



ANNUAL  
REPORT

2016



**SHIMANTO BANK LIMITED**

ଶିମାନ୍ତ ବ୍ୟାଙ୍କ ଲିମିଟେଡ୍

ଶିମାନ୍ତ ଥାନା





# ANNUAL REPORT

## 2016



### SHIMANTO BANK LIMITED

শিমন্টো ব্যাংক লিমিটেড

#### ► Head Office

Road No: 2, Bir Uttam M. A. Rob Sarak  
Shimanto Square, Peelkhana  
Dhaka-1205, Bangladesh.

☎ +8809612999000

✉ [information.desk@shimantobank.com](mailto:information.desk@shimantobank.com)

🌐 [www.shimantobank.com](http://www.shimantobank.com)



# Table of Content

04

Letter of Transmittal

05

Notice of the First Annual  
General Meeting

06

Vision, Mission & Core Values

07

Corporate Directory

08

Our Network

09

Milestones

20

Managing Director & CEO's Review

23

Credit Rating Statement

24

Management Committee (MANCOM)

26

Financial Highlights

28

Event Highlights 2016

34

Report of the Board of Directors

72

Management Review, Responsibility  
and Evaluation

73

Business Model And Major Departments

74

Corporate Banking

75

SME Banking

77

Retail Banking

81

Report on Treasury Business

82

Report on Human Resources

83

Report on Information Technology

84

Report on Internal Control & Compliance

10

Chairman'S Statement

13

Board of Directors

15

Directors Profile

19

Executive Committee,

19

Audit Committee

19

Risk Management Committee

39

Report of Executive Committee

41

Statements of Audit Committee

43

Statements of Risk Management Committee

45

Corporate Governance Report

50

Disclosures on Risk Based Capital

86

Financial Statements

133

Froxy Form and Attendance Slip



## Letter of Transmittal

All Shareholders of Shimanto Bank Ltd,  
Bangladesh Bank,  
Bangladesh Securities and Exchange Commission,  
Registrar of Joint Stock Companies & Firms.

Dear Sir (s),

ANNUAL REPORT FOR THE YEAR 2016.

The undersigned has the privilege of forwarding a copy of the Annual Report 2016 of Shimanto Bank Limited together with Directors' Report, Audited Financial Statements including Balance Sheet as at December 31, 2016 and the Profit & Loss Account and Cash Flow Statement, Statement of Changes in Equity and Liquidity Statement for the year ended December 31, 2016 along with notes thereon for kind information and record.

Sincerely Yours,

**Mohammad Mostafa Hossain Suman ACS**  
Company Secretary (Acting)



## NOTICE OF THE FIRST ANNUAL GENERAL MEETING

Notice is hereby given that the 1<sup>st</sup> Annual General Meeting of the Shareholders of Shimanto Bank Limited will be held on 20<sup>th</sup> September, 2017 at 1300 hours at the Shahid Captain Ashraf Hall, Peelkhana, Dhaka-1205, Bangladesh to transact the following agenda :

01. To receive and approve the report of the Board of Directors regarding the affairs of the company for the year ended 31<sup>st</sup> December 2016
02. To receive, consider and adopt the Accounts for the year ended 31<sup>st</sup> December, 2016 together with the Auditor's Report
03. To appoint Auditors for the year 2017 and to fix their remuneration
04. To elect Directors as per Articles of Association of the Company

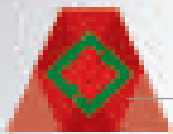
Date: 10 August, 2017

By Order of the Board

Mohammad Mostafa Hossain Suman ACS  
Company Secretary (Acting)

1. The Book Closure will be on 16<sup>th</sup> August, 2017. The Shareholders whose names would appear in the Register of Members of the Company on the 'Book Closure Date' (16<sup>th</sup> August, 2017) will be eligible to attend the 1<sup>st</sup> AGM.
2. A member entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/her stead. Such proxy shall be a member of the company. The proxy form duly stamped should be deposited at the registered office of the Company not later than 48 hours before the time fixed for the meeting.
3. For the sake of convenience, shareholders are requested to submit their queries if any, on the Directors' Report/Audited Accounts for the year 2016 at the Registered Office of the Company preferably 72 hours before the day of the Annual General Meeting.



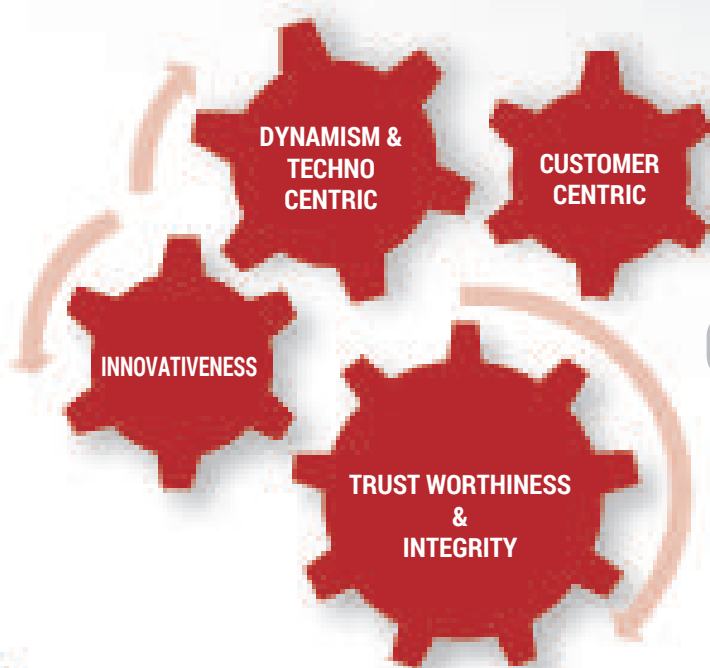


## VISION

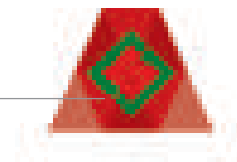
To build a sound and healthy financial institution which will provide technology driven customer centric inclusive banking solutions and contribute to the growth of national economy with deep social commitment.

## MISSION

- ▶ Achieve and maintain strong corporate governance, highest level of transparency and cost-efficiency at all levels of operations.
- ▶ Ensure continuous improvement of policies, procedures and systems across the board for regulatory compliance and sustainable growth in all respect.
- ▶ Uphold the corporate image by implementing core values and strategic priorities.



## CORE VALUES



## Corporate Directory

### Name of the Company

Shimanto Bank Ltd

### Legal Form

A public limited company & Scheduled Bank.

### Capital (December 31, 2016)

Authorized Capital : BDT 1000, 00, 00,000.00 (Taka One Thousand Crore)

Paid-up Capital : BDT 400, 00, 00,000.00 (Taka Four Hundred Crore)

Face value per share : BDT 10.00 (Taka Ten)

### Company Registration No

C-131884/2016

### Bangladesh Bank License

BRPD (P-3) 745 (70) / 2016-4878; Date: 21 July 2016

### Tax Payer Identification No

218822759143

### VAT Registration No

000001182

### Chairman

Major General Abul Hossain, ndc, psc

### Managing Director & CEO

Muklesur Rahman

### Company Secretary (Acting)

Mohammad Mostafa Hossain Suman ACS

### Auditors

ACNABIN Chartered Accountants

### Accounting Year-end

December 31, 2016

### Credit Rating Agency

Credit Rating Agency of Bangladesh Ltd (CRAB)

### Registered Office & Corporate Head Office

Shimanto Square, Biruttam M A Rob Sharak

Road No 2, Dhanmondi, Dhaka-1205, Bangladesh







# Our Network

(As on 31 December 2016)

## Head Office

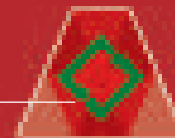
Road No: 2, BirUttam  
M. A. Rob Sarak  
Shimanto Square,  
Peelkhana, Dhaka-1205, Bangladesh.  
Phone: +8809612999000  
Email: [information.desk@shimantobank.com](mailto:information.desk@shimantobank.com)  
Web: [www.shimantobank.com](http://www.shimantobank.com)

### Mymensingh Branch

Shimanto Market  
Khagdohor Bazar  
Kotwali, Mymensingh  
Phone: +8809612880020

### Principal Branch

Jigatola, Road # 2, BirUttam  
M. A. Rob Sarak, Dhanmondi  
Dhaka-1205, Bangladesh.  
Phone: +8809612880001



# Milestones





## CHAIRMAN'S STATEMENT



“ My heartiest welcome you all to the  
1st Annual General Meeting of  
Shimanto Bank Ltd.

”



Bismillahir Rahmanir Rahim

**Dear Esteemed Stakeholders,**

Assalamu Alaikum Warahmatullah.

It's a matter of honor and immense pleasure for me to be here with you and I would like to welcome you all to the First Annual General Meeting of Shimanto Bank Ltd. It's also a great privilege to present the information of the bank for the financial year 2016 before you.

### **Remarkable History of the Journey**

The Border Guard Bangladesh is the first line of defense to protect our mother land from any illegal movement of weapons, drugs, contraband and the first ambassador to our national sovereignty. BGB is safeguarding the people of the country. We realized since long that financial inclusion of the people of the border areas could reduce the illegal activities in the border area. Since then the Border Guard Bangladesh envisioned for establishing a bank for financial inclusion and for contributing on the development and growth of the economy of the country. BGB Welfare Trust, an organization for the development of the current and retired members of the Border Guard Bangladesh was entrusted to establish the Bank. BGB Welfare Trust became successful to raise capital through relentless efforts. The dream came true on the 1st Day of September 2016 when the hon'able Prime Minister Sheikh Hasina inaugurated the Shimanto Bank Ltd.

### **Vision Mission & Objective of the Journey**

We envisioned to adopt modern and state of the art technology driven infrastructure for providing customer centric inclusive banking solutions which is a prerequisite for success in this competitive market. In line with the conventional channels for growing our business we planned to introduce alternate channels like internet banking & card services. In line with our vision & mission our prime focus will remain in financial inclusion and we want to bring the unbanked people of our remote areas, who have very limited access to financial services. We will gradually introduce large outreach alternate channels in the coming years to reach and facilitate as many of our target customers as possible. Simultaneously, we want to keep the growth of our conventional channels like branches at a steady speed.

### **A Shifting Global Economic Landscape**

After a lackluster outturn in 2016, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies. However, there is a wide dispersion of possible outcomes around the projections, given uncertainty surrounding the policy stance of the newly elected U.S. administration and its global ramifications. In spite of these caveats, aggregate growth estimates and projections for 2016-18 remain positive. The outlook for advanced economies has improved for 2017-18, reflecting somewhat stronger activity in the second half of 2016 as well as a projected fiscal stimulus in the United States. Growth prospects have marginally worsened for emerging market and developing economies, where financial conditions have generally tightened. Near-term growth prospects were revised up for China, due to expected policy stimulus, but were revised down for a number of other large economies-most notably India, Brazil, and Mexico.

### **Bangladesh Economy Showing Its Resilience**

Despite global headwinds that crimped remittances, GDP recorded robust growth of 7.2% in FY2016 compared to that of 6.6% in FY2015. Interestingly, as distinct from the agriculture sector (2.8 per cent), both industrial (11.1 per cent) and services (6.3 per cent) sectors registered higher growth rates in FY2016 compared to that of FY2015. Among the sub-sectors manufacturing sector registered the highest growth (11.7 per cent) since FY1996. Which supports the fact that Bangladesh has managed to fend off the effects of global uncertainties on the back of higher private investments and recovery of exports. The current account surplus expanded, and inflation slowed. On the other side, infrastructural gaps, inadequate energy supply, along with the high cost of doing business have remained as the road blockers to realize our growth potential. To reach the goal of becoming a middle income country by 2021 and realize the benefit of demographic dividend we need to remain focused on promoting human capital accumulation, investments in infrastructure and more business friendly environment. Continued high growth will require creation of productive jobs in manufacturing and modern services for the large number of new entrants to the labor force and surplus farm labor to boost female workforce participation

### **New Challenges for the Banking Industry**

Rising public expenditure in mega projects, more stable political situation, improved energy state, single digit lending rates helped entrepreneurs to regain business confidence, which has also been reflected by a rise in private sector credit growth. On a different note, the banking industry in Bangladesh has been ploughed with number of disappointing trends for quite a sometime like, rise of non-performing loans (NPL), poor risk management and control measures,





weak governance, worsening solvency, growing cyber security concern, absence of adequate credit demand from private sectors and narrowing spread. Among the South Asian countries Bangladesh stands second in terms of NPL as share of total loan. A default culture demotivates the good borrowers and which has a tremendous negative impact on the private sector credit growth and also on the overall economic development of our country. Many state owned banks are chronically suffering from huge capital shortfall due to unrestrained increase of NPL which government tries to meet by fresh capital injection.

#### **Achievement in Short Period**

Indeed it was challenging for a financial institution like ours to launch its journey at a point when interest rates of loans and advances dropped drastically compared to the cost of deposit to accommodate the lethargic investment and excess liquidity which in turn squeezed the profit growth of the banks. However, our efficient and dynamic management team has managed to put positive figures in our balance sheet only about 3 months of our operation. For a newly formed bank, channel expansion and pooling an expert management team under dynamic leadership were the major challenges for us where we have made significant progress too. We have opened 2 branches only in 2016. We have been successful to establish banking relationship with some of the largest corporate bodies of our country along with many government & semi-government which helped us making our presence a remarkable one. Significant progress has been made in designing innovative investment products for a changed market scenario to reduce the cost of doing business for the businessmen as well as deposit products that will help people with limited income to save something for future and bring people of all spheres of our country including people from most remote areas of our country under our banking services collaborating with BGB using their extended network across the country.

#### **Commitment to the Society**

The Bank is developing and providing modern, innovative products and services to the customers countrywide. The Bank is developing business network throughout the country for reaching banking services to the all classes of the people. The Bank will emphasize significantly to provide the banking services to the marginal people of the remote rural areas adjacent to the border of the country. We will provide easy loan and advance facilities for agricultural and industrial projects to the people of the border areas so that they can develop themselves and contribute to generate employment. Increased economic activity and employment generation at the border areas will reduce the illegal activities by the miscreants. The Bank will provide easy term loans to the bordering people to refrain them from illegal activity for rehabilitating them to the mainstream through entrepreneurship development. The Bank will take initiatives for financing the projects under 'Alokito Shimanto', a project of Border Guard Bangladesh.

The Bank is providing banking facility to all strata of the people as well as the current and retired BGB members for developing their living standards through financial activity. The Bank has taken innovative approach for financing the small and medium enterprises as well as corporate finance. The Bank will develop products and services for new entrepreneurs and for financing their startup projects. Promoting the entrepreneurship among the fresh graduates will generate employment subsequently.

Shimanto Bank will do banking business for not only making profit as well as contributing to the development of the society through CSR activities. The dividend of the Bank will be utilized for the development of the current and retired BGB members and their families.

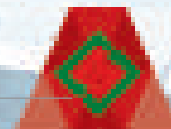
#### **Note of Gratitude & Appreciation**

I, on behalf of the BGB Welfare Trust would like to express deep gratitude to the hon'able Prime Minister Sheikh Hasina for providing the approval of Shimanto Bank. I acknowledge and appreciate the support and goodwill of BGB Welfare Trust from capital raising to commercial operation of the Bank. Before concluding, I on behalf of my colleagues in the Board of Directors would like to acknowledge and convey our gratitude to the Government agencies, Bangladesh Bank, Bangladesh Securities and Exchange Commission and other regulatory authorities, various financial institutions, banks and correspondents for their continued support and guidance and to all our clients for their confidence and journey with us. I also like to thank all of my colleagues in the Board of Directors, the Management along with entire dedicated team of the Bank for successful launch of the Bank and for accomplishing 1<sup>st</sup> Financial Year with success.

Together we make this bank a marque of trust to uphold our motto "Shimahin Astha".

Warmest Regards.

**Major General Abul Hossain, ndc,psc**  
Chairman



# Board of Directors



Major General Abul Hossain, ndc, psc  
Chairman



Brig Gen Md Anisur Rahman, ndc  
Director



Brig Gen Mohsen Uddin Ahmed, MPH  
Director



Brig Gen Shahriar Ahmed Chowdhury, ndc, psc  
Director



Brig Gen Md. Zahid Hasan, ndc, psc  
Director



Brig Gen Kazi Taufiqul Islam, psc  
Director



Brig Gen Mohammad Al Masum, psc  
Director



Col Md Hafizur Rahman, BGBMS, PBGMS, psc  
Director



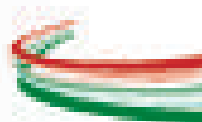
Colonel Md. Tanvir Alam Khan  
Director

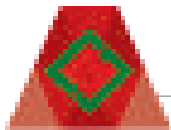


Assistant Director Md Mahbubur Rashid  
Director



Muklesur Rahman  
Managing Director & CEO



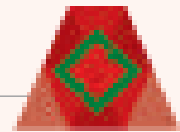


## Board of Directors

(As of 30 August, 2017)

Name	Designation
Major General Abul Hossain, ndc, psc	Chairman
Brig Gen Md Anisur Rahman, ndc	Director
Brig Gen Mohsen Uddin Ahmed, MPH	Director
Brig Gen Shahriar Ahmed Chowdhury, ndc, psc	Director
Brig Gen Md. Zahid Hasan, ndc, psc	Director
Brig Gen KaziTaufiqul Islam, psc	Director
Brig Gen Mohammad Al Masum, psc	Director
Col Md Hafizur Rahman, BGBMS, PBGMS, psc	Director
Colonel Md. Tanvir Alam Khan	Director
Assistant Director Md Mahbubur Rashid	Director
Muklesur Rahman	Managing Director & CEO





## Major General Abul Hossain, ndc, psc

Chairman



DIRECTOR'S PROFILE

Major General Abul Hossain, ndc, psc is the Director General of Border Guard Bangladesh and Chairman of Shimanto Bank Ltd. He joined Bangladesh Army in 1979 and was commissioned in the Corps of Engineers in 1981. He is a civil engineering graduate of Bangladesh University of Engineering and Technology (BUET). He got his Bachelor of Science degree from Chittagong University and Master of Defence studies from National University. He did his EMBA (Executive Masters in Business Administration) from American International University. He is a Life Fellow of Institute of Engineers, Bangladesh (IEB) and also a Fellow of Asia Pacific Centre for Security Studies (APCSS), USA.

He held a number of command, staff and instructional appointments. He was GSO-2(Coord) in E in C Branch and Brigade Major of 14 Independent Engineer Brigade. He commanded 17 Engineer Construction Battalion, Explosive Ordnance Battalion in Kuwait and Special Works Organization (SWO) - an Engineering Construction Brigade. He served as Instructor Class-B, Senior Instructor and Chief Instructor at School of Military Engineering (SME), Engineer Centre and School of Military Engineering (ECSME). He was Director of Works and Chief Engineer Bangladesh Army and Chief Engineer of Dhaka City Corporation. He served in Border Guard Bangladesh as a Sector Commander. He was commandant of Bangladesh Ordnance Factory (BOF) and also the Commandant of Military Institute of Sciences Technology (MIST). He was Engineer in Chief (E in C), at Army Headquarters. He also served as Military Secretary to the Honorable President (MSP). Presently he is serving as Director General, Border Guards Bangladesh.

He attended a number of professional courses at home and abroad. He did his Junior Officers' Combat Engineering Course from China, Battalion Commander Command Course from Turkey, International Border Security and Management Course from United Kingdom and Advanced Security Cooperation: Executive Course from United States. He is a graduate of Defence Service Command and Staff College and, National Defence College. He did Capstone Course from National Defence College, Mirpur.

He has participated in United Nations Peace Keeping Mission in Mozambique (ONUMOZ) and Operation Kuwait Punargathan (OKPI) in Kuwait. He has a publication in his credit and pursuing PhD on Climate Change Mitigation.







### **Brig Gen Md Anisur Rahman, ndc**

Director

Brig Gen Md Anisur Rahman, ndc is the Additional Director General of Border Guard Bangladesh and Director of Shimanto Bank Ltd.

He got Bachelor degree from Chittagong University in 1985 and he did Master of Business Administration (MBA) from Royal Road University.



### **Brig Gen Mohsen Uddin Ahmed, MPH**

Director

Brig Gen Mohsen Uddin Ahmed, MPH is the Additional Director General (Med) of Border Guard Bangladesh and Director of Shimanto Bank Ltd. He joined Bangladesh Army in 1988.

He completed Bachelor of Medicine and Bachelor of Surgery (MBBS) from Chittagong Medical College. He got Masters in Public Health (MPH) from Armed Forces Medical Institute (AFMI). He has accomplished Masters of Health Informatics (MHI) from Bangladesh University of Health Sciences (BUHS).



### **Brig Gen Shahriar Ahmed Chowdhury, ndc, psc**

Director

Brig Gen Shahriar Ahmed Chowdhury, ndc, psc is the Additional Director General of Border Guard Bangladesh and Director of Shimanto Bank Ltd. He joined Bangladesh Army in 1987.

He is a graduate of Chittagong University and got his Bachelor degree in 1987 and Master of Defence Studies (MDS) from National University.



### **Brig Gen Md. Zahid Hasan, ndc, psc**

Director

Brig Gen Md. Zahid Hasan, ndc, psc is the Region Commander of Border Guard Bangladesh and Director of Shimanto Bank Ltd. He joined Bangladesh Army in 1986.

He got Bachelor degree from Chittagong University in 1986 and he did Master of Defence Studies (MDS) from National University. He completed Master of Business Administration from Royal University and MSDS from National Defence College under Bangladesh University of Professionals (BUP).

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### **Brig Gen Kazi Taufiqul Islam, psc**

Director

Brig Gen Kazi Taufiqul Islam, psc is the Region Commander of Border Guard Bangladesh and Director of Shimanto Bank Ltd. He joined Bangladesh Army in 1988.

He got Bachelor degree from Chittagong University in 1988 and he did Master of Defence Studies (MDS) from National Defence College National University.

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### **Brig Gen Mohammad Al Masum, psc**

Director

Brig Gen Mohammad Al Masum, psc is the Additional Director General and Region Commander of Border Guard Bangladesh and Director of Shimanto Bank Ltd. He joined Bangladesh Army in 1991.

He got Bachelor degree from Chittagong University in 1988 and he did Master of Defence Studies (MDS) from National Defence College under National University.

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### **Colonel Md Hafizur Rahman, BGBMS, PBGMS, psc**

Director

Colonel Md Hafizur Rahman, BGBMS, PBGMS, psc is the Deputy Director General of Border Guard Bangladesh and Director of Shimanto Bank Ltd. He joined Bangladesh Army in 1983.

He is a graduate of Bangladesh University of Professionals (BUP).

He attended a number of professional training courses at home and abroad. He participated training program on Alternative Development in Thailand and Anti Drug Trafficking in Srilanka.

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## Colonel Md. Tanvir Alam Khan

Director

Colonel Md. Tanvir Alam Khan is the Deputy Director General of Border Guard Bangladesh and Director of Shimanto Bank Ltd. He joined Bangladesh Army in 1992.

He is a graduate of Military Institute of Science and Technology (MIST). He got Bachelor of Science degree from Chittagong University.



## Assistant Director Md Mahbubur Rashid

Director

Colonel Md Mahbubur Rashid is the Quarter Master of Border Guard Bangladesh and Director of Shimanto Bank Ltd. He joined Border Guard Bangladesh in 1992.

He completed graduation from Arts.



## Mr. Muklesur Rahman

Managing Director & CEO

Mr. Muklesur Rahman is a veteran Banker with more than 33 years' experience in reputed local and foreign Banks. Prior to joining Shimanto Bank Ltd, he was Managing Director & CEO of NRB Bank Ltd. Commencing a career with United Commercial Bank in 1984, he gradually moved up the ladder by serving global top banks such as Standard Chartered, ANZ Grindlays, City NA in various senior management capacities leading large teams spanning from branch management, retail, SME, operations, distributions, compliance, foreign trade to project management etc. In his long career he has successfully led some large projects including a mammoth core banking system migration where he has led from the front as the Chairman of the Steering Committee of the project. Mr. Muklesur Rahman passed B.com (Hon's) and M.com Major in Management from Dhaka University in 1983. He has attended numerous leadership, management development and learning programs at home and abroad and instilled international best practices in all entities he has served. He has brought numerous local and international accolades both for himself and for the organizations he worked.



## Executive Committee

- |  |    |   |   |   |          |
|--|----|---|---|---|----------|
| 1. Major General Abul Hossain, ndc, psc  | ?? | ? | ? | ? | Chairman |
| 2. Brig Gen Mohsen Uddin Ahmed, MPH      | ?  | ? | ? | ? | Member   |
| 3. Colonel Md. Tanvir Alam Khan          | ?  | ? | ? | ? | Member   |
| 4. Assistant Director Md Mahbubur Rashid | ?  | ? | ? | ? | Member   |

Secretary: Mr. Mohammad Mostafa Hossain Suman ACS

## Audit Committee

- |   |    |   |   |          |
|---|----|---|---|----------|
| 1. Brig Gen Shahriar Ahmed Chowdhury, ndc, psc  | ?? | ? | ? | Chairman |
| 2. Brig Gen Mohsen Uddin Ahmed, MPH             | ?  | ? | ? | Member   |
| 3. Colonel Md Hafizur Rahman, BGBMS, PBGMS, psc | ?  | ? | ? | Member   |

Secretary: Mr. Mohammad Mostafa Hossain Suman ACS

## Risk Management Committee

- |  |    |   |   |          |
|--|----|---|---|----------|
| 1. Brig Gen Shahriar Ahmed Chowdhury, ndc, psc | ?? | ? | ? | Chairman |
| 2. Col Md Hafizur Rahman, BGBMS, PBGMS, psc    | ?? | ? | ? | Member   |
| 3. Colonel Md. Tanvir Alam Khan                | ?  | ? | ? | Member   |

Secretary: Mr. Mohammad Mostafa Hossain Suman ACS

Notes: The Executive Committee, Audit Committee & Risk Management Committee of the Board was reconstituted on 2nd August 2017.



## “Managing Director & CEO's Review”



Dear Respected Shareholders & Stakeholders,

It's an immense pleasure and great honor for me to present the progress report of the financial year 2016 for three business months since commercial operation of the Bank.

#### **The Dream**

It's our pleasure that we are on the journey to accomplish the vision of the Border Guard Bangladesh and BGB Welfare Trust for building a modern and innovative Bank for inclusive financial development and for contributing on the national economy. Honorable Prime Minister Sheikh Hasina made the dream true and launched the Bank on the 1st day of September, 2016.

#### **Glorious Journey Started**

Shimanto Bank Ltd is the 57th scheduled bank in the country. We started our banking business with the slogan, of 'Shimanhin Astha'. We have developed centralized banking system backed by core banking solution and implemented latest technology for best user experience and customer satisfaction. By the end of the year 2016 we have established two branches; one in Dhaka and another one in Mymensingh.

#### **Bangladesh Economy & Global Financial Impact**

We have started our business when the world observed a series of unprecedented global events in Europe and America throughout the year 2016 and those political and economic turmoil posed threat to export and remittance which are two major drivers of Bangladesh economy. Responding to global economic threats and national macroeconomic and political stability Bangladesh economy has ensured 7% plus GDP growth with a below 6% inflation rate.

#### **Achievement in 2016**

Overcoming the macroeconomic challenges and strong competition prevails in the banking industry we have completed three months of banking business. During this short period we have booked a deposit of BDT 914 million and loan of BDT 435 million whereas the advance-deposit ratio is 47.60. We have reported an operating profit of BDT 16 million and profit after tax of BDT 5 million. Capital adequacy ratio as per BASEL III was 220.69% (against required 10.625% of Risk Weighted Assets). Return on Investment (ROI) and Return on Assets (ROA) were 0.92% and 0.10% respectively.

#### **Society, the Highest Priority**

The primary goal of the Bank is to contribute on the development and growth of the national economy by providing banking services to the marginal people. We have committed to take efforts to increase the financial inclusion of the rural marginal people, general consumer and small & medium entrepreneurs so that they can add value to the economic growth of the country through entrepreneurship development and employment generation. We are providing banking services to the marginal people of the rural remote areas as well as the BGB members and their families.

#### **Innovation, the Key**

We are also providing extended banking services to the corporate clients for financing their innovative and sustainable projects. The Bank will be the forerunner among the new generation Banks through engaging experienced management team, developing innovative products & services, establishing latest technological infrastructure and developing upgraded banking solution system.

#### **Corporate Governance**

We emphasize on establishing corporate governance through transparency and accountability. We are practicing and implementing corporate governance principles of both global and local standards in the operation of the Bank. The trust and confidence of the customers is our core asset and we are accountable to the stakeholders. We are giving most importance to key parameters of corporate governance such as complete separation of ownership and management, independent board room culture, efficient board committees, accountability among shareholders, board, the committees and the management, fair financial reporting, disclosure and compliance.





### Outlook-2017

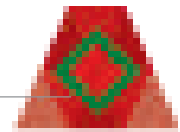
While celebrating the successful commencement of the Bank, we will be vigilant of the future challenges and growth. In order to ensure sustainable growth and acquiring due market share in this competitive environment, it is required to set strategies and bring innovation in products and services. Our priorities for 2017 are as follows:

- ▶ Deploying easily accessible modern infrastructure which is readily understood by masses.
- ▶ Establishing all the possible and innovative alternative channels for attracting tech savvy youths
- ▶ Expanding the branch network for customer convenience through specialized service as well as for economic inclusion of the people of border areas
- ▶ Developing consumer aspirated products and mixing the deposits.
- ▶ Providing easy access to finance the startup projects of new entrepreneurs
- ▶ Maintaining the capital base above the regulatory requirement and ensuring the non-performing loan at zero percent.

### Thanks & Gratitude

In fine, I would like take this opportunity to thank all of our customers for their cooperation and support and the employees for their relentless efforts and commitment for building the Bank. I wish to express my gratitude to the Board for their wise counsel and guidance in matters of governance and strategic direction which has helped us for timely implementation of the projects and for setting strong foundations for sustainable growth. I express my appreciation and thanks to all the regulators for their valuable guidelines and co-operation provided to the Bank from time to time. We believe that the year 2017 will be full of success.

**Muklesur Rahman**  
Managing Director & CEO



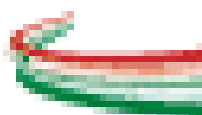
## Credit Rating Statement

Credit Rating Agency of Bangladesh Ltd (CRAB) has completed credit rating of the Bank based on the Audited Financial Statement as of 31 December, 2016, Unaudited Financial Statements as of 31 March 2017 and other relevant quantitative as well as qualitative information. Shimanto Bank Ltd was awarded 'BBB2' in the Long Term and 'ST-2' in the Short Term.

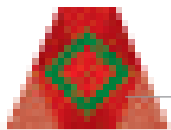
### Assigned Rating

Long Term	BBB2
Short Term	ST-2
Outlook	Stable
Date of Rating	4 may 2017
Valid Till	30 June 2018

Methodology: CRAB's Bank Rating Methodology



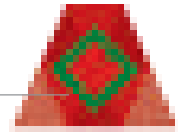




## Management Committee (MANCOM)



- |   |   |   |   |
|---|---|---|---|
| 1 | <b>Md. Mizanur Rahman</b><br>Head of Cards & ADC (Acting) | 4 | <b>Anwar Faruq Talukder</b><br>Head of Retail & SME       |
| 2 | <b>Mohammad Azizul Hoque</b><br>SVP, Operation            | 5 | <b>Md. Rafiqul Islam</b><br>Chief Operating Officer (COO) |
| 3 | <b>Md. Shahjahan Ali</b><br>In-Charge ICC                 |   |   |



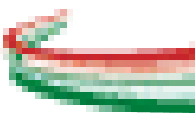
6 Muklesur Rahman  
Managing Director & CEO

7 A K M Golam Rabbani  
Head of HR

8 Alim Hossain Khan  
Head of General Service & Security

9 Ashraful Alam Bhuyian  
Head of IT

10 Mohammad Mostafa Hossain Suman ACS  
Company Secretary (Acting)



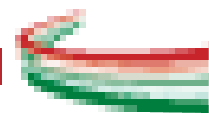
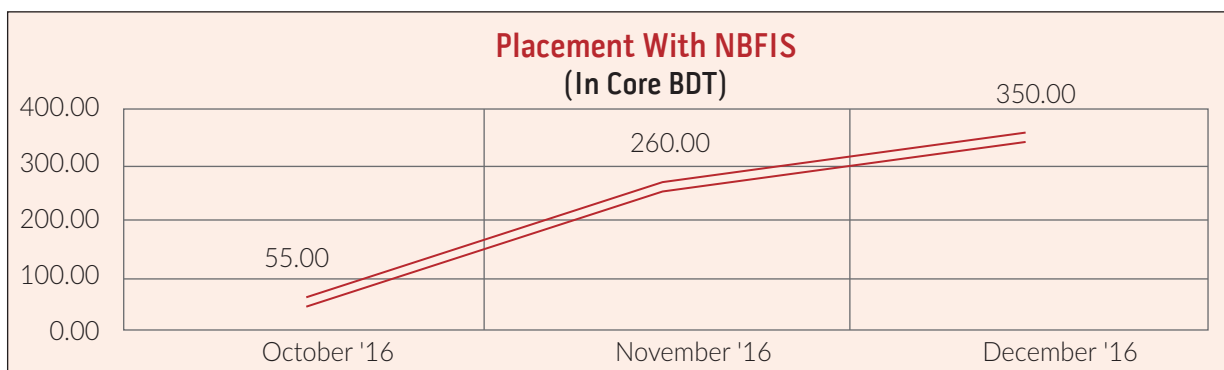
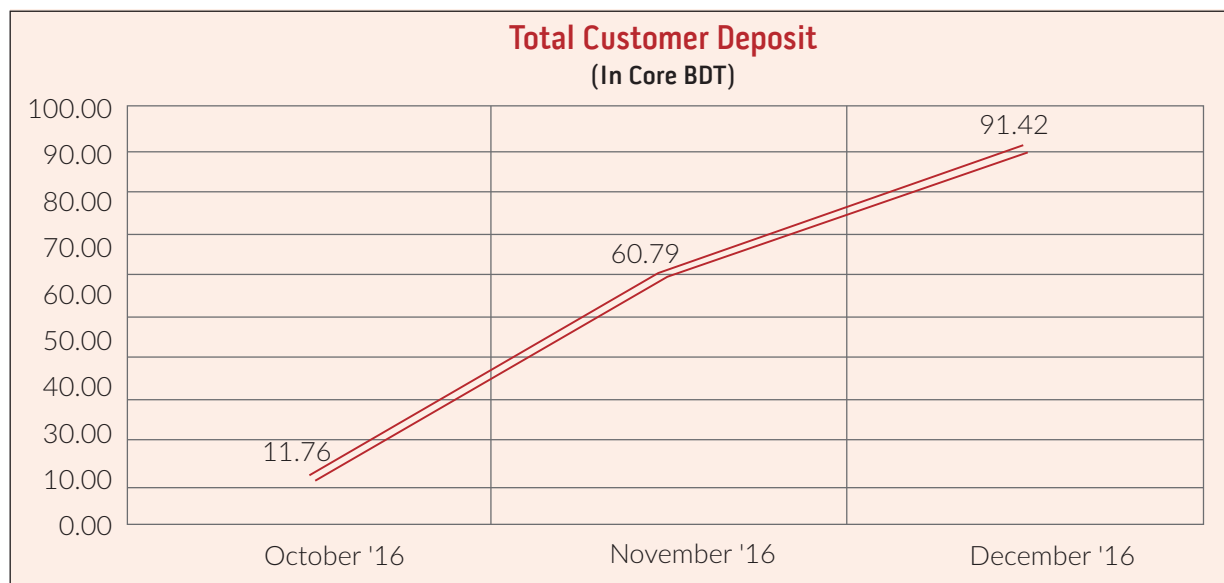
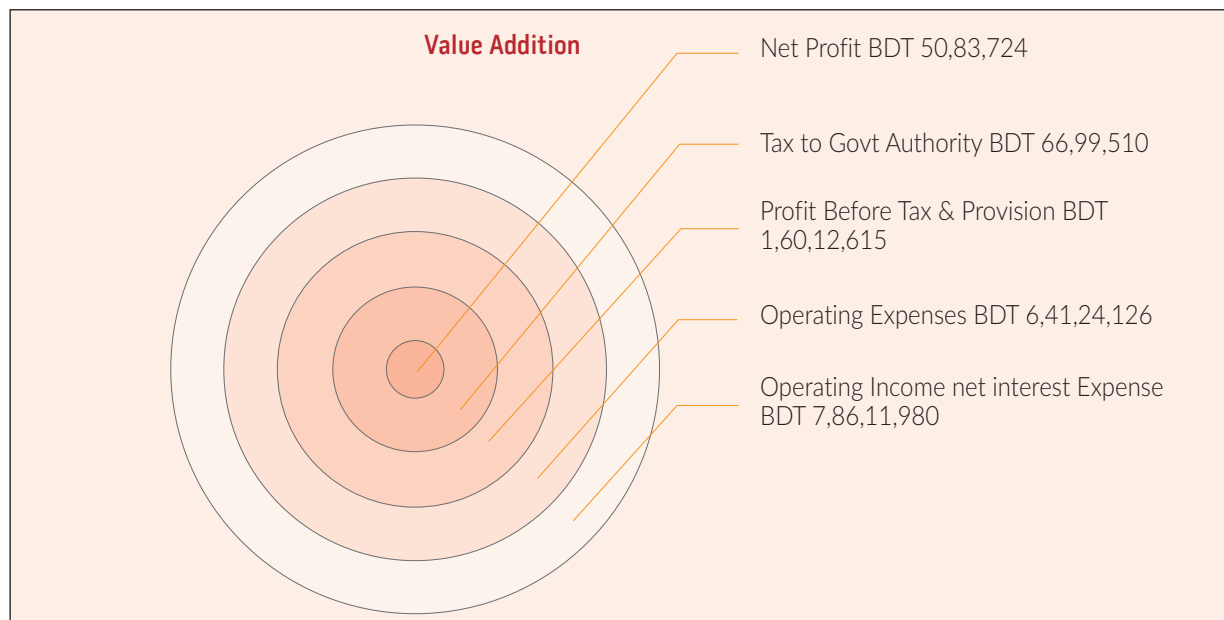


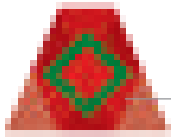
## Financial Highlights

Particulars	Amount in BDT
Capital Surplus	93,13,105
Total Assets	495,55,98,908
Total Deposits	91,42,10,556
Total Loans and Advances	43,51,97,581
Credit-Deposit Ratio	47.60
Ratio of Classified Loans Against Total Loans and Advances	0.00%
Profit after Tax and Provision	50,83,724
Provision Surplus	42,29,381
Cost of Fund	6.22%
Interest Earning Assets	462,12,88,179
Non-Interest Earning Assets	33,43,10,729
Return on Investments (ROI)	0.92%
Return on Assets (ROA)	0.10%
Income from Investments	14,29,982
Earnings per Share	0.013
Net Income per Share	0.013



# Financial Highlights





## Event Highlights 2016

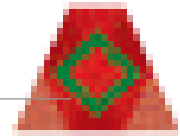
Hon'able Prime Minister Sheikh Hasina was present in the banking license handover ceremony to Shimanto Bank. The former Governor of Bangladesh Bank Dr. Atiur Rahman was seen handing over the license to former Director General of Border Guard Bangladesh and former Chairman of Shimanto Bank Major General Aziz Ahmed, BGBM, PBGM, psc, G.



Honorable Prime Minister of the Peoples Republic of Bangladesh Sheikh Hasina unveiled the logo of the Shimanto Bank Ltd.

Honorable Prime Minister of the Peoples Republic of Bangladesh Sheikh Hasina was delivering her speech in the launching ceremony of the Bank on 1st September, 2016 at the Fazlur Rahman Khondoker Auditorium, Peelkhana, Dhaka.





## Event Highlights 2016

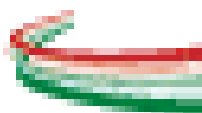


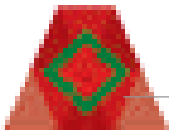
Honorable Prime Minister of the Peoples Republic of Bangladesh Sheikh Hasina launched the Shimanto Bank, 57th schedule bank in Bangladesh at the Inauguration Ceremony held on 1st September, 2016 at the Fazlur Rahman Khondoker Auditorium, Peelkhana, Dhaka.

Honorable Prime Minister Sheikh Hasina was signing the account opening form of Shimanto Bank as the First Accountholder on the inauguration ceremony of the Bank.



Distinguished guests, members of the Board of Directors and members of the Management Committee were seen in the Launching Ceremony of Shimanto Bank on 1st September 2016.





## Event Highlights 2016

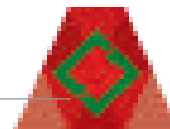
The former Chairman of Shimanto Bank Major General Aziz Ahmed, BGBM, PBGM, psc, G opened the Principal Branch of the Bank on 9th October 2016. Former Director Brig Gen Taufiqul Hasan Siddiquee, BGBMS, Brig Gen Md Mahfuzur Rahman, BGBM, BGBMS, G+, Managing Director & CEO Mr. Muklesur Rahman and top executives of the Bank were present in the launching ceremony.



The Launching Ceremony of Debit Card of Shimanto Bank Ltd was held on 8th November 2016 at DG's Secretariat. Former Chairman Major General Aziz Ahmed, BGBM, PBGM, psc, G and other members of the Board and the Managing Director & CEO Mr. Muklesur Rahman and members of the Management Committee were present in the program.



The Chairman of Shimanto Bank Major General Abul Hossain, ndc, psc opened the second branch at Mymensingh. The members of the Board, Managing Director & CEO, top officials of BGB Mymensingh Region, top officials of civil administration of Mymensingh and top executives of the Bank were present in the program.



## Event Highlights 2016

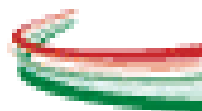
Major General Abul Hossain, ndc, psc, Chairman of Shimanto Bank was delivering his speech in the launching ceremony of Mymensingh Branch.



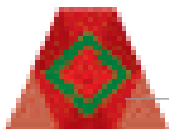
Honorable Chairman Major General Abul Hossain, ndc, psc is greeted by top Executives of Shimanto Bank in the Town Hall Meeting 2016.



Major General Abul Hossain, ndc, psc, Chairman of Shimanto Bank was presented the crest by Mr. Muklesur Rahman, Managing Director & CEO of Shimanto Bank in the first Town Hall Meeting.







## Event Highlights 2016

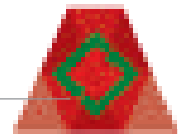
Chairman of Shimanto Bank Major General Abul Hossain, ndc, psc was delivering his speech in the 1st Town Hall Meeting of the Bank held on 1st December 2016 at Captain Shahid Asraf Hall.



The Board of Directors, Executives & Officers of Shimanto Bank are seen Present in the Town Hall Meeting 2016



The members of the Board of Directors of Shimanto Bank met in the Board Meeting at the Conference Room of DG's Secretariat at Peelkhana, Dhaka.

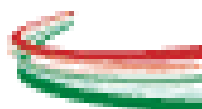


The members of the Management Committee are seen at the 1st Meeting of the (MANCOM) of Shimanto Bank.



The Board of Directors & Management Committee (MANCOM)

The Team of Shimanto Bank.





# REPORT OF THE BOARD OF DIRECTORS

## Dear Stakeholders,

The Board of Directors welcome you all at the First Annual General Meeting and is pleased to present the Annual Report and Audited Financial Statements for the year ended on 31 December 2016 together with the Auditor's Report thereon. A review of business and financial performance of the Bank and a snapshot of global and local economic trend affecting the performance of the Bank and condition of banking industry in Bangladesh is provided with this report.

### World Economy

In 2016, world economy grew by 2.3 percent and the projected growth in 2017 is 2.7 percent (source: Global Economic Prospects by World Bank Group, January 2017). The moderation in growth in 2016 occurred because of slow growth in developed economies, persistent low commodity prices, timid global trade, thinning capital flows and policy uncertainty. Commodity-export dependent developing economies of Africa, Latin America and Middle East found it difficult to accustom to low prices for oil and other key commodities. In 2016, growth of advanced economies is estimated to have slowed to 1.6 percent while Emerging Market and Developing Economies (EMDEs) grew by 3.4 percent as previously estimated.

In 2017, advanced economies are projected to grow by 1.8 percent and the US economy in particular by 2 percent. Growth in EMDEs is expected to accelerate to 4.2 percent. This projection is however deeply constrained by the growing uncertainty in the policy stance of the new US administration, the impact of Brexit, growing challenges to globalization and free trade and the possible geopolitical developments around the world. All these lingering uncertainties together may have a significantly negative effect on global trade and growth prospects.

### Bangladesh Economy

The GDP growth of Bangladesh in the financial year 2016 was estimated at 7.05% which is healthy though stagnated private investment rate and declined remittance flow. Bangladesh has been sustaining six plus percentage for the last five years mostly driven by exports and strong domestic demand. The foreign exchange reserve has crossed the \$ 31 billion mark.





The growth came largely from government consumption and investment expenditure which was covered by increased growth in services. Agriculture, Industrial and Service Sector growth was estimated at 2.6%, 10.1 % and 6.7% respectively. The inflation rate was decreased to 5.9%, lowest rate in the last twelve years. The export earnings increased by 9.8% in the financial year 2016.

### Banking Industry

Disbursement of industrial term loans increased by 8.78% to BDT 655.38 billion in FY 2016 which was 597.83 billion in the FY 2015. Large industries received 75.10% whereas the small & medium industries received 33.32% of total term loans disbursed in the financial year 2016. Recovery of industrial term loans increased by 4.14%. Broad Money growth stood at 13.8% in November 2016 and Advance-Deposit ratio increased to 73.90% at the end of September 2016. The deposit liabilities of the scheduled banks increased by 8.53% and reached BDT 8617.46 billion at the end of September 2016. The interest rate spread of the banking system dropped to 4.65% in November 2016 from 4.87% in January 2016. Gross non-performing loan (NPL) ratio increased to 10.34% and risk weighted capital asset ratio for all bank decreased to 10.31%.

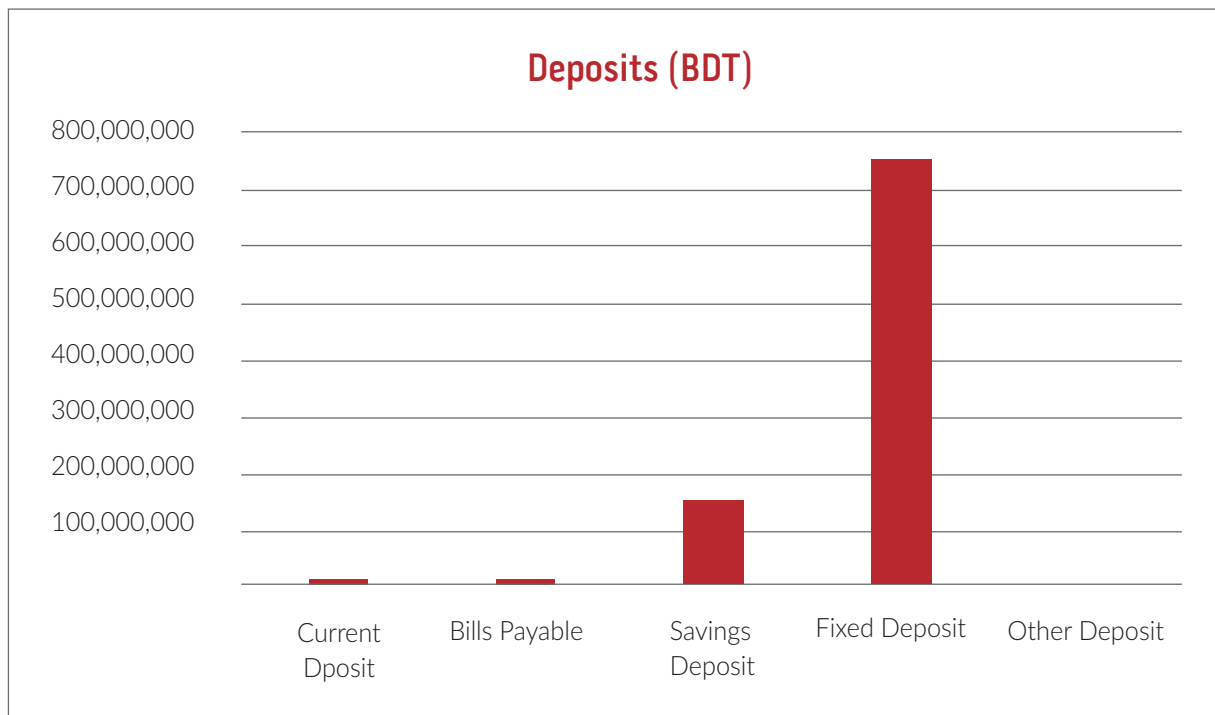
### Commercial Operation of Shimanto Bank

The Shimanto Bank Ltd gets license as 57<sup>th</sup> scheduled bank on the 21st Day of July 2016 and the Bank was inaugurated by the Honorable Prime Minister, Peoples Republic of Bangladesh Sheikh Hasina on the 1st Day of September, 2016. The Bank has completed three months of business operation on the 31st December 2016 and the financial results provided in this report is on the basis of this business period. The Statutory Meeting of the Bank was held on the 29th Day of December 2016 and the Statutory Report was adopted in the Meeting.

### Financial Highlights

#### Deposit

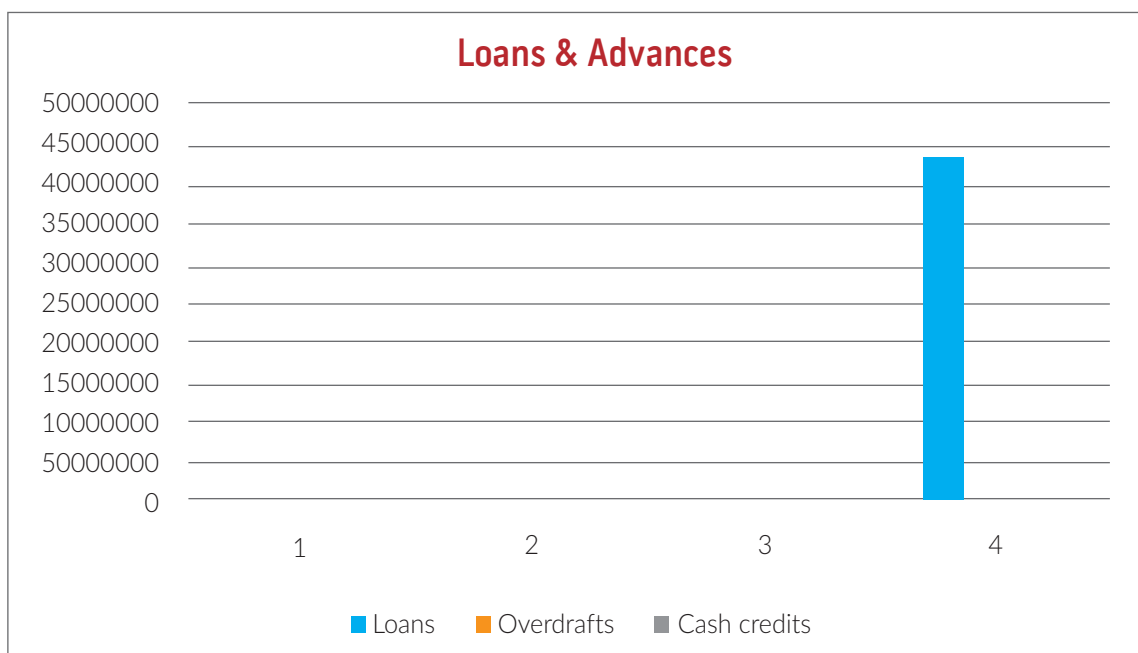
The total deposit of Shimanto Bank stood to BDT 914 million comprising of BDT 747 million fixed deposit, BDT 149 million savings deposit, BDT 10 million current deposit, BDT 6 million bills payable and BDT 1 million other deposit.





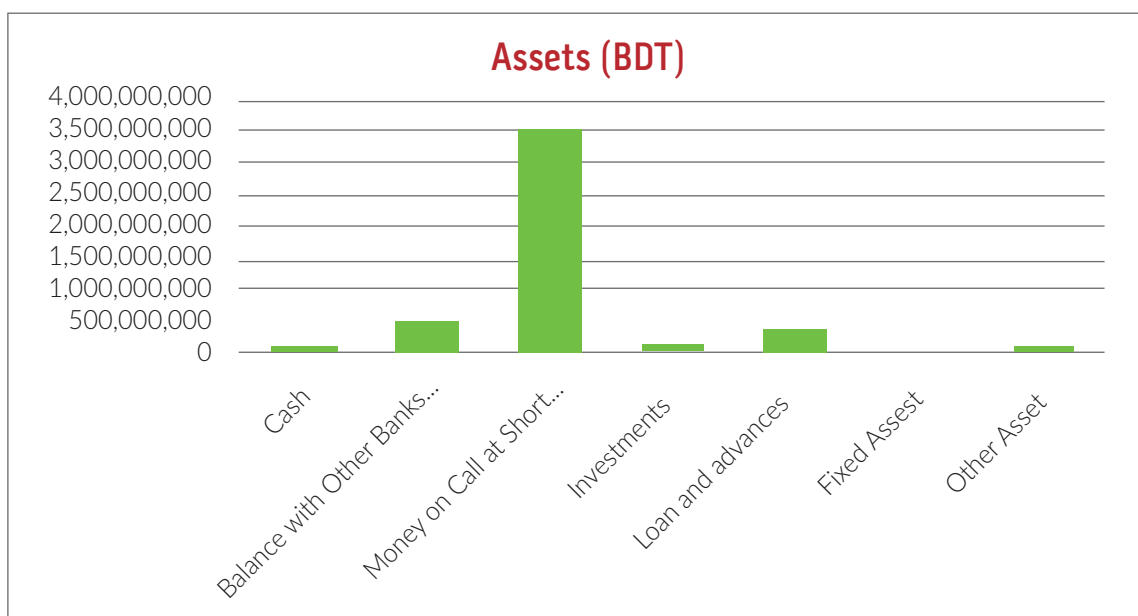
### Loans & Advances

The total loans and advances of the bank is BDT 435 million for the year ended 2016.



### Asset Portfolio

Total Assets of the Bank stood at BDT 4,956 million in 2016. The asset portfolio comprised of BDT 148 million as Cash, BDT 531 million as Balance with Other Banks and FIs, BDT 3,500 million as Money on Call at Short Notice, BDT 155 million as Investments, BDT 435 million as Loans and Advances, BDT 43 as Fixed Assets and BDT 144 million as other assets.





### Income & Expenditure

The Bank earned interest income of BDT 85 million whereas the interest paid on deposits and borrowings was BDT 6.39 million. The Bank has generated total operating income of BDT 80.13 million and incurred operating expense of BDT 64.12 million. The Bank has booked an operating profit of BDT 16.01 million before provisions.

### Capital Adequacy

The capital base of the Bank is our utmost strength. We commenced our business with huge paid-up capital of BDT 4,000 million.

The Tier-1 (Core Capital) capital and Tier-2 (Supplementary Capital) capital of the bank as per BASEL III Capital Accord is as follows:

Tier- 1 Capital		Tier-2 Capital	
Particulars	BDT	Particulars	BDT
Paid up capital	400,00,00,000	General Provision	42,29,381
Statutory reserve	32,02,523	Securities	-
Retained earnings	18,81,201	Revaluation Reserve	-
<b>Total</b>	<b>400,50,83,724</b>	<b>Total</b>	<b>42,29,381</b>

The Capital to Risk Weighted Assets Ratio (CRAR) stood at 220.69% as on December 31, 2016 as against the minimum CRAR of 10.625%.

### Innovation & Market Development

Innovation is our key instrument for developing and structuring the market. The Bank is investing cautiously on the development of innovative infrastructure for reaching the banking services to the fingers of the customers. The Banks' all-out effort is to develop different channels of distribution ensuring the best user experience.

### Product & Services

The Shimanto Bank Ltd (SMBL) is continuously developing the products and services keeping in mind the customers' expectation. The Bank is providing Retail Deposit Products i.e. SMBL Current Account, SMBL SND Account, ShimantoSanchay Account, BGB Payroll Account, SMBL Money Savers, SMBL Term Deposit, SMBL Monthly Benefit Deposit Scheme.

The Retail Lending Products of the Bank are SMBL Personal Loan, SMBL Easy Cash, SMBL Vehicle Loan, and SMBL ShimantoNibash.

The Bank is providing some featured Retail Lending Products i.e. SMBL Salary OD, SMBL Education Loan, SMBL Marriage Loan, and SMBL Pension Backed Loan to the BGB Staffs only.

The Bank is providing SMBL Ashtha and SMBL Time Loan to the SME customers and as well as Corporate Banking.

### Branch Network Expansion

The Bank was inaugurated on the 1st day of September 2016 and it has accomplished four month of business. The first branch as Principal Branch was opened at Shimanto Square on 9th October 2016 and the second branch was opened at Mymensingh on 12th December 2016. The Management envisions to open ten new branches by the end of December 2017.

### ICT Infrastructure

The Bank has developed strong core banking system for ensuring smooth operation countrywide with increased efficiency. The Bank invested on high end ICT solutions for delivering the services to the customers within the shortest possible time above the market standard.

### Appropriation of Profit

The profit after tax of the Shimanto Bank Ltd stands at BDT 5.08 million during the year 2016. The profit available for distribution stands at BDT 1.88 million after a mandatory transfer of BDT 3.20 million to statutory reserve. The Board of Directors, therefore, recommended no dividend for the year 2016 subject to the approval of the shareholders of the Bank in the 1st Annual General Meeting.





### Internal Control & Compliance

We are developing and strengthening internal control system within the organization. The board is cautious on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The Directors acknowledge their overall responsibility for the Bank's systems of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with applicable laws and regulations. The Board, through its committees, has reviewed the effectiveness of the bank's systems of internal control for the year ended 31 December, 2016.

The Board has supervised the policies and various parts of businesses to construct an effective internal control system which is essential for sustainable growth maintaining efficient conduct of business. They have also reviewed the adequacy and completeness of accounting records, well preparation of financial information, and efficient management of risk, strengthening bank assets and overall internal control process. By forming the audit committee, the Board of Directors monitors the functional and effectiveness of internal control system.

### Appointment of Statutory Auditor

M/s. ACNABIN, Chartered Accountants was appointed as statutory Auditor as per Article 158(iv) of Articles of association of the Bank before Statutory Meeting. They had conducted the statutory audit of Shimanto Bank Ltd for the year ended on December 31, 2016. As per provision of Bangladesh Bank Circular, they are eligible for re-appointment. The Board of Directors in its 14th Meeting recommended to appoint M/s. ACNABIN, Chartered Accountants as external auditors of the Bank up to the 2nd Annual General Meeting.

### Election & Re-election of Directors

According to Article 114 of Articles of Association of the Company all of the Directors shall retire from office at the first Annual General Meeting. All the Directors of the Bank shall retire on this 1st AGM and being eligible for re-election according to Article 116 and as per Companies Act 1994 they offered themselves for being re-elected. The Board had acknowledged their interest of being reelected and recommended for re-election in the 1st Annual General Meeting.

### Acknowledgement

Shimanto Bank Limited has gained the trust and confidence of its shareholders, customers and other stakeholders within the shortest span of its commercial operation. This achievement is primarily attributed to its practice of good governance framework, sound and prudent policy framework, efficient teamwork, prompt and prudent decision-making, efficient and cordial services, maximum utilization of resources, new demand-driven innovative products and services and modern infrastructure of technologies it established. The continued endeavors of the Management and Staff of the Bank under wise guidance and support of the Board of Directors have substantially contributed to the journey of success of the Bank. The Board of Directors take this opportunity of expressing its heart-felt appreciation and gratitude to the Government of the People's Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities & Exchange Commission, Registrar of Joint Stock Companies and Firms, National Board of Revenue (NBR) & BGB Welfare Trust for their cooperation, valuable guidance and advices provided to the Bank from time to time.

The Board of Directors also expresses heartiest appreciation to the Management and all staff for their dedicated and efficient services and also to the clients, sponsors, shareholders, stakeholders, patrons and well-wishers, whose continued support and patronage have facilitated our journey to success.

On behalf of the Board of Directors

Major General Abul Hossain, ndc,psc  
Chairman



## REPORT OF EXECUTIVE COMMITTEE

The Executive Committee (EC) of Shimanto Bank Limited is one of the core committees of the Board for carrying out urgent and daily or routine works between the intervals of two board meetings.

### **Formation & Composition of the Committee**

The Executive Committee (EC) was formed by the Board of Directors of Shimanto Bank Ltd complying with the section 15B(2) of the Bank Company Act 1991 (Amendment Act 2013) and BRPD Circular No. 11 dated October 27, 2013. The Committee was formed in the 6th Board Meeting held on 13 August 2016 comprising of four Members headed by former Chairman Major General Aziz Ahmed, BGBM, PBGM, psc. The Committee was reconstituted in the 10th Meeting of the Board of Directors.

The Executive Committee (EC) of the Board was consisting of skilled and efficient Board Members and Major General Abul Hossain, ndc,psc was appointed as the Chairman of the Committee by the Board of Directors. The present Executive Committee of Shimanto Bank Ltd comprised the following members:







Name	Educational Qualification	Board Designation	Committee Designation
Major General Abul Hossain, ndc,psc	MDS, MBA, BSc (Civil)	Chairman	Chairman
Brig Gen Mohsen Uddin Ahmed, MPH	MPH, MBBS	Director	Member
Brig Gen Shahriar Ahmed Chowdhury, ndc, psc	MDS, BA	Director	Member
Assistant Director Md Mahbubur Rashid	BA	Director	Member

The Company Secretary was the Secretary of the Committee.

#### Responsibility of the Committee

The Committee is mainly responsible for managing and overseeing all aspects of the Bank's business and operations in line with the terms of reference approved by the Board.

The Committee is responsible for ensuring quick disposal of loan/investment proposals and business of urgent nature. The committee meets as often as necessary to address the matters referred to it under the permission of the Board. The decisions taken by the Committee is reviewed and adopted in the following Board Meeting in regular basis.

The Executive Committee will continue to perform its functions assigned by the Board of Directors for achieving the goals and objectives of the Bank.

Executive Committee acknowledges the splendid support of Members of the Board, the Management, and the staffs from their respective work arena to achieve the goal of Shimanto Bank.

On behalf of the Executive Committee,

**Major General Abul Hossain, ndc,psc**  
Chairman of the Executive Committee



## STATEMENTS OF AUDIT COMMITTEE

The Audit Committee of Shimanto Bank Ltd was formed in accordance with the Corporate Governance Guideline issued by Bangladesh Securities and Exchange Commission (BSEC) on 07 August 2012 and BRPD Circular No.11 issued by Bangladesh Bank (BB) on 27 October 2013.

The Committee is responsible for providing independent oversight of the Bank's financial reporting, non-financial corporate disclosures, internal control system and compliance to governing rules and regulations and own code of business conduct.

### Formation & Composition of the Committee

The Audit Committee (AC) was formed by the Board of Directors of Shimanto Bank Ltd in the 6th Board Meeting held on 13 August 2016 comprising of three Members headed by Brig Gen Md Mahfuzur Rahman, BGBM, BGBMS, G+. The Committee was reconstituted in the 10th Meeting of the Board of Directors.

The Audit Committee was consisting of skilled and efficient Board Members and the present Committee comprised the following members:

Name	Educational Qualification	Board Designation	Committee Designation
Brig Gen Md Mahfuzur Rahman, BGBM, BGBMS, G+	MBA, MSc (Tec) , BSc	Director	Chairman
Colonel Md Hafizur Rahman, BGBMS, PBGMS, psc	BoSS	Director	Member
Colonel Kazi Aniruddha, BGBM	MBA , BSc	Director	Member

The Company Secretary was the Secretary of the Committee.

### Responsibility of the Committee

The roles and responsibilities of Audit Committee of a Bank is furnished in the BRPD Circular No 11 dated 27 October 2013, Corporate Governance Guideline issued by BSEC on August 07, 2012, July 21, 2013 and other best practice on corporate governance guidelines and standards. Main roles and responsibilities of Audit Committee of Shimanto Bank are highlighted below in broad scale:

#### Internal Control:

- Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities;





- Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS);
- Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management;
- Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management.

#### **Financial Reporting:**

- Audit committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules & regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank;
- Discuss with management and the external auditors to review the financial statements before its finalization.

#### **Internal Audit:**

- Audit committee will monitor whether internal audit working independently from the management.
- Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process;
- Examine the efficiency and effectiveness of internal audit function;
- Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not.

#### **External Audit:**

- Review the performance of the external auditors and their audit reports;
- Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not.
- Make recommendations to the board regarding the appointment of the external auditors.

#### **Compliance with existing laws and Regulations:**

Review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the board are being complied with.

#### **Other Responsibilities:**

- Submit compliance report to the board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities;
- External and internal auditors will submit their related assessment report, if the committee solicit;
- Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.

Audit Committee acknowledges the splendid support of Members of the Board, Management, Finance and Internal & External Auditors from their respective work arena to make Shimanto Bank as a compliant one.

On behalf of the Audit Committee,

**Brig Gen Md Mahfuzur Rahman, BGBM, BGBMS, G+**  
Chairman of the Audit Committee

## STATEMENTS OF RISK MANAGEMENT COMMITTEE



Shimanto Bank Ltd carries a wide range of risks across all of its business areas and the Bank's pursuit is to manage the risks identified. The risks faced by the Bank are mainly credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks. The Bank is developing framework of identification, assessment and management of the risks. According to the Bangladesh Bank Guideline the Bank should have a Risk Management Committee and the Committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.

### Formation & Composition of the Committee

The Risk Management Committee was formed by the Board of Directors of Shimanto Bank Ltd in the 6th Board Meeting held on 13 August 2016 comprising of three Members headed by Brig Gen Md Mahfuzur Rahman, BGBM, BGBMS, G+. The Committee was reconstituted in the 10th Meeting of the Board of Directors.

The Committee was consisting of skilled and efficient Board Members and the present Committee comprised the following members:

Name	Educational Qualification	Board Designation	Committee Designation
Brig Gen Md Mahfuzur Rahman, BGBM, BGBMS, G+	MBA, MSc (Tec), BSc	Director	Chairman
Colonel Md Hafizur Rahman, BGBMS, PBGMS, psc	BoSS	Director	Member
Colonel Tanvir Alam Khan	BSc (Civil)	Director	Member

Mr. Mohammad Mostafa Hossain Suman ACS is acting as the Secretary of the Committee.

### Roles and Responsibilities of the Risk Management Committee:

#### Risk identification & control policy:

Formulation and implementation of appropriate strategies for risk assessment and its control is the responsibility of Risk Management Committee. Risk Management Committee will monitor risk management policies & methods and amend it if necessary. The committee will review the risk management process to ensure effective prevention and control measures.



**Construction of organizational structure:**

The responsibility of Risk Management Committee is to ensure an adequate organizational structure for managing risk within the bank. The Risk Management Committee will supervise formation of separate management level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.

**Analysis and approval of Risk Management policy:**

Risk management policies & guidelines of the bank should be reviewed annually by the committee. The committee will propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit should be reviewed at least once annually and should be amended, if necessary.

**Storage of data & Reporting system:**

Adequate record keeping & reporting system developed by the bank management will be approved by the risk management committee. The committee will ensure proper use of the system. The committee will minute its proposal, suggestions & summary in a specific format & inform the Board of Directors.

**Monitoring the implementation of overall Risk Management Policy:**

Risk Management Committee will monitor proper implementation of overall risk management policies. They will monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.

**Other responsibilities:**

Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form;

Comply instructions issued time to time by the controlling body;

Internal & external auditor will submit respective evaluation report whenever required by the committee.

The Risk Management Committee acknowledges the splendid support of Members of the Board, Management, Risk Management Team of the Bank for their support and cooperation while performing its duties and responsibilities.

On behalf of the Committee,

**Brig Gen Md Mahfuzur Rahman, BGBM, BGBMS, G+**

Chairman of the Risk Management Committee



# Corporate Governance Report

Shimanto Bank Ltd has started its' journey to achieve the goals prudently by establishing principles of corporate governance in day to day operation of the bank. Corporate governance comprises the set of rules and practices by which the Board of Directors and Management ensures transparency and accountability in the company's relationship with all of its valued stakeholders. The objective is to safeguard stakeholders' interest on a sustainable basis while enhancing shareholders value. Good corporate governance reduces risk, stimulates performance, improves access to capital markets, enhances the marketability of goods and services, improves leadership, demonstrate transparency and social accountability.

We are committed to running the Bank compliance with the highest standards of corporate governance. We are expecting to review our governance arrangements as well as developments in the market practices, expectations and regulation to establish good corporate governance in our Bank.

## Governance Legal Framework

Shimanto Bank Ltd operates within the legal framework of the Companies Act-1994 and as a banking company, complies with the provisions of the Bank Company (Amendment) Act-2013. It also complies with the directives and guidelines issued from time to time by Bangladesh Bank and Bangladesh Securities and Exchange Commission.

The Corporate Governance principles of the Bank serve the goal of strengthening and consolidating company position with sustained growth objectives in materializing the trust placed in the company by the shareholders, clients, employees and the general public. Fair practice, accountability, transparency, compliance, value creation and corporate social responsibility are the pillars of our corporate governance.

The internal policies are Credit Risk Management Policy, Asset Liability Management Policy, Procurement & Logistics Support Policy, Media Communication Policy, Deposit Policy, Business Continuity Policy, Know Your Customer (KYC) Policy, Customer Acceptance Policy, Investment & Treasury Management Policy, Human Resource Policy, Information and Communication Technology (ICT) Policy, Internal Control & Compliance Policy, Money Laundering & Terrorist Finance Risk Management Policy etc which are formulated in line with the guidelines of the central bank and approved by the Board of Directors.



### Stakeholders

The Stakeholders of the Bank are individuals or groups that have an interest, claim or stake in the Company, in what we do and in how well we perform. All the Stakeholders are in an exchange relationship with us. Each of them supplies us with important resources and in exchange each expects that its interest is satisfied. The significant stakeholders are the Shareholders, the Board, the Board Committees, Bank Management, Regulatory Authorities, Independent External Auditors, Customers and the Employees.

### Statutory Meeting

The Statutory Meeting of the Bank was held on 29th December 2016 at the BGB Darbar Hall in presence of the members of the Company. The Statutory Report of the Bank was approved in the Meeting and the returns to the regulatory authorities were submitted timely.

### Structure of the Board

The first Board of the Bank comprises 9 Directors among whom 8 (Eight) are Non-Executive Directors (NEDs) including the Chairman and 1 (one) is the Managing Director & CEO (Ex-Officio) According to the Clauses 103 and 104 of the Articles of Association of the Bank. The Bank does not appointed any Independent Director to the Board as it has just started business.

### Policy on Appointment of Directors

Directors are appointed following relevant provision/clause of Companies Act 1994, Bank Company Act 1991 (amended up to 2013), Corporate Governance Guidelines of BSEC and Bangladesh Bank, and Articles of Association of the Bank. The Board consists of top brasses of Border Guard Bangladesh who have diversified professional experience in military operations, government projects, foreign missions and businesses entities of Army Welfare Trust. Their rich and diverse professional backgrounds have given the Board a vantage point in directing and monitoring the Bank to achieve its desired mission and vision. All the Non-Executive Directors are nominated by the BGB Welfare Trust and each Director is holding qualification share of BDT 10 (Taka ten) only ordinary share in the Bank in their own name. The Chairman is representing the all of the shares of BGB Welfare Trust.

### Ownership Composition

As on 31 December 2016 the Directors of the Bank held 39,99,99,990 shares whereas ten individuals held 10 shares in the Bank.

Sl.	Name of Shareholder	No of Shares Held	Percentage (%) of Share
1	BGB Welfare Trust	39,99,99,990	99.99
2	Others	10	0.01

Ownership of Company's Securities by the Members of Board of Directors as on 31 December 2016 are as follows:

Sl.	Name of Shareholder	Nominated By	No of Share
01.	Major General Abul Hossain, ndc, psc	BGB Welfare Trust	01
02.	Brig Gen Md Mahfuzur Rahman, BGBM, BGBMS, G+	BGB Welfare Trust	01
03.	Brig Gen Md Habibul Karim, BGBM, BGBMS, ndc, psc	BGB Welfare Trust	01
04.	Brig Gen Salim Mahmud Chowdhury, BP, BGBM	BGB Welfare Trust	01
05.	Brig Gen Taufiqul Hasan Siddiquee, BGBMS	BGB Welfare Trust	01
06.	Brig Gen Khondoker Farid Hassan, PBGM	BGB Welfare Trust	01
07.	Colonel Md Hafizur Rahman, BGBMS, PBGMS, psc	BGB Welfare Trust	01
08.	Colonel Kazi Aniruddha, BGBM	BGB Welfare Trust	01
09.	Colonel Zaved Sultan, BGBMS	BGB Welfare Trust	01
10.	Assistant Director Md Mahbubur Rashid	BGB Welfare Trust	01
	Total		10



### Appointment, Rotation and Retirement of Directors

BGB Welfare Trust, the sponsor of the Bank recommended to appoint three individuals in the Board replacing three officials who were nominated by the Trust. The Board accepted the resignation of three members and approved the appointment in their meeting as per recommendation of the BGB Welfare Trust. Bangladesh Bank approved the aforesaid appointment on as per Bank Company Act 1991.

Name of Director	Replacement	Designation
Major General Aziz Ahmed, BGBM, PBGM, psc, G	Major General Abul Hossain, ndc, psc	Chairman
Brig Gen Taufiqul Hasan Siddiquee, BGBMS	Brig Gen Mohsen Uddin Ahmed, MPH	Director
Brig Gen Khondoker Farid Hassan, PBGM	Colonel Md Hafizur Rahman, BGBMS, PBGMS, psc	Director

Later on BGB Welfare Trust recommended to appoint three individuals in the Board replacing three officials who were nominated by the Trust. The Board accepted the resignation of three members and approved the appointment in their meeting as per recommendation of the BGB Welfare Trust. The Bangladesh Bank approved the aforesaid appointment on as per Bank Company Act 1991.

Name of Director	Replacement	Designation
Colonel Zaved Sultan, BGBMS	Brig Gen Shahriar Ahmed Chowdhury, ndc, psc	Director
Brig Gen Md Habibul Karim, BGBM, BGBMS, ndc, psc	Brig Gen Mohsen Uddin Ahmed, MPH	Director
Brig Gen Salim Mahmud Chowdhury, BP, BGBM	Colonel Md. Tanvir Alam Khan	Director

BGB Welfare Trust recommended to appoint three individuals in the Board and the Board approved the appointment in their meeting as per recommendation. The Bangladesh Bank approved the aforesaid appointment on as per Bank Company Act 1991.

Name of Director	Designation
Brig Gen Md Anisur Rahman, ndc	Director
Brig Gen Md. Zahid Hasan, ndc, psc	Director
Brig Gen Kazi Taufiqul Islam, psc	Director
Brig Gen Mohammad Al Masum, psc	Director

Noted that all the members of the existing Board will retire in the 1st Annual General Meeting according to the Companies Act 1994 and the provisions of the Articles of Association of the Bank.

### Separation of Chairman and Chief Executive Officer Roles

As per the requirements of Bangladesh Bank BRPD Circular No. 11 and Circular Letter No. 18 dated 27 October 2013 and Clause 1.4 of BSEC CG Guidelines dated 07 August 2012, we report that the Chairman of the Board Major General Abul Hossain, ndc, psc has been elected from among the Directors and there are clear and defined roles and responsibilities of the Chairman and the Chief Executive Officer Mr. Muklesur Rahman.







### **Roles and Responsibilities of the Board of Directors**

The major roles and responsibilities of the Board, among others, are to set the vision, mission and policies of the Bank and to determine the goals, objectives and strategies to ensure efficient utilization of the Bank's resources. The Board of Directors are performing their roles and responsibilities in compliance with Bangladesh Bank BRPD Circular No. 11 dated 27 October 2013.

### **Responsibilities of the Chairman**

The Chairman of the Bank has been delivering his rules and responsibilities as per BRPD Circular No. 11 dated 27 October 2013 issued by Bangladesh Bank and Corporate Governance Notification issued by BSEC on 07 August 2012.

### **Appointment, Roles and Responsibilities of Managing Director & CEO**

Managing Director & CEO of the Bank is appointed with due approval from Bangladesh Bank. The Board of Directors of the Bank clearly defines and approves the roles, responsibilities and duties of the Managing Director & Chief Executive Officer (CEO) complying with the Bangladesh Bank BRPD Circular Letter No. 18 dated 27 October 2013 issued by Bangladesh Bank and Corporate Governance Notification issued by BSEC on 07 August 2012.

### **Appointment of HoF, Head of ICC and CS**

The role of Head of Finance, Head of Internal Control & Compliance and Company Secretary are completely distinctive and the Bank appointed and assigned separate individuals for the respective positions as per the policy of the Bank and other regulatory laws and regulations. They are well conversant in the field of financial, regulatory and corporate laws to carry out their assigned responsibilities.

### **Independence of Non-Executive Directors**

The Non-Executive Directors enjoy full freedom in discharging their responsibilities. They attend the Board Meetings and Committee Meetings of which they are members regularly. They participate in the deliberation and discussions effectively. They actively involve in the matter of formulation of general strategies of the Bank. But they do not participate in or interfere into the administrative or operational or routine affairs of the Bank.

### **Independence of Non-Executive Directors**

The Non-Executive Directors enjoy full freedom in discharging their responsibilities. They attend the Board Meetings and Committee Meetings of which they are members regularly. They participate in the deliberation and discussions effectively. They actively involve in the matter of formulation of general strategies of the Bank. But they do not participate in or interfere into the administrative or operational or routine affairs of the Bank.

### **Board Committees & Their Roles**

The Bank has three Sub-Committees of the Board for ensuring good governance through transparency and accountability in bank management complying with the Bangladesh Bank circular i.e. BRPD Circular No. 11 dated 27 October 2013.

The three Board committees are namely Executive Committee, Audit Committee and Risk Management Committee to oversee and direct the operations, performance and strategic direction of the Bank.

#### **1. Executive Committee (EC)**

In Compliance with Section 15B (2) of Bank Company Act 1991 (amended up to 2013) and BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of the Bank has constituted the Executive Committee (EC) of the Board in the 6th Board Meeting held on 13 August 2016 and re-constituted in the 10th Meeting. The Statement of the Executive Committee comprising of appointment, composition, roles and responsibilities of the Committee is furnished in page No 39. None of them are the members of Audit Committee of the Board. The Company Secretary acts as the secretary of the committee.

#### **2. Audit Committee (AC)**

The Audit Committee of the Board comprised of three members from the Board who are not member of the Executive Committee. The Audit Committee carries out its functions based on the guidelines of Bangladesh Bank. The Company Secretary acts as the secretary of the committee.



The Board has been re-constituted by the BoD from time to time to review and oversee independently the company's financial reporting, nonfinancial corporate disclosures, internal control systems and compliance to governing laws, rules and regulations etc. The report of the Audit Committee is provided in the page no. 41 of this Annual Report.

### 3. Risk Management Committee (RMC)

In Compliance with BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of the Bank has constituted a three-member Risk Management Committee (RMC) of the Board. The Risk Management Committee has been formed to minimize probable risks arisen during implementation of Board approved policies, procedures and strategies. The RMC is entrusted to examine and review whether management is properly working on identification, management and mitigation of credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, information and communication technology risk, operation risk, interest rate risk and liquidity risk and keeping adequate provision and capital against the said risks.

The Statement of the Risk Management Committee on appointment, composition, roles and responsibilities of the Committee is furnished in page No 43 of this Annual Report.  
Management Committees & Their Responsibilities

In Corporate Governance framework, the Bank management has a collective effort and objective under the leadership of Managing Director & CEO for carrying out daily operations to the best interest of the shareholders and other stakeholders. The Shimanto Bank has some designated committees who are entrusted with specific objectives.

#### 1. The Management Committee (MANCOM)

MANCOM of Shimanto Bank is consisting of the heads of the functional departments and units. It is the highest decision and policy making authority of the management who are responsible for monitoring for effective discharge of management responsibilities. They are also responsible for strategic and tactical decisions relating to business, credit, operations, administration, HR, internal and financial control and compliance etc.

#### 2. Credit Risk Management Committee (CRMC)

The Bank has formed the Credit Risk Management Committee (CRMC) in compliance with the Guidelines of the Central Bank. The Committee is responsible for ensuring proper and timely identification, measurement and mitigation of risks exposed related to credit by the Bank.

#### 3. Asset Liability Committee (ALCO)

The Asset Liability Committee (ALCO) of Shimanto Bank is dedicated to oversee the asset-liability position, interest rate risk, liquidity risk, investment portfolio composition and compliance with key ALM ratios. ALCO is also engaged in setting strategies and revamping previously taken strategies to cope with current & future market scenario.

#### 4. Purchase Committee (PC)

The Purchase Committee (PC) of the Bank consisting members from Administration, HR, Operations, Finance, IT and Communication, plays an instrumental role in the procurement procedure of the Bank. The main objective of this committee is to ensure transparency in procurement activity.





## Disclosures on Risk Based Capital (Basel III)

These disclosures of Shimanto Bank Ltd. have been made in accordance with the Bangladesh Bank BRPD Circular no. 18 of 21 December 2014 as to Guidelines on 'Risk Based Capital Adequacy for Banks' in line with Basel III.

### 1. Capital Adequacy under Basel-III

To cope with the international best practices and to make the Bank's capital more risk sensitive as well as more shock resilient, 'Guidelines on Risk Based Capital Adequacy (RBCA) for Banks' (Revised regulatory capital framework in line with Basel III) have been introduced from January 01, 2015. The guidelines were issued by Bangladesh Bank (BB) under section 13 and section 45 of the Bank Company (Amendment up to 2013) Act, 1991.

**Basel III guidelines are structured on the following aspects:**

- a) Minimum capital requirements to be maintained by a Bank against credit, market, and operational risks.
- b) Process for assessing the overall capital adequacy aligned with risk profile of a Bank as well as capital growth plan.
- c) Framework of public disclosure on the position of a Bank's risk profiles, capital adequacy, and risk management system

### 2. Scope of application

Basel III guidelines apply to all scheduled banks on 'Solo' basis as well as on 'Consolidated' basis where-

- Solo Basis refers to all position of the bank and its local and overseas branches/offices; and
- Consolidated Basis refers to all position of the bank (including its local and overseas branches/offices) and its subsidiary company (ies) engaged in financial (excluding insurance) activities like merchant banks, brokerage firms, discount houses, etc. (if any).

Shimanto Bank followed the scope narrated above. Bank has Tier 1 Capital (Going concern) and tier 2 Capital (Gone concern) structure at the moment.

### 3. Capital base

Regulatory capital has been categorized into following way:

- 1) Tier 1 Capital (going-concern capital)
  - a) Common Equity Tier I
  - b) Additional Tier I
- 2) Tier 2 Capital (Gone concern)

#### 1. (a) Common Equity Tier 1 Capital

For the local banks, Common Equity Tier 1 (CET1) capital shall consist of sum of the following items:

- (a) Paid up capital
- (b) Non-repayable share premium account
- (c) Statutory reserve
- (d) General reserve
- (e) Retained earnings
- (f) Dividend equalization reserve
- (g) Minority interest in subsidiaries

Less: Regulatory adjustments applicable on CET1



## 1. (b) Additional Tier 1 Capital

For the local banks, Additional Tier 1 (AT1) capital shall consist of the following items:

- Instruments issued by the banks that meet the qualifying criteria for AT1 as specified at Annex4.
  - Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties (for consolidated reporting only);
- Less: Regulatory adjustments applicable on AT1 Capital

## 2. Tier 2 Capital

Tier 2 capital, also called 'gone-concern capital', represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a bank. For the local banks, Tier 2 capital shall consist of the following items:

- General Provisions; (General provisions/general loan-loss reserve eligible for inclusion in Tier 2 will be limited to a maximum 1.25 percentage points of credit risk-weighted assets calculated under the standardized approach)
  - Subordinated debt / Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital;
  - Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties as specified
- Less: Regulatory adjustments applicable on Tier-2 capital;

## 4. Limits (Minima and Maxima)

These instructions will be adopted in a phased manner starting from the January 2015, with full implementation of capital ratios from the beginning of 2019. Banks will be required to maintain the following ratios on an ongoing basis:

- a) Common Equity Tier 1 of at least 4.5% of the total RWA.
- b) Tier-1 capital will be at least 6.0% of the total RWA.
- c) Minimum CRAR of 10% of the total RWA.
- d) Additional Tier 1 capital can be admitted maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher
- e) Tier 2 capital can be admitted maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher
- f) In addition to minimum CRAR, Capital Conservation Buffer (CCB) of 2.5% of the total RWA is being introduced which will be maintained in the form of CET1.

Following is the phase-in arrangement for the implementation of minimum capital requirements

Phase-in arrangement of minimum capital requirements

	2015	2016	2017	2018	2019
Minimum Common Equity Tier-1 Capital Ratio	4.50%	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer	-	0.63%	1.25%	1.88%	2.50%
Minimum CET-1 plus Capital Conservation Buffer	4.5%	5.13%	5.75%	6.38%	7.00%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.63%	11.25%	11.88%	12.50%





## 5. Capital Conservation Buffer

Banks are required to maintain a capital conservation buffer of 2.5%, comprised of Common Equity Tier 1 capital, above the regulatory minimum capital requirement of 10%. Banks should not distribute capital (i.e. pay dividends or bonuses in any form) in case capital level falls within this range. However, they will be able to conduct business as normal when their capital levels fall into the conservation range as they experience losses. Therefore, the constraints imposed are related to the distributions only and are not related to the operations of banks. The distribution constraints imposed on banks when their capital levels fall into the range increase as the banks' capital levels approach the minimum requirements. The Table below shows the minimum capital conservation ratios a bank must meet at various levels of the Common Equity Tier 1 capital ratios. Bank's minimum capital conservation standards

CET-1 Ratio	Minimum Capital Conservation Ratio (expressed as percentage of earnings)
4.5% - 5.125%	100%
5.75%	80%
6.375%	60%
7.0%	40%
>7.0%	0%

## 6. Regulatory Adjustments / Deductions

In order to arrive at the eligible regulatory capital for the purpose of calculating CRAR, banks are required to make the following deductions from CET1/Capital:

- Shortfall in provisions against NPLs and Investments
- Goodwill and all other Intangible Assets
- Deferred tax assets (DTA)
- Defined benefit pension fund assets
- Gain on sale related to securitization transactions
- Investment in own shares
- Investments in the Capital of Banking, Financial and Insurance Entities  
(Reciprocal crossholdings in the Capital of Banking, Financial and Insurance Entities)

### Transitional Arrangements for Capital Deductions

Currently, 10% of revaluation reserves for equity instruments and 50% of revaluation reserves for fixed assets and securities are eligible for Tier 2 capital. However, Bangladesh Bank, in the light of Basel III proposals, has harmonized deductions from capital which will mostly be applied at the level of Tier 2. The regulatory capital adjustment will start in a phased manner from January, 2015 in the following manner:

#### Transitional Arrangements for Capital Deductions

Phase-in of deductions from Tier 2	2015	2016	2017	2018	2019
RR for Fixed Assets	20%	40%	60%	80%	100%
RR for Securities	20%	40%	60%	80%	100%
RR for Equity Securities	20%	40%	60%	80%	100%



## 7. Leverage Ratio

A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level.

The banks will maintain leverage ratio on quarterly basis. The calculation at the end of each calendar quarter will be submitted to BB showing the average of the month end leverage ratios based on the following definition of capital and total exposure.

$$\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$$

## Transitional Arrangements

The parallel run period for leverage ratio will commence from January, 2015 and run until December 31, 2016. During this period, the leverage ratio and its components will be tracked to assess whether the design and calibration of the minimum tier 1 leverage ratio of 3% is appropriate over a credit cycle and for different types of business models, including its behavior relative to the risk based requirements.

Bank level disclosure of the leverage ratio and its components will start from January 1, 2015. However, banks should report their Tier 1 leverage ratio to the BB (Department of Off-Site Supervision) along with CRAR report from the quarter ending March, 2015. Based on the results of the parallel run period, any final adjustments to the definition and calibration of the leverage ratio will be made by BB in 2017, with a view to setting the leverage ratio requirements as a separate capital standard from January 1, 2018.

Bank complied with the conditions as embodied in this respect wherever applicable.

## 8. a) Credit Risk

Credit risk is the potential that a bank borrower or counterparty fails to meet its obligation in accordance with agreed term.

Bank followed the suggested methodology, process as contained in the Guidelines.

### b) Methodology

Bangladesh Bank adopted Standardized Approach for calculating Risk Weighted Assets. The capital requirement for credit risk is based on the risk assessment made by external credit assessment institutions (ECAIs) recognized by BB for capital adequacy purposes. Banks are required to assign a risk weight to all their on-balance sheet and off-balance sheet exposures. Risk weights are based on external credit rating (solicited) which was mapped with the BB rating grade or a fixed weight that is specified by Bangladesh Bank.

### c) Credit Risk Mitigation

Shimanto Bank uses a number of techniques to reduce its credit risk to which the Bank is exposed. For example, exposures may be collateralized by first priority claims, in whole as in part with cash or securities, a loan exposure may be guaranteed by a third party. Additionally, Bank may agree to net loans owed to them against deposits from the same counterparty.

Bank uses Comprehensive Approach as adopted by the Central Bank. In this approach when taking collateral, Bank will need to calculate adjusted exposure to a counterparty for capital adequacy purposes in order to take account of the effects of that collateral. Using haircut, Bank is required to adjust both the amount of the exposure to the counterparty and the value of any collateral received in support of that counterparty to take account of possible future fluctuations in the value of either, occasioned by market movements. This will produce volatility adjusted amounts for both exposure and collateral.



**9. a) Market Risk**

Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices. The market risk positions subject to this requirement are:

- i) The risks pertaining to interest rate related instruments and equities in the trading book; and
- ii) Foreign exchange risk and commodities risk throughout the bank (both in the banking and in the trading book).

**b) Methodology**

In Standardized Approach, the capital requirement for various market risks (interest rate risk, equity price risk, commodity price risk, and foreign exchange risk) is determined separately. The total capital requirement in respect of market risk is the sum of capital requirement calculated for each of these market risk sub-categories. The methodology to calculate capital requirement under Standardized Approach for each of these market risk categories is as follows:

- a) Capital Charge for Interest Rate Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk.
- b) Capital Charge for Equity Position Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk.
- c) Capital Charge for Foreign Exchange Risk = Capital Charge for General Market Risk
- d) Capital Charge for Commodity Position Risk = Capital Charge for General Market Risk

Bank followed the suggested methodology, process as contained in the Guidelines.

**10. a) Operational Risk**

Operational Risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputation risk.

**b) Measurement Methodology**

Banks operating in Bangladesh shall compute the capital requirements for operational risk under the Basic Indicator Approach (BIA). Under BIA, the capital charge for operational risk is a fixed percentage, denoted by (alpha), of average positive annual gross income of the bank over the past three years. Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average.

Bank followed the suggested methodology, process as contained in the Guidelines.

**11. Disclosure under Pillar III**

Disclosure given below as specified by RBCA Guidelines dated 21 December 2014:



## Market Discipline

Disclosures on Risk Based Capital (Basel-III)

### 1. Scope of Application:

Qualitative Disclosure	(a)	The name of the top corporate entity in the group to which this guidelines applies	Shimanto Bank Limited
	(b)	b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (i) that are fully consolidated;(ii) that are given a deduction treatment; and (iii) that are neither consolidated nor deducted (e.g. where the investment is risk weighted).	Shimanto Bank Limited was formally inaugurated on 1st September 2016 by the Honorable Prime Minister Sheikh Hasina, and incorporated as a Public Limited Company (Banking Company) asunder the Companies Act 1994 for carrying out all kinds of banking activities. Presently the Bank is operating its business through head office having 02 branches (principal branch-Shimanto square, Dhaka and Mymensingh branch)
	(c)	Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	Not applicable
Quantitative Disclosure	(d)	The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name (s) of such subsidiaries	Not applicable

### 2. Capital Structure:

Qualitative Disclosure	(a)	Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.	As per the guidelines of Bangladesh Bank, Tier-1 Capital of Shimanto Bank Limited consists of (i) Fully Paid-up Capital, and (ii) Retained Earnings. Tier-2 Capital consists of (i) General Provision against unclassified Loans/Investments.
Quantitative Disclosure	(b)	The amount of Tier-1 capital with separate disclosure of:	
		BDT Crore	
		i. Fully Paid-up Capital:	400.00
		ii. Retained Earnings:	0.19
		iii. Statutory reserve:	0.32
		<b>Sub-Total (A):</b>	<b>400.51</b>
	(c)	The total amount of Tier-2 and Tier-3 capital (B)	0.42
	(d)	Other deductions from capital-	
	(e)	<b>Total eligible capital (A+B)</b>	<b>400.93</b>







### 3. Capital Adequacy:

Qualitative Disclosures	
a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	<p>The Bank has computed the Capital to Risk Weighted Ratio (CRAR) adopting the following approaches:</p> <p>a. Standardized Approach for Credit Risk to Compute Capital to Risk Weighted Ratio under Basel III, using national discretion for:</p> <ul style="list-style-type: none"> <li>Accepting the credit rating agencies as External Credit Assessment Institutions (ECAI) for claims on corporate and eligible SME customers.</li> <li>Accepting Credit Risk Mitigation (CRM) against the financial securities.</li> </ul> <p>b. Standardized (rule based) Approach for Market Risk and</p> <p>c. Basic Indicator Approach for Operational Risk.</p> <p>Besides computing CRAR under the Pillar I requirement, the Bank also undertakes stress testing periodically in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, profitability and capital adequacy. The Bank has a Board approved policy on Internal Capital Adequacy Assessment Process (ICAAP) as stipulated by Bangladesh Bank. The bank conducts Internal Capital Adequacy Assessment Process (ICAAP) on annual basis to assess the sufficiency of its capital funds to cover the risks specified under Pillar II of Basel guidelines.</p> <p>The adequacy of Bank's capital funds to meet the future business growth is being assessed in the ICAAP document.</p>

Quantitative Disclosures	
Capital requirement under following Risk:	Amount in Crore
b Capital requirement for Credit Risk	169.57
c) Capital requirement for Market Risk	0.00
d) Capital requirement for Operational Risk	12.10
<b>Total Capital Requirement (b+c+d)</b>	<b>181.67</b>

Minimum Capital Requirement (MCR) Capital Adequacy Ratio (CRAR):	
1. Common Equity Tier 1 (CET 1) Ratio	220.46%
2. Tier 1 Capital Adequacy Ratio	220.46%
3. Tier 2 Capital Adequacy Ratio	0.23%
Capital to Risk weighted Asset Ratio (CRAR)	220.69%
Capital Conservation Buffer	0.9314
Available Capital under Pillar 2 Requirement	0.4229
Minimum Capital Requirement (MCR)	400.00

### 4. Credit Risk:

Qualitative Disclosures	(a)	The general qualitative disclosure requirement with respect to credit risk, including:
	i) Definitions of past due and impaired (for accounting purposes)	All the loans and advances are grouped into four categories for the purpose of classification, namely (i) Continuous Loan, (ii) Demand Loan (iii) Fixed Term Loan and (iv) Short-term Agricultural and Micro Credit.



		<p>They are classified as follows:</p> <p><b>Continuous &amp; Demand Loan are classified as:</b></p> <ul style="list-style-type: none"> <li>• Sub-standard- if it is past due/overdue for 03(three) months or beyond but less than 06 (six) months;</li> <li>• Doubtful- if it is past due/overdue for 06 (six) months or beyond but less than 09 (nine months);</li> <li>• Bad/Loss- if it is past due/overdue for 09 (nine) months or beyond.</li> </ul> <p>In case of any installment(s) or part of installment(s) of a Fixed Term Loan amounting up to Tk 1 million is not repaid within the due date, the amount of unpaid installment(s) are treated as "past due or overdue installment". Such types of Fixed Term Loans are classified as under:</p> <ul style="list-style-type: none"> <li>• Sub-standard- if the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loans are classified as "Sub-standard".</li> <li>• Doubtful- if the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loans are classified as "Doubtful"</li> <li>• Bad/Loss- if the amount of past due installment is equal to or more than the amount of installment(s) due within 12(twelve) months, the entire loans are classified as "Bad/Loss".</li> </ul> <p>In case of any installment(s) or part of installment(s) of a Fixed Term Loan amounting more than Tk 1 million is not repaid within the due date, the amount of unpaid installment(s) are treated as "past due or overdue installment". Such types of Fixed Term Loans are classified as under:</p> <ul style="list-style-type: none"> <li>• Sub Sub-standard- if the amount of past due installment is equal to or more than the amount of installment(s) due within 03 (three) months, the entire loans are classified as "Sub-standard".</li> <li>• Doubtful- if the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loans are classified as "Doubtful".</li> <li>• Bad/Loss- if the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loans are classified as "Bad/Loss".</li> </ul> <p><b>Short-term Agricultural and Micro Credit</b> will be considered irregular if it is not repaid within the due date as stipulated in the loans agreement are classified as under:</p>
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			<ul style="list-style-type: none"><li>• Sub-standard- if the irregular status continues after a period of 12 (twelve) months, the credits are classified as "Sub-standard".</li><li>• Doubtful- if the irregular status continue after a period of 36 (thirty six) months, the credits are classified as "Doubtful".</li><li>• Bad/Loss- if the irregular status continue after a period of 60 (sixty) months, the credits are classified as "Bad/Loss".</li></ul> <p>A Continuous loan, Demand loan or a Term Loan which remained overdue for a period of 02 (two) months or more, are treated as "Special Mention Account (SMA)".</p>																										
		ii) Description of approaches followed for specific and general allowances and statistical methods	<table><tr><td colspan="2">The Bank is required to maintain the following general and specific provision in respect of classified and unclassified loans and advances / investments on the basis of Bangladesh Bank guidelines issued from time to time:</td></tr><tr><th>Particulars</th><th>Rate</th></tr><tr><td>General provision on unclassified Small and Medium Enterprise (SME) financing.</td><td>0.25%</td></tr><tr><td>General provision on unclassified loans and advances/investments.</td><td>1%</td></tr><tr><td>General provision on interest receivable on loans/ invest</td><td>1%</td></tr><tr><td>General provision on off-balance sheet exposures (Provision has been made on the total exposure and amount of cash margin or value of eligible collateral were not deducted while computing off-balance</td><td>1%</td></tr><tr><td>General provision on unclassified loans and advances for housing finance, loans for professionals to set-up business under consumer financing scheme</td><td>2%</td></tr><tr><td>General provision on the unclassified loans to Brokerage House, Merchant Banks, Stock Dealers, etc</td><td>2%</td></tr><tr><td>General provision on unclassified amount for Consumer Financing</td><td>5%</td></tr><tr><td>General provision on outstanding amount for Special Mention Account (SMA)</td><td>0.25% 5%</td></tr><tr><td>Specific provision on Sub-Standard loans and advances</td><td>20%</td></tr><tr><td>Specific provision on Doubtful loans and advances</td><td>50%%</td></tr><tr><td>Specific provision on Bad /Loss loans and advances</td><td>100%</td></tr></table>	The Bank is required to maintain the following general and specific provision in respect of classified and unclassified loans and advances / investments on the basis of Bangladesh Bank guidelines issued from time to time:		Particulars	Rate	General provision on unclassified Small and Medium Enterprise (SME) financing.	0.25%	General provision on unclassified loans and advances/investments.	1%	General provision on interest receivable on loans/ invest	1%	General provision on off-balance sheet exposures (Provision has been made on the total exposure and amount of cash margin or value of eligible collateral were not deducted while computing off-balance	1%	General provision on unclassified loans and advances for housing finance, loans for professionals to set-up business under consumer financing scheme	2%	General provision on the unclassified loans to Brokerage House, Merchant Banks, Stock Dealers, etc	2%	General provision on unclassified amount for Consumer Financing	5%	General provision on outstanding amount for Special Mention Account (SMA)	0.25% 5%	Specific provision on Sub-Standard loans and advances	20%	Specific provision on Doubtful loans and advances	50%%	Specific provision on Bad /Loss loans and advances	100%
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Particulars	Rate																												
General provision on unclassified Small and Medium Enterprise (SME) financing.	0.25%																												
General provision on unclassified loans and advances/investments.	1%																												
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General provision on off-balance sheet exposures (Provision has been made on the total exposure and amount of cash margin or value of eligible collateral were not deducted while computing off-balance	1%																												
General provision on unclassified loans and advances for housing finance, loans for professionals to set-up business under consumer financing scheme	2%																												
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Specific provision on Bad /Loss loans and advances	100%																												



Quantitative Disclosure	b)	Total gross credit risk exposures broken down by major types of credit exposure	Total Gross Credit Risk Exposures broken down by major types of credit exposure of the Bank:	
			Particulars	BDT crore
			Loan (General)	40.32
			Cash Credit	0.00
			Overdraft	0.07
			Staff Loan	3.13
			<b>TOTAL</b>	<b>43.52</b>
	c)	Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	Geographical distribution of exposures, broken down in significant areas by major types of credit exposure of the Bank:	
			Particulars	BDT crore
			Urban:	
			Dhaka Division	43.52
			<b>Total</b>	<b>43.52</b>
	d)	Industry or counterparty type distribution of exposures, broken down by major types of Credit exposure	Industry or counterparty type distribution of exposures, broken down by major types of credit exposure of the Bank:	
			Particulars	BDT crore
			Commercial and Trading	-
			Importer of Commodity	-
			Construction	40.00
			Edible Oil Refinery Industry	-
			Electronics Goods	-
			Consumer Credit	3.45
			Pharmaceuticals Industries	-
			Readymade Garments Industry	-
			Ship Breaking Industry	-
			Industries for Steel Products	-
			Telecommunication Sector	-
			Textile Mills	-
			Power Sector	-
			Others	0.07
			<b>TOTAL</b>	<b>43.52</b>





	(e)	Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	Residual contractual maturity break down of the whole portfolios, broken down by major types of credit exposure of the Bank:	
			Particulars	BDT crore
			Repayable on demand	0.07
			In more than one month but not more than three months	-
			In more than three months but not more than one year	-
			In more than one year but not more than five years	43.45
			TOTAL	43.52
	(f)	By major industry or counterparty type:		
		i) Amount of impaired loans and if available, past due loans, provided separately	Nil	
		ii) Specific and general provisions	Nil	
		iii) Charges for specific allowances and charge-offs during the period.	Nil	
	(g)	Gross Non-Performing Assets (NPAs). Non-Performing Assets (NPAs) to Outstanding loans and advances.		
		Movement of Non-Performing Assets (NPAs).	Nil	
		Movement of Specific Provisions for(NPAs).	Nil	



## 5. Equities: Disclosures for Banking Book Positions

Qualitative Disclosures	(a)	The general qualitative disclosure requirement with respect to equity risk, including:	
		Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and	Investment in equity securities are broadly categorized into two parts:
			<p>i) Quoted Securities (Common or Preference Shares &amp; Mutual Fund) that are traded in the secondary market (Trading Book Assets).</p> <p>ii) Unquoted securities are categorized as banking book equity exposures which are further sub-divided into two groups: unquoted securities which are invested without any expectation that these will be quoted in near future i.e. held for maturity (HFM), and securities those are acquired under private placement or IPO and are going to be traded in the secondary market after completing required formalities. Unquoted securities are valued at cost.</p>
		Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and Practices affecting valuation as well as significant changes in these practices.	The primary aim is to investment in these equity securities for the purpose of capital gain by selling them in future or held for dividend income. Dividends received from these equity securities are accounted for as and when received. Both Quoted and Un Quoted equity securities are valued at cost and necessary provisions are maintained if the prices fall below the cost price. As per Bangladesh Bank guidelines, the HFT equity securities are revalued once in each week using marking to market concept and HTM equity securities are amortized once a year according to Bangladesh Bank guideline. The HTM equity securities are also revalued if any, are reclassified to HFT category with the approval of Board of Directors.
Quantitative Disclosures	(b)	Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	Nil





	(c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	Nil
	(d)	<input type="checkbox"/> Total unrealized gains (losses) <input type="checkbox"/> Total latent revaluation gains (losses) <input type="checkbox"/> Any amounts of the above included in Tier-2 capital.	Nil
	(e)	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements	Nil

## 6. Interest Rate Risk in the Banking Book

Qualitative Disclosures	(a)	The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions	
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		regarding loan repayments and behavior of non maturity deposits, and frequency of IRRBB measurement.	<p>Interest rate risk is the risk where changes in market interest rates might adversely affect a bank's financial condition. Changes in interest rates affect both the current earnings (earnings perspective) as well as the net worth of the bank (economic value perspective).</p> <p>Re-pricing risk is often the most apparent source of interest rate risk for a bank and is often gauged by comparing the volume of a bank's assets that mature or re-price within a given time period with the volume of liabilities that do so.</p> <p><b>Risk management framework:</b> The Asset Liability Management Committee (ALCO) consisting of Bank's senior management is responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the Bank (for the assets and liabilities) in line with the Bank's budget and decided risk management objectives. ALCO decides strategies and specifies prudential limits for management of interest rate risk in the banking book within the broad parameters laid down by Board of Directors. These limits are monitored periodically and the breaches, if any, are reported to ALCO.</p>			
Quantitative Disclosures	(b)	The increase (decline) in earnings or economic value (or relevant measure used by Management) for upward and downward rate shocks according to management's method of measuring IRRBB, broken down by currency.	Total Risk Sensitive Asset	Nil		
			Total Risk Sensitive Liabilities	Nil		
			Cumulative Gap	Nil		
			< 3 month			
			3-6 month			
			6-12 month			
			CAR before shock (%)			
			Assumed Change in Interest Rate	1.00%	2.00%	3.00%
			Capital After Shock (in BDT Crore)	Nil	Nil	Nil
			CAR After Shock (%)	Nil	Nil	Nil

## 7. Market Risk:

Qualitative Disclosures	(a)	i) Views of Board of Directors (BOD) on trading/ investment activities.	There is an approved policy to monitor risks related to changes in market dynamics. The Board approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to obtain the best balance of risk and return whilst meeting customers' requirements.
		ii) Methods used to measure Market risk	Standardized approach has been used to measure the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub categories. The methodology to calculate capital requirement under Standardized Approach for each of these market risk categories is as follows:







			<p>a) Capital charges for interest rate risk= Capital Charge for General Market Risk</p> <p>b) Capital charges for Equity Position Risk= Capital Charge for Specific Risk+ Capital Charge for General Market Risk</p> <p>c) Capital charges for Foreign Exchange Risk= Capital Charge for General Market Risk</p> <p>d) Capital charges for Commodity Position Risk= Capital Charge for General Market Risk.</p>
		iii) Market Risk Management system	<p>The Treasury Division of the Bank manages market risk covering liquidity, interest rate and foreign exchange risks with oversight from Assets Liability Management Committee (ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. ALCO meets at least once in a month.</p> <p>The Risk Management Division also reviews the market risk parameters on monthly basis and recommends on portfolio concentration for containing the RWA.</p>
		iv) Policies and processes for mitigating market risk.	<p>There are approved limits for Market risk related instruments both on balance sheet and off balance sheet items. The limits are monitored and enforced on a regular basis to protect against market risks. The exchange rate committee of the Bank meets on regular basis to review the prevailing market condition, exchange rate, foreign exchange position and transactions to mitigate foreign exchange risks.</p> <p>Policies and processes for mitigating market risk are mentioned below</p> <ul style="list-style-type: none"> <li>❑ Risk Management and reporting is based on parameters such as Maturity Gap Analysis, Duration Gap Analysis with the global best practices.</li> <li>❑ Risk Profiles are analyzed and mitigating strategies/ processes are suggested by the Asset Liability Committee (ALCO).</li> <li>❑ Foreign Exchange Net Open Position (NOP) limits (Day limit / Overnight limit), deal wise trigger limits, Stop loss limit, Profit / Loss in respect of cross currency trading are properly monitored and exception reporting is regularly carried out.</li> <li>❑ Holding of equities is monitored regularly so that the investment remains within the limit as set by Bangladesh Bank.</li> <li>❑ Asset Liability Management Committee (ALCO) analyzes market and determines strategies to attain business goals.</li> <li>❑ Reconciliation of foreign currency transactions.</li> </ul>



Quantitative Disclosures	(b)	Capital requirement for:	Figures in BDT crore
		Interest rate related instruments	0.00
		Equities	0.00
		Foreign Exchange position	0.00
		Commodity Risk	0.00
		<b>TOTAL</b>	<b>0.00</b>

## 8. Operational Risk:

Qualitative Disclosures	(a)	i) Views of BOD on system to reduce Operational Risk	Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputation risk. It is inherent in every business organization and covers a wide spectrum of issues. The Board of Director (BOD) of the Bank and its Management firmly believe that this risk through a control based environment in which processes are documented, authorizations are independent and transactions are reconciled and monitored. This is supported by an independent program of periodic reviews undertaken by internal audit, and by monitoring external operational risk events, which ensure that the Bank stays in line with industry best practices and takes account or lessons learned from publicized operational failures within the financial services industry.
		ii) Performance gap of executives and staffs	The bank believes that training and knowledge sharing is the best way to reduce knowledge gap. Therefore, it arranges trainings on a regular basis for its employees to develop their expertise. The bank offers competitive pay package to its employees based on performance and merit. It always tries to develop a culture where all employees can apply his/her talent and knowledge to work for the organization with high ethical standards in order to add more value to the company and for the economy.
		iii) Potential external events	No potential external events are expected to expose the Bank to significant operational risk.
		iv) Policies and Processes for mitigating operational risk:	Internal control mechanism is in place to control and minimize the operational risks. If any controls are found to be ineffective during the course of Risk & Control Self-Assessment, corrective measures are adopted in due course. A monitoring system is also in place for tracking the corrective actions plan periodically. The various Board approved policies viz., Operational Risk Management





			Policy, Internal Control & Compliance Policy, Internet Banking Security Policy; Policy on KYC & AML; ICT Policy addresses issues pertaining to Operational Risk Management.	
		iii) Approach for calculating capital charge for operational risk	The Bank follows the Basic Indicator Approach (BIA) in terms of BRPD Circular No. 18 dated 21 December 2014 Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III). The BIA stipulates the capital charge for operational risk is a fixed percentage, denoted by $\alpha$ (alpha) of average positive annual gross income of the Bank over the past three years. It also states that if the annual gross income for any year is negative or zero, that should be excluded from both the numerator and denominator when calculating the average gross income. The capital charge for operational risk is enumerated by applying the following formula: $K = [(GI_1 + GI_2 + GI_3) \alpha] / n$	
Quantitative Disclosure	(b)	The Capital Requirement for Operational Risk		12.10 BDT crore

#### 9. Liquidity Ratio:

Quantitative Disclosure				
i) Views of BoD on system to reduce liquidity Risk		The Board of Directors of the bank set policy, different liquidity ratio limits, and risk appetite for liquidity risk management as per regulatory guidelines. The ALM Policy, the most important policy for Liquidity Risk Management is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign with changes in the economic landscape. The ALCO of the Bank formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the ALM Policy.		
ii) Methods used to measure Liquidity risk		<p>In the perspective of Bangladesh, identifying and monitoring the driving factors of liquidity risk is viewed from the following aspects:</p> <p><b>Regulatory Liquidity Indicators (RLIs):</b>  Cash Reserve Requirement (CRR)  Statutory Liquidity Ratio (SLR)  Medium Term Funding Ratio (MTFR)  Maximum Cumulative Outflow (MCO)  Loan Deposit Ratio  Liquidity Coverage Ratio (LCR)  Net Stable Funding Ratio (NSFR)</p> <p><b>Bank's own liquidity monitoring tools:</b>  Wholesale Borrowing and Funding Guidelines  Liquidity Contingency Plan  Management Action Trigger (MAT)</p> <p>Computation of Capital Charge against Liquidity Risk: If annual average of any RLIs of any bank falls below Bangladesh Bank's requirement the bank will be required to maintain additional capital for that RLI (or those RLIs) in SRP.</p>		



iii) Liquidity Risk Management System	The Asset Liability Management Committee (ALCO) of the Bank monitors & manages liquidity and interest rate risk in line with the business strategy. ALM activity including liquidity analysis & management is conducted through coordination between various ALCO support groups residing in the functional areas of Balance Sheet Management, Treasury Front Office, Budget and Planning etc.	
iv) Policies and Processes for mitigating Liquidity risk	An effective liquidity risk management process will include systems to identify measure, monitor and control its liquidity exposures. Bank has Asset Liability Management Committee (ALCO) to monitor the liquidity risk on a regular basis. Based on the detail recommendation from ALM desk, ALCO take appropriate action to manage the liquidity risk. Also Bank has internal risk control framework which outlines clear and consistent policies and principles for liquidity risk management.	
<b>Quantitative Disclosures:</b>		<b>Amount in Million (BDT)</b>
	Liquidity Coverage Ratio	683.06%
	Net Stable Funding Ratio (NSFR)	277.97%
	Stock of High quality liquid assets	192.762
	Total net cash outflows over the next 30 calendar days	140.5
	Available amount of stable funding	4,881.09
	Required amount of stable funding	1,755.98

#### 10. Leverage Ratio:

<b>Quantitative Disclosures:</b>	
i) Views of BoD on system to reduce excessive leverage	In order to avoid building up of an excessive on and off balance sheet leverage in the banking system, a simple, transparent and non risk based leverage ratio has been introduced under the Base III framework. Board of Directors of our Bank continuously monitoring the exposure limit of lending, capital strength of our Bank in order to avoid building up excessive on and off balance sheet leverage.
ii) Policies and processes for managing excessive on and off balance sheet leverage	The leverage ratio is intended to achieve the following objectives: a) constrain the build up of leverage in the banking sector which could damage the broader financial system and the economy b) reinforce the risk based requirements with any easy to understand and non risk based measure. At the end December 2016, the minimum requirement for leverage ratio was 80.77% on solo bases. But Higher leverage ratio can decrease the profitability of banks because it means banks can do less profitable lending. However, increasing the leverage ratio means that banks have more capital reserves and can more easily survive a financial crisis.





	In view of the impact of leverage into the business, our bank management takes decision about future investment. Considering the financial strength, Bank also make Capital planning and business budget to go on a right way.	
iii) Approach for calculating exposure	<p>The leverage ratio is a volume-based measure and is calculated as Basel III Tier I capital divided by total on and off-balance sheet exposures.</p> <p>A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level.</p> $\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$	
Quantitative Disclosures:	Leverage Ratio	80.77%
	On balance sheet exposure	495.89
	Off balance sheet exposure	Nil
	Total exposure	495.89

## 11. Remuneration:

Qualitative Disclosures:		
	(a)	<p><b>Information relating to the bodies that oversee remuneration:</b></p> <p>The remuneration issues in Shimanto Bank are overseen by top Management comprising the Managing Director &amp; CEO, Deputy Managing Directors &amp; CRO and the Head of HR. The primary functions of the Remuneration Committee are to determine, review and propose principles and governance framework for all decisions relating to remunerations of the employees of Shimanto Bank. While the Human Resources Division is responsible for preparing and recommending reward plans and compensation, the committee's duties are to assess and review these recommendations and submit them to the Board of Directors for approval.</p>
	(b)	<p><b>Information relating to the design and structure of remuneration process:</b></p> <p>The key features and objectives of remuneration policy:</p> <ul style="list-style-type: none"> <li>❑ Appropriately compensate Employees for the services they provide to the Bank;</li> <li>❑ Attract and retain Employees with skills required to effectively manage the operations and growth of the business;</li> <li>❑ Be consistent and appropriate having regard to the performance of the Bank and the relevant Employees;</li> <li>❑ Motivate Employees to perform in the best interests of the Bank and its shareholders;</li> <li>❑ Motivate Employees to pursue long term growth and success of the Bank within the Board approved control framework;</li> <li>❑ Manage the risks associated with remuneration in a manner that supports the Bank's risk management frameworks by applying an appropriate balance between fixed and variable remuneration, reflecting</li> </ul>



		<ul style="list-style-type: none"> <li><input type="checkbox"/> short and long term performance objectives to the Bank's circumstances and goals;</li> <li><input type="checkbox"/> Apply key short term and long term key performance indicators, including financial and nonfinancial measures of performance, to eligible employees;</li> <li><input type="checkbox"/> Demonstrate a clear relationship between individual performance and rewards;</li> <li><input type="checkbox"/> Comply with all regulatory and legal requirements; and Provide an appropriate level of transparency.</li> <li><input type="checkbox"/> In the year 2016, the salary structure of the bank was reviewed by the committee and finally approved by the Board, where the structure was adjusted with the then inflation rate.</li> </ul> <p>The structure of remuneration arrangements for all employees consists of following components:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Fixed Remuneration; and</li> <li><input type="checkbox"/> Performance-based remuneration</li> </ul>
		<p><b>Fixed remuneration:</b> This includes base salary, fixed benefits and superannuation. Base salaries are determined to attract and retain employees with skills required to effectively manage the operations and growth of the business to reflect best market practice for the specific circumstances of the Bank. Fixed remuneration is benchmarked against the financial services industry through the use of external remuneration market surveys, conducted by professional, independent benchmarking organizations.</p> <p><b>Performance-based remuneration:</b> Employee remuneration packages may include a 'variable' component with short term and long term incentive plans.</p> <p>Moreover, the employees whose job nature shows risk factors are allowed risk allowances as prescribed in the policy. In addition, employees with compliance and supervisory responsibilities are also provided additional benefits besides their regular pay.</p>
	(c)	<p><b>Description of the ways in which current and future risks are taken into account in the remuneration processes.</b></p> <p>The Bank's remuneration practices are carefully managed takes into account the following key risks when implementing remuneration measures:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Financial Risks</li> <li><input type="checkbox"/> Compliance Risks</li> </ul> <p>Risk and compliance requirements represent a gateway to whether an incentive bonus payment is made and the size of the payment. Despite, if the individual does not meet or only partially meets compliance requirements, no award or a reduced award may be made.</p>





	(d)	<p><b>Description of the ways in which the bank seeks to link performance :</b></p> <p><input type="checkbox"/> <b>Overview of main performance metrics for the Bank, top level business lines and individuals.</b></p> <p>The main performance metrics include profits, loan growth, deposit growth, risk metrics (such as quality of assets), compliance with regulatory norms, refinement of risk management processes and customer service. The specific metrics and weightages for various metrics vary with the role and level of the individual.</p> <p><input type="checkbox"/> <b>Discussion of how amounts of individual remuneration are linked to the Bank wide and individual performance.</b></p> <p>The Performance Appraisal Form (PAF) takes into consideration all the above aspects while assessing individual performance and making compensation related recommendations to the Remuneration Committee regarding the level of increment and performance bonus for employees. The performance assessment of individual employees is undertaken based on achievements visa vis their goal sheets, which incorporate the various aspects/metrics.</p>
	(e)	<p><input type="checkbox"/> <b>Description of the ways in which the bank seeks to adjust remuneration to take account of longer term performance.</b></p> <p>The Bank's remuneration system is designed to reward long term as well as short term performance, encourage retention and recognize special performance in the organization. The Bank provides reasonable remuneration for short term performance besides for long term performance the bank has some deferred payment options (i.e. incentive bonus, gratuity, superannuation etc.)</p> <p>In case of following situation remuneration can be adjusted before vesting:</p> <p><input type="checkbox"/> Disciplinary Action (at the discretion of Enquiry committee)</p> <p><input type="checkbox"/> Resignation of the employee prior to the payment date.</p> <p>At the same time previously paid or already vested variable pay can also be recovered under the case of disciplinary action (at the discretion of the Enquiry Committee and approval of Executive Committee)</p>
	(f)	<p><input type="checkbox"/> <b>Description of the different forms of variable remuneration that the bank utilities and the rationale for using these different forms.</b></p> <p>The main forms of such variable remuneration include:</p> <p><input type="checkbox"/> Monthly Cash benefits</p> <p><input type="checkbox"/> Incentive plan for the employees to be paid annually</p> <p>The form of variable remuneration depends on the job level of individual, risk involved, the time horizon for review of quality of the assignments performed.</p>
Quantitative Disclosures	(g)	<p>Number of Meeting held by the Remuneration Committee during the financial year and remuneration paid to its member. <b>Nil</b></p>



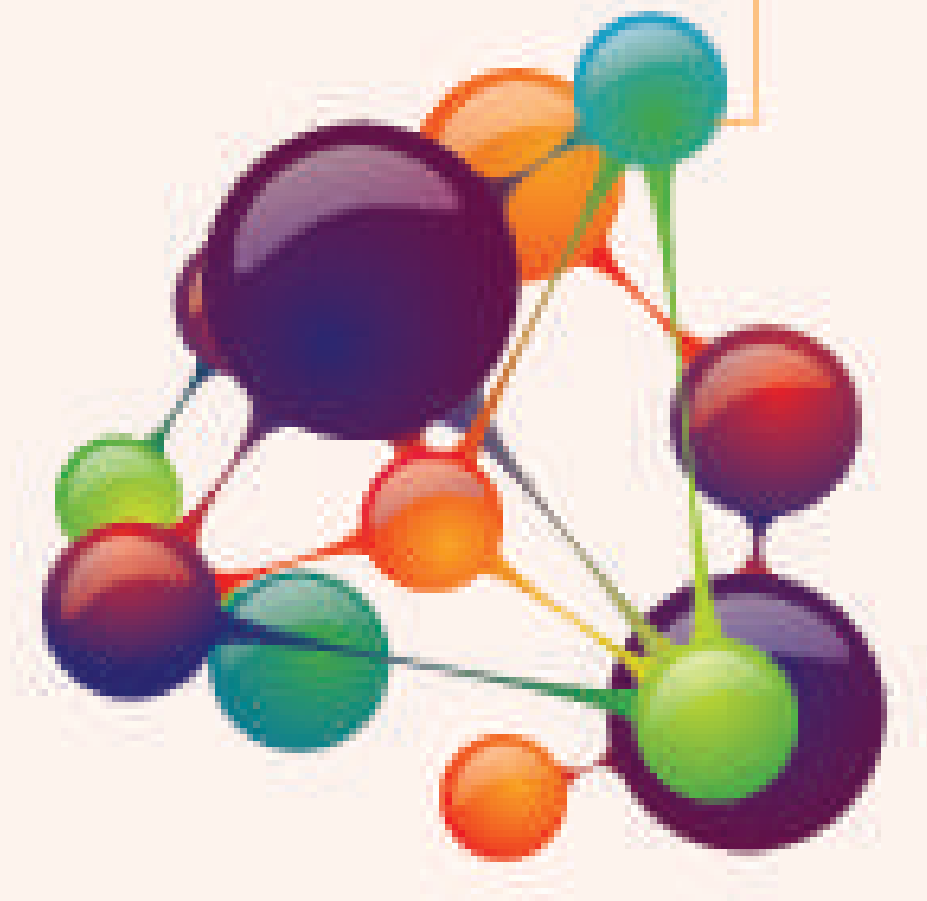
	(h)	Number of employees having received a variable remuneration award during the financial year: Nil Number and total amount of guaranteed bonuses awarded during the financial year: Nil Number and total amount of sign on award made during the financial year: Nil Number and total amount of severance payments made during the financial year: Nil														
	(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share lined instruments and other forms: Nil Total amount of deferred remuneration paid out in the financial year: Nil														
	(j)	Breakdown of amount of remuneration awards for the financial year to show. Fixed and Variable: Breakdown of Remuneration (Fixed and Variable) is as follows  <div>(Amount in BDT Crore)</div> <table><tr><td>Basic Salary</td><td>0.7479</td></tr><tr><td>Allowances</td><td>0.9422</td></tr><tr><td>Festival Bonus</td><td>Nil</td></tr><tr><td>Gratuity</td><td>Nil</td></tr><tr><td>Provident Fund Contribution</td><td>0.158</td></tr><tr><td>Performance Bonus</td><td>Nil</td></tr><tr><td>Total</td><td>1.69015</td></tr></table>	Basic Salary	0.7479	Allowances	0.9422	Festival Bonus	Nil	Gratuity	Nil	Provident Fund Contribution	0.158	Performance Bonus	Nil	Total	1.69015
Basic Salary	0.7479															
Allowances	0.9422															
Festival Bonus	Nil															
Gratuity	Nil															
Provident Fund Contribution	0.158															
Performance Bonus	Nil															
Total	1.69015															
	(k)	Quantitative Information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluation of awards) of deferred remuneration and retained remuneration:  Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments: Nil Total amount of reductions during the financial year due to ex post explicit adjustments: Nil  Total amount of reduction during the financial year due to ex post implicit adjustments: Nil														







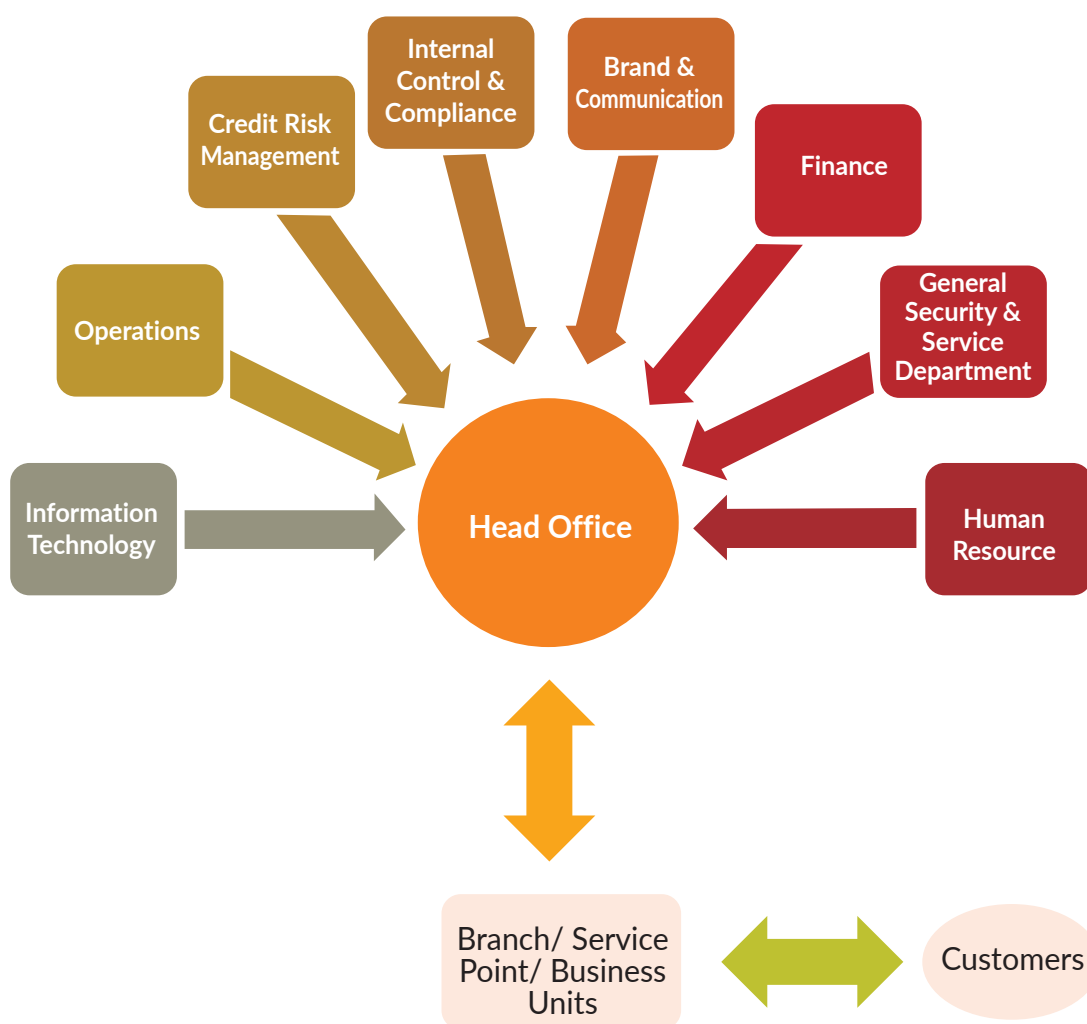
# Management Review Responsibility & Evaluation





## Business Model and Major Departments

Shimanto Bank has started its financial operations as a scheduled commercial bank at the beginning of September 2016 inscribing its name under the fourth generation commercial banks. In this competitive and matured market economy Shimanto Bank started its business operation following the centralized business model to ensure better corporate governance and strong internal control and compliance. Moreover all the organizations around the world are approaching to cost controlling. Cost can strictly be monitored in centralized business model much better than conventional/ branch banking business model. In addition to that Customer centric, one of the four core values of Shimanto Bank, can be focused following the centralized business model.

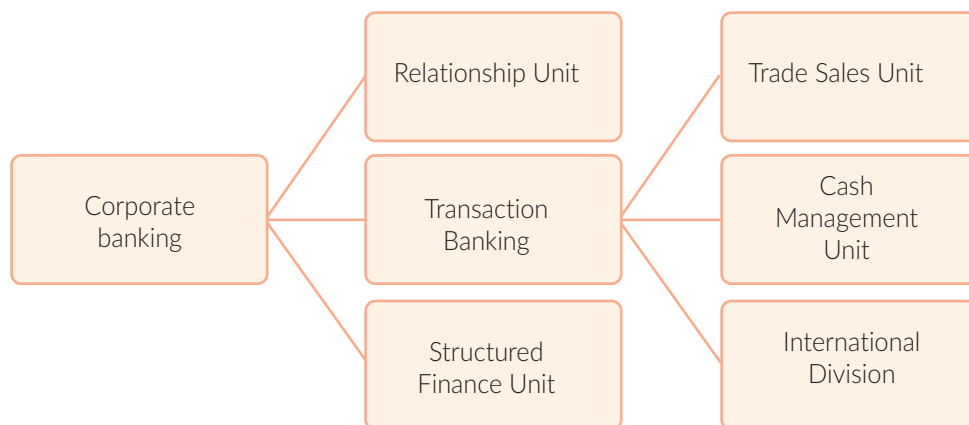




## Corporate Banking ►

Acknowledging the fact that, across the banking industry corporate banking has empirically remained the leading revenue generating source for any commercial bank, SMBL has started the operation of corporate banking from its inception in September, 2016. A group of highly skilled professionals are relentlessly working to develop a structured corporate banking solutions where clients can enjoy seamless banking services with utmost satisfaction. SMBL is currently offering working capital finance & term finance and hopeful to launch all other conventional corporate products like trade finance, syndication & cash management services within a very short time.

SMBL focuses on forming a modern corporate banking model to ensure one stop solution to all kinds of financing needs of the valued clients.



### Strategic Outlook of Corporate Banking in 2017

Based on the country's development goals and aspiration to attain the middle-income country by 2021, public sector investment will play a very important role in the next few years. In view of that, SMBL corporate banking business will focus on development of infrastructure, health & pharmaceuticals, agriculture and most importantly help government and private sector in developing the economic zones and related sectors.

### Corporate Banking Products

SMBL is offering all kinds of conventional loan products to the corporate clients along with customized loan facilities as per client's requirement.

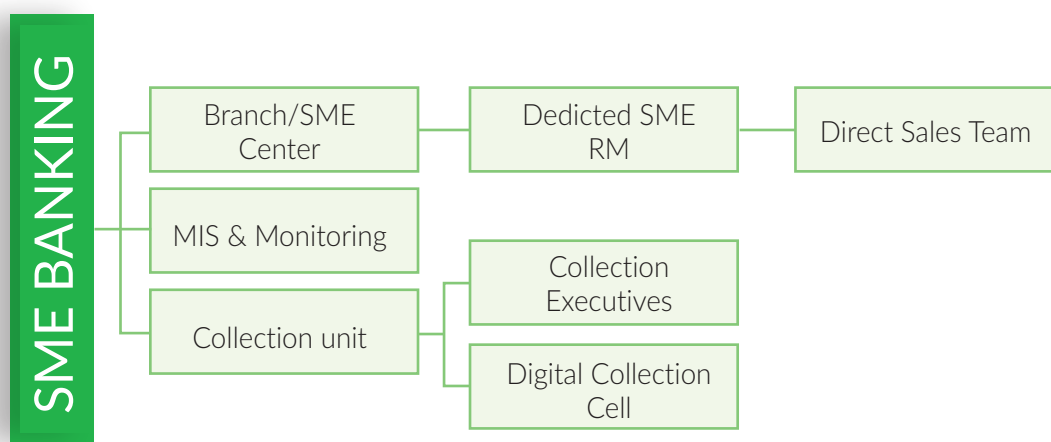
- Overdraft (Cash Credit)
- Secured Overdraft
- Demand Loan
- Time Loan
- Loan against Trust Receipt (LTR)



## SME Banking

Globally SMEs are considered as the engine for a country's development as Small & Medium Enterprises comprise the major share of trade & commerce in any country. Focusing on the greater development of the country's Small and Medium enterprises as well as overall development of the country SMBL has started SME Banking from the very beginning. The bank is continuously working to develop various tools and techniques, products and policies, staff and strategies to attract the potential SME entrepreneurs of our country.

Contrary to the perception that banks in general are not interested in lending to SMEs, we find that most banks do indeed want to serve SMEs and find this segment profitable, especially as margins in other banking markets narrow due to intensified completion. Today's SMEs want more appropriate and innovative financial services, sound & commercially aware advice not just on products and services but also on wider business issues and more tailored and responsive multi-channel banking.



Realizing the growth potential of SME sector, most of the commercial banks are focusing on growing and sustaining SME business by financing and fulfilling the varied needs of SMEs. Considering the current market scenario and country's goal to become a middle-income country within 2021, SMEs are going to be the growth propeller of our economy. SMBL has already launched some SME products like SMBL ASTHA which has received very positive response from the market and very competitive with same products of other banks & FIs.

Still there are huge number of un-banked SMEs across the country where we have huge potential to work on and help assist the development of the country as we are going to have branches at many rural placers where no financial institutions have not reached yet.

As bank of Border Guard Bangladesh it will always remain as challenge for SMBL to reach the remote border areas of our country and bring those people under banking umbrella. Taking the challenge SMBL has already come up with innovative banking ideas like becoming the lead financier of project like AlokitoShimanto. The main objective of the project is to create employment opportunities & rehabilitate poor people in border areas and to improve socio-economic condition and living standard of the rural people utilizing specific natural resources and skills of the local people. The project will also help to reduce poverty level as well as combat the illegal activities in the border area of the Bangladesh. The borrower will be self-sufficient & Shimanto Bank will be the part of Socio-economic development of the Bangladesh under this project.





## SME Banking goals for 2017

- Get the most benefits out of strategic locations of the branches.
- To make maximum market penetration through direct sales team.
- To introduce new SME products to be competitive with the market as per clients' need.
- Training and educate branch people to facilitate more acquisition of SME Business.
- To make agreements with various organizations for refinancing & pre-financing facilities.



### SME Baking

#### SMBL Ashtha

An EMI based collateral free loan product for small segment clients with a repayment period of maximum 60 months. Loan amount ranges between Tk. 1,00,000 and Tk. 25,00,000.

#### SMBL Time Loan

A loan facility to finance the work order for the SME & Corporate clients with a tenor of 30 days to 360 days.

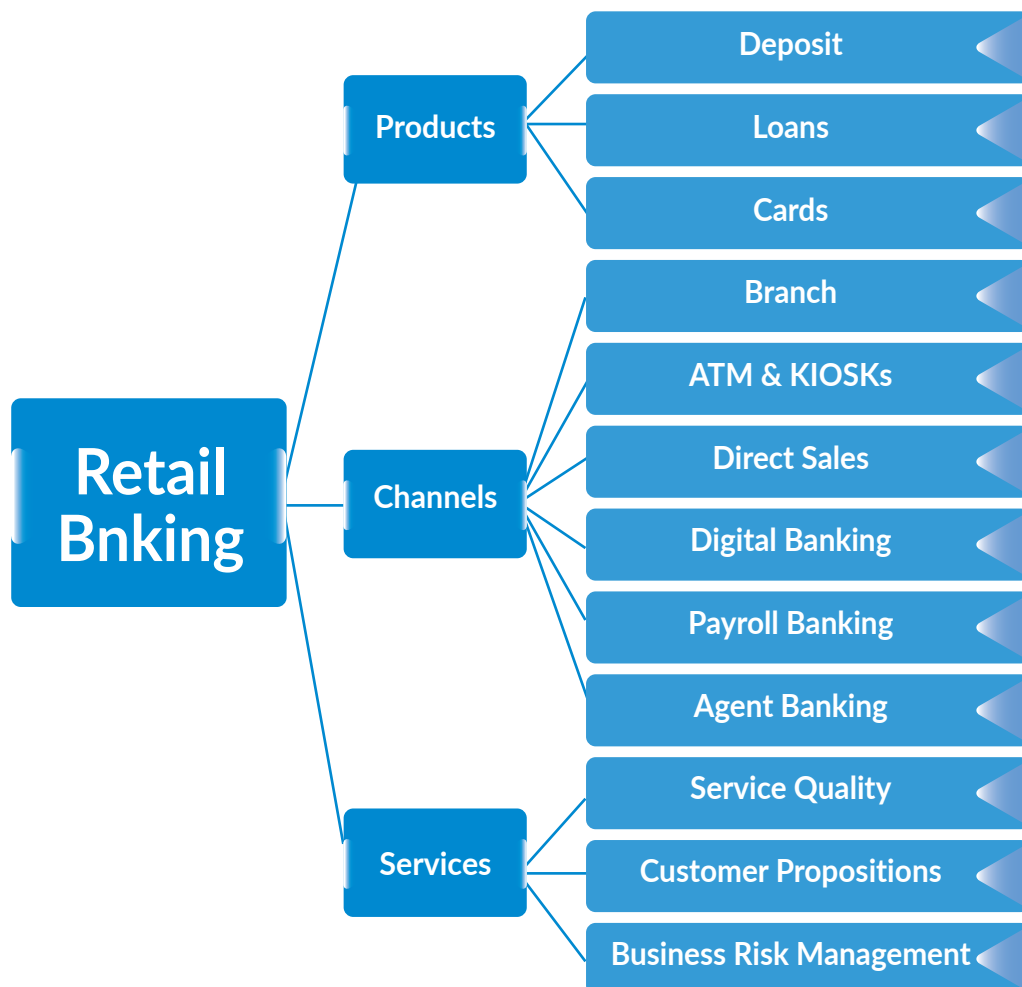


## Retail Banking

Retail banking is the most visible face of banking for the general public and most important segment of the bank to build a sufficiently broad customer base which can serve as a stable source of funding. SMBL retail banking department is relentlessly working to deliver the retail products and services to the mass customers in safe, secure, prompt and cost effective manner leveraging the latest technology and operational efficiency forming a team of highly skilled professionals.

SMBL is the only bank in Bangladesh which has gone online from the first day of its operation and believes in un-interrupted customer services with the help of latest technologies in banking and financial services.

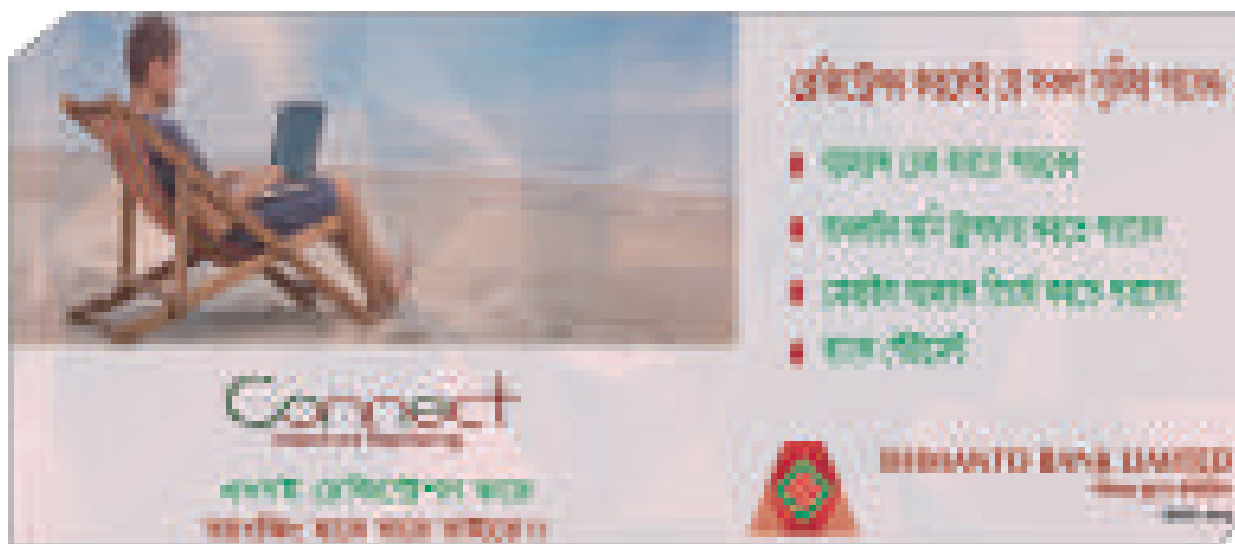
With the advancement of technology quite a good number of non-banking financial service providers have come in to act and offering numerous tailor-made products in payment, loans, P2P payments etc. to the customers, even mobile only giro accounts. This is the high time for the banks to adopt payment transactions of the future which can be described as a "newly loyalty approach for bank customer"-with stronger recognition of customer desires, with tailor-made financial offers, personalized additional services and most importantly user friendly applications to support consumer's financial budgeting. In view of this SMBL is working to develop retail banking model where customer can manage his banking and financial business more conveniently with highest level of trust.





Currently three branches are in operation, Principal Branch (Dhaka), Mymensingh Branch & Agrabad Branch which are fully online. Two new branches at Motijheel&Satkania will also be launched within a very short time and by 2017 we are determined to open another 10-12 branch to have maximum customer coverage within the shortest possible time. SMBL Retail Banking is offering almost all the retail deposit and loan products for the clients. We are also going to launch credit card facilities within a very short time.

Considering country situation agent banking is going to be the next best effective channels of retail banking in Bangladesh as it is the most effective way to reach the people at grass root level who have remained really un-banked even after the presence of 57 commercial banks. With a vision to incorporate those un-banked people and to participate in the greater development of the country we are committed to reach the people of this country even on the furthest borders with the quickest possible time through our agent banking network.



### Retail Banking Goals for 2017

- To increase the number of delivery & service channels.
- To increase the customer base.
- To reach the customers effectively.
- To become a brand of choice for the customers.
- Launching diversified card products to cater different segments of clients.
- Enhance customer value proposition through technology-led innovation.
- Improve customers' experience with every interaction.
- Analysis of present customer data and customer feedback to help build up new process and products.



## Retail Products

### Retail Deposit Products

#### **SMBL Current Account**

SMBL Current Account is a non-interest bearing taka account for Individual, SME & Corporate customers who want to make frequent and bulk amount of transactions.

#### **SMBL SND (Short Notice Deposit) Account**

SMBL SND Account is an interest bearing Short Notice Deposit taka account for Bangladeshi SME & Corporate entities to get some return from their floating fund.

#### **Shimanto Sanchay Account**

Shimanto Sanchay, is an interest bearing taka account for Bangladeshi citizens to facilitate the customers to create a personal savings as well as personal transactions in a profitable manner.

#### **BGB Payroll Account**

BGB Payroll Account is an interest bearing taka account for BGB Staff only to facilitate the BGB staff to get the salary as well as making saving habits. Moreover, different loan facilities available against the salary accounts.

#### **Shimanto DPS**

Shimanto DPS is a monthly recurring savings scheme for individual customers that will allow them to save on a monthly basis and get a handsome amount at maturity.

#### **SMBL Term Deposit**

SMBL Term Deposit is a generic type term deposit scheme where an individual/institutional/SME Client can earn interest of FDR at maturity.

#### **SMBL Monthly Benefit Deposit Scheme**

SMBL Monthly Benefit Deposit Scheme is a special type of term deposit scheme where an individual client can earn monthly interest of FDR.







## Retail Lending Products

### SMBL Personal Loan

An EMI based collateral free loan product for salaried, self-employed or business persons with a repayment period of maximum 60 months. Loan amount ranges between Tk. 50,000 and Tk. 20,00,000.

### SMBL Easy Cash

A secured overdraft facility for any legitimate personal or business purpose up to Tk.10.00 Crore

### SMBL Vehicle Loan

An EMI based loan product to purchase Reconditioned / Brand New vehicles /Motorcycle for personal use only. Loan amount ranges between Tk. 50,000 and Tk. 40,00,000.

### SMBL Shimanto Nibash

To make the dream of one's own home into a reality, Shimanto Bank Limited brings a home loan with exclusive benefits with a maximum loan limit of Tk. 1.20 Crore.



## Retail Lending Products for BGB Member

### SMBL Salary OD

A collateral free overdraft facility against salary for BGB & SMBL employees up to Tk. 10,00,000

### SMBL Education Loan

Secured EMI based loan against pension for BGB Officials only to meet the personal financial requirement during the span of Higher education of the incumbent and their children up to Tk. 5,00,000

### SMBL Marriage Loan

Secured EMI based loan against pension for BGB Officials only to meet the personal financial requirement during the marriage ceremony of the incumbent up to Tk. 10,00,000

**SMBL Pension Backed Loan**

Secured loan for BGB Officials only for any legitimate purpose up to maximum 80% of PF.

**SMBL Shimanto Nir**

To make the dream of one's own home into a reality, Shimanto Bank Limited brings a home loan with exclusive benefits with a maximum loan limit of Tk. 10 lak for BGB Members only.



## Report on Treasury Business

Shimanto Bank has a dedicated treasury team which is capable of providing different treasury solutions with different products. From the very beginning of the bank the Treasury department has started their activity at term placement with different NBFIs.

At 2016, Shimanto Bank treasury department started money market Term placement and Treasury bond. Till 31st December 2016, the invested amount in Term placement was BDT 350 crore and Treasury bond investment was BDT 4.51 crore.

For market risk monitoring, Shimanto Bank formed Asset Liability Management Committee (ALCO) that monitors the Treasury Division activities to minimize the market risk. ALCO is formed with a purpose of establishing the market risk management and asset liability management of the Bank.

At 2016, Shimanto Bank Treasury department provided their best effort for the bank's profitability and continue the same towards 2017 by expanding their activity in Fixed Income, foreign Exchange and money market activity in 2017.





## Report on Human Resources

Members of Human Resources Division of Shimanto Bank Ltd take pride of being part of a Bank fully owned by Border Guard Bangladesh Welfare Trust - a solid welfare initiative for the employees of Border Guard Bangladesh (BGB). A Bank inaugurated by the Honorable Prime Minister of the country holds a different prestige in banking sectors. Started functioning with full Paid-up Capital scheduled commercial bank makes the employees further confident. The bank has a mission to excel in the banking arena with its visionary Board of directors, experienced management team supported by highly dedicated staffs. The bank is committed to set an example of high standards of corporate governance for the other financial institutions of the country.

Human Resources Management (HRM or HRD) is the management of human resources. It is designed by the HR Department to maximize employee performance in service of an employer's strategic objective. HR is primarily concerned with the management of people within organizations, focusing on policies and on systems. HR Departments are responsible for overseeing employee-benefits design, employee recruitment, training and development, performance appraisal and rewarding.

HRD of Shimanto Bank focuses on maximizing employee productivity. HR professionals manage the human capital of an organization and focus on implementing policies and processes. They can specialize on recruiting, training, employee-relations or benefits. Training and development professionals ensure that employees are trained and have continuous development. This is done through training programs, performance evaluations and rewards programs. Employee relations deals with concerns of employees when policies are broken, such as in cases involving harassment or discrimination.

Human Resources Division of Shimanto Bank has adopted the following strategic KPIs to achieve Bank's vision:

- Identifying and hire the right people
- Managing and growing those people in the right way
- Develop each role to achieve business strategy
- Build a company culture that supports customers promise

Human Resources Division focuses on making the Bank as 'employer of choice' as well as retaining its best talents through better strategies i.e. creating a talent review process, implementing a high potential program, identifying and evaluating critical drivers of employee engagement, beginning exit interview process and establishing leadership training curriculum focused on strategy, financials and problems solving etc. Within this short spell of time the Bank has arranged the following training programs for the employees:

- Basic Banking for all Grade employees
- Foundation Training for all Fresh employees
- Tranzware CMS & Online Operation for employees in Card & ADC
- Asset & Liability Management for employees in Treasury (arranged by Bangladesh Bank)

The Bank also arranged Town Hall Meeting for all of its employees. The program built a good bonding among Management and employees of the Bank.

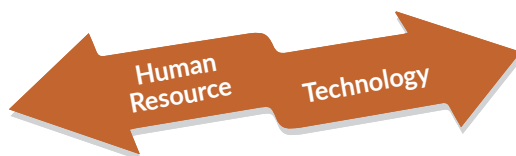
The Human Resources Division of Shimanto Bank is relentlessly pursuing to recruit the best, develop talents and preserve them to derive maximum benefit out of them ensuring a congenial working atmosphere in the Bank.





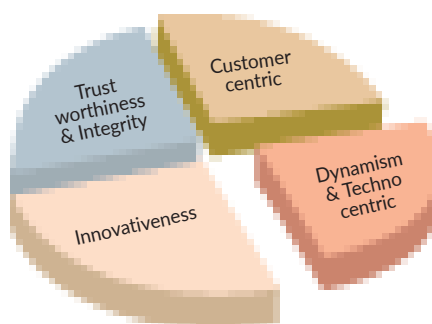
## Report on Information Technology

Highly skilled human resources and advance technologies are the two most important enablers for delivering tough commitments made to customers. Right from the beginning, we have created a facilitating environment for all our stakeholders and therefore, created a world class technology platform to pursue our dream of delivering top-notch and comprehensive banking services.



### Most important enablers

Dynamism & Techno centricity is one of the four value centers of Shimanto Bank Limited. Being the latest Bank in the country, from birth, Shimanto bank has always been the vanguard when it comes to adopting state of the art technology to provide product and services to its valued customers. The latest applications of our country, latest hardware & security devices, and the best people are the three things that have kept us in front.



From commencement of banking operation Shimanto Bank has adopted centralized Banking. With the finest local banking platforms- we are able to offer wide range of products, faster service delivery & multiple delivery channels. Within very short time we were able to roll out state of art data centers, ATM service, BACH & BEFTN platforms.

Shimanto Bank has implemented its internet banking service called "Connect", which probably is the fastest implementation in our country. Using Connect customers of our bank can Check All types of account information's, perform intra bank and BEFTN Transactions, bring off Mobile Top-up & Bill payment service. We are one of the few bank, probably the first, to offer QR readable integrated Cheque Fraud prevention system which not only ensures security but also guarantee queue-less delivery of withdrawal service.

Shimanto Bank has a comprehensive IT Policy, IT security policy and procedures which are formally documented and endorsed by competent authority. To prevent attack from cyber criminals/fraudsters IT division (hereinafter IT) has established standard physical & environmental security measures to all sensitive areas e.g. data center, Disaster Recovery (DR) site, power rooms, server rooms etc. IT has standard logical security measures e.g. access card, password protected Server, access log, measuring device logs, periodic testing results, etc. to all core devices i.e. server, PC etc., connecting devices i.e. switch, router etc., security devices i.e. firewall, IDS etc., all applications i.e. core banking system, antivirus, firewall, VPN, utilities etc., databases, networks and others. IT has standard design and practice in network connectivity, access, build-up, configuration, monitoring and maintenance.

Shimanto Bank has entered into strategic partnerships with some of the best known Information Technology majors to ensure reliability, stability and scalability. In the era of cloud, virtualization and IT outsourcing Shimanto Bank has taken remarkable steps to ensure best utilization of resources by virtualization and reduced capital expenditure by outsourcing several IT services ensuring utmost security. We enhanced our capacity to optimize service management with increased reliability and robustness. At Shimanto Bank, life in technology means lives made easier. We thrive to be dynamic and techno-centric.





# Report on Internal Control & Compliance

An effective internal control system is a critical component of bank management and a foundation for the safe and sound operation of banking organizations. Well-devised internal control system can help to ensure that the goals and objectives of a bank are being met and that the bank will achieve long term profitability targets and maintain reliable financial reporting. This also helps to ensure that the bank is compliant with laws and regulations as well as policies, plans, internal rules and procedures which help to minimize the risk of unexpected losses or damage to the bank's reputation.

Simanto Bank has established a sophisticated organizational structure to establish and maintain a strong control culture by implementing and strengthening policy guidelines of internal controls. We believe, internal control & compliance is an integral part of the daily activity of a bank, which on its own merit, identifies the risks associated with the process and adopts a measure to mitigate the same.

## Objectives of ICC

The primary objectives of internal control system in a bank are to help the bank perform better through the use of its resources, to communicate better internally and with external stakeholders, and to comply with applicable laws and regulations. The main objectives of internal control are as follows:

- Operations Objectives: achievement of a bank's basic mission and vision.
- Reporting Objectives: timely, accurate, and comprehensive reporting, financial and non-financial, internal and external.
- Compliance Objectives: conducting activities and taking specific actions in accordance with applicable laws and regulations.

## Structure of ICC Department

The head of ICCD have a direct reporting line with Managing Director and the Audit Committee of the Board. The department has three separate units. These are a) Audit b) Monitoring and c) Compliance Units.

### A. Audit Unit:

Audit is necessary for a bank not merely manage the risks but to facilitate the management in making right decision. This Unit prepares a Risk Based Internal Audit [RBIA] on an annual basis which is approved by Managing Director & CEO of the Bank and the audit committee of the Board. This risk based approach of audit assists the bank in the following ways:

- Identification of gap in policy and procedures with the business and its operation.
- Identification of breach in policy and procedures against internal and regulatory policies & procedures.
- Assessment of qualitative and quantitative risk of the business.
- Recommending remedial course of actions, where necessary.

### B. Monitoring Unit:

This unit is responsible to monitor the operational performance of various branches and departments. They collect relevant data and analyze those to assess the risk of individual risks. In case they find major deviation they recommend to the Internal Control Head for sending audit and inspection team for thorough review. Some major tools of this unit are as follows:

- ◀ Prime Risk Indicator [PRI]
- ◀ Quarterly Operation Report [MOR]
- ◀ Spot check/ Surprise Check
- ◀ Branch Departmental Control Function Checklist [DCFCL]



**C] Compliance Unit:**

This unit is entrusted to ensure that bank complies with all regulatory requirements while conducting its business. They maintain liaison with the regulators at all levels and notify the other units/departments regarding the regulatory changes. Some major tools of this unit are as follows:

- Ensure compliance of inspection report of Bangladesh Bank;
- Ensure compliance of Internal & External Audit Report;
- Ensure compliance of various queries of regulatory body's like- tax authority, Ministry of Finance, Law enforcing agencies and other regulators;
- Supervise and monitor the legal issues against the bank;
- Ensure smooth resolving of various complaints of branches and departments under legal framework;
- Checking whether the appropriate policies include [a] top level review, [b] appropriate activity controls for different departments and divisions, [c] system of approval and authorizations, [d] appropriate segregation of duties and personnel are not assigned conflicting responsibilities.
- Review the Quarterly Operation Report.

**Some General Functions of ICCD:**

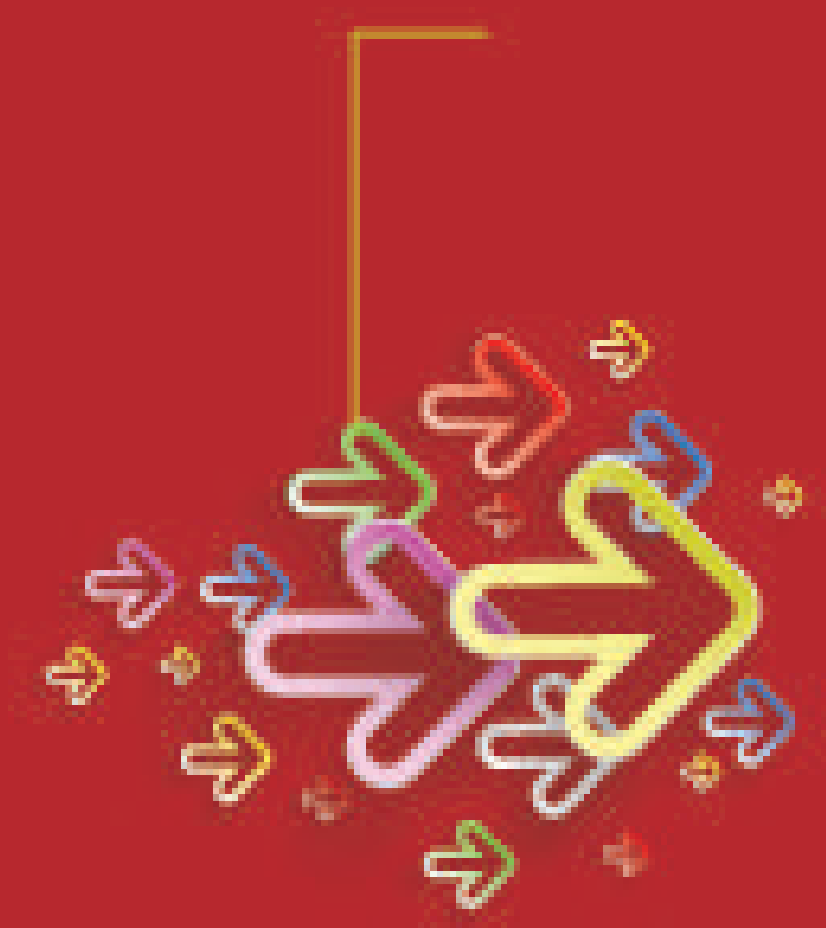
- Arrange at least 04 meetings with Audit Committee of the Board and submit audit summary.
- Annual Health Report of the Bank to be prepared as per ICC guidelines of Bangladesh Bank.
- Maintain a continuous liaison with the regulators at all levels to obtain regular information on regulatory changes and work as a "Contact Point" of Regulators.
- Establish an effective communication process to distribute smoothly the relevant regulations among the officials of the concerned departments and Branches.
- Legal support is delivered to the various branches and departments as and when necessary.





# Independent Auditor's Report and Audited Financial Statements

For the period  
from 14 July 2016 to 31 December 2016





## Independent Auditor's Report To The Shareholders Of Shimanto Bank Limited **Report on the Financial Statements**

We have audited the accompanying financial statements of Shimanto Bank Limited ("the Bank"), which comprise the balance sheet as at 31 December 2016 and the profit and loss account, statement of changes in equity and cash flow statement for the period from 14 July 2016 to 31 December 2016 and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements and Internal Controls**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note # 2.1 and for such internal control as management determines is necessary to enable the preparation of financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 (Amended in 2013) and the Bangladesh Bank Regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal control and report to Bangladesh Bank on instances of fraud and forgeries.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the Bank. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements of the Bank, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements of the Bank.

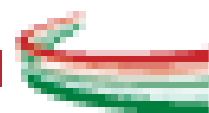
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2016, and of its financial performance and its cash flows for the period from 14 July 2016 to 31 December 2016 in accordance with Bangladesh Financial Reporting Standards as explained in note # 2.1.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Company Act 1991, (Amended in 2013) and the rules and regulations issued by Bangladesh Bank, we also report that:







- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the management to Bangladesh Bank on anti-fraud internal control and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
  - i) internal audit, internal control and risk management arrangements of the Bank as disclosed in note # 3.11 to the financial statements appeared to be materially adequate;
  - ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank;
- c) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- d) the balance sheet and profit and loss accounts of the Bank dealt with by the report are in agreement with the books of account;
- e) the expenditure incurred was for the purposes of the Bank's business;
- f) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;
- g) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- h) the records and statements submitted by the branches have been properly maintained in the financial statements;
- i) the information and explanation required by us have been received and found satisfactory; and
- j) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 1,450 person hours for the audit of the books and accounts of the Bank.

Dhaka,  
12 March 2017



ACNABIN

Chartered Accountants





## Shimanto Bank Limited

Balance Sheet  
As at 31 December 2016

<u>PROPERTY AND ASSETS</u>	Notes	Amount in Taka
<b>Cash</b>	4	<b>147,780,120</b>
Cash in hand (including foreign currency)	4.1	9,000,600
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	4.2	138,779,521
<b>Balance with other banks and financial institutions</b>	5	<b>531,133,740</b>
In Bangladesh	5.1	531,133,740
Outside Bangladesh		-
<b>Money at call on short notice</b>	6	<b>3,500,000,000</b>
<b>Investments</b>	7	<b>154,956,858</b>
Government	7.1	44,956,858
Others	7.2	110,000,000
<b>Loans and advances</b>	8	<b>435,197,581</b>
Loans, cash credits, overdrafts etc.	8.1	435,197,581
Bills purchased & discounted		-
<b>Fixed assets including premises, furniture and fixtures</b>	9	<b>43,012,871</b>
<b>Other assets</b>	10	<b>143,517,738</b>
Non-banking assets		-
<b>Total Assets</b>		<b>4,955,598,908</b>
<u><b>LIABILITIES AND CAPITAL</b></u>		
<b>Liabilities</b>	11	<b>-</b>
<b>Borrowings from other banks, financial institutions and agents</b>	12	<b>914,210,556</b>
Deposits and other accounts	12.1	10,317,633
Current deposit accounts	12.2	6,220,572
Bills payable	12.3	148,801,949
Savings bank deposits	12.4	746,975,082
Fixed deposits	12.5	1,895,320
Other deposits	13	36,304,627
<b>Other liabilities</b>		
<b>Total Liabilities</b>		<b>950,515,184</b>
<b>Capital/Shareholders' Equity</b>		
<b>Total Shareholders' Equity</b>		<b>4,005,083,724</b>
Paid-up capital	14	4,000,000,000
Statutory reserve	15	3,202,523
Retained earnings	16	1,881,201
<b>Total Liabilities and Shareholders' Equity</b>		<b>4,955,598,908</b>





Notes	Amount in Taka
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**OFF-BALANCE SHEET ITEMS****Contingent liabilities**

Acceptances and endorsements  
Letters of guarantee  
Irrevocable letters of credit  
Bills for collection  
Other contingent liabilities

**Other commitments**

Documentary credits and short term trade-related transactions  
Forward assets purchased and forward deposits placed  
Undrawn note issuance and revolving underwriting facilities  
Undrawn formal standby facilities, credit lines and other commitments

**Total off-Balance Sheet items including contingent liabilities**

-
-
-
-
-
-
-
-
-
-
-

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
Chairman

  
Director

  
Director

  
Managing Director & CEO

Dhaka  
12 March 2017

  
ACNABIN  
Chartered Accountants



**Shimanto Bank Limited**  
**Profit and Loss Account**  
For the period from 14 July 2016 to 31 December 2016

	Notes	Amount in Taka
<b>OPERATING INCOME</b>		
Interest income	18	85,005,508
Interest paid on deposits and borrowings etc	19	(6,393,528)
<b>Net interest income</b>		<b>78,611,980</b>
Investment income	20	1,429,982
Commission, exchange and brokerage	21	94,779
		<b>1,524,761</b>
<b>Total operating income (a)</b>		<b>80,136,741</b>
<b>OPERATING EXPENSE</b>		
Salaries and allowances	22	16,901,527
Rent, taxes, insurance, electricity, etc.	23	7,417,173
Legal expenses	24	70,890
Postage, stamp, telecommunication, etc.	25	8,564
Stationery, printings, advertisements, etc.	26	3,799,901
Chief executive's salary and fees		2,250,000
Directors' fees	27	78,000
Auditors' fees	28	300,000
Depreciation and repairs of Bank's assets	29	29,763,584
Other expenses	30	3,534,488
<b>Total operating expenses (b)</b>		<b>64,124,126</b>
<b>Profit before provision (c = (a-b))</b>		<b>16,012,615</b>
Provision against loans and advances		
General Provision	13.1.1	4,229,381
Specific Provision	31	-
<b>Total provision (d)</b>		<b>4,229,381</b>
<b>Profit before taxation (e=c-d)</b>		<b>11,783,234</b>
<b>Provision for taxation (f)</b>		<b>6,699,510</b>
Current tax	13.2	6,208,736
Deferred tax expense	13.3	490,773
<b>Net profit after taxation (g=e-f)</b>		<b>5,083,724</b>
<b>Appropriations</b>	32	
Statutory reserve		3,202,523
General reserve		-
<b>Retained earnings</b>		<b>3,202,523</b>
		<b>1,881,201</b>
<b>Earnings Per Share (EPS)</b>	33	<b>0.013</b>

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
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12 March 2017

  
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## Shimanto Bank Limited

## Cash Flow Statement

For the period from 14 July 2016 to 31 December 2016

	Notes	Amount in Taka
<b>Cash flows from Operating Activities</b>		51,435,537
Interest receipts in cash		(1,009,003)
Interest payments		952,837
Dividend receipts		94,779
Fees and commission receipts in cash		(19,151,527)
Cash payments to employees		(78,646,810)
Cash payments to suppliers		(5,306,158)
Income taxes paid	34	477,144
Receipts from other operating activities	35	(15,306,434)
Payments for other operating activities		(66,459,634)
<b>(i) Operating profit before changes in operating assets &amp; liabilities</b>		
<b>Change in operating assets and liabilities</b>		(435,197,581)
Loans and advances to customers		(34,092,906)
Other assets		906,094,664
Deposits from customers		8,883,490
Other liabilities		
<b>(ii) Cash generated from operating assets and liabilities</b>		445,687,667
<b>Net cash flow from operating activities (a)=(i)+(ii)</b>		379,228,033
<b>Cash Flows from Investing Activities</b>		
Payments for purchase of government securities		(44,956,858)
Payments for purchase of securities		(110,000,000)
Purchase of property, plant and equipment		(45,356,515)
<b>Net cash used in investing activities (b)</b>		(200,313,373)
<b>Cash Flows from Financing Activities</b>		
Receipts from issue of ordinary share		4,000,000,000
<b>Net cash flow from financing activities (c)</b>		4,000,000,000
<b>Net Increase in cash and cash equivalents (a+b+c)</b>		4,178,914,660
Cash and cash equivalents at beginning of the period		-
<b>Cash and cash equivalents at end of the period (*)</b>		4,178,914,660
<b>(*) Cash and cash equivalents:</b>		
Cash in hand (including foreign currency)		9,000,600
Prize bonds		800
Money at call on short notice		3,500,000,000
Balance with Bangladesh Bank and its agent bank(s)		138,779,521
Balance with other banks and financial institutions		531,133,740
		4,178,914,660

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
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Dhaka  
12 March 2017

  
ACNABIN  
Chartered Accountants

**Shimanto Bank Limited**  
Profit and Loss Account  
For the period from 14 July 2016 to 31 December 2016

Particulars	"Paid-up Capital"	"Statutory Reserve"	"General Reserve"	"Retained Earnings"	Total Equity
Proceeds from issue of shares	4,000,000,000	-	-	-	4,000,000,000
Surplus/deficit on account of revaluation of properties	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-
Currency transaction differences	-	-	-	-	-
<b>Net gains and losses not recognized in the income statement</b>	-	-	-	-	-
Net profit after tax for the period	-	-	-	5,083,724	5,083,724
Transfer to statutory reserve	-	3,202,523	-	(3,202,523)	-
<b>Balance as at 31 December 2016</b>	<b>4,000,000,000</b>	<b>3,202,523</b>	<b>-</b>	<b>1,881,201</b>	<b>4,005,083,724</b>

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
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Dhaka  
12 March 2017

  
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**Shimanto Bank Limited**  
Liquidity Statement  
(Assets and Liabilities Maturity Analysis)  
As at 31 December 2016

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Assets</b>						
Cash in hand (including balance with bangladesh banks and its agent banks)	147,780,120	-	-	-	-	147,780,120
Balance with other banks and financial institutions	-	531,133,740	-	-	-	531,133,740
Money at call on short notice	-	3,500,000,000	-	-	-	3,500,000,000
Investments	-	-	-	154,956,858	-	154,956,858
Loans & advances	694,973	-	-	434,502,608	-	435,197,581
Fixed assets including premises, furniture and fixture	-	-	-	43,012,871	-	43,012,871
Other assets	43,192,765	-	-	100,324,973	-	143,517,738
Non-banking assets	-	-	-	-	-	-
<b>Total Assets (a)</b>	<b>191,667,859</b>	<b>4,031,133,740</b>	<b>-</b>	<b>732,797,310</b>	<b>-</b>	<b>4,955,598,908</b>
<b>Liabilities</b>						
Borrowing from other banks, financial institutions and agents	-	-	-	-	-	-
Deposit and other accounts	16,538,205	148,801,949	-	748,870,402	-	914,210,556
Other liabilities	36,304,628	-	-	-	-	36,304,628
<b>Total Liabilities (b)</b>	<b>52,842,834</b>	<b>148,801,949</b>	<b>-</b>	<b>748,870,402</b>	<b>-</b>	<b>950,515,185</b>
<b>Net Liquidity Gap (a-b)</b>	<b>138,825,025</b>	<b>3,882,331,791</b>	<b>-</b>	<b>(16,073,093)</b>	<b>-</b>	<b>4,005,083,724</b>

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
Chairman

  
Director

  
Managing Director & CEO

  
ACNABIN  
Chartered Accountants

Dhaka  
12 March 2017



## Shimanto Bank Limited

### Notes to the Financial Statements

As at and for the period from 14 July 2016 to 31 December 2016

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#### The Bank and its activities

##### 1.1 Reporting entity

The Shimanto Bank Limited ("the Bank") is a scheduled commercial bank established under the Bank Company Act, 1991 and incorporated as a Private Limited Company under the Companies Act, 1994 in Bangladesh on 14 July 2016 with the primary objective to carry on all kinds of banking business within and outside the boundary of Bangladesh. The Bank has two (02) branches operating in Bangladesh and the Bank has no overseas branches as at 31 December 2016.

The registered office of the Bank is located at Road-02, Bir Uttam M. A. Rpb Sarak, Shimanto Square, Dhanmondi, Dhaka-1205.

##### 1.2 Principal activities

The principal activities of the Bank are to provide full range of banking services that include deposit banking, loans & advances and financing national and international remittance facilities, etc.

#### 2. Basis of preparation of financial statements and significant accounting policies

##### 2.1 Statement of compliance

The financial statements of the Bank as at and for the period from 14 July 2016 to 31 December 2016 have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Bank Company Act 1991 (amended 2013), the rules and regulations issued by Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations.

In case the requirements of the Bank Company Act 1991, and by Bangladesh Bank regulations differ with those of BFRS, the requirements of the Bank Company Act 1991 (amended 2013) and Bangladesh Bank regulations shall prevail.

The Bank has departed from certain contradictory requirements of BFRSs in order to comply with the rules and regulations of Bangladesh Bank.

##### i) Presentation of financial statements

**BFRS:** As per BAS 1 financial statements shall comprise statement of financial position, comprehensive income statement, changes in equity, cash flows statement, adequate notes comprising summary of accounting policies and other explanatory information. As per Para 60 of BAS 1, the entity shall also present current and non-current assets and current and non-current liabilities as separate classifications in its statement of financial position.

**Bangladesh Bank:** The presentation of the financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flows statement, changes in equity, liquidity statement) and certain disclosures therein are guided by the 'First Schedule' (section 38) of the Bank Company Act 1991 (amended 2013) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines of BB. In the prescribed format there is no option to present assets and liabilities under current and non-current classifications.







ii) **Investments in shares and securities**

**BFRS:** As per requirements of BAS 39 investments in shares and securities generally fall either under 'at fair value through Profit and Loss' account or under 'available for sale' account where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve account respectively.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003 investments in quoted and unquoted shares are revalued at the year-end market price and as per Net Assets Value (NAV) of last audited balance sheet respectively. As per instruction of another DOS circular letter 03 dated 12 March 2015, investment in Mutual Fund (closed-end) is revalued at lower of cost and (higher of market value and 85% of NAV). As such, provision is made for any loss arising from diminution in value of investments (portfolio basis); otherwise investments are recognized at costs.

iii) **Revaluation gains/losses on Government securities**

**BFRS:** As per requirement of BAS 39, T-bills and T-bonds fall under the category of 'Held for Trading (HFT)' and 'Held to Maturity (HTM)' where any change in the fair value of HFT securities is recognized in Profit and Loss account, and amortized cost method is applicable for HTM securities and interest income is recognized through the profit and loss account.

**Bangladesh Bank:** According to DOS circular no. 05 dated 26 May 2008 and subsequent clarification in DOS circular no. 05 dated 28 January 2009, amortization loss is charged to profit and loss account, mark-to-market loss on revaluation of Government treasury securities (T-bills/T-bonds) categorized as HFT is charged to Profit and Loss account, but any unrealized gain on such revaluation is recognized to revaluation reserve account. T-bills/T-bonds designated as HTM are measured at the year end and losses on amortization are recognized to profit and loss account and gains to revaluation reserve account.

iv) **Provision on loans and advances**

**BFRS:** As per BAS 39 an entity should undertake impairment assessment when objective evidence of impairment exists for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 16 dated 18 November 2014, a general provision @ 0.25% to 5% under different categories of unclassified loans (standard/ SMA loans) should be maintained regardless of objective evidence of impairment. And specific provision for sub-standard/doubtful/ bad-loss loans should be made at 20%, 50% and 100% respectively on loans net off eligible securities (if any). Also, a general provision @ 1% should be provided for off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

v) **Other comprehensive income and appropriation of profit**

**BFRS:** As per BAS 1 other comprehensive income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income (OCI) statement. BFRSs do not require appropriation of profit to be shown on the face of the statement of comprehensive income.

**Bangladesh Bank:** The templates of financial statements issued by BB do not include other comprehensive income nor are the elements of other comprehensive income allowed to be included in a single other comprehensive income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity. Furthermore, the above templates require disclosure of appropriation of profit on the face of profit and loss account.



vi) **Financial instruments - presentation and disclosure**

As per BB guidelines, in certain cases financial instruments are categorized, recognized, measured and presented differently from those prescribed in BAS 39. As such some disclosures and presentation requirements of BFRS 7 and BAS 32 cannot be made in these financial statements.

vii) **Financial guarantees**

**BFRS:** As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

**Bangladesh Bank:** As per BRPD 14, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin.

viii) **Cash and cash equivalent**

**BFRS:** Cash and cash equivalent items should be reported as cash item as per BAS 7.

**Bangladesh Bank:** Some highly liquid assets such as money at call and short notice, T-bills /T-bonds, prize bonds are not prescribed to be shown as cash and cash equivalents rather shown as face item in the balance sheet. However, in the cash flow statement, money at call and short notice and prize bonds are shown as cash and cash equivalents beside cash in hand, balance with BB and other banks.

ix) **Non-banking assets**

**BFRS:** No indication of non-banking assets is found in any BFRSs.

**Bangladesh Bank:** As per BRPD circular no 14, dated 25 June 2003, there exists a face item named non-banking assets.

x) **Cash flow statement**

**BFRS:** Cash flow statement can be prepared either in direct method or indirect method. The presentation method is selected to present cash flow information in a manner that is most suitable for the business or industry. Whichever method selected should be applied consistently.

**Bangladesh Bank:** As per BRPD circular no 14, dated 25 June 2003, cash flow statement is to be prepared following a mixture of direct and indirect method.

xi) **Balance with Bangladesh Bank: (Cash Reserve Requirement)**

**BFRS:** Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

**Bangladesh Bank:** Balance with Bangladesh Bank is treated as cash and cash equivalents.

xii) **Off-balance sheet items**

**BFRS:** There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.





**BFRS:** There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

**Bangladesh Bank:** As per BRPD circular no 14, dated 25 June 2003, off balance sheet items e. g. L/C, L/G, acceptance should be disclosed separately on the face of the balance sheet.

**xiii) Loans and advances net of provision**

**BFRS:** Loans and advances should be presented net of provision.

**Bangladesh Bank:** As per BRPD 14, provision on loans and advances/investments are presented separately as liability and cannot be netted off against loans and advances.

**2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following material items:

- Government treasury securities (T-bills/T-bonds) designated as 'Held for Trading (HFT)' are marked-to-market weekly with resulting gain credited to revaluation reserve account but loss charged to profit and loss account.
- Government treasury securities (T-bills/T-bonds) designated as 'Held to Maturity (HTM)' are amortized yearly with resulting gain credited to amortization reserve account but loss charged to profit and loss account.

**2.3 Functional and presentation currency**

These financial statements are presented in Bangladeshi Taka (BDT), which is the Bank's functional and presentation currency. All financial information presented in Taka has been rounded off to the nearest Taka except when otherwise indicated.

**2.4 Use of estimates and judgments**

The preparation of the financial statements of the Bank in conformity with BFRSs require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

**2.5 Cash flow statement**

Cash Flow Statement is prepared principally in accordance with BAS 7 "Statement of Cash Flows" under direct method as per the guidelines of BRPD circular no.14 dated 25 June 2003. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the period. It Cash Flows during the period have been classified as operating activities, investing activities and financing activities.

**2.6 Reporting period**

These financial statements of the Bank cover period from 14 July 2016 to 31 December 2016, i.e. from the date of incorporation to the closing date. Thereafter, the reporting period will cover one calendar year.



## 2.7 Statement of changes in equity

Statement of Changes in Equity has been prepared in accordance with BAS 1 "Presentation of Financial Statements" and following the guidelines of Bangladesh Bank BRPD circular no.14 dated 25 June 2003.

## 2.8 Liquidity statement

The liquidity statement has been prepared in accordance with remaining maturity grouping of the value of the assets and liabilities as at 31 December 2015 and under the guidelines of Bangladesh Bank BRPD circular no.14 dated 25 June 2003.

Particulars	Basis used
Balance with Other Banks and Financial Institutions	Maturity Term
Investments	Respective Maturity Terms
Loans and Advances	Repayment schedule basis
Fixed Assets	Useful life
Other Assets	Realization/Amortization basis
Borrowing from Other Banks and Financial Institutions and Agents	Maturity/Repayment terms
Deposits and Other Accounts	Maturity term
Other Liabilities	Payments/Adjustments schedule basis

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the entity except otherwise instructed by Bangladesh Bank as the prime regulator.

### 3.1 Assets and basis of their valuation

#### 3.1.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand and at ATM, balance held with Bangladesh Bank and its agent bank, balance with other banks and financial institutions, money at call and on short notice and prize bond.

#### 3.1.2 Investments

All investments (other than government treasury securities) are initially recognized at cost, including acquisition charges associated with the investment. Accounting treatment of government treasury securities (categorized as HFT or/and HTM) is given following DOS Circular no. 05 dated 26 May 2008 and subsequent clarifications on 28 January 2009. The valuation method of investments used is:

##### Held to Maturity (HTM)

Investments which are intended to be held to maturity are classified as "Held to Maturity". These are measured at amortized cost at each year end by taking into account any discount or premium in acquisition. Amortized amount of such premium are booked into Profit and Loss Account or discount is reserve until maturity/disposal.

##### Held for Trading (HFT)

Investments primarily held for selling or trading is classified in this category. After initial recognition, investments are mark to mark weekly. Decrease in the book value is recognized in the Profit and Loss Account and any increase is transferred to revaluation reserve account.





Investment Class	Initial recognition	Subsequent Measurement	Recordings of changes
Treasury Bill/Bond (HFT)	At Present Value	Market Value	Loss to Profit & Loss Account, gain to revaluation reserve
Treasury Bill/Bond (HTM)	At Present Value	Amortized Value	Increase in value to equity and decrease in value to Profit & Loss Account.
Debenture	At Cost	None	None
Prize Bond	At Cost	None	None
Shares	At Cost	Cost	Any loss, charged in Profit & Loss, Unrealized gain, not recorded in accounts.

### Investment in unquoted securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

Provision for shares against unrealized loss (gain net off) has been made according to DOS circular no. 4 dated 24 November 2011 and for mutual funds (closed-end) as per DOS circular letter no. 3 dated 12 March 2015 of Bangladesh Bank.

Besides, bank complied with Bangladesh Bank BRPD Circular 14 dated June 25, 2003 as follows, "All investments in shares and securities (both dealing and investment) should be revalued at the year- end. The quoted shares should be valued as per market price in the stock exchange(s) and unquoted shares as per book value of last audited balance sheet. Provision should be made for any loss arising from diminution in value of investments".

Investment Class	Initial recognition	Measurement after initial recognition	Recordings of changes
Govt. treasury securities - Held for Trading (HFT)	Cost	Fair Value	Loss to Profit and Loss Account, gain to Revaluation Reserve through Profit and Loss Account.
Govt. treasury securities - Held to Maturity (HTM)	Cost	Amortized cost	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Debenture/Bond	Face value	None	None
Shares (Quoted)	Cost	Lower of cost or market value	Loss (net off gain) to profit and loss account but no unrealized gain booking.
Shares (Unquoted)	Cost	Lower of cost or Net Asset Value (NAV)	Loss to profit and loss account but no unrealized gain booking.
Mutual fund (Closed-end)	Cost	Lower of cost and (higher of market value and 85% of (NAV)	Loss (net) to profit and loss account but no unrealized gain booking.
Prize bond	Cost	Cost	None



### 3.1.3 Loans, advances and provisions

Loans and advances are stated in the balance sheet on gross basis.

Interest is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest on classified loans and advances is kept in interest suspense account as per BRPD circulars no. 14 dated September 23, 2012 on Master Circular: Loan Classification and Provisioning. Interest is not charged on bad and loss loans and advances as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

Commission and discounts on bills purchased and discounted are recognized at the time of realization. General provisions @ 0.25% to 5% under different categories on unclassified loans (standard/SMA) and @ 1% on off balance-sheet exposures, and specific provisions @ 20%, 50% & 100% on classified (substandard/doubtful/bad loss) loans are made on the basis of quarter end review by the management and instructions contained in BRPD Circular no 14, dated 23 September 2012, BRPD Circular no 19, dated 27 December 2012, BRPD Circular no 16, dated 18 November 2014 and BRPD Circular no 8, dated 2 August 2015. Provisions and interest suspense are separately shown under other liabilities as per First Schedule of Bank Company Act 1991 (amendment upto 2013), instead of netting off with loans.

Heads	Rates
<b>General provision on:</b>	
Unclassified (including SMA) general loans and advances	1%
Unclassified (including SMA) small and medium enterprise	0.25%
Unclassified (including SMA) Loans to BHs/MBs/SDs against Shares etc.	2%
Unclassified (including SMA) loans for housing finance and on loans for professionals	2%
Unclassified (including SMA) consumer financing other than housing financing and loans for professionals	5%
Short term agri credit and micro credit	2.5%
Off balance sheet exposures	1%
<b>Specific provision on:</b>	
Substandard loans and advances other than short term agri credit and micro credit	20%
Doubtful loans and advances other than short term agri credit and micro credit	50%
Bad/loss loans and advances	100%
Substandard short term agri credit and micro credit	5%
Doubtful short term agri credit and micro credit	5%



**3.1.4 Fixed Assets****3.1.4.1 Recognition and measurement**

All fixed assets are stated at cost less accumulated depreciation as per BAS 16 "Property, Plant and Equipment". Land, if any, is measured at cost. The cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of the BFRS. The cost of an item of fixed assets is recognized as an asset if, it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

**3.1.4.2 Subsequent costs**

Subsequent costs are capitalized only when it is probable that the future economic benefits associated with the costs will flow to the entity and cost can be measured reliably. The carrying amount of the replaced portion is derecognized. The costs of day to day servicing of fixed assets, i.e. repairs and maintenance is charged as revenue expense when incur.

**3.1.4.3 Depreciation**

Depreciation is charged at the following rates on all fixed assets on the basis of estimated useful lives as determined by fixed asset policy of the Bank. In all cases depreciation is calculated using the straight line method. Depreciation on assets is charged from the date of putting the assets in use after acquisition and no depreciation is charged from the date when the assets are disposed.

Category of fixed assets	Rate of depreciation
Furniture & Fixtures	20%
Office Equipment	23%
Software	20%
Computer & Network Equipment	22%

**3.1.4 Other assets**

As per BRPD circular No. 14 dated 25 June 2003, other assets/item(s) have been shown separately as 'income generating' and 'nonincome generating' in the relevant notes to the financial statements. Other assets include advance rent, advance for VAT and advance to vendor, pre-operating expenses, advance, deposits and prepayment and income receivables etc.

**3.1.5 Non-Banking Assets**

As at balance sheet date Shimanto Bank Ltd has not arisen any Non-Banking Assets failure from borrower to repay the loan/Investments.

**3.2 Liabilities and provisions****3.2.1 Borrowings from other banks, financial institutions and agents**

Borrowings from other banks, financial institutions and agents include interest-bearing borrowings redeemable at call and Bangladesh Bank refinance. These items are brought to financial statements at the gross value of the outstanding balance.

**3.2.2 Deposits and other accounts**

Deposits and other accounts include non-interest-bearing current deposit redeemable at call, bills payable, interest bearing on demand and special notice deposits, savings deposit and fixed deposit. These items are brought to financial statements at the gross value of the outstanding balance.



### 3.2.3 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxes, interest payable on borrowing, interest suspense and accrued expenses etc. Individual item-wise liabilities are recognized as per the guidelines of Bangladesh Bank and Bangladesh Financial Reporting Standards (BFRS).

### 3.2.4 Provision for loans and advances

Provision for classified loans and advances is made on the basis of quarter-end review by the management and instructions contained in BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 16 dated 18 November 2014. Details are stated in Note 13.1 to these financial statements.

### 3.2.5 Provision for off-balance sheet exposures

In compliance with BRPD circular no. 14 dated 23 September 2012 and other relevant circulars, the Bank have to maintain provision @ 1% against off-balance sheet exposures (mainly contingent assets/liabilities). In this period there is no off-balance sheet exposures.

### 3.2.6 Provision for other assets

Provision for other assets is made as per the instructions made in the BRPD circular No. 14 dated 25 June 2001 i.e. 100% provision is required on other assets which are outstanding for one year or more or classified as bad/loss.

### 3.2.7 Provision for liabilities and accrued expenses

In compliance with BAS 37, provisions for other liabilities and accrued expenses are recognized in the financial statements when the Bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## 3.3 Share capital and reserves

### Authorized capital

Authorized capital is the maximum amount of share capital that the Bank is authorized by its Memorandum and Articles of Association.

### Paid-up capital

The paid-up capital represents the amount of bank's capital that has been contributed by ordinary shareholders. The holders of ordinary shares are entitled to receive dividend as recommended by the Board and subsequently approved by the shareholders from time to time in the Annual General Meeting (AGM).

### Statutory reserve

In compliance with the provision of Section 24 of Bank Company Act 1991, the Bank transfers at least 20% of its profit before tax "Statutory Reserve Fund" each year until the sum of statutory reserve and share premium equal to the paid up capital of the Bank.

## 3.4 Contingent liabilities and assets

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. Any present obligation that arises from past events but is not recognized because:







- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated. Contingent assets are not recognized in the financial statements as this may result in the recognition of income which may never be realized.

### 3.5 Revenue recognition

#### Interest income

Interest on unclassified loans and advances is recognized as income on accrual basis, interest on classified loans and advances is credited to interest suspense account with actual receipt of interest there from credited to income as and when received as per instruction contained in BRPD circular no 14 dated 23 September 2012, BRPD circular no 19 dated 27 December 2012 and BRPD circular no 16 dated 18 November 2014.

#### Fees and commission income

Fees and commission income arises on services provided by the Bank and recognized as and when received basis. Commission charged to customers on letters of credit, letters of guarantee and acceptance are credited to income at the time of effecting the transactions except those which are received in advance.

#### Investment income

Income on investments is recognized on accrual basis. Investment income includes discount on treasury bills and zero coupon bonds, interest on treasury bonds, debentures and fixed deposits with other banks. Capital gain on investments in shares and dividend on investment in shares are also included in investment income.

#### Dividend income

Dividend income from investments is recognized at the time when it is declared, ascertained and right to receive the payment is established as per BAS 18 'Revenue'.

#### Interest paid on borrowings and deposits

Interest paid on borrowings and deposits are calculated on 360 days' basis (except for some treasury instruments which are calculated on 364 days' basis) in a year and recognized on accrual basis.

#### Other operating expenses

All other operating expenses are provided for in the books of the account on accrual basis according to the BAS 1 "Presentation of Financial Statements".

### 3.6 Employee benefits

#### Provident fund

Provident fund benefits are given to the confirmed employees of the Bank in accordance with Bank's service rules. The Fund is administered by a Board of Trustees consists of four members from the employees of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription to the Fund. The Bank also contributes equal amount. Interest earned from the investments is credited to the members' account on yearly basis.



### Gratuity fund

For the period from 14 July 2016 to 31 December 2016, Shimanto Bank Limited did not keep any provision for gratuity.

## 3.7 Taxation

The expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity.

### Current Tax

In compliance with BAS-12 "Income Taxes" provision for current income tax has been made @ 40.00% on business income @ 20% on dividend income and @ 10% on capital gain on sale of shares, after considering some of the add backs to income and disallowances of expenditure as per Income Tax Ordinance 1984 and time to time amendment to issue different SRO and circular issued by the NBR.

### Deferred taxation

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date. The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the profit and loss account as per BAS-12 "Income Taxes".

## 3.8 Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Advance tax paid and provision for tax of the Bank is presented on net basis as a liability item if the liability is higher than asset and as an asset item if the asset is higher than liability.

## 3.9 Earnings per Share

Basic earnings per share have been calculated in accordance with BAS 33 "Earnings per Share" which has been shown on the face of the profit and loss account. This has been calculated by dividing the basic earnings by the number of ordinary shares outstanding during the year.

### 3.10 Reconciliation of books and account

Books of account in regard to inter-bank (in Bangladesh and outside Bangladesh) as well as inter-branches are reconciled at regular intervals to keep the unreconciled balances within non-material level.

## 3.11 Risk management and other related matters

Financial Institutions are in the business of taking calculative risk and it is important how a bank decides on its risk appetite. The bank firmly believes that robust risk management is the core function that makes its business sustainable. The risk management systems in place at the Bank are discussed below:

### Credit Risk

Credit risk is the risk of loss that may occur from the default of any counterparty to repay in accordance with agreed terms and conditions and/or deterioration of creditworthiness. Board of Directors is the apex body for credit approval of the Bank. However, they delegate authority to the Managing Director & CEO or other officers of the Credit Risk Management (CRM) Division.





The Board also sets credit policies to the management for setting procedures, which together has structured the CRM framework in the bank. The Credit Policy Manual (CPM) contains the core principles for identifying, measuring, approving, and managing credit risk in the bank. The policy covers Corporate, Retail, Small and Medium Enterprise (SME) exposures. Policies and procedures together have structured and standardized CRM process both in obligor and portfolio level. There is a comprehensive credit appraisal procedure that covers Industry/Business risk, management risk, financial risk, facility structure risk, security risk, environmental risk, reputational risk, and account performance risk.

The bank follows the criteria for loan classification and provisioning requirement as stipulated in the BRPD circular no 14 dated September 23, 2012 and BRPD circular no 05 dated May 29, 2013. Adequate provision has been kept which is stated in Note 12.1.1 to the financial statements.

### Liquidity Risk

Responsibility of managing and controlling liquidity of the bank lies with Asset Liability Committee (ALCO) that meets at least once in a month. Asset Liability Management (ALM) desk being primarily responsible for management of liquidity risk closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities. A monthly projection of fund flows is reviewed in ALCO meeting regularly. On monthly basis, ALCO monitors liquidity management by examining key ratios, maximum cumulative outflow, upcoming funding requirement from all business units, asset-liability mismatch etc.

ALCO also monitors concentration of deposits on large institutional depositors which is volatile in nature. In addition to these ratios, Bank prepares structural liquidity profile, maturity profile of term deposit, cash flow modeling, and contingency funding plan on monthly basis, which are analyzed in ALCO meeting to ensure liquidity at the level acceptable to the bank and regulators.

### Market Risk

Risk Management Unit (RMU) is responsible for overall monitoring, control, and reporting of market risk while Treasury Mid Office is an integral part of market risk management which independently evaluates and monitors treasury department's transaction from risk perspective. Overall risk parameters and exposures of the bank are monitored by RMU and periodically reported to Bank Risk Management Committee (BRMC). Market risk can be subdivided into three categories depending on risk factors: Interest Rate Risk, Foreign Exchange Risk, and Equity Price Risk.

Interest rate risk is the risk to earnings or capital of the bank arising from movement of interest rates. The movement of interest rates affects bank's reported earnings and capital by changing:

- \* Net interest income
- \* The market value of trading accounts (and other instruments accounted for by market value), and
- \* Other interest sensitive income and expenses

To manage interest rate risk, ALCO regularly monitors various ratios and parameters. Bank deploys several analysis techniques (e.g. Rate Sensitive Gap Analysis, Duration Gap Analysis) to measure interest rate risk, its impact on Net Interest Income and takes insight about course of actions.

### Operational Risk

Operational Risk Unit under Internal Control & Compliance Division (ICCD) is primarily responsible for risk identification, measurement, monitoring, control, and reporting of operational risk. Internal Control (audit) Unit of ICCD also conducts risk-based audit at departmental and branch level throughout the year. Besides, 'Bank Risk Management Committee' (BRMC) which reports to MD & CEO also plays a supervisory role.

Operational risks are analyzed through review of Departmental Control Function Check List (DCFCL). This is a self-assessment process for detecting high risk areas and finding mitigates of those risks. These DCFCLs are then discussed in monthly meeting of BRMC.



### Information and communication technology risk

The bank has a comprehensive IT security policy and procedures which are formally documented and endorsed by competent authority. To prevent attack from cyber criminals/fraudsters IT division (hereinafter IT) has established standard physical & environmental security measures to all sensitive areas e.g. data centre, Disaster Recovery (DR) site, power rooms, server rooms etc. IT has standard logical security measures e.g. access card, password protected Server, access log, measuring device logs, periodic testing results, etc. to all core devices i.e. server, PC etc., connecting devices i.e. switch, router etc., security devices i.e. firewall, IDS etc., all applications i.e. core banking system, antivirus, firewall, VPN, utilities etc., databases, networks and others. IT has standard design and practice in network connectivity, access, build-up, configuration, monitoring, maintenance and security. IT has Business Continuity Management (BCM) to support and handle any human made or natural incident/disaster; moreover, regular backup schedule and retention avoids the risk of data loss based on the criticality of the system.

### Asset liability risk management

Asset Liability Management (ALM) especially focuses on "Risk Management". It covers the widest range of the banking activities in day-to-day operation. Introduction of ALM in a bank simply ensures the existence of healthy and prudent asset liability management system in the institute. In the complex banking era, there are so many risk factors any one which is good enough to a negative growth. Therefore, identification of factors and effective control over them are important and essential. Under the ALM system, it is ensured that then senior management would be attentive to balance sheet items for the great interest of the bank. As per Bangladesh Bank guideline, Shimanto Bank Limited has formed a committee of Assets and Liability Management called ALCO (Assets Liability Management Committee).

### Liquidity risk management

The risk that bank or business will be unable to meet its commitment as they fall due leading to bankruptcy or rise in funding cost. It is the solvency of business and which has special reference to the degree of readiness in which assets can be converted into cash without loss. Banks traditionally use the statutory liquidity reserve and their borrowing capacity in the volatile interbank money market as the source of liquidity. But a conscious approach to measure and monitor the liquidity is somewhat lacking in our market. We can learn and draw immense benefit by sharing the best practices, tools and techniques of liquidity management. Liquidity Risk arises from funding of long term assets by short term liabilities, thereby making the liabilities subject to rollover or refinancing Risk.

### Interest rate risk management

Interest rate risk is the exposure of a bank's financial condition to adverse movements in interest rates. Accepting this risk is a normal part of banking and can be an important source of profitability and shareholder value. However, excessive interest rate risk can pose a significant threat to a bank's earnings and capital base. Changes in interest rates affect a bank's earnings by changing its net interest income and the level of other interest-sensitive income and operating expenses. Changes in interest rates also affect the underlying value of the bank's assets, liabilities and off-balance sheet instruments because the present value of future cash flows (and in some cases, the cash flows themselves) change when interest rates change. Accordingly, an effective risk management process that maintains interest rate risk within prudent levels is essential to the safety and soundness of banks.

### Operation risk management

Operational risk is defined as the risk of loss resulting from inadequate or failed internal process, people and system or from external event. It is relatively difficult to identify or assess level of operational risk and its many sources. Shimanto Bank has established an effective operational risk management framework to mitigate the risk through strengthening the internal control (process and system), setting rules and procedures with the changed scenario, maintaining adequate clarification & documentation and establishing anti-fraud mechanism. Continuous actions are also being taken against damage of physical assets and avoid business disruption and system failure.





### Internal control and compliance risk management

Internal Control refers to the mechanism in place on a permanent basis to control the activities in an organization. In absence of it risks resulting in unexpected losses caused by faulty internal processes, human errors, frauds & forgery, technology failure and documentary lapses may surface. The primary objectives of internal control system are to help the bank perform better through the use of its resources, identify its weaknesses, take appropriate measures to overcome the same and ensure compliance with regulatory framework including applicable laws and regulations.

The bank has set up Internal Control & Compliance (IC&C) Division at Head Office to ensure that the internal control processes are in place through establishment of Audit Committee as per the instructions of Bangladesh Bank, which reviews the internal and external audit reports and ensures that the management takes effective measures in case of any deficiency/ lapse is found in the internal control system. The bank has introduced 'Risk Based Internal Audit (RBIA)' to assess the business risk as well as control risk associated with the branches, and determines how much follow up, monitoring & periodicity of internal audit would be required to bring a particular branch back to normalcy, if it is found that the performance of the branch is not satisfactory, and which may pose a potential threat for the bank.

### Money laundering risk management

Money Laundering is no more a local or regional issue that cannot be ignored - with the globalization of economy, we are living in a global village and are not immune to others problem. Money laundering & CFT is an issue that affects our nation, business, society and ultimately even the livelihood of individuals. As a member country of Asia Pacific & Egmont Group Bangladesh is committed to comply with the recommendations of Financial Action Task Force (FATF).

Bangladesh has enacted the Money Laundering Prevention Act, 2012 & Anti-Terrorism Act, 2012 which covers all the international standards and requirements and assigned BFIU of BB to discharge the regulatory responsibility of implementation & monitoring of the AML & CFT activities to keep the financial system of the country safe & compliance. Shimanto Bank Limited (SMBL) is as a compliant & responsible institution committed to the highest standards of Anti-Money Laundering (AML) compliance and adhere to the set rules & declared standards to prevent use of our products and services for money laundering purposes. In addition to the legal compliance, Shimanto Bank Limited considers AML & CFT compliance as part of its social responsibility & commitment.

The SMBL Anti Money Laundering Policy Guidelines which is drafted in line the Bangladesh Bank Guidance notes on Prevention of Money Laundering and Terrorist Financing encompasses the following major issues as part of its AML measures;

1. Mandatory maintenance of KYC (Know Your Customer) Forms for all types of accounts
2. Maintenance & monitoring the TP (Transaction Profile) of the accounts/client. Monitoring of  
unusual/suspicious transaction and report to Bangladesh Bank if required.
3. Submission of Cash Transaction Report (CTR) to Bangladesh Bank as per regulatory requirement.
4. Keeping of records for 05 (five) years from the date of closing of any type of account.
5. Appointment of Compliance Officer in every branch and Chief Compliance Officer at Head Office
6. Adequately train officials on Anti-Money Laundering and Combating Financing of Terrorism.
7. Declared Customer Acceptance Policy.
8. Prohibition of opening of any anonymous or fictitious account.
9. Prohibition of establishing banking relationship with any shell company.
10. Compliance of UN sanction list



For mitigating the risks, the bank has a designated Chief Anti-Money Laundering Compliance Officer (CAMLCO) & Deputy Chief Anti Money Laundering Compliance Officer (DCAMLCO) at Head Office and Branch Anti Money laundering Compliance Officers (BAMLCO) at branches, who independently review the transactions on the accounts to verify suspicious transactions and other AML measures.

#### **Internal audit**

The Bank has established an independent internal audit function with the head of internal control & compliance (ICC) reporting directly to the chairman of audit committee of the Board. The internal audit team performs risk based audit on various business and operational areas of the Bank on continuous basis. The audit committee and the Board regularly review the internal audit reports as well as monitor progress of previous findings.

#### **Prevention of fraud**

Like any other banks and financial institutions, the bank is also exposed to the inherent risk of fraud and hence implemented a number of anti-fraud controls and procedures specifically designed to prevent and detect any material instances of fraud or irregularities. As per the requirement of Bangladesh Bank regular reporting's are made on self-assessment of various anti-fraud controls as well as any incident of fraud and forgeries that have been identified by the Bank. Regular staff training and awareness programs are taken to ensure that all officers and staff of the Bank are fully aware of various fraud risks in their work area and prepared to deal with it.

### **3.12 Preparation of Basel II and Basel III Accord**

#### **Basel II:**

Basel II is a new set of international standards & best practices that define the minimum Capital requirement (MCR) of a Bank. This framework has been developed by the Basel Committee on Banking Supervision (BCBS), which is a committee in the Bank for International Settlements (BIS), the world's oldest International Financial organization. BCBS was established in 1974.

Capital adequacy, the regulatory capital prescribes how much capital a bank must have in relation to the size of its risk taking, expressed in the form of risk weighted assets. The Bank's high level of capital adequacy ratio provides its stakeholders, reassurance against unexpected losses. The Basel II principle stands on the following three pillars.

#### **Pillar-I: Minimum Capital Requirement**

Banks must hold minimum regulatory capital against Credit, Market and Operational Risk inherent with Banking Business. Shimanto Bank Ltd has adopted the following measurement approaches for computing its Capital Adequacy Ratio

- a. Standardized Approach for Credit Risk,
- b. Basic Indicator Approach for Operational Risk, and
- c. Standardized Approach for Market Risk.

#### **Pillar-II: Supervisory Review Process (SRP)**

SRP basically deals with other risks faced by a bank but not covered in pillar-1. The key principle of SRP is that banks have a process for assessing overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital at an adequate level. The assessment of adequate capital would be the outcome of the dialogue to be held between the bank's SRP and Bangladesh Bank's SREP team. Following Risk has to be assessed for Adequate Capital Requirement under ICAAP as per Bangladesh Bank Guideline:





- a. Residual Risk
- b. Concentration Risk
- c. Liquidity Risk
- d. Reputation Risk
- e. Strategic Risk
- f. Settlement Risk
- g. Evaluation of Core Risk Management
- h. Environmental & Climate Change Risk
- i. Other material risks

### **Pillar-III: Market Discipline**

The objective of Market Discipline in (Basel-II) is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of a bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets. For the said purpose, this "Disclosures on Risk Based Capital (Basel II)" is made as per Bangladesh Bank's Guideline.

### **Basel III**

"Basel III", developed by the Basel Committee on Banking Supervision and published in December 2010, is a comprehensive set of reform measures including that of Basel II, to strengthen the regulation, supervision and risk management of the banking sector. These measures aim to:

- a) Improve the banking sector's ability to absorb shocks arising from financial and economic stress
- b) improve risk management and governance
- c) strengthen banks' transparency and disclosures.

### **Shimanto Bank initiatives to ensure adequate capital include the following**

- a) Consistently encouraging corporate clients to complete external credit rating to assess counterparty Credit Risk status, and to reduce capital requirements.
- b) Improving and enhancing eligible collateral, by way of collateral optimization.
- c) Assessment of risk profile and credit rating of new clients.
- d) CAR is periodically reviewed and assessed in Shimanto Bank Limited by the Risk Management Unit (RMU), and reported to senior management.

### **Capital Adequacy & Stress Testing:**

In order to have a sound and robust banking industry and to make the banks in Bangladesh more shock absorbent as well as to cope with international best practice for risk management, Bangladesh Bank introduced 'Risk Based Capital Adequacy (RBCA)' for all Banks effective from January, 2010.

As per Risk Based Capital Adequacy (RBCA) guideline, according to Pillar 1 of Basel II, Risk Weighted Assets (RWA) of Shimanto Banks is calculated against Credit Risk, Market Risk and Operational Risk. Under Pillar 2 in Supervisory Review Process (SRP) Banks deals with other risks faced but not covered in pillar-1. Finally, under Pillar-3 in Market Discipline bank publish its capital adequacy disclosure on regular basis for market participants to establish more transparent and more disciplined financial market so that stakeholders can assess the position of a bank.

The Bank has also implemented Bangladesh Bank approved stress testing framework which forms an integral part of the Bank's Internal Capital Adequacy Assessment Process (ICAAP). Stress testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible stressed business conditions.







The changes in the level of credit risk, market risk, liquidity risk and Interest Rate Risk in the Banking Book (IRRBB), in the on and off balance sheet positions of the Bank, is assessed under assumed "stress" scenarios. Typically, this relates, among other things, to the impact on the Bank's profitability and capital adequacy. Stress Tests are conducted on a quarterly basis and the stress test results are put up to the Board quarterly, for their review and guidance.

### 3.13 Event after the reporting period

All the material events after the reporting period have been considered and appropriate adjustments/disclosures have been made in the financial statements as per BAS 10 'Events after the Reporting Period'.

### 3.14 Related party disclosures

A party is related to the company if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company; has an interest in the company that gives it significant influence over the company; or has joint control over the company;
- (ii) the party is an associate or a joint venture;
- (iii) the party is a member of the key management personnel of the Company or its parent;
- (iv) the party is a close member of the family of any individual referred to in (i) or (iv);
- (v) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vi) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

### 3.15 Compliance of Bangladesh Accounting standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs)

The Bank has complied the following BASs & BFRSs as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) during the preparation of financial statements as at and for the period from 14 July 2016 to 31 December 2016.

Sl#	BAS #	BAS Title	Compliance Status
1	1	Presentation of Financial Statements	Complied **
2	2	Inventories	Not Applicable
3	7	Statement of Cash Flows	Complied
4	8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
5	10	Events after the Balance Sheet Date	Complied
6	11	Construction Contracts	Not Applicable
7	12	Income Taxes	Complied
8	16	Property, Plant & Equipment	Complied
9	17	Leases	Not Applicable
10	18	Revenue	Complied
11	19	Employee Benefits	Complied
12	20	Accounting for Government Grants and Discloser of Government Assistance	Not Applicable
13	21	The Effects of Changes in Foreign Exchanges Rates	Not Applicable
14	23	Borrowing Costs	Complied







Sl#	BAS #	BAS Title	Compliance Status
15	24	Related Party Disclosures	Complied
16	26	Accounting and Reporting by Retirement Benefit Plans	Not Applicable
17	27	Consolidated and Separate Financial Statements	Not Applicable
18	28	Investment in Associates	Not Applicable
19	31	Interest in Joint Venture	Not Applicable
20	32	Financial Instruments: Presentation	Complied **
21	33	Earnings per Share	Complied
22	34	Interim Financial Reporting	Not Applicable
23	36	Impairment of Assets	Not Applicable
24	37	Provisions, Contingent liabilities and Contingent Assets	Complied
25	38	Intangible Assets	Not Applicable
26	39	Financial Instruments: Recognition and Measurement	Complied **
27	40	Investment Property	Not Applicable
28	41	Agriculture	Not Applicable

Sl#	BFRS #	BFRS Title	Compliance Status
1	1	First-time Adoption of Bangladesh Financial Reporting Standards	Not Applicable
2	2	Share-based Payment	Not Applicable
3	3	Business Combinations	Not Applicable
4	4	Insurance contracts	Not Applicable
5	5	Non-Current Assets Held for Sale and Discontinued Operations	Not Applicable
6	6	Exploration for and Evaluation of Mineral	Not Applicable
7	7	Financial Instruments: Disclosures	Complied **
8	8	Operating Segments	Not Applicable
9	10	Consolidated Financial Statements	Not Applicable
10	11	Joint Arrangements	Not Applicable
11	12	Disclosure of Interest in other Entities	Complied
12	13	Fair Value Measurement	Complied

\* Subject to departure disclosed in note no. 2.1. (i)

\*\* In order to comply with certain specific rules and regulations of the Central Bank (Bangladesh Bank)

which are different from BAS/BFRS, some of the requirements specified in these BAS/BFRSs are not applied.

### 3.16 Approval of financial statements

The financial statements were reviewed and subsequently approved by the Board of Directors in its 11th Board Meeting on 12th March 2017.



Amount in Taka		
<b>4. Cash</b>		
Cash in hand (including foreign currency)	(Note: 4.1)	9,000,600
Balance with Bangladesh Bank and its agent bank(s)	(Note: 4.2)	138,779,521
(including foreign currency)		<b>147,780,120</b>
<b>4.1 Cash in hand</b>		
In local currency		9,000,600
In foreign currency		-
		<b>9,000,600</b>
<b>4.2 Balance with Bangladesh Bank and its agent bank(s)</b>		
Balance with Bangladesh Bank		
In local currency		138,779,521
In foreign currency		-
		<b>138,779,521</b>

**4.3 Statutory deposits**  
**Conventional Banking**  
**Cash Reserve Requirement and Statutory Liquidity Ratio**

Cash reserve requirement and statutory liquidity ratio have been calculated and maintained in accordance with section 33 of the Banking Companies Act 1991 (Amendment up to 2013), Bangladesh Bank's MPD circular no. 05 dated 01 December 2010, MPD circular no. 01 dated 23 June 2014 and DOS circular no. 01 dated 19 January 2014 & DOS letter reference no- DOS(AR) 1153/120-A/2016-4615 dated 19/10/2016, we have to maintained 6.5% CRR and 13% SLR on daily basis, based on last week's weekly average time & demand liability.

The statutory cash reserve requirement is on the Bank's time and demand liabilities at the rate of 6.50% and has been calculated and maintained with Bangladesh Bank in current account while statutory liquidity ratio of 13.00% is required, on the same liabilities is also maintained in the form of treasury bills, bonds and debentures including foreign currency balance with Bangladesh Bank. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below:

**(a) Cash Reserve Requirement (CRR)**

As per Bangladesh Bank MPD Circular No. 01 dated 23 June 2014, Bank has to maintain CRR @ 6.50% on daily basis on weekly average.

<b>Average Total Demand &amp; Time Liabilities</b>	<b>906,889,850</b>
<b>Daily Position as on the reporting date</b>	
Required reserve (6.5% of total time & demand liabilities)	58,947,840
Actual reserve maintained	138,779,521
<b>Surplus</b>	<b>79,831,680</b>



**(b) Statutory Liquidity Ratio (SLR)**

Required reserve (13% of total time &amp; demand liabilities)

Actual reserve maintained

**Surplus****Amount in Taka**

117,895,681

133,789,138

**15,893,457**

As per Bangladesh Bank MPD circular no. 05 dated 01 December 2010, MPD circular no. 01 dated 23 June 2014 and Bangladesh Bank DOS circular no. 01 dated 19 January 2014 & DOS letter reference no-DOS(AR) 1153/120-A/2016-4615 dated 19/10/2016, we have to maintained 6.5% CRR and 13% SLR on daily basis, based on last week's weekly average time & demand liability.

**(c) Components of Statutory Liquidity Ratio (SLR)**

Cash in hand

HTM securities

Excess reserve of CRR

Other eligible security

9,000,600

44,956,058

79,831,680

800

**133,789,138****4.4 Maturity grouping of cash**

On demand

Upto 1 month

Over 1 month but not more than 3 months

Over 3 month but not more than 6 months

Over 6 month but not more than 1 year

Over 1 year but not more than 5 years

Over 5 years

147,780,120

-

-

-

-

-

-

**147,780,120****5. Balance with other banks and financial institutions**

In Bangladesh

Outside Bangladesh

(Note: 5.1)

531,133,740

-

**531,133,740****5.1 In Bangladesh  
Special Notice Deposits**

AB Bank Ltd

Trust Bank Ltd

Trust Bakk (Cash Settlement A/C)

530,542,095

128,169

463,476

**531,133,740****5.2 Maturity grouping of balance with other banks and financial institutions**

Repayable – on demand

– up to 3 months

– over 3 months but below 1 year

– over 1 year but below 5 years

– over 5 years

-

531,133,740

-

-

-

**531,133,740****6. Money at call on short notice**

In Bangladesh

Outside Bangladesh

(Note: 6.1)

3,500,000,000

-

**3,500,000,000**



## Amount in Taka

## 6.1 In Bangladesh

With non-banking financial institutions (At Short Notice)

Lankabangla Finance Ltd  
 Industrial and Infrastructure Development Finance Company Ltd  
 National Housing Finance and Investment Ltd  
 Phoenix Finance Ltd  
 IDLC Finance Ltd  
 Union Capital Ltd  
 Delta Brac Housing Finance Corporation Ltd.  
 Industrial Promotion and Development Company of Bangladesh  
 United Finance Ltd

500,000,000  
 500,000,000  
 100,000,000  
 100,000,000  
 500,000,000  
 300,000,000  
 500,000,000  
 500,000,000  
 500,000,000

**3,500,000,000**

## 6.2 Maturity grouping of money at call on short notice

On demand  
 Upto 1 month  
 Over 1 month but not more than 3 months  
 Over 3 month but not more than 6 months  
 More than 6 months but less than 1 year  
 More than 1 year but less than 5 year  
 More than 5 years

-  
 -  
 3,500,000,000  
 -  
 -  
 -  
 -

**3,500,000,000**

## 7. Investments

Government securities  
 Other investments

(Note: 7.1)

(Note: 7.2)

44,956,858  
 110,000,000

**154,956,858**

## 7.1 Government Securities

Treasury bonds  
 Prize bonds

(Note: 7.1.1)

44,956,085  
 800

**44,956,858**

## 7.1.1 Treasury Bond

2 years treasury bond  
 05 years treasury bond  
 10 years treasury bond  
 15 years treasury bond  
 20 years treasury bond  
 Total Treasury Bond

44,956,058  
 -  
 -  
 -  
 -

**44,956,058**

## 7.2 Other investments

Investments in Share

(Note 7.2.1)

**110,000,000**

## 7.2.1 Investments in shares

Quoted (Publicly Traded)  
 Unquoted (Star Ceramics)

0-  
 110,000,000  
**110,000,000**

## 8. Loans and advances

Loans, cash credits, overdrafts etc  
 Bills purchased and discounted

(Note: 8.1)

435,197,581  
 -  
**435,197,581**





		Amount in Taka
<b>8.1</b>	<b>Loans, cash credits, overdrafts etc</b>	
	Loans	434,502,608
	Overdrafts	694,973
	Cash credits	-
		<b>435,197,581</b>
<b>8.2</b>	<b>Maturity grouping of loans and advances</b>	
	Repayable – on demand	694,973
	– upto 3 months	-
	– over 3 months but below 1 year	-
	– over 1 year but below 5 years	434,502,608
	– over 5 years	-
		<b>435,197,581</b>
<b>8.3</b>	<b>Broad category-wise breakup</b>	-
	Loans	434,502,608
	Overdrafts	694,973
	Cash credits	-
		<b>435,197,581</b>
<b>8.4</b>	<b>Product wise Loans and Advances</b>	
	Overdraft	694,973
	Time loan	3,203,500
	Term loan	400,000,000
	Staff Loan	31,299,108
		<b>435,197,581</b>
<b>8.5</b>	<b>Net loans and advances</b>	
	Gross loans and advances	435,197,581
	Less: Provision for loans and advances	4,229,381
		<b>430,968,201</b>
<b>8.6</b>	<b>Significant concentration</b>	
	Advances to customer groups	<b>35,197,581</b>
<b>8.7</b>	<b>Advances to customers for more than 10% of Bank's total capital</b>	
	Total capital of the Bank	<b>4,000,000,000</b>
	Number of clients	1
	Amount of outstanding advances	400,000,000
	Amount of classified advances	-
	Measures taken for recovery	Not applicable
<b>8.8</b>	<b>Industry-wise loans and advances</b>	
	Working capital	400,000,000
	Others	35,197,581
		<b>435,197,581</b>



## Amount in Taka

**8.9 Geographical location-wise (division) distribution  
In Bangladesh**
**Urban Branches**

Dhaka  
Chittagong  
Khulna  
Sylhet  
Barisal  
Rajshahi  
Rangpur

435,197,581

-

-

-

-

-

-

-

**435,197,581**
**8.10 Classification of loans and advances  
In Bangladesh**
Unclassified

Standard

Special Mention Account

435,197,581

-

**435,197,581**Classified

Sub-Standard

Doubtful

Bad/Loss

-

-

-

-

**435,197,581****8.11 Particulars of Loans and advances**

(i) Loans considered good in respect of which the Bank is fully secured

400,000,000

(ii) Loans considered good against which the Bank holds no security other than the debtors' personal guarantee

-

(iii) Loans considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors

35,197,581

-

(iv) Loans adversely classified but provision not maintained there against

**435,197,581**

(v) Loans due by directors or officers of the Bank or any of them either separately or jointly with any other persons

(vi) Loans due from companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in case of private companies, as members

-

(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Bank or any of them either separately or jointly with any other persons [note 7.10 (a)]

-

(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members

75,01,500

-





	Amount in Taka
(ix) Due from other banking companies	-
(x) Amount of classified loans on which interest has not been charged:	-
(a) Increase/(decrease) of provision (specific)	-
(b) Amount of loan written off	-
(c) Amount realised against loan previously written off	-
(d) Provision kept against loans classified as bad /loss on the date of preparing the balance sheet	-
e) Interest creditable to interest suspense account	-
(xi) Written off loan:	-
During the year	-
Cumulative to-date (as per Bangladesh Bank guidelines)	-
Cumulative to-date (in amicable settlement)	-
The amount of written off loans for which lawsuits have been filed for its recovery	-
"7.10 (a)The amount represents loans Tk. 75,01,500 due by the employees of the Bank."	

## 9. Fixed assets including premises, furniture and fixtures

Freehold assets	(Note - 9.1)	32,490,767
Intangible assets	(Note - 9.2)	10,522,104
		<b>43,012,871</b>

A schedule of fixed assets is given in Annexure-A

### 9.1 Freehold assets

#### A. Cost

Computer & Network	28,141,060
Furniture & Fixture	2,101,922
Office Equipment	4,488,533
	<b>34,731,515</b>

#### B. Accumulated depreciation

Computer & Network	1,469,377
Furniture & Fixture	240,121
Office Equipment	531,250
	<b>2,240,748</b>
	<b>32,490,767</b>

#### C. Written down value (A-B)

### 9.2 Intangible assets:

Software	10,625,000
Less: Amortized during the period	102,896
	<b>10,522,104</b>



## Amount in Taka

## 10. Other Assets:

## Income generating

Income receivable on investment	675,227
Interest receivable from balance with other banks	28,430,764
Interest receivable on loans & advances	3,511,143
Dividend receivable from preference share	952,837
	<b>33,569,971</b>

## Non-Income generating

Advance rent	76,806,810
Advance VAT	1,457,863
Advance, deposit & prepayments	2,504,774
Advance income tax	5,306,158
Advance to vendor	1,840,000
Pre-opening expenses	21,854,275
Clearing charges adjustment	888
Temporary advance to staff	177,000
	<b>109,947,767</b>
	<b>143,517,738</b>

## 11. Borrowings from other banks, financial institutions and agents

In Bangladesh	-
Outside Bangladesh	-
	<b>-</b>

## 12. Deposit and other accounts

Curent deposits accounts	(Note 12.1)	10,317,633
Bills payables	(Note 12.2)	6,220,572
Savings bank deposit accounts	(Note 12.3)	148,801,949
Fixed deposit accounts	(Note 12.4)	746,975,082
Other deposits	(Note 12.5)	1,895,320
		<b>914,210,556</b>

## 12.1 Curent deposits accounts

Corporate accounts	1,214,171
SME accounts	9,103,462
	<b>10,317,633</b>

## 12.2 Bills payables

6,220,572

## 12.3 Savings bank deposit accounts

SMBL Money Savers	58,154
SMBL SND (Corporate)	123,423,655
SMBL SND (SME)	8,922,274
Shimanto Shanchoy	13,222,170
BGB Payroll Account	345,073
SMBL Staff Salary Account	2,830,624
	<b>148,801,949</b>





**12.4 Fixed deposit accounts**

	Amount in Taka
Fixed Income-1Month (Corporate)	70,000,000
Fixed Income-1Month (Retail)	1,151,643
Fixed Income-1 Year (Corporate)	307,642,029
Fixed Income-1 Year (Retail)	8,200,000
Fixed Income-1 Year (SME)	10,000,000
Fixed Income-3 Month (Corporate)	10,600,000
Fixed Income-3 Month (Retail)	331,681,410
Fixed Income-6 Month (Retail)	7,700,000
	<b>746,975,082</b>

**12.5 Other deposits**

Sundry Deposits	315,000
Provident fund	1,580,320
	<b>1,895,320</b>

**12.6 Maturity analysis of deposits and other deposits**

Repayable – on demand	
– within 1 month	21,609,222
– over 1 month but within 3 months	71,151,643
– over 3 months but within 1 year	474,627,339
– over 1 year but within 5 years	7,700,000
– over 5 years	339,122,353
	-
	<b>914,210,556</b>

**12.7 Sector-wise break up of deposits and other accounts**

Autonomous & Semi-Autonomous Bodies	553,478,982
Other Non-financial Corporations- Private	339,122,353
Private	21,609,222
	<b>914,210,556</b>

**13. Other liabilities**

Accumulated provision against loans and advances	(Note 13.1)	4,229,381
Provision for current tax	(Note 13.2)	6,208,736
Deferred tax liability	(Note 13.3)	490,773
Accounts payable -Interest payable		5,384,526
Accrued expenses		4,174,260
VAT payable		434,872
Tax payable (At source)		2,164,665
POS settlement account payable		1,107
CIB service charge payable		850
Excise duty payable		182,850
ATM settlement (NPSB/Q-Cash) payable		29,197
BACH clearing charge payable		3,410
Shanchaypatra payable		13,000,000
		<b>36,304,627</b>





Amount in Taka

14. Share Capital

14.1 Authorised Capital

100,000,000 ordinary shares of Taka 10 each

10,000,000,000

14.2 Issued, Subscribed and Paid-up Capital

400,000,000 ordinary shares of Taka 10 each issued for cash

4,000,000,000

14.3 Percentage of shareholding

Particulars	As at 31 December 2016	
	Capital	% of Holding
Sponsors and public	4,000,000,000	100
Government	-	-
	4,000,000,000	100

14.4 Classification of shareholders by holding

Holding	No. of holders	% of total holding
	31.12.2016	31.12.2016
Upto 500	8	88.89
501 to 5,000	-	-
5,001 to 10,000	-	-
10,001 to 20,000	-	-
20,001 to 30,000	-	-
30,001 to 40,000	-	-
40,001 to 50,000	-	-
50,001 to 100,000	-	-
100,001 to 1,000,000	-	-
Over 1,000,000	1	11.11
	9	100

14.5 Names of the Directors and their shareholding as at 31 December 2016

Name of the Director	Status	31.12.2016
		No of Shar
BGB Welfare Trust	SPONSOR	399,999,990
Major General Abul Hossain , ndc, psc	Chairman	1
Brig Gen Md Habibul Karim, BGBM, BGBMS, ndc, psc	Director	1
Brig Gen Md Mahfuzur Rahman, BGBMS, G+	Director	1
Brig Gen Taufiqul Hasan Siddiquee, BGBMS	Director	1
Brig Gen Salim Mahmud Chowdhury, BP, BGBM	Director	1
Brig Gen Khondoker Farid Hassan, PBGM	Director	1
Colonel Md Hafizur Rahman, PBGMS, psc	Director	1
Colonel Kazi Aniruddha, BGBM	Director	1
Colonel Zabed Sultan, BGBMS	Director	1
Assistant Director Md Mahbubur Rashid	Director	1



#### 14.6 Capital to Risk Weighted Assets Ratio (CRAR) - as per BASEL III

The calculation of CRAR under Basel III has been made as per "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" issued by Bangladesh Bank vide its BRPD Circular no. 18 dated December 21, 2014.

Amount in Taka

##### Tier - I Capital

##### Common Equity Tier 1 Capital (CET 1)

Paid up capital	4,000,000,000
Statutory reserve	3,202,523
General reserve	-
Surplus in profit and loss account/ Retained earnings	1,881,201
<b>Total Common Equity Tier 1 Capital (CET 1)</b>	<b>4,005,083,724</b>
<b>Additional Tier 1 Capital (AT 1)</b>	
<b>(i) Total Tier - I Capital</b>	<b>-</b>
	<b>4,005,083,724</b>

##### Tier - II Capital

General provision including off-balance sheet exposure*	4,229,381
Asset revaluation reserve (50%)	-
Revaluation reserve for HTM & HFT securities (50%)	-
Non-convertible subordinated bond	-
	<b>4,229,381</b>
<b>Regulatory Adjustment (if any)</b>	<b>-</b>
<b>(ii) Total Tier - II Capital</b>	<b>4,229,381</b>
<b>A. Total Eligible Capital (i+ii)</b>	<b>4,009,313,105</b>

##### **B. Risk Weighted Assets**

Credit risk	1,695,710,361
Balance sheet business	-
Off- balance sheet business	<b>1,695,710,361</b>
Market risk	-
Operational risk	121,023,086
<b>Total risk-weighted assets</b>	<b>1,816,733,447</b>

**C. Required Capital based 10% of RWA i.e Taka 181,673,345 or 4000,000,000 whichever is higher**

**4,000,000,000**

**D. Capital Surplus / (Shortfall) [A-C]**

**9,313,105**

**Total capital adequacy ratio (%)**

**220.69%**





Capital requirement	31.12. 2016	
	Required	Held
Tier - I Capital (Going Concern Capital)	5.5%	220.46%
Tier - II Capital (Gone Concern Capital)	-	0.23%
<b>Total</b>	<b>10.625%</b>	<b>220.69%</b>

\*As per risk based capital adequacy guideline for banks under BASEL -III, the Tier 2 capital under heading "General Provision" is limited to the actual amount of general provision or 1.25% of credit risk weighted assets, which is lower.

	Amount in Taka
<b>15. Statutory reserve</b>	-
Opening balance	3,202,523
Add: Addition during the year (20% of pre-tax profit)	<b>3,202,523</b>
<b>16. Retained earnings</b>	-
Opening balance	5,083,724
Add: Post-tax profit for the year	5,083,724
Less: Transfer to statutory reserve	3,202,523
	<b>1,881,201</b>
<b>17. Profit and loss account</b>	
<u>Income:</u>	
Interest, discount and similar income	85,005,508
Investment Income	1,429,982
Fee, commission and brokerage	94,779
Other operating income	-
	<b>86,530,269</b>
<u>Expenses:</u>	
Interest paid on deposits, borrowings, etc.	6,393,528
Interest, fee and commission	-
Administrative expenses	28,576,054
Other operating expenses	3,534,488
Depreciation and amortization on banking assets	29,763,584
	<b>68,267,655</b>
	<b>18,262,615</b>
<b>18. Interest income</b>	
Interest on loans and advances:	<b>3,513,166</b>
Loans and advances	
<u>Interest on:</u>	
Calls and placements	28,133,264
Balance with other Banks	53,359,078
	<b>81,492,342</b>
	<b>85,005,508</b>



	Amount in Taka
<b>19. Interest paid on deposits, borrowings etc.</b>	
Interest on deposits:	
Fixed deposits	5,392,547
Savings deposits	62,353
Other deposits	938,628
	<b>6,393,528</b>
Interest on borrowings:	
Local banks, financial institutions including Bangladesh Bank	-
Subordinated Bond	-
	<b>6,393,528</b>
<b>20. Investment income</b>	
Dividend on shares	952,837
Interest on treasury bonds	675,227
Gain/(Loss) on treasury bills and treasury bonds	(198,082)
	<b>1,429,982</b>
<b>21. Commission, exchange and brokerage</b>	
Other fees, commission and service charges	94,779
Commission on letters of credit	-
Commission on letters of guarantee	-
	<b>94,779</b>
<b>22. Salary and allowances</b>	
Basic salary, provident fund contribution and all other allowances	16,901,527
Festival and incentive bonus	-
	<b>16,901,527</b>
<b>23. Rent, taxes, insurance, electricity etc.</b>	
Rent, rates and taxes	7,239,390
Electricity, gas, water etc.	165,708
Insurance	12,075
	<b>7,417,173</b>
<b>24. Legal expenses</b>	
Legal expenses	<b>70,890</b>
<b>25. Postage, stamp, telecommunication, etc.</b>	
Telex, fax, internet, wireless link, SWIFT etc.	-
Telephone	5,154
Postage, stamp, Courier and shipping	3,410
	<b>8,564</b>
<b>25. Stationery, printing, advertisements etc.</b>	
Printing and stationery	1,693,299
Publicity, advertisement etc.	2,106,602
	<b>3,799,901</b>
<b>27. Directors' fees</b>	
Directors' fees	78,000
Meeting expenses	-
	<b>78,000</b>
Directors' fees includes fees for attending the meeting of the board, Executive Committee, Audit Committee.	





	Amount in Taka
<b>28. Auditors' fees</b>	
Statutory	300,000
<b>29. Depreciation and repairs of Bank's assets</b>	
<b>Depreciation :</b>	
Computer & Network	1,469,377
Furniture & Fixtures	102,896
Office Equipment	240,121
Software	531,250
	<b>2,343,644</b>
<b>Repairs:</b>	
Computer Accessories	48,840
Furniture & Fixture	5,220
Motor Vehicles	24,393
Repair & Maint. Electricity	18,966
	97,419
	<b>2,441,063</b>
Amortization of pre-opening expenses	<b>27,322,521</b>
	<b>29,763,584</b>
<b>30. Other expenses</b>	
Contractual service (Vehicle Lease)	814,200
Petrol, oil and lubricant	209,910
Software expenses	12,017
Entertainment	184,334
Travelling	124,850
Washing, cleaning, CIB services	39,263
Training, seminar and workshop	6,139
Local conveyance	33,740
Treasury expenses for coupon of HTM securities	200,570
Books, newspapers and periodicals	6,418
Branch opening expenses	1,575,635
Bank charges	327,411
	<b>3,534,488</b>
<b>31. Provision against loans and advances</b>	
On un-classified loans	4,229,381
On classified loans	-
	<b>4,229,381</b>
<b>32. Appropriations</b>	
Retained earnings - brought forward	-
Add: Post-tax profit for the year	5,083,724
	<b>5,083,724</b>
<b>Transferred to</b>	
Statutory reserve	3,202,523
General reserve	-
	3,202,523
<b>Retained earnings</b>	<b>1,881,201</b>



## Amount in Taka

**33. Earnings Per Share (EPS)**

Profit after taxation	5,083,724
Number of ordinary shares outstanding	400,000,000
Earnings Per Share	<b>0.013</b>

Earnings Per Share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2016 in terms of Bangladesh Accounting Standard (BAS)-33.

**34. Receipts from other operating activities**

Interest on treasury bills, bonds, debenture and others	675,227
Gain/(Loss) on treasury bills and treasury bonds	(198,082)
Non-operating income	-
	<b>477,144</b>

**35. Payments for other operating activities**

Rent, taxes, insurance, electricity etc.	7,417,173
Postage, stamps, telecommunication etc.	8,564
Stationery, printing, advertisement etc.	3,799,901
Repairs of Bank's assets	97,419
Legal expenses	70,890
Auditor's fees	300,000
Directors' fees	78,000
Other Expenses	3,534,488
	<b>15,306,434</b>







## 36. Highlights of the overall activities of the Bank

Sl #	Particulars	Amount in Taka
1	Paid-up capital	4,000,000,000
2	Total capital	4,000,000,000
3	Capital surplus	9,313,105
4	Total assets	4,955,598,908
5	Total deposits	914,210,556
6	Total loans and advances	435,197,581
7	Total contingent liabilities and commitments	-
8	Credit-deposit ratio	47.60
9	Ratio of classified loans against total loans and advances	0.00%
10	Profit after tax and provision	5,083,724
11	Loans Classified during the Year	-
12	Provision kept against classified loans	-
13	Provision surplus/ (deficit)	4,229,381
15	Interest earning assets	4,621,288,179
16	Non-interest earning assets	334,310,729
17	Return on investments (ROI)	0.92%
18	Return on assets (ROA)	0.10%
19	Income from investments	1,429,982
20	Earnings per share	0.013
21	Net Income per share	0.013
22	Price-earnings ratio (Times)	-

  
Chairman

  
Director

  
Director

  
Managing Director & CEO

Dhaka  
12 March 2017

  
ACNABIN  
Chartered Accountants



### 37. Related Party Disclosures

A. i) Name of the Directors and their interest in the Bank as at 31.12.2016:

SL#	Name	Address	Designation	Number of Shares approved by the Board
1	BGB Welfare Trust	Border Guard Bangladesh	Sponsor	39, 99, 99,990
2	Major General Abul Hossain , ndc, psc	Director General, Border Guard Bangladesh	Chairman	01
3	Brig Gen Md Habibul Karim, BGBM, BGBMS, ndc, psc	Border Guard Bangladesh	Director	01
4	Brig Gen Md Mahfuzur Rahman, BGBMS, G+	Addl DG, Border Guard Bangladesh	Director	01
5	Brig Gen Taufiqul Hasan Siddiquee, BGBMS	Addl DG (Med), Border Guard Bangladesh	Director	01
6	Brig Gen Salim Mahmud Chowdhury, BP, BGBM	Addl DG (BSB), Border Guard Bangladesh	Director	01
7	Brig Gen Khondoker Farid Hassan, PBGM	Addl DG (Ops), Border Guard Bangladesh	Director	01
8	Colonel Md Hafizur Rahman, PBGMS, psc	DDG (Record), Border Guard Bangladesh	Director	01
9	Colonel Kazi Aniruddha, BGBM	DDG (Admin), Border Guard Bangladesh	Director	01
10	Colonel Zabed Sultan, BGBMS	DDG (Comm), Border Guard Bangladesh	Director	01
11	Assistant Director Md Mahbubur Rashid	QM BG Hospital Dhaka, Border Guard Bangladesh	Director	01

"ii) Name of the Directors and their interest in the Bank (Time of Establishment):"

SL#	Name	Address	Designation	Number of Shares approved by the Board
1	BGB Welfare Trust	Border Guard Bangladesh	Sponsor	39, 99, 99,992
2	"Major General Aziz Ahmed, BGBM, PBGM, psc, GDirector GeneralDirector General"	Director General, Border Guard Bangladesh	Chairman	01
3	Brig Gen Md Mahfuzur Rahman, BGBMS, G+	Addl DG, Border Guard Bangladesh	Director	01
4	Brig Gen Taufiqul Hasan Siddiquee, BGBMS	Addl DG (Med), Border Guard Bangladesh	Director	01
5	Brig Gen Salim Mahmud Chowdhury, BP, BGBM	Addl DG (BSB), Border Guard Bangladesh	Director	01





6	Brig Gen Khondoker Farid Hassan, PBGM	Addl DG (Ops), Border Guard Bangladesh	Director	01
7	Colonel Kazi Aniruddha, BGBM	DDG (Admin), Border Guard Bangladesh	Director	01
8	Colonel Zaved Sultan, BGBMS	DDG (Comm), Border Guard Bangladesh	Director	01
9	Assistant Director Md Mahbubur Rashid	QM BG Hospital Dhaka, Border Guard Bangladesh	Director	01
<b>Total</b>			<b>40, 00, 00,000 (Fully Paid Up)</b>	

"iii) Name of Directors and their interest in different entities as at 31.12.2016

SL#	Name	Address	Designation	Number of Shares approved by the Board
1	BGB Welfare Trust	Border Guard Bangladesh	Sponsor	N/A
2	Major General Abul Hossain , ndc, psc	Border Guard Bangladesh	Chairman	N/A
3	Brig Gen Md Habibul Karim, BGBM, BGBMS, ndc, psc	Border Guard Bangladesh	Director	N/A
4	Brig Gen Md Mahfuzur Rahman, BGBMS, G+	Border Guard Bangladesh	Director	N/A
5	Brig Gen Taufiqul Hasan Siddiquee, BGBMS	Border Guard Bangladesh	Director	N/A
6	Brig Gen Salim Mahmud Chowdhury, BP, BGBM	Border Guard Bangladesh	Director	N/A
7	Brig Gen Khondoker Farid Hassan, PBGM	Border Guard Bangladesh	Director	N/A
8	Colonel Md Hafizur Rahman, PBGMS, psc	Border Guard Bangladesh	Director	N/A
9	Colonel Kazi Aniruddha, BGBM	Border Guard Bangladesh	Director	N/A
10	Colonel Zaved Sultan, BGBMS	Border Guard Bangladesh	Director	N/A
11	Assistant Director Md Mahbubur Rashid	Border Guard Bangladesh	Director	N/A

- iv) Share issued to Directors & Executives without consideration or exercisable at discount: Nil"  
v) Related party Transactions: Nil  
vi) Loans and Advances to Directors and their related concern: 40.00 Crore  
vii) Business other than banking business with any related concern of the Directors as per  
Section 18 (2) of Bank Companies Act 1991 (Amended up to July 2013): Nil  
viii) Investments in the Securities of Directors and their related concern: Nil





**Shimanto Bank Limited**  
Schedule of Fixed Assets  
As at 31 December 2016

Annexure-A

Particulars	Computer & Network	Software	Furniture and Fixtures	Office Equipment	Total
<b>Cost/ Revaluation</b>					
Balance as at 14 July 2016	-	-	-	-	-
Addition during the period	28,141,060	10,625,000	2,101,922	4,488,533	45,356,515
Less: Disposal/Adjustment during the period	-	-	-	-	-
<b>As At 31 December 2016</b>	<b>28,141,060</b>	<b>10,625,000</b>	<b>2,101,922</b>	<b>4,488,533</b>	<b>45,356,515</b>
<b>Accumulated Depreciation</b>					
Balance as at 14 July 2016	-	-	-	-	-
Addition during the period	1,469,377	531,250	102,896	240,121	2,343,644
Less: Disposal/Adjustment during the period	-	-	-	-	-
<b>As At 31 December 2016</b>	<b>1,469,377</b>	<b>531,250</b>	<b>102,896</b>	<b>240,121</b>	<b>2,343,644</b>
<b>Net Book Value</b>					
<b>As at 31 December 2016</b>	<b>26,671,683</b>	<b>10,093,750</b>	<b>1,999,026</b>	<b>4,248,412</b>	<b>43,012,871</b>







Head Office : Road No: 2, Bir Uttam M. A. Rob Sarak  
Shimanto Square, Peelkhana, Dhaka-1205, Bangladesh.  
Cell: +8809612999000, E-mail: [information.desk@shimantobank.com](mailto:information.desk@shimantobank.com)  
Web: [www.shimantobank.com](http://www.shimantobank.com)

I/We.....  
Of.....  
.....being a Shareholder/Member of Shimanto Bank Limited, do hereby appoint Mr. /Mrs.  
.....  
of.....  
either of them may, in writing, appoint anyone to act as my proxy at the 1<sup>st</sup> Annual General Meeting of the Company to be held  
on Wednesday, 20<sup>th</sup> September 2017 and at any adjournment thereof.  
As Witness my/our hand this..... day of..... 2017

Revenue  
Stamp of  
Tk. 20/=

Signature of Shareholder(s)

Folio/BO ID No. of the Shareholder(s):

[illegible]

No. of shares held.....

**Notes:**

01. A member entitled to attend and vote in the AGM may appoint a proxy to attend and Vote on his / her behalf.
02. The Proxy Form, duly filed and stamped must be deposited at the corporate office of the Company at least 48 hours before of the meeting.
03. Signature of the member(s) must be accordance with the Specimen Signature recorded with the Company.



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Web: [www.shimantobank.com](http://www.shimantobank.com)

I/we do hereby record my/ our attendance at the 1<sup>st</sup> Annual General Meeting (AGM) of the Company being held on Wednesday, 20<sup>th</sup> September 2017 at 1300 hours at the Shahid Captain Ashraf Hall, Peelkhana, Dhaka-1205, Bangladesh.

Name of the Shareholder(s) / Proxy.....

Folio/BO ID No. of the Shareholder(s):

[illegible]

No. of Shares held: .....

Signature of Shareholder(s) / Proxy

**Note:** Please present this attendance slip at the registration counter before 1200 hours of the AGM date. Children and Non-Shareholders will not be allowed at the meeting.





**SHIMANTO BANK LIMITED**

শিমন্তো ব্যাংক লিমিটেড  
শিমন্তো স্কয়ার

► **Corporate Head Office**

Road No: 2, Bir Uttam M.A. Rob Sarak  
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Dhaka-1205, Bangladesh.

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