



2018 Annual Report





Head Office & Registered Office

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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 Other Stakeholders.

Dear Sir.

ANNUAL REPORT FOR THE YEAR 2018.

We are pleased to present before you the Annual Report of Shimanto Bank Limited along with the audited Financial Statements for the year ended on 31 December 2018.

The Report is furnished with Corporate Information, Board of Directors' Report, Board Committee Reports, Audited Financial Statements including Balance Sheet, Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity, Liquidity Statement along with Notes thereon for kind information and record.

Sincerely Yours,

Mohammad Mostafa Hossain Suman ACS

Company Secretary (Acting)



NOTICE OF THE THIRD ANNUAL GENERAL MEETING (AGM)

Notice is hereby given to all the Shareholders of Shimanto Bank Ltd that the 3rd Annual General Meeting (AGM) of Shimanto Bank Limited will be held on Monday, June 24, 2019 at 1930 Hours at Shahid Captain Ashraf Hall, Peelkhana, Dhaka-1205 to transact the following business:

Agenda:

- 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, 2018
- 02. To receive, consider and adopt the Accounts for the year ended on December 31, 2018 together with the Auditor's Report
- 03. To appoint Auditors for the year ending on 2019 and to fix their remuneration
- 04. 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: 03 June 2019

By Order of the Board

Mohammad Mostafa Hossain Suman ACS Company Secretary (Acting)

Note:

- 1. The Book Closure will be on 11 June 2019. The Shareholders whose names would appear in the Register of Members of the Company on the 'Book Closure Date' (11 June 2019) will be eligible to attend the 3rd AGM.
- 2. A member entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/her stead. Such proxy shall be a member of the company. The proxy form duly stamped should be deposited at the registered office of the Company not later than 48 hours before the time fixed for the meeting.
- For the sake of convenience, shareholders are requested to submit their queries if any, on the Directors' Report/Audited Accounts for the year 2018 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.



- 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.







Name of the Company

Shimanto Bank Ltd

Legal Form

Public Limited Company & Scheduled Commercial Bank.

Capital (December 31, 2018)

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, 2018

Credit Rating Agency

Credit Rating Agency of Bangladesh Ltd (CRAB)

Head Office & Registered Office

Shimanto Shamvar, 7th Floor Road No- 2, Bir Uttam M A Rob Sarak Dhanmondi, Dhaka-1205, Bangladesh.



SHIMANTO BANK LIMITED

Delivery Channel

(As on 31 December, 2018)



13 Branches



14 ATMs



3 Information Centers



1 Call Center



Real-time Online Banking



Internet Banking



Mobile Apps 'Connect'



SWIFT Connectivity



Debit Card



Prepaid Card



Credit Card



Bangladesh Automated Clearing House (BACH)



Real Time Gross Settlement (RTGS)



National Payment Switch Bangladesh (NPSB)



Rangpur

Lalmonirhat Branch
Ward No - 01, BGB Canteen More
Lalmonirhat - Patgram Highway Road
Kotwali, Lalmonirhat-5500.
Phone: +8809612880100, +8809612880101

Rajshahi

Branch Network

(As on 31 December 2018)

Sylhet Branch

Sylhet

Mymensingh Branch

Khagdar Bazar himanto Market (BGB Camp)

Mymensingh Seedstore Branch

Principal Branch

Shimapto Kallyan Trust Bhaban id No-02, BirUttam M.A. RabSarak ato Square, Dhanmondi, Dhaka-1205 one: 9612880001, 9612880002

Ohaka

Khulna

Benapole Branch

Noor Shopping Complex Benapole Bazar, Sharsha, Jessore Phone: 9612880050, 9612880051

Motijheel Branch ishi Bhaban, 49-51 Dilkusha immercial Area, Dhaka-1000

Champaknagar Branch

Phone: +8809612880130 +8809612880131

Bibir Bazar Branch

Chattogram

Barishal

Agrabad Branch

Satkania Branch Phone: 9612880040, 9612880041

Cox's Bazar Branch tera Shopping Center (1st Flo House: 490, Ward No-03

Teknaf Branch

Ismail Center (2nd Floor), PC 138 Ward no-03, Teknaf Pourashova Teknaf Main Road, Teknaf Phone: 9612880090, 9612880091

INFORMATION CENTRES

- Information Center at Peelkhana, Dhaka. Phone: 9612889064
- Information Center at Halisohor, Chattogram.
- Information Center at Baitul Izzat, Satkania, Chattogram.

CALL CENTER

Shimanto Shamvar, 7th Floor Road No- 2, Bir Uttam M A Rob Sarak Dhanmondi, Dhaka-1205.

Phone: 01769630360, 09612880000



Products and Services

RETAIL BANKING

RETAIL DEPOSIT PRODUCTS

1. SMBL CURRENT ACCOUNT

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

2. 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.

3. PAYROLL ACCOUNT

Payroll Account is an interest bearing taka account to facilitate the BGB and Non BGB staff to get the salary as well as making savings habit. Moreover, different loan facilities available against the salary accounts.

4. 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.

5. SHIMANTO GLOBAL ACCESS ACCOUNT

Shimanto Global Access Account is an interest bearing Foreign currency account which can be opened by a resident Bangladeshi after returning from travel abroad in USD 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.

6. ASTHAY OBOSHOR

Asthay Oboshor is a special type of term deposit scheme where an individual client can earn monthly interest on FDR.

7. 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.

8. 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.

9. SMBL TERM DEPOSIT

SMBL Term Deposit is a generic type term deposit scheme where an individual client can earn interest on FDR at maturity.

RETAIL LENDING PRODUCTS

1. SMBL PERSONAL LOAN

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

2. SMBL SHIMANTO NIBASH

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

3. 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.

4. SMBL PROFESSIONAL LOAN

SMBL Professional Loan is a terminating loan facility (EMI based) for skilled professionals to support their small scale purchase of different equipment, tools and small machineries for installation at their business sites/offices.

5. SHIMANTO SPECIAL LOAN

Shimanto Special Loan is an equal monthly installment (EMI) based term loan facility exclusively & specifically for the BGB employees for any legitimate purpose to meet their long term financial needs.

6. SMBL EASY CASH

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













SME BANKING

1. SMBL CURRENT ACCOUNT (SME)

SMBL Current Account (SME) is a non-interest bearing taka account for small and medium enterprises where customers can make frequent and bulk amount of transactions both in respect of number and volume.

2. SMBL SND ACCOUNT (SME)

SMBL SND Account (SME) is an interest bearing Short Notice Deposit taka account for Bangladeshi SME entities. The main purpose of this product is to facilitate the customers to get some return from their floating fund.

3. SMBL TERM DEPOSIT (SME)

It is a generic type term deposit scheme where an SME client can earn interest on FDR at Maturity.

4. 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.

5. SMBL DISHARI

EMI based loan for micro, cottage, small & medium enterprises for rural areas. The main purpose of this asset product is to extent financial support to the Micro, Cottage, Small & Medium enterprises in rural areas.

6. SMBL KRISHI RIN

SMBL Krishi Rin is a Short Term Loan (Demand Loan)/ Revolving loan for the farmers. The purpose of the loan is to provide financial support to farmers for cultivation of crops, livestock farming and fisheries as per Bangladesh Bank Agricultural & Rural Credit Policy.

7. 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.

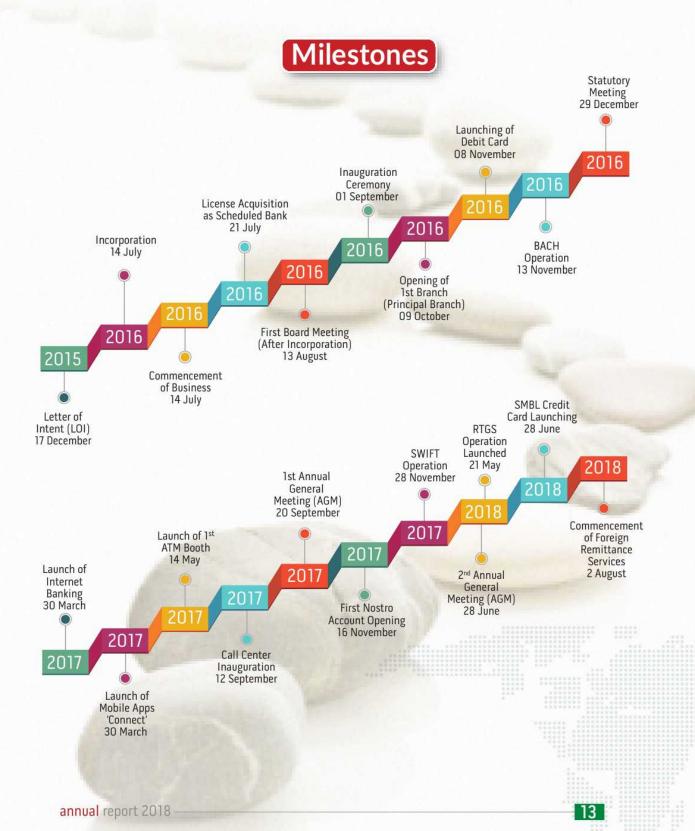
8. SME TERM LOAN

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

CORPORATE BANKING

- SMBL Current Account (Corporate)
 - SMBL SND Account (Corporate)
 - · SMBL Term Deposit
- · Overdraft (Cash Credit)
- Secured Overdraft
- 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







CHAIRMAN'S STATEMENT





Bismillahir Rahmanir Rahim

Dear 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 Third 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 2018 before you on behalf of the Board of Directors.

Overview and Strategy

This year we have made positive steps on our journey to improve our financial strength, culture and conduct agenda, and ensure these remain on a sustainable footing for the future. This work is ongoing as the external trends impacting the banking sector continue to evolve. The Board has maintained its oversight of the execution of the Bank's strategy throughout the year and we remain confident that it will deliver sustainable shareholder value and a stronger organisation for our clients, colleagues, regulators and the communities.

Our Purpose

We 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 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 Actions

We introduced a number of products and services in 2018 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 4 branches in 2018, 7 branches in 2017 and 2 branches in 2016. Opening of more branches countrywide preferably on commercially viable areas is under process. The branches are connected to online banking network and equipped with ATMs and modern technology.

Our Achievement

As a new generation 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 44.18 million. Its operating profit is BDT 182.23 million up by BDT 93.60 million from BDT 88.63 million in 2017 and profit after tax increased to BDT 71.72 million from BDT 28.03 million in 2017. Most of the profits came from core banking business of the Bank. The total Deposit rose by 84.05% to BDT 6982.64 million by the end of 2018. Loans and Advances totaled BDT 5835.30 million from BDT 2744.82 million in 2017 with an increase of 112.59%. The Paid-up Capital of the Bank was at BDT 4,000 million as on December 31, 2018. 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 62.43%. Return on Asset (ROA) and Return on Investment (ROE) was at 0.74% and 7.88% respectively.

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Our Governance

Corporate governance system in Shimanto Bank is designed to ensure transparency and accountability at all levels of 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.

Thanks & Gratitude

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 2018. 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 2018.

Warm Regards.

Major General Md Shafeenul Islam, ndc, psc

Chairman, Board of Directors Shimanto Bank Ltd

28 May, 2019

Founder Chairman



General Aziz Ahmed, BSP, BGBM, PBGM, BGBMS, psc, G Founder Chairman Shimanto Bank Limited



Memorable Moment



Honorable Prime Minister of People's Republic of Bangladesh Sheikh Hasina was presenting Crest of Honor to the Founder Chairman of the Bank General Aziz Ahmed, BSP, BGBM, PBGM, BGBMS, psc, G and Mr. Muklesur Rahman, Managing Director & CEO in the Opening Ceremony of the Bank held on 1st September 2016.





Major General Md Shafeenul Islam, ndc, psc Chairman



Brig Gen AFM Jahangir Alam, ndc, psc Director



Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndo Director



Brig Gen A Q M Shamsul Haque, SGP, MCPS, MPH, M.PHIL MHI Director



Colonel M Raquibul Haq, psc Director



Colonel Md Towhidul Islam, afwc, psc Director



Colonel Ahmed Zamiul Islam, afwc, psc Director



Muklesur Rahman Managing Director & CEO

CHAIRMAN'S PROFILE—



Major General Md Shafeenul Islam, ndc, psc Chairman

Major General Md Shafeenul Islam, ndc, psc was born on 02 March 1966 in the district of Jaypurhat, Bangladesh. He joined Bangladesh Military Academy on 25thJune 1984 and was commissioned on 27th June 1986 in the Corps of Infantry.

He has attended several professional courses both at home and abroad. He is a graduate of Defence Services Command and Staff College and National Defence College, Bangladesh. He has completed Infantry Officers Advance Course from USA, Staff Course and Arabic Language Course from Saudi Arabia. He obtained two masters degree in Defence Studies: one from National University, Bangladesh and another from King Abdul Aziz University, Saudi Arabia.

General Shafeen has a fine mix of all three types of appointments i,e; Staff, Instructor and Command in his military career. He Commandedan Infantry Battalion, one battle-group and two Infantry Brigades. He also served as Director CIB in DGFI, DG Int in AFD and Chairman Bangladesh Tea Board. As Staff, he served as Brigade Major of an Infantry Brigade. As Instructor, he proudly served both School of Infantry & Tactics (SI&T) and Defence Services Command and Staff College (DSCSC), Mirpur.

Under Blue Umbrella, he participated in the United Nations Mission as Observer in Iraq. Now, He is serving as the Director General of Border Guard Bangladesh since 28th March 2018.



DIRECTOR'S PROFILE



Brig Gen AFM Jahangir Alam, ndc, psc

Director

Brig Gen AFM Jahangir Alam, ndc, psc is the Additional Director General (ADG) of Boarder Guard Bangladesh (BGB). He is the Chairman of Risk Management Committee and Member of the Executive Committee of the Board of Shimanto Bank Ltd.

Brig Gen AFM Jahangir Alam, ndc, psc was commissioned in the Bangladesh Army in June 1986 in the Corps of Infantry. He is a graduates from Defence Services Command and Staff College and National Defence College, Dhaka Bangladesh.

Brig Gen Jahangir was employed in all the Regimental appointments of Infantry Battalion including second-in-Command and Commanding Officer. He was Chief Instructor in the Weapon Wing of School of Infantry and Tactics. He had served in an intelligence outfit of the Army and also served as Logistic and Administrative Staff Officer of a newly raised Composite Brigade. He was a grade 1 staff officer at the Army Training and Doctrine Command. He was Additional Director General (ADG) of Rapid Action Battalion (RAB) Forces. He has commanded an Infantry Brigade and was appointed as Director Planning & Maintenance of Bangladesh Ordnance Factories (BOF). He also served as a Deputy Commandant of Bangladesh Institute of Peace Support Operation Training (BIPSOT).

He served in two United Nation's Peace Keeping Mission; one in ONUMOZ Mozambique as contingent member and the another one in UNAMID Darfur, Sudan.

Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc

Director

Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc is the Additional Director General (Operation & Training) of Border Guard Bangladesh. He is also Chairman of the Audit Committee of the Board of Shimanto Bank Ltd.

He Joined Bangladesh Army on 13 January 1987 and was commissioned on 23 December 1988 in the Corps of Infantry. He has attended several professional courses both at home and abroad. He is a graduate of Bangladesh Military Academy. He has completed NDC course from National Defence College. He also obtained Master of Arts in Strategic Security Studies from National Defence University, USA (College of International Sy Affairs) and Master of Strategy and Development Studies from Bangladesh University of Professional.

Brig Gen Khondoker Farid Hassan has a verity of experience as Staff, Instructor and Commander in Bangladesh Army, Border Guard Bangladesh and Rapid Action Battalion. He Participated in the United Nations Peace Keeping Missions Bosnia Herzegovina (UNPROFOR).



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Brig Gen A Q M Shamsul Haque, SGP, MCPS, MPH, M.Phil, MHI Director

Brig Gen A Q M Shamsul Haque, SGP, MCPS, MPH, M.Phil, MHI is the Additional Director General (Med) of Border Guard Bangladesh.

He joined Bangladesh Military on 23 April 1988 in Army Medical Core (AMC). He has attended several professional courses both at home and abroad. He completed MBBS from Sher- E- Bangla Medical College, Barisal. He has completed MCPS in Family Medicine from Bangladesh College of Physician & Surgeon's, MPH from Banga Bondhu Shekh Mujibur Rahaman Medical University (BSMMU), FCPS Part-1(Family Medicine) from BCPS & M. Phil (PSM) from NIPSOM

Brig Gen A Q M Shamsul Haque has a variety of experience as Staff in Bangladesh Army, Bangladesh Navy, Bangladesh Air Force and Border Guard Bangladesh. He Participated in the United Nations Peace Keeping Missions OKP-5 (Deputation) in Kuwait & UN Mission (UNMIL) in Liberia.

Colonel M Raquibul Haq, psc

Director

Colonel M RaquibulHaq, psc is the Director of Shimanto Bank Ltd and Deputy Director General of Border Guard Bangladesh. 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.

Colonel M RaquibulHaq commanded three Regiments of Bangladesh Army and two Battalions of Border Guard Bangladesh. Besides serving in various regimental and staff appointments he also served in Special Security Force (SSF), Prime Minister's Office, Military Intelligence Directorate, Overseas Operations Directorate of Bangladesh Army, School of Infantry & Tactics. He had experience of serving in Bangladesh Institute of International & Strategic Studies (BIISS) as Research Director.

Colonel M Raquib has experience of serving in UN Missions in Haiti, East Timor and Ivory Coast. He attended number of Dialogues, Seminars & Conferences both home & abroad.





Colonel Ahmed Zamiul Islam, afwc, psc

Director

Colonel Ahmed Zamiul Islam, afwc, psc, is Director of Shimanto Bank Ltd and Deputy Director General (Works) of Border Guard Bangladesh. He was commissioned from the Bangladesh Military Academy on 20 December 1992 in the Corps of Engineers. He is a graduate of the Bangladesh University of Engineering and Technology (BUET), Dhaka and obtained Bachelor of Science degree in Civil Engineering. He also obtained Master of Arts in Defence Strategy from National University, Bangladesh and completed Master of Philosophy (Part-I) in Strategy and Development Studies from Bangladesh University of Professional, Dhaka.

Colonel Ahmed Zamiul Islam, afwc, psc, has a wide range of experience in Command, Staff and Instructional appointments. He commanded 19 Engineer Construction Battalion of Bangladesh Army in Chittagong Hill Tracts. He served as a Chief Instructor in the Army School of Military Engineering, Qadirabad Cantonment and as an Instructor Grade A in the Bangladesh Institute of Peace Support Operations Training, Rajendrapur Cantonment. He participated in United Nations Peace Keeping Operations as a contingent member in Liberia (UNMIL) and as a Staff Officer (Joint Operations Center) in Darfur, Sudan (UNAMID).





Colonel Md Towhidul Islam, afwc, psc

Director

Colonel Md Towhidul Islam, afwc, psc is Director of Shimanto Bank Ltd and Deputy Director General (Communication) of Border Guard Bangladesh. He is an IT professional serving in Bangladesh Army over 26 years, a System Analyst and developer contributed over more than thirty systems, applications and other IT podia for entire army.

He is a graduate in Computer Science and Engineering (CSE) with additional two master degrees in his credentials namely Masters in Defence Studies and Masters in Business Administration. In undertaking of further knowledge, currently he is doing post graduate in ICT at Bangladesh University of Professionals. In military career progression, he did numerous courses both at home and abroad. He is a graduate from Defence Services Command and Staff College. He also completed Armed Forces War Course and accredited as an Alumnae of National Defence College, Mirpur.

He served as a grade two staff officer in Armed Forces Division and Chief Instructor in Signal Training Centre and School. He commanded Static Signal Company at Ghatail and 5 Signal Battalion at Rangpur. He is the raising Commandant of Army IT Support Organization (AITSO). In Border Guard Bangladesh, he served as Sector Commander in Khulna Sector. He served three terms in United Nations Peacekeeping Mission under blue helmet.

Muklesur Rahman

Managing Director & CEO

Mr. Muklesur Rahman is a veteran Banker with more than 35 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.



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	Executive Committee	
1.	Major General Md Shafeenul Islam, ndc,psc	Chairman
2.	Brig Gen AFM Jahangir Alam, ndc, psc	Member
3.	Mohammad Mostafa Hossain Suman ACS	Secretary

	Audit Committee	
1.	Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc	Chairman
2.	Colonel Md Towhidul Islam, afwc, psc	Member
3.	Colonel Ahmed Zamiul Islam, afwc, psc	Member
4.	Mohammad Mostafa Hossain Suman ACS	Secretary

Risk Management Committee		
1.	Brig Gen AFM Jahangir Alam, ndc, psc	Chairman
2.	Colonel M Raquibul Haq, psc	Member
3.	Mohammad Mostafa Hossain Suman ACS	Secretary

Note: Executive Committee, Audit Committee and Risk Management Committee as on 28 May, 2019.







Dear Respected Shareholders & Stakeholders,

This is an immense pleasure that we have accomplished another year successfully and we have stepped into the 4th year of the Bank. It is great honor for me to present our success report during the financial year 2018.

The Journey of Glory

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

Branch & Network Expansion

You will be pleased to know that 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 13 branches countrywide by the end of the year 2018. We have established 14 ATMs, a Call Center and 3 Information Centers countrywide for providing easy service and information to the existing as well as prospective customers. The number of our account holders have exceeded above 50 thousand. We have launched Shimanto Bank Credit Card in 2018.

Financial Achievement in 2018

Overcoming the macroeconomic challenges and strong competition prevails in the banking industry, we have booked a deposit of BDT6982.63 million and loan of BDT 5835.30 million at the end of the year 2018. We have made an operating profit of BDT 182.23 million and profit after tax of BDT 71.72 million. Capital adequacy ratio as per BASEL III was 62.43% (against required 11.25% of Risk Weighted Assets). Return on Investment (ROI) and Return on Assets (ROA) were 7.88% and 0.74% 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. We are providing banking services to the marginal people of the rural areas as well as the BGB members and their families.

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.

Service to Ruhingya Refugees

You will be pleased to know that we have approached to the donor and aid agencies working for the Ruhingya refugeesatUkhia and Teknaf in Cox's Bazar District. Shimanto Bank Limited is the fist Bank in distributing cash aid to the refugees through our banking channel/PoS.



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 of board committees, accountability among shareholders, board, the committees and the management, fair financial reporting, disclosure and compliance.

Forward Looking 2019

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 2019 are as follows:

- Launching of School Banking
- Promoting 'Home Loan' product countrywide.
- Expand network for distributing salary of all BGB Members countrywide.
- Developing a Rural Banking Model and implement the said model across the border areas
- 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 2019 will be full of success.

Muklésur Rahman Managing Director & CEO Shimanto Bank Ltd

28 May, 2019

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Credit Rating Statement

Credit Rating Agency of Bangladesh Ltd (CRAB) has completed its credit rating of the Bank based on the Un-audited Financial Statements as of 31 March, 2018 and Audited Financial Statements as of 31 December, 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	28 June 2018
Valid Till	30 June 2019

Methodology: CRAB's Bank Rating Methodology

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Management Committee (MANCOM)



- Mohammad Mostafa Hossain Suman ACS Company Secretary (Acting)
- 2 Ashraful Alam Bhuyian Head of IT & ADC
- **3 Alim Hossain Khan** Head of General Security & Transportation
- 4 Arab Fazlur Rahman Head of Business
- **Muklesur Rahman**Managing Director & CEO
- 6 Md. Rafiqul Islam Chief Risk Officer (CRO)

- A K M Golam Rabbani Head of HR, Infrastructure Development & Procurement
- 8 Md. Moniruzzaman Associate Manager, Finance
- Muhammad Shawkat Alam Head of ICC
- Shahneela Islam Shanil Head of Brand & Corporate Affairs
- Sabina Yeasmin Head of CRM
- Mohammad Azizul Hoque Head of Operations



Three Year Financial Performance

Amount in BDT

Particulars	2018	2017	2016
Balance Sheet Metrics			X-111-11-11-11-11-11-11-11-11-11-11-11-1
Authorised capital	10,000,000,000	10,000,000,000	10,000,000,000
Paid up capital	4,000,000,000	4,000,000,000	4,000,000,000
Shareholders' equity	4,089,834,312	4,036,719,102	4,005,083,724
Loans and advances	5,835,300,077	2,744,822,928	435,197,583
Deposits	6,982,635,204	3,793,917,768	914,210,556
Borrowing	-	-	
Statutory Liquidity Reserve Ratio (SLR) (at close of the year)	15.64	25.22	15
Cash Reserve Requirement (CRR) (at close of the year)	10.58	12.24	1:
Investment	761,499,140	633,660,565	154,956,858
Fixed assets	129,448,053	106,682,729	43,012,87
Total assets	11,376,493,358	7,979,748,700	4,955,598,908
Income Statement Metrics			7
Net interest income (excluding investment income)	449,843,313	300,316,791	78,611,980
Non-interest income	71,143,965	21,498,454	1,324,192
Investment income	54,941,980	16,436,683	1,229,410
Non investment income (exchange, fees & charges)	16,201,985	5,061,771	94,779
Operating income	520,987,278	321,815,245	79,936,17
Operating expense	338,762,035	233,181,683	63,923,557
Operating profit (profit before provision and tax)	182,225,243	88,633,562	16,012,61
Provision for loans, investment and other assets	44,550,984	25,028,259	4,229,38
Profit before tax (PBT)	137,674,259	63,605,303	11,783,23
Profit after tax (PAT)	71,719,849	28,030,739	5,083,724
Capital Metrics			
Total Risk weighted assets (RWA)	6,669,375,533	3,786,197,709	1,816,733,447
Common Equity Tier-1 Capital	4,089,834,312	4,033,114,462	4,005,083,724
Tier-2 Capital	73,808,624	29,257,640	4,229,38
Total Regulatory capital (Tier 1 and Tier 2)	4,163,642,936	4,062,372,102	4,009,313,105
Capital to risk weighted assets ratio (CRAR)(%)	62.43	107.29	22:
Common Equity Tier - 1 Capital to RWA (%)	61.32	106.52	22
RWA to total assets (%)	58.62	47.44	37



Three Year Financial Performance

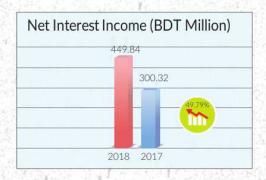
Amount in BD

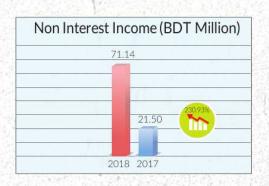
Particulars	2018	2017	2016
Credit Quality			
Non performing /classified loans (NPLs)	5,571,794	2	12
Specific provision (cumulative)	1,996,356		2
General provision (cumulative)	42,554,628	29,257,640	4,229,381
Trade Business Metrics		17.1	
Export	-	-	
Import	43,382,034	1,105,624	
Guarantee	798,616,112	2	-
Efficiency Metrics		21.	
Cost to income ratio	65	72	80
Share Based Metrics			
Earnings per share (EPS) in BDT	0.179	0.07	0.01
NAV per share in BDT	10.23	10.10	10.0
Other Information		47.1	
Number of branches	13	9	
Number of permanent employees	162	123	6
Number of deposit accounts	41,431	21,995	4,00
Number of Ioan Accounts	8,751	4,848	7
Number of RMA	45	28	2
Number of Foreign Account	3	2	2
Number of ATM	10	9	2

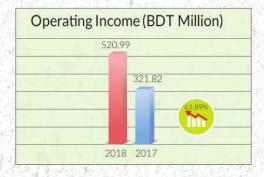
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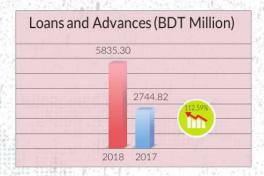
Financial Highlights













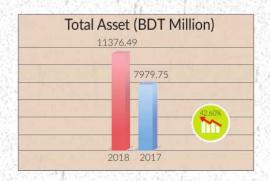


Financial Highlights













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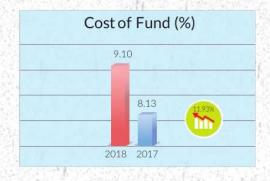


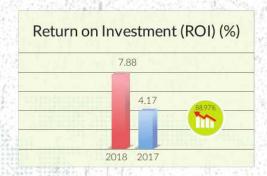
Financial Highlights

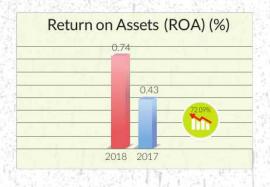














Glimpse of 2nd Annual General Meeting (AGM)



Respected delegates from Border Guard Bangladesh, top officials, patrons and well-wishers of the Bank were present in the 2nd AGM.

Honorable Chairman Major General Md Shafeenul Islam, ndc, psc was delivering valuable speech in the 2nd AGM of the Bank.



Honorable Chairman, Members of the Board and Managing Director & CEO of the Bank are seen present in the 2nd AGM.

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Glimpse of 2nd Annual General Meeting (AGM)



Honorable Chairman Major General Md Shafeenul Islam, ndc, psc was greeted with floral bouquet in the 2nd AGM by an officer of the Bank.



The Shareholders were casting their votes in favor of an Agenda transacted in the 2nd AGM.















Mr. Muklesur Rahman, Managing Director & CEO were exchanging views with the local small entrepreneurs and farmers at Bibir Bazar, Cumilla in presence of BGB officials, local leaders.









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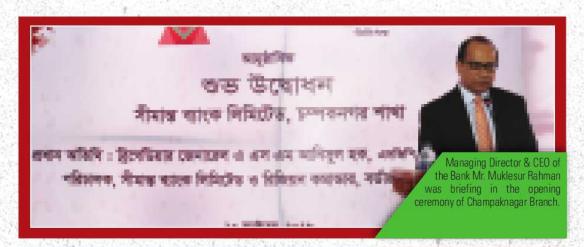
























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Dear Stakeholders,

The Board of Directors welcome you all at the 3rd Annual General Meeting of Shimanto Bank Ltd and is pleased to present the Annual Report for the year ended on 31 December 2018 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 & Economic Outlook

World economy expanded steadily and unevenly in 2018. In some economies, growth has slowed and may have already peaked. While unemployment is lower than pre-crisis levels, many countries are still afflicted by labor shortages and tepid inflation rates. Heightened bilateral tariffs have caused global trade and investments to decelerate. Meanwhile, some emerging market economies are challenged by high capital outflows and currency depreciation. Global growth for the 2018-2019 period is forecast to be 3.7%, while the projection for the same indicator for 2019-2020 is 3.5%. With the normalization of monetary policy, global financial conditions will be less liberal. In particular, US fiscal policy changes and the deceleration of China's growth will contribute to a global slowdown. In advanced economies, medium-term output will likely suffer from reductions in working-age population growth and productivity.

In 2019-20, global GDP growth is forecast to drop, but only slightly (0.2 percentage points), and economies will require suitable policies to handle sustainable GDP growth.

In the near future, some of the following developments are probable in the global economy:

 Further trade tensions, impacting upon trade and GDP growth, and generating greater business uncertainty.



- Tightening of financial conditions, which could accelerate capital outflows from emerging market economies and depress demand.
- A sharp slowdown in China, hitting both emerging market economies and advanced economies if a significant decline in global equity prices and higher global risk premium is triggered by decreasing Chinese demand.

Bangladesh Economy & Economic Outlook

Bangladesh economy in the year of 2018 was full of positive news and good economic impacts in Bangladesh. Firstly, Bangladesh is on track for gaining the status of a developing country under the UN's parameters. Secondly, remittance inflows recovered well, recording 17.32% growth and maintaining foreign exchange reserves of over US\$30 billion. Thirdly, inflation stayed well below 6% as GDP growth reached an impressive 7.86%, motivated emphatically by the manufacturing sector. However, long-standing challenges including the Rohingya crisis and growing trade deficit hindered Bangladesh's economic recovery in 2018. Although Central Bank measures mitigated the effects of a liquidity crunch in the monetary market, rising default loans and deposit-credit growth imbalance put pressure on overall economy. Meanwhile, inflation grew in line with increased food inflation, leading to calls for a contractionary monetary policy.

For 2019, the growth rate is projected to maintain at approximately 7.2% according to Bangladesh Bureau of Statistics (BBS) data. Meanwhile, the ADB predicts 7.5% growth and the WB predicts 7.1% growth. Nevertheless, numerous factors can affect this rate in 2019:

- With an increase in non-performing loans negatively affecting financial markets, portfolio selection andmonitoring may become tighter. This may negatively impact on credit growth.
- Inflation risks from higher global commodity prices and exchange rate movements are rising.
 Consumer finance may suffer from elevated inflation expectation.
- Remittance inflows and export proceeds are expected to rise amid moderate import growth.
 - However, reworked Chinese debt contracts might impact foreign loan inflows in 2019 and the balance of payments deficit would remain. As a result, exchange rate depreciation may continue in 2019, coupled with a strong dollar market across regions.
- Trade tensions between the US and China present both opportunities and risks. Bangladesh could benefit
 from trade diversion from China, and Economic Zones could prosper in terms of FDI inflow as business
 costs in China increase.
- Capitalization will become moderate due to weaker capital generation. This is despite earnings retention by
 private sector banks to meet higher capital requirements. Regardless of a robust economy, high asset risk
 might impose a negative outlook on the sector.
- The liquidity scenario should improve. However, monetary policy contraction may remain a priority to compensate for disappointing growth in broad money and reserve money in FY18 and to ensure better industry discipline.

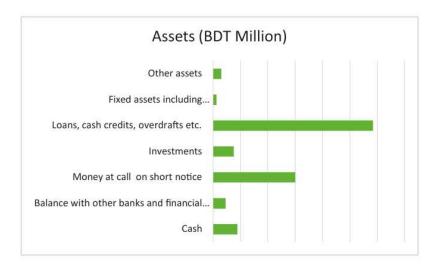
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Financial Highlights

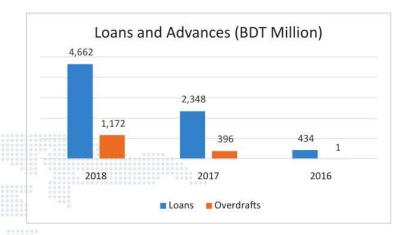
Asset Portfolio

Total Assets of the Bank stood at BDT 11,376.49 million in 2018. The asset portfolio comprised of BDT 890.23 million as Cash, BDT 458.62 million as Balance with Other Banks and FIs, BDT 3,000 million as Money on Call at Short Notice, BDT 761.45 million as Investments, BDT 5,835.30 million as Loans and advances, BDT 129.45 million as Fixed Assets and BDT 301.39 million as other assets.



Loan & Advance

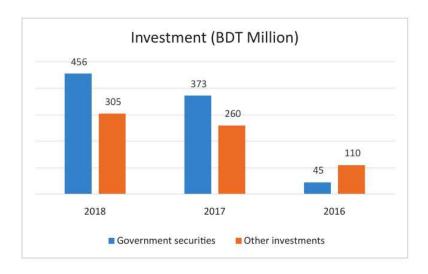
The total loans and advances of the Bank is BDT 5,835.30 million for the year ended 2018.





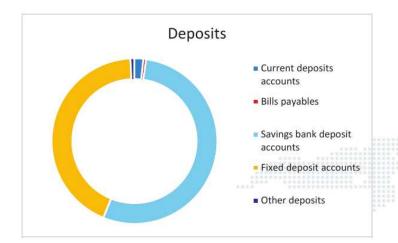
Investment

The Bank has raised investment to BDT 761.45 million consisting of investment in Govt. Securities BDT 456 million and Other Investment BDT 305 million.



Deposit

The total deposit of Shimanto Bank stood to BDT 6,982.64 million comprising of BDT 3,007.44 million fixed deposit, BDT 3,762.12 million savings deposit, BDT 120.43 million current deposit, BDT 38.04 million bills payable and BDT 54.60 million other deposit.

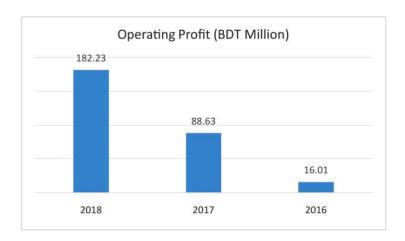


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Income & Expenditure

The Bank earned interest income of BDT 740.05 million whereas the interest paid on deposits and borrowings is BDT 290.21 million. The Bank has generated operating income of BDT 520 million and incurred operating expense of BDT 338.76 million. The Bank has booked an operating profit of BDT 182.23 million before provisions in the year 2018.



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

Particulars	BDT Million
Paid up capital	4,000.00
Retained earnings	46.38
Statutory reserve	43.56
Total	4089.83

Tier-2 Capital

Particulars	BDT Million
General Provision	73.80
Securities Revaluation	040
Reserve	
Total	73.80

The Capital to Risk Weighted Assets Ratio (CRAR) stood at 62.43% as on December 31, 2018 as against the minimum CRAR of 11.25%.



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

In the end of the year 2018, the number branches has been raised to thirteen. During the year we have added four branches at Lalmonirhat, Seedstore-Mymensingh, Champaknagar-Cumilla and Sylhet. 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 2019.

Appropriate Accounting Policies and Standards and Financial Reporting Standards

Shimanto Bank Ltd maintained proper books of account for its financial transactions occurred during 2018. For recording the transactions the bank has followed the Bangladesh Accounting Standard (BAS). The books of account have also been reviewed by the external auditor, ACNABIN Chartered Accountants with an opinion that proper books of accounts as required by the law have been properly maintained.

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

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)as applicable in Bangladesh, have been followed in preparation of financial statements. However, in case the requirement of provisions and Circulars issued by Bangladesh Bank differs with those of other regulatory authorities and accounting standards, the provisions and Circulars issued by Bangladesh Bank shall prevail.

Statement of Directors' Responsibility to Establish Appropriate System of Internal Control

The Directors acknowledge their overall responsibility for the Bank's systems of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with the applicable laws and regulations. This process ensures that a system of internal control in accordance with best financial reporting practice was in place throughout the year 2018. It also involved an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various committees and bank's risk management functions.

Statement of Directors' on Adequacy of the System of Internal Control

The Directors confirm that the Board through its committees has reviewed the effectiveness of the bank's systems of internal control for the year ended 31 December 2018.

The Board through the audit committee has supervised the policies and various parts of businesses to ensure an effective internal control system. The Board business strategy, significant policies for internal control system and risk management have been taken properly and internal audit and control has been accomplished as per requirement of the Bank Company (amended) Act 2013, Bangladesh Bank guidelines, Corporate Governance guidelines of Bangladesh Securities and Exchange Commission etc.

Director's Declaration on Going Concern

After reviewing the Bank's present and potential business growth, annual budget, performance, liquidity position, plans and financing arrangement, the Directors of the Bank are satisfied that the Bank has adequate resources to continue to operate in the foreseeable future and confirm that there is no material issue threatening to the going concern of the Bank. For this reason Directors continue to adopt the going concern basis in preparing the financial statements. There are no significant doubts upon the Bank's ability to continue as a going concern.

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Appropriation of Profit

The profit after tax of Shimanto Bank Ltd stands at BDT 71.72 million in the year 2018. The profit available for distribution stands at BDT 44.18 million after a mandatory transfer of BDT 27.53 million to statutory reserve. Bangladesh Bank has instructed the Bank to raise it's paid up capital and imposed bar on declaration of any cash dividend till raise of capital so instructed. The Board of Directors, therefore, recommended no dividend for the year 2018.

Appointment of Statutory Auditor

M/S ACNABIN, Chartered Accountants conducted external audit of the Bank for the year 2016, 2017 and 2018. As per guidelines and circulars of Bangladesh Bank and Bangladesh Securities Exchange Commission (BSEC), an Auditor can be appointed for consecutive maximum 03 (three) terms/years and therefore, M/S ACNABIN Chartered Accountants is not eligible for being reappointed. The Board of Directors in their 28th Meeting recommended to appoint M/S Hoda Vasi Chowdhury & Co. Chartered Accountants as external auditors of the Bank up to the 4th 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 3rd AGM as per recommendation by the Board of Directors. They are interested for being re-elected and the Board has recommended for retirement and re-election therefore.

- 1. Major General Md Shafeenul Islam, ndc, psc
- 2. Colonel M RaquibulHaq, psc

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 3rd AGM and being eligible for re-election they offered themselves for being re-elected. The Board has acknowledged their interest of being re-elected and also recommended for re-election in the 3rd Annual General Meeting.

- 1. Brig Gen AFM Jahangir Alam, ndc, psc
- 2. Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc
- 3. Brig Gen AQM Shamsul Haque, SGP, MCPS, MPH, MPhil
- Colonel Ahmed Zamiul Islam, afwc, psc
- Colonel Md Towhidul Islam, afwc, psc

Furthermore, the Board has recommended to appoint two number of directors to fill casual vacancy and also for adding members in the Board as per Clause 111 of Articles of Association in the 28th Board Meeting Therefore, the Board has recommended for appointment/election of the following individuals as member of the Board in this 3rd Annual General Meeting:

- 1. Brig Gen Abu Taher Muhammad Ibrahim, ndc
- 2. Colonel Md Rashidul Alam

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

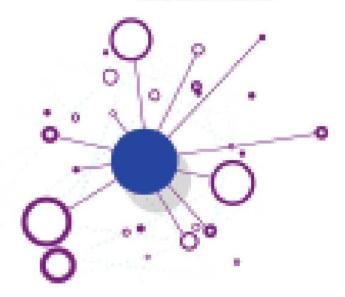
Major General Md Shafeenul Islam, ndc, psc

Chairman, Board of Directors Shimanto Bank Ltd

28 May, 2019



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 during the financial year 2018.

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 23rd Board Meeting and Brig Gen Khondoker Farid Hassan, PBGM (BAR), 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 Khondoker Farid Hassan, PBGM (BAR), ndc	MA, MDS	Director	Chairman
Colonel Md Towhidul Islam, afwc, psc	BSc, MDS, MBA	Director	Member
Colonel Ahmed Zamiul Islam, afwc, psc	BSc, 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;
- · Examinethe 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 Audit Committee met in four meetings during the year 2018 and 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
4 th Audit Committee Meeting	13th May, 2018
5 th Audit Committee Meeting	16th October, 2018
6 th Audit Committee Meeting	22nd November, 2018
7 th Audit Committee Meeting	10th December, 2018

Attendance in the Audit Committee Meeting during the Year 2018 is as follows:

Name	Attendance	Tenure of Office
Brig Gen Md Anisur Rahman, BGBM, ndc	01/01	11/04/2018 to 14/08/2018
Brig Gen K M Ferdausul Shahab, BGBM, PBGMS	01/01	11/04/2018 to 11/09/2018
Colonel M Raquibul Haq, psc	01/01	11/04/2018 to 11/09/2018
Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc	03/03	12/09/2018 to Report Publication Date
Colonel Md Towhidul Islam, afwc, psc	03/03	12/09/2018 to Report Publication Date
Colonel Ahmed Zamiul Islam, afwc, psc	03/03	12/09/2018 to Report Publication Date

Area Focused & Agenda Discussed in 2018

4th Audit Committee Meeting:

- To Review Audited Financial Statements for the Year Ended on 31 December 2017
- To Review Unaudited Financial Statements for the 1st Quarter Ended on 31 March 2018
- To Approve Internal Audit Plan for the Year 2018
- Comprehensive Audit Report of Principal Branch, Agrabad Branch & Satkania Branch for the Period from Beginning to 30 November 2017
- Comprehensive Audit Report of Service Delivery Department, CRM Division, Treasury Division, Cards &
 ADC Division, Brand & Communication Division and Retail & SME Division

5th Audit Committee Meeting:

- To Review Unaudited Half Yearly Financial Statements for period Ended on 30 June 2018 and 3rd Quarter Financial Statements for period Ended on 30 September 2018.
- To Examine Findings & Recommendations (Management Report) of ACNABIN Chartered Accountants.



- Bangladesh Bank Special Inspection Report as on 30 June 2017 on the following Divisions:
 - Information & Communication Technology (ICT) of Head Office
 - Information & Communication Technology (ICT) of Principal Branch
 - Credit Risk Management (CRM) and Internal Control & Compliance (ICC)
 - · Asset & Liability Management (ALM) and
 - Internal Control & Compliance (ICC) of Head Office and Principal Branch
- Comprehensive Audit Report on the following Divisions:
 - Treasury Division (2nd Phase)-2017 and
 - Finance Division-2017

6th Audit Committee Meeting:

- Bangladesh Bank Comprehensive Inspection Report on Principal Branch as on 31-12-2017 and Compliance Status
- Surprise Inspection Report on following Branch: -
- Motijheel Branch as on 24-01-2018
- Cox's Bazar Branch as on 22-04-2018
- Teknaf Branch as on 23-04-2018
- Internal Audit Report on following Branch: -
- 1st Internal Audit Report on Benapole Branch with rating for the period from 10 September 2017 To 30 April, 2018
- 2nd Internal Audit Report of Mymensingh Branch with rating for The Period from 01 June 2017 to 28 February 2018
- Loan Exception Report up to 31-10-2018

7th Audit Committee Meeting:

- Review Annual Health Report of Shimanto Bank Limited for the Year 2017
- Approve Audit Plan for the Year 2019
- 1st Internal Audit Report on Foreign Exchange Transaction and Reporting for the year ended 2017
- 2nd Internal Audit Report of Retail & SME Department with rating for the period from 01 October 2017 To 31 August 2018.
- 1st Internal Audit Report of Motijheel Branch with rating for the period from 29 November 2017 To 31 July 2018.
- 2nd Internal Audit Report of General Service and Security Department (GSSD) with rating for the period from 01 July 2017 To 30 April 2018
- Information Regarding Un-audited Financial Status and Credit Portfolio of the Bank as on 30th November, 2018

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.

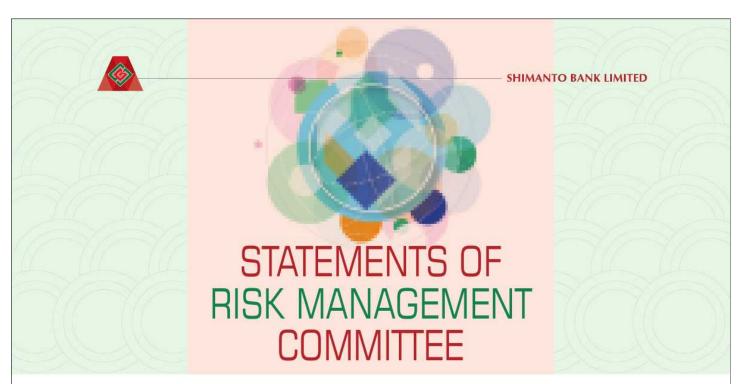
On behalf of the Audit Committee,

Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc

Chairman, Audit Committee Shimanto Bank Ltd

28 May, 2019

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Preamble

Shimanto Bank Ltd carries a wide range of risks across all of its business areas and the Bank's endeavour is to manage the risks identified. The risks faced by the Bank are mainly credit risks, foreign exchange risks, internal control and compliance (ICC) risks, money laundering risks, information and communication (ICT) risks, management risks, interest risks, liquidity risks. The Bank is developing a robust framework for 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," SMBL completed with this year.

Formation & Composition of the Committee

The Risk Management Committee has been revised by the Board of Directors in the 23rd Board Meeting comprising of three Members headed by Brig Gen AFM Jahangir Alam, ndc, psc.

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 AFM Jahangir Alam, ndc, psc	MDS	Director	Chairman
Colonel M Raquibul Haq, psc	MDS	Director	Member

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

Roles and Responsibilities of the Risk Management Committee:

1. 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 time to time if necessary. The Committee will review the risk management process to ensure effective prevention and control measures.



2. Development 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.

Meetings of the Risk Management Committee

The Risk Management Committee of the Bank met in four meetings in the year 2018 and 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
2 nd Risk Management Committee Meeting	16 July, 2018
3 th Risk Management Committee Meeting	25 October, 2018
4 th Risk Management Committee Meeting	26 November, 2018
5 th Risk Management Committee Meeting	20 December, 2018

Area Focused & Agenda Discussed in 2018

2nd Risk Management Committee Meeting:

- Discussion on Regulatory Framework and Shimanto Bank (SMBL) Framework for Mitigating Credit Risk, Operation Risk, Market Risk, Anti-Money Laundering Risk, Foreign Exchange Risk, Information Technology Risk and Asset Liability Management Risk
- · Evaluation of Credit Portfolio as on 30th June, 2018
- 'CAMELS Rating' of Shimanto Bank as on December 31, 2017 done by Bangladesh Bank
- 'Comprehensive Risk Management Rating' and Response by the Management of Shimanto Bank as on December 31, 2017 done by Bangladesh Bank

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3rd Risk Management Committee Meeting:

- Evaluation of Credit Portfolio as on 30th September, 2018
- 'Comprehensive Risk Management Rating' done by Bangladesh Bank and Response by the Management of Shimanto Bank as on June 30, 2018

4rd Risk Management Committee Meeting:

- CAMELS Rating of Shimanto Bank as on June 30, 2018 done by Bangladesh Bank
- Credit Rating Report (Surveillance) of Shimanto Bank Ltd by Credit Rating Agency Bangladesh Ltd (CRAB) as on June 28, 2018
- Evaluation of Credit Portfolio as on 31st October, 2018
- · Explore the Process of ICT Risk Mitigation, Operational Risk Minimization and HR Risk Management

5th Risk Management Committee Meeting:

- Review the Draft Annual Health Report of Shimanto Bank Limited for the year 2017
- Evaluation of Credit Portfolio as on 31st October, 2018

Attendance in the Risk Management Committee Meeting during the Year 2018 is as follows:

Name	Attendance	Tenure of Office
Brig Gen Mohsen Uddin Ahmed, MPH	01/01	11/04/2018 to 14/08/2018
Brig Gen K M Ferdausul Shahab, BGBM, PBGMS	01/01	11/04/2018 to 31/10/2018
Colonel M RaquibulHaq, psc	04/04	11/04/2018 to Report Publication Date
Brig Gen AFM Jahangir Alam, ndc, psc	03/03	12/09/2018 to Report Publication Date
Colonel Muhammad Matiur Rahman, BGBM, PBGM,psc	03/03	12/09/2018 to 24/04/2019

Risk Management Organogram

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

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

On behalf of the Committee,

Brig Gen AFM Jahangir Alam, ndc, psc

Chairman, Risk Management Committee

Shimanto Bank Ltd

28 May, 2019

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Corporate Governance Report

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

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

Governance Legal Framework

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

Corporate Governance is the system by which companies are directed and controlled to the best interest of the stakeholders, therefore, highly regarded as a mechanism to resolve the 'Agency Problem'. Agency problem refers to the conflict of interest between management and shareholders, i.e. managers (Agent) may not act in the best interest of shareholders (Principal).

The 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.

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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 2018 BGB Welfare Trust has been holding 39,99,99,988 shares as institutional shareholder whereas twelve individual members who are also serving as the Directors of the Board has been holding 12 shares in the Bank.

SI.	Name of Shareholder		
1	BGB Welfare Trust		
2	Others	12	0.000003

Ownership of Company's Securities by the Members of Board of Directors as on 31 December 2018 are as follows:

SI.	Name of Shareholder	No of Share
01.	Major General Md Shafeenul Islam, ndc, psc	01
02.	Brig Gen AFM Jahangir Alam, ndc, psc,	01
03.	Brig Gen Md. Mahbub-ul Alam, afwc, psc	01
04.	Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc	01
05.	Brig Gen AQM Shamsul Haque, SGP, MCPS, MPH, MPhil, MHI	01
06.	Brig Gen Md Sazzad Hossin, ndc, psc	01
07.	Brig Gen A S M Anisul Haque, SGP, BGBM, psc	01
08.	Colonel M Raquibul Haq, psc	01
09.	Colonel Muhammad Matiur Rahman, BGBM, PBGM, psc	01
10.	Colonel Ahmed Zamiul Islam, afwc, psc	01
11.	Colonel Md Towhidul Islam, afwc, psc	01
12.	Colonel Md Sharif Hossain, psc	01
13.	Total	12

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 the all of the shares of BGB Welfare Trust.

Appointment, Rotation and Retirement of Directors

In the 2nd Annual General Meeting of the Bank, four members of the Board were retired, three Directors were retired and re-elected in the same general meeting. 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 2018 and the attendance of the directors is presented in the following table:

SI.	Name of Shareholder	Attendance	Leave	Remarks
01.	Major General Md Shafeenul Islam, ndc, psc	06	Nil	
02.	Brig Gen AFM Jahangir Alam, ndc, psc,	01	01	
03.	Brig Gen Md. Mahbub-ul Alam, afwc, psc	03	Nil	
04.	Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc	03	Nil	
05.	Brig Gen AQM Shamsul Haque, SGP, MCPS, MPH, MPhil, MHI	01	02	
06.	Brig Gen Md Sazzad Hossin, ndc, psc	Nil	08	
07.	Brig Gen A S M Anisul Haque, SGP, BGBM, psc	03	05	
08.	Colonel M Raquibul Haq, psc	04	01	
09.	Colonel Muhammad Matiur Rahman, BGBM, PBGM, psc	02	Nil	
10.	Colonel Ahmed Zamiul Islam, afwc, psc	02	Nil	
11.	Colonel Md Towhidul Islam, afwc, psc	02	Nil	
12.	Colonel Md Sharif Hossain, psc	02	Nil	
13.	Major General Abul Hossain, ndc, psc, p Eng	02	Nil	Resigned from the Board on 11/04/2018
14.	Brig Gen Md Anisur Rahman, ndc	05	Nil	Resigned from the Board on 14/08/2018
15.	Brig Gen Mohsen Uddin Ahmed, MPH	04	Nil	Resigned from the Board on 14/08/2018
16.	Brig Gen Shahriar Ahmed Chowdhury, ndc, psc	02	Nil	Resigned from the Board on 28/02/2018
17.	Brig Gen Md Majibur Rahman, OSP, BPMS, ndc, psc			Resigned from the Board on 14/08/2018
18.	Brig Gen Md. Zahid Hasan, ndc, psc	02	03	Resigned from the Board on 14/08/2018
19.	Brig Gen Kazi Taufiqul Islam, psc	Nil	04	Resigned from the Board on 28/06/2018
20.	Brig Gen Mohammod Al Masum, psc	Nil	04	Resigned from the Board on 28/06/2018
21.	Brig Gen A K M Saiful Islam, psc	Nil	04	Resigned from the Board on 28/06/2018

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SI.	Name of Shareholder	Attendance	Leave	Remarks	
22.	Brig Gen Abul Hasnat Mohammad Khairul Bashar, PBGM, afwc, ndc, psc	01	01	Resigned from the Board on 28/02/2018	
23.	Brig Gen K M Ferdausul Shahab, BGBM, PBGMS	03	04	Resigned from the Board on 31/10/2018	
24.	Colonel Md Hafizur Rahman, BGBMS, PBGMS, psc	Nil	02	Resigned from the Board on 28/02/2018	
25	Colonel Md. Tanvir Alam Khan, BGBMS	05	Nil	Resigned from the Board on 14/08/2018	
26.	Assistant Director Md Mahbubur Rashid	03	01	Resigned from the Board on 28/06/2018	

Remuneration of Directors

The Directors do not receive any type of remuneration and incentive. They are only paid Board meeting attendance fees, and other Board's Committee meetings as per Articles of Association of the Bank and within the guidelines of Bangladesh Bank. Information regarding expenses relating to Directors is separately disclosed in the financial statements. At the end of 2018, Shimanto Bank Ltd had 12 (twelve) members in its Board of Directors including the Managing Director. As per Bangladesh Bank's BRPD circular no. 11 dated 04 October 2015, the members of Board of Directors (excluding Managing Director) received maximum BDT 8,000.00 (Eight thousand) as honorarium for attending in a meeting. In the year 2018, total honorarium was BDT 0.66 million which was BDT 0.49 million in 2017.

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.

Appraisal of Board Members

The Board of Directors of ShimantoBak Ltd is guided by the corporate governance principles as well as the terms of reference prescribed by the regulators of the country. The Bank apprises the performance of members of the Board on the basis of aforesaid principles. Above all, an evaluation of the Board has been taken place through the Annual General Meeting (AGM) with the direct participation of the shareholders of the Bank.



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. The Board has delegated appropriate financial and business power to the Managing Director & CEO. In order to have proper functioning and quick disposal of credit proposal, Board has delegated required authority to the Management to approve proposal within certain limit and take various necessary decision. The delegation supports the operation of the Bank in a positive manner.

Remuneration of Managing Director & CEO

The remuneration package of the Managing Director & CEO is determined by the Board and is subsequently approved by Bangladesh Bank. The Managing Director & CEO has been appointed on a contractual basis and his remuneration is also disclosed separately in the financial statements.

Appointment of HoF, Head of ICC and CS

The role of Head/In Charge 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 23rd Board Meeting. 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.

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The Committee has been re-constituted by the Board of Directors 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. 50 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. 54 of this Annual Report.

Management Committees & Their Responsibilities

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

1. The Management Committee (MANCOM)

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

2. Credit Risk Management Committee (CRMC)

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

3. Asset Liability Committee (ALCO)

The Asset Liability Committee (ALCO)of Shimanto Bank is dedicated to oversee the asset-liability position, interest rate risk, liquidity risk, investment portfoliocomposition and compliance with key ALM ratios. ALCO isalso engaged in setting strategies and revamping previouslytaken 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.

5. HR Committee

HR Committee of the ShimantoBank Ltd is consisting of the top executives of the Bank and the committee is entrusted to review and recommend on different issues, agenda whenever require.



6. Executive Risk Management Committee (ERMC)

Executive Risk Management Committee (ERMC) of Shimanto Bank Ltd is formed consisting of representatives of different stakeholders and divisions. Objective of the Committee is to promote better risk culture at all levels of the banks, to provide minimum standards for risk management practices, to improve financial soundness of individual banks and stability of the overall financial sector, to encourage banks to adopt and implement a sound risk management framework and to introduce important risk management tools and techniques for assessment and necessary treatment of various risks.

7. ICT Risk Management Committee

ICT Risk Management Committee of the Bank is formed and the committee is responsible to govern overall ICT risks and relevant mitigation measures. The committee is to define the Risk Appetite in terms of combinations of frequency and magnitude of a risk to absorb loss e.g., financial loss, reputation damage.

Approval Process of Related-Party Transactions

The Bank have disclosed the related party transaction (if any) in its financial statements. Related-Party Transaction is being executed complying with relevant rules and regulations. For making decision of related party transaction, the process is same as applicable to the other stakeholders. Same process of selection is applied to related party. The related party doesn't enjoy any preferred facility or concession from the view point of approval process, rate or cost charged, action taken for any non-compliance etc.

Code of Conduct & Whistle Blowing Policy

All the employees of Shimanto Bank Ltd should believe in same ethical standards and therefore, the Bank has a Code of Conduct. By any means, no employee will play a role which is detrimental to the interest of the business, society and the country as a whole as set in the Code of Conduct.

Whistle blowing policy is incorporated in the Code of Conduct to create an environment by promoting a culture at Shimanto Bank Ltd where the honest, dedicated and loyal staff is encouraged and feels confident to reveal and report, without any fear of retaliation, subsequent discrimination and of being disadvantaged in any way, about any fraudulent, immoral, unethical or malicious activity or conduct of employees, which in their opinion may cause financial or reputational loss to the Bank. The policy of the Bank provides assurance to the Whistleblowers about secrecy and protection of their legitimate personal interests.

Corporate Social Responsibility Activities and Green Banking

Corporate social responsibility (CSR), in recent times, has become an integral part of business. The contribution of Banks in this regard is of paramount importance considering their unique position in the economy. Shimanto Bank Ltd has a policy to contribute 10% of the net profit of the previous year in CSR activities. The Bank believes that CSR practice not only improves own standard but also affect the socially responsible behaviors of its businesses. Shimanto Bank Ltd maintains a standard CSR practices aligned with the CSR Guideline issued by the Bangladesh Bank. The Bank focuses on education, health, disaster management, socio-economic development, sports etc. in case of CSR implementation. Moreover, Shimanto Bank Ltdhas policy on Green Banking and also is practicing Green Banking.



Disclosures on Risk Based Capital (Basel III)

These disclosures 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.
- Process for assessing the overall capital adequacy aligned with risk profile of a Bank as well as capital growth plan.
- 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 Ltd. followed the scope narrated above. Bank has Tier 1 Capital (Going concern) and tier 2 Capital (Gone concern) structure at the moment.

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:

- a) Instruments issued by the banks that meet the qualifying criteria for AT1 as specified at Annex4.
- b) 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:

- a) 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 standardised approach)
- b) 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:

Common Equity Tier 1 of at least 4.5% of the total RWA.

- 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	923	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%

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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.

Tier 1 Capital (after related deductions)

Leverage Ratio=

Total Exposure (after related deductions)

Transitional Arrangements

The parallel run period for leverage ratio will commence from January, 2015 and run until December 31, 2017. 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 is under taking the following 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.

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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) under the Companies Act 1994 for carrying out all kinds of banking activities. Presently the Bank is operating its business activities through Head Office with Fourteen branches (Principal Branch- Shimanto Kallayan Bhaban, Dhanmondi; Mymensingh Branch; Agrabad Branch; Satkania Branch; Agrabad Branch; Bibir Bazar , Comilla; Cox's Branch; Teknaf Branch; Lalmonirhat Branch; Seed Store Branch; Champoknagar Branch; Sylhet Branch; and Pragpur Branch)	
	(c)	Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	Not applicable	
Quantitative Disclosure	(d)	The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name (s) of such subsidiaries	Not applicable	

2. Capital Structure:

Qualitative Disclosure	(a)	Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.	As per the guidelines of Bangladesh Bank, Tier-1 Capital of Shimanto Bank Limited consists of (i) Fully Paid-up Capital, (ii) Statutory reserveand (iii) Retained Earnings Tier-2 Capital consists of (i) General Provision against unclassified Loans/Investments.	
	(b)	The amount of Tier-1 capital with separate disclosure of:		
			Figure in BDT Crore	
		i. Fully Paid-up Capital	400.00	
		ii. Statutory reserve	4.34	
		iii. Retained Earnings	4.64	
		Sub-Total (A)	408.98	
	(c)	The total amount of Tier-2 and Tier-3 capital (E	7.38	
	(d)	Other deductions from capital		
	(e)	Total eligible capital (A+B)	416.36	

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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.

The Bank has computed the Capital to Risk Weighted Ratio (CRAR) adopting the following approaches:

a.Standardized Approach for Credit Risk to Compute Capital to Risk Weighted Ratio under Basel III, using national discretion for:

- 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.
- b. Standardized (rule based) Approach for Market Risk and
- c. Basic Indicator Approach for Operational Risk.

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.

Quantitative Disclosures				
Capital requirement under following Risk:	Amount in Crore			
b) Capital requirement for Credit Risk	620.80			
c) Capital requirement for Market Risk	0.00			
d) Capital requirement for Operational Risk	46.14			
Total Capital Requirement (b+c+d)	666.94			

Minimum Capital Requirement (MCR) Capital Adequacy Ratio (CRAR):					
1. Common Equity Tier 1 (CET 1) Ratio	61.32%				
2. Tier 1 Capital Adequacy Ratio	61.32%				
3. Tier-2 Capital Adequacy Ratio	1.11%				
Capital to Risk-weighted Asset Ratio (CRAR)	62.43%				
Capital Buffer	52.43%				
Available Capital under Pillar 2 Requirement	7.38				
Minimum Capital Requirement (MCR)	400.00				

4. Credit Risk:

· · · · · · · · · · · · · · · · · · ·	(a)	The general qualitative	disclosure requirement with respect to credit risk, including:
	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	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.



They are classified as follows:

Continuous & Demand Loan are classified as:

- Sub-standard- if it is past due/overdue for O3(three) months or beyond but less than O6 (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.

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:

- Sub-standard- if the amount of past due installment is equal to or more than the amount of installment(s) due within O6 (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".

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:

- 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 equalto or more than the amount of installment(s) due within 09 (nine) months, the entire loans are classified as "Bad/Loss".

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:



		 Sub-standard- if the irregular status continue period of 12 (twelve) months, the credits are as "Sub-standard". Doubtful- if the irregular status continue after of 36 (thirty six) months, the credits are classification (but it is a continue after of 60 (sixty) months, the credits are classification (but it is a continue after of 60 (sixty) months, the credits are classification (but it is a continuous loan, Demand loan or a Term Loan (but it is a continuous loan, Demand loan or a Term Loan (but it is a continuous loan, Demand loan or a Term Loan (but it is a continuous loan, Demand loan or a Term Loan (but it is a continuous loan, Demand loan or a Term Loan (but it is a continuous loan, Demand loan or a Term Loan (but it is a continuous loan, Demand loan or a Term Loan (but it is a continuous loan, Demand loan or a Term Loan (but it is a continuous loan, Demand loan or a Term Loan (but it is a continuous loan, Demand loan or a Term Loan (but it is a continuous loan, Demand loan or a Term Loan (but it is a continuous loan) representation of the continuous loan (but it is a continuous loan) representation of the continuous loan (but it is a continuous loan) representation of the continuous loan (but it is a continuous loan (but it is a continuous loan) representation of the continuous loan (but it is a continuous	classified r a period ssified as r a period ssified as oan which nonths or
	ii) Description of approaches followe for specific and general allowances and statistical methods	The Bank is required to maintain the following and specific provision in respect of classi unclassified loans and advances / investment basis of Bangladesh Bank guidelines issued for time:	fied and s on the
	metrous	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%
#### 0000 36555 #### 0000 36555 #### 0000 36555		General provision for all regular short term agri. and micro credit	1%
2011 210001111 2011 2011 210001111 2011 211 210001 2011 211 210001 2011 211 210001 2011 211 210001 2011		General provision on outstanding amount for Special Mention Account (SMA)	5%
		Specific provision on Sub-Standard loans and advances	20%
	S.	Specific provision on Doubtful loans and advances	50%



	- 4	17			V.1
			Specific provision for Sub-Stand Doubtful short term agri. and micr		59
			Specific provision on Bad /Loss advances	loans and	100
Quantitative Disclosure	b)	Total gross credit risk exposures	Total Gross Credit Risk Exposures brok major types of credit exposure of the B		
		broken down by major types of	Particulars		BDT cro
		credit exposure	Loan (General)		463.3
			Cash Credit		0.0
			Overdraft		117.2
			Staff Loan		2.8
			Total		583.5
(c	(c)	Geographical distribution of exposures, broken	Geographical distribution of exposignificant areas by major types of the Bank:		
		down in significant areas	Particulars	BD	T crore
		by major types	Urban:		
		of credit exposure	Urban:		390.82
			Dhaka Division		92.56
			Chattogram Division		1.51
			Sylhet Division		26.71
			Khulna Division		26.65
			Mymensingh Division		3.60
			Rangpur Division Rural:		
			Chattogram Division		41.68
			TOTAL		583.53
	(d)	Industry or counterparty type distribution of exposures,	Industry or counterparty type disti broken down by major types of c Bank:		
		broken down by	Particulars		BDT cror
		major types of Credit exposure	Commercial and Trading		24.0
		The second secon	Importer of Commodity		Ni
			Construction		64.4
			Edible Oil Refinery Industry		Nil
			Electronics Goods		14.93
			Consumer Credit		391.85
			Pharmaceuticals Industries		K100
			Filal maceuticals industries		Nil
			Readymade Garments Industry		
					Nil Nil Nil



			Telecommunication Sector	Nil
			Textile Mills	Nil
			Power Sector	25.77
			Others	62.45
			TOTAL	583.53
	(e)	Residual contractual maturity breakdown of the whole portfolio.	Residual contractual maturity break down broken down by major types of credit expo	
		broken down by major	Particulars	BDT crore
		types of credit exposure.	Repayable on demand	36.30
			In more than one month but not more than three months	30.25
			In more than three months but not more than one year	130.30
			In more than one year but not more than five years	91.97
			more than five years	294.71
			TOTAL	583.53
	(f)	By major industry or counterparty type:		
		i) Amount of impaired loans and if available, past due loans, provided separately	Nil	
	63	ii) Specific and general provisions	Nil	
	19	iii) Charges for specific allowances and charge- offs during the period.	Nil	
	(g)	Gross Non-Performing Asset Non-Performing Assets (NPA	ts (NPAs). As) to Outstanding loans and advances.	
		Movement of Non- Performing Assets (NPAs).	0.55	
1000 1000 1000 1000 1000 1000 1000 100		Movement of Specific Provisions for (NPAs).	0.20	



5. Equities: Disclosures for Banking Book Positions

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

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(c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	Nil
(d)	□ Total unrealized gains (losses) □ Total latent revaluation gains (losses) □ 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 regarding	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.
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		loan repayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.	Risk management framework: The Asset Liability Manage consisting of Bank's senior man ensuring adherence to the limi as for deciding the business st assets and liabilities) in line widecided risk management of strategies and specifies pruder of interest rate risk in the ban parameters laid down by Boar are monitored periodically and reported to ALCO.	nagement ts set by t rategy of t ith the Ba objectives. htial limits king book d of Direct	is respons he Board the Bank (ank's budg ALCO of for manag within the tors. These	ible for as well for the get and decides gement e broad e limits
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	Total Risk Sensitive Asset Total Risk Sensitive Liabilities		467.93 657.63	
			Cumulative Gap < 3 month 3-6 month 6-12 month CAR before shock (%)		10.30 -70.00 -130.00	5
	management's method of measuring IRRBB, broken down by currency.	management's	Assumed Change in Interest Rate	1.00%	2.00%	3.00%
		measuring IRRBB,	Capital After Shock (in BDT Crore)	414.46	412.57	410.67
		CAR After Shock (%)	62.14%	61.86%	61.58%	

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: a) Capital charges for interest rate risk= Capital Charge for General Market Risk b) Capital charges for Equity Position Risk= Capital Charge for Specific Risk+ Capital Charge for General Market Risk c) Capital charges for Foreign Exchange Risk= Capital Charge for General Market Risk d) Capital charges for Commodity Position Risk= Capital Charge for General Market Risk d) Capital charges for Commodity Position Risk= Capital Charge for General Market Risk.

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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.	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. Policies and processes for mitigating market risk are mentioned below-
	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		0550, 0550, 050000000000000000000000000	
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



operational risk events, which ensure that the Ban line with industry best practices and takes ac lessons learned from publicized operational failur the financial services industry. ii) Performance gap of executives and staffs The bank believes that training and knowledge such that the best way to reduce knowledge gap. Their arranges trainings on a regular basis for its emplied develop their expertise. The bank offers compet package to its employees based on performance as it always tries to develop a culture where all er can apply his/her talent and knowledge to work organization with high ethical standards in order more value to the company and for the economy. No potential external events are expected to external events iii) Potential external events are expected to external event	Quantitative (disclosures	nt for Operational Risk Figure in BDT crore 46.14 onal risk	
operational risk events, which ensure that the Ban line with industry best practices and takes ac lessons learned from publicized operational failur the financial services industry. The bank believes that training and knowledge so the best way to reduce knowledge gap. There arranges trainings on a regular basis for its empl develop their expertise. The bank offers compet package to its employees based on performance a lt always tries to develop a culture where all er can apply his/her talent and knowledge to work organization with high ethical standards in orde more value to the company and for the economy. No potential external events are expected to external events iv)Policies and Processes for mitigating operational risk: Internal control mechanism is in place to comminimize the operational risks. If any controls are be ineffective during the course of Risk & Self-Assessment, corrective measures are adopted course. A monitoring system is also in place for tracorrective actions plan periodically. The various approved policies viz., Internal Control & Co Policy, Internet Banking Security Policy; Policy of AML; ICT Policy addresses issues pertaining to Open and the surface of the sur		terms of BRPD Circular No. 18 dated 21 December 201 Guidelines on Risk Based Capital Adequacy (Revise Regulatory Capital Framework for banks in line with Bas III). The BIA stipulates the capital charge for operation risk is a fixed percentage, denoted by α (alpha) of average positive annual gross income of the Bank over the pathree years. It also states that if the annual gross income for any year is negative or zero, that should be exclude from both the numerator and denominator whe calculating the average gross income. The capital charge for operational risk is enumerated by applying the following formula:	
operational risk events, which ensure that the Ban line with industry best practices and takes ac lessons learned from publicized operational failure the financial services industry. ii) Performance gap of executives and staffs The bank believes that training and knowledge so the best way to reduce knowledge gap. There arranges trainings on a regular basis for its employed develop their expertise. The bank offers compet package to its employees based on performance a lit always tries to develop a culture where all er can apply his/her talent and knowledge to work organization with high ethical standards in order more value to the company and for the economy. No potential external events are expected to extend to the company and the particular training and knowledge so the best way to reduce knowledge gap. There arranges trainings on a regular basis for its employees based on performance a lit always tries to develop a culture where all er can apply his/her talent and knowledge to work organization with high ethical standards in order more value to the company and for the economy.		nternal control mechanism is in place to control and ninimize the operational risks. If any controls are found to be ineffective during the course of Risk & Control elf-Assessment, corrective measures are adopted in due ourse. A monitoring system is also in place for tracking the orrective actions plan periodically. The various Board pproved policies viz., Internal Control & Compliance Policy, Internet Banking Security Policy; Policy on KYC & ML; ICT Policy addresses issues pertaining to Operational	
operational risk events, which ensure that the Ban line with industry best practices and takes ac lessons learned from publicized operational failure the financial services industry. ii) Performance gap of executives and staffs The bank believes that training and knowledge such that the best way to reduce knowledge gap. The arranges trainings on a regular basis for its employed develop their expertise. The bank offers compet package to its employees based on performance a lit always tries to develop a culture where all er can apply his/her talent and knowledge to work organization with high ethical standards in order		No potential external events are expected to expose the lank to significant operational risk.	
operational risk events, which ensure that the Ban line with industry best practices and takes ac lessons learned from publicized operational failur		The bank believes that training and knowledge sharing is the best way to reduce knowledge gap. Therefore, it rranges trainings on a regular basis for its employees to evelop their expertise. The bank offers competitive pay ackage to its employees based on performance and merit. It always tries to develop a culture where all employees an apply his/her talent and knowledge to work for the organization with high ethical standards in order to addinore value to the company and for the economy.	
through a control based environment in which pare documented, authorizations are independent transactions are reconciled and monitored. Supported by an independent program of periodic		cank and its Management firmly believe that this risk brough a control based environment in which processes re documented, authorizations are independent and ransactions are reconciled and monitored. This is supported by an independent program of periodic reviews indertaken by internal audit, and by monitoring external operational risk events, which ensure that the Bank stays in the with industry best practices and takes account or essons learned from publicized operational failures within the financial services industry.	

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9. Liquidity Ratio:

i) Views of BoD on system to reduce liquidity Risk	The Board of Directors of the bank set policy, different liquidity ratio limits, and risk appetite for liquidity risk management as per regulatory guidelines. The ALM Policy, the most important policy for Liquidity Risk Management is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign with changes in the economic landscape. The ALCO of the Bank formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the ALM Policy.			
ii) Methods used to measure Liquidity risk	In the perspective of Bangladesh, identifying and monitoring the driving factors of liquidity risk is viewed from the following aspects: Regulatory Liquidity Indicators (RLIs): Cash Reserve Requirement (CRR) Statutory Liquidity Ratio (SLR) Medium Term Funding Ratio (MTFR) Maximum Cumulative Outflow (MCO) Loan Deposit Ratio /ADR Liquidity Coverage Ratio (LCR) Net Stable Funding Raito (NSFR) Bank's own liquidity monitoring tools: Wholesale Borrowing and Funding Guidelines Liquidity Contingency Plan Management Action Trigger (MAT) Computation of Capital Charge against Liquidity Risk: If annual average of any RLIs of any bank falls below Bangladesh Bank's requirement the bank will be required to maintain additional capital for that RLI (or those RLIs) in SRP.			
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.			
	of balance sheet Management, heastly Front Office, budge	g in the functional areas		
iv) Policies and Processes for mitig- ating Liquidity risk	An effective liquidity risk management process will inclumeasure, monitor and control its liquidity exposures. Bank has Asset Liability Management Committee (ALCO) risk on a regular basis. Based on the detail recommend ALCO take appropriate action to manage the liquidity risk risk control framework which outlines clear and coprinciples for liquidity risk management.	g in the functional areas at and Planning etc. Ide systems to identify to monitor the liquidity dation from ALM desk, . Also Bank has internal		
Processes for mitig-	An effective liquidity risk management process will inclumeasure, monitor and control its liquidity exposures. Bank has Asset Liability Management Committee (ALCO) risk on a regular basis. Based on the detail recommend ALCO take appropriate action to manage the liquidity risk risk control framework which outlines clear and control framework which which is control framework which which which we can be control from the control framework which which we can be control from the control framework which which we can be control from the control framework which we can be control from the control framework which we can be control from the control framework which we can be control from the control framework which we can be control from the control framework which we can be control from the control framework which we can be control from the control framework which we can be control f	g in the functional areas at and Planning etc. Ide systems to identify to monitor the liquidity dation from ALM desk, . Also Bank has internal		
Processes for mitigating Liquidity risk Quantitative	An effective liquidity risk management process will inclumeasure, monitor and control its liquidity exposures. Bank has Asset Liability Management Committee (ALCO) risk on a regular basis. Based on the detail recommend ALCO take appropriate action to manage the liquidity risk risk control framework which outlines clear and control framework which which is control framework which which which we can be control from the control framework which which we can be control from the control framework which which we can be control from the control framework which we can be control from the control framework which we can be control from the control framework which we can be control from the control framework which we can be control from the control framework which we can be control from the control framework which we can be control from the control framework which we can be control f	g in the functional areas and Planning etc. Ide systems to identify to monitor the liquidity dation from ALM desk, . Also Bank has internal possistent policies and		
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Processes for mitigating Liquidity risk Quantitative	An effective liquidity risk management process will inclumeasure, monitor and control its liquidity exposures. Bank has Asset Liability Management Committee (ALCO) risk on a regular basis. Based on the detail recommend ALCO take appropriate action to manage the liquidity risk risk control framework which outlines clear and coprinciples for liquidity risk management. Liquidity Coverage Ratio Net Stable Funding Ratio (NSFR)	g in the functional areas and Planning etc. Ide systems to identify to monitor the liquidity dation from ALM desk, . Also Bank has internal ensistent policies and Amount in Million (BDT) 245.20% 153.26%		
Processes for mitigating Liquidity risk Quantitative	An effective liquidity risk management process will inclumeasure, monitor and control its liquidity exposures. Bank has Asset Liability Management Committee (ALCO) risk on a regular basis. Based on the detail recommend ALCO take appropriate action to manage the liquidity risk risk control framework which outlines clear and coprinciples for liquidity risk management. Liquidity Coverage Ratio Net Stable Funding Ratio (NSFR) Stock of High quality liquid assets	g in the functional areas and Planning etc. Ide systems to identify to monitor the liquidity dation from ALM desk, Also Bank has internal ensistent policies and Amount in Million (BDT) 245.20% 153.26% 134.71		



10. Leverage Ratio:

n 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 een introduced under the Base III framework. Board of Directors of our Bank ontinuously monitoring the exposure limit of lending, capital strength of our lank in order to avoid building-up excessive on- and off-balance sheet leverage.			
The leverage ratio is intended to achieve the following objectives: a) constrain the build-up of leverage in the banking sector which could damage the broader financial system and the economy b) reinforce the risk based requirements with any easy-to-understand and non-risk based measure.			
At the end December 2018, the minimum requirement for leverage 35.94% on solo bases. But Higher leverage ratio can decrease the probanks because it means banks can do less profitable lending. However the leverage ratio means that banks have more capital reserves are easily survive a financial crisis.			
In view of the impact of leverage into the business, our bank management takes decision about future investment. Considering the financial strength, Bank also make Capital planning and business budget to go on a right way.			
The leverage ratio is a volume-based measure and is calcular capital divided by total on and off-balance sheet exposures. A minimum Tier 1 leverage ratio of 3% is being prescrib consolidated level.	ped both at solo and		
Leverage Ratio =			
	35.95%		
CANCEL CONTROL OF THE	1137.65		
And the second s	Nil		
E E	1137.65		
	in the banking system, a simple, transparent and non-risk babeen introduced under the Base III framework. Board of I continuously monitoring the exposure limit of lending, ca Bank in order to avoid building-up excessive on- and off-bala. The leverage ratio is intended to achieve the following object build-up of leverage in the banking sector which could financial system and the economy b) reinforce the risk bas any easy-to-understand and non-risk based measure. At the end December 2018, the minimum requirement for 35.94% on solo bases. But Higher leverage ratio can decreate banks because it means banks can do less profitable lending the leverage ratio means that banks have more capital releasily survive a financial crisis. In view of the impact of leverage into the business, our bard decision about future investment. Considering the financial make Capital planning and business budget to go on a right of the leverage ratio is a volume-based measure and is calculated a minimum. Tier 1 leverage ratio of 3% is being prescrib consolidated level. Tier 1 Capital (after relate		

11. Remuneration:

Qualitative Disclosures:	
	(a) Information relating to the bodies that oversee remuneration: The remuneration issues in Shimanto Bank are overseen by to 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 principle 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.



(b) Information relating to the design and structure of remuneration process:

The key features and objectives of remuneration policy:

- 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 short and long term performance objectives to the Bank's circumstances and goals;
- 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.

In the year 2018, 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.

The structure of remuneration arrangements for all employees consists of following components:

- □ Fixed Remuneration; and
- □ Performance-based remuneration

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.

Performance-based remuneration: Employee remuneration packages may include a 'variable' component with short term and long term incentive plans.

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.



 	,
(c)	Description of the ways in which current and future risks are taken into account in the remuneration processes.
	The Bank's remuneration practices are carefully managed takes into account the following key risks when implementing remuneration measures:
	□ □ Financial Risks
	□ □ Compliance Risks
	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.
(d)	Description of the ways in which the bank seeks to link performance :
	 Overview of main performance metrics for the Bank, top level business lines and individuals-
	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.
	 Discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance-
	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 visà-vis their goal sheets, which incorporate the various aspects/metrics.
(e)	 Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance. 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.) In case of following situation remuneration can be adjusted before vesting: Disciplinary Action (at the discretion of Enquiry committee)
	 Resignation of the employee prior to the payment date. 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)



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	(f)	Description of the different forms of variable remuneration that the bank utilities and the rationale for using these different forms. The main forms of such variable remuneration include:
		☐ Monthly Cash benefits
		☐ Incentive plan for the employees to be paid annually
		The form of variable remuneration depends on the job level of individual risk involved, the time horizon for review of quality of the assignment performed.
Quantitative Disclosures	(g)	Number of Meeting held by the Remuneration Committee during the financial year and remuneration paid to its member. Nil
	(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. 1.01Crore 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. = 1 Crore 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(Amount in Crore) (Amount in BDT Crore)
		Basic Salary 6.16
		Allowances 8.30
		Festival Bonus 1.01
		Gratuity 0.35
		Provident Fund Contribution 0.55
		Performance Bonus 1.00

84

(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.

Total amount of reduction during the financial year due to ex post implicit adjustments.

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Management Review & Evaluation

Retail Banking

SME Banking

Corporate Banking

Treasury Management

Human Resource Development

Corporate Social Responsibility

Brand & Corporate Affairs

Information Technology

Strengthening Internal Control & Compliance for Ensuring Governance





Retail Banking

An Overview of Retail Banking

The prospect of Retail Banking (RB) is increasing nowadays because it is fundamentally a customer based business and it serves a large number of small customers (individuals and business). The resilience of the consumer sector in recent years has almost certainly contributed to the stability and growth of RB. In retail banking, products or services respond differently as market conditions change. Banks are also devoting themselves to undertaking much more sophisticated market research to fine tune the packaging and delivery of investment-related financial products to different income and age groups in different geographic areas. 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.

2018 was a very critical year for the banking industry as our banking industry faced the worst liquidity crisis in recent times. The abnormal competition of deposit collection to overcome the crisis among the private commercial banks further intensified the situation. Being a new entrant, the changed market scenario put extra pressure on us and it became very challenging for us to accommodate with the situation. However, with prudent investment decisions and all out efforts of all our employees we overcame the situation successfully and turned the year to another successful year for Shimanto Bank Ltd.

Though it was only our 3rd year of operation, we have achieved significant growth in our retail portfolio both in terms of assets and liabilities. In addition to boosting our portfolio we have also focused on achieving service excellence through convenient 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. Currently Retail Banking has 13 branches, 3 dedicated information center with more than 32,000 happy customers. In 2018, we have launched a number of unique products like SMBL Asthai Obsor, a fixed deposit product for the senior citizens of the country which made a significant impact on the market.

Retail Banking Performance Highlights-2018:

- We have opened 4 new branches in 2018 located at Lalmonirhat, Seedstore, Champaknagar & Sylhet.
- 7 new ATM booths have been opened in 2018 across the country.
- Launched 3 new deposit products; Shimanto Student Account, Student DPS for the Students & SMBL Asthai Obsor for the senior citizens of the country.
- Launched 3 Ioan products; SMBL Dishari (Loan for Micro & Cottage industries of rural branches), SMBL Krishi Rin & SMBL Professional Loan.
- Opened 2 (two) Information Centers at Halishahar, Chittagong and Baitul Izzat, Satkania for the convenience of the BGB Members.



Retail Banking Functionalities



Financial Highlights





Challenges Ahead

- Ensuring Service Quality: Ensuring uniform service quality across all channels through centralized banking process is one of our key challenges ahead.
- Channel Expansion: As branches and delivery channels acts as the primary face of the bank, we need rapid
 expansion of our branch and delivery networks to increase our visibility in the market.
- 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: Increase in fraud and dishonest practices especially in relatively new fields of digital banking.

Retail Banking Goals for 2019

- To increase the number of delivery and service channels.
- To expand home loan customer base by launching simplified home loan products and process simplification.
- Continuous process re-engineering to ensure more delightful customer experiences with faster and more personalized services.
- To penetrate the market more effectively and increase the customer base.
- To become a brand of choice for the customers.
- Enhance customer value proposition through technology-led innovation.
 back to help build up new process and products







SME Banking

An Overview of SME Banking

Accelerating growth and reducing poverty, income inequality and regional disparity are the major goals of the current development manifesto in Bangladesh. The principal strategy for achieving these goals includes creation of productive employment in the manufacturing and formal services sectors and withdrawal of productive labor from low-skill and low-return sectors and other informal sectors. Cottage, Micro, Small and Medium Enterprises (CMSMEs) are pictured as the key constituents in the development strategy. SMEs are considered as the growth engines and innovation drivers across the globe as well as in Bangladesh.

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.

To capitalize on the sector's immense growth potential and focus on meeting the government's central mandate of financial inclusion, SMBL has started SME Banking from the beginning of its operation. 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-2018:

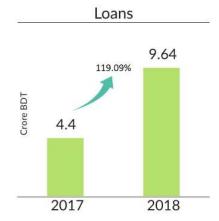
- Signed refinancing agreement with FID, Bangladesh Bank under SMEDP-2 Project of ADB.
- Launched a new loan product specially designed for the cottage & micro industries of rural areas named SMBL Dishari (an EMI based Term Loan)
- Developed Small and Medium Enterprise Credit Policy for the bank to have clear vision and strategy about disbursing SME credit.





Financial Highlights





Challenges Ahead

- Aggressive offers made by some competing banks to book fresh as well as takeover loans at lower interest rates is pushing the margin on SME loans to downward.
- 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.
- Growing companies in Bangladesh are standoffish regarding financial discipline which is another major challenge to analyze the client's financial health.
- Rising NPL in SME sector is making SME financing more challenging.

SME Banking goals for 2019

- 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.
- Train and educate branch people to facilitate more acquisition of SME Business.
- To make agreements with various organizations for refinancing & pre-financing facilities.







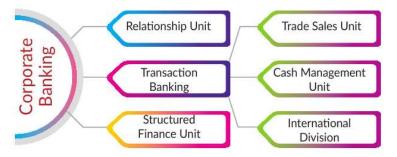
Corporate Banking

An Overview of Corporate Banking

Huge public investment in power and energy, construction, transport and communication which is the current growth mandate of the government created huge opportunities for the private sector investors in recent years. Demand for consumer goods as well as luxury household items has also seen a sharp upward trend due to a consistent GDP growth of 7% over the last 10 years. As a result, investment in manufacturing units has been another profitable corporate sector. But, for the banking industry, 2018 has been a mix year. Strong growth in the beginning of the year gradually slowed down due to liquidity reasons and this triggered a sudden rise in both deposit and lending rates.

Despite all these challenges SMBL corporate banking has achieved 222.98% growth in its portfolio which is truly remarkable being a new entrant as well only in the 3rd year of the bank's operation. Our corporate banking team has been able to finance some of the large and renowned corporates of our country. We have also participated in a syndication deal of BDT 300 Million in 2018. 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 Functionalities:



Corporate Banking Performance Highlights-2018:

- Participated in a syndication deal of BDT 1000 Million arranged by one of the renowned local banks of our country.
- Signed an agreement with Bangladesh Rural Electrification Board (BREB) for electricity Bill Collection through our branches.
- SMBL Trade Operations has opened LC amounting BDT 43.09 Million in the first year of operation.

Financial Highlights:



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2018



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 2019

- 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 Managment

- From the very beginning of 2018, Treasury department of Shimanto bank started their activity considering
 profitability and risk factor of the liquidity market.
- Shimanto bank has a dedicated treasury team which is capable to provide different treasury solutions with different treasury products.
- In 2018, Shimanto bank Treasury department started their activity with Money market term placement and with treasury Bonds. Till 31st December 2018, the invested amount in Term placement was BDT 300 crore and Treasury bond investment amount was BDT 45.64 crore. Also invested in preference share amounting BDT 5.5 crore and commercial paper amounting BDT 25.00 crore. During the year 2018, treasury department has also started their activity in Foreign Exchange market.
- 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 2018, Shimanto bank Treasury department provide their best solution for bank profitability and Treasury
 will continue to further contribute towards Shimanto Bank's profitability in 2019. Shimanto bank Treasury
 Department has a plan to expend their activity in Fixed Income, Capital market and Money market activity
 in 2019.



Human Resource Development

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.

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

Human Resources Management is the management of human resources. It is designed by the HR Department to maximize employee performance in service of an employer's strategic objective. HR is primarily concerned with the management of people within organizations, focusing on policies and on systems. HR Departments are responsible for overseeing employee-benefits design, employee recruitment, training and development, performance appraisal and rewarding. HRD of Shimanto Bank focuses on maximizing employee productivity. HR professionals manage the human capital of an organization and focus on implementing policies and processes. They can specialize on recruiting, training, employee-relations or benefits. Training and development professionals ensure that employees are trained and have continuous development. This is done through training programs, performance evaluations and rewards programs. Employee relations deals with concerns of employees when policies are broken, such as in cases involving harassment or discrimination.

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

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

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

- Basic Banking for all Grades of employees
- Foundation Training for all Fresh employees
- Anti-Money Laundering & Counter Financing Terrorism
- Trade Operations
- Vault Management
- Customer Service
- Asset & Liability Management for employees in Treasury (arranged by Bangladesh Bank)
- BASEL II & III
- Leadership & Teamwork

The Bank also arranged Town Hall Meeting, Picnic, central Iftar for all employees and different views sharing sessions for all of its employees to ensure better Employee Engagement. These programs 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.



Corporate Social Responsibility

The Corporate Social responsibility (CSR) is a specialized corporate function to allocate and spent fund for the wellbeing of society. The objective of the function is to contribute to the society and to mitigate the negative impact of business on social and environmental areas. The target is to contribute to the life of less well-off people positively.

As part of CSR Shimanto Bank is committed to contribute to the society to make it more livable. We want to bring financial inclusion to the life of margined people of Bangladesh. We are working to make financial service available to the people of remote areas.

As initiated by Bangladesh Bank 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 health care support, emergency disaster relief, promoting adoption of environmentally sustainable practice and life style, promoting artistic, cultural, literary, sports and recreational facilities for the underprivileged and infrastructure improvement for disadvantaged communities in remote far flung areas and so forth.

Abiding by the Indicative guideline for CSR expenditure allocation and end use oversight as circulated by Bangladesh Bank, Shimanto Bank has allocated mentionable amount of money to Dipto Shimanto (an institution for the special children's education), local sports , education, health care etc. As a new bank and within 1st,2nd and 3rd year of operations our contribution in the field of CSR is praiseworthy.

Shiamnto Bank is committed to serve the nation and contribute to the society of Bangladesh.



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Brand & Corporate Affairs

Brand & Corporate Affairs Division is working for the bank to maintain corporate identity that expresses the personality and philosophy of Shimanto Bank. In the competitive market scenario it is vital to establish a sustainable, strong and adequate brand identity. It is very much important to create our identity in a consistent manner so that people can identify us in a uniform way.

Brand & Corporate Affairs ensures consistency in language and communication of the bank. Brand consistency includes language looks, how we express and feel things. This consistency reassures and sends a message of integrity and commitment as an organization, whilst consolidating Shimanto Bank's brand identity to the world.

The brand elements like logo, tag line, brand color and policy issues like CSR policy, Communication policy, Brand identity guideline etc also are maintained by the Brand & Corporate Affairs. The design and execution of creative communication for various products of the bank are coordinated by this division.

Information Technology

From 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 customers. The best application, the best hardware, the best people are the three things that have kept us in front.

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. We are always eager to adopt latest technology the industry can offer & introduce latest services which will make life easier for our clients.

On that note in 2018 Shimanto Bank Limited launched "NPSB Funds Transfer" via its Connect-Internet Banking, Mobile Apps & ATM Channels. SMBL was one of the very first banks to introduce this service for its clients, using which the customers will be able to perform Inter-Bank transfer among account, debit Card, Credit Card ETC.

We also introduced, a brand new state of art Data Center at Dhaka, which will help SMBL to provide uninterrupted Banking service to its customers.

We are able to offer wide range of products and anytime-anywhere banking by adopting latest technology. We are one of the few banks 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.

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.



Internal Control & Compliance for Governance

Banking sector has diversified with complex financial activities that involve different risks. So the issues of effective control system, good governance, transparency of all financial activities and accountability towards its stakeholders and regulators have become significant to ensure smooth performance of a bank.

Internal control is a process, rather than a structure. It is not a separate activity disconnected from the rest of the business activities, it is an integral part of those activities. It provides safe and sound operations within the organization. It helps an organization to safeguard its assets, check the accuracy and reliability of data. Shimanto Bank has policies in line with Bangladesh Bank guidelines which were approved by Board of Directors. Senior Management ensures policies and procedures are followed in all banking activities. Shimanto Bank has centralized operation system since its inception. Senior management ensures appropriate segregation of duties so that conflict of interest might not be arisen. Every employee has a job description for effective control system. Bank's Audit Functions reports directly to the Audit Committee of the Board of Directors and is responsible to the Audit Committee of the Board. Good corporate governance creates a transparent set of rules and controls and Shimanto Bank strives to have a high level of corporate governance. Main objectives of Internal Control are:

- Operational objectives: Achievement of the Bank's mission and vision.
- Reporting Objectives: Timely accurate and comprehensive reporting, financial and non-financial, internal and external.
- Compliance Objectives: Conducting activities and taking specific actions in accordance with applicable laws and regulations.

To ensure an appropriate level of Internal Control System, the Bank's Internal Control & Compliance Department (ICCD) has been structured as per the prescribed organizational structure of Bangladesh Bank's Guidelines on Internal Control & Compliance in Banks. Internal control & Compliance Division comprises of the following three Units: -

- i) Audit Unit
- ii) Monitoring Unit
- iii) Compliance Unit
- i) Audit Unit: The Bank introduced Risk Based Internal Audit (RBIA) to assess the business risk as well as the control risk associated with branch/department and determine how much care, monitoring & periodicity of comprehensive internal audit would be required to reposition the branch/department. Bank ensures an effective and comprehensive internal audit carried out by its audit team as per "Annual Audit Plan" duly approved by Audit committee of the Board. Accordingly comprehensive audit has been conducted on 23 (twenty three) different departments and branches. 12 (twelve) special/surprise inspections were also conducted on different issues by the Audit unit.



- ii) Monitoring Unit: This unit monitors the effectiveness of the Bank's internal controls on an ongoing basis. Although monitoring controls are a part of the overall system, it is largely independent of the elements it is checking. Examples of monitoring procedures include periodic evaluation by the business lines including Self-Assessment of Internal Controls, Departmental Control Function Checklist (DCFCL), Loan Documentation Checklist (LDC), and Quarterly Operations report (QOR) etc. as part of its daily activities, the Monitoring Unit monitors the operational performance of various branches and divisions and raise flags in case of deviations detected. It also collects relevant data and analyzes it to assess the risk of individual units.
- iii) Compliance Unit: The Compliance Unit looks after compliance activities of different divisions and branches. It follows-up with them to ensure that all regulatory requirements as well as audit issues are rectified and complied within due time. The Unit also maintains liaison with Bangladesh Bank and other regulatory authority. The Bank has updated it's Internal control & Compliance Policy and robust Risk Based Internal Audit (RBIA) methodology has been implemented. Risk assessment by internal control focuses on ensuring compliance with the Bank's policies, together with regulatory requirements as per core risk guidelines and different circulars of Bangladesh Bank and other regulatory requirements, social, ethical and environmental risks and also recommending appropriate measures to improve further internal control framework. In this way, Internal Control & Compliance plays its pivotal role both as a watchdog as well as a facilitator of the Bank's sustainable growth.

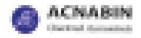




Independent Auditor's Report and Audited Financial Statements

For the year ended 31 December 2018





BDBL Bhaban (Level-13) 12 Kawran Bazar Commercial Area Dhaka-1215, Bangladesh. Telephone: (+88-02) 8144347 to 52 (+88-02) 8189428 to 29 Facsimile: (+88-02) 8144353 E-mail: <acnabin@bangla.net> Web: www.acnabin.com

Independent Auditor's Report

To The Shareholders of Shimanto Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Shimanto Bank Limited, which comprise the balance sheet as at 31 December 2018, the profit and loss accounts, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the financial position of Shimanto Bank Limited as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2.1.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for professional Accountants (IESBA Code) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) By-laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





Responsibilities of Management and those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with IFRSs as explained in note # 2.1, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 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 controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or
 error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is
 sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material
 misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve
 collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that
 are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the
 disclosures, and whether the financial statements represent the underlying transactions and events in a
 manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business
 activities within the Bank to express an opinion on the financial statements. We are responsible for the
 direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) 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 controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
 - (b) 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 and its related entities (other than matters disclosed in these financial statements);
- (iii) in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appeared from our examination of those books;



- (iv) the records and statements submitted by the branches have been properly maintained in the financial statements;
- the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vi) the expenditures incurred were for the purpose of the Bank's business for the year;
- (vii) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (viii) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 1650 person hours; and
- (xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka, 24 April, 2019 ACNABIN Chartered Accountants



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Balance Sheet As at 31 December 2018

	Notes	31.12.2018	31.12.2017
		Taka	Taka
PROPERTY AND ASSETS			72
Cash	4	890,239,877	428,037,198
Cash in hand (including foreign currency)	4.1	195,284,520	102,838,031
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	4.2	694,955,357	325,199,167
Balance with other banks and financial institutions	5	458,616,949	214,438,075
In Bangladesh	5.1	431,298,825	214,034,529
Outside Bangladesh	5.2	27,318,124	403,546
Money at call on short notice	6	3,000,000,000	3,650,000,000
Investments	7	761,499,140	633,660,565
Government Others	7.1 7.2	456,499,140 305,000,000	373,660,565 260,000,000
Others			Market Market Market Market Market
Loans, cash credits, overdrafts etc.	8 8.1	5,835,300,077 5,835,300,077	2,744,822,928 2,744,822,928
Bills purchased & discounted	0.1	-	-
Fixed assets including premises, furniture and fixtures	9	129,448,053	106,682,729
Other assets	10	301,389,261	202,107,207
Non-banking assets		- 44 077 400 050	7,070,740,700
Total Assets		11,376,493,358	7,979,748,700
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	16.	2
Deposits and other accounts	12	6,982,635,204	3,793,917,768
Current deposit accounts		120,429,304	77,680,653
Bills payable		38,042,735	12,753,504
Savings bank deposits Fixed deposits		3,762,118,151 3,007,441,603	864,321,487 2,827,021,926
Other deposits		54,603,410	12,140,198
Other liabilities	13	304,023,842	149,111,830
Total Liabilities		7,286,659,046	3,943,029,598
Capital/Shareholders' Equity			
Total Shareholders' Equity		4,089,834,312	4,036,719,102
Paid-up capital	14.2	4,000,000,000	4,000,000,000
Statutory reserve	15	43,458,434	15,923,583
Retained earnings Other reserves	16 16.1	46,375,878	17,190,879 3,604,640
	10.1	-	
Total Liabilities and Shareholders' Equity		11,376,493,358	7,979,748,700



31.12.2017

Taka

31.12.2018

Taka

OFF-BALANCE SHEET ITEMS Contingent liabilities 803,750,877 147,020,625 Acceptances and endorsements Letters of guarantee 797,260,418 Letters of credit 6,490,459 1,105,625 Bills for collection Other contingent liabilities 145,915,000 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 803,750,877 Total off-Balance Sheet items including contingent liabilities 147,020,625

Chairman

5.1.

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

Director

Managing Director & CEO

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

Dhaka 24 April, 2019 Chartered Accountants





Profit and Loss Account

For the year ended 31 December 2018

	Notes	2018 Taka	2017 Taka
OPERATING INCOME		N	· · · · · · · · · · · · · · · · · · ·
Interest income	18	740,048,850	418.255.771
Interest on deposits and borrowings etc	19	(290,205,538)	(117,938,980)
Net interest income		449,843,313	300,316,791
Investment income	20	54,941,980	16,436,683
Commission, exchange and brokerage	21	16,201,985	5,061,771
Total operating income (a)		71,143,965 520,987,278	21,498,454 321,815,245
		320,707,270	021,013,243
OPERATING EXPENSE Salaries and allowances	22	162.972.354	105.521.924
Rent, taxes, insurance, electricity, etc.	23	62,345,329	45,563,928
Legal expenses	24	1.621.534	834,230
Postage, stamp, telecommunication, etc.	25	11,901,048	2,678,792
Stationery, printings, advertisements, etc.	26	8,806,644	5,207,810
Chief executive's salary and fees		10,800,000	10,140,000
Directors' fees	27	880,896	487,800
Auditors' fees	28	379,500	300,000
Depreciation and repairs of Bank's assets	29 30	37,681,215	44,931,857 17.515.343
Other expenses Total operating expenses (b)	30	41,373,516 338,762,035	233,181,683
Profit before provision (c = (a-b))		182,225,243	88,633,562
Provision against loans and advances		0.00110.000 # 0.0000.0010 # 1.01 (0.0000.00	
General Provision	31	44,550,984	25,028,259
Specific Provision			
Total provision (d)		44,550,984	25,028,259
Profit before taxation(e=c-d)		137,674,259	63,605,303
Provision for taxation (f)		65,954,409	35,574,564
Current tax	13.2	64,028,267	34,975,096
Deferred tax expense	13.3	1,926,142	599,468
Net profit after taxation (g=e-f)		71,719,849	28,030,739
Appropriations			
Statutory reserve	15	27,534,851	12,721,061
General reserve		27 524 054	10 701 0/4
Retained earnings		27,534,851 44,184,999	12,721,061 15,309,678
	00		
Earnings Per Share (EPS)	33	0.179	0.070

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

Slefeen Chairman

Director

(

Directo

Managing Director & CEO

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

Dhaka 24 April, 2019

ACNABIN Chartered Accountants





Cash Flow Statement

For the year ended 31 December 2018

Annual Control	Notes	2018 Taka	2017 Taka
Cash flows from Operating Activities			
Interest receipts in cash		704,780,035	382,693,006
Interest payments		(260.283.558)	(93,054,932)
Dividend receipts		10,844,166	10,873,958
Fees and commission receipts in cash		16,201,985	5,061,771
Cash payments to employees		(173,772,354)	(115,661,924)
Cash payments to suppliers		(28,716,576)	(8,358,484)
Income taxes paid		(38,932,158)	(30,029,575)
Receipts from other operating activities	34	44,529,793	5,592,021
Payments for other operating activities	35	(128,297,687)	(74,152,860)
(i) Operating profit before changes in operating assets & liabilities		146,353,646	82,962,981
Change in operating assets and liabilities			
Loans and advances to customers		(3,090,477,150)	(2,309,625,347)
Other assets		1.277.374	(7,346,933)
Deposits from customers		3,188,717,436	2.879,707,212
Other liabilities		16,410,780	27,320,330
(ii) Cash generated from operating assets and liabilities		115,928,441	590,055,262
Net cash flow from operating activities (a)=(i)+(ii)		262,282,086	673,018,243
Cash Flows from Investing Activities			
Payments for purchase of government securities		(86,366,315)	(325,080,467)
Payments for purchase of securities		(45,000,000)	(150,000,000)
Purchase of property, plant and equipment		(59,457,319)	(84,357,763)
Net cash used in investing activities (b)		(190,823,633)	(559,438,230)
Cash Flows from Financing Activities			
Dividend paid		(15,000,000)	5
Receipts from issue of ordinary share Net cash flow from financing activities (c)		(15,000,000)	
			440.500.040
Net Increase in cash and cash equivalents (a+b+c)		56,458,453	113,580,013
Cash and cash equivalents at beginning of the year		4,292,494,673 4,348,953,126	4,178,914,660 4,292,494,673
Cash and cash equivalents at end of the year (*)		4,346,933,126	4,272,474,073
(*) Cash and cash equivalents:			
Cash in hand		195,284,520	102,838,031
Prize bonds		96,300	19,400
Money at call on short notice		3,000,000,000	3,650,000,000
Balance with Bangladesh Bank and its agent bank(s) Balance with other banks and financial institutions		694,955,357	325,199,167
Dalance with other Danks and Illiantial Institutions		458,616,949 4,348,953,126	214,438,075 4,292,494,673
		4,340,733,120	4,272,474,073

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

Chairman

Director

Director

Managing Director & CEO

ACNABIN Chartered Accountants



Dhaka 24 April, 2019

Chairman



Statement of Changes in Equity

For the year ended 31 December 2018

43,458,434	13,458,434
27,534,851	27,534,851 -
27	31
15,923,583	15,923,583
Statutory Reserve	Statutory (Investment Reserve Revaluation Reserve)

Balance as at 31 December 2017	Transfer to statutory reserve	Net profit after tax for the period	Surplus/deficit on account of revaluation of investments	Balance as at 1 January 2017	Particulars
4,000,000,000	17			4,000,000,000	Paid-up Capital
15,923,583	12,721,061	76	06	3,202,523	Statutory Reserve
3,604,640	Æ	H.	3,604,640	31	Other Reserves (Investment Revaluation Reserve)
17,190,879	(12,721,061)	28,030,739		1,881,201	Retained Earnings
4,036,719,102	*	28,030,739	3,604,640	4,005,083,724	Total Equity

Director

Managing Directof & CEO 'ACNABIN Chartered Accountants

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(Amount in Taka)



Liquidity Statement
(Assets and Liabilities Maturity Analysis)
As at 31 December 2018

Particulars	Up to 1 month	Up to 1 month 1-3 months 3-12 months	3-12 months		1-5 years Above 5 years	Total
Assets Cash in hand (including balance with Bangladesh Banks and its agent banks)	890,239,877	£	E.	**	K	890,239,877
Balance with other banks and financial institutions		458,616,949	ST.	1	J	458,616,949
Money at call on short notice	Ε	3,000,000,000	E	80	T.	3,000,000,000
Investments	96,300		250,000,000	250,000,000 116,568,988 394,833,851	394,833,851	761,499,140
Loans & advances	1,172,899,939	E	10	4,662,400,138	E	5,835,300,077
Fixed assets including premises, furniture and fixture	11.A		ST.	129,448,053	J	129,448,053
Other assets	43,199,509	1	E.	258,189,752	Ε.	301,389,261
Non-banking assets	31	,	31	Đ.		(i
Total Assets (a)	2,106,435,625	3,458,616,949	250,000,000	5,166,606,932	394,833,851	2,106,435,625 3,458,616,949 250,000,000 5,166,606,932 394,833,851 11,376,493,358

<u>Liabilities</u> Borrowing from other banks, financial institutions and agents	29	<u> </u>	5.4	ŢJ	3.1	39
Deposit and other accounts	354,978,495	354,978,495 5,477,117,071	960,710,419	189,829,218	£	6,982,635,203
OtherLiabilities	304,023,842	39	93	19	.0	304,023,842
Total Liabilities (b)	659,002,337	659,002,337 5,477,117,071	960,710,419	189,829,218	*	7,286,659,045
Net Liquidity Gap (a-b)	1,447,433,289	1,447,433,289 (2,018,500,122) (710,710,419) 4,976,777,714 394,833,851 4,089,834,312	(710,710,419)	4,976,777,714	394,833,851	4,089,834,312
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Notes to the Financial Statements

For the year ended 31 December 2018

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 thirteen (13) branches operating in Bangladesh and the Bank has no overseas branches as at 31 December 2018.

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 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 IFRS, the requirements of the Banking Companies Act, 1991 (amended in 2013)and Bangladesh Bank regulations shall prevail.

Material departures from the requirement of IFRS are as follows:

i) Presentation of financial statements

IFRS: As per IAS 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 IAS 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

IFRS: As per requirements of IAS 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

IFRS: As per IAS 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

IFRS: As per IAS 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

IFRS: As per IAS 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. IFRSs 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 IAS 39. As such some disclosures and presentation requirements of IFRS 7 and IAS 32 cannot be made in these financial statements.



vii) Financial guarantees

IFRS: 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

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 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

IFRS: No indication of non-banking assets is found in any IFRSs.

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

IFRS: 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)

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

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

xii) Off-balance sheet items

IFRS: There is no concept of off-balance sheet items in any IFRS; 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

IFRS: 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 IAS and IFRS 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 IAS 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 2018 to 31 December 2018.

2.7 Statement of changes in equity

Statement of Changes in Equity has been prepared in accordance with IAS 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 2018 and under the guidelines of Bangladesh Bank BRPD circular no.14 dated 25 June 2003.



Basis used
Maturity Term
Respective Maturity Terms
Repayment schedule basis
Useful life
Realization/Amortization basis
Maturity/Repayment terms
Maturity term
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".



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 lo 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	1.00%
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%

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3.1.4 Property, plant and equipment and depreciation

3.1.4.1 Recognition and measurement

All fixed assets are stated at cost less accumulated depreciation as per IAS 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 IFRS.

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	Depreciation Period in Years
Core Banking Software	5
Furniture & Fixture	5
Server & Network Equipment	5
PBM Server and HSM	3
Microsoft software	3
Firewall	3
Laptop & Desktop	3
Air Conditioner	5
Other Office Equipment	3
UPS Scanner	2
Decoration & Renovation	5

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 International Financial Reporting Standards (IFRS).

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 IAS 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

Fess 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 IAS 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 IAS 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.

Gratuity fund

For the year ended 31 December 2018, Shimanto Bank Limited kept the gratuity provision for its employees as per the board approved gratuity rules and market practise.

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 IAS-12 "Income Taxes" provision for current income tax has been made @ 37.50% 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 IAS-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 IAS 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.

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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 livelily hood 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.
- 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 asses 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 IAS 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 International Accounting standards (IASs) and International Financial Reporting Standards (IFRSs)

The Bank has complied the following IASs & IFRSs 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 2018.

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

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SI#	IFRS#	IFRS 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

3.16 Approval of financial statements

The financial statements were reviewed and subsequently approved by the Board of Directors in its 28th Board Meeting on 24 April, 2019.



^{**} In order to comply with certain specific rules and regulations of the Central Bank (Bangladesh Bank) which are different from IAS/IFRS, some of the requirements specified in these IAS/IFRSs are not applied.



4.	Cash		2018 Taka	2017 Taka
	Cash in hand (including foreign currency) Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	(Note: 4.1) (Note: 4.2)	195,284,520 694,955,357 890,239,877	102,838,031 325,199,167 428,037,198
4.1	Cash in hand			
	In local currency In foreign currency		194,016,651 1,267,869 195,284,520	101,715,749 1,122,282 102,838,031

Cash in hand represents the amount under impress system of petty cash to meet daily petty cash expenses requirement both for head office and branch offices.

4.2 Balance with Bangladesh Bank and its agent bank(s)

Balance with Bangladesh Bank

In local currency In foreign currency

680,233,123
14,722,234
694,955,357

325,199,167 -**325,199,167**

Balance with Bangladesh Bank has been maintained as Cash Reserve Requirement (CRR) of Bangladesh Bank through non-interest bearing current account.

4.3 Statutory deposits

Conventional Banking

Cash Reserve Requirement and Statutory Liquidity Ratio

Cash reserve requirement and statutory liquidity ratio have been calculated and maintained in accordance with section 33 of the Banking Companies Act 1991 (Amendment up to 2013), Bangladesh Bank's MPD circular no. 05 dated 01 December 2010, MPD circular no. 01 dated 23 June 2014 and DOS circular no. 01 dated 19 January 2014.

The statutory cash reserve reqirement is on the Bank's time and demand liabilities as per Bangladesh Bank MPD circular no. 01 dated 03 April, 2018 at the rate of 6.50% and has been calculated and maintained with Bangladesh Bank in current account while statutory liquidity ratio of 13.00% is required, on the same liabilities is also maintained in the form of treasury bills, bonds and debentures including foreign currency balance with Bangladesh Bank. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below:

(a) Cash Reserve Requirement (CRR)

As per Bangladesh Bank MPD Circular No. 01 dated 23 June 2014, Bank has to maintain CRR @ 6.50% on fortnightly cumulative average basis and minimum CRR @ 6.00% on daily basis.

Average Total Demand & Time Liabilities	3,491,317,602	2,482,847,458
Bi-weekly as on the reporting date		
Required reserve (5.50% of total time & demand liabilities) Actual reserve maintained (10.58%) Surplus	349,098,321 671,657,021 322,558,700	161,385,085 303,803,437 142,418,352



		2018 Taka	2017 Taka
Daily Position as on the reporting date Required reserve (5.00% of total time & de Actual reserve maintained (10.58%) Surplus	mand liabilities)	317,362,110 671,657,021 354,294,911	148,970,847 303,803,437 154,832,590
(b) Statutory Liquidity Ratio (SLR) Required reserve (13% of total time & dem Actual reserve maintained (15.64%) Surplus	and liabilities)	825,141,486 992,672,011 167,530,525	322,770,169 626,084,915 303,314,746

As per Bangladesh Bank MPD circular no. 05 dated 01 December 2010, MPD circular no. 01 dated 23 June 2014, Bangladesh Bank DOS circular no. 01 dated 19 January 2014 and circular no-MPD circular no-01 date 03 April 2018, all scheduled Banks have to maintain CRR and SLR @ 5.50% and @ 13.00% respectively of their total time and demand liabilities on bi-weekly average basis, where the Bank maintained @ 10.58% and @ 15.64% respectively at the year end.

	Components of Statutory Liquidity Ratio (SLR)			
	Cash in hand		195,282,814	102,838,031
	Balance with Sonali Bank Limited		18,331,358	7,167,966
	Excess reserve of CRR (5.50% of bi-weekly)		322,558,700	142,418,352
	HTM securities		456,402,840	127,034,475
	HFT securities		5	246,606,690
	Other eligible security		96,300	19,400
			992,672,011	626,084,915
	Maturity grouping of			
	On demand		416,977,519	428.037.198
	Upto 1 month		1,050,000,000	-
	Over 1 month but not more than 3 months		1,750,000,000	-
	Over 3 month but not more than 6 months		200,000,000	+
	Over 6 month but not more than 1 year		=	π
	Over 1 year but not more than 5 years		5.	8
	Over 5 years			-
			3,416,977,519	428,037,198
5.	Balance with other banks and financial institutions			
	In Bangladesh	(Note: 5.1)	431,298,825	214,034,529
	Outside Bangladesh	(Note: 5.2)	27,318,124	403,546
			458,616,949	214,438,074
5.1	In Bangladesh			
	Special Notice Deposits			
	Bank Name			
	AB Bank Limited		10,429,619	209.058,058
	Trust Bank Limited		436,363	428,918
	Trust Bank Limited (Q Cash Account)		1,637,432	4,485,061
	Eastern Bank Ltd		410,930,538	5
	Eastern Bank Ltd (VISA Settlement Account)		784,642	e .
	Sonali Bank Limited (outside Dhaka)		7,039,907	12
	Sonali Bank Limited, Local Office		40,324	62,492
			431,298,825	214,034,529



		2018 Taka	2017 Taka
5.2 Outside Bangladesh Habib American Bank		25,676,062	403,546
Axis Bank ACU United Bank of India		1,022,505 619,556	-
		27,318,124	403,546
5.3 Account-wise/grouping of balance with other banks a	and financial institutions		
Current deposits		36,035,787	4,951,099
Savings deposits Short-Notice Deposits Fixed deposits		422,581,162	209,486,976
rixed deposits		458,616,949	214,438,074
5.4 Maturity grouping of balance with other banks an	d financial institutions		: *
Repayable – on demand – up to 3 months – over 3 months but below 1 year		458,616,949	214,438,074
 over 1 year but below 5 years over 5 years 		53 53	5
·		458,616,949	214,438,074
6. Money at call on short notice In Bangladesh	(Note: 6.1)	3,000,000,000	3,650,000,000
Outside Bangladesh	(1.0.10.0.17)	3,000,000,000	3,650,000,000
6.1 In Bangladesh At short notice		0,000,000,000	0,030,000,000
With banking companies The Premier Bank Ltd		200,000,000	: -
Eastern Bank Ltd Dhaka Bank Ltd.		250,000,000 250,000,000 200,000,000	ė.
		650,000,000	-
With non-banking financial institutions IPDC Finance Ltd. IDLC Finance Ltd. United Finance Ltd.		500,000,000	750,000,000 400,000,000 300,000,000
Delta Brac Housing Finance Corporation LankaBangla Finance Ltd. IIDFC Ltd.	111111111111111111111111111111111111111	500,000,000 550,000,000 500,000,000	550,000,000 650,000,000 500,000,000
Union Capital Ltd. Phoenix Finance & Investment Ltd.		100,000,000	400,000,000
		2,350,000,000	3,650,000,000
		3,000,000,000	3,650,000,000

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			2018 Taka	2017 Taka
6.2	Maturity grouping of money at call on short notice			
	On demand Upto 1 month Over 1 month but not more than 3 months Over 3 month but not more than 6 months More than 6 months but less than 1 year More than 1 year but less than 5 years More than 5 years		2,550,000,000 200,000,000 250,000,000 3,000,000,000	3,650,000,000
7.	Investments Government securities Other investments	(Note: 7.1) (Note: 7.2)	456,499,140 305,000,000	373,660,565 260,000,000
7.1	Government securities		761,499,140	633,660,565
	Treasury bills Treasury bonds Prize bonds	(Note: 7.1.1) (Note: 7.1.2)	456,402,840 96,300 456,499,140	373,641,165 19,400 373,660,565
7.1.1	Treasury Bills			
	28 days Treasury Bills 30 days Treasury Bills 91 days Treasury Bills 182 days Treasury Bills 364 days Treasury Bills		2 5 2 2	
7.1.2	?Treasury Bond			
	2 years treasury bond 05 years treasury bond 10 years treasury bond 15 years treasury bond 20 years treasury bond		20,008,454 41,560,534 256,141,407 66,971,976 71,720,468 456,402,840	20,428,639 43,298,713 171,676,161 66,173,750 72,063,903 373,641,165
7.1.2	Investment in securities are classified as per Bangla	desh Bank Circu	ılar	.v
	Held for Trading (HFT) 10 years Bangladesh Government Treasury Bond 15 years Bangladesh Government Treasury Bond 20 years Bangladesh Government Treasury Bond		-	137,675,830 66,173,750 42,757,110 246,606,690
	Held to Maturity (HTM)			
	2 years Bangladesh Government Treasury Bond 05 years Bangladesh Government Treasury Bond 10 years Bangladesh Government Treasury Bond 15 years Bangladesh Government Treasury Bond 20 years Bangladesh Government Treasury Bond		20,008,454 41,560,534 256,141,407 66,971,976 71,720,468	20,428,639 43,298,713 34,000,331 - 29,306,793
	1000000 000 100000000 100000000		456,402,840 456,402,840	127,034,475 373,641,165
	As ner DOS Circular NO. 01 dated 19 January 20	14 the mavimu	m limit of holding	innroved Securities

As per DOS Circular NO. 01 dated 19 January 2014, the maximum limit of holding approved Securities under Held to Maturity (HTM) is 110% of SLR for all nonprimary dealer banks and Shimanto Bank Limited has invested in Treasury bonds under HTM category as per said circular.



			2018 Taka	2017 Taka
7.2	Other investments			
	Investments in Share	(Note 7.2.1)	55,000,000	110,000,000
	Investments in Commercial Paper		250,000,000	150,000,000
			305,000,000	260,000,000
7.2.1	Investments in shares			
	Quoted (Publicly Traded)		(4)	μ.
	Unquoted (Star Ceramics)		55,000,000	110,000,000
			55,000,000	110,000,000
7.3	Maturity Grouping of Investments			
	On demand		UE	=
	Upto 3 Months		-	Ψ.
	Over 3 months but below 6 months		13	5
	Over 6 months but below 1 year		55,000,000	440.000.000
	Over 1 year below 5 years		55,000,000	110,000,000
	Over 5 years		55,000,000	110,000,000
8.	Loans and advances		33,000,000	110,000,000
0.		(Nictor 0.4)	F 025 200 077	2.744.022.020
	Loans, cash credits, overdrafts etc Bills purchased and discounted	(Note: 8.1)	5,835,300,077	2,744,822,928
	bilis purchased and discounted		5,835,300,077	2,744,822,928
8.1	Loans, cash credits, overdrafts etc		3,000,000,000	
0.1	Loans		4,662,400,138	2,348,036,897
	Overdrafts		1,172,899,939	396,786,031
	Cash credits		-	1)
			5,835,300,077	2,744,822,928
8.1.1	Maturity grouping of loans and advances			
	Repayable - on demand		1,172,899,939	396,786,031
	- upto 3 months		-	±
	- over 3 months but below 1 year			# i
	 over 1 year but below 5 years 		4,662,400,138	2,348,036,897
	- over 5 years		-	-
8.1.2	Broad category-wise breakup		5,835,300,077	2,744,822,928
	and the second			
	Loans		4,662,400,138	2,348,036,897
	Overdrafts		1,172,899,939	396,786,031
			5,835,300,077	2,744,822,928

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		2018 Taka	2017 Taka
8.1.3	Product wise Loans and Advances Overdraft Time loan Term loan Staff Loan	1,172,899,939 790,476,123 3,843,271,145 28,652,870 5,835,300,078	396,786,031 193,635,814 2,121,643,750 32,757,333 2,744,822,928
8.1.4	Net loans and advances Gross loans and advances Less: Provision for loans and advances	5,835,300,078 73,808,624 5,761,491,454	2,744,822,928 29,257,640 2,715,565,288
8.1.5	Securities against loans		
	a. Secured Collateral of movable / immovable assets Cash collateral Local Banks & Financial Institutions guarantee Foreign Banks Guarantee Export documents Government Guarantee Fixed Deposits Receipts Own FDR FDR of Other Banks Personal Guarantee Other Securities Government bonds b. Unsecured	165,064,115	85,486,945
8.1.6	Loans and advances on the basis of significant concentration		
	a) Loans and advances to the institutions in which Directors have interest b) Loans and advances to Chief Executive and other senior executives c) Loans and advances to customer groups: i) Real estate finance ii) Car loan iii) Personal loan iv) Loan against deposits (LAD) v) Small and medium enterprises vi) Special program loan (Bangladesh Bank refinancing scheme) vii) Staff loan viii) Industrial loans, advances and leases ix) Other loans and advances d) Details of industrial loans and advances 1) Trade and commerce 2) Industries i) Garments and knitwear ii) Textile iii) Jute and jute -products iv) Food production and processing industry v) Plastic industry	3,187,510 49,772,700 6,414,402 225,919,849 96,368,463 28,652,870 3,600,152,623 30,491,810	3,658,133 21,195,730 49,278,926 44,179,696 32,757,333 2,030,542,821 32,404,652

8.1.7



		2018 Taka	S	2017 Taka
	viii) Iron, steel and engineering viii) Pharmaceuticals and chemicals ix) Cement and allied industry x) Telecommunication and IT xi) Paper, printing and packaging xiii) Glass, glassware and ceramic industry xiii) Ship manufacturing industry xiv) Electronics and electrical products xv) Power, gas, water and sanitary service xvi) Transport and aviation	149,712,298 257,735,509	3 OC	
	3) Agriculture 4) Housing 5) Others i Loan to subsidiaries companies i Others	488,329 - 1,386,403,715 5,835,300,078		530,805,638 2,744,822,928
Parti	culars of Loans and advances		j	
	Loans considered good in respect of which the Bank is fully secured Loans considered good against which the Bank holds no security other than the debtors' personal guarantee	3,813,730,429 1,251,455,957		2,677,361,719
(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
	Loan adversely classified for which no provision is created Loans due by directors or officers of the Bank or any of them either separately or jointly with any other persons	8		9.5
(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	5		*
(√ii)	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)]	3,187,510		7,235,907
(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			e
	Due from other banking companies Information in respect of classified loans and advances: (a) Increase/(decrease) of provision (specific)	35,953,680		S S S
	 (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 	65,030,349		
(xi)	(e) Interest creditable to interest suspense account Written off loan: During the year	*	0.0	
	Cumulative to-date (as per Bangladesh Bank guidelines) Cumulative to-date (in amicable settlement)	5 5 2		8
	The amount of written off loans for which lawsuits have been	*	l	71

8.1.7 (a) *The amount represents loans for Tk. 3,187,510 due by the employees of the Bank.



		2018 Taka	2017 Taka
8.1.8	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 Amount of outstanding advances Amount of classified advances Measures taken for recovery	374,836,830 - -	5 5 2
8.1.9	Industry-wise loans and advances		
	Working capital Others	929,776,753 61,121,584 990,898,337	228,663,346 2,516,159,582 2,744,822,928
8.1.10	Geographical location-wise (division) distribution In Bangladesh Urban Branches		
	Dhaka Chittagong Khulna Mymenshing Sylhet	4,174,701,315 925,582,470 267,157,354 - 15,055,587	2,120,866,435 424,349,135 35,826,577
	Barisal Rajshahi Rangpur	35,950,616	0.504.040.447
	Rural Branches	5,418,447,342	2,581,042,147
	Dhaka Chittagong Khulna Mymenshing Sylhet Barisal Rajshahi Rangpur	416,852,736	163,780,781
	Outside Bangladesh	416,852,736 5,835,300,078	163,780,781 - 2,744,822,928
8.1.11	Classification of loans and advances		
	Unclassified Standard Special Mention Account Classified Sub-Standard Doubtful	5,799,463,096 30,265,188 5,829,728,284 4,454,837 188,583	2,744,491,778 331,150 2,744,822,928
	Bad/Loss	5,835,300,078	2,744,822,928



				2018	2016
				Taka	Taka
9.	Fixe	d assets including premises, furniture and fi	xtures		
• •		chold assets		100 500 110	70,000,000
		ngible assets	(Note: 9.1) (Note: 9.2)	102,580,119 26,867,934	78,908,293 27,774,436
	IIILai	igible assets	(NOIE. 7.2)	129,448,053	106,682,729
9.1	Free	ehold assets			200,002,727
··-	A.	Cost			
	7.	Opening Balance		94,916,644	34,731,515
		Add: Addition during the year		51,332,319	60,185,129
				146,248,963	94,916,644
		Less: Sales/ disposal during the year		(E)	\$
				146,248,963	94,916,644
	B.	Accumulated depreciation			
		Opening Balance		16,008,351	1,812,394
		Add : Charged during the year		27,660,492	14,195,957
		Less: Adjusted during the year		43,668,843	16,008,351
		Less. Najastea daling the year		43,668,843	16,008,351
	C.	Written down value Total (A-B)		102,580,119	78,908,293
9.2	Intar	ngible assets			
	Ope	ning Balance		34,797,634	10,625,000
		: Addition during the year		8,125,000	24,172,634
				42,922,634	34,797,634
	Less	: Amortized during the year		16,054,700	7,023,198
				26,867,934	27,774,436
		hedule of fixed assets is given in Annexure-A	\		
10		er Assets me generating			
	Inco	me receivable on investment		15,517,978	10,621,427
		rest receivable from calls and placements		50,844,097	39,377,708
		rest receivable on loans & advances		31,679,899	14,143,063
		dend receivable from preference share		491,563	923,541
	Snar	nchaypatra Receivable		5,406,741 103,940,277	4,037,701 69,103,441
				100,740,277	07,100,441
		-Income generating		50 105 057	(7.100 /45)
	2000	ance rent ance income tax	(Note: 10.1)	50,405,357 72,341,749	67,490,615 35,335,733
		ance VAT	(Note: 10.1)	5,896,549	7,980,965
		ance, deposit & prepayments	(Note: 10.2)	66,408,236	20,565,722
		ntory	(Note: 10.3)	1,590,052	1,630,732
		opening expenses	(Note: 10.4)	o t a	-
	Rem	ittance receivable		807,042	-
				197,448,984	133,003,766
				301,389,261	202,107,207

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			2018 Taka	2017 Taka
10.1	Advance income tax		Turka	Turtu
	Opening Balance		35,335,733	5,306,158
	Add: Paid during the year		37,006,016	30,029,575
	Less: Adjustment during the year		72,341,749	35,335,733
			72,341,749	35,335,733
10.2	Advance, deposit & prepayments		8	
	House furnishing allowance		1,854,175	2,276,651
	Temporary advance to staff		2,160,809	1,847,295
	Prepaid/Deferred Expenses		62,393,253	16,441,776
	No. 10 and 10 and 10 and 10		66,408,237	20,565,722
10.3	Inventory			
	VISA Plastic card		775,830	1,100,000
	Printing Stationary		398,662	26,684
	Stamps (Judicial & Non- Judicial)		415,560	504,049
			1,590,052	1,630,732
10.4	Pre-opening expenses			
	Opening balance		72	21,854,275
	Add: Prior year adjustment/ Addition during	ng the year	(**)	824,719
				22,678,994
	Less: Amortized during the year		y <u></u>	22,678,994
			J 	
11.	Borrowings from other banks, financial in:	stitutions and agents	8	
	In Bangladesh		· · ·	-
	Outside Bangladesh		74	
12.	Deposit and other accounts		15.	-
	Current deposits accounts	(Note: 12.1)	120,429,304	77,680,653
	Bills payables	(Note: 12.2)	38,042,735	12,753,504
	Savings bank deposit accounts	(Note: 12.3)	3,762,118,151	864,321,487
	Fixed deposit accounts	(Note: 12.4)	3,007,441,603	2,827,021,926
	Other deposits	(Note: 12.5)	54,603,410	12,140,198
	Workship Control of the Control of Control o		6,982,635,204	3,793,917,768
12.1	Current deposits accounts			
	Corporate accounts		24,893,247	21,429,405
	SME accounts		93,571,069	55,639,385
	Individual		1,964,989	611,863
			100 400 004	77 (00 (50
	2100000 21000000 21000000		120,429,304	77,680,653



	2018	2017
	Taka	Taka
	Tarta	Turka
12.3 Savines hank denseit assaunts		
12.3 Savings bank deposit accounts Shimanto Sanchay	225,572,463	197,884,498
SMBL Staff Salary Account	5,854,265	5,413,603
BGB Payroll Account		
SMBL SND Account (Corporate)	109,443,580	103,406,877
SMBL SND Account (Corporate)	3,045,536,342	290,199,309
	261,594,770	186,983,480
SMBL Payroll	1,636,628	2,090,998
BGB School Payroll Account	70,775,229	68,976,293
RFCD Account (USD)	559,081	343,330
BGB School PF Account	30,630,805	6,947,638
BGB School Gratuity Account	10,113,508	2,075,461
Shimanto Student Account	401,481	
	3,762,118,151	864,321,487
12.4 Fixed deposit accounts		
Fixed Deposit -1M -Retail	91,741,994	84,562,833
Fixed Deposit -3M -Retail	278,749,349	114,887,837
Fixed Deposit -6M -Retail	10,389,819	2,705,740
Fixed Deposit -1Year -Retail	172,231,088	70,262,700
Fixed Deposit -2Year -Retail	100,000	- 1
Monthly Interest bearing FDR- Asthai Obsor	39.450.650	
Fixed Deposit -1M -Corporate	32,161,051	32,407,493
Fixed Deposit -3M -Corporate	943,792,067	1,999,203,360
Fixed Deposit -6M- Corporate	33,343,000	- 1,7,7,1200,1000
Fixed Deposit -1Year -Corporate	700,078,749	442,550,820
Fixed Deposit -3Year -Corporate	100,000,000	52,772,000
Special Fixed Deposit â€" 89 days - Corporate	483,400,370	32,7,2,000
Shimanto DP	50,243,676	10,964,175
Shimanto Student DPS	34.893	
Fixed Deposit -1M -SN	18,000,000	3,500,000
Fixed Deposit -3M -SN	9,057,134	13,204,968
Fixed Deposit -1Year -SME	44,667,763	10,201,700
Timed Deposit Treat State	3,007,441,603	2,827,021,926
	3,557,112,555	2,027,022,720
12.5 Other deposits		
Margin on L/C	26,693,464	1,105,625
PF Fund	19,486,871	9,266,497
Provision for Gratuity	3,456,597	
Advance Fund - Ria	429,423	
Consolidated Prepaid Card Account	1,405,801	
Security Deposit Held from Vendor	3,131,255	1,768,076
	54,603,410	12,140,198
12.6 Maturity analysis of deposits and other deposits		
Repayable – on demand	668,062,490	100,043,984
- within 1 month	141,903,045	120,470,326
- over 1 month but within 3 months	5,022,130,032	2,994,148,024
- over 3 months but within 1 year	1,000,161,069	568,291,260
over 1 year but within 5 years	139,745,170	3,886,686
- over 5 years	10,633,399	7,077,489
- Over 2 Years	6,982,635,204	3,793,917,768
	0,702,033,204	3,773,717,700

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			2018 Taka	2017 Taka
12.7	Sector-wise break up of deposits and other accounts			
	Autonomous & Semi-Autonomous Bodies Other Non-financial Corporations- Private Private		4,407,050,164 1,383,045,396 1,192,539,644 6,982,635,204	1,285,690,910 1,786,733,017 721,493,842 3,793,917,769
13.	Other liabilities			
	Accumulated provision against loans and advances Provision for current tax Accounts payable -Interest payable Shanchaypatra payable ATM settlement (NPSB/Q-Cash) payable Accrued expenses Excise duty payable Tax payable (At source) VAT payable Deferred tax liability POS settlement account payable BACH clearing charge payable EFTN Outward Adjustment Sundry Creditors VISA settlement account ATM replanishment GL Provision for off balance sheet items Payable to SSL for ATM Settlement Payable to ITCL Interest Suspense Account CIB Payable	(Note 13.1) (Note 13.2) (Note 13.3) (Note 13.4) (Note 13.5)	65,771,115 105,212,099 60,190,554 26,500,000 1,985,100 14,993,001 7,359,150 8,594,150 1,961,073 3,016,383 44,411 21,239 20,764 38,169 29,290 	27,787,434 41,183,832 30,268,575 23,365,000 7,235,161 6,244,292 4,484,800 3,791,850 1,028,066 1,090,241 170,954 470,938
13.1	Accumulated provision against loans and advances		00 1,020,0 12	117,111,000
MARK (The movement in specific provision for bad and doubt	ful debts		
	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 2018	(-) (+) (+)	1,996,356	
	Total provision on classified loans and advances		1,996,356	
	On unclassified loans			
	Opening Balance Transfer from specific provisions Transfer to general reserve during the year General provision made during the year Balance at the year ended Total provision on un-classified loans and advances Total provision on loans and advances	(+) (-) (+)	27,787,434 1,996,356 35,987,325 65,771,115 63,774,759 65,771,115	4,229,381 23,558,053 27,787,434 27,787,434 27,787,434



	2018 Taka	2017 Taka
Provision for Required	Maintained	Maintained
Un-classified loans and advances 37,848,364 Classified loans and advances	37,983,681	23,558,053
37,848,364	37,983,681	23,558,053
13.1.1Details of provision for loans and advances	Required	Required
General Provision	35,987,325	23,558,053
Standard	34,089,849	23,541,495
Special Mention Account Specific Provision	1,897,476	16,558
Substandard	1,996,356 965,320	
Doubtful	95,065	=
Bad/Loss	935,971	-
13.2 Provision for current tax		
Opening Balance	41,183,832	6,208,736
Add: Provision made during the year	64,028,267 105,212,099	34,975,096 41,183,832
Less: Settlement made during the year	1 1 12	
	105,212,099	41,183,832
13.3 Deferred Tax Liability Temporary timing difference in written down value of fixed asset		
Carrying amount of fixed assets	122,399,461	106,682,729
tax base	114,355,773	103,957,125
Taxable Temporary difference	8,043,688	2,725,603
Tax rate Deferred tax liability	37.50% 3,016,383	1,090,241
Opening deferred tax liability	1,090,241	490,773
Deferred tax expense/ (Income)	1,926,142	599,468
	3,016,383	1,090,241
Deferred tax asset/(liability) have been recognised and measured as per IAS 12 "Income Taxes " and BRPD circular no 11 dated 12 December 2011.		
13.4 Provision for Off Balance Sheet Exposures		
Opening balance	1,470,206	+:
Add: Addition during the year	6,567,303	1,470,206
	8,037,509	1,470,206

Bank has made a provision of Tk 80,37,509 @ 1.00% on off balance sheet exposure (i.e. Acceptence & Endorsement, Letter of Credit & Letter of Guarantee) as per BRPD Circular number 14 dated 23.09.2012 from current year's profit. The total amount of provision of Tk. 80,37,509 is deemed sufficient on requirement and will be treated as Supplementary Capital of the Bank.

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		2018 Taka	2017 Taka	
5 Interest suspense account			3 !	
Balance at 01 January Transfer during the year Recovery during the year Waiver during the year Write off during the year Balance at 31 December	(+) (-)	116,321	-	
Share Capital				
1 Authorised Capital				
		10 000 000 000	40.000.000.00	
100,000,000 ordinary shares of Taka 10 each		10,000,000,000	10,000,000,00	
 Issued, Subscribed and Paid-up Capital 400,000,000 ordinary shares of Taka 10 each issu Percentage of shareholding 	ued for cash	4,000,000,000	4,000,000,00	
The second	Δs at 31 D	ecember 2018	31.12.2017	
Particulars	Capital	% of Holdings	% of Holding	
Sponsors and public	4.000,000,000	100	100	
Government	4,000,000,000	100	100	
Covernment	4,000,000,000	100	100	
Classification of shareholders by holding				
Holding	No. of holders	% of total holding	% of total holding	
5 7 7	31.12.2018	31.12.2018	31.12.2017	
Upto 500	12	92.31%	93.75%	
501 to 5,000	(2)	0.00%	0.00%	
5,001 to 10,000		0.00%	0.00%	
10,001 to 20,000		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	(2)	0.00%	0.00%	
100,001 to 1,000,000	- 4	0.00%	0.00%	
Over 1,000,000	1 13	7.69% 100.00%	6.25% 100.00%	
			100.00%	
Names of the Directors and their shareholding as	at 31 December 20			
Name of the Director	Status	31.12.2018 No of Share	No of Share	
Name of the Director BGB Welfare Trust	Status Sponsor	31.12.2018	No of Share	
Name of the Director BGB Welfare Trust Major General Md Shafeenul Islam, ndc, psc	Status Sponsor Chairman	31.12.2018 No of Share 399,999,988	No of Share	
Name of the Director BGB Welfare Trust Major General Md Shafeenul Islam, ndc, psc Brig Gen AFM Jahangir Alam, ndc, psc,	Status Sponsor Chairman Director	31.12.2018 No of Share 399,999,988 1	No of Share	
Name of the Director BGB Welfare Trust Major General Md Shafeenul Islam, ndc, psc Brig Gen AFM Jahangir Alam, ndc, psc, Brig Gen Md. Mahbub-ul Alam, afwc, psc	Status Sponsor Chairman Director Director	31.12.2018 No of Share 399,999,988 1 1	No of Share	
Name of the Director BGB Welfare Trust Major General Md Shafeenul Islam, ndc, psc Brig Gen AFM Jahangir Alam, ndc, psc, Brig Gen Md. Mahbub-ul Alam, afwc, psc Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc	Status Sponsor Chairman Director Director Director	31.12.2018 No of Share 399,999,988 1 1 1	31.12.2017 No of Share 399,999,985	
Name of the Director BGB Welfare Trust Major General Md Shafeenul Islam, ndc, psc Brig Gen AFM Jahangir Alam, ndc, psc, Brig Gen Md. Mahbub-ul Alam, afwc, psc Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc Brig Gen AQM Shamsul Haque, SGP, MCPS, MPH,	Status Sponsor Chairman Director Director Director Director Director	31.12.2018 No of Share 399,999,988 1 1 1 1	No of Share	
Name of the Director BGB Welfare Trust Major General Md Shafeenul Islam, ndc, psc Brig Gen AFM Jahangir Alam, ndc, psc, Brig Gen Md, Mahbub-ul Alam, afwc, psc Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc Brig Gen AQM Shamsul Haque, SGP, MCPS, MPH, Brig Gen Md Sazzad Hossin, ndc, psc	Status Sponsor Chairman Director Director Director Director Director Director	31.12.2018 No of Share 399,999,988 1 1 1 1 1	No of Share	
Name of the Director BGB Welfare Trust Major General Md Shafeenul Islam, ndc, psc Brig Gen AFM Jahangir Alam, ndc, psc, Brig Gen Md. Mahbub-ul Alam, afwc, psc Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc Brig Gen AQM Shamsul Haque, SGP, MCPS, MPH, Brig Gen Md Sazzad Hossin, ndc, psc Brig Gen A S M Anisul Haque, SGP, BGBM, psc	Status Sponsor Chairman Director Director Director Director Director Director Director Director	31.12.2018 No of Share 399,999,988 1 1 1 1 1 1	No of Share	
Name of the Director BGB Welfare Trust Major General Md Shafeenul Islam, ndc, psc Brig Gen AFM Jahangir Alam, ndc, psc, Brig Gen Md. Mahbub-ul Alam, afwc, psc Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc Brig Gen AQM Shamsul Haque, SGP, MCPS, MPH, Brig Gen Md Sazzad Hossin, ndc, psc Brig Gen A S M Anisul Haque, SGP, BGBM, psc Colonel M Raquibul Haq, psc	Status Sponsor Chairman Director Director Director Director Director Director Director Director Director	31.12.2018 No of Share 399,999,988 1 1 1 1 1 1 1	No of Share	
Name of the Director BGB Welfare Trust Major General Md Shafeenul Islam, ndc, psc Brig Gen AFM Jahangir Alam, ndc, psc, Brig Gen Md, Mahbub-ul Alam, afwc, psc Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc Brig Gen AQM Shamsul Haque, SGP, MCPS, MPH, Brig Gen Md Sazzad Hossin, ndc, psc Brig Gen A S M Anisul Haque, SGP, BGBM, psc Colonel M Raquibul Haq, psc Colonel Muhammad Matiur Rahman, BGBM, PBGM,	Status Sponsor Chairman Director	31.12.2018 No of Share 399,999,988 1 1 1 1 1 1 1 1	No of Share	
Name of the Director BGB Welfare Trust Major General Md Shafeenul Islam, ndc, psc Brig Gen AFM Jahangir Alam, ndc, psc, Brig Gen Md, Mahbub-ul Alam, afwc, psc Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc Brig Gen AQM Shamsul Haque, SGP, MCPS, MPH, Brig Gen Md Sazzad Hossin, ndc, psc Brig Gen A S M Anisul Haque, SGP, BGBM, psc Colonel M Raquibul Haq, psc Colonel Muhammad Matiur Rahman, BGBM, PBGM, Colonel Ahmed Zamiul Islam, afwc, psc	Status Sponsor Chairman Director	31.12.2018 No of Share 399,999,988 1 1 1 1 1 1 1 1 1	No of Share	
Name of the Director BGB Welfare Trust Major General Md Shafeenul Islam, ndc, psc Brig Gen AFM Jahangir Alam, ndc, psc, Brig Gen Md. Mahbub-ul Alam, afwc, psc Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc Brig Gen AQM Shamsul Haque, SGP, MCPS, MPH, Brig Gen AG Sazzad Hossin, ndc, psc Brig Gen A S M Anisul Haque, SGP, BGBM, psc Colonel M Raquibul Haq, psc Colonel Muhammad Matiur Rahman, BGBM, PBGM, Colonel Ahmed Zamiul Islam, afwc, psc Colonel Md Towhidul Islam, afwc, psc	Status Sponsor Chairman Director	31.12.2018 No of Share 399,999,988 1 1 1 1 1 1 1 1 1 1 1	No of Share	
Name of the Director BGB Welfare Trust Major General Md Shafeenul Islam, ndc, psc Brig Gen AFM Jahangir Alam, ndc, psc, Brig Gen Md, Mahbub-ul Alam, afwc, psc Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc Brig Gen AQM Shamsul Haque, SGP, MCPS, MPH, Brig Gen Md Sazzad Hossin, ndc, psc Brig Gen A S M Anisul Haque, SGP, BGBM, psc Colonel M Raquibul Haq, psc Colonel Muhammad Matiur Rahman, BGBM, PBGM, Colonel Ahmed Zamiul Islam, afwc, psc	Status Sponsor Chairman Director	31.12.2018 No of Share 399,999,988 1 1 1 1 1 1 1 1 1	No of Share	



	31.12.2018 No of Share	31.12.2017 No of Share
Brig Gen Mohsen Uddin Ahmed, MPH	-	1
Brig GenShahriarAhmedChowdhury,PBGMS, ndc, psc	5.	1
Brig Gen Abul Hasant Mohammad Khairul	~	1
Brig Gen K M Ferdausul Shahab, BGBM, PBGMS	=	1
Brig Gen Md. Zahid Hasan, ndc, psc	8	1
Brig Gen Kazi Taufiqul Islam,BGBM, psc	5	1
Brig Gen Mohammod Al Masum, PBGM, psc	5.	1
Brig Gen A K M Saiful Islam, BGBM, psc	<i>2</i>	1
Colonel Md. Hafizur Rahman, BGBMS, PBGMS, psc	=	1
Col Md. Tanvir Alam Khan, BGBMS		1
Assistant Director Md Mahbubur Rashid		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.

Tier - I Capital (going concern capital) Common Equity Tier 1 Capital (CET 1)	2018 Taka	2017 Taka
Paid up capit. Statutory reserve General reserve	4,000,000,000 43,458,434	4,000,000,000 15,923,583
Surplus in profit and loss account/ Retained earnings Total Common Equity Tier 1 Capital (CET 1)	46,375,878 4,089,834,312	17,190,879 4,033,114,462
Additional Tier 1 Capital (AT 1) (i) Total Tier - I Capital	4,089,834,312	4,033,114,462
Tier - Il Capital (gone concern capital) General provision including off-balance sheet exposure Asset revaluation reserve (50%)	73,808,624	29,257,640
Revaluation reserve for HTM & HFT securities (50%) Non-convertible subordinated bond	: e :	* * * * * * * * * * * * * * * * * * *
Regulatory Adjustment (if any)	73,808,624	29,257,640
(ii) Total Tier - II Capital A. Total Eligible Capital (i+ii)	73,808,624 4,163,642,936	29,257,640 4,062,372,102
B. Risk Weighted Assets Credit risk		
Balance sheet business Off- balance sheet business	5,803,280,312 404,725,874	3,484,884,147
Market risk	6,208,006,186	3,484,884,147
Operational risk Total risk-weighted assets	461,369,347 6,669,375,533	301,313,562 3,786,197,709
C. Required Capital based 10% of RWA i.e Taka or 4000,000,000	4,000,000,000	4,000,000,000
whichever is higher D. Capital Surplus / (Shortfall) [A-C]	4,000,000,000	4,000,000,000 62,372,102
The state of the s		
Total capital adequacy ratio (%)	62.43%	107.29%

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Capital requirement	31.12.2018		
Capital requirement	Required	Held	
Tier - I Capital (Going Concern Capital)	6.00%	61,32%	
Tier - II Capital (Gone Concern Capital)		1.11%	
Total	11.250%	62.43%	

- 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. In subsequent BRPD Circular Letter No. 05 dated May 31, 2016, full amount of General Provision is allowed to be treated as part of Tier-II Capital.
- 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-III issued in December 2014 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.

		31.12.2018 Taka	31.12.2017 Taka
15.	Statutory reserve Opening balance Add: Addition during the year	15,923,583 27,534,851 43,458,434	3,202,523 12,721,061 15,923,583
	As per Section 24 of Bank Companies Act 1991, 20% of pre tax profit has been transferred to Statutory Reserve Account.		
16.	Retained earnings Opening balance Less: Dividend paid Add: Post-tax profit for the year Less: Transferred to statutory reserve	17,190,879 15,000,000 71,719,849 73,910,728 27,534,851	1,881,201 28,030,739 29,911,940 12,721,061
16.1	Other Reserves Opening balance Add: Revaluation Reserve -T Bond & Bill	46,375,878	17,190,879 3,604,640 3,604,640



		2018 Taka	2017 Taka
17.	Profit and loss account		
	Income:		
	Interest, discount and similar income	739,947,316	418,255,771
	Investment Income	54,745,976	16,436,683
	Fee, commission and brokerage	16,201,985	5,061,771
	Other operating income		
		810,895,277	439,754,225
	Expenses:		
	Interest paid on deposits, borrowings, etc.	290,205,538	117.938,980
	Interest, fee and commission		
	Administrative expenses	250,961,786	176,145,177
	Other operating expenses	33,775,765	13,669,607
	Depreciation and amortization on banking assets	43,387,111	43,366,899
		618,330,199	351,120,663
		192,565,078	88,633,562
18.	Interest income		
	Interest on loans and advances:		
	Loans and advances	417,504,571	126,619,331
	Interest on:		
	Calls and placements	207,171,667	254,184,722
	Balance with other Banks	103,396,700	19,643,499
	Interest income from Commercial Paper	11,975,913	17,808,219
		322,544,280	291,636,440
		740,048,850	418,255,771





		2018 Taka	2017 Taka
19.	Interest paid on deposits, borrowings etc.		
	Interest on deposits:	8 <u>0</u>	
	Fixed deposits	202,873,351	100,743,871
	Savings deposits	11,257,100	14,081,540
	Other deposits	64,171,873	3,113,569
	Internal and beautiful	278,302,324	117,938,980
	Interest on borrowings: Local banks, financial institutions including Bangladesh Bank	11,903,213	#1
	Subordinated Bond	11,703,213	2
	Subordinated Borid	11,903,213	
		290,205,538	117,938,980
20	Investment income		
20.	Dividend on shares	10,412,188	10.844,663
	Interest on treasury bonds	34,135,623	18,767,992
	Gain/(Loss) on treasury bills and treasury bonds	10,394,170	(13,175,972)
		54,941,980	16,436,683
21.	Commission, exchange and brokerage		
	Other fees, commission and service charges	11,243,426	5,056,411
	Commission on letters of credit	142,428	5,360
	Commission on letters of guarantee	4,816,131	-
		16,201,985	5,061,771
22.	Salary and allowances		
22.	Salary and allowances Basic salary, provident fund contribution and all other allowances	153,972,354	101,821,924
22.	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus	153,972,354 9,000,000	3,700,000
22.	Basic salary, provident fund contribution and all other allowances	1.77	50 00
	Basic salary, provident fund contribution and all other allowances	9,000,000	3,700,000
	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus	9,000,000	3,700,000
	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus Rent, taxes, insurance, electricity etc.	9,000,000 162,972,354	3,700,000 105,521,924
	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus Rent, taxes, insurance, electricity etc. Rent, rates and taxes	9,000,000 162,972,354 54,686,716 5,052,680 2,605,932	3,700,000 105,521,924 42,858,825 1,445,556 1,259,547
	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus Rent, taxes, insurance, electricity etc. Rent, rates and taxes Electricity, gas, water, etc.	9,000,000 162,972,354 54,686,716 5,052,680	3,700,000 105,521,924 42,858,825 1,445,556
23.	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus Rent, taxes, insurance, electricity etc. Rent, rates and taxes Electricity, gas, water, etc.	9,000,000 162,972,354 54,686,716 5,052,680 2,605,932	3,700,000 105,521,924 42,858,825 1,445,556 1,259,547
23.	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus Rent, taxes, insurance, electricity etc. Rent, rates and taxes Electricity, gas, water, etc. Insurance	9,000,000 162,972,354 54,686,716 5,052,680 2,605,932	3,700,000 105,521,924 42,858,825 1,445,556 1,259,547
23. 24.	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus Rent, taxes, insurance, electricity etc. Rent, rates and taxes Electricity, gas, water, etc. Insurance Legal expenses Legal expenses	9,000,000 162,972,354 54,686,716 5,052,680 2,605,932 62,345,329	3,700,000 105,521,924 42,858,825 1,445,556 1,259,547 45,563,928
23. 24.	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus Rent, taxes, insurance, electricity etc. Rent, rates and taxes Electricity, gas, water, etc. Insurance Legal expenses Legal expenses Postage, stamp, telecommunication, etc.	9,000,000 162,972,354 54,686,716 5,052,680 2,605,932 62,345,329 1,621,534	3,700,000 105,521,924 42,858,825 1,445,556 1,259,547 45,563,928 834,230
23. 24.	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus Rent, taxes, insurance, electricity etc. Rent, rates and taxes Electricity, gas, water, etc. Insurance Legal expenses Legal expenses Postage, stamp, telecommunication, etc. Telephone	9,000,000 162,972,354 54,686,716 5,052,680 2,605,932 62,345,329 1,621,534	3,700,000 105,521,924 42,858,825 1,445,556 1,259,547 45,563,928 834,230
23. 24.	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus Rent, taxes, insurance, electricity etc. Rent, rates and taxes Electricity, gas, water, etc. Insurance Legal expenses Legal expenses Postage, stamp, telecommunication, etc. Telephone Postage, stamp, Courier and shipping	9,000,000 162,972,354 54,686,716 5,052,680 2,605,932 62,345,329 1,621,534	3,700,000 105,521,924 42,858,825 1,445,556 1,259,547 45,563,928 834,230 71,703 158,507
23. 24.	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus Rent, taxes, insurance, electricity etc. Rent, rates and taxes Electricity, gas, water, etc. Insurance Legal expenses Legal expenses Postage, stamp, telecommunication, etc. Telephone	9,000,000 162,972,354 54,686,716 5,052,680 2,605,932 62,345,329 1,621,534 352,124 59,740 6,016,749 5,472,435	3,700,000 105,521,924 42,858,825 1,445,556 1,259,547 45,563,928 834,230
23. 24.	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus Rent, taxes, insurance, electricity etc. Rent, rates and taxes Electricity, gas, water, etc. Insurance Legal expenses Legal expenses Postage, stamp, telecommunication, etc. Telephone Postage, stamp, Courier and shipping Telex, fax, internet, wireless link, SWIFT etc.	9,000,000 162,972,354 54,686,716 5,052,680 2,605,932 62,345,329 1,621,534 352,124 59,740 6,016,749	3,700,000 105,521,924 42,858,825 1,445,556 1,259,547 45,563,928 834,230 71,703 158,507 1,464,830
23.24.25.	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus Rent, taxes, insurance, electricity etc. Rent, rates and taxes Electricity, gas, water, etc. Insurance Legal expenses Legal expenses Postage, stamp, telecommunication, etc. Telephone Postage, stamp, Courier and shipping Telex, fax, internet, wireless link, SWIFT etc.	9,000,000 162,972,354 54,686,716 5,052,680 2,605,932 62,345,329 1,621,534 352,124 59,740 6,016,749 5,472,435	3,700,000 105,521,924 42,858,825 1,445,556 1,259,547 45,563,928 834,230 71,703 158,507 1,464,830 983,752
23.24.25.	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus Rent, taxes, insurance, electricity etc. Rent, rates and taxes Electricity, gas, water, etc. Insurance Legal expenses Legal expenses Postage, stamp, telecommunication, etc. Telephone Postage, stamp, Courier and shipping Telex, fax, internet, wireless link, SWIFT etc. Branch Connectivity Charges Stationery, printing, advertisements, etc.	9,000,000 162,972,354 54,686,716 5,052,680 2,605,932 62,345,329 1,621,534 352,124 59,740 6,016,749 5,472,435 11,901,048	3,700,000 105,521,924 42,858,825 1,445,556 1,259,547 45,563,928 834,230 71,703 158,507 1,464,830 983,752 2,678,792
23.24.25.	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus Rent, taxes, insurance, electricity etc. Rent, rates and taxes Electricity, gas, water, etc. Insurance Legal expenses Legal expenses Postage, stamp, telecommunication, etc. Telephone Postage, stamp, Courier and shipping Telex, fax, internet, wireless link, SWIFT etc. Branch Connectivity Charges Stationery, printing, advertisements, etc. Printing and stationery	9,000,000 162,972,354 54,686,716 5,052,680 2,605,932 62,345,329 1,621,534 352,124 59,740 6,016,749 5,472,435 11,901,048	3,700,000 105,521,924 42,858,825 1,445,556 1,259,547 45,563,928 834,230 71,703 158,507 1,464,830 983,752 2,678,792
23.24.25.	Basic salary, provident fund contribution and all other allowances Festival and incentive bonus Rent, taxes, insurance, electricity etc. Rent, rates and taxes Electricity, gas, water, etc. Insurance Legal expenses Legal expenses Postage, stamp, telecommunication, etc. Telephone Postage, stamp, Courier and shipping Telex, fax, internet, wireless link, SWIFT etc. Branch Connectivity Charges Stationery, printing, advertisements, etc.	9,000,000 162,972,354 54,686,716 5,052,680 2,605,932 62,345,329 1,621,534 352,124 59,740 6,016,749 5,472,435 11,901,048	3,700,000 105,521,924 42,858,825 1,445,556 1,259,547 45,563,928 834,230 71,703 158,507 1,464,830 983,752 2,678,792



	2018 Taka	2017 Taka
27. Directors' fees		. 8 !
Directors' fees Meeting expenses	661,326 219,570	487,800
Directors' fees include fees for attending the meeting of the Board, Executive Committee and Audit Committee.	880,896	487,800
28. Auditors' fees		
Statutory	379,500	300,000
29. Depreciation and repairs of Bank's assets Depreciation:		
Computer and Network equipment Furniture & Fixture - Office Office Equipment Software Decoration & Renovation	15,792,504 2,877,788 7,044,277 9,031,502 1,945,924 36,691,994	9,923,512 1,172,464 2,526,764 6,491,948 573,217 20,687,905
Repairs:	2	
Computer Accessories Furniture & Fixture Motor Vehicles Repair & Maint. Electricity	112,352 15,635 395,326	29,654 4,160 172,759
Computer & Network Equipment Building & Decoration Software maintenance Equipment	465,907	1,172,550 185,835
	989,220 37,681,215	1,564,958 22,252,863
Amortization of pre-opening expenses		22,678,994
30. Other expenses	37,681,215	44,931,857
Bank charges Branch Opening Cost Local Conveyance Entertainment Fuel & Lubricant - Vehicle Books and periodicals Office maintenance (Cleaning, Washing and Other items) Training Expenses Travelling Expenses WEB Site Maintenances Cash Carrying Charges fees to credit rating Agency fees to surveyor Miscellaneous Expenses Recruitment Expenses Events & Occational Expenses Card Related Expenses Excise Duty Donations Membership fees Contractual Services (Vehicle Expenses)	2,452,079 6,409,811 266,434 1,671,267 750,862 100,743 357,497 1,155,597 3,277,314 18,120 530,492 345,000 75,000 358,091 144,979 4,678,430 2,551,716 1,992,150 4,248,890 2,209,475 7,779,571	711,038 5,300,180 153,979 2,082,027 691,385 29,174 148,530 529,854 1,892,306 76,455 329,533 172,500 99,050 101,861 124,292 1,992,029 881,150 800,000 1,400,000

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		2018 Taka	2017 Taka
31.	Provision against loans and advances		
	On un-classified loans On classified loans	42,554,628 1,996,356 44,550,984	25,028,259 - 25,028,259
32.	Appropriations		
oz.	Retained earnings - brought forward Less Dividend Paid During the year	17,190,879 15,000,000	1,881,201
	Add: Post-tax profit for the year	71,612,199 73,803,078	28,030,739 29,911,940
	Transferred to Statutory reserve General reserve	27,534,852	12,721,061
	Retained earnings	27,534,852 46,268,226	17,190,879
33.	Earnings Per Share (EPS)		
00.	Profit after taxation Number of ordinary shares outstanding Earnings Per Share	71,612,199 400,000,000 0.179	28,030,739 400,000,000 0.070
	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 International Accounting Standard (IAS)-33.		
34.	Receipts from other operating activities Interest on treasury bills, bonds, debenture and others Gain/(Loss) on treasury bills and treasury bonds	34,135,623 10,394,170 44,529,793	18,767,992 (13,175,972) 5,592,021
35	Payments for other operating activities		
03.	Rent, taxes, insurance, electricity, etc. Postage, stamps, telecommunication, etc. Stationery, printing, advertisement, etc. Repairs of Bank's assets Legal expenses Auditor's fees Directors' fees Other Expenses	62,345,329 11,901,048 8,806,644 989,220 1,621,534 379,500 880,896 41,373,516	45,563,928 2,678,792 5,207,810 5,410,694 834,230 300,000 487,800 13,669,607 74,152,860





36. Highlights of the overall activities of the Bank

SI#	Particulars	2018 Taka	2017 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	163,642,936	62,372,102
4	Total assets	11,376,493,358	7,979,748,700
5	Total deposits	6,982,635,204	3,793,917,768
6	Total loans and advances	5,835,300,077	2,744,822,928
7	Total contingent liabilities and commitments	803,750,877	147,020,625
8	Credit-deposit ratio	83.57%	72.35%
9	Profit after tax and provision	71,719,849	28,030,739
10	Provision kept against classified loans	1,996,356	7:
11	Provision surplus/ (deficit)	-	#
12	Cost of fund	9.10%	8.13%
13	Interest earning assets	10,055,416,166	7,242,921,568
14	Non-interest earning assets	1,321,077,192	736,827,133
15	Return on investment (ROI)	7.88%	4.17%
16	Return on assets (ROA)	0.74%	0.43%
17	Income from investments	54,941,980	16,436,683
18	Earnings per share	0.179	0.070
19	Net Income per share	0.179	0.070

Chairman

Director

Director

Managing Director & CEO

Dhaka

24 April, 2019

ACNABIN Chartered Accountants



37. Related Party Disclosures

i) Name of the Directors and their interest in the Bank as on 31.12.2018:

SL#	Name	Address	Designation	Number of Shares approved by the Board
1	BGB Welfare Trust	Shimanto Somvar Dhanmondi, Dhaka	Sponsor	399,999,988
2	Major General Md Shafeenul Islam, ndc, psc	Director General Border Guard Bangladesh	Chairman	1
3	Brig Gen AFM Jahangir Alam, ndc, psc,	Addl DG Border Guard Bangladesh	Director	1
4	Brig Gen Md. Mahbub-ul Alam, afwc, psc	Addl (Admin) Border Guard Bangladesh	Director	1
5	Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc	Addl DG (Ops & Trg), Border Guard Bangladesh	Director	1
6	Brig Gen AQM Shamsul Haque, SGP, MCPS, MPH, MPhil	Addl DG (Med), Border Guard Bangladesh	Director	1
7	Brig Gen Md Sazzad Hossin, ndc, psc	Commandant, BGTC&C, Border Guard Bangladesh	Director	1
8	Brig Gen A S M Anisul Haque, SGP, BGBM, psc	Region Commander, Border Guard Bangladesh	Director	1
9	Colonel M Raquibul Haq, psc	Addl DG, Border Guard Bangladesh	Director	1
10	Colonel Muhammad Matiur Rahman, BGBM, PBGM, psc	Addl DG, Border Guard Bangladesh	Director	1
11	Colonel Ahmed Zamiul Islam, afwc, psc	Addl DG (Ops), Border Guard Bangladesh	Director	1
12	Colonel Md Towhidul Islam, afwc, psc	Addl DG (BSB), Border Guard Bangladesh	Director	1
13	Colonel Md Sharif Hossain, psc	Addl DG, Border Guard Bangladesh	Director	1

400,000,000

ii) Name of the Directors and their interest in the Bank (as on 31.12.2017):

SL#	Name	Address	Designation	% of interest
1	BGB Welfare Trust	Shimanto Somvar Dhanmondi, Dhaka	Sponsor	399,999,988
2	Major General Abul Hossain , ndc, psc, p Eng	HQ BGB, Peelkhana, Dhaka	Chairman	1
3	Brig Gen Md Anisur Rahman, BGBM, ndc	HQ BGB, Peelkhana, Dhaka	Director	1
4	Brig Gen Mohsen Uddin Ahmed, MPH	HQ BGB, Peelkhana, Dhaka	Director	1
5	Brig Gen Shahriar Ahmed Chowdhury, PBGMS, ndc, psc	HQ BGB, Peelkhana, Dhaka	Director	1
6	Brig Gen Abul Hasant Mohammad Khairul Bashar,BGBM,	HQ BGB, Peelkhana, Dhaka	Director	1
7	Brig Gen Md. Zahid Hasan, ndc, psc	HQ BGB, Peelkhana, Dhaka	Director	1



SL#	Name	Address	Designation	% of interest
8	Brig Gen Kazi Taufiqul Islam,BGBM, psc	HQ BGB, Peelkhana, Dhaka	Director	1
9	Brig Gen Mohammod Al Masum, PBGM, psc	HQ BGB, Peelkhana, Dhaka	Director	1
10	Brig Gen A K M Saiful Islam, BGBM, psc	HQ BGB, Peelkhana, Dhaka	Director	1
11	Colonel Md. Hafizur Rahman, BGBMS, PBGMS,psc	HQ BGB, Peelkhana, Dhaka	6. 6.	1
12	Col Md. Tanvir Alam Khan, BGBMS	HQ BGB, Peelkhana, Dhaka		1
13	Assistant Director Md Mahbubur Rashid	HQ BGB, Peelkhana, Dhaka	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	Shimanto Somvar Dhanmondi, Dhaka	Sponsor	99.9999980%
2	Major Generl Aziz Ahmed, BGBM, PBGM, psc, G	HQ BGB, Peelkhana, Dhaka	Chairman	0.0000003%
3	Brig Gen Md Mahfuzur Rahman, BGBMS, G+	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
4	Brig Gen Taufiqul Hasan Siddiquee, BGBMS	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
5	Brig Gen Salim Mahmud Chowdhury, BP, BGBM	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
6	Brig Gen Khondoker Farid Hassan, PBGM	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
7	Colonel Kazi Aniruddha, BGBM	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
8	Colonel Zabed Sultan, BGBMS	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
9	Assistant Director Md Mahbubur Rashid	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
5.		Total 40	0, 00, 00,000	(Fully Paid-up)





Wiv) Name of Directors and their interest in different entities as on 31.12.2018

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 Md Shafeenul Islam, ndc, psc	Border Guard Bangladesh	Chairman	N/A
3	Brig Gen AFM Jahangir Alam, ndc, psc,	Border Guard Bangladesh	Director	N/A
4	Brig Gen Md. Mahbub-ul Alam, afwc, psc	Border Guard Bangladesh	Director	N/A
5	Brig Gen Khondoker Farid Hassan, PBGM (BAR), ndc	Border Guard Bangladesh	Director	N/A
6	Brig Gen AQM Shamsul Haque, SGP, MCPS, MPH, MPhil	Border Guard Bangladesh	Director	N/A
7	Brig Gen Md Sazzad Hossin, ndc, psc	Border Guard Bangladesh	Director	N/A
8	Brig Gen A S M Anisul Haque, SGP, BGBM, psc	Border Guard Bangladesh	Director	N/A
9	Colonel M Raquibul Haq, psc	Border Guard Bangladesh	Director	N/A
10	Colonel Muhammad Matiur Rahman, BGBM, PBGM, psc	Border Guard Bangladesh	Director	N/A
11	Colonel Ahmed Zamiul Islam, afwc, psc	Border Guard Bangladesh	Director	N/A
12	Colonel Md Towhidul Islam, afwc, psc	Border Guard Bangladesh	Director	N/A
13	Colonel Md Sharif Hossain, psc	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 2018

Particulars	Computer & Network	Software	Furniture and Fixtures	Office Equipment	Decoration & Renovation	Total
Cost/ Revaluation						
Balance as at 01.01.18	59,196,402	34,797,634	9,998,404	20,358,883	5,362,955	129,714,278
Addition during the year	19,857,992	8,125,000	8,640,599	14,724,854	8,108,874	59,457,319
Less: Disposal/Adjustment during the year	•	٠	•	•	520 1-2	
As At 31 December 2018	79,054,394	42,922,634	18,639,003	35,083,737	13,471,829	189,171,597
Balance as at 01.01.18	11,392,888	7,023,198	1,275,361	2,766,885	573,217	23,031,549
Balance as at 01.01.18	11,392,888	7,023,198	1,275,361	2,766,885	573,217	23,031,549
Addition during the year	15,792,504	9,031,502	2,877,788	7,044,277	1,945,924	36,691,994
Less: Disposal/Adjustment during the year	:(0)		•	•		
As At 31 December 2018	27,185,392	16,054,700	4,153,149	9,811,162	2,519,141	59,723,543
As at 31 December 2018	51,869,002	26,867,934	14,485,854	25,272,575	10,952,688	129,448,053
As at 31 December 2017	47,803,514	27,774,436	8,723,043	17,591,997	4,789,738	106,682,728

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Shareholders' Note:
100 100 100 100 100 100 100 100 100 100
9-9-9-9-1 9-9-9-1 9-9-1 9-9-1 9-9-1 9-9-1 9-9-1 9-9-1 9-9-1 9-9-1 9-9-1 9-9-1
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Head Office & Registered Office

Shimanto Shamvar, 7th Floor, Road No- 2, Bir Uttam M A Rob Sarak Dhanmondi, Dhaka-1205, Bangladesh. Cell: +8809612999000 E-mail: information.desk@shimantobank.com, Web:www.shimantobank.com

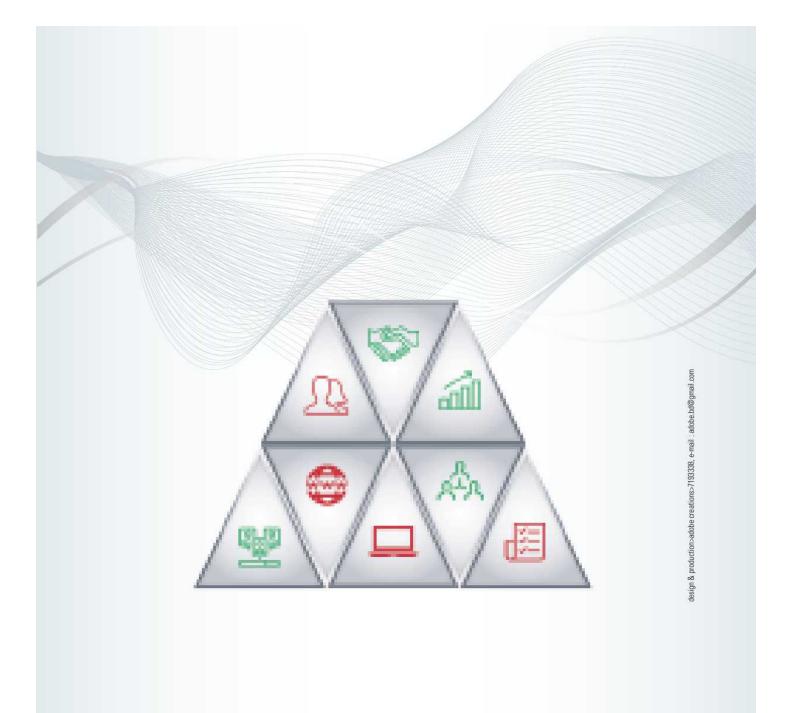
PROXY FORM

Signature of Shareholder(s) / Proxy

/We																		3
Df																		
		.being	j a S	hare	holder/	Memb	er of	Shim	anto	Bank	Limi	ted,	do h	ereb	у арр	oint N	1r./Mr	S.
of																		ś
ither of them may, in writing, appoin on Monday, 24 th June 2019 and at ar						t the 3	rd Ar	nual	Gene	ral N	/leeti	ing c	f the	Con	npany	y to be	held	
s Witness my/our hand this									. day	of							2019).
						Water Control	- P											
Signature of Proxy					1	evenue amp o	·						Sian	aturo	of S	haroho	older(s)	
ignature of Froxy					Т	k. 20/=							orgri	aturo	010	narcii	Jiuci (s)	la de la constante de la const
olio/BO ID No. of the Shareholder(s):	8		Т	1								T ^a	T	T	-	5		
no/ bo to No. of the Stateholder(s).		-			12							9						
otes: 1. A member entitled to attend and v 2. The Proxy From, duly filed and star before of the meeting. 3. Signature of the member(s) must b	mped m	ust be	e de	posit	ed at th	e corpo	orate	offic	e of t	he Co	ompa	ıny a	t lea	st 48		rs		
_						S	hima	nto SI		ar, 7tl	Floo	or, Ro	oad N	lo- 2,			M A Ro	
SHIMANTO		K L	IM	IIT	ED												mantob	
ন্দীমান্ত প্রাণ্ডব্য নির্মিট	N. C. C.												A	TT	EN	DAN	ICE S	SLII
/we do hereby record my/ our attend	dance a	t the :	3rd A	Annu	al Gene	ral Me	etin	g (AG	M) of	f the	Com	pany	bei	ng he	eld or	n Mon	day,	
4 th June 2019 at 1930 hours at the SI	hahid Ca	aptain	Ash	nraf H	lall, Pee	lkhana	, Dh	aka-1	205, I	Bang	lades	sh.						
lame of the Shareholder(s) / Proxy														600	0000	.0000		0.0
olio/BO ID No. of the Shareholder(s):		-															
No. of Shares held:							4 4 4									::::		

Note: Please present this attendance slip at the registration counter before 1100 hours of the AGM date. Children and Non-Shareholders will not be allowed at the meeting.

V)		
*		
1		





Head Office & Registered Office

Shimanto Shamvar, 7th Floor Road No- 2, Bir Uttam M A Rob Sarak Dhanmondi, Dhaka-1205, Bangladesh.

★ +8809612999000

information.desk@shimantobank.com