raising production costs.

The individual savers will be most affected due to current price inflation. The prices of essentials commodities have risen. People are worried about the future, savings are depleting, which may affect investments. The commercial bank sufferings by deposit crunch due to liquidity crisis in entire market

### Banking Sector of Bangladesh

Banking industry in Bangladesh encompasses 90% of the total financial sector assets. A total of 61 banks including 43 domestic private commercial banks in the country with assets equivalent to 67% of GDP. According to experts, Bangladesh's banking sector is highly competitive, leading to aggressive decisions in terms of investments and, ill practices destroying the country's banking sector. In comparison, our neighboring country India has only 21 private commercial banks. Since COVID-19 pandemic, the banking sector has been playing a fundamental role to implement stimulus packages to priority sectors for maintaining the vibrancy of the economic stability despite the several limitations.

After recovering from the pandemic, disruptions in the global supply chain caused by the Russia-Ukraine war have led to a drastic jump in commodity prices, resultant the higher level of inflation in the country. In Addition, fuel prices also increased due to this war and which directly affect the banking industry specifically impact on import-export line. The major impact is the



depletion of Bangladesh currency against the USD due to Russia invasion of Ukraine. To alleviate this, the central bank imposes some restriction on imports, taken other initiatives and issued several circulars and guidelines.

Total Bank deposit growth by 5.66% to Tk 1,489,169 crore in December 2022 from Tk 1,409,342 crore in December 2021 according to central bank statistics. Previous growth was 9.19% in December 2021, 13.48% in December 2020 and 12.58 per cent in December 2019. Term deposit was Tk 13.05 lakh crore and that of demand deposits was Tk 1.83 lakh crore. Experts said, deposits in banks declined due to inflationary pressure in the country as people required withdrawing their funds to meet their daily expenses.

The overall inflation rose to 9.52% in August, the highest in a decade, which dropped to 9.1% in September, 8.91% cent in October, 8.85% in November and 8.71% in December 2022. Which also liable to increase the deposit rate in the market. At the same time bank couldn't lend the money beyond the lending cap 9%, which lessened the spread between the deposit and loan. Besides that, banks are to maintain the general provision also which decreases the profit.

Return on Assets (ROA) was 0.52% in 2022 which was 0.25% in 2021 and Return on Equity (ROE) stood at 9.73% in 2022 compared to 4.44% in 2021. The banking industry maintained the provision Tk. 751.5 billion in 2022 instead of Tk. 886.6 billion making provision shortfall as of September 2022. At the same time, Capital to Risk Weighted Assets Ratio (CRAR) of the Banking Industry was 11.2%, whereas the CRAR for the private commercial banks was 13%, state owned banks was 6.40% and foreign banks was 26.4%.

The average deposit rate in banks was 4.22% and the average lending rate was 7.18% in November 2022. Many banks are struggling with shortages of liquidity, which led to a substantial rise in the call money rate in recent times.

The banking industry has already seen the glimpses when depositors began to pull out funds fearing that banks might become insolvent after loan-related irregularities involving some Shariah-based lenders surfaced recently, which led to deposit crunch around the industry. AD ratio of the banking industry stood at 78.92% in December 2022 which was 73.15% in December 2021, reflects the rising demand for loans and liquidity crunch also seen in the scenario.

Banking sector of Bangladesh has the second-highest ratio of non-performing loans (NPL) among the countries in South Asia while the first position hold by Sri Lanka, as country is going to through the sluggish economy whereas lenders face multiple challenges coming from scams, a lack of corporate governance and borrowers' growing reluctance to make instalments regularly. As of December 2022, the default loans at banks of Bangladesh increased 16.8 per cent year-on-year to Tk 120,656 crore as habitual defaulters showed reluctance to repay the debts.

The solvency of banking industry mainly reflected through CRAR, whereas the minimum requirement is 10% and providing enough capital buffers to absorb uncertainties and unexpected risk or events. Overall CRAR slightly increased to 11.83% in Dec 2022 from compare to 11.01% in September 2022. As a whole banking sector is to maintain the required level of CRR, SLR and also maintain the other liquidity indicators like; LCR, NSFR, MCO .

