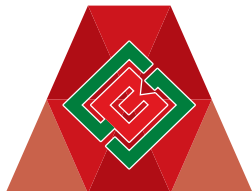


ANNUAL REPORT 2020



SHIMANTO BANK LIMITED

শিমন্তো ব্যাংক লিমিটেড
শিমাহীন আস্থা

ANNUAL REPORT 2020



SHIMANTO BANK LIMITED

শিমন্তো ব্যাংক লিমিটেড
কিশোরীয়া থানা

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Annual Report 2020





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Letter of Transmittal

Date: 16/09/2021

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 2020.

We are pleased to present before you the Annual Report of Shimanto Bank Limited along with the audited Financial Statements for the year ended 31 December 2020.

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 Fifth Annual General Meeting (AGM)

Notice is hereby given that the 5th Annual General Meeting (AGM) of Shimanto Bank Limited will be held on Monday, September 27, 2021 at 1200 Hours through Digital Platform (Zoom Cloud Meeting) 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, 2020
02. To receive, consider and adopt the Accounts for the year ended on December 31, 2020 together with the Auditor's Report
03. To approve dividend for the year ended on December 31, 2020
04. To appoint Auditors for the year ending on 2021 and to fix their remuneration
05. To elect/re-elect Directors as per Articles of Association of the Company

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

Date: 08 August 2021

By Order of the Board

Mohammad Mostafa Hossain Suman ACS
Company Secretary (Acting)

Notes:

1. The Book Closure will be on 26 August 2021. The Shareholders whose names would appear in the Register of Members of the Company on the 'Book Closure Date' (26th August 2021) will be eligible to attend the 5th AGM and receive Dividend.
2. The Board of Directors has recommended 3% Dividend in the form of Stock.
3. Link for joining in the AGM through Digital Platform and details login process will be notified to the respective Member's email address and by SMS.
4. 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.
5. For the sake of convenience, shareholders are requested to submit their queries if any, on the Directors' Report/Audited Accounts for the year 2020 at the Registered Office of the Company preferably 72 hours before the day of the Annual General Meeting.





CORPORATE DIRECTORY

Name of the Company
Shimanto Bank Ltd

Legal Form
Public Limited Company & Scheduled Commercial Bank

Capital (December 31, 2020)
Authorized Capital : BDT 10,000,000,000.00
Paid-up Capital : BDT 4,160,000,000.00
Face value per share : BDT 10.00

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, BGBM (BAR), ndc, psc

Managing Director & CEO
Muklesur Rahman

Company Secretary (Acting)
Mohammad Mostafa Hossain Suman ACS

Auditors
Hoda Vasi Chowdhury & Co Chartered Accountants

Accounting Year-end
December 31, 2020

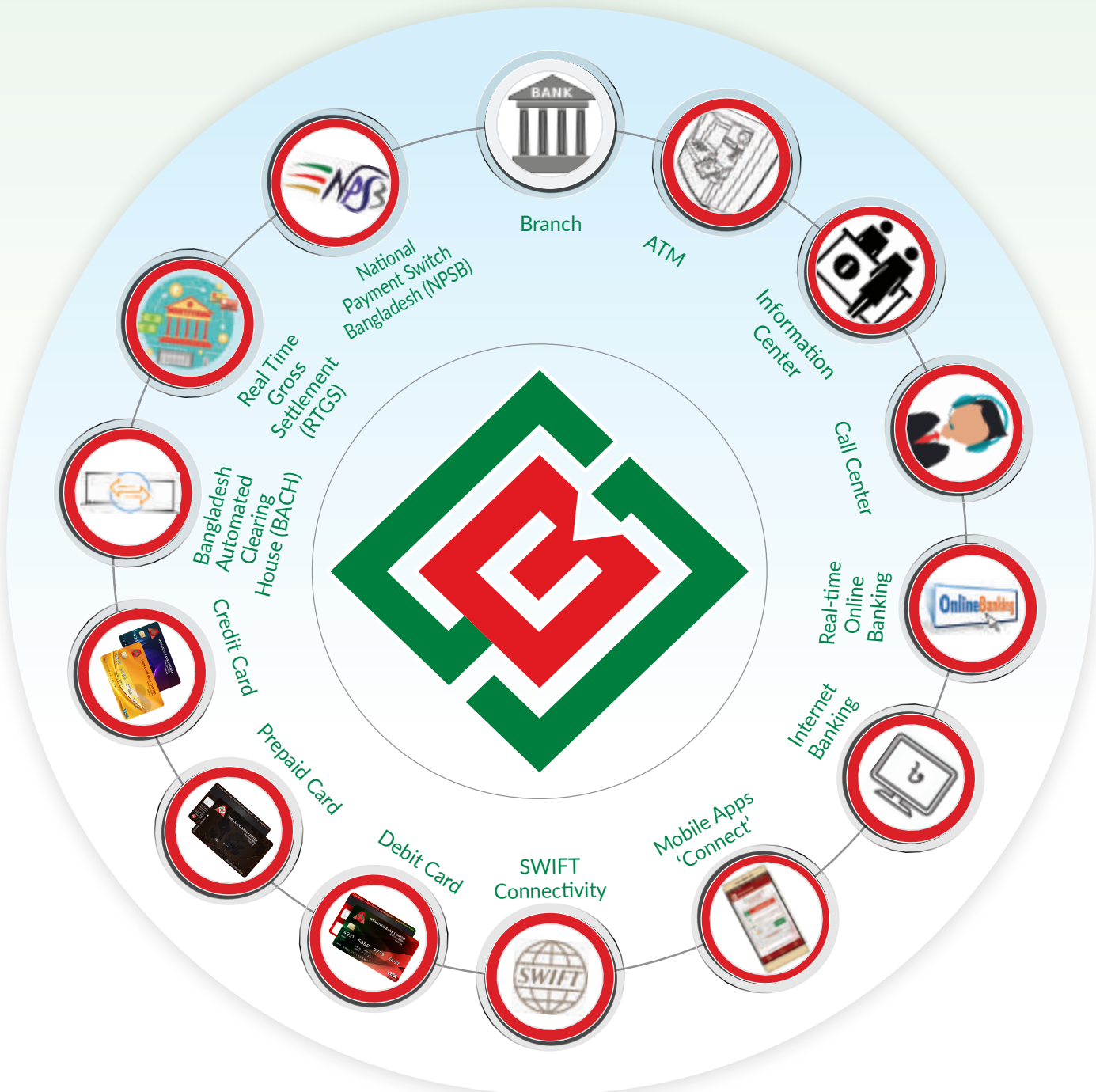
Credit Rating Agency
Credit Rating Information and Services Ltd (CRISL)

Head Office & Registered Office
Shimanto Shamvar (7th Floor), Shimanto Square,
Road No- 2, Bir Uttam M A Rob Sarak
Dhanmondi, Dhaka-1205, Bangladesh.
E-mail : information.desk@shimantobank.com

SWIFT Code : SHMTBDDD
Routing No : 305260008

Delivery Channel

(As on 31 December, 2020)





Branch Network

(As on 31 December 2020)

Information Centres

- 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

CHATTOGRAM

Agrabad Branch

Commercial Court (Ground Floor)
95 Commerce College Road
Agrabad, Chattogram
Phone: +8809612-880030
+8809612-880031
Routing No : 305150134

Satkania Branch

Hoque Plaza Shopping Centre & Complex
Keranihat, Satkania, Chattogram
Phone: +8809612-880040
+8809612-880041
Routing No : 305157061

