

## IPO Details

NRB Bank will raise BDT 1,000 Mn through Initial Public Offering (IPO) under fixed price method. The fund will be used for investing in Government Securities, Capital market and meeting IPO expenses.

General Public would be allowed to subscribe BDT 10,000 or its multiples for a single application, subject to maintaining minimum capital market investment of BDT 50,000. In order to subscribe for IPO under "Institutional" quota, eligible investors (EI) would have to maintain a minimum capital market investment of BDT 15.0 Mn for approved pension funds, recognized provident funds and approved gratuity funds, while other EIs would have to maintain BDT 30.0 Mn at market price in listed securities.

The breakdown of the IPO proceeds is shown below:

Use of IPO	Mn USD	Mn BDT	% of Proceed
Investment in Govt. Securities	8.4	920	92.0%
Investment in Listed Securities	0.4	42	4.2%
IPO Expenses	0.3	38	3.8%
<b>Total</b>	<b>9.1</b>	<b>1,000</b>	<b>100.0%</b>

Source: Prospectus and BRAC EPL Research  
 USD-BDT exchange rate of 110.0 considered.

## Company Brief

NRB Bank, established on August 4, 2013, is a fourth-generation bank in Bangladesh. It focuses on serving the financial needs of Non-Resident Bangladeshis (NRBs) for investments in Bangladesh, while also providing access to international markets for Bangladeshi individuals and corporates. Recognizing the demand among the diaspora since the 1990s, NRB Bank introduced the innovative Migrants' Sponsored Banking (MSB) structure, aiming to reduce dependency on international financial institutions. Committed to sustainable banking, offering a range of products and services in Retail Banking, SME Banking, NRB Banking, Corporate Banking, and E-Banking. With a network spanning 50 branches, 29 Sub-Branches, 50 ATM booths outlets, and 308 agent outlets nationwide as of 2023.

## Competitive Landscape

Currently there are 61 scheduled banks in Bangladesh, of which 33 are conventional private commercial banks (PCBs). Despite high equity capital requirements, the conventional PCB sector is becoming highly competitive due to many existing players. Total deposits and loans in the conventional PCB's stood at BDT 7.8 Tn (USD 70.9 Bn) and BDT 6.9 Tn (USD 62.7 Bn) respectively at the end of Sep'23. NRB Bank Limited had market shares of 0.8% on both fronts among the conventional PCBs.

## Industry Outlook

Bangladesh banking sector had been experienced growth due to expanding economic activities and policy supports from Bangladesh Bank. As of Sep'23, the conventional PCB experienced a deposit growth of 11.1% YoY which was higher than 8.7% growth in the overall banking sector. Besides, Loan & advances of conventional PCB recorded a 12.9% growth YoY, higher than 10.5% growth in the banking sector. Overall, conventional PCBs accounted for ~45.5% of total deposits in the banks, and 47.2% of total loans outstanding of the banks.

Gross non-performing loan (NPL) ratio and CRAR for the overall banking industry were 9.93% and 11.08%, respectively, at the end of Sep'23. However, ROA and ROE in the banking sector stood at 0.43% and 7.88% , respectively, at the end of Jun'23.

## Ownership Structure

Sponsors and Directors currently own 87.2% of the pre-IPO shares, which in post-IPO would stand at 74.6%. Placement shareholders own 12.8% of the pre-IPO shares, which in post-IPO would stand at 11.0%.

## IPO Summary

DSE Ticker		NRBBANK
IPO Proceeds	(BDT Mn)	1,000.0
New Shares Issued	(Mn)	100.0
Pre- IPO No. of Shares	(Mn)	590.6
Post IPO No. of Shares	(Mn)	690.6
Pre-IPO Paid-up Capital	(BDT Mn)	5,905.9
Post-IPO Paid-up Capital	(BDT Mn)	6,905.9
Face Value (BDT)		10.0
Accounting Year End		December
Auditor		G. Kibria & Co.
Issue Manager and Underwriters		UCB Investment Limited
Sector		Shahjalal Equity Management Bank
GICS Mapping		40101010

## Income Statement

Mn BDT	2018A	2019A	2020A	2021A	2022A
Interest Income	3,549	4,603	4,065	3,544	3,836
Interest Paid on Deposits	(2,296)	(3,089)	(3,070)	(2,445)	(2,878)
<b>Net Interest Income</b>	<b>1,253</b>	<b>1,514</b>	<b>995</b>	<b>1,100</b>	<b>958</b>
Investment Income	707	447	995	1,034	579
Commission, Exchange, and Brokerage	336	446	388	464	756
Other Operating Income	14	21	61	35	33
<b>Total Operating Income</b>	<b>2,310</b>	<b>2,428</b>	<b>2,439</b>	<b>2,632</b>	<b>2,325</b>
Operating Expense	(1,401)	(1,503)	(1,489)	(1,429)	(1,556)
<b>Profit Before Provision</b>	<b>909</b>	<b>925</b>	<b>950</b>	<b>1,203</b>	<b>769</b>
Provisions	(253)	(1,019)	9	(574)	(88)
<b>Net Profit before Tax</b>	<b>657</b>	<b>(94)</b>	<b>959</b>	<b>629</b>	<b>681</b>
Tax	(74)	(32)	(278)	(201)	(128)
<b>Net Profit after Tax</b>	<b>582</b>	<b>(125)</b>	<b>681</b>	<b>428</b>	<b>553</b>
EPS (Post-IPO)	(0.84)	(0.18)	0.99	0.62	0.80

## Balance Sheet

Mn BDT	2018A	2019A	2020A	2021A	2022A
Cash	2,477	3,171	3,140	3,819	4,070
Balance with Banks and FIs	2,102	2,018	3,168	3,329	3,529
Money at Call	-	345	536	285	592
Investment in Securities	5,644	8,257	7,665	10,385	13,064
Loans and Advances	32,473	38,932	38,849	40,244	49,491
Fixed Assets incl. Furniture, Premises & Fixtures	441	449	385	424	450
Other Assets	1,011	1,550	1,621	2,574	2,950
Non-Banking Assets	-	-	-	80	80
<b>Total Assets</b>	<b>44,148</b>	<b>54,723</b>	<b>55,363</b>	<b>61,140</b>	<b>74,224</b>
Borrowing from Banks & FI	3,003	3,734	3,643	4,379	5,976
Deposits	33,519	41,810	41,831	44,755	54,419
Other Liabilities	2,375	4,052	4,086	5,004	6,066
<b>Total Liabilities</b>	<b>38,896</b>	<b>49,595</b>	<b>49,560</b>	<b>54,138</b>	<b>66,461</b>
Paid-up Capital	4,320	4,666	4,666	5,906	5,906
Statutory Reserve	471	471	661	786	923
Other Reserve	0	2	7	2	5
Retained Earnings	461	(10)	471	309	929
<b>Total Equity</b>	<b>5,251</b>	<b>5,128</b>	<b>5,804</b>	<b>7,002</b>	<b>7,763</b>
<b>Total Liabilities &amp; Equity</b>	<b>44,148</b>	<b>54,723</b>	<b>55,363</b>	<b>61,140</b>	<b>74,224</b>
NAVPs (Post IPO)	7.60	7.43	8.40	10.14	11.24

## Cash Flow Statement

Mn BDT	2018A	2019A	2020A	2021A	2022A
Operating Activities	950	3,069	356	2,269	2,210
Investing Activities	-538	-2,844	854	-2,942	-3,063
Financing Activities	-1,636	385	-91	1,513	1,302
<b>Net Cash Flow</b>	<b>-1,223</b>	<b>610</b>	<b>1,119</b>	<b>841</b>	<b>450</b>

Source: Prospectus and BRAC EPL Research

## Financial Performance

NRB Bank's net interest margin (NIM) trend is downward, averaging 2.3% over the past three years. Operating profit before provision grew at 5-year CAGR of -2.1%, while net profit grew at 5-year CAGR of 4.54%. Cost-Income (CI) ratio averaged 61.0% over the last five years.

Deposits in current account & savings account to total deposit ratio (CASA ratio) stood at 33.8% as of Sep'23. Gross non-performing loans (NPL) ratio was 6.1% as of Sep'23 (Last 3-year Avg.: 3.4%), where PCB sector had 7.04%. Capital adequacy ratio was 14.2% as of Sep'23, which is above the 12.5% requirement of Basel III guidelines.

## Dividend

The bank has regularly declared dividend with combination of both cash and bonus stock.

Dividend	2018	2019	2020	2021	2022
Cash	0.0%	0.0%	0.0%	5.0%	7.0%
Stock	8.0%	0.0%	8.5%	0.0%	0.0%

## Pricing

Pre-IPO EPS in 2022 was BDT 0.94, whereas post-IPO EPS would be BDT 0.80. Pre-IPO NAVPS was BDT 13.14 in 2022 respectively, whereas post-IPO NAVPS would stand at BDT 11.24 in 2022. Offer price per share is BDT 10.00, implying a Pre-IPO P/E of 10.7x and Pre-IPO P/NAV of 0.8x.

## Lock-in Requirements

Sponsors, directors and placement shareholders hold maximum portion of the 590.6 Mn shares that are subject to lock-in provision. Lock-in period of 3 years is applicable for 567.4 Mn shares (82.2% of the post-IPO shareholding), while 23.2 Mn shares (3.4% of post-IPO shares) are subject to lock-in period of 2 years.

## ESG Footprints:

### Environmental Footprints

No such footprints are provided yet.

### Social Footprints

The bank's CSR activities include funding Prime Minister's Relief Fund, Prime Minister's Education Assistance Trust and others.

### Corporate Governance

The board of NRB Bank consists of 17 members including 3 independent directors. The directors are experienced professionals and most of them stay outside of the country (UK, UAE and USA). Mr. Mohammed Mahtabur Rahman is the Chairman of the bank. He is also a Chairman & Managing Director - Al Haramain Perfumes Group of Companies as well as the director of Al-Arafah Islami Bank Ltd. Golam Kabir who is the co-vice chairman, is a car exporter, dual citizen (Bangladesh/Japan), active in automobile investments, community development, and education. Mohammed Jamil Iqbal is the co-vice chairman of NRB Bank, is the founder of construction company Jamil Iqbal Ltd., successful NRB entrepreneur, British Citizen, and actively engaged in various businesses & socioeconomic activities. Other sponsors have diverse professional background, and have overseas business related to real estate, restaurant & catering, trading, and commodities.

Once listed, NRB Bank Limited would trade in the main board of DSE & CSE under 'N' category.

## Ratios

	2018A	2019A	2020A	2021A	2022A
Operating Profit Growth	14.1%	5.1%	0.4%	7.9%	-11.7%
Net Profit Margin	12.6%	-2.3%	12.4%	8.4%	10.6%
ROE	11.7%	-2.4%	12.5%	6.7%	7.5%
Loan-Deposit Spread	4.9%	4.7%	3.2%	3.2%	2.9%
Net Interest Margin	4.1%	4.0%	2.4%	2.5%	2.0%
Cost to Income	60.6%	61.9%	61.1%	54.3%	66.9%
Capital Adequacy	16.3%	13.3%	16.1%	18.2%	16.6%
Loan to Deposit	96.9%	93.1%	92.9%	89.9%	90.9%
Gross NPL%	3.7%	4.1%	3.7%	3.4%	3.2%
CASA	29.2%	29.1%	32.8%	33.6%	34.5%

Source: Prospectus and BRAC EPL Research

## Shareholding

Name	Position	No. of shares (Mn)	Pre-IPO shareholding	Post-IPO shareholding
Engr. AbuTaher Mohammed Amanullah	Sponsor	36.14	6.12%	5.23%
Naveed Rashid	Sponsor	29.53	5.00%	4.28%
Dr. Rafa Jaigirdar	Sponsor & Director	29.41	4.98%	4.26%
Dr. Mahiul Muhammed Khan Muqit	Sponsor	28.64	4.85%	4.15%
Nafih Rashid	Sponsor	27.64	4.68%	4.00%
Abdul Karim	Sponsor & Director	23.23	3.93%	3.36%
Mohammed Ehsanur Rahman	Sponsor & Director	26.69	4.52%	3.87%
Iqbal Ahmed	Sponsor	26.26	4.45%	3.80%
Mohammed Ashfaqur Rahman	Sponsor & Director	24.10	4.08%	3.49%
M Badiuzzaman	Sponsor	22.74	3.85%	3.29%
Mohammed Jamil Iqbal	Sponsor & Director	22.41	3.79%	3.25%
Mohammed Mahtabur Rahman	Sponsor & Director	21.13	3.58%	3.06%
Mohammed Jahed Iqbal	Sponsor & Director	18.31	3.10%	2.65%
Other	Sponsor & Director	178.63	30.25%	25.87%
Institutional Investors	Other than Directors & Sponsors	75.75	12.83%	10.97%
<b>Total</b>		<b>590.61</b>	<b>100.0%</b>	<b>85.5%</b>

Source: Prospectus and BRAC EPL Research

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