To sustain the banks, Bangladesh Bank has taken several initiatives. Synopsis are given here:

- Policy regarding interest waiver on loans and advances.
- Issued master circular on loan rescheduling and restructuring.
- Relaxation on loan classification criteria.
- Refinance scheme for CMSMEs.
- Under Refinance scheme BDT 5,000 crore for agriculture sector to ensure the food security of

the country.

- Guidelines on classification of other assets and maintenance of provision.
- Instructed to avoid luxury vehicles for lessening operating expenses.
- To enhance the bankers' knowledge level, mandatory banking diploma imposes for all employees of the bank. Otherwise promotion will not be allowed.
- Instructed to conduct the meetings through the online platform to avoid transport and other related overheads.

#### Economy and business outlook 2023:

Countries in South Asia are already grappling with rising commodity prices, supply bottlenecks, and vulnerabilities in financial sectors. The war in Ukraine will amplify these challenges, further contributing to inflation, and deteriorating current account balances.

In South Asia, the World Bank approved \$9.0 billion in lending to the region for 44 operations in fiscal 2022, including \$4.8 billion in IBRD commitments and \$4.2 billion in IDA commitments. The World Bank focuses on accelerating investments in human capital to drive comprehensive development; promoting green growth; and strengthening resilience across the economy, markets, and society.

The IMF projected Bangladesh growth forecast at 5.5%. The IMF projection is comparatively higher than the projection given by ADB and World Bank, which predicted 5.3% and 5.2% growth respectively for the country in the current fiscal year.

It is presumed that since the economic activities are being rebounded in recent periods after a significant improvement of COVID-19 situation in Bangladesh. It is happy to say that, in South Asian region Bangladesh is one of the most successful countries among who are successfully controlled the Covid-19 which resulted the early recovery of economic outcome of the country. Its happen due to the Govt. of Bangladesh and Bangladesh Bank's adopted policies about health hazards and monetary policy so that people will not be affected so much and banking sector will not be affected due to classification as the borrowers could

not repay their loans. And BB taken initiatives to flow the funds to the productive sectors, including agriculture, SMEs, export-oriented industries and the informal sector, which have been hit hard by the pandemic.

In 2023, the IMF has approved USD 4.7 billion as loan with time bound conditions including some structural reformation. The total 42 months tenure loan programs also imposes with 30 certain conditions under three category quantitative performance criteria (QPC), structural performance criteria (SPC) and general commitment. Under quantitative performance criteria (QPC) which are measurable and specific -would be a minimum level of net international reserves and domestic revenue collection and a ceiling on the government's budget deficit.

In this fiscal year, Bangladesh Bank has supplied more than \$7.5 billion to the market to support the exchange rate, while the import bill averages \$6 billion a month, so the loan amount, which would come over a three-year period, would not ease the pressure on the foreign exchange reserves.

## NRB Bank Limited – At a Glance

### Corporate Banking

To meet the diverse financial needs of the corporates, the Bank provides a broad spectrum of products and services. With expertise, innovation and customization, the Bank simplifies the complexities of the financial world for the clients and helps them attaining their desired objectives. The prime focus is on building and maintaining long-term mutually beneficial relationship with the clients, and being a part of their journey towards development and growth.

NRB Bank has always been supporting the Corporates through a wide range of conventional Corporate Banking Products and Services along with cutting edge solutions through a focused approach. On many occasions, NRB Bank's innovative and insightful support has transformed corporate customers into market leaders. It has a proven track record as a book runner, mandated lead arranger and underwriter of Syndicated loans. Due to the long experience and flexible handling, the Bank can offer clients tailored loans and facilities as well as a complete service for complex transactions through Syndication. As an unwavering financial partner with substantial underwriting capacity, the Bank offers clients the necessary services to raise capital and debt from the market.

### Retail Banking Business:

A large number of banks and non-banks have launched or re-launched retail products and are attempting to grow their share of the personal financial services market. Retail banking is much more than as opportunity to addressing dwindling margins. It is an imperative to preserve profits and market positions. Customers now have many more personal financial options, a growing credit culture, a willingness to switch between financial services providers, and a demand for lower interest rates. As they witness these trends, banks realize that they cannot remain passive. NRBBL always emphasizes on developing flexible and customized retail products on sophisticated technology platform for its diversified products and services. The Bank with its expanded branch network, efficient workforce, Direct Sales Executives and Alternate Delivery Channels (ADCs) is facilitating the banking services at the doorstep of the customer.