Cox's Bazar Branch

Hazera Shopping Center (1st Floor)
House: 490, Ward No-03
Cox's Bazar Main Road, Cox's Bazar
Phone: +880-9612-880080
+8809612-880081
Routing No : 305220251

Teknaf Branch

Ismail Center (2nd Floor), PC 138
Ward no-03, Teknaf Pourashova
Teknaf Main Road, Teknaf
Phone: +8809612-880090
+8809612-880091
Routing No : 305220914

Bibir Bazar Branch

Bibir Bazar, Cumilla
Adarsha Sadar, Cumilla.
Phone: +8809612-880070
+8809612-880071
Routing No : 305190457

Champaknagar Branch

Western Plaza (1st Floor), Fatapur
Champaknagar Bijoyanagar, Brahmanbaria
Phone: +8809612-880130
+8809612-880131
Routing No : 305120180

KHULNA

Khulna Branch

Milton Tower, 2nd floor,
Holding no-64
K D A Avenue Road, Khulna
Phone : +8809612-880170,
09612-880171
Routing No : 305471547

Benapole Branch

Noor Shopping Complex
Benapole Bazar, Sharsha, Jashore
Phone: +8809612-880050,
+8809612-880051
Routing No : 305410287

Pragpur Branch

Afsana Plaza, Pragpur Bazzar
Pragpur, Doulatpur, Kushtia
Phone: +8809612-880140,
+8809612-880141
Routing No : 305501396

Gadkhali

Jalil Sarder Market, 1st floor,
Gadkhali Bazar, Jhikargacha,
Jashore,
Phone: +8809612-880180
+8809612-880181
Routing No : 305410124

MYMENSINGH

Mymensingh Branch

Khagdar Bazar
Shimanto Market
(BGB Camp)
Sadar, Mymensingh
Phone: +8809612-880020,
+8809612-880022
Routing No : 305611752

Seedstore Branch

Ishaq Khan Tower (1st Floor)
Seedstore Bazar,
Bhaluka, Mymensingh
Phone: +8809612-880110,
+8809612-880111
Routing No : 305610182

DHAKA

Principal Branch

Shimanto Kallyan Trust Bhaban
Road No-02, Bir Uttam M.A.
Rob Sarak, Shimanto Square,
Dhanmondi, Dhaka-1205
Phone: +8809612-880001
+8809612-880002
Routing No : 305260211

Motijheel Branch

Krishi Bhaban, 49-51 Dilkusha
Commercial Area,
Dhaka-1000,
Phone: +8809612-880060
+8809612-880061
Routing No : 305274249

Uttara Branch

Plot No. 38, Rabindra Sarani,
Sector-7, Uttara, Dhaka-1203
Tel: +8809612-880150
+8809612-880151
Routing No : 305264633

Hazaribagh Branch

BGB Super Market, 2nd Floor
Lolito Mohon Das Lane
Hazaribagh, Dhaka
Tel: +8809612-880160
+8809612-880161
Routing No : 305270748

SYLHET

Sylhet Branch

BGB Kallyan Bhaban,
1st Floor, Nobabi Masjid Road,
Akhaila, Sylhet
Phone: +8809612-880120
+8809612-880121
Routing No : 305913555

RANGPUR

Lalmonirhat Branch

Ward No - 01, BGB
Canteen More, Lalmonirhat
Patgram Highway Road
Kotwali, Lalmonirhat-5500.
Phone: +8809612880100,
+8809612880101
Routing No : 305520469

PRODUCTS AND SERVICES



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 staffs and Non BGB staffs to get the salary as well as making savings habit. Moreover, different loan facilities available against the salary accounts.

4. SHIMANTO 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 customer can earn interest on FDR at maturity.

10. Shoinak Bhabishwat

Shoinak Bhabishwat is a fixed deposit product designed for all the serving soldier of Border Guard Bangladesh (BGB) where customer will receive double of the deposited amount at the end of the tenure.

11. SMBL Monthly Benefit Deposit Scheme

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

12. Shimanto Shapno

Shimanto Shapno Account is a specially designed savings account for the tannery workers, people under various social safety network of government, garments workers, destitute & underprivileged people, cleaners of Dhaka North & South City Corporation, farmers, blind & other handicapped people, people living in enclaves to make our financial services available to them and to bring them under financial umbrella.





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

A home loan to make the dream of one's own home into a reality 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 against FDR or cash.

7. SMBL Shimanto Nir (Home Loan for BGB members)

EMI based Term Loan to purchase/extension/renovation of flat/apartment/house for BGB employees only.

8. SMBL Projukti Rhin

EMI based Term Loan to purchase electronics gadgets like desktop, laptop, smart phone, tablet, printer, scanner and any other legitimate electronic gadgets.

9. SMBL Education Loan

EMI Based Term Loan to meet financial requirement during the span of higher education BGB employees only & their children.

10. SMBL Marriage Loan

EMI Based Term Loan to meet financial requirement during marriage of the BGB employees & their children.

11. SMBL Pension Backed Loan

EMI based Term Loan against pension & other end service related benefits of BGB employees

12. SMBL Salary OD

Overdraft facility against the salary account of BGB employees maintained with Shimanto Bank.



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.

9. SMBL OD (SME)

SMBL OD (SME) is a revolving Overdraft facility for any legitimate business purpose of SME entities.

10. SMBL Uddipto (SME Term Loan for fresh entrepreneurs)

EMI based Term Loan for starting & implementing a business project, working capital or fixed asset purchase for the project (no collateral/mortgage required).

11. SMBL Nari Shakti

SMBL Nari Shakti is an unsecured Overdraft facility and a newly designed proprietary debit card based product for rural Women Entrepreneurs



CORPORATE BANKING

1. SMBL OD (Corporate)

SMBL OD (Corporate) is a revolving Overdraft facility for any legitimate business purpose of Corporate entities.

3. SMBL Time Loan/Short Term Loan (Corporate)

SMBL Time Loan/Short Term Loan (Corporate) is short term loan facility to meet working capital requirement of Corporate entities.

4. SMBL Term Loan (Corporate)

SMBL Term Loan (Corporate) is a EMI/EQI/EHI based terminating loan facility for Corporate entities to purchase fixed assets and machineries.

5. Letter of Credit (Sight/Deferred/UPAS)

Shimanto Bank deals with both import and export LCs to facilitate the SME & Corporate customers for their international trade business.

6. Bank Guarantee (PG/APG/Bid-Bond)

A bank guarantee is an assurance to a beneficiary that the bank will uphold a contract if the applicant and counterparty to the contract are unable to do so. Shimanto Bank is also ready to issue all types of Bank Guarantee as per customer's requirement.



MILESTONES

Incorporation; 14 July

Commencement
of Business; 14 July

Banking License Acquisition
21 July

First Board Meeting
13 August

Inauguration Ceremony
01 September

Opening of 1st Branch
09 October

Launching of Debit Card
08 November

BACH Operation
13 November

Statutory Meeting
29 December

Letter of Intent (LOI)
17 December

Launch of Internet
Banking; 30 March

Launch of Mobile Apps
'Connect'; 30 March

Launch of 1st ATM Booth; 14 May

Call Center Inauguration
12 September

1st Annual General Meeting
(AGM); 20 September

First Nostro Account Opening
16 November

SWIFT Operation
28 November

RTGS Operation Launched
21 May

2nd Annual General Meeting (AGM)
28 June

SMBL Credit Card Launching
28 June

Commencement of Foreign
Remittance Services; 2 August

3rd Annual General
Meeting (AGM)
24 June

4th Annual General
Meeting (AGM)
29 June

2015

2016

2017

2018

2019

2020



**MESSAGE FROM
THE CHAIRMAN**



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 5th Annual General Meeting (AGM) of Shimanto Bank Ltd. We are meeting in a moment when the whole world is experiencing COVID-19 pandemic since 2019. We are placing the information of the bank for the financial year 2020 at this moment when the global economy as well as Bangladesh economy is in downturn.

