

ANNUAL REPORT

2 0 1 7



SHIMANTO BANK LIMITED

শিমন্তো ব্যাংক লিমিটেড
সিমান্থীন আশ্রয়

ANNUAL REPORT

2 0 1 7



SHIMANTO BANK LIMITED

শিমন্তো ব্যাংক লিমিটেড

Corporate Head Office

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

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Letter of Transmittal

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

Dear Sir,

ANNUAL REPORT FOR THE YEAR 2017.

The undersigned has the privilege of forwarding a copy of the Annual Report 2017 of Shimanto Bank Limited furnished with Corporate Information, Board of Directors' Report, Board Committee Reports, Audited Financial Statements including Balance Sheet, Profit & Loss Account, Cash Flow Statement, Statement of Changes in Equity and Liquidity Statement for the year ended December 31, 2017 along with notes thereon and for kind information and record.

Sincerely Yours,

Mohammad Mostafa Hossain Suman ACS
Company Secretary (Acting)





NOTICE OF THE SECOND ANNUAL GENERAL MEETING

Notice is hereby given to all the Shareholders of Shimanto Bank Ltd that the 2nd Annual General Meeting of Shimanto Bank Limited will be held on Thursday, June 28, 2018 at 2015 Hours at Shahid Captain Ashraf Hall, Peelkhana, Dhaka-1205 to transact the following business:

01. To receive and approve the report of the Board of Directors regarding the affairs of the Company for the year ended on December 31, 2017
02. To receive, consider and adopt the Accounts for the year ended on December 31, 2017 together with the Auditor's Report
03. To approve dividend for the year ended on December 31, 2017
04. To appoint Auditors for the year 2018 and to fix their remuneration
05. To elect/re-elect Directors as per Articles of Association of the Company

All the shareholders of the Company are requested to make it convenient to attend the meeting.

Date: 12 June 2018

By Order of the Board

Mohammad Mostafa Hossain Suman ACS
Company Secretary (Acting)

Note:

1. The Book Closure will be on 21 June 2018. The Shareholders whose names would appear in the Register of Members of the Company on the 'Book Closure Date' (21st June 2018) will be eligible to attend the 2nd AGM and entitled to the Dividends as mentioned above.
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 2017 at the Registered Office of the Company preferably 72 hours before the day of the Annual General Meeting.



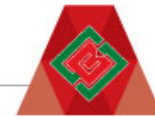


To build a sound and healthy financial institution which will provide technology driven customer centric inclusive banking solutions and contribute to the growth of national economy with deep social commitment.

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.





Corporate Directory

Name of the Company

Shimanto Bank Ltd

Legal Form

Public Limited Company & Scheduled Commercial Bank.

Capital (December 31, 2017)

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 Md Shafeenul Islam, ndc, psc

Managing Director & CEO

Muklesur Rahman

Company Secretary (Acting)

Mohammad Mostafa Hossain Suman ACS

Auditors

ACNABIN Chartered Accountants

Accounting Year-end

December 31, 2017

Credit Rating Agency

Credit Rating Agency of Bangladesh Ltd (CRAB)

Registered Office & Corporate Head Office

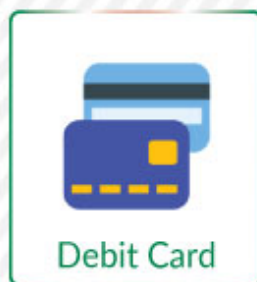
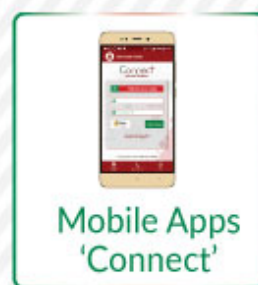
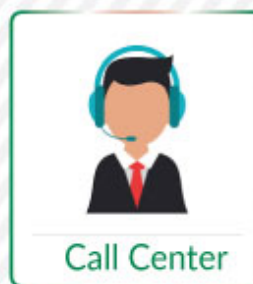
Shimanto Square, Biruttam M A Rob Sharak
Road No 2, Dhanmondi, Dhaka-1205, Bangladesh.





Delivery Channel

(As on 31 December, 2017)



SHIMANTO BANK LIMITED



Branch Network (As on 31 December 2017)

Principal Branch	Shimanto Kallyan Trust Bhaban, Road No-02, Bir Uttam M.A. Rab Sarak, Shimanto Square, Dhanmondi, Dhaka-1205 Phone: 9612880001, 9612880002
Motijheel Branch	Krishi Bhaban, 49-51 Dilkusha Commercial Area, Dhaka-1000, Bangladesh Phone: 9612880060, 9612880061
Agrabad Branch	Commercial Court (Ground Floor), 95 Commerce College Road, Agrabad, Chittagong Phone: 9612880030, 9612880031
Satkania Branch	Hoque Plaza Shopping Centre & Complex, Keranihat, Satkania, Chittagong Phone: 9612880040, 9612880041
Mymensingh Branch	Khagdar Bazar, Shimanto Market (BGB Camp), Sadar, Mymensingh Phone: 9612880020, 9612880022
Benapole Branch	Noor Shopping Complex, Benapole Bazar, Sharsha, Jessore Phone: 9612880050, 9612880051
Bibir Bazar Branch	Bibir Bazar, Comilla Adarsha Sadar, Comilla. Phone: 9612880070, 9612880071
Cox's Bazar Branch	Hazera Shopping Center (1st Floor), House: 490, Ward No-03, Cox's Bazar Main Road, Cox's Bazar Phone: 9612880080, 9612880082
Teknaf Branch	Ismail Center (2nd Floor), PC 138, Ward no-03, Teknaf Pourashova, Teknaf Main Road, Teknaf Phone: 9612880090, 9612880091
Information Center	Information Center at Peelkhana, Dhaka Phone: 9612889064
Call Center	Peelkhana, Dhaka Phone: 01769630360, 09612880000





Products and Services

RETAIL BANKING

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.

SMBL RFCD Account

SMBL RFCD (Resident Foreign Currency Deposit) Account is an interest bearing account which can be opened in USD/GBP/EUR without restriction on transaction frequency. Balances in these accounts shall be freely transferable abroad and foreign currency deposited in this account is freely convertible into BDT.

SMBL Student Account

Shimanto Student Account is a specially designed savings account for school going children aged below 18 years to instil savings habit among our young generation as well as introduce financial services to them.

Shimanto Student DPS

Shimanto Student DPS is a special savings plan that will allow our customers under student banking scheme to save on a monthly basis and get a handsome amount at maturity and which will allow our young generation to grow a habit of savings from the early stage of their life

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. 10,00,000.

SMBL Shimanto Nibash

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

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





Retail Lending Products for BGB Staffs Only

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.

SME BANKING

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.

SME Time Loan

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

SME Term Loan

A secured EMI based loan product for SME clients for fixed asset purchase, business expansion, import of capital machineries etc.

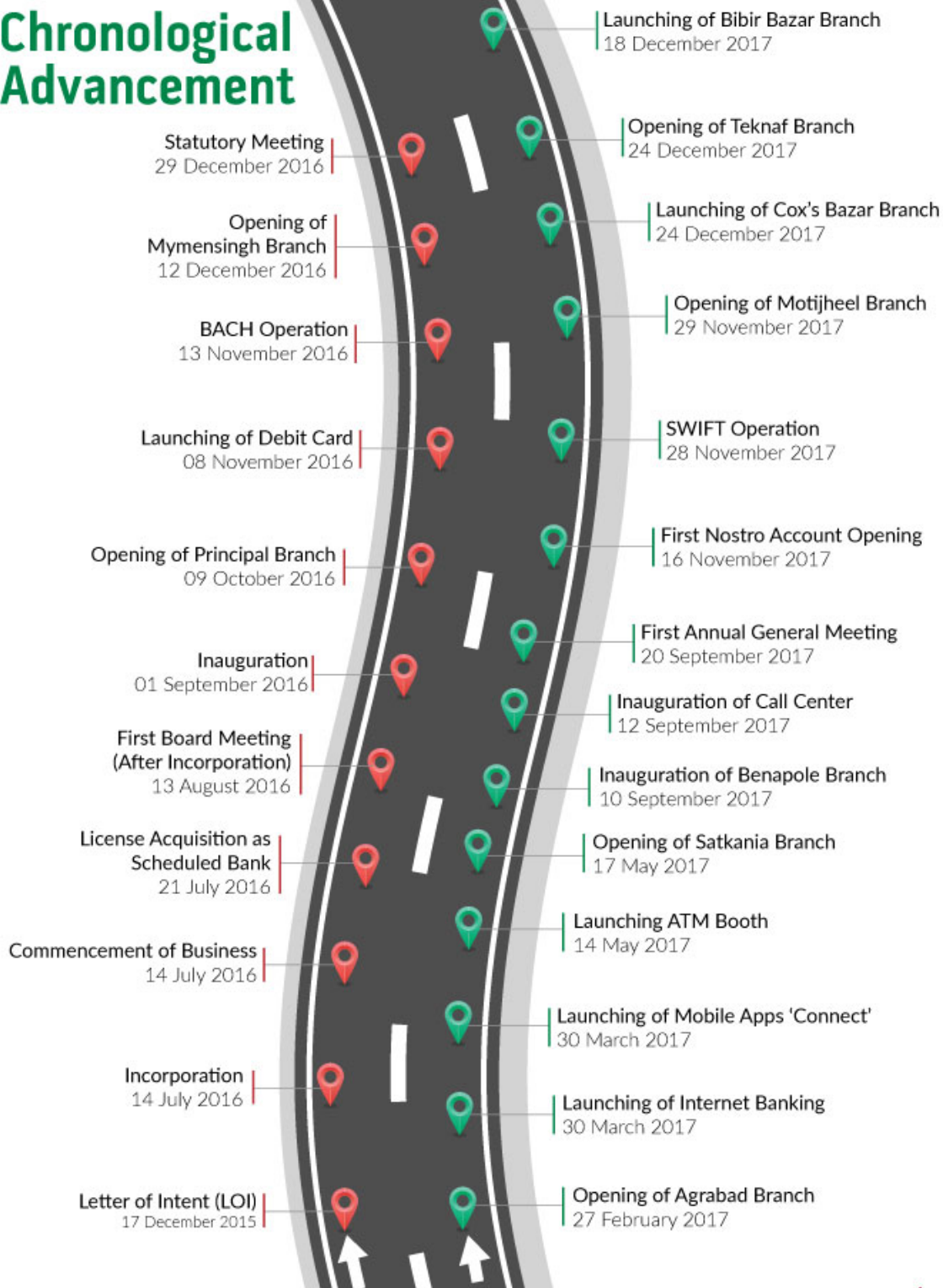
CORPORATE BANKING

- ♦ Overdraft (Cash Credit)
- ♦ Secured Overdraft
- ♦ Demand Loan
- ♦ Time Loan
- ♦ Letter of Credit
- ♦ Loan against Trust Receipt (LTR)
- ♦ Letter of Guarantee
- ♦ Usance Letter of Credit
- ♦ Acceptance
- ♦ Local Documentary Bill Purchase
- ♦ Foreign Documentary Bill Purchase





Chronological Advancement





Our Chairmen

(Beginning to Present)



General Aziz Ahmed, BGBM, PBGM, BGBMS, psc, G
Founder Chairman



Major General Abul Hossain, BSP, BGBM, ndc, psc, P Eng
Former Chairman



Major General Md Shafeenul Islam, ndc, psc
Present Chairman





SHIMANTO BANK LIMITED

CHAIRMAN'S STATEMENT

“Shimanto Bank will
belong to ages.”





Bismillahir Rahmanir Rahim

Dear Esteemed Stakeholders,

Assalamu Alaikum.

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 Second Annual General Meeting of Shimanto Bank Ltd. It's my pleasure and great honor to present the information of the bank for the financial year 2017 before you on behalf of the Board of Directors.

Bangladesh economy continued to show a solid performance in 2017. One of the major achievements of the economy has been 7.28% economic growth in FY 2016-17 breaking the six percent cycle that continued for a decade. Major boost of growth has come from the industrial sector followed by the services sector. Though interest rate remained considerably low during most part of the year, in the later part of 2017 interest rates were on an upward trajectory led by scarcity of liquidity in the market. Bangladesh Bank initially continued its accommodative monetary stance for 1st Half Yearly Monetary Policy Statement in Financial Year 2018, but eventually has adopted somewhat a contractionary monetary policy for 2nd Half Yearly Monetary Policy Statement in Financial Year 2018.

BGB Welfare Trust envisioned for establishing a bank for financial inclusion and for contributing on the development and growth of the economy of the country. We all are pursuing the same goal of upward journey and excellence. To succeed in the mission, we have to have unstopping commitment and consistence. We introduced a number of products and services in 2017 to attract and serve a wide range of customers such as individuals, corporate, SMEs and public sector. We also introduced some attractive products, both deposit and lending, specially for SME, agriculture and retail clients. The Bank opened 7 branches in 2017 and 2 branches in 2016. Opening of more branches country wide preferably on commercially viable border areas is under process. The branches are connected to online banking network and equipped with ATMs and modern technology. We believe that by implementing a well-defined policy on financial inclusion through exploring alternative delivery channels, it can serve unbanked population of the country effectively and efficiently. In order to meet the customers' demands we are in continuous endeavor to develop and design products and services for our existing and potential clients. The Bank always puts emphasis on customer care and has made relentless efforts to ensure best possible services at reasonable cost.

Our operating profit and net profit after tax, registered healthy growth increased in 2017 despite adverse business conditions throughout the year. Our efficient and dynamic management team has managed to put positive figures in our balance sheet. 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. Our strategic investments in IT infrastructure, branch, ATM network and human capital continued in 2017. We have been consciously making these strategically important investments to provide much better customer service with a wide range of products that will definitely bring long-term stable growth and a more inclusive banking for all in Bangladesh.

As a new Bank we came out to be most successful in upholding Bank's vision of increasing returns without compromising its commitment to ethics and sustainability. We earned distributable profit of BDT 15 million. Its operating profit was BDT 88.63 million which is BDT 72.62 million more from BDT 16 million in 2016 and profit after tax increased to BDT 28 million from BDT 5 million in 2016. Most of the profits came from core banking business of the Bank. The total Deposit rose by 314% to BDT 3,793 million by the end of 2017. Loans and Advances total BDT 2744.82 million from BDT 435.19 million in 2016 with an increase of 530%. The Paid-up Capital of the Bank was at BDT 4,000 million as of December 31, 2017. Unlike many of our peer competitors in the financial services industry, we were well-capitalized, deposit-funded and liquid. Our capital management framework was intended to ensure best composition capital in relation to business growth. Capital Adequacy Ratio as per BASEL-III, was 107%. Return on Asset(ROA) and Return on Investment (ROE) was at 0.43% and 4.17% respectively.

We seek excellence – as an organization for ourselves and for the communities we serve. We believe our success is tied directly to the successes of our communities. We regard our involvement in society as investment in our own future. We actively participate in our neighborhoods by making positive contribution through community development, financial education, and volunteerism. The Bank is providing banking facility to all strata of the people as well as the current and retired BGB officials for developing their living standards through financial activity. We will do banking business for not only making profit but also by 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. We donated to PROYASH, an institute dedicated for children with special needs, as a part of our commitment to the society. The Bank spent a total of BDT 0.08 million during the year in respect of direct contribution for corporate social responsibility.

As you know, good corporate governance system is vital for efficient and effective business operation, long-term stability and sustainable growth for any organization. The corporate governance system in Shimanto Bank is designed to ensure transparency and accountability at all levels in doing business. It also ensures that duties and responsibilities are appropriately segregated between the Board and management to provide sufficient checks and balances and flexibility for smooth business operations. The Board provides leadership and direction for the management, approves strategic and major policy decisions and oversees management to attain predetermined goals and objectives of the Bank.

Integrity and compliance throughout Shimanto Bank are strongly encouraged by the Board. The Board also ensures that adequate internal control systems are in place and these are consistently complied with to provide reasonable assurance that financial records are reliable for preparation of financial statements. The Board further ensures that quality of financial reporting is maintained, assets of the Bank are safeguarded against unauthorized use or disposition and accountability for assets and business transactions are maintained.

I believe that the progress we have made since launching of the Bank attest to the fact that we have equipped our Board and our Management to anticipate and embrace challenges for building a sustainable bank in this competitive market. I wish to thank my colleagues on the Board for their wise counsel and guidance which has supported strong achievements reported by the bank in 2017.

We have constructive relationships with regulatory authorities in Bangladesh. I am grateful to all the regulatory agencies of the government, in particular the Bangladesh Bank, Bangladesh Securities and Exchange Commission, the Registrar of Joint Stock Companies and Firms for their continued support. I thank each and every customer of the bank for their unwavering trust and support. I also thank various financial institutions, banks and correspondents for their continued support and guidance. I congratulate the employees of the bank too for good performance in 2017.

Shimanto Bank will belong to ages.

Warm Regards,

Major General Md Shafeenul Islam, ndc, psc
Chairman





Board of Directors



Major General Md Shafeenul Islam, ndc, psc
Chairman



Brig Gen Md Anisur Rahman, BCBM, ndc
Director



Brig Gen Mohsen Uddin Ahmed, MPH
Director



Brig Gen Md. Zahid Hasan, ndc, psc
Director



Brig Gen Md Majibur Rahman
OSP, PPMS, ndc, psc
Director



Brig Gen Md Sazzad Hossain, ndc, psc
Director



Brig Gen Kazi Taufiqul Islam, psc
Director



Brig Gen Mohammad Al Masum, psc
Director



Brig Gen A K M Saiful Islam, psc
Director



Brig Gen K M Ferdousul Shahab
BCBM, PBGMS
Director



Brig Gen A S M Anisul Haque
SGP, BCBM, psc
Director



Colonel Md. Tanvir Alam Khan, BCBMS
Director



Colonel M Raquibul Haq, psc
Director



Assistant Director Md Mahbubur Rashid
Director



Muklesur Rahman
Managing Director & CEO





CHAIRMAN'S PROFILE



Major General Md Shafeenul Islam, ndc, psc
Chairman

Major General Md Shafeenul Islam, ndc, psc has joined as the Director General of Border Guard Bangladesh (BGB) on 28 March 2018. He joined Bangladesh Military Academy on 25 June 1984 and was commissioned on 27 June 1986 in the Corps of Infantry. He has attended several professional courses both at home and abroad.

Major General Md Shafeenul Islam, ndc, psc is a graduate of Defence Services Command and Staff College and National Defence College, Mirpur. He has completed Infantry Officers Advance Course from USA, Staff Course and Arabic Language Course from Saudi Arabia. He also obtained his Masters in Defence Studies from National University, Bangladesh.





DIRECTOR'S PROFILE



Brig Gen Md Anisur Rahman, BGBM, ndc

Director

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

He got his 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 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 his 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).



Brig Gen Md Majibur Rahman, OSP, PPMS, ndc, psc

Director

Brig Gen Md Majibur Rahman, OSP, PPMS, ndc, psc is the Director of Shimanto Bank Ltd and Additional Director General (Operation & Training) of Border Guard Bangladesh (BGB). He joined Military Academy on 16 July 1986 and was commissioned on 24 June 1988 in the Corps of Infantry. He is graduate of Chittagong University. He obtained his Masters in Defence Studies from National University. He completed Master of Science on Strategic Study on Global Peace and Stability from Madras University, India and MPhil from Madras University, India.





Brig Gen Md Sazzad Hossain, ndc, psc

Director

Brig Gen Md Sazzad Hossain, ndc, psc is the Commandant of Border Guard Training Center & College (BGTC & C) and Director of Shimanto Bank Ltd.

Brig Gen Md Sazzad Hossain, ndc, psc passed Bachelor degree from Chittagong University and he did Master of Defence Studies (MDS) from National Defence College under National University.

Brig Gen Md Sazzad Hossain, ndc, psc started his career joining the Bangladesh Army. He served in different capacities in Bangladesh Army like Commanding Officer, Station Commander and Brigade Commander. Before joining Border Guard Bangladesh he was Director of Bangladesh Machine Tools Factory Ltd (BMTF). He participated in different professional courses, training programs and seminars in both home and abroad.



Brig Gen Kazi Taufiqul Islam, psc

Director

Brig Gen Kazi Taufiqul Islam, psc is the 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 under National University.



Brig Gen Mohammad Al Masum, psc

Director

Brig Gen Mohammad Al Masum, psc is the 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.



Brig Gen A K M Saiful Islam, psc

Director

Brig Gen A K M Saiful Islam, psc is the Director of Shimanto Bank Ltd.

He achieved Bachelor degree from Chittagong University in 1988 and he did Master of Defence Studies (MDS) from National Defence College under National University in 2000. He has completed MBA in Marketing from WEBT.

Brig Gen A K M Saiful Islam, psc joined Bangladesh Army in 1988. He served as both Staff and Command in Bangladesh Army. He participated in different professional courses, training programs and seminars in both home and abroad.





Brig Gen K M Ferdausul Shahab, BGBM, PBGMS Director

Brig Gen K M Ferdausul Shahab, BGBM, PBGMS is Additional Director General (Bureau Chief) of Border Security Bureau (BSB). He is the Director of Shimanto Bank Ltd.

Brig Gen K M Ferdausul Shahab, BGBM, PBGMS completed Bachelor of Arts (BA) from Chittagong University in 1988.

Brig Gen K M Ferdausul Shahab, BGBM, PBGMS has served in Bangladesh Army in different capacities. He performed as Director of Special Security Force (SSF). He also served in different Missions of United Nations. Later he joined Border Guard Bangladesh and commanded different sectors. He served in ANSAR & VDP as Deputy Director General (Admin). He participated in different professional courses, training programs and seminars in both home and abroad.



Brig Gen A S M Anisul Haque, SGP, BGBM, psc Director

Brig Gen A S M Anisul Haque, SGP, BGBM, psc is the Additional Director General (Admin) of Border Guard Bangladesh (BGB) as and he is the Director of Shimanto Bank Ltd.

Brig Gen A S M Anisul Haque, psc passed Bachelor of Arts (BA) from Chittagong University in 1990. Later he did Master of Defence Studies (MDS) from National Defence College under National University in 2006.

Brig Gen A S M Anisul Haque, psc served Bangladesh Army in different positions. He served in the United Nations Mission. He was Director of Special Security Force (SSF). Later he joined Border Guard Bangladesh and commanded one sector. He participated in different professional courses, training programs and seminars in both home and abroad.



Colonel Md. Tanvir Alam Khan, BGBMS 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 his Bachelor of Science degree from Chittagong University.





Colonel M Raquibul Haq, psc

Director

Colonel M Raquibul Haq, psc is the Director of Shimanto Bank Ltd and Deputy Director General of Border Guard Bangladesh (BGB). He was commissioned in infantry in 1988. He has served in various infantry units, institutions and headquarters. He is a graduate of Defense Services Command & Staff College. He has completed his Bachelor of Arts degree from Chittagong University and Masters in Defense Studies (MDS) from National University.



Assistant Director Md Mahbubur Rashid

Director

Md Mahbubur Rashid is the Director of Shimanto Bank Ltd. He joined Border Guard Bangladesh in 1978.

He completed graduation from Arts.



Muklesur Rahman

Managing Director & CEO

Muklesur Rahman is a veteran Banker with more than 34 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 Md Shafeenul Islam, ndc,psc	Chairman
2.	Brig Gen Mohsen Uddin Ahmed, MPH	Member
3.	Assistant Director Md Mahbubur Rashid	Member
4.	Mohammad Mostafa Hossain Suman ACS	Secretary

Audit Committee

1.	Brig Gen Md Anisur Rahman, BGBM, ndc	Chairman
2.	Brig Gen K M Ferdausul Shahab, BGBM, PBGMS	Member
3.	Colonel M Raquibul Haq, psc	Member
4.	Mohammad Mostafa Hossain Suman ACS	Secretary

Risk Management Committee

1.	Brig Gen Mohsen Uddin Ahmed, MPH	Chairman
2.	Brig Gen K M Ferdausul Shahab, BGBM, PBGMS	Member
3.	Colonel M Raquibul Haq, psc	Member
4.	Mohammad Mostafa Hossain Suman ACS	Secretary





SHIMANTO BANK LIMITED



“ Managing Director & CEO's Review ”



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annual
report 2017

**Dear Respected Shareholders & Stakeholders,**

It's an immense pleasure and great honor for me to present the progress report of the financial year 2017.

Dream Comes True

Border Guard Bangladesh and BGB Welfare Trust have long cherished dreams for building an innovative techno centric Bank for inclusive financial development of the national economy. The Dream become true on the 1st day of September, 2016 when Honorable Prime Minister Sheikh Hasina launched the Bank with the slogan of 'Shimahn Astha'. It's our pleasure that we are on the journey to accomplish the said vision.

Branch Expansion

We have developed centralized banking system backed by core banking solution and implemented latest technology for best user experience and customer satisfaction. Since commercial operation, we have expanded our branch network to nine branches countrywide by end of the year 2017. We have established a Call Center and an Information Center for providing easy service and information to the existing as well as prospective customers. The number of our account holders have reached to twenty two thousand.

Achieving the Goal in 2017

Overcoming the macroeconomic challenges and strong competition prevails in the banking industry we have completed second financial year of banking business. During the year we have booked a deposit of BDT 3,793 million and loan of BDT 2,744 million whereas the advance-deposit ratio is 76.99%. We have reported an operating profit of BDT 88.6 million and profit after tax of BDT 28 million. Capital adequacy ratio as per BASEL III was 107.29% (against required 10.625% of Risk Weighted Assets). Return on Investment (ROI) and Return on Assets (ROA) were 4.17% and 0.43% respectively.

Welfare & Financial Inclusion of BGB Family

The Bank is for welfare of BGB Families. The profit of the Bank will be utilized for development of lifestyles of BGB families. We want to develop entrepreneurship among the members of the families of BGB soldiers. Our goal is to open at least one account of every members of Border Guard Bangladesh. We are providing banking services to the marginal people of the remote areas as well as the BGB members and their families. An amount of 12,000 BGB Members have already opened accounts with Shimanto Bank. We have disbursed loan to more than 5,000 BGB Members.

Society, the 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.

Wheels on State of Art Technology & Innovation

As we are aware that customers' needs vary with the change of time and technology, we emphasized customer service excellence and provided technology based real time service to attract potential customers and also to retain our existing customer groups. We placed paramount importance to customer service and built lasting relationships as partnership.

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 state of art technological infrastructure.





Excellence through Corporate Governance

Establishing corporate governance through transparency and accountability is our highest priority. We are implementing corporate governance principles of both global and local standards in the operation of the Bank. Trust and confidence of the customers is our core asset and we are accountable to all 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.

Forward Looking 2018

While celebrating the accomplishment of another year of successful journey of the Bank, we will be vigilant of the future challenges and growth. In order to ensure sustainable growth and acquiring due share in this competitive market, it is required to set strategies and bring innovation in products and services. Our priorities for 2018 are as follows:

- Exploring potential unbanked areas countrywide for developing economic activity and entrepreneurship among the marginal people
- Developing a Rural Banking Model and implement the said model across the border areas
- Deploying modern banking infrastructure which is readily understood by mass people.
- Establishing alternative channels for attracting tech savvy new generation
- Launching Credit Card with minimum interest
- Developing customer aspirated products and mixing the deposits.
- Increasing non-funded income and exploring the possible source of non-funded income
- Maintaining the capital base above the regulatory requirement and ensuring the non-performing loan at zero percent.

Thanks & Gratitude

I would like to take this opportunity to thank all of our valued customers for their cooperation and support. I also thank the employees for their relentless efforts and commitment for building the Bank. I wish to express my gratitude to the Board of Directors for their wise direction and guidance in matters of governance and strategic matters 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 from time to time. We believe that the year 2018 will be full of success.

Muklesur Rahman
Managing Director & CEO





Investment Finance Account Balance Debit Business Rates Buy Payment Transfer BANK Deposit Shopping Insurance Sell Bills Credit Transaction Check Taxes Cash Inquiry Currency



Credit Rating Statement

Credit Rating Agency of Bangladesh Ltd (CRAB) has completed its 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 Mohammad Azizul Hoque
SVP, Operation

② Mohammad Mostafa Hossain Suman ACS
Company Secretary (Acting)

③ Ashrafal Alam Bhuyian
Head of IT

④ Md. Rafiqul Islam
Chief Operating Officer (COO)

⑤ Anwar Faruq Talukder
Head of Retail & SME

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 Md. Mizanur Rahman
Head of Cards & ADC (Acting)





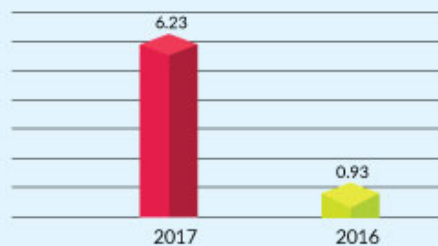
Financial Highlights

Particulars	2017	2016
Paid-up Capital (BDT)	400,00,00,000	400,00,00,000
Capital Surplus (BDT)	6,23,72,102	93,13,105
Assets (BDT)	797,97,48,700	495,55,98,908
Deposits (BDT)	379,39,17,768	91,42,10,556
Loans & Advances (BDT)	274,48,22,928	43,51,97,581
Advance-Deposit Ratio (%)	76.94%	48.01%
Profit After Tax & Provision (BDT)	280,30,739	50,83,724
Cost of Fund (%)	8.13%	6.22%
Interest Earning Assets (BDT)	724,29,21,567	462,12,88,179
Non-interest Earning Assets BDT)	73,68,27,133	33,43,10,729
Return on Investments (%)	4.17%	0.92%
Return on Assets (%)	0.43%	0.10%
Income from Investments (BDT)	164,36,683	14,29,982
Earnings Per Share (BDT)	0.07	0.013

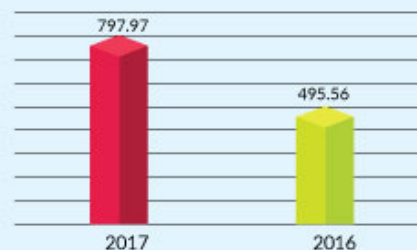


Financial Highlights

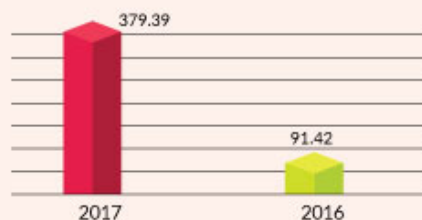
Capital Surplus (BDT Crore)



Total Assets (BDT Crore)



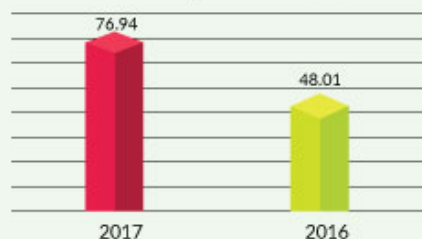
Total Deposits (BDT Crore)



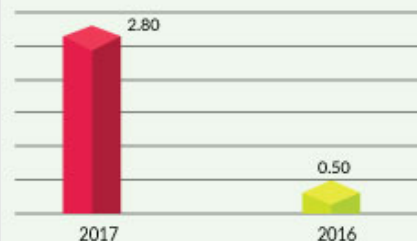
Loans & Advances (BDT Crore)



Advance- Deposit Ratio (%)



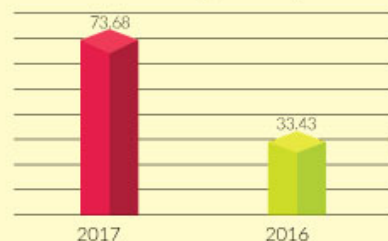
Profit After Tax & Provision (BDT Crore)





Financial Highlights

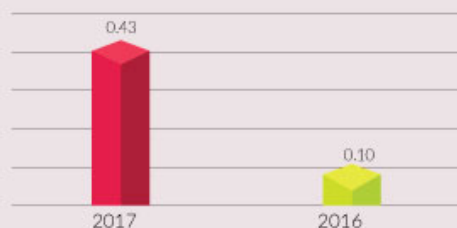
Non-Interest Earning Assets (BDT Crore)



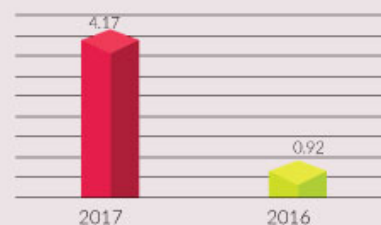
Interest Earning Assets (BDT Crore)



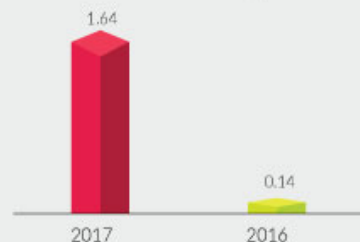
Return on Assets (%)



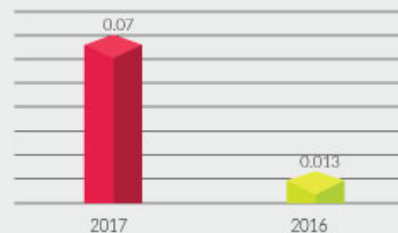
Return on Investments (%)



Income From Investments (BDT Crore)



Earning Per Share (BDT)





Glimpse of First Annual General Meeting (AGM)



The shareholders are exercising their voting in favor of agenda.



The Board of Directors in the 1st Annual General Meeting.



Muklesur Rahman, Managing Director & CEO is delivering speech in the AGM.
The shareholders and other stakeholders present in AGM.





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 founder Chairman of Shimanto Bank General Aziz Ahmed, BGBM, PBGM, psc, G.



Honorable Prime Minister of Peoples Republic of Bangladesh Sheikh Hasina was presenting Crest of Honor to the Founder Chairman of the Bank General Aziz Ahmed, BGBM, PBGM, psc, G and Mr. Muklesur Rahman, Managing Director & CEO in the Opening Ceremony of the Bank.

Founder Chairman of the Bank General Aziz Ahmed, BGBM, PBGM, psc, G was launching Loan Distribution by handing over loan sanction letter of Shimanto Bank to BGB Members.





Event Highlights 2017

Major General Abul Hossain, ndc, psc, P Eng, former Chairman opened the Agrabad Branch at Chittagong. The members of the Board, Managing Director & CEO, top officials of BGB Chittagong Region, top officials of civil administration and top executives of the Bank are seen present in the event.



An agreement Signing Ceremony between Credit Rating Agency of Bangladesh (CRAB) and Shimanto Bank Ltd.

The Internet Banking and Mobile Application 'CONNECT' was launched by Former Chairman Major General Abul Hossain, ndc, psc, P Eng. Board Members and top Executives were present in the program.





Event Highlights 2017

Agreement Signing Ceremony between Shimanto Bank Ltd and VISA, a global card service provider.



Former Chairman, Members of the Board, Managing Directors & CEO and top Executives of the Bank were present in the Launching Ceremony of ATM.

Former Chairman Major General Abul Hossain, ndc, psc, P Eng opened the Satkania Branch at Chittagong. The members of the Board, Managing Director & CEO, top officials of BGB Chittagong Region, top officials of civil administration and top executives of the Bank were present in the launching ceremony.





Event Highlights 2017

Honorable members of the Board, Managing Director & CEO and top brasses of the Bank were present in launching ceremony of Benapole Branch.



An agreement Signing Ceremony between Election Commission (EC) and Shimanto Bank Ltd.

Major General Abul Hossain, ndc, psc, P Eng, former Chairman opened the Motijheel Branch at Dhaka. Honorable Directors, Managing Director & CEO, top brasses of BGB, top officials of civil administration and top executives of the Bank are seen present in the opening ceremony.





Event Highlights 2017

Honorable Finance Minister Mr. Abul Mal Abdul Muhit, Home Affairs Minister Mr. Asaduzzaman Khan Kamal, Governor of Bangladesh Bank Mr. Fazle Kabir, Former Chairman of Shimanto Bank Major General Abul Hossain, ndc, psc, P Eng and Managing Director & CEO Mr. Muklesur Rahman were seen present in the 1st Anniversary Celebration of the Bank.



Former Chairman Major General Abul Hossain, ndc, psc, P Eng opened the Cox's Bazar Branch and Teknaf Branch at Cox's Bazar. The members of the Board, Managing Director & CEO, top officials of BGB Cox's Bazar Region, top officials of civil administration and top executives of the Bank are seen present in the launching ceremony.

Team Shimanto Bank in a gala event of the Bank.





REPORT OF THE BOARD OF DIRECTORS

Dear Stakeholders,

The Board of Directors welcome you all at the 2nd Annual General Meeting of Shimanto Bank Ltd and is pleased to present the Annual Report for the year ended on 31 December 2017 together with the Audited Financial Statements & 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.

Global Economy

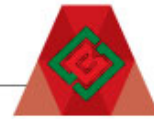
The global GDP started inching upward again in 2017 after experiencing a stagnant 3% annual growth till 2016. The global economy grew 3.7% in 2017. Around half of the world economies witnessed positive growth due to increased demand and production of industrial products and rising investments to support the demand growth, which resulted in increase of trade business throughout the world. Due to increased domestic and external demand, developed economies like the US, Eurozone, Canada and Japan started picking-up pace again after facing the global financial crisis of 2009-10.

The growth of emerging and developing economies like China, India and Bangladesh reported consistent growth in 2017 as well. Emerging and developing Asia, which account for over half of world growth, experienced 6.5% growth in 2017.

This positive movement of the global economy is projected to continue in the coming year as well. The projected growth of global economy is 3.9% for 2018 which is 0.2% higher than the actual growth of 2017. The growth forecasts for the US and advanced economies have been revised up, counting on stronger than expected growth in 2017. Japan and other export-oriented countries are expected to benefit from increased global investment and trade and are likely to post stronger growth in 2018. Emerging markets and developing economies are expected to grow at 4.6%, while advanced economies are expected to grow at 2.2%. Southeast Asia however, is expected to grow by 5.1% in 2018.

Brighter prospects, optimistic markets and challenges ahead in global economy in the coming years may be expected.





Bangladesh Economy

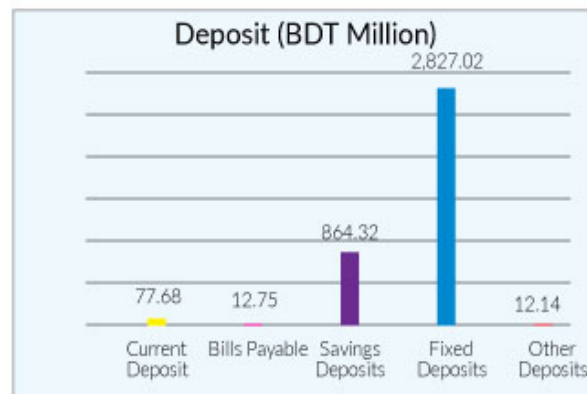
The Bangladeshi economy grew 7.28 percent in FY2017, up from 7.1 percent in FY 2016. The growth was mainly supported by industry and services sectors. Agriculture, which accounts for 14.7 percent of the GDP, grew by 3 percent in FY17, up from 2.8 percent in FY2016. Industry, which accounts for 32.4 percent of the GDP, grew by 10.2 percent in FY2017, down from 11.1 percent in FY2016. The services sector accounts for the largest portion of 52.9 percent of the GDP and grew by 6.7 percent, compared to 6.3 percent in the previous fiscal year.

Investments relative to GDP increased to 30.51% in FY2017 from 29.65% in FY2016. Imports grew by 9 percent in FY2017, up from 5.9 percent growth registered in FY2016. The growth of exports (FOB) earnings showed a sharp decline to 1.7 percent in FY2017, from 8.9 percent in FY2016. Remittance inflows declined by 14.5 percent at the end of FY2017, compared with a negative growth of 2.5 percent in FY2016. In FY2017, there were positive net inflows of FDI BDT 2,454 million. Balance of payment recorded a surplus in FY2017, despite unfavorable global economic conditions. From June 2016 to June 2017 USD-BDT exchange rate went up 3.06 percent. The declining average of annual CPI inflation fell to 5.4 percent at the end of FY2017.

Financial Highlights

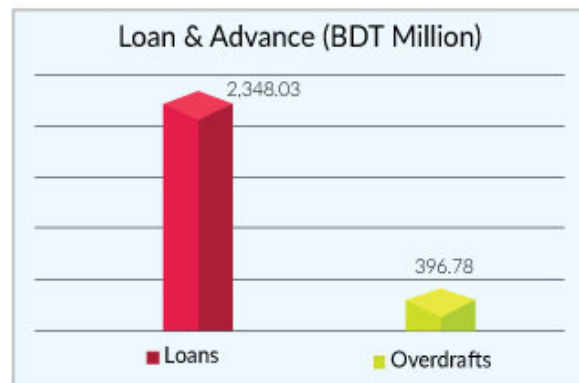
Deposit

The total deposit of Shimanto Bank stood to BDT 3,793.92 million comprising of BDT 2,827.02 million fixed deposit, BDT 864.32 million savings deposit, BDT 77.68 million current deposit, BDT 12.75 million bills payable and BDT 12.14 million other deposit.



Loan & Advance

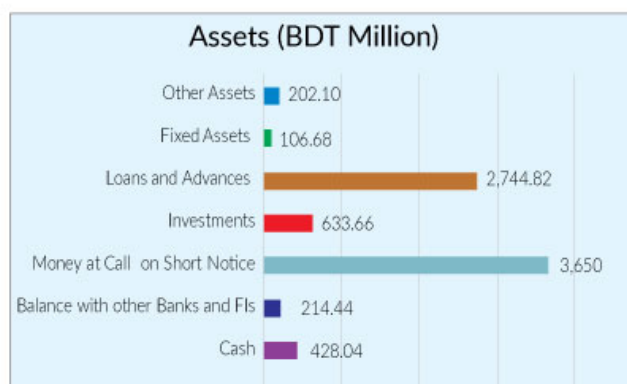
The total loans and advances of the Bank is BDT 2,744.81 million for the year ended 2017.





Asset Portfolio

Total Assets of the Bank stood at BDT 7,979.75 million in 2017. The asset portfolio comprised of BDT 428.04 million as Cash, BDT 214.44 million as Balance with Other Banks and FIs, BDT 3,650 million as Money on Call at Short Notice, BDT 633.66 million as Investments, BDT 2,744.82 million as Loans and advances, BDT 106.68 as Fixed Assets and BDT 202.10 million as other assets.



Income & Expenditure

The Bank earned interest income of BDT 418 million whereas the interest paid on deposits and borrowings is BDT 117 million. The Bank has generated operating income of BDT 321 million and incurred operating expense of BDT 233 million. The Bank has booked an operating profit of BDT 88 million before provisions in the year 2017.

Capital Adequacy

The capital base of the Bank is our utmost strength. We commenced our business with a 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 Million	Particulars	BDT Million
Paid up capital	4,000.00	General Provision	29.24
Retained earnings	17.19	Securities Revaluation Reserve	-
Statutory reserve	15.92		
Total	4033.11	Total	29.24

The Capital to Risk Weighted Assets Ratio (CRAR) stood at 107.27% as on December 31, 2017 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.





Branch Network Expansion

We established two branches during the year 2016; one in Dhaka and another one in Mymensingh. During the year 2017 the Bank expanded to another seven branches country wide in Agrabad, Satkania, Benapole, Motijheel, Bibir Bazar, Cox's Bazar & Teknaf. We have established a Call Center and an Information Center at Peelkhana. The Management envisions to add ten new branches by the end of December 2017.

ICT Infrastructure

The Bank has established state of art technology for providing banking services to the customers and 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. We have launched 'Connect' Internet Banking. We have developed and launched mobile applications so that the customers can enjoy banking services through their smartphones.

Internal Control & Compliance

We are strengthening internal control system within the organization. The board is cautious on the internal control system 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, 2017.

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.

Appropriation of Profit & Dividend

The profit after tax of Shimanto Bank Ltd stands at BDT 28 million in the year 2017. The profit available for distribution stands at BDT 15 million after a mandatory transfer of BDT 12.72 million to statutory reserve. The Board of Directors, therefore, recommended dividend for the year 2017.

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 in the 1st Annual General Meeting. They had conducted the statutory audit of Shimanto Bank Ltd for the year ended on December 31, 2017 and submitted the Audit Report to the Shareholders in this general meeting. As per provision of Bangladesh Bank Circular, they are eligible for re-appointment. The Board of Directors in their 21st Meeting recommended to re-appoint M/s. ACNABIN, Chartered Accountants as external auditors of the Bank up to the 3rd Annual General Meeting.

Retirement & Re-election of Directors

According to Clause 114 of Articles of Association of the Bank one third of the Directors shall retire from office in the Annual General Meeting on the basis of seniority since last election.

The Directors of the Bank will retire on this 2nd AGM as per recommendation by the Board of Directors. They are not interested for being re-elected due to transfer from BGB to another organization and the Board has recommended for retirement.

1. Brig Gen Kazi Taufiqul Islam, psc
2. Brig Gen Mohammad Al Masum, psc
3. Brig Gen A K M Saiful Islam, psc
4. Assistant Director Md Mahbubur Rashid





Moreover, The Board has appointed to fill casual vacancy and also added few members in the Board as per Clause 111 of Articles of Association. As per the provision the Directors so appointed shall hold their office until the next following Annual General Meeting but shall be eligible for re-election. The following directors will retire on this 2nd AGM and being eligible for re-election they offered themselves for being re-elected. The Board has acknowledged their interest of being reelected and also recommended for re-election in the 2nd Annual General Meeting.

1. Major General Md Shafeenul Islam, ndc, psc
2. Brig Gen Md Majibur Rahman, OSP, BPMS, ndc, psc
3. Colonel M Raquibul Haq, psc

Acknowledgement & Gratitude

The Bank has gained the trust and confidence of its shareholders, customers and other stakeholders within the short 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 counsel and support of the Board of Directors have substantially contributed to the journey of success of the Bank. The Board 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 and National Board of Revenue (NBR) 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 Md Shafeenul Islam, 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 reformed in the 20th Board Meeting comprising of three Members.

The Executive Committee (EC) of the Board was consisting of skilled and efficient Board Members and Major General Md Shafeenul Islam, ndc, psc was appointed as the Chairman of the Committee. The present Executive Committee comprised the following members:





Name	Educational Qualification	Board Designation	Committee Designation
Major General Md Shafeenul Islam, ndc,psc	MDS	Chairman	Chairman
Brig Gen Mohsen Uddin Ahmed, MPH	MPH, MBBS	Director	Member
Assistant Director Md Mahbubur Rashid	BA	Director	Member

Mr. Mohammad Mostafa Hossain Suman ACS is 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 Md Shafeenul Islam, ndc, psc
Chairman, Executive Committee







**ব্যাংকিং হোক
সীমাহীন আনন্দ**

অটো লোন

অটো লোন

ব্যক্তিগত গাড়ির স্বল্প পুরণের লক্ষ্যে সীমান্ত ব্যাংক নিম্নে এলো অটো লোন।

যারা স্বণ নিতে পারবেন:

- ◆ চাকরিজীবী
- ◆ ব্যবসায়ী
- ◆ ডাকার, স্থপতি, প্রকৌশলী, চার্টার্ড অ্যাকাউন্টেন্ট
- ◆ সর্বনিম্ন ২২ বছর

অন্দের পরিমাণ ও মেয়াদ:

- ◆ ৫০,০০০ থেকে ৪০ লক্ষ টাকা পর্যন্ত
- ◆ সর্বোচ্চ মেয়াদ ৬০ মাস

যেসব প্রয়োজনে স্বণ নিতে পারেন:

- ◆ যেকোন ব্র্যান্ডের নতুন গাড়ি ও মোটর সাইকেল
- ◆ রিকভারি গাড়ি

শর্ত প্রযোজ্য

বিস্তারিত জানতে, ফোন করুন ০৯৬৯২৮৮০০০০ এই নম্বরে
অথবা চলে আসুন আপনার নিকটস্থ সীমান্ত ব্যাংকের শাখায়

www.shimantobank.com





SHIMANTO BANK LIMITED

STATEMENTS OF AUDIT COMMITTEE

The Audit Committee of the Board of Directors of Shimanto Bank Ltd was formed in accordance with the Corporate Governance Guideline issued by Bangladesh Securities and Exchange Commission (BSEC) and BRPD Circular No.11 issued by Bangladesh Bank. The Audit Committee had been revised twice during the financial year 2017.

The Audit 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 of the Board has been revised in the 20th Board Meeting and Brig Gen Md Anisur Rahman, BGBM, ndc has been appointed as the Chairman of the Audit Committee. The Audit Committee is 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 Anisur Rahman, BGBM, ndc	MBA	Director	Chairman
Brig Gen K M Ferdousul Shahab, BGBM, PBGMS	BA	Director	Member
Colonel M Raquibul Haq, psc	MDS	Director	Member

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

Roles & Responsibilities of the Committee

The roles and responsibilities of Audit Committee of Shimanto Bank is defined by the Board of Directors complying with the BRPD Circular No 11 and Corporate Governance Guideline issued by Bangladesh Securities & Exchange Commission (BSEC). The terms of reference also adopts the best practice on corporate governance guidelines and standards. The roles and responsibilities of the Committee are highlighted below:

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.

Meetings & Attendance of the Audit Committee

The first Audit Committee of the Bank was held on 24 April, 2017. The Committee had discussed in details the findings on different issues and corrective measures prescribed by the internal and external auditors. The Committee also instructed the management to ensure those suggestions for corrective measures and monitored accordingly.





The Meetings were held in following dates:

Meeting	Date
1st Audit Committee Meeting	April 24, 2017
2nd Audit Committee Meeting	September 28, 2017
3rd Audit Committee Meeting	November 16, 2017

Attendance in the Audit Committee Meeting during the Year 2017 is as follows:

Name	Attendance	Tenure of Office
Brig Gen Md Mahfuzur Rahman, BGBM, BGBMS, G+	01/01	13 August 2016 to 03 August, 2017
Brig Gen Shahriar Ahmed Chowdhury, ndc, psc	02/02	18 September 2017 to 28 February, 2018
Colonel Kazi Aniruddha, BGBM	01/01	13 August 2016 to 03 August, 2017
Colonel Md Hafizur Rahman, BGBMS, PBGMS, psc	03/03	13 August 2016 to 28 February, 2018
Col Md. Tanvir Alam Khan, BGBMS	02/03	18 September 2017 to 11 April 2018

Area Focused & Agenda Discussed in 2017

1st Audit Committee Meeting:

- Terms & Reference of Audit Committee
- Surprise Audit Report of Principal Branch
- Surprise Audit Report of General Service & Security Division
- Management Report of ACNABIN-2016
- Annual Audit Plan-2017

2nd Audit Committee Meeting:

- Updated Compliance Status of Surprise Audit Findings of – Principal Branch and General Services and Security Department (GSSD)
- Updated Compliance Status of Management Report of ACNABIN-2016
- Surprise Audit Report of Agrabad Branch held on 14 May, 2017.
- Comprehensive Audit Report of Mymensing Branch, Human Resources Division (HRD).

3rd Audit Committee Meeting:

- Comprehensive Audit Report of General Services and Security Division(GSSD)
- Comprehensive Audit Report of Information & Communication Technology Department (ICT)

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 Anisur Rahman, BGBM, ndc
Chairman of the Audit Committee





এসএমবিএল দিশারি

এসএমবিএল দিশারি লোন

বাংলাদেশের অর্থনীতির প্রাণ হচ্ছে গ্রামীণ অর্থনীতি। স্থানীয় কাঁচামাল ব্যবহার করে গড়ে উঠা ক্ষুদ্র ও কুটির শিল্পের অগ্রযাত্রার সাথে জড়িয়ে আছে আমাদের দেশের অর্থনৈতিক সম্ভাবনা ও সমৃদ্ধি। আপনার ক্ষুদ্র ও কুটির শিল্পের উদ্যোগে গতি সঞ্চারণ করতে সীমান্ত ব্যাংক নিয়ে এলো এসএমবিএল দিশারি লোন।

যারা নিতে পারবেন:

১. ব্যবসার বয়স কমপক্ষে ২ বছর।
২. মালিকের বয়স ২২ থেকে ৬০ বছরের মধ্যে।

লোনের পরিমাণ:

৫০ হাজার থেকে ১০ লক্ষ টাকা পর্যন্ত।

পরিশোধ ও মেয়াদ:

১. কিস্তিতে পরিশোধযোগ্য।
২. সর্বনিম্ন ৬ মাস থেকে সর্বোচ্চ ৬০ মাস (৫ বছর)।

*শর্ত প্রযোজ্য

বিস্তারিত জানতে,
ফোন করুন ০৯৬১২৮৮০০০০ এই নম্বরে
অথবা চলে আসুন আপনার নিকটস্থ সীমান্ত ব্যাংকের শাখায়





SHIMANTO BANK LIMITED

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 has been revised by the Board of Directors in the 20th Board Meeting comprising of three Members headed by Brig Gen Mohsen Uddin Ahmed, MPH.

The Committee has been consisted of skilled and efficient Board Members and the present Committee comprised the following members:

Name	Educational Qualification	Board Designation	Committee Designation
Brig Gen Mohsen Uddin Ahmed, MPH	MPH, MBBS	Director	Chairman
Brig Gen K M Ferdausul Shahab, BGBM, PBGMS	BA	Director	Member
Colonel M Raquibul Haq, psc	MDS	Director	Member

Mr. Mohammad Mostafa Hossain Suman ACS is 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.





3. 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.

4. 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.

5. 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.

6. 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.

Meetings of the Risk Management Committee

The first Risk Management Committee of the Bank was held on 26 December, 2017 and the Committee had discussed in details the findings on different risk issues and protective measures. The Committee also instructed the management to ensure mitigation and minimization of risks associated in operation of the Bank.

The Meetings were held in following dates:

Meeting	Date
1st Risk Management Committee Meeting	December 26, 2017

Area Focused & Agenda Discussed in 2017

1st Risk Management Committee Meeting:

- Objective and Formation of the Risk Management Committee of the Board
- Roles & Responsibilities of the Committee
- Status of Credit Portfolio as on 24 December, 2017

Risk Management Division

The Bank has formed a separate Division named 'Risk Management Division (RMD)' as prescribed by Bangladesh Bank was formed on 27 December 2017. The Risk Management Division (RMD) was approved by the Board of Directors including the organogram and terms of reference of the division.

On behalf of the Audit Committee,

Brig Gen Mohsen Uddin Ahmed, MPH
Chairman, 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 safe guard 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.

Shareholding Structure

As on 31 December 2017 BGB Welfare Trust has been holding 39,99,99,985 shares as institutional shareholder whereas fifteen individual members who are also serving as the Directors of the Board has been holding 15 shares in the Bank.

Sl.	Name of Shareholder	No of Shares Held	Percentage (%) of Share
1	BGB Welfare Trust	39,99,99,985	99.99999625
2	Others	15	0.00000375

Ownership of Company's Securities by the Members of Board of Directors as on 31 December 2017 are as follows:

Sl.	Name of Shareholder	No of Share
01.	Major General Abul Hossain, ndc, psc, p Eng	01
02.	Brig Gen Md Anisur Rahman, ndc	01
03.	Brig Gen Mohsen Uddin Ahmed, MPH	01
04.	Brig Gen Shahriar Ahmed Chowdhury, ndc, psc	01
05.	Brig Gen Md. Zahid Hasan, ndc, psc	01
06.	Brig Gen Kazi Taufiqul Islam, psc	01
07.	Brig Gen Mohammad Al Masum, psc	01
08.	Brig Gen Md Sazzad Hossain, ndc, psc	01
09.	Brig Gen A K M Saiful Islam, psc	01
10.	Brig Gen Abul Hasnat Mohammad Khairul Bashar, PBGM, afwc, ndc, psc	01
11.	Brig Gen K M Ferdousul Shahab, BGBM, PBGMS	01
12.	Brig Gen A S M Anisul Haque, psc	01
13.	Colonel Md Hafizur Rahman, BGBMS, PBGMS, psc	01
14.	Colonel Md. Tanvir Alam Khan, BGBMS	01
15.	Assistant Director Md Mahbubur Rashid	01
Total		15

Shareholding by Executives:

Name of Executives	No of Share
Managing Director & Chief Executive Officer	Nil
Company Secretary (Acting)	Nil
Head/In Charge of Finance	Nil
Head/In Charge of Internal Control & Compliance	Nil
Spouses and Minor children of above Executives	Nil

The shareholding by other senior executives is also nil.





The Annual Returns regarding shareholding structure as well as the registering the share transfer instrument as prescribed by the Companies Act-1994 has been submitted duly to the Joint Stock Companies & Firms.

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 Trusts. 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 all of the shares of BGB Welfare Trust.

Appointment, Rotation and Retirement of Directors

In the 1st Annual General Meeting of the Bank all of the Directors had retired from office and all of them had been re-elected in the same general meeting. The shareholders had elected five directors as recommended by the Board of Directors. The said re-elected and elected individuals has been appointed as the Director of the Board with prior approval from Bangladesh Bank.

Board Meeting and Attendance

The Board of Directors of the Shimanto Bank sit in 08 (Eight) meetings during the year 2017 and the attendance of the directors is presented in the following table:

Sl.	Name of Shareholder	Attendance	Leave	Remarks
01.	Major General Abul Hossain, ndc, psc, p Eng	08	Nil	
02.	Brig Gen Salim Mahmud Chowdhury, BP, BGBM	Nil	01	Resigned from the Board on 16.03.2017
03.	Brig Gen Md Anisur Rahman, ndc	04	01	
04.	Brig Gen Md Mahfuzur Rahman, BGBM, BGBMS, G+	05	Nil	Resigned from the Board on 03.08.2017
05.	Brig Gen Taufiqul Hasan Siddiquee, BGBMS	Nil	Nil	Resigned from the Board on 08.02.2017
06.	Brig Gen Mohsen Uddin Ahmed, MPH	06	01	
07.	Brig Gen Shahriar Ahmed Chowdhury, ndc, psc	06	01	
08.	Brig. Gen. Md Habibur Karim, BGBM, BGBMS	Nil	01	Resigned from the Board on 25.04.2017
09.	Brig Gen Md. Zahid Hasan, ndc, psc	02	03	
10.	Brig Gen Kazi Taufiqul Islam, psc	Nil	05	
11.	Brig Gen Mohammad Al Masum, psc	02	03	
12.	Brig Gen Md Sazzad Hossain, ndc, psc	Nil	01	
13.	Brig Gen A K M Saiful Islam, psc	Nil	01	
14.	Brig Gen Khondoker Farid Hasan, PBGBM	Nil	Nil	Resigned from the Board on 16.03.2017
15.	Brig Gen Abul Hasnat Mohammad Khairul Bashar, PBGM, afwc, ndc, psc	01	Nil	
16.	Brig Gen K M Ferdausul Shahab, BGBM, PBGMS	01	Nil	
17.	Brig Gen A S M Anisul Haque, psc	01	Nil	
18.	Colonel Md Hafizur Rahman, BGBMS, PBGMS, psc	08	Nil	
19.	Colonel Kazi Aniruddha, BGBM	02	03	Resigned from the Board on 03.08.2017
20.	Colonel Zaved Sultan	Nil	Nil	Resigned from the Board on 08.02.2017
21.	Colonel Md. Tanvir Alam Khan, BGBMS	06	01	
22.	Assistant Director Md Mahbubur Rashid	07	01	





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 has been elected from among the Directors and there are clear and defined roles and responsibilities of the Chairman and the Chief Executive Officer.

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.

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 re-constituted the Executive Committee (EC) of the Board in the 20th Board Meeting. The Statement of the Executive Committee comprising of appointment, composition, roles and responsibilities of the Committee is furnished in page No-43. 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. 46 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-50 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. Management Committee (MANCOM)

MANCOM of Shimanto Bank is consisting of the heads of the functional departments and units. It is the highest decision 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 seeking 'value for money' in each deal made.





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) as under the Companies Act 1994 for carrying out all kinds of banking activities. Presently the Bank is operating its business through head office having 09 branches.
	(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:	
		Figure in BDT Crore	
		i. Fully Paid-up Capital:	400.00
		ii. Retained Earnings:	1.72
		iii. Statutory reserve:	1.59
		Sub-Total (A):	403.31
	(c)	The total amount of Tier-2 and Tier-3 capital (B)	2.92
	(d)	Other deductions from capital	
	(e)	Total eligible capital (A+B)	406.23





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"> Accepting the credit rating agencies as External Credit Assessment Institutions (ECAI) for claims on corporate and eligible SME customers. Accepting Credit Risk Mitigation (CRM) against the financial securities. <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	348.49
c) Capital requirement for Market Risk	0.00
d) Capital requirement for Operational Risk	30.13
Total Capital Requirement (b+c+d)	378.62

Minimum Capital Requirement (MCR) Capital Adequacy Ratio (CRAR):	
1. Common Equity Tier 1 (CET 1) Ratio	106.52%
2. Tier 1 Capital Adequacy Ratio	106.52%
3. Tier 2 Capital Adequacy Ratio	0.77%
Capital to Risk weighted Asset Ratio (CRAR)	107.29%
Capital Conservation Buffer	5.04
Available Capital under Pillar 2 Requirement	2.93
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>Continuous & Demand Loan are classified as:</p> <ul style="list-style-type: none"> ● Sub-standard- if it is past due/overdue for 03(three) months or beyond but less than 06 (six) months; ● Doubtful- if it is past due/overdue for 06 (six) months or beyond but less than 09 (nine) months; ● Bad/Loss- if it is past due/overdue for 09 (nine) months or beyond. <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"> ● 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". ● 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" ● 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". <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"> ● 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". ● 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". ● 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". <p>Short-term Agricultural and Micro Credit 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">● Sub-standard- if the irregular status continues after a period of 12 (twelve) months, the credits are classified as "Sub-standard".● Doubtful- if the irregular status continue after a period of 36 (thirty six) months, the credits are classified as "Doubtful".● Bad/Loss- if the irregular status continue after a period of 60 (sixty) months, the credits are classified as "Bad/Loss". <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	<p>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:</p> <table><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 unclassified loans and advances for housing finance</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 sheet exposure).</td><td>1%</td></tr><tr><td>General provision on unclassified loans and advances for Credit card, 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 other than Housing finance, Credit card, loans for professionals to set-up business under consumer financing scheme</td><td>5%</td></tr><tr><td>General provision for all regular short term agri. and micro credit</td><td>1%</td></tr><tr><td>General provision on outstanding amount for Special Mention Account (SMA)</td><td>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></table>	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 unclassified loans and advances for housing finance	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 sheet exposure).	1%	General provision on unclassified loans and advances for Credit card, 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 other than Housing finance, Credit card, loans for professionals to set-up business under consumer financing scheme	5%	General provision for all regular short term agri. and micro credit	1%	General provision on outstanding amount for Special Mention Account (SMA)	5%	Specific provision on Sub-Standard loans and advances	20%	Specific provision on Doubtful loans and advances	50%
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 unclassified loans and advances for housing finance	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 sheet exposure).	1%																									
General provision on unclassified loans and advances for Credit card, 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 other than Housing finance, Credit card, loans for professionals to set-up business under consumer financing scheme	5%																									
General provision for all regular short term agri. and micro credit	1%																									
General provision on outstanding amount for Special Mention Account (SMA)	5%																									
Specific provision on Sub-Standard loans and advances	20%																									
Specific provision on Doubtful loans and advances	50%																									





Quantitative Disclosure			Specific provision for Sub-Standard and Doubtful short term agri. and micro credit	5%
			Specific provision on Bad /Loss loans and advances	100%
	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)	231.52
			Cash Credit	0.00
			Overdraft	39.68
			Staff Loan	3.28
			Total	274.48
	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	193.39
			Chittagong Division	42.43
			Khulana	3.58
			Mymensingh	18.70
			Rural:	
			Chittagong Division	16.38
			Total	274.48
	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	3.24
			Importer of Commodity	Nil
			Construction	31.08
			Edible Oil Refinery Industry	Nil
			Electronics Goods	Nil
			Consumer Credit	213.73
			Pharmaceuticals Industries	Nil
			Readymade Garments Industry	Nil
			Ship Breaking Industry	Nil
			Industries for Steel Products	Nil





			Telecommunication Sector	Nil
			Textile Mills	Nil
			Power Sector	Nil
			Others	26.43
			TOTAL	274.48
	(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	0.2024
			In more than one month but not more than three months	0.8411
			In more than three months but not more than one year	58.21
			In more than one year but not more than five years	58.47
			more than five years	156.76
			TOTAL	274.48
	(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:	
		<p>Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and</p> <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.</p>	<p>Investment in equity securities are broadly categorized into two parts:</p> <p>i) Quoted Securities (Common or Preference Shares & 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.</p> <p>Unquoted securities are valued at cost.</p> <p>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.</p>
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 I R R B B measurement.	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). 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. Risk management framework: 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.			
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		461.40	
			Total Risk Sensitive Liabilities		362.82	
			Cumulative Gap			
			< 3 month		100.58	
			3-6 month		0.00	
			6-12 month		-2.00	
			CAR before shock (%)		107.29%	
Assumed Change in Interest Rate		1.00%	2.00%	3.00%		
Capital After Shock (in BDT Crore)		407.22	408.21	409.19		
CAR After Shock (%)		107.55%	107.81%	108.08%		

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	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.
	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"> ▣ Risk Management and reporting is based on parameters such as Maturity Gap Analysis, Duration Gap Analysis with the global best practices. ▣ Risk Profiles are analyzed and mitigating strategies/ processes are suggested by the Asset Liability Committee (ALCO). ▣ Asset Liability Management Committee (ALCO) analyzes market and determines strategies to attain business goals. ▣ Reconciliation of foreign currency transactions.

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
		TOTAL	0.00



**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., Internal Control & Compliance Policy, Internet Banking Security Policy; Policy on KYC & AML; ICT Policy addresses issues pertaining to Operational Risk Management.





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.
Quantitative Disclosures:		Amount in Million (BDT)
	Liquidity Coverage Ratio	249.32%
	Net Stable Funding Ratio (NSFR)	167.19%
	Stock of High quality liquid assets	80.17
	Total net cash outflows over the next 30 calendar days	71.35
	Available amount of stable funding	752.06
	Required amount of stable funding	449.82

10. Leverage Ratio:

<p>Quantitative Disclosures:</p>	
<p>i) Views of BoD on system to reduce excessive leverage</p>	<p>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.</p>
<p>ii) Policies and processes for managing excessive on and off balance sheet leverage</p>	<p>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.</p>





	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	50.54%
	On balance sheet exposure	797.97
	Off balance sheet exposure	Nil
	Total exposure	797.97

11. Remuneration:

Qualitative Disclosures:	
(a)	<p>Information relating to the bodies that oversee remuneration:</p> <p>The remuneration issues in Shimanto Bank are overseen by top Management comprising the Managing Director & CEO, Deputy Managing Directors & 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>Information relating to the design and structure of remuneration process:</p> <p>The key features and objectives of remuneration policy:</p> <ul style="list-style-type: none"> ❑ Appropriately compensate Employees for the services they provide to the Bank; ❑ Attract and retain Employees with skills required to effectively manage the operations and growth of the business; ❑ Be consistent and appropriate having regard to the performance of the Bank and the relevant Employees; ❑ Motivate Employees to perform in the best interests of the Bank and its shareholders; ❑ Motivate Employees to pursue long term growth and success of the Bank within the Board approved control framework; ❑ 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





		<p>short and long term performance objectives to the Bank's circumstances and goals;</p> <ul style="list-style-type: none"> ❑ Apply key short term and long term key performance indicators, including financial and nonfinancial measures of performance, to eligible employees; ❑ Demonstrate a clear relationship between individual performance and rewards; ❑ Comply with all regulatory and legal requirements; and ❑ Provide an appropriate level of transparency. <p>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.</p> <p>The structure of remuneration arrangements for all employees consists of following components:</p> <ul style="list-style-type: none"> ❑ Fixed Remuneration; and ❑ Performance-based remuneration
		<p>Fixed remuneration: 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>Performance-based remuneration: 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>Description of the ways in which current and future risks are taken into account in the remuneration processes.</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"> ❑ Financial Risks ❑ Compliance Risks <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>Description of the ways in which the bank seeks to link performance :</p> <p><input type="checkbox"/> Overview of main performance metrics for the Bank, top level business lines and individuals.</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"/> Discussion of how amounts of individual remuneration are linked to the Bank wide and individual performance.</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"/> Description of the ways in which the bank seeks to adjust remuneration to take account of longer term performance.</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"/> Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.</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. Nil</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: BDT. 0.80 Crore 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>4.51</td></tr><tr><td>Allowances</td><td>5.46</td></tr><tr><td>Festival Bonus</td><td>0.80</td></tr><tr><td>Gratuity</td><td>Nil</td></tr><tr><td>Provident Fund Contribution</td><td>0.40</td></tr><tr><td>Performance Bonus</td><td>0.40</td></tr><tr><td>Total</td><td>11.57</td></tr></table>	Basic Salary	4.51	Allowances	5.46	Festival Bonus	0.80	Gratuity	Nil	Provident Fund Contribution	0.40	Performance Bonus	0.40	Total	11.57
Basic Salary	4.51															
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Gratuity	Nil															
Provident Fund Contribution	0.40															
Performance Bonus	0.40															
Total	11.57															
	(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 & Evaluation

- Retail Banking
- SME Banking
- Corporate Banking
- Treasury Operations
- Banking in the Palm
- Corporate Social Responsibility
- Human Resource Development
- Strengthening Internal Control & Compliance for Ensuring Governance





Retail Banking

An Overview:

With more and more banks focusing in retail banking, the retail banking market is becoming very challenging day by day. Traditional corporate focused banks have started realizing the future prospect of retail banking and trying to step into this market segment to ensure a balance between their corporate and retail portfolio and maximize the yield of their assets. Historically, cost of deposit in retail market has been lower than other market segment and spread is also higher in this segment which draw the attention of the banks and has pulled them to enter in this segment.

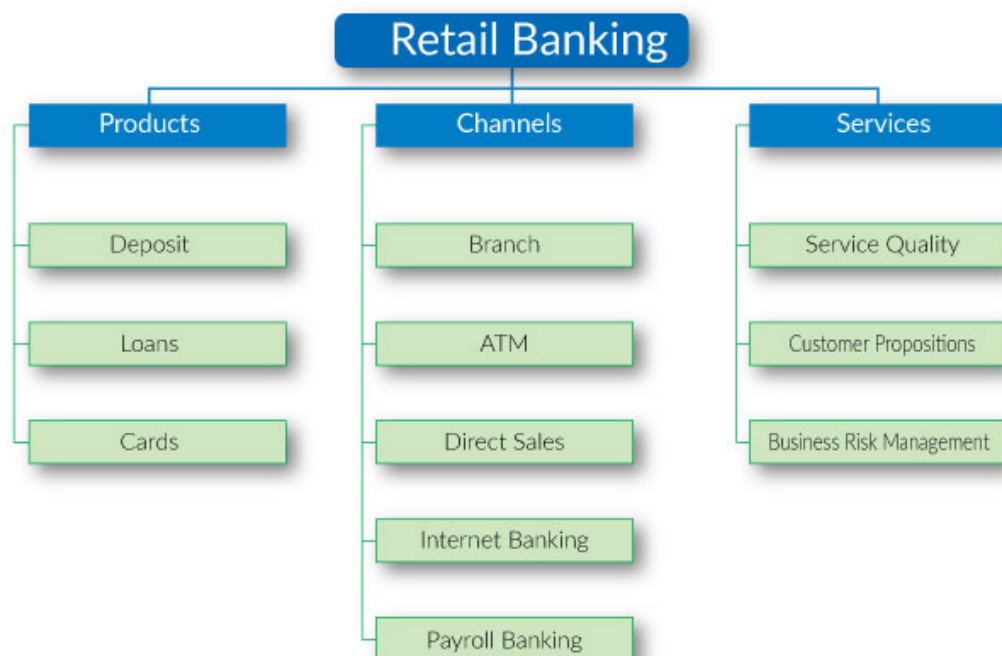
2017 was a very challenging year for the retail market as the deposit rate started to soar from the 2nd half of the year with slow adjustment of retail lending rate which has eventually narrowed the income spread from this segment. Being a new entrant, the changed market scenario has put extra pressure on us and it has become very challenging for us to accommodate with the situation.

As SMBL steps into its 2nd year of operation, in addition to increase our retail customer base we have focused on achieving service excellence through increasing our service propositions and delivery channels. 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.

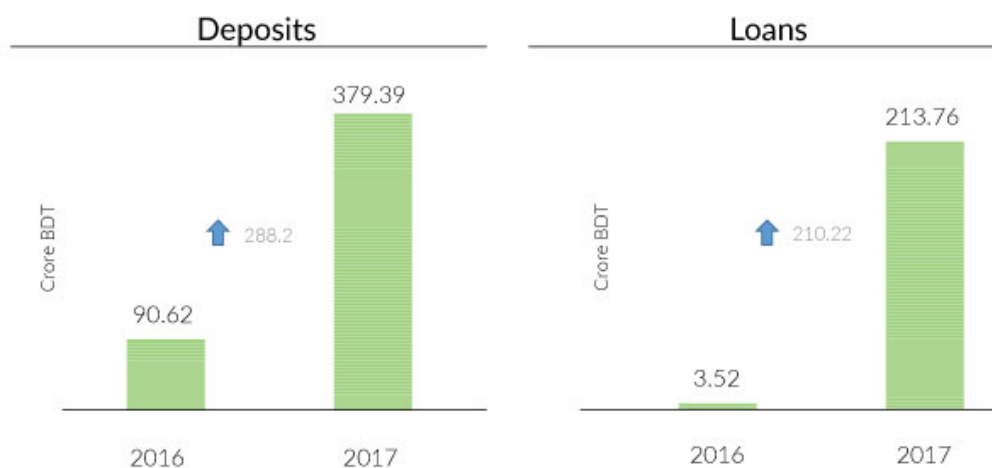
Retail Banking Performance Highlights-2017:

- We have opened 7 new branches in 2017 located at Agrabad, Satkania, Benapole, Bibir Bazar, Motijheel, Cox's Bazar & Teknaf.
- 9 ATM Booths have been opened in 2017 including 2 dedicated ATM Booths only for BGB members inside BGB Headquarters, Peelkhana.
- Launched a new deposit products named SMBL RFCD Account for the Persons Ordinarily Resident in Bangladesh to deposit FCY brought in at the time of traveling abroad.
- Launched 3 loan products; SMBL Personal loan, Shimanto Nibash (Home Loan) & SMBL Vehicle Loan (Car Loan).
- Opened one Information Center inside BGB Headquarter for the convenience of the BGB Members.





Financial Highlights:

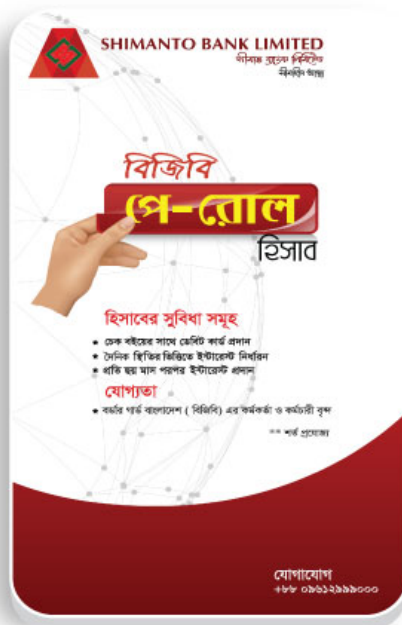


**Challenges Ahead:**

- Rising competition: With more and more bank focusing in retail market segment it has become very challenging to penetrate the retail market and thus retaining a competitive position in the market.
- New Market Segment: From the beginning we are focusing on rural economy and we truly want to bring the unbanked population of our rural areas specially people living in border areas under our banking services. It needs special attention as well as special arrangements to deliver our services to this unbanked population.
- Fraud Forgery: Increase in fraud and dishonest practices especially in relatively new fields of digital banking.

Retail Banking Goals for 2018:

- To achieve service excellence.
- To increase the number of delivery and service channels.
- To penetrate the market more effectively and increase the customer base.
- To provide technology driven hassle free services to the customers.
- 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





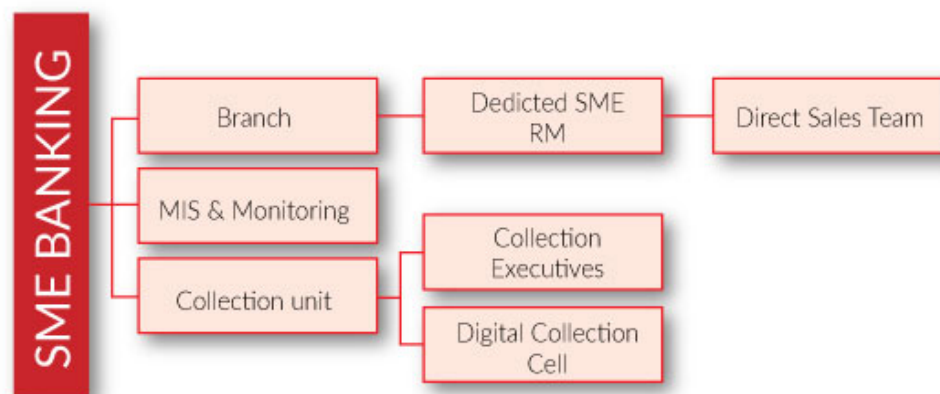
SME Banking

Bangladesh is no more a least developed country rather has become a role model for many of the world's developing economies for its sustained growth rate of 6-7% for almost 10 years in a row. Bangladesh has already entered into the club of Middle income countries and we also expect the momentum to continue if we can hold the steering right. The sector which has made its highest contribution in this growth spree of Bangladesh is SME. SMEs have been playing a tremendous role in developing the overall economy by accelerating industrialization, generating employment and reducing poverty with remarkable contribution in GDP growth of Bangladesh. Realizing the growth potential, most of the commercial banks have focused on this growing and booming SME sector of the country. Many banks have launched specialized products and also has formed specialized cells to cater the SME business.

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. We have already launched a number of loan products for SME segment and planning to launch specialized deposit products to fulfil the fund management needs of the SME customers. Locations of most of our branches are very favorable to reach the SME customers and planning to focus more on developing various service propositions to meet the growing needs of our SME customers and for better market penetration.

SME Banking Performance Highlights-2017:

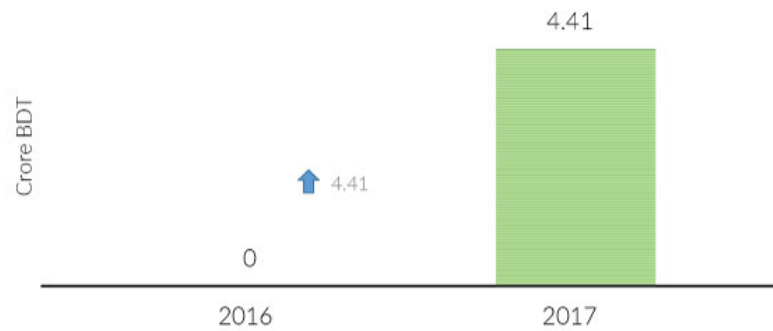
- Launched 3 new loan products named SMBL Astha, an unsecured EMI based SME Loan; SMBL Uddipto, an EMI based unsecured loan for new entrepreneurs; SME Time loan, especially for work order financing.





Financial Highlights:

SME Loan Portfolio



Challenges Ahead:

- Upon realizing the growth potential of SME sector almost all the banks are now giving special attention to SME Banking which makes it more challenging for new entrants like us.
- Rising NPL in SME sector is making SME financing more challenging.

SME Banking goals for 2018:

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



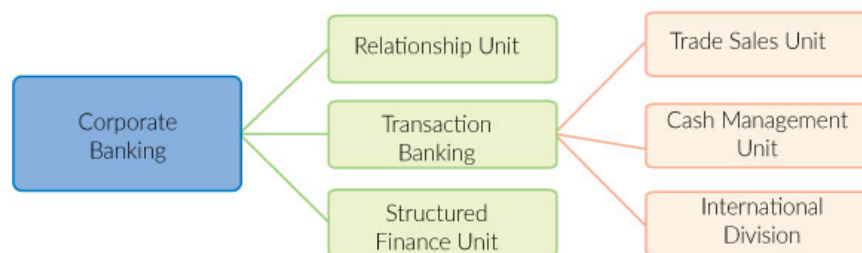


Corporate Banking

An Overview

Public sector investment in Bangladesh increased steadily in recent years with government undertaking some mega projects. Government's strategic emphasis on infrastructure development of the country has opened the avenue for new business in corporate segment. Simultaneously, another government's initiative to make borrowing available in direct foreign currency from foreign sources for the local corporates at lower rates has brought down the corporate lending rates to single digit. Rising non-performing loans in corporate segment across the banking industry has also been a matter of great concern while considering corporate lending.

Amidst all these challenges SMBL corporate banking has achieved significant business growth within its 2 years of operation. We have been able to finance some large and renowned business groups of the country and have been able to mark our presence in the market. SMBL is currently offering working capital finance, term finance, trade finance & syndication and hopeful to launch all other conventional tailor made corporate products like cash management services, offshore banking services etc. within a very short time.



Corporate Banking Performance Highlights-2017:

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

- Launched Corporate Time loan for work order financing
- Launched SMBL Trade products to meet the import and export financing requirements of our corporate clients.

Financial Highlights:





Challenges Ahead:

- Credit concentration on a few large corporates in our banking industry remains a great challenge in corporate banking.
- With limited scope for existing corporates to grow, it is imperative to search for new sectors and avenues that has future growth potential.
- As rising NPL in corporate sector remains a great challenge, there is no alternative to hunt good borrowers.

Corporate Banking Goals for 2018:

- To form structured corporate banking team.
- To form Corporate Cash Management team.
- To launch customized new deposit and loan products as per client's requirement.
- Focusing on corporate segments like infrastructure development, health & pharmaceuticals, agriculture and most importantly help government and private sector in developing the economic zones and related sectors.



Treasury Operations

From the very beginning of the bank opening, Treasury department of Shimanto bank started their activity with Term placement with different NBFI's.

Shimanto bank has a dedicated treasury team which is capable to provide different treasury solutions with different treasury products.

In 2017, Shimanto bank Treasury department started their activity with Money market term placement and with treasury Bonds. Till 31st December 2017, the invested amount in Term placement was BDT 365 crore and Treasury bond investment amount was BDT 37.36 crore also invested in preference share and commercial paper. For market risks monitoring, Shimanto Bank formed Asset Liability Management Committee (ALCO) who monitors the Treasury Division's activities to minimize the market risk. ALCO is primarily responsible for establishing the market risk management and asset liability management of the Bank.

In 2017, Shimanto bank Treasury department provide their best solution for bank profitability and Treasury will continue to further contribute towards Shimanto Bank's profitability in 2018. Shimanto bank Treasury Department planning to expend their activity in Fixed Income, Foreign Exchange and in Money market activity in 2018.





Banking in the Palm

Information Technology is a strategic tool that always transforms Shimanto Bank into an efficient modern financial institution. This division plays an integrated role to deliver services on time to our valued customer. SMBL relies on latest cutting edge technology that focuses on making transaction straightforward for customers by making complex accounting and record-keeping activities automated. At SMBL IT capacity is enhanced every now and then to optimize service management with increased reliability and robustness. With the success of our automation, we had the incentive to develop new products and new delivery channels, to reach new customers and create the opportunity for greater value proposition.

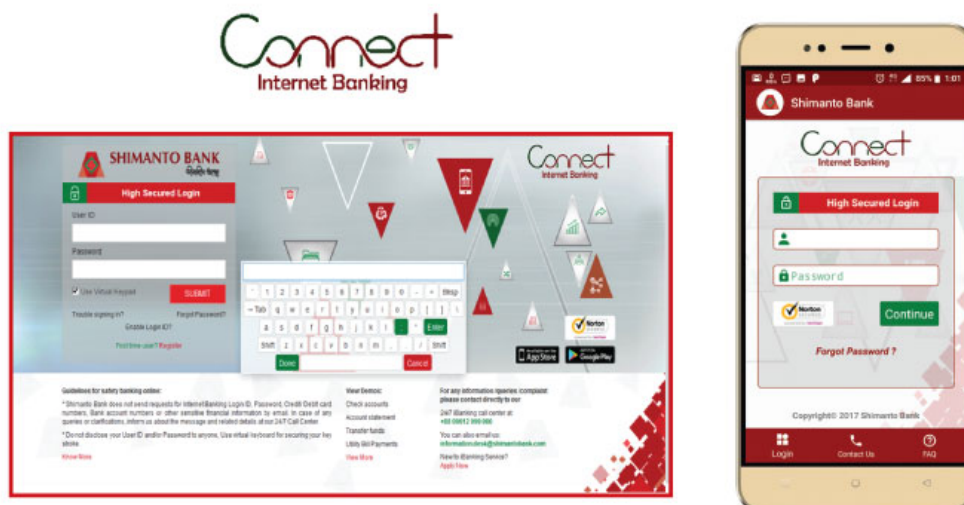
From the birth, Shimanto bank has always been at the vanguard when it comes to adopting state of the art technology to provide product and services to its valued customer. The best application, the best hardware, the best people are the three things that have kept us in front.

We are able to offer wide range of products and anytime-anywhere banking by adopting latest technology the industry can offer. We are one of the few bank in the country offering internet banking with personalized apps for Android devices for individuals from the very beginning. Using internet banking customer can view all kind of account activity instantly. He/she can transfer fund to any account of any bank within the country.

Bank has strong technology platform to support any kind of MIS development. MIS & Reporting platform enabled IT to extract and present data in quickest possible time.

Shimanto Bank has entered into strategic partnerships with some of the best known Information Technology leaders to ensure reliability, stability and scalability. In the era of cloud, virtualization and IT outsourcing we have taken remarkable steps to ensure best utilization of resources by using latest virtualization technology and reduced fixed cost by outsourcing several IT services only after ensuring utmost security.

One of our core value is techno-centricity for which we continuously evolve ourselves with the latest of it. At Shimanto Bank, life in technology means lives made much simple.





Corporate Social Responsibility

With the slogan 'Shimanhin Astha', Shimanto Bank Limited fully owned by Border Guard Bangladesh Welfare Trust started its operations with 100% compliance from October 9, 2016. It is the 57th Commercial Bank operating with latest technologies and offering numbers of attractive asset and liability products and services tailored for country's Retail, SME and Corporate clients. As BGB already has its presence all over the country including remote border areas, it is much easier for Shimanto Bank to expand its business network vis-à-vis providing inclusive banking facilities to non-banked population of the country. The bank is committed to set an example of high standards of corporate governance for the other financial institutions of the country.

Shimanto Bank has already proved itself to be the most successful Bank amongst the newly opened contemporary banks. The Bank is dedicated to serve countrymen irrespective of profession and classes.

As initiated by Bangladesh Bank in 2008, Shimanto Bank is contributing in direct and indirect Corporate Social Responsibility (CSR). Our Management is always concerned about the allocation pattern which includes education, preventive and curative healthcare support, emergency disaster relief, promoting adoption of environmentally sustainable output practices and lifestyles, promoting artistic, cultural, literary, sports and recreational facilities for the underprivileged, upgrading facilities and lifesavings equipment in emergency rescue services like the fire brigades etc, infrastructure improvement for disadvantaged communities in remote far flung areas and so forth.

Abiding by the Indicative guidelines for CSR expenditure allocation and end use oversight as circulated by Bangladesh Bank, Shimanto Bank has allocated mentionable amount of money to Proyash (an institution for the special children's education), a sports federation etc. As a new bank and within 1st and 2nd year of operations our contribution in the field of CSR is praiseworthy.

Shimanto Bank Ltd. has already proved itself to be the most successful Bank among the newly opened contemporary banks. The Bank is dedicated to serve countrymen irrespective of profession and classes.

Human Resources

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.

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 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
- Anti Money Laundering & Counter Financing Terrorism
- Tranzware CMS & Online Operation for employees in Card & ADC
- Asset & Liability Management for employees in Treasury (arranged by Bangladesh Bank)
- BASEL II & III
- Leadership & Teamwork

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.



Muklesur Rahman, Managing Director & CEO of the Bank was present in a Training Session.





Strengthening Internal Control & Compliance for Ensuring Governance

According to Internal Control and Compliance Guideline issued by Bangladesh bank, "Internal control is a process, effected by a bank's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance". An effective internal control system requires reliable information systems in place that cover all significant activities of the bank. A system of strong internal controls can help to ensure that the goals and objectives of a bank will be met and the bank will achieve long-term profitability targets and maintain reliable financial and managerial reporting.

Internal Control and Compliance Department (ICCD) of Shimanto bank Limited has established a sophisticated organizational structure to establish and maintain a strong control culture by implementing and strengthening policy guidelines of internal controls to achieve long-term profitability targets. 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.

Depending on the size and complexity of operations of the Bank, Internal Control and Compliance Department (ICCD) of Shimanto bank Limited (SMBL) comprises of three (03) Units namely: Compliance unit, Monitoring Unit and Audit unit.

Compliance Unit: The compliance objectives of internal control refer to ensure that the bank stays in compliance with all applicable laws and regulations, not only those specifically pertaining to banks, but also those laws and regulations applying to the bank. The compliance unit is responsible for ensuring compliance with applicable laws, regulations, policy and guidelines of relevant regulatory authorities (BB, NBR, BSEC etc.) by concerned employees/ department of Shimanto bank Limited (SMBL). The compliance unit maintains liaison with the regulators at all levels and notifies relevant internal division/ departments regarding any regulatory changes. Compliance unit performs a diverse range of compliance and regulatory functions. Some major functions of this unit are as follows:

- Ensure regulatory compliance enforced by different regulatory bodies like the central bank, tax authority, Ministry of Finance, Law enforcing agencies and other regulators.
- Ensure compliance with the suggestions and instructions made by Bangladesh bank based on comprehensive and special inspections.
- Support and advice departments and branches in complying with their various regulatory and other compliance issues as required.
- Respond to various queries from different authorities such as Bangladesh bank, tax Authority, ministry of Finance, Anti-Corruption Commission, Central intelligence Cell etc. regarding various customer information and transactions and activities and investigation of different cases.
- Ensure accurate, structured and timely reporting to different entities as per requirement.
- Follow up of the Bank's regular and adhoc submission of returns/ reports/ queries to Bangladesh Bank and other regulatory bodies.
- Review of Policies and Guidelines of the Bank.
- Arrange training and workshop on Anti Money Laundering.
- The legal compliance of the bank ensuring legal support to all branches and departments of SMBL. It performs vetting of various agreements including lease agreements and contracts for Business and Support Functions of the Bank.





Monitoring Unit: The objective of the monitoring unit is to conduct effective monitoring on the proper implementation of various control tools (DCFCL, QOR, LDCL and Self-Assessment Anti-Fraud Internal Control Checklist) in all branches and divisions/departments at head office of the bank to strengthen internal check and internal control system of the bank; This unit is dedicated to prevent and minimize the risk of loss arising from inadequate and/ or ineffective internal process, people and system. Some major tools used by this unit are as follows:

- Branch/ Departmental Control Function Checklist (DCFCL).
- Loan Documentation check list (LDCL).
- Quarterly Operations Report (QOR).
- Spot check/ surprise visit in branches and departments.
- Incident Reports from various areas etc.

Audit Unit: Audit Unit of Shimanto bank Limited (SMBL) is applying risk based internal audit methodology for doing their audit functions. Under risk-based internal audit, the focus shifts from the full-scale transaction testing to risk identification, prioritization of audit areas and allocation of audit resources in accordance with the risk management. The audit team of the ICCD assesses the effectiveness of the internal control system of the bank through periodic internal audit.

Annual audit plan is prepared by considering all risk areas and their prioritization based on the level and directions of risks. This annual audit plan is approved by the bank's senior management with concurrence of the Audit Committee of the Board.

The internal audit unit of Shimanto bank Limited (SMBL) is independent from the internal control process in order to avoid any conflict of interest and it is given appropriate standing within the bank to carry out its assignments. The management of Shimanto bank Limited (SMBL) ensures that the internal audit staff performs their duties with objectivity and impartiality.

Results and status of internal audit in 2017: In 2017, Four (04) branches and Ten (10) divisions/ departments were audited by the audit unit of the bank as per audit plan. After finalization of audit report, audit rating has been calculated based on audit findings and Shimanto bank Limited (SMBL) Audit Policy and this rating has been informed to the related management with audit report.

Major audit findings include but not limited to different types of operational lapses due to human error, non-compliance of internal policies or circulars, lack of thorough knowledge about relevant laws and regulations etc. The deficiencies identified during the audits have been notified to the appropriate level (business heads) and significant audit findings have been reported to the Managing Director & CEO level and to the Audit Committee of the Board as well.





Independent Auditor's Report and Audited Financial Statements

For the year ended 31 December 2017





ACNABIN
Chartered Accountants

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Dhaka-1215, Bangladesh.

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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 2017 and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended 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 Companies 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 referred to above give a true and fair view of the financial position of the Bank as at 31 December 2017, and of its financial performance and its cash flows for the year then ended 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 Companies 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;
 - a) the expenditure incurred was for the purposes of the Bank's business;
 - e) 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;
 - f) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
 - g) the records and statements submitted by the branches have been properly maintained in the financial statements;
 - h) the information and explanation required by us have been received and found satisfactory; and
 - i) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 1,650 person hours for the audit of the books and accounts of the Bank.

Dhaka,
27 February 2018

Acnabin
ACNABIN
Chartered Accountants





Balance Sheet

As at 31 December 2017

	Notes	31.12.2017 Taka	31.12.2016 Taka
PROPERTY AND ASSETS			
Cash	4	428,037,198	147,780,120
Cash in hand (including foreign currency)	4.1	102,838,031	9,000,600
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	4.2	325,199,167	138,779,521
Balance with other banks and financial institutions	5	214,438,074	531,133,740
In Bangladesh	5.1	214,034,529	531,133,740
Outside Bangladesh		403,546	-
Money at call on short notice	6	3,650,000,000	3,500,000,000
Investments	7	633,660,565	154,956,858
Government	7.1	373,660,565	44,956,858
Others	7.2	260,000,000	110,000,000
Loans and advances	8	2,744,822,928	435,197,581
Loans, cash credits, overdrafts etc.	8.1	2,744,822,928	435,197,581
Bills purchased & discounted		-	-
Fixed assets including premises, furniture and fixtures	9	106,682,729	43,012,871
Other assets	10	202,107,206	143,517,738
Non-banking assets		-	-
Total Assets		<u>7,979,748,700</u>	<u>4,955,598,908</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	-	-
Deposits and other accounts	12	3,793,917,768	914,210,556
Current deposit accounts		77,680,653	10,317,633
Bills payable		12,753,504	6,220,572
Savings bank deposits		864,321,487	148,743,795
Fixed deposits		2,827,021,926	747,033,236
Other deposits		12,140,198	1,895,320
Other liabilities	13	149,111,830	36,304,627
Total Liabilities		<u>3,943,029,598</u>	<u>950,515,184</u>
Capital/Shareholders' Equity			
Total Shareholders' Equity		4,036,719,102	4,005,083,724
Paid-up capital	14.2	4,000,000,000	4,000,000,000
Statutory reserve	15	15,923,583	3,202,523
Retained earnings	16	17,190,879	1,881,201
Other reserves	16.1	3,604,640	-
Total Liabilities and Shareholders' Equity		<u>7,979,748,700</u>	<u>4,955,598,908</u>





OFF-BALANCE SHEET ITEMS

Contingent liabilities

Acceptances and endorsements
Letters of guarantee
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

31.12.2017 Taka	31.12.2016 Taka
147,020,625	-
-	-
-	-
1,105,625	-
-	-
145,915,000	-
-	-
-	-
-	-
-	-
147,020,625	-

The annexed notes form an integral part of these financial statements.


Chairman


Director


Director


Managing Director & CEO

This is the balance sheet referred to in our separate report of even date.

Dhaka
27 February 2018


ACNABIN
Chartered Accountants





Profit and Loss Account

For the year ended 31 December 2017

	Notes	2017 Taka	2016 Taka
OPERATING INCOME			
Interest income	18	418,255,771	85,005,508
Interest on deposits and borrowings etc	19	(117,938,980)	(6,393,528)
Net interest income		300,316,791	78,611,980
Investment income	20	16,436,683	1,229,413
Commission, exchange and brokerage	21	5,061,771	94,779
		21,498,454	1,324,192
Total operating income (a)		321,815,245	79,936,171
OPERATING EXPENSE			
Salaries and allowances	22	105,521,924	16,901,527
Rent, taxes, insurance, electricity, etc.	23	45,563,928	7,417,173
Legal expenses	24	834,230	70,890
Postage, stamp, telecommunication, etc.	25	2,678,792	8,564
Stationery, printings, advertisements, etc.	26	5,207,810	3,799,901
Chief executive's salary and fees		10,140,000	2,250,000
Directors' fees	27	487,800	78,000
Auditors' fees	28	300,000	300,000
Depreciation and repairs of Bank's assets	29	48,777,593	29,763,584
Other expenses	30	13,669,607	3,333,918
Total operating expenses (b)		233,181,683	63,923,557
Profit before provision (c = (a-b))		88,633,562	16,012,615
Provision against loans and advances			
General Provision	31	25,028,259	4,229,381
Specific Provision		-	-
Total provision (d)		25,028,259	4,229,381
Profit before taxation (e=c-d)		63,605,303	11,783,234
Provision for taxation (f)		35,574,564	6,699,510
Current tax	13.2	34,975,096	6,208,736
Deferred tax expense	13.3	599,468	490,773
Net profit after taxation (g=e-f)		28,030,739	5,083,724
Appropriations			
Statutory reserve	15	12,721,061	3,202,523
General reserve		-	-
		12,721,061	3,202,523
Retained earnings		15,309,678	1,881,201
Earnings Per Share (EPS)	33	0.070	0.013

The annexed notes form an integral part of these financial statements.

Chairman

Director

Director

Managing Director & CEO

This is the profit and loss account referred to in our separate report of even date.

Dhaka
27 February 2018

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Chartered Accountants





Cash Flow Statement

For the year ended 31 December 2017

	Notes	2017 Taka	2016 Taka
Cash flows from Operating Activities			
Interest receipts in cash		382,693,006	51,435,537
Interest payments		(93,054,932)	(1,009,003)
Dividend receipts		10,873,958	952,837
Fees and commission receipts in cash		5,061,771	94,779
Cash payments to employees		(115,661,924)	(19,151,527)
Cash payments to suppliers		(8,358,484)	(78,646,810)
Income taxes paid		(30,029,575)	(5,306,158)
Receipts from other operating activities	34	5,592,021	276,575
Payments for other operating activities	35	(74,152,860)	(15,105,865)
(i) Operating profit before changes in operating assets & liabilities		82,962,981	(66,459,633)
Change in operating assets and liabilities			
Loans and advances to customers		(2,309,625,347)	(435,197,581)
Other assets		(7,346,933)	(34,092,906)
Deposits from customers		2,879,707,212	906,094,664
Other liabilities		27,320,330	8,883,490
(ii) Cash generated from operating assets and liabilities		590,055,262	445,687,666
Net cash flow from operating activities (a)=(i)+(ii)		673,018,243	379,228,033
Cash Flows from Investing Activities			
Payments for purchase of government securities		(325,080,467)	(44,956,858)
Payments for purchase of securities		(150,000,000)	(110,000,000)
Purchase of property, plant and equipment		(84,357,763)	(45,356,515)
Net cash used in investing activities (b)		(559,438,230)	(200,313,373)
Cash Flows from Financing Activities			
Receipts from issue of ordinary share		-	4,000,000,000
Net cash flow from financing activities (c)		-	4,000,000,000
Net Increase in cash and cash equivalents (a+b+c)		113,580,013	4,178,914,660
Cash and cash equivalents at beginning of the year		4,178,914,660	-
Cash and cash equivalents at end of the year (*)		4,292,494,672	4,178,914,660
(*) Cash and cash equivalents:			
Cash in hand		102,838,031	9,000,600
Prize bonds		19,400	800
Money at call on short notice		3,650,000,000	3,500,000,000
Balance with Bangladesh Bank and its agent bank(s)		325,199,167	138,779,521
Balance with other banks and financial institutions		214,438,074	531,133,740
		4,292,494,672	4,178,914,660

The annexed notes form an integral part of these financial statements.



Chairman



Director



Director



Managing Director & CEO

Dhaka
27 February 2018


ACNABIN
 Chartered Accountants





Statement of Changes in Equity

For the year ended 31 December 2017

(Amount in Taka)

Particulars	Paid-up Capital	Statutory Reserve	Other Reserves (Investment Revaluation Reserve)	Retained Earnings	Total Equity
Proceeds from issue of shares	4,000,000,000	3,202,523	-	1,881,201	4,005,083,724
Surplus/deficit on account of revaluation of investments	-	-	3,604,640	-	3,604,640
Currency transaction differences	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-
Net profit after tax for the year	-	-	-	28,030,739	28,030,739
Transfer to statutory reserve	-	12,721,061	-	(12,721,061)	-
Balance as at 31 December 2017	4,000,000,000	15,923,583	3,604,640	17,190,879	4,036,719,102

Particulars	Paid-up Capital	Statutory Reserve	Other Reserves (Investment Revaluation 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 investments	-	-	-	-	-
Currency transaction differences	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-
Net profit after tax for the period	-	-	-	5,083,724	5,083,724
Transfer to statutory reserve	-	3,202,523	-	(3,202,523)	-
Balance as at 31 December 2016	4,000,000,000	3,202,523	-	1,881,201	4,005,083,724

The annexed notes form an integral part of these financial statements.


Chairman


Director


Director


Managing Director & CEO

Dhaka
27 February 2018


Chartered Accountants

Liquidity Statement

(Assets and Liabilities Maturity Analysis)
As at 31 December 2017



SHIMANTO BANK LIMITED

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets						
Cash in hand (including balance with bangladesh banks and its agent banks)	428,037,198	-	-	-	-	428,037,198
Balance with other banks and financial institutions	-	214,438,074	-	-	-	214,438,074
Money at call on short notice	-	3,650,000,000	-	-	-	3,650,000,000
Investments	19,400	-	150,000,000	173,727,352	309,913,814	633,660,565
Loans & advances	396,786,031	-	-	2,348,036,897	-	2,744,822,928
Fixed assets including premises, furniture and fixture	-	-	-	106,682,729	-	106,682,729
Other assets	43,199,509	-	-	158,907,697	-	202,107,206
Non-banking assets	-	-	-	-	-	-
Total Assets (a)	868,042,138	3,864,438,074	150,000,000	2,787,354,675	309,913,814	7,979,748,700
Liabilities						
Borrowing from other banks, financial institutions and agents	-	-	-	-	-	-
Deposit and other accounts	102,574,356	864,321,487	2,250,472,231	576,549,695	-	3,793,917,768
Other liabilities	149,111,830	-	-	-	-	149,111,830
Total Liabilities (b)	251,686,185	864,321,487	2,250,472,231	576,549,695	-	3,943,029,598
Net Liquidity Gap (a-b)	616,355,953	3,000,116,587	(2,100,472,231)	2,210,804,980	309,913,814	4,036,719,102



Notes to the Financial Statements

For the year ended 31 December 2017

1. The Bank and its activities

1.1 Legal form of the bank

The Shimanto Bank Limited ("the Bank") is a scheduled commercial bank established under the Banking Companies Act, 1991 and incorporated as a Public 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 nine (09) branches operating in Bangladesh and the Bank has no overseas branches as at 31 December 2017.

The registered office of the Bank is located at Road-02, Bir Uttam M. A. Rob 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 year ended 31 December 2017 have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Banking Companies Act, 1991 (amended in 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 Banking Companies Act, 1991 (amended in 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.

Material departures from the requirement of BFRS are as follows

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 Banking Companies 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 at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.





iii) Revaluation gains/losses on Government securities

BFRS: As per BAS 39, where securities will fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognised through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method and interest income is recognised 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, HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

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 (23 September 2012), BRPD circular no. 19 (27 December 2012) and BRPD circular no. 05 (29 May 2013) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for substandard loans, doubtful loans and bad losses has to be maintained at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again, as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all 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: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank 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.

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 cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

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.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must 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 circular no. 14 dated 25 June 2003, 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 Bills and Bonds designated as 'Held for Trading (HFT)' are measured weekly using 'mark to market' concept with gain credited to revaluation reserve but loss charged to Profit and Loss Account.
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' are amortized each year with resulting gain credited to revaluation reserve 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 in conformity with BAS and BFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts 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. The most significant areas where estimates and judgements have been made are on provision for loans and advances, income tax, deferred tax, employee benefits and liquidity statement. Key estimates include:

- Provision for loan and advances
- Deferred tax assets/liabilities
- Provision for gratuity and superannuation fund
- Depreciation of fixed assets
- Amortization of Intangible assets

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 year have been classified as operating activities, investing activities and financing activities.

2.6 Reporting period

These financial statements of the Bank cover a calendar year from 01 January 2017 to 31 December 2017.

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 2017 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 methods of investments used are:

Held to Maturity (HTM)

Investments which are intended to be held till 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 on acquisition. Premiums are amortized and discount accredited, using the effective or historical yield method. Any increase or decrease in value of such investments is booked to equity and in the profit and loss statement respectively.

Held for Trading (HFT)

Investment classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or designated as such by the management. After initial recognition, investments are measured at fair value and any change in the fair value is recognized in the profit and loss statement (if decrease) and revaluation reserve (if increase) as per Bangladesh Bank DOS Circular no. 05 dated 28 January 2009.

Investment in unquoted securities

Investment in unquoted 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 unquoted 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".

Investments are stated at following bases:

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 Banking Companies Act, 1991 (amended in 2013), instead of netting off with loans.

Heads	Rates
General provision on:	
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%
Unclassified Short term agri credit and micro credit	2.50%
Off balance sheet exposures	1%
Specific provision on:	
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 month of putting the assets in use after acquisition and no depreciation is charged from the month when the assets are disposed.

Category of fixed assets	Rate of depreciation
Furniture & Fixtures	20%
Office Equipment	23%
Software	20%
Decoration & Renovation	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 'non income 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 year there are off-balance sheet exposures related to L/C liabilities & Government Sanchaypatra.

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 Banking Companies 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 year ended 31 December 2017, 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 Events 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 year ended 31 December 2017.

SI#	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 Disclosure of Government Assistance	Not Applicable
13	21	The Effects of Changes in Foreign Exchange Rates	Not Applicable
14	23	Borrowing Costs	Not Applicable
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	Complied
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

** 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 20th Board Meeting on 11 April 2018.





		2017 Taka	2016 Taka
4. Cash			
Cash in hand (including foreign currency)	(Note: 4.1)	102,838,031	9,000,600
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	(Note: 4.2)	325,199,167	138,779,521
		428,037,198	147,780,120
4.1 Cash in hand			
In local currency		101,715,749	9,000,600
In foreign currency		1,122,282	-
		102,838,031	9,000,600
4.2 Balance with Bangladesh Bank and its agent bank(s)			
Balance with Bangladesh Bank			
In local currency		325,199,167	138,779,521
In foreign currency		-	-
		325,199,167	138,779,521
4.3 Statutory deposits			
Conventional Banking			
Cash Reserve Requirement and Statutory Liquidity Ratio			
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, we have to maintained 6.0% daily CRR, 6.50% bi-weekly CRR and 13% SLR on daily basis for the month of December 2017, based on Demand and Time liability for the month of October 2017.			
(a) Cash Reserve Requirement (CRR)			
Average Total Demand & Time Liabilities		2,482,847,458	906,889,850
Bi-weekly as on the reporting date			
Required reserve (6.50% of total time & demand liabilities)		161,385,085	-
Actual reserve maintained (12.24%)		303,803,437	138,779,521
Surplus		142,418,352	138,779,521
Daily Position as on the reporting date			
Required reserve (6.00% of total time & demand liabilities)		148,970,847	58,947,840
Actual reserve maintained (12.24%)		303,803,437	138,779,521
Surplus		154,832,590	79,831,680
(b) Statutory Liquidity Ratio (SLR)			
Required reserve (13% of total time & demand liabilities)		322,770,169	117,895,681
Actual reserve maintained (25.22%)		626,084,915	133,789,138
Surplus		303,314,746	15,893,457
(c) Components of Statutory Liquidity Ratio (SLR)			
Cash in hand		102,838,031	9,000,600
Balance with Sonali Bank Limited		7,167,966	-
Excess reserve of CRR (6.50% of bi-weekly)		142,418,352	79,831,680
HTM securities		127,034,475	44,956,058
HFT securities		246,606,690	-
Other eligible security		19,400	800
		626,084,915	133,789,138





	2017 Taka	2016 Taka
4.4		
On demand	428,037,198	147,780,120
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	-	-
	428,037,198	147,780,120
5. Balance with other banks and financial institutions		
In Bangladesh	(Note: 5.1) 214,034,529	531,133,740
Outside Bangladesh	403,546	-
	214,438,074	531,133,740
5.1 In Bangladesh		
Special Notice Deposits		
Bank Name		
AB Bank Limited	209,058,058	530,542,095
Trust Bank Limited	428,918	128,169
Trust Bank Limited	4,485,061	463,476
Sonali Bank Limited	62,492	-
	214,034,529	531,133,740
5.2 Maturity grouping of balance with other banks and financial institutions		
Repayable – on demand	-	-
– up to 3 months	214,034,529	531,133,740
– over 3 months but below 1 year	-	-
– over 1 year but below 5 years	-	-
– over 5 years	-	-
	214,034,529	531,133,740



		2017 Taka	2016 Taka
6. Money at call on short notice			
In Bangladesh	(Note: 6.1)	3,650,000,000	3,500,000,000
Outside Bangladesh		-	-
		3,650,000,000	3,500,000,000
6.1 In Bangladesh			
<u>With non-banking financial institutions (At Short Notice)</u>			
IPDC Finance Ltd.		750,000,000	500,000,000
IDLC Finance Ltd.		400,000,000	500,000,000
United Finance Ltd.		300,000,000	500,000,000
Delta Brac Housing Finance Corporation		550,000,000	500,000,000
LankaBangla Finance Ltd.		650,000,000	500,000,000
IIDFC Ltd.		500,000,000	500,000,000
Union Capital Ltd.		400,000,000	300,000,000
Phoenix Finance & Investment Ltd.		100,000,000	100,000,000
National Housing Finance and Investment Ltd.		-	100,000,000
		3,650,000,000	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		3,650,000,000	3,500,000,000
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 years		-	-
More than 5 years		-	-
		3,650,000,000	3,500,000,000
7. Investments			
Government securities	(Note: 7.1)	373,660,565	44,956,858
Other investments	(Note: 7.2)	260,000,000	110,000,000
		633,660,565	154,956,858
7.1 Government securities			
Treasury bonds	(Note: 7.1.1)	373,641,165	44,956,058
Prize bonds		19,400	800
		373,660,565	44,956,858
7.1.1 Treasury Bond			
02 years treasury bond		20,428,639	-
05 years treasury bond		43,298,713	44,956,058
10 years treasury bond		171,676,161	-
15 years treasury bond		66,173,750	-
20 years treasury bond		72,063,903	-
Total Treasury Bond		373,641,165	44,956,058
7.1.2 Investment in securities are classified as per Bangladesh Bank Circular			
Held for Trading (HFT)			
10 years Bangladesh Government Treasury Bond		137,675,830	-
15 years Bangladesh Government Treasury Bond		66,173,750	-
20 years Bangladesh Government Treasury Bond		42,757,110	-
		246,606,690	-





		2017 Taka	2016 Taka
	Held to Maturity (HTM)		
	02 years Bangladesh Government Treasury Bond	20,428,639	-
	05 years Bangladesh Government Treasury Bond	43,298,713	44,956,058
	10 years Bangladesh Government Treasury Bond	34,000,331	-
	20 years Bangladesh Government Treasury Bond	29,306,793	-
		127,034,475	44,956,058
		373,641,165	44,956,058
7.2	Other investments		
	Investments in Share (Note 7.2.1)	110,000,000	110,000,000
	Investments in Commercial Paper	150,000,000	-
		260,000,000	110,000,000
7.2.1	Investments in shares		
	Quoted (Publicly Traded)	-	-
	Unquoted (Star Ceramics)	110,000,000	110,000,000
		110,000,000	110,000,000
8.	Loans and advances		
	Loans, cash credits, overdrafts etc (Note: 8.1)	2,744,822,928	435,197,581
	Bills purchased and discounted	-	-
		2,744,822,928	435,197,581
8.1	Loans, cash credits, overdrafts etc		
	Loans	2,348,036,897	434,502,608
	Overdrafts	396,786,031	694,973
	Cash credits	-	-
		2,744,822,928	435,197,581
8.1.1	Maturity grouping of loans and advances		
	Repayable – on demand	396,786,031	694,973
	– upto 3 months	-	-
	– over 3 months but below 1 year	-	-
	– over 1 year but below 5 years	2,348,036,897	434,502,608
	– over 5 years	-	-
		2,744,822,928	435,197,581
8.1.2	Broad category-wise breakup		
	Loans	2,348,036,897	434,502,608
	Overdrafts	396,786,031	694,973
		2,744,822,928	435,197,581





	2017 Taka	2016 Taka
8.1.3 Product wise Loans and Advances		
Overdraft	396,786,031	694,973
Time loan	193,635,814	3,203,500
Term loan	2,121,643,750	400,000,000
Staff Loan	32,757,333	31,299,108
	2,744,822,928	435,197,581
8.1.4 Net loans and advances		
Gross loans and advances	2,744,822,928	435,197,581
Less: Provision for loans and advances	29,257,640	4,229,381
	2,715,565,288	430,968,201
8.1.5 Significant concentration		
Advances to customer groups	2,104,675,610	35,197,581
8.1.6 Advances to customers for more than 10% of Bank's total capital		
Total capital of the Bank	4,000,000,000	4,000,000,000
Number of clients	-	1
Amount of outstanding advances	-	400,000,000
Amount of classified advances	-	-
Measures taken for recovery	Not applicable	Not applicable
8.1.7 Industry-wise loans and advances		
Working capital	228,663,346	400,000,000
Others	2,516,159,582	35,197,581
	2,744,822,928	435,197,581
8.1.8 Geographical location-wise (division) distribution In Bangladesh		
<u>Urban Branches</u>		
Dhaka	1,933,849,290	435,197,581
Chittagong	588,129,916	-
Khulna	35,826,577	-
Mymensingh	187,017,145	-
Sylhet	-	-
Barisal	-	-
Rajshahi	-	-
Rangpur	-	-
	2,744,822,928	435,197,581
8.1.9 Classification of loans and advances In Bangladesh		
<u>Unclassified</u>		
Standard	2,744,491,778	435,197,581
Special Mention Account	331,150	-
	2,744,822,928	435,197,581
<u>Classified</u>		
Sub-Standard	-	-
Doubtful	-	-
Bad/Loss	-	-
	2,744,822,928	435,197,581





	2017 Taka	2016 Taka
8.1.10 Particulars of Loans and advances		
(i) Loans considered good in respect of which the Bank is fully secured	2,677,361,719	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	67,461,209	35,197,581
(iv) Loans adversely classified but provision not maintained there against	-	-
(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 8.1.10 (a)]	7,235,907	75,01,500
(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	-	-
(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	-	-

8.1.10(a) *The amount represents loans for Tk. 7,235,907 due by the employees of the Bank.



	2017 Taka	2016 Taka
9. Fixed assets including premises, furniture and fixtures		
Cost:		
Freehold Properties:		
Computer & Network	59,196,402	28,141,060
Furniture & Fixture	9,998,404	2,101,922
Office Equipment	20,358,883	4,488,533
Decoration & Renovation	5,362,955	-
	94,916,644	34,731,515
Intangible assets:		
Software	34,797,634	10,625,000
	129,714,278	45,356,515
Less: Accumulated depreciation and amortization (Note: 9.1)	23,031,549	2,343,644
	106,682,729	43,012,871
9.1 Accumulated depreciation		
Computer & Network	11,392,888	1,469,377
Software	7,023,198	531,250
Furniture & Fixture	1,275,361	102,896
Office Equipment	2,766,885	240,121
Decoration & Renovation	573,217	-
	23,031,549	2,343,644
A schedule of fixed assets is given in Annexure-A		
10 Other Assets		
Income generating		
Income receivable on investment	10,621,427	675,227
Interest receivable from calls and placements	39,377,708	28,430,764
Interest receivable on loans & advances	14,143,063	3,511,143
Dividend receivable from preference share	923,541	952,837
Shanchaypatra Receivable	4,037,701	-
	69,103,441	33,569,971
Non-Income generating		
Advance rent	67,490,615	76,806,810
Advance income tax (Note: 10.1)	35,335,733	5,306,158
Advance VAT	7,980,965	1,457,863
Advance, deposit & prepayments (Note: 10.2)	20,565,721	4,521,774
Inventory (Note: 10.3)	1,630,732	-
Pre-opening expenses (Note: 10.4)	-	21,854,275
Clearing charges adjustment	-	888
	133,003,766	109,947,767
	202,107,206	143,517,738
10.1 Advance income tax		
Opening Balance	5,306,158	-
Add: Paid during the year	30,029,575	5,306,158
	35,335,733	5,306,158
Less: Adjustment during the year	-	-
	35,335,733	5,306,158





	2017 Taka	2016 Taka
10.2 Advance, deposit & prepayments		
House furnishing allowance	2,276,651	2,504,774
Temporary advance to staff	1,847,295	177,000
Prepaid/Deferred Expenses	16,441,776	1,840,000
	20,565,722	4,521,774
10.3 Inventory		
VISA Plastic card	1,100,000	-
Printing Stationary	26,684	-
Stamps (Judicial & Non- Judicial)	504,049	-
	1,630,732	-
10.4 Pre-opening expenses		
Opening balance	21,854,275	-
Add: Prior year adjustment/ Addition during the year	824,719	21,854,275
	22,678,994	21,854,275
Less: Amortized during the year	22,678,994	-
	-	21,854,275





		2017 Taka	2016 Taka
11. Borrowings from other banks, financial institutions and agents			
In Bangladesh		-	-
Outside Bangladesh		-	-
		-	-
12. Deposit and other accounts			
Current deposits accounts	(Note: 12.1)	77,680,653	10,317,633
Bills payables	(Note: 12.2)	12,753,504	6,220,572
Savings bank deposit accounts	(Note: 12.3)	864,321,487	148,743,795
Fixed deposit accounts	(Note: 12.4)	2,827,021,926	747,033,236
Other deposits	(Note: 12.5)	12,140,198	1,895,320
		3,793,917,768	914,210,556
12.1 Current deposits accounts			
Corporate accounts		21,429,405	1,214,171
SME accounts		55,639,385	9,103,462
Individual		611,863	-
		77,680,653	10,317,633
12.2 Bills payables		12,753,504	6,220,572
12.3 Savings bank deposit accounts			
Shimanto Sanchay		197,884,498	13,222,170
SMBL Staff Salary Account		5,413,603	2,830,624
BGB Payroll Account		103,406,877	345,073
SMBL SND Account (Corporate)		290,199,309	123,423,655
SMBL SND Account (SME)		186,983,480	8,922,274
SMBL Payroll		2,090,998	-
BGB School Payroll Account		68,976,293	-
RFGD Account (USD)		343,330	-
BGB School PF Account		6,947,638	-
BGB School Gratuity Account		2,075,461	-
		864,321,487	148,743,795
12.4 Fixed deposit accounts			
Fixed Deposit -1M -Retail		84,562,833	1,151,643
Fixed Deposit -3M -Retail		114,887,837	331,681,410
Fixed Deposit -6M -Retail		2,705,740	7,700,000
Fixed Deposit -1Year -Retail		70,262,700	8,200,000
Fixed Deposit -1M -Corporate		32,407,493	70,000,000
Fixed Deposit -3M -Corporate		1,999,203,360	10,600,000
Fixed Deposit -1Year -Corporate		442,550,820	307,642,029
Fixed Deposit -1Year -SME		52,772,000	10,000,000
Shimanto DPS		10,964,175	58,154
Fixed Deposit -1M -SME		3,500,000	-
Fixed Deposit -3M -SME		13,204,968	-
		2,827,021,926	747,033,236
12.5 Other deposits			
Margin on L/C		1,105,625	315,000
PF Fund		9,266,497	1,580,320
Security Deposit Held from Vendor		1,768,076	-
		12,140,198	1,895,320





	2017 Taka	2016 Taka
12.6 Maturity analysis of deposits and other deposits		
Repayable – on demand	100,043,984	21,609,222
– within 1 month	120,470,326	71,151,643
– over 1 month but within 3 months	2,994,148,024	474,627,339
– over 3 months but within 1 year	568,291,260	7,700,000
– over 1 year but within 5 years	3,886,686	339,122,353
– over 5 years	7,077,489	-
	3,793,917,768	914,210,557
12.7 Sector-wise break up of deposits and other accounts		
Autonomous & Semi-Autonomous Bodies	1,285,690,910	553,478,982
Other Non-financial Corporations- Private	1,786,733,017	339,122,353
Private	721,493,842	21,609,222
	3,793,917,769	914,210,557
13. Other liabilities		
Accumulated provision against loans and advances (Note 13.1)	29,257,640	4,229,381
Provision for current tax (Note 13.2)	41,183,832	6,208,736
Accounts payable -Interest payable	30,268,575	5,384,526
Shanchaypatra payable	23,365,000	13,000,000
ATM settlement (NPSB/Q-Cash) payable	7,235,161	29,197
Accrued expenses	6,244,292	4,174,260
Excise duty payable	4,484,800	182,850
Tax payable (At source)	3,791,850	2,164,665
VAT payable	1,028,066	434,872
Deferred tax liability (Note 13.3)	1,090,241	490,773
POS settlement account payable	170,954	1,107
BACH clearing charge payable	470,938	3,410
ATM replenishment GL	134,500	-
Payable to SSL for ATM Settlement	385,981	-
CIB Payable	-	850
	149,111,830	36,304,627
13.1 Accumulated provision against loans and advances		
<u>The movement in specific provision for bad and doubtful debts</u>		
Opening balance	-	-
Fully provided debts written off during the year (-)	-	-
Recovery of amounts previously written off (+)	-	-
Specific provision made during the year (+)	-	-
Transferred to general provision of loans and advances (-)	-	-
Transfer from general reserve (+)	-	-
Recoveries and provision no longer required (-)	-	-
Net charge to Profit and Loss Account (+)	-	-
Balance as at 31 December 2017	-	-
Total provision on classified loans and advances	-	-
<u>On unclassified loans</u>		
Opening Balance	4,229,381	-
Transfer from specific provisions (+)	-	-
Transfer to general reserve during the year (-)	-	-
General provision made during the year (+)	25,028,259	4,229,381
Balance at the year ended	29,257,640	4,229,381
Total provision on un-classified loans and advances	29,257,640	4,229,381
Total provision on loans and advances	29,257,640	4,229,381





	2017 Taka	2016 Taka
Provision for	Required	Maintained
Un-classified loans and advances	25,028,259	4,229,381
Classified loans and advances	-	-
	25,028,259	4,229,381

13.1.1 Details of provision for loans and advances

	Required	Required
General Provision	25,028,259	
Standard	25,011,701	4,229,381
Special Mention Account	16,558	-
Specific Provision	-	-
Substandard	-	-
Doubtful	-	-
Bad/Loss	-	-

13.2 Provision for current tax

Opening Balance	6,208,736	-
Add: Provision made during the year	34,975,096	6,208,736
	41,183,832	6,208,736
Less: Settlement made during the year	-	-
	41,183,832	6,208,736

13.3 Deferred Tax Liability

Temporary timing difference in written down value of fixed asset

Carrying amount of fixed assets	106,682,729	43,012,871
tax base	103,957,125	41,785,938
Taxable Temporary difference	2,725,603	1,226,933
Tax rate	40%	40%
Deferred tax liability	1,090,241	490,773
Opening deferred tax liability	490,773	-
Deferred tax expense/ (Income)	599,468	490,773
	1,090,241	490,773

Deferred tax asset/(liability) have been recognised and measured as per BAS 12 "Income Taxes " and BRPD circular no 11 dated 12 December 2011.

14. Share Capital

14.1 Authorised Capital

1000,000,000 ordinary shares of Taka 10 each	10,000,000,000	10,000,000,000
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14.2 Issued, Subscribed and Paid-up Capital

400,000,000 ordinary shares of Taka 10 each issued for cash	4,000,000,000	4,000,000,000
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14.3 Percentage of shareholding

Particulars	As at 31 December 2017		31.12.2016
	Capital	% of Holdings	% of Holdings
Sponsors and public	4,000,000,000	100	100
Government	-	-	-
	4,000,000,000	100	100





14.4 Classification of shareholders by holding

Holding	No. of holders 31.12.2017	2017 Taka	2016 Taka
		% of total holding 31.12.2017	% of total holding 31.12.2016
Upto 500	15	93.75%	88.89%
501 to 5,000	-	0.00%	0.00%
5,001 to 10,000	-	0.00%	0.00%
10,001 to 20,000	-	0.00%	0.00%
20,001 to 30,000	-	0.00%	0.00%
30,001 to 40,000	-	0.00%	0.00%
40,001 to 50,000	-	0.00%	0.00%
50,001 to 100,000	-	0.00%	0.00%
100,001 to 1,000,000	-	0.00%	0.00%
Over 1,000,000	1	6.25%	11.11%
	16	100.00%	100.00%

14.5 Names of the Directors and their shareholding as at 31 December 2017

Name of the Director	Status	31.12.2017 No of Share	31.12.2016 No of Share
BGB Welfare Trust	SPONSOR	399,999,985	399,999,990
Major General Abul Hossain , ndc, psc, p Eng	Chairman	1	1
Assistant Director Md Mahbubur Rashid	Director	1	1
Colonel Md. Hafzur Rahman, BGBMS, PBGMS,psc	Director	1	1
Brig Gen Md Anisur Rahman, BGBM, ndc	Director	1	-
Brig Gen Mohsen Uddin Ahmed, MPH	Director	1	-
Brig Gen Shahriar Ahmed Chowdhury, PBGMS, ndc, psc	Director	1	-
Brig Gen Md. Zahid Hasan, ndc, psc	Director	1	-
Brig Gen Kazi Taufiqul Islam,BGBM, psc	Director	1	-
Brig Gen Mohammad Al Masum, PBGM, psc	Director	1	-
Brig Gen Md Sazzad Hossain, ndc, psc	Director	1	-
Brig Gen A K M Saiful Islam, BGBM, psc	Director	1	-
Brig Gen Abul Hasant Mohammad Khairul Bashar,BGB-M,PBGM, afwc, ndc,psc,	Director	1	-
Brig Gen K M Ferdausul Shahab, BGBM, PBGMS	Director	1	-
Brig Gen A S M Anisul Haque, BGBM, psc	Director	1	-
Col Md. Tanvir Alam Khan, BGBMS	Director	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 Kazi Aniruddha, BGBM	Director	-	1
Colonel Zabeed Sultan, BGBMS	Director	-	1
		400,000,000	400,000,000

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.





	2017 Taka	2016 Taka
Tier - I Capital		
Common Equity Tier 1 Capital (CET 1)		
Paid up capital	4,000,000,000	4,000,000,000
Statutory reserve	15,923,583	3,202,523
General reserve	-	-
Surplus in profit and loss account/ Retained earnings	17,190,879	1,881,201
Total Common Equity Tier 1 Capital (CET 1)	4,033,114,462	4,005,083,724
Additional Tier 1 Capital (AT 1)	-	-
(i) Total Tier - I Capital	4,033,114,462	4,005,083,724
Tier - II Capital		
General provision including off-balance sheet exposure	29,257,640	4,229,381
Asset revaluation reserve (50%)	-	-
Revaluation reserve for HTM & HFT securities (50%)	-	-
Non-convertible subordinated bond	-	-
	29,257,640	4,229,381
Regulatory Adjustment (if any)	-	-
(ii) Total Tier - II Capital	29,257,640	4,229,381
A. Total Eligible Capital (i+ii)	4,062,372,102	4,009,313,105
B. Risk Weighted Assets		
Credit risk		
Balance sheet business	3,484,884,147	1,695,710,361
Off- balance sheet business	-	-
	3,484,884,147	1,695,710,361
Market risk	-	-
Operational risk	301,313,562	121,023,086
Total risk-weighted assets	3,786,197,709	1,816,733,447
C. Required Capital based 10% of RWA i.e Taka 378,953,054 or 4000,000,000 whichever is higher	4,000,000,000	4,000,000,000
D. Capital Surplus / (Shortfall) [A-C]	62,372,102	9,313,105
Capital to Risk-Weighted Assets Ratio/ Capital Adequacy Ratio (%)	107.29%	220.69%

Capital requirement	31.12. 2017	
	Required	Held
Tier - I Capital (Going Concern Capital)	6.00%	106.52%
Tier - II Capital (Gone Concern Capital)	-	0.77%
Total	11.250%	107.29%

14.6.1 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.

14.6.2 As per risk based capital adequacy guidelines for banks under BASEL - III, the revaluation reserve for assets and securities will diminish at 20% per year on the base amount of 31 December 2014 so that the whole revaluation reserve amount will not get capital treatment after the end of five years (starting from 2015).

14.6.3 As per the risk based capital adequacy guidelines in line with Basel-II issued in December 2010 by Bangladesh Bank, the amount of subordinated debt in the regulatory capital will have to be reduced (amortized) in the last 05 (five) years of the bond's life by 20% from the amount of the instrument.

Capital Adequacy Ratio (CAR) has been calculated as per risk based capital adequacy guidelines in line with BASEL-III issued in December 2014 & DOS Circular No. 02 dated 04 April 2015 on reporting CRAR & leverage ratio by Bangladesh Bank.





	2017 Taka	2016 Taka
15. Statutory reserve		
Opening balance	3,202,523	-
Add: Addition during the year (20% of pre-tax profit)	12,721,061	3,202,523
	15,923,583	3,202,523
16. Retained earnings		
Opening balance	1,881,201	-
Add: Post-tax profit for the year	28,030,739	5,083,724
	29,911,940	5,083,724
Less: Transferred to statutory reserve	12,721,061	3,202,523
	17,190,879	1,881,201
16.1 Other Reserves		
Opening balance	-	-
Add: Revaluation Reserve -T Bond & Bill	3,604,640	-
	3,604,640	-
17. Profit and loss account		
<u>Income:</u>		
Interest, discount and similar income	418,255,771	85,005,508
Investment Income	16,436,683	1,229,413
Fee, commission and brokerage	5,061,771	94,779
Other operating income	-	-
	439,754,226	86,329,700
<u>Expenses:</u>		
Interest paid on deposits, borrowings, etc.	117,938,980	6,393,528
Interest, fee and commission	-	-
Administrative expenses	176,145,177	30,923,473
Other operating expenses	13,669,607	3,333,918
Depreciation and amortization on banking assets	43,366,899	29,666,165
	351,120,663	70,317,085
	88,633,562	16,012,615
18. Interest income		
Interest on loans and advances:		
Loans and advances	126,619,331	3,513,166
Interest on:		
Calls and placements	254,184,722	28,133,264
Balance with other Banks	19,643,499	53,359,078
Interest income from Commercial Paper	17,808,219	-
	291,636,440	81,492,342
	418,255,771	85,005,508





	2017 Taka	2016 Taka
19. Interest paid on deposits, borrowings etc.		
Interest on deposits:		
Fixed deposits	100,743,871	5,392,547
Savings deposits	14,081,540	62,353
Other deposits	3,113,569	938,628
	117,938,980	6,393,528
Interest on borrowings:		
Local banks, financial institutions including Bangladesh Bank	-	-
Subordinated Bond	-	-
	117,938,980	6,393,528
20. Investment income		
Dividend on shares	10,844,663	952,837
Interest on treasury bonds	23,012,981	675,227
Gain/(Loss) on treasury bills and treasury bonds	(13,175,972)	(198,082)
Treasury Expenses (Note 20.1)	(4,244,988)	(200,570)
	16,436,683	1,229,413
20.1 Treasury expenses reflects the amount of interest accrued upto the date of purchase of the Treasury Bond. This amount has been paid at the time of purchase of the Bond.		
21. Commission, exchange and brokerage		
Other fees, commission and service charges	5,056,411	94,779
Commission on letters of credit	5,360	-
Commission on letters of guarantee	-	-
	5,061,771	94,779
22. Salary and allowances		
Basic salary, provident fund contribution and all other allowances	101,821,924	16,901,527
Festival and incentive bonus	3,700,000	-
	105,521,924	16,901,527
23. Rent, taxes, insurance, electricity etc.		
Rent, rates and taxes	42,858,825	7,239,390
Electricity, gas, water, etc.	1,445,556	165,708
Insurance	1,259,547	12,075
	45,563,928	7,417,173
24. Legal expenses		
Legal expenses	834,230	70,890
25. Postage, stamp, telecommunication, etc.		
Telephone	71,703	5,154
Postage, stamp, Courier and shipping	158,507	3,410
Telex, fax, internet, wireless link, SWIFT etc.	1,464,830	-
Branch Connectivity Charges	983,752	-
	2,678,792	8,564
26. Stationery, printing, advertisements, etc.		
Printing and stationery	3,589,670	1,693,299
Publicity, advertisement, etc.	1,618,141	2,106,602
	5,207,810	3,799,901





	2017 Taka	2016 Taka
27. Directors' fees		
Directors' fees	487,800	78,000
Meeting expenses	-	-
	487,800	78,000
Directors' fees include fees for attending the meeting of the Board, Executive Committee, Audit Committee and Risk Management Committee.		
28. Auditors' fees		
Statutory	300,000	300,000
29. Depreciation and repairs of Bank's assets		
Depreciation :		
Computer and Network equipment	9,923,512	1,469,377
Furniture & Fixture - Office	1,172,464	102,896
Office Equipment	2,526,764	240,121
Software	6,491,948	531,250
Decoration & Renovation	573,217	-
	20,687,905	2,343,644
Repairs:		
Computer Accessories	29,654	48,840
Furniture & Fixture	4,160	5,220
Motor Vehicles	172,759	24,393
Repair & Maint. Electricity	1,314,341	18,966
Computer & Network Equipment	1,097,640	-
Building & Decoration	1,433,755	-
Software maintenance	1,172,550	-
Equipment	185,835	-
	5,410,694	97,419
	26,098,599	2,441,063
Amortization of pre-opening expenses	22,678,994	27,322,521
	48,777,593	29,763,584
30. Other expenses		
Bank charges	711,038	327,411
Branch Opening Cost	1,454,444	1,575,635
Local Conveyance	153,979	33,740
Entertainment	2,082,027	184,334
Fuel & Lubricant - Vehicle	691,385	209,910
Books and periodicals	29,174	6,418
Office maintenance (Cleaning, Washing and Other items)	148,530	39,263
Training Expenses	529,854	6,139
Travelling Expenses	1,892,306	124,850
WEB Site Maintenances	76,455	12,017
Cash Carrying Charges	329,533	-
fees to credit rating Agency	172,500	-
fees to surveyor	99,050	-
Miscellaneous Expenses	101,861	-
Recruitment Expenses	124,292	-
Card Related Expenses	1,992,029	-
Excise Duty	881,150	-
Donations	800,000	-
Membership fees	1,400,000	-
Contractual Services (Vehicle Lease)	-	814,200
	13,669,607	3,333,918





	2017 Taka	2016 Taka
31. Provision against loans and advances		
On un-classified loans	25,028,259	4,229,381
On classified loans	-	-
	25,028,259	4,229,381
32. Appropriations		
Retained earnings - brought forward	1,881,201	-
Add: Post-tax profit for the year	28,030,739	5,083,724
	29,911,940	5,083,724
Transferred to		
Statutory reserve	12,721,061	3,202,523
General reserve	-	-
	12,721,061	3,202,523
Retained earnings	17,190,879	1,881,201
33. Earnings Per Share (EPS)		
Profit after taxation	28,030,739	5,083,724
Number of ordinary shares outstanding	400,000,000	400,000,000
Earnings Per Share	0.070	0.013
Earnings Per Share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2017 in terms of Bangladesh Accounting Standard (BAS)-33.		
34. Receipts from other operating activities		
Interest on treasury bills, bonds, debenture and others	-	-
Gain/(Loss) on treasury bills and treasury bonds	23,012,981	675,227
Non-operating income	(13,175,972)	(198,082)
Treasury Expenses	(4,244,988)	(200,570)
	5,592,021	276,575
35. Payments for other operating activities		
Rent, taxes, insurance, electricity, etc.	45,563,928	7,417,173
Postage, stamps, telecommunication, etc.	2,678,792	8,564
Stationery, printing, advertisement, etc.	5,207,810	3,799,901
Repairs of Bank's assets	5,410,694	97,419
Legal expenses	834,230	70,890
Auditor's fees	300,000	300,000
Directors' fees	487,800	78,000
Other Expenses	13,669,607	3,333,918
	74,152,860	15,105,865





36. Highlights of the overall activities of the Bank

Sl #	Particulars	2017 Taka	2016 Taka
1	Paid-up capital	4,000,000,000	4,000,000,000
2	Total capital	4,000,000,000	4,000,000,000
3	Capital surplus	62,372,102	9,313,105
4	Total assets	7,979,748,700	4,955,598,908
5	Total deposits	3,793,917,768	914,210,556
6	Total loans and advances	2,744,822,928	435,197,581
7	Total contingent liabilities and commitments	147,020,625	-
8	Credit-deposit ratio	72.35%	47.60%
9	Ratio of classified loans against total loans and advances	-	-
10	Profit after tax and provision	28,030,739	5,083,724
11	Loans classified during the year	-	-
12	Provision kept against classified loans	-	-
13	Provision surplus/ (deficit)	-	-
15	Cost of fund	8.13%	6.22%
16	Interest earning assets	7,242,921,567	4,621,288,179
17	Non-interest earning assets	736,827,133	334,310,729
18	Return on investments (ROI)	4.17%	0.92%
19	Return on assets (ROA)	0.43%	0.10%
20	Income from investments	16,436,683	1,429,982
21	Earnings per share	0.070	0.013
22	Net Income per share	0.070	0.013

Chairman

Director

Director

Managing Director & CEO

ACNABIN
Chartered AccountantsDhaka
27 February 2018

**37. Related Party Disclosures**

A. i) Name of the Directors and their interest in the Bank as at 31.12.2017:

SL#	Name	Address	Designation	Number of Shares approved by the Board
1	BGB Welfare Trust	Border Guard Bangladesh	Sponsor	399,999,985
2	Major General Abul Hossain , ndc, psc, p Eng	Director General, Border Guard Bangladesh	Chairman	1
3	Brig Gen Md Anisur Rahman, BGBM, ndc	Addl DG (HQ), Border Guard Bangladesh	Director	1
4	Brig Gen Mohsen Uddin Ahmed, MPH	Addl DG (Med), Border Guard Bangladesh	Director	1
5	Brig Gen Shahriar Ahmed Chowdhury, PBGMS, ndc, psc	Addl DG (Admin), Border Guard Bangladesh	Director	1
6	Brig Gen Md. Zahid Hasan, ndc, psc	Addl DG, Border Guard Bangladesh	Director	1
7	Brig Gen Kazi Taufiqul Islam, BGBM, psc	Addl DG, Border Guard Bangladesh	Director	1
8	Brig Gen Mohammad Al Masum, PBGM, psc	Addl DG, Border Guard Bangladesh	Director	1
9	Brig Gen Md Sazzad Hossin, ndc, psc	Addl DG, Border Guard Bangladesh	Director	1
10	Brig Gen A K M Saiful Islam, BGBM, psc	Addl DG, Border Guard Bangladesh	Director	1
11	Brig Gen Abul Hasant Mohammad Khairul Bashar, BGBM, PBGM, afwc, ndc, psc	Addl DG (Ops), Border Guard Bangladesh	Director	1
12	Brig Gen K M Ferdousul Shahab, BGBM, PBGMS	Addl DG (BSB), Border Guard Bangladesh	Director	1
13	Brig Gen A S M Anisul Haque, BGBM, psc	Addl DG, Border Guard Bangladesh	Director	1
14	Colonel Md. Hafizur Rahman, BGBMS, PBGMS, psc	DDG (Record), Border Guard Bangladesh	Director	1
15	Col Md. Tanvir Alam Khan, BGBMS	DDG (Works), Border Guard Bangladesh	Director	1
16	Assistant Director Md Mahbubur Rashid	QM, BG Hospital Dhaka, Border Guard Bangladesh	Director	1





ii) Name of the Directors and their interest in the Bank (as on 31.12.2016):

SL#	Name	Address	Designation	Number of Shares approved by the Board
1	BGB Welfare Trust	Border Guard Bangladesh	Sponsor	399,999,990
2	Major General Abul Hossain , ndc, psc	Director General, Border Guard Bangladesh	Chairman	1
3	Brig Gen Md Habibul Karim, BGBM, BGBMS, ndc, psc	Addl DG, Border Guard Bangladesh	Director	1
4	Brig Gen Md Mahfuzur Rahman, BGBMS, G+	Addl DG, Border Guard Bangladesh	Director	1
5	Brig Gen Taufiqul Hasan Siddiquee, BGBMS	Addl DG (Med), Border Guard Bangladesh	Director	1
6	Brig Gen Salim Mahmud Chowdhury, BP, BGBM	Addl DG (BSB), Border Guard Bangladesh	Director	1
7	Brig Gen Khondoker Farid Hassan, PBGM	Addl DG (Ops), Border Guard Bangladesh	Director	1
8	Colonel Md Hafizur Rahman, PBGMS, psc	DDG (Record), Border Guard Bangladesh	Director	1
9	Colonel Kazi Aniruddha, BGBM	DDG (Admin), Border Guard Bangladesh	Director	1
10	Colonel Zaved Sultan, BGBMS	DDG (Comm), Border Guard Bangladesh	Director	1
11	Assistant Director Md Mahbubur Rashid	QM BG Hospital Dhaka, Border Guard Bangladesh	Director	1

400,000,000

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

SL#	Name	Address	Designation	% of interest
1	BGB Welfare Trust	Border Guard Bangladesh	Sponsor	99.9999980%
2	Major General Aziz Ahmed, BGBM, PBGM, psc, G	Director General, Border Guard Bangladesh	Chairman	0.0000003%
3	Brig Gen Md Mahfuzur Rahman, BGBMS, G+	Addl DG, Border Guard Bangladesh	Director	0.0000003%
4	Brig Gen Taufiqul Hasan Siddiquee, BGBMS	Addl DG (Med), Border Guard Bangladesh	Director	0.0000003%
5	Brig Gen Salim Mahmud Chowdhury, BP, BGBM	Addl DG (BSB), Border Guard Bangladesh	Director	0.0000003%
6	Brig Gen Khondoker Farid Hassan, PBGM	Addl DG (Ops), Border Guard Bangladesh	Director	0.0000003%
7	Colonel Kazi Aniruddha, BGBM	DDG (Admin), Border Guard Bangladesh	Director	0.0000003%
8	Colonel Zaved Sultan, BGBMS	DDG (Comm), Border Guard Bangladesh	Director	0.0000003%
9	Assistant Director Md Mahbubur Rashid	QM BG Hospital Dhaka, Border Guard Bangladesh	Director	0.0000003%
	Total			40, 00, 00,000 (Fully Paid Up)





iv) Name of Directors and their interest in different entities as on 31.12.2017

SL#	Name	Name of the firms/ Companies in which they have interest	Status with the Bank	Status in the interested entities
1	BGB Welfare Trust	Border Guard Bangladesh	Sponsor	N/A
2	Major General Abul Hossain , ndc, psc, p Eng	Border Guard Bangladesh	Chairman	N/A
3	Brig Gen Md Anisur Rahman, BGBM, ndc	Border Guard Bangladesh	Director	N/A
4	Brig Gen Mohsen Uddin Ahmed, MPH	Border Guard Bangladesh	Director	N/A
5	Brig Gen Shahriar Ahmed Chowdhury, PBGMS, ndc, psc	Border Guard Bangladesh	Director	N/A
6	Brig Gen Md. Zahid Hasan, ndc, psc	Border Guard Bangladesh	Director	N/A
7	Brig Gen Kazi Taufiqul Islam, BGBM, psc	Border Guard Bangladesh	Director	N/A
8	Brig Gen Mohammad Al Masum, PBGM, psc	Border Guard Bangladesh	Director	N/A
9	Brig Gen Md Sazzad Hossin, ndc, psc	Border Guard Bangladesh	Director	N/A
10	Brig Gen A K M Saiful Islam, BGBM, psc	Border Guard Bangladesh	Director	N/A
11	Brig Gen Abul Hasant Mohammad Khairul Bashar, BGBM, PBGM, afwc, ndc, psc	Border Guard Bangladesh	Director	N/A
12	Brig Gen K M Ferdousul Shahab, BGBM, PBGMS	Border Guard Bangladesh	Director	N/A
13	Brig Gen A S M Anisul Haque, BGBM, psc	Border Guard Bangladesh	Director	N/A
14	Colonel Md. Hafizur Rahman, BGBMS, PBGMS, psc	Border Guard Bangladesh	Director	N/A
15	Col Md. Tanvir Alam Khan, BGBMS	Border Guard Bangladesh	Director	N/A
16	Assistant Director Md Mahbubur Rashid	Border Guard Bangladesh	Director	N/A

v) Share issued to Directors & Executives without consideration or exercisable at discount: Nil

vi) Related party Transactions: Nil

vii) Loans and Advances to Directors and their related concern: Nil

viii) Business other than banking business with any related concern of the Directors as per Section 18 (2) of Bank Companies Act 1991 (Amended in 2013): Nil

ix) Investments in the Securities of Directors and their related concern: Nil





Shimanto Bank Limited
Schedule of Fixed Assets
As at 31 December 2017

Annexure-A

Particulars	Computer & Network	Software	Furniture and Fixtures	Office Equipment	Decoration & Renovation	Total
Cost/ Revaluation						
Balance as at 01.01.17	28,141,060	10,625,000	2,101,922	4,488,533	-	45,356,515
Addition during the year	31,055,342	24,172,634	7,896,482	15,870,350	5,362,955	84,357,763
Less: Disposal/Adjustment during the year	-	-	-	-	-	-
As At 31 December 2017	59,196,402	34,797,634	9,998,404	20,358,883	5,362,955	129,714,278
Accumulated Depreciation						
Balance as at 01.01.17	1,469,377	531,250	102,896	240,121	-	2,343,644
Addition during the year	9,923,512	6,491,948	1,172,464	2,526,764	573,217	20,687,905
Less: Disposal/Adjustment during the year	-	-	-	-	-	-
As At 31 December 2017	11,392,888	7,023,198	1,275,361	2,766,885	573,217	23,031,549
As at 31 December 2017	47,803,514	27,774,436	8,723,043	17,591,997	4,789,738	106,682,729
As at 31 December 2016	26,671,683	10,093,750	1,999,026	4,248,412	-	43,012,871





Head Office : Road No: 2, Bir Uttam M. A. Rob Sarak
Shimanto Square, Peelkhana, Dhaka-1205, Bangladesh.
Cell: +8809612995000, E-mail: information.desk@shimantobank.com
Web: 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 2nd Annual General Meeting of the Company to be held
on Thursday, 28th June 2018 and at any adjournment thereof.
As Witness my/our hand this..... day of.....2018

Signature of Proxy

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 filled 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.



Head Office : Road No: 2, Bir Uttam M. A. Rob Sarak
Shimanto Square, Peelkhana, Dhaka-1205, Bangladesh.
Cell: +8809612995000, E-mail: information.desk@shimantobank.com
Web: www.shimantobank.com

ATTENDANCE SLIP

I/we do hereby record my/ our attendance at the 2nd Annual General Meeting (AGM) of the Company being held on Thursday, 28th June 2018 at 2015 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

শিমন্ট ব্যাংক লিমিটেড
সিমন্ট বোর্ডার

Corporate Head Office

Road No: 2, Bir Uttam M.A. Rob Sarak
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