### NRB Bank Retail Product Line:

#### Asset Products

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

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

- Secured Loan

#### Liability Products

The bank has wide variety of deposit products in its product line to satisfy the consumers of different segments. Pearl Account especially for women, Power saver account, Amar shopno account (for underprivileged people), my early account and my future DPS for children of age below 18 and investment savings account for the resident Bangladeshi investors for capital market purpose are also there beyond general deposits products.

#### SME Business

SME is one of the most significant contributors in attaining graduation of our country from Least-Developed Country to Developing country. SME financing uplifts our economy in a sustainable form through diversified portfolio, financial inclusion and employment generation. NRB Bank has strengthened its SME segment in parallel to accommodate the financial need of this thrust sector. We are giving special emphasize in manufacturing industries, women-led units and service oriented business initiatives. The bank has disbursed Loans to a large number of SME clients of various sectors/ segments. NRB Bank is strengthening its business focus especially on SME Businesses which will further enrich the SME portfolio of the Bank. In addition to the regular Deposit and Loan Products, we have introduced tailor-made products to cater to the need of SME Clients and widen its distribution network throughout the country.

#### School Banking

Since the inception of School Banking, NRB Bank launched School Banking Program and the Bank successfully participated all school Banking conferences and seminars organized by Bangladesh Bank in different divisions of the country. NRBBL is operating attractive school banking accounts named after Student Banking titled "My Early Account" that can make banking easy and affordable for students because our student banking gives them a simple, straight forward features and time saving services to fit their needs as a modern citizen.





## Agent Banking Business

In line with the inclusive financial concept of the Government of Bangladesh, NRB Bank intends to facilitate each of the marginalized population of our country with at least one bank account so that financial inclusion may prevail over their poverty and financial ignorance. With a view of providing banking services to those unbanked and underserved segment of the society at the geographically dispersed locations of our country, NRB Bank started its Agent Banking operation on 06th May, 2018 at Amtoli Bazar, Bijoy Nagar, B. Baria on pilot basis. Later, the honourable Chairman of the Bank, Mr. Mohammed Mahtabur Rahman formally inaugurated the operations of NRB Bank Agent Banking on 22nd July, 2018 at Balinga Bazar, Beani Bazar, Sylhet. Since then, the Bank's Agent Banking Division has successfully launched 308 (three hundred and Eight) Agent Outlets at 66 (sixty six) Upazilas of 28 (twenty Eight) Districts in Bangladesh.

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

Apart from its regular Banking Services, NRB Bank Agent Banking Outlets are equipped with various exceptional and customer friendly banking products like, Weekly and Monthly DPS, Bondhu Sanchita Account (Special Savings Product for Women), Bondhu Double, Triple, Der Goon (One & Half Times) and Monthly Benefits, Bondhu FDR and Lakhopati Schemes, Foreign Remittance Payments, School Banking, BEFTN, RTGS, Charge-free ATM Withdrawal Facilities and so on.

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

## Alternate Delivery Channel

NRB Bank has established a wide network of ATMs across the country covering both urban and rural areas. The Bank's Card Division has so far introduced Visa Debit Cards, Credit Cards, ATMs, SMS Banking, and Internet Banking with a 24-hour call center.

## Automated Teller Machines (ATMs)

NRB Bank now has a larger ATM network with 50 ATMs and NPSB shared ATM booths across the country. The increase of ATMs is changing the conventional banking trend and ATMs are becoming a major banking channel of choice for customers. We have already implemented Online Bills Collection of DESCO. Any Visa Card cardholder around the globe can enjoy the NRB Bank ATM facilities.

NRB has also joined the National Payment Switch of Bangladesh (NPSB). Through this arrangement, any member bank's cardholder can withdraw money from NRB Bank's ATMs as well as our cardholders can withdraw money from other NPSB member banks' ATMs.

## Green Finance: Sustainable Finance

As climate change has become the burning issue over the last decade, NRBBL management is fully aware of the risk and also taking necessary steps to have an optimistic outcome on this issue. Complying with Bangladesh Bank's green banking policy, NRB Bank is financing environment friendly projects (such as renewable energy projects, clean water supply projects, waste treatment

plant, solid waste disposal plant etc.) to ensure ecological balance. From the very beginning of its journey NRB Bank Ltd. adopted CSR and Green Banking practices and activities which are the key areas of Sustainable Finance. Each year the Bank contributes substantial amount of money towards CSR activities. Since 2017, we have started direct Green Financing in environment friendly Brick manufacturing projects. From the inception of our Bank, top priority sectors of lending include SME and Agricultural sector. Every year, we fulfill Agricultural and Rural Credit disbursement target and receive appreciation from Bangladesh Bank. We have already started Agent Banking activities which has major impact in financial inclusion of underprivileged and rural people. As a whole, we are committed towards establishing Sustainable Finance in the country through integrating sustainability factors, i.e. environmental, social and economic considerations into our core banking activities and services.

## Islamic banking unit

NRB Bank has got permission for Islamic Banking Business vide memo no. BRPD (LS-2)/745(61)/2021-7959 dated 07 September 2021 and its soft operation inaugurated on 09 September 2021 of our first Islami Banking Branch. Bank is intended to expand operation all over the country in spirit of Islami Shariah. As diversification of the conventional banking, NRB Bank offers several investment & deposit products to our valuable customer like; various types of HPSM and Bi-Murabaha, MTR and other types of trade and investment related products and Al-Wadeeah current, Mudaraba Savings, Term, SND, DPS and Mudaraba Hajj & Bibaho savings scheme also to the savers and other customers.

## NRB Bank Securities PLC

NRB Bank Securities PLC (NRBBSPLC), a subsidiary company of NRB Bank Limited, was incorporated in Bangladesh on 16 March 2021 as a public limited company under the Companies Act 1994 vide certificate of incorporation no. C-169869/2021.

The main objective of the company is to carry on the business of a stock broker and stock dealer

that is to buy, sell and deal in shares, stocks, debentures and other securities under stock exchange in Bangladesh and/ or elsewhere as well as to carry on any business as permissible for a broker and dealer duly licensed by Bangladesh Securities and Exchange Commission (BSEC).

NRBBSPLC have availed TREC (Trading Right Entitlement Certificate) on September 4, 2021 and Stock-Broker and Stock-Dealer License on May 26, 2022. Later, NRBBSPLC commenced its business operation on 10<sup>th</sup> November 2022.

## Discussion on Operating Performance-2022 of NRB Bank Limited

### Summary

The Bank earned total operating income of BDT 2,325 million for the year 2022. After keeping as provision against classified and unclassified loans and advances, diminution in the value of investments, off-balance sheet exposures and other assets, the pre-tax profit and net profit after tax stood at BDT 684 million and BDT 556 million respectively for the year 2022.

### Loans and Advances

Loans and Advances was at BDT 49,491 million in 2022 compared to BDT 40,244 million in 2021, i.e. representing a growth up by 23% year-on-year basis. Non-performing Loans (NPLs) of the Bank stood at BDT 1,592 million 2022 which is 3.22% of the total loans and advances of the Bank. The Loans and Advances cover up the areas of corporate (based on both Conventional and Islamic Shariah Mode), SME, Retail and Credit Card. Corporate lending is still the core business of the Bank and continues to remain the major segment of the business. While disbursing loans to our customers, the policy of Bangladesh Bank is strictly followed. The portfolio has further been diversified to avoid risk of single industry concentration and remains in line with the Bank's credit norms relating to risk quality. The Customer Relationship has been strengthened and frequent visits to the clients have been ensured for further cementing existing relationship.

### Deposits

The Bank successfully enhanced the deposit portfolio to BDT 54,875 million in 2022 with a growth of 22.6% compared to BDT 44,755 million in 2021 (note # 12). Cost of fund stood at 5.39% from 5.09% in 2021. The strong customer-based deposits comprise of individual, corporation, small & medium size enterprises, NBFIs, government entities, NGOs, autonomous bodies and others.

### Fixed Assets and Other Assets

The aggregate amount of written down value of fixed assets of the Bank stood at BDT 439 million in 2022, compared to BDT 424 million in 2021 (note # 8), demonstrating positive growth of 3.68%. On the other hand, other assets comprise of advance income tax, accrued interest on investment, etc.

### Investments

During the year ended on December 31, 2022, the investment increased by 25.80% to BDT 13,064 million in 2022 from BDT 10,385 million in 2021. Bank's investment comprises of government securities of BDT 8,669 million and others investment of BDT 4,395 million (investment in debenture, corporate bond, etc.)

### Equity

The shareholders' equity stood at BDT 7,766 million in 2022 from 7,508 million in 2021. Statutory reserve was up by BDT 923 million in 2022 against BDT 786 million in 2021, while retained earnings increased by BDT 118 million to BDT 932 million in 2022.

### Cash in hand

Cash in hand balance stood at BDT 1,427 million in 2022 compared to BDT 1,042 million in 2021, i.e., 37% growth over 2021.

### Interest Income & Interest Expenses

NRB Bank Limited earned interest income from loans and advances and profit from Islamic Banking investment amounting BDT 3,836 million during the year 2022 as against BDT 3,544 million in 2021 and interest and profit paid on deposits and borrowings measured at BDT 2,878 million in 2022 against BDT 2,445 million in 2021.

### Total Operating Expenses

The operating expenses shown in Profit and Loss account was amounting to BDT 1,553 million in 2022 compared to BDT 1429 million in the previous year. Salary and allowances constituted 54.35% of total operating expenses in 2022. The total operating expenses of the Bank increased by 8.63% from previous year.

### Net Profit after Tax

Net profit after tax stood at BDT 556 million in the year 2022 from BDT 639 million in the year 2021 and earnings per share was BDT 0.94 in the year 2022 whereas it was BDT 1.08 in the year 2021.

### Going Concern

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



### Preparation of Financial Statements

The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity. These statements have been prepared in accordance with the "First Schedule (Section-38) of the Bank Company Act 1991, BRPD circular # 14 dated 25 June 2003, the rules and regulations issued by Bangladesh Bank, International Financial Reporting Standards (IFRS) as adopted by the ICAB in the name of Bangladesh Financial Reporting Standards (BFRS), the Securities and Exchange Rules 1987, Dhaka and Chittagong Stock Exchange's listing regulations and relevant rules & regulations applicable in Bangladesh. The financial statements of 2022 have been reviewed by the Audit Committee of the Board of Directors of the Bank and then referred to the Board of Directors for its consideration. The external auditors, Ahmed Zaker & Co., Chartered Accountants, appointed by the shareholders, certified the fairness of the financial statements for the year ended 31 December 2022.

### Maintaining Proper Books of Account

NRB Bank maintained proper books of accounts for its financial transactions occurred during the year 2022. The transactions are recorded as per guidelines stipulated by the International Accounting Standard (IAS) and International Financial Reporting Standards (IFRS) as applicable for the bank. The books of accounts have also been reviewed by the external auditors, Ahmed Zaker & Co., Chartered Accountants.

### Appropriate Accounting Policies

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

### Follow up of IAS & IFRS in Preparation of Financial Statements

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

### Corporate Governance

As per Cadbury report, corporate governance is a system by which companies are directed and controlled. Corporate Governance reflects the built in value system of the Bank in conducting its day to day affairs. NRB Bank recognizes the critical importance of effective Corporate Governance for the safe and sound functioning of the Bank and lays emphasis on ensuring that structures, processes and systems are put in place to establish strategic objectives to serve the interest of the Bank and its stakeholders with a view to facilitate effective monitoring.

### Appointment of Auditors

The external auditors are responsible for reviewing the system of internal controls to form an opinion on the financial statements. Ahmed Zaker & Co., Chartered Accountants successfully conducted the audit of NRB Bank for the year 2022. With reference to Bangladesh Securities and Exchange Commission (BSEC) Circular letter no. BSEC/MF&SPV/INS-294/2022/1562 dated 18 January 2023, BSEC will not allow Ahmed Zaker & Co., Chartered Accountants to conduct any further audit for any listed company till further instruction of the Commission. Therefore, the Board Audit Committee in its 56th meeting held on 04 June 2023 and subsequently the Board of Directors in its 164th

Meeting held on 05 June 2023 recommended to appoint G. Kibria & Co., Chartered Accountants as external auditors of the Bank for conducting audit for the year 2023.

### Retirement and Re-election of Directors

In the 10th Annual General Meeting, election and re-election of Directors will be held as per Companies Act 1994, Bank Companies Act 1991, Bangladesh Bank's Circular, Articles of Association of the Bank and other prevailing rules & regulations.

### Related Party Transactions

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

### Internal Control

The Board of Directors is responsible for approving the overall business strategies and significant policies of the Bank, setting acceptable level for these risks and ensuring that senior management takes necessary steps to identify, measure, monitor and control of these risks. The Board of Directors also approve an effective internal control system that also requires to setting an appropriate control structure, with control activities defined at every business level. These include review by top level management, appropriate activity controls for different departments/divisions, physical control, checking for compliance with exposure limits and follow-up on non-compliance, a system of approvals and authorization, and a system of verification and reconciliation, thereon.

### Risk and Concerns

In the pursuit of sustainable performance and long-term success, NRB Bank recognizes the

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

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

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

#### Meeting of the Board

During the year 2022, the number of the meetings held by the Board of Directors was 24 (twenty four) and that of the Executive Committee was 13 (thirteen). The Audit Committee of the Board of Directors held 07 (seven) meetings and the Risk Management Committee of the Board sat for 04 (four) meetings during the period under report.

#### Remuneration of Directors

The Directors' Remuneration for the year ended 31 December 2022 has been given in Note 31 of the financial statements.

#### Dividend

The Board of Directors of the Bank has recommended '@7.00% Cash Dividend' to honorable Shareholders for the year ended on 31 December 2022 subject to approval of Shareholders in the 10th Annual General Meeting (AGM) of the Bank. Mentionable that no bonus Share or stock dividend has been or shall be declared as interim dividend. Operating profit stood at BDT 772 Million at the end of the year 2022. Profit before Tax stood at BDT 684 Million at the end of year 2022. Profit after Tax (PAT) stood at BDT 556 million and retained surplus stood at Tk. 414 million.

#### Annual General Meeting (AGM)

10<sup>th</sup> Annual General Meeting of the Bank will be held on 15 June 2023 at 02:00 p.m. (BD Standard Time) through online video conferencing as well as physical presence at Corporate Head Office, Uday Sanz (Roof Top), Block SE (A), Plot 2/B, Road 134, South Avenue, Gulshan 1, Dhaka, Bangladesh. The Financial Statements were adopted in the 162<sup>nd</sup> Meeting of the Board of Directors held on 29<sup>th</sup> April 2023 for the presentation to and approval of the Shareholders in the AGM.

#### Contribution to national exchequer:

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

#### Shareholders' value

All of our actions must lead to an ultimate goal – maximization of shareholders' value – for what we exist and excel. With this in mind, we will concentrate on enhancing profitability to raise Earnings per Share, Dividend as well as confidence of the Shareholders. Together with you and our great team of banking excellence, we dream to build NRB Bank as a Supremacy Brand in the country and even beyond across the border. Convincingly, a supremacy brand carries enough strength to weather

difficult times. The Board of Directors of NRB Bank aspires to honor your dream to make the Bank 'The First Choice of the Customers' is the closest distant future.

#### Thanks and Gratitude

On behalf of the Board of Directors, we convey our sincerest gratitude and deepest respect to our respected shareholders for their investment. The Board of Directors take this opportunity to express its heartfelt appreciation and gratitude to the Ministry of Finance, Bangladesh Bank, Bangladesh Securities & Exchange Commission, Register of Joint Stock Companies and Firms and Dhaka Stock Exchange Ltd. for their valuable guidance, cooperation and advice that they provided to us from time to time. The Board of Directors also expresses deep appreciation to the Management and all Executives, Officers and other members of staff for their relentless efforts to the cause of betterment of this bank and also to the clients, sponsors, shareholders, patrons and well-wishers whose continued and steady support and patronization have enabled us to bring this institution to its present growth trajectory.

On behalf of the Board of Directors,



**Mohammed Mahtabur Rahman**

Chairman  
NRB Bank Limited