The past year brought unprecedented challenges, but our people responded exceptionally well and our performance has been resilient. The Covid-19 pandemic has severely impacted our customers, our colleagues, our shareholders and the communities we serve. The first priority during this pandemic stage remains, dealing with the public health crisis, but the economic crisis that unfolded simultaneously has also been unprecedented in recent times. The financial services industry has been at the forefront of helping businesses and individuals through the difficulties they have faced, working with governments and regulators towards expected recovery and future growth.

I am enormously proud of the professionalism, dedication and energy that my colleagues across the country have demonstrated as they helped to ensure our customers received the support they needed – all the while managing their own, at times extremely difficult situations at home. On behalf of the Board, I would like to express my deepest thanks to them all for the exceptional way they are responding to these most challenging circumstances.

Overview and Strategy

Given the external environment, it is vital we stay focused on what we can control. The Board is confident there are many opportunities ahead for a bank with SMBL's competitive strengths. This makes it all the more important that we position ourselves to capture them.

While we prioritized supporting our customers and our people during the pandemic, we made good progress against the strategic priorities set by the Board and Management reallocating resources from underperforming parts of the business, reducing costs and simplifying the process through technology.

We have accomplished our five years of journey and stepped into the sixth year amid pandemic situation. 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 Achievement

Against the backdrop of COVID-19 pandemic and lockdown situation, 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 134.61 million. Its operating profit is BDT 347.09 million up by BDT 4.70 million from BDT 300.88 million in 2020 and profit after tax increased to BDT 201.04 million from BDT 176.89 million in 2020.

Most of the profits came from core banking business of the Bank. The total deposit rose by 30.07% to BDT 13,155.38 million by the end of 2020. Loans and Advances totaled BDT 8,331.65 million from BDT 7,173.46 million in 2020 with an increase of 16.15%.

The Paid-up Capital of the Bank was at BDT 4,160 million as on December 31, 2020. 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 52.75%. Return on Asset (ROA) and Return on Investment (ROI) was at 1.20% and 5.33% respectively.

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

Finally, 2020 underlined once again that our people are the driving force behind our business. I would like to reiterate how enormously grateful I am to my colleagues for the great dedication and care they showed to our customers and to each other during such testing times. Further empowering and enabling them to do their jobs and execute our strategic priorities is the key to our future success.

I am also 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 wish to thank my colleagues on the Board for their wise counsel and guidance which has supported strong achievements reported by the bank in 2020.

Warm Regards.



Major General Md Shafeenul Islam, BGBM (BAR), ndc, psc
Chairman, Board of Directors
Shimanto Bank Ltd
05 August, 2021



BOARD OF DIRECTORS

Major General Md Shafeenul Islam, BGBM (BAR), ndc, psc
Chairman



Brig Gen Md Nurul Amin, PhD, MPH
Director



Brig Gen A B M Nowroj Ehsan, BSP, psc
Director



Brig Gen Benazir Ahmed, BGBMS, afwc, psc
Director



Brig Gen A M M Khairul Kabir, BGBMS, psc
Director



Colonel A S M Faisal
Director



Colonel Abu Sayed Al Masud, BGBMS, PBGMS, psc
Director



Colonel Md Aminul Hoque, SUP, afwc, psc
Director



Muklesur Rahman
Managing Director & CEO

CHAIRMAN'S PROFILE



Major General Md Shafeenul Islam, BGBM (BAR), ndc, psc

Chairman

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

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

Major General Md. Shafeenul Islam performed various important responsibilities of Staff, Instructor and Command level appointments in his military career. At the Staff level, he was the Brigade Major of one Infantry Brigade, Director of Counter Intelligence Bureau in Directorate General of Forces Intelligence (DGFI) and Director General in the Armed Forces Division (AFD). He served as instructor in the School of Infantry and Tactics, Sylhet, Senior Instructor at NCO's Academy and Directing Staff of Defence Services Command and Staff College (DSCSC), Mirpur. He commanded an Infantry Battalion, a Battle Group and two Infantry Brigades. He participated in the United Nations Mission as Observer in Iraq.



DIRECTOR'S PROFILE



Brig Gen Md Nurul Amin, PhD, MPH

Director

Brigadier General Md Nurul Amin, PhD, MPH is Additional Director General (Medical) of Border Guard Bangladesh (BGB). He is Director of Shimanto Bank Ltd. He joined Bangladesh Army on 04 January 1994 and was commissioned on BMTC-08 in Army Medical Core. He has attended several professional courses in-country. He completed MPH in 2008 from NIPSOM, Mohakhali, Dhaka. He also obtained PhD in 2019 from Dept of Microbiology, University of Dhaka.

Brig Gen Nurul Amin has a variety of experience as Medical Officer in Bangladesh Army/ Border Guard Bangladesh. He Participated in the United Nations Peace Keeping Mission on Liberia from 13 May 2012 to 30 Jun 2013 and Central African Republic from 07 October 2019 to 25 September 2020 as Force Medical Officer, FHQ, MINUSCA.



Brig Gen A B M Nowroj Ehsan, BSP, psc

Director

Brig Gen A B M Nowroj Ehsan, BSP, psc is Director of Shimanto Bank Ltd. He Joined Bangladesh Military Academy on 10 July 1990 and was commissioned on 09 Jun 1992 in the Corps of Infantry. He has attended several professional courses both at home and abroad. He is a graduate from Defense Services Command and Staff Collage, Mirpur, Dhaka. He also obtained MBA degree from University of Dhaka.

Brig Gen Nowroj Ehsan has a variety of experience in different unit, training institution and headquarters in Bangladesh Army and Border Guard Bangladesh. He served in Rapid Action Battalion as Commanding Officer and Special Security Force (SSF) as Director. He also served in prestigious President Guard Regiment (PGR). He participated in the United Nations Peace Keeping Missions as contingent member, Military Observer, Military Liaison Officer and Contingent Commander.

DIRECTOR'S PROFILE



Brig Gen Benazir Ahmed, BGBMS, afwc, psc

Director

Brig Gen Benazir Ahmed, BGBMS, afwc, psc is Additional Director General of Border Guard Bangladesh (BGB). He is Member of Board of Directors and Chairman of Audit Committee of Shimanto Bank Ltd. He Joined Bangladesh Military Academy on 08-01-1991 and was commissioned on 20-12-1992 in the Corps of Armoured. He has attended several professional courses both at home and abroad. He is a graduate from DSCSC & NDC, Mirpur, Dhaka.

Brig Gen Benazir Ahmed has a verity of professional experience as Staff, Instructor and Command in Bangladesh Army/ Border Guard Bangladesh. He has served as GSO-2 (Ops) and GSO-1 in an Infantry Division. He has participated in the United Nations Peace Keeping Missions at Siera Lion (as contingent member) and Darfur, Sudan (as staff officer) and served in prestigious President Guard Regiment.



Brig Gen A M M Khairul Kabir, BGBMS, psc

Director

Brig GenA M M Khairul Kabir, BGBMS, psc is Additional Director General (Operations) of Border Guard Bangladesh (BGB). He is Member of Board of Directors and Chairman of Risk Management Committee of Shimanto Bank Ltd. He Joined Bangladesh Military Academy on 16 June 1993 and was commissioned on 16 June 1995 in the Corps of AC. He has attended several professional courses both at home and abroad. He has completed SC-33 course from DSCSC, Mirpur, Dhaka. He also obtained MSc degree from Bangladesh University of Professionals (BUP) and University of Baluchistan, Pakistan.

Brig Gen Kabir has a verity of experience as Staff, Instructor and Commander in Bangladesh Army and Border Guard Bangladesh. He participated in the United Nations Peace Keeping Missions in Sudan and Congo.



DIRECTOR'S PROFILE



Colonel A S M Faisal

Director

Colonel A S M Faisal is Deputy Director General (Works) of Border Guard Bangladesh (BGB). He is Director of Shimanto Bank Ltd. He joined Bangladesh Military Academy on 1993 and was commissioned on 17 Jun 1994 in the Corps of Engineers. He has attended several professional courses both at home and abroad. He completed graduate course (B.Sc. Engineer (Civil) from BIT, Khulna (KUET).

Colonel Faisal has a verity of experience as staff, instructor and command in Bangladesh Army/Border Guard Bangladesh. He Participated in the United Nations Peace Keeping Missions (Siera Leone, Sudan).



Colonel Abu Sayed Al Masud, BGBMS, PBGMS, psc

Director

Colonel Abu Sayed Al Masud, BGBMS, PBGMS, psc is Member of the Board of Directors and Risk Management Committee of Shimanto Bank Ltd. He Joined Bangladesh Military Academy on 07 Jan 1992 and was commissioned on 16 December 1993 in the Corps of Infantry. He has attended several professional courses both at home and abroad. He has completed Staff Course -30 from DSCSC Mirpur Dhaka. He also obtained Master of Defense from National University.

Colonel Abu Sayed Al Masud has verity of experience as Staff, Instructor and Commander in Bangladesh Army/ Border Guard Bangladesh. He Served in Operation Kuwait Punorgothon (OKP) in 1998-99 participated in the United Nations peace keeping Missions at Sudan.

DIRECTOR'S PROFILE



Colonel Md Aminul Hoque, SUP, afwc, psc

Director

Colonel Md Aminul Hoque, SUP, afwc, psc is Deputy Director General (Communication) of Border Guard Bangladesh (BGB). He is Member of the Board of Directors and Audit Committee of Shimanto Bank Ltd. He joined Bangladesh Military Academy on 06-06-1993 and was commissioned on 16-06-1995 in the Corps of Signals. He has attended several professional course both at home and abroad. He completed AFWC-2017 course from National Defence College, Mirpur Dhaka. He also obtained Master of Strategy and Development Studies and Masters in ICT from Bangladesh University of Professional, Dhaka.

He has a verity of experience as Staff, Instructor and Commander in Bangladesh Army/ Border Guard Bangladesh. He Participated in the United Nations Peace Keeping Missions in Liberia and Sierra Leone.



Muklesur Rahman

Managing Director & CEO

Mr. Muklesur Rahman is a veteran banker with more than 36 years' experience in reputed local and foreign banks. Prior to join Shimanto Bank he served as MD & CEO of NRB Bank Limited. Commencing a career with United Commercial Bank in 1984, he gradually moved up the ladder by serving top global banks such as Standard Chartered, ANZ Grind lays, Citi NA in various senior management capacities leading large teams in areas spanning branch management, retail, SME, operations, distribution, compliance, foreign trade, project management, etc.

In his long career, he has successfully led some large projects which includes leading NRB Bank Limited from scratch to be one of the best 4th generation Bank as its Managing Director. He has also completed a mammoth core banking system migration at Eastern Bank where he led from the front as the Chairman of the Steering Committee of the project.

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.



Audit Committee

Name	Committee Portfolio
1. Brig Gen Benazir Ahmed, BGBMS, afwc, psc	Chairman
2. Col Md Aminul Hoque, SUP, afwc, psc	Member
3. Mr. Mohammad Mostafa Hossain Suman ACS	Secretary

Risk Management Committee

Name	Committee Portfolio
1. Brig Gen A M M Khairul Kabir, BGBMS, psc	Chairman
2. Colonel Abu Sayed Al Masud, BGBMS, PBGMS, psc	Member
3. Mr. Mohammad Mostafa Hossain Suman ACS	Secretary

Note: Audit Committee and Risk Management Committee as on 30 June, 2021.



“Managing Director
& CEO's Review”



Respected Shareholders & Stakeholders,

It's an immense pleasure that we have accomplished another challenging year successfully and we have stepped to the 6th year of the Bank. It's great honor for me to present our report during the financial year 2020.

In 2020, we had a very clear mandate- to provide stability in a highly unpredictable environment for our clients, regulators and colleagues. I believe we achieved that in spite of the many challenges presented by the Covid-19 pandemic and heightened economic uncertainty.

Our people delivered an exceptional level of support for our clients in very tough circumstances, while our balance sheet and liquidity gave reassurance to those who rely on us. We achieved this while delivering a solid financial performance in the context of the pandemic and laying firm foundations for our future growth. I am proud of everything our people achieved and grateful for the loyalty of our clients during a very turbulent year.

Purpose & Journey of Glory

We started our journey in 2016 to fulfill long cherished dreams of Border Guard Bangladesh and BGB Welfare Trust. We have successfully stepped into our sixth year of journey. As we charted the next stage of journey, we also reflected on our purpose as a business. We reviewed our purpose widely both internally and externally and looked deeply into our last five years' journey. The same themes came up again and again. Shimanto Bank has always focused on helping the BGB Families and the clients pursue the opportunities around them, whether as individuals or businesses.

Banking Business in COVID-19 Pandemic

Helping our clients emerge from the Covid-19 pandemic in a sustainable position was our most pressing priority. We did this by equipping our colleagues to work from home at the height of the pandemic, and keeping the majority of our branches open. Our investment in our digital capabilities – both in 2020 and in previous years – enabled our clients to access more services remotely, and we worked to open new digital channels in a safe and secure way.

The actions we outlined in 2020 are largely on track or ahead of where we intended them to be, despite the complications of the pandemic. Our business and growth was more streamlined than it was a year ago. Costs are static materially, with BDT 459.02 million operating costs during 2020 comparing with BDT 441.81 million in 2019. We achieved our operating profit target for the Year-2020. Policy support by the regulator helped us to ensure good risk weighted assets. Banking industry has been changing significantly in 2020. Achieving the target amid central bank's interest rates capping was very challenging. Doing business with low spread affected our profitability. All of these things caused us to adjust and reinforce elements of our strategy to fit this new environment. The growth plans that we have developed are a natural progression. They aim to play to our strengths, to accelerate our technology investment plans to deliver better customer service and increased productivity; to energise our business for growth; and to invest further in technology.

Financial Achievement in 2020

The pandemic inevitably affected our 2020 financial performance. The shutdown of the economy in the 2nd & 3rd quarter of the year caused a large rise in expected credit losses, and cuts in central bank interest rates reduced revenue in rate-sensitive business lines. We responded by accelerating the transformation, further reducing our operating costs and moving our focus from interest-rate sensitive business lines towards fee-generating businesses. We made progress in reducing our operating expenses. A combination of our cost-savings, cuts in performance-related pay and lower discretionary spending due to the Covid-19 pandemic helped to reduce our operating expenses.

Overcoming the pandemic challenges and strong competition prevails in the banking industry, we have booked a deposit of BDT 13,155.38 million and loan of BDT 8,331.65 million in the end of the year 2020. We have reported an operating profit of BDT 347.04 million and profit after tax of BDT 201.04 million. Capital Adequacy Ratio as per BASEL III was 52.75%. Return on Investment (ROI) and Return on Assets (ROA) were 5.33% and 1.20% respectively.

Forward Looking 2021

I am cautiously optimistic for the year ahead. While a spike in Covid-19 infection rates led to renewed lockdown measures in the country at the start of 2021, the development of multiple vaccines gives us hope that the world will return to some form of normality before long. We will remain prepared to take further steps to manage the economic impact where necessary. We will remain focused on serving the needs of our clients and stakeholders across the country.

Thanks & Gratitude

I would like to take this opportunity to thank all of our valued clients for their cooperation and support during this pandemic. I also thank our colleagues for their relentless efforts and commitment for building the Bank overcoming the challenges of regulatory changes. 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 2021 will be the year of recovery from the economic downturn due to pandemic.



Muklesur Rahman
Managing Director & CEO
Shimanto Bank Ltd
12 September, 2021



2020

CREDIT RATING STATEMENT

Credit Rating Information and Services Ltd (CRISL) has completed its credit rating of Shimanto Bank based on the basis of financials and other operational performances of the Bank up to the date of rating. Shimanto Bank Ltd was awarded A in the Long Term and 'ST-3' in the Short Term.

Assigned Rating	
Long Term	A
Short Term	ST-3
Outlook	Stable
Date of Rating	02 December 2020
Valid up to	01 December 2021

Methodology: CRISL's Bank Rating Methodology

MANAGEMENT COMMITTEE (MANCOM)



- 1 | Arab Fazlur Rahman
Head of Business
- 2 | Muklesur Rahman
Managing Director & CEO
- 3 | Md. Rafiqul Islam
Deputy Managing Director & CRO
- 4 | Mohammad Azizul Hoque
Head of Operations

- 5 | Muhammad Shawkat Alam
Head of ICC
- 6 | Md. Sanaur Rahman
In-Charge, CRM
- 7 | Shahneela Islam Shanil
Head of Brand & Corporate Affairs & IDP
- 8 | Mohammad Mostafa Hossain Suman ACS
Company Secretary (Acting)
- 9 | Md. Moniruzzaman
Manager, Finance



Five Year's Financial Performance

Amount in BDT Million

Particulars	2020	2019	2018	2017	2016
Balance Sheet Metrics					
Authorised Capital	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Paid up Capital	4,160.00	4,000.00	4,000.00	4,000.00	4,000.00
Shareholders' Equity	4,472.33	4,267.69	4,089.83	4,036.72	4,005.08
Loans and Advances	8,331.65	7,173.46	5,835.30	2,744.82	435.20
Deposits	13,155.38	10,113.83	6,982.64	3,793.92	914.21
Borrowing	0	0	0	0	0
Statutory Liquidity Reserve Ratio (SLR) (% at close of the year)	15.64%	15.64%	15.64%	25.22%	14.75%
Cash Reserve Requirement (CRR) (% at close of the year)	6.32%	6.32%	10.58%	12.24%	15.3%
Liabilities to Shareholders' Equity (Times)	3.15	2.47	1.78	0.98	0.24
Investments	2,076.25	1,752.81	761.50	633.66	154.96
Fixed Assets	248.60	301.79	129.45	106.68	43.01
Total Assets	18,559.06	14,821.99	11,376.49	7,979.75	4,955.60
Income Statement Metrics					
Net Interest Income	674.14	659.98	449.84	300.32	78.61
Non-Interest Income	131.93	82.71	71.14	21.50	1.32
Investment Income	102.01	60.37	54.94	16.44	1.23
Non Investment Income	29.92	22.34	16.20	5.06	0.09
Operating Income	806.07	742.69	520.99	321.82	79.94
Operating Expenses	459.02	441.81	338.76	233.18	63.92
Operating Profit	347.04	300.88	182.23	88.63	16.01
Provision for Loans, Investment and Other Assets	14.92	11.62	44.55	25.03	4.23
Profit Before Tax	332.13	289.26	137.67	63.61	11.78
Profit After Tax	201.04	176.90	71.72	28.03	5.08
Capital Metrics					
Total Risk Weighted Assets (RWA)	8,663.28	8,204.87	6,669.38	3,786.20	1,816.73
Common Equity Tier-1 Capital	4,467.77	4,266.73	4,089.83	4,033.11	4,005.08
Tier-2 Capital	102.37	78.78	73.81	29.26	4.23
Total Eligible Capital (Tier 1 and Tier 2)	4,570.14	4,345.51	4,163.64	4,062.37	4,009.31
Capital to risk weighted assets ratio (CRAR)(%)	52.75%	52.96%	62.43%	107.29%	220.69%
Common Equity Tier - 1 Capital to RWA (%)	51.57%	52%	61.32%	106.52%	220.45%
RWA to total assets (%)	46.67%	55.35%	58.62%	48%	37%

Five Year's Financial Performance

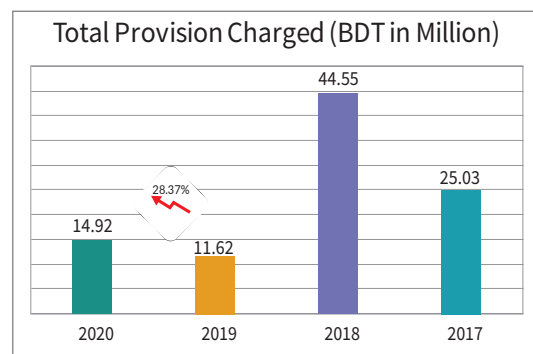
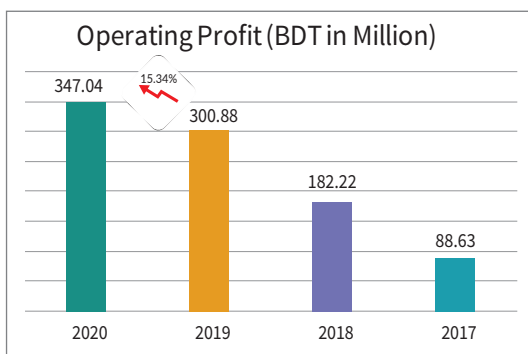
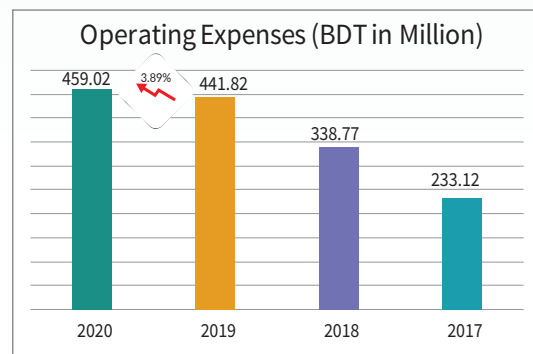
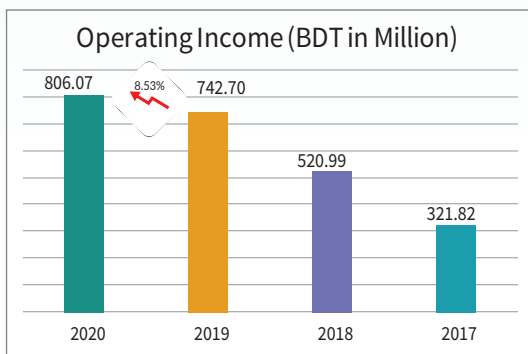
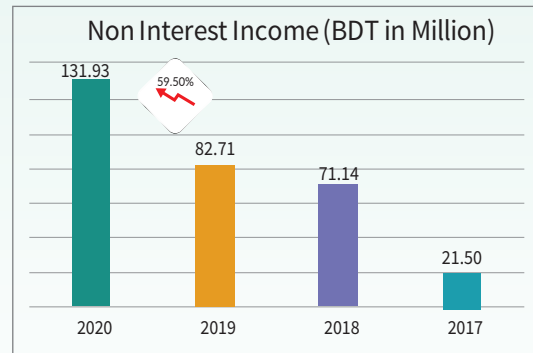
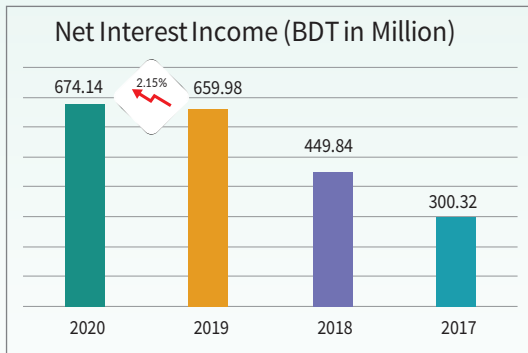
Amount in BDT Million

Particulars	2020	2019	2018	2017	2016
Credit Quality					
Non Performing /Classified Loans (NPLs)	5.91	31.18	5.57	0	0
Specific Provision (Cumulative)	2.54	7.60	2.0	0	0
General Provision (Cumulative)	97.80	77.12	37.98	25.03	4.23
NPL Ratio (%)	0.07%	0.43%	0.09%	0	0
NPL Coverage Ratio (Specific Provision + General Provision)/Gross NPL) (%)	1697%	271.72%	717.54%	NA	NA
Trade Business Metrics					
Export	142.48	5.85	0	0	0
Import	894.64	99.45	43.38	1.12	0
Guarantee	20.08	51.72	798.62	0	0
Efficiency / Productivity Ratios					
Return on Investments (ROI) %	5.33%	4.80%	7.88%	4.17%	0.92%
Return on Assets (ROA) %	1.20%	1.35%	0.74%	0.43%	0.10%
Cost to Income Ratio %	68%	59%	65%	73%	80%
Operating Profit per Employee	1.90	1.72	1.12	0.72	0.24
Operating Profit per Branch	19.28	17.70	14.02	9.85	8.01
Share Based Metrics					
Earnings per Share (EPS) in BDT	0.48	0.44	0.18	0.07	0.01
Operating profit per share in BDT	0.83	0.75	0.46	0.22	0.04
NAV per Share in BDT	10.75	10.66	10.23	10.10	10.01
Dividend %	3% Stock (Recommended)	4% Stock	Nil	0.37% Cash	Nil
Other Information					
Number of branches	18	17	13	9	2
Number of permanent employees	183	175	162	123	68
Number of deposit accounts	70,257	57,024	41,431	21,995	4,000
Number of loan Accounts	12,599	11,799	8,751	4,848	78
Number of RMA	64	48	45	28	0
Number of Foreign Account	3	3	3	2	0
Number of ATM	16	16	10	9	0
Number of Information Centers	2	3	3	3	1

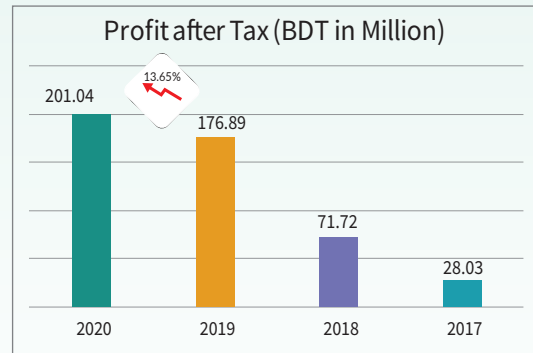
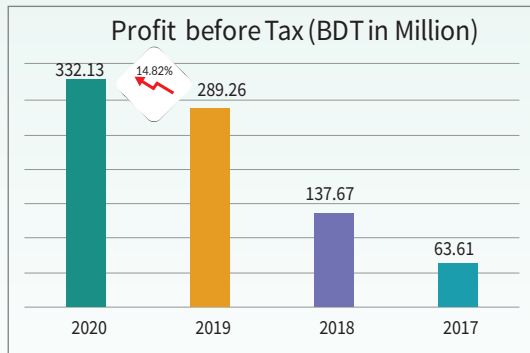


Financial Highlights

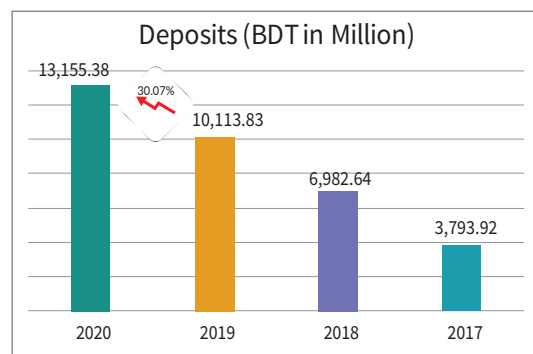
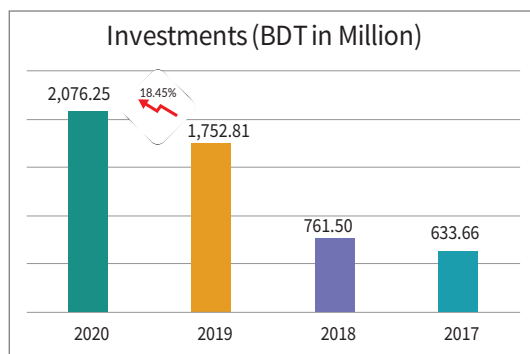
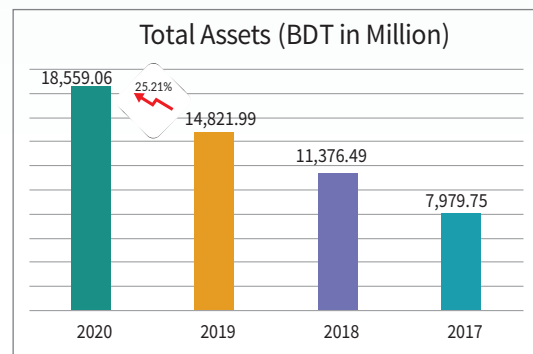
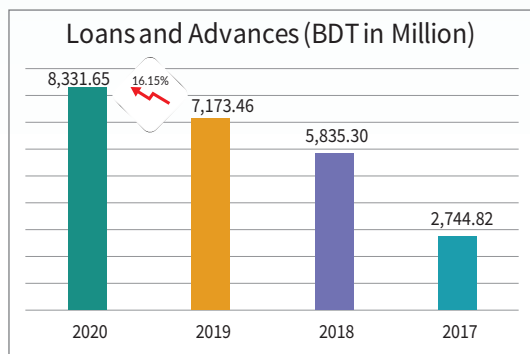
Performance During the Year



Financial Highlights

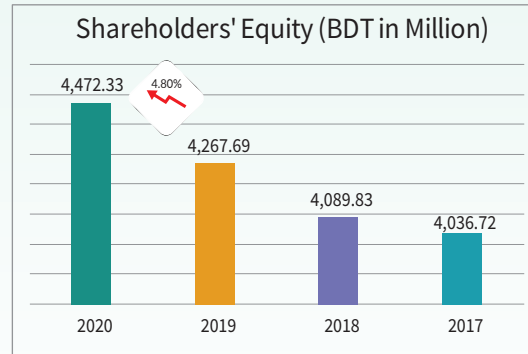


Year End Financial Position

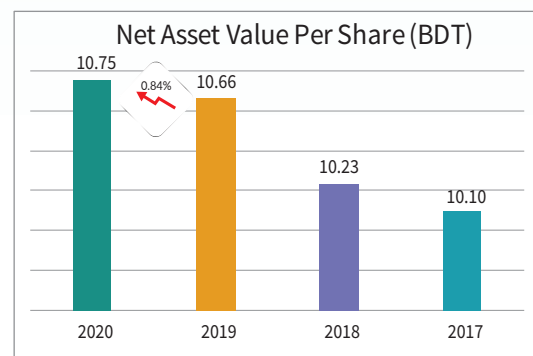
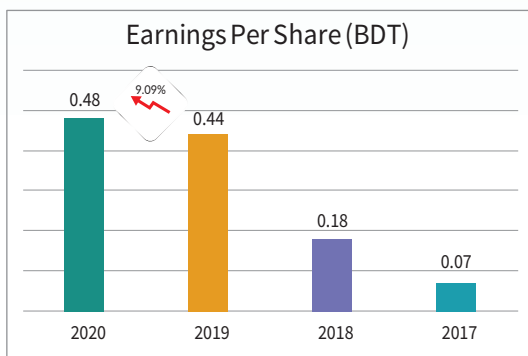




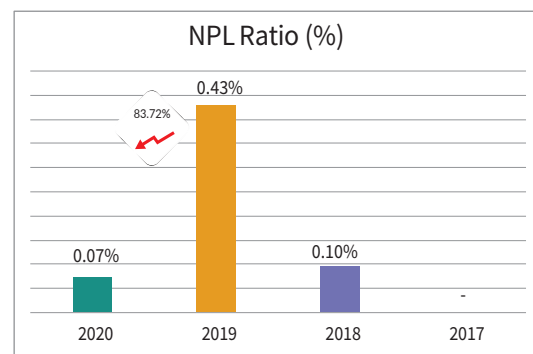
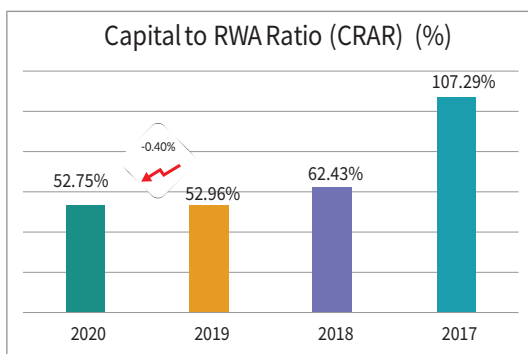
Financial Highlights



Information Per Ordinary Share

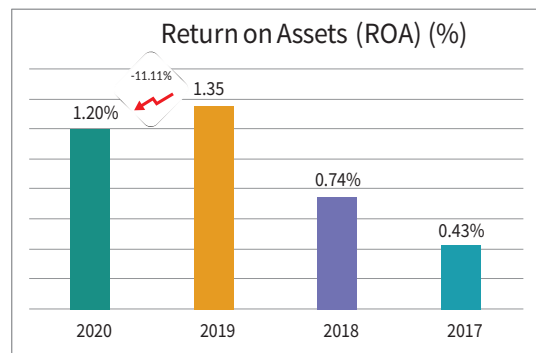
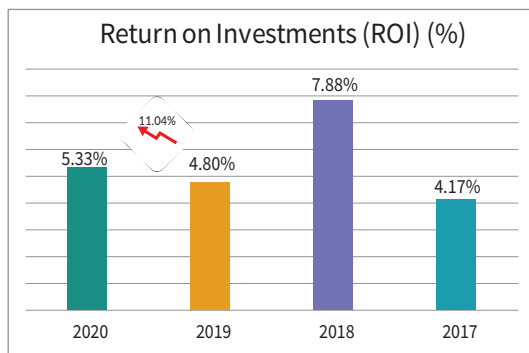
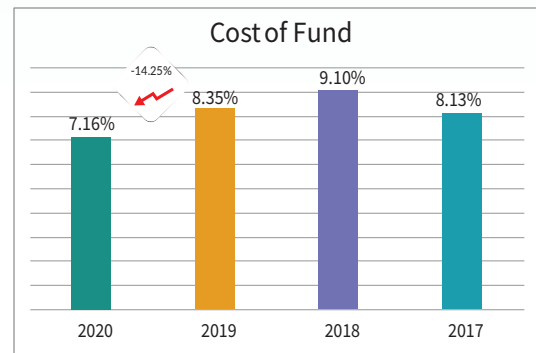
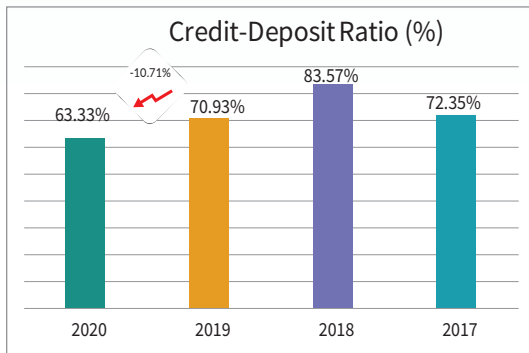
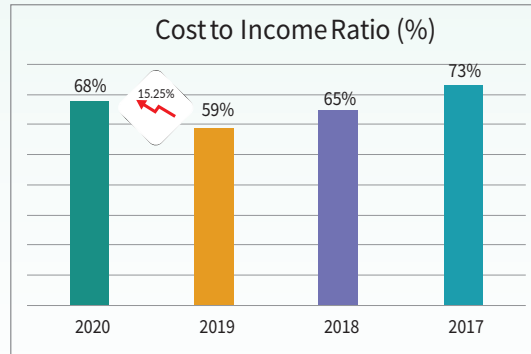


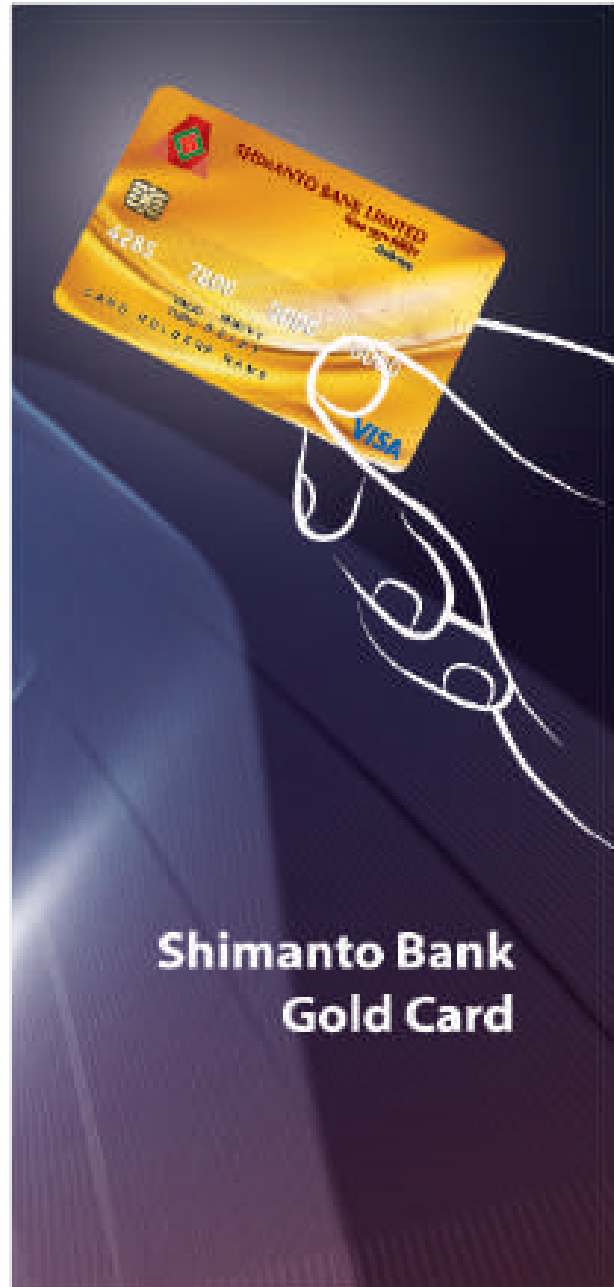
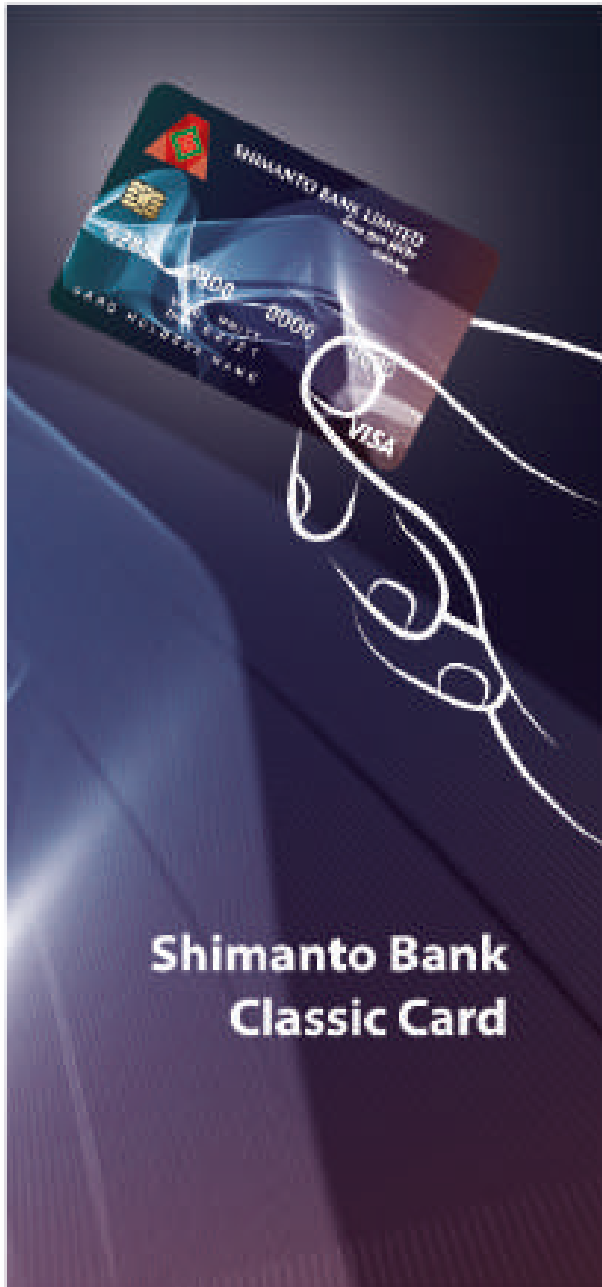
Ratios (%)



Financial Highlights

Ratios (%)





Glimpse of 4th Annaul General Meeting (AGM)



Major General Md Shafeenul Islam, BGBM (BAR), ndc, psc, honorable Chairman of the Bank was delivering his valuable speech in the 4th AGM conducted through digital platform in pandemic situation.



Shareholders of the Bank were casting their votes in favor of an agenda transacted in the 4th AGM.



Event Highlights - 2020

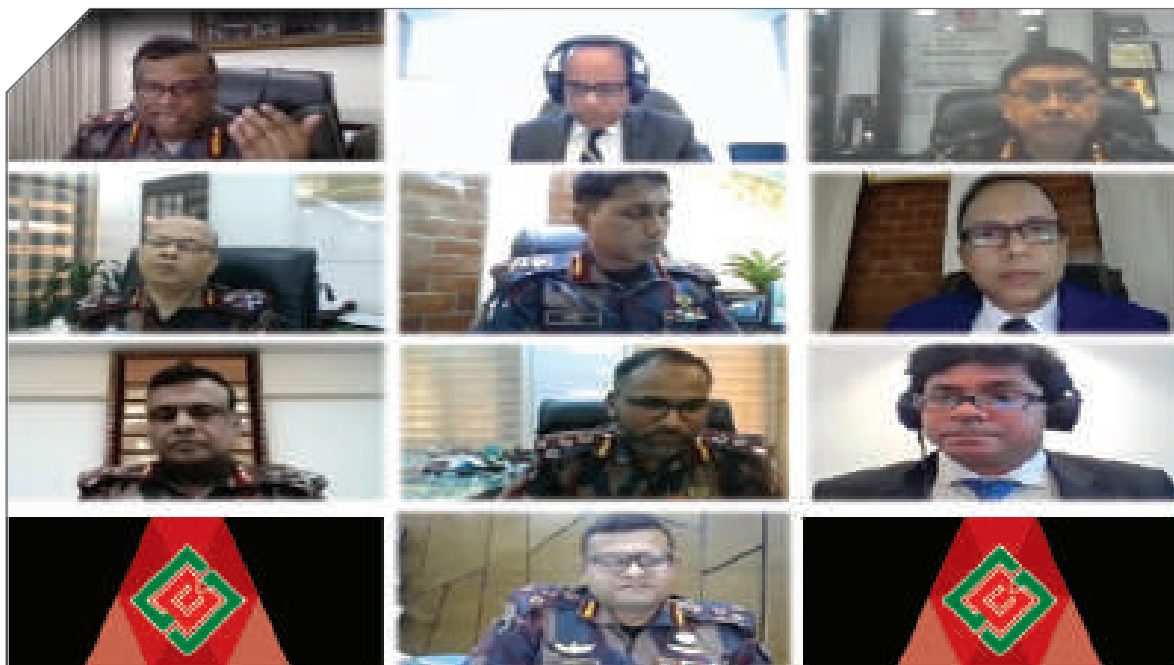


Major General Md Shafeenul Islam, BGBM (BAR), ndc, psc, Chairman of BGB Welfare Trust was receiving the share certificate against the stock dividend declared by Shimanto Bank Ltd. Managing Director & CEO along with the top Executives of the Bank was handing over the certificate.



Honorable Chairman Major General Md Shafeenul Islam, BGBM (BAR), ndc, psc, was inaugurating the 'Bangabandhu Lounge' situated at Head Office of the Bank. Managing Director & CEO and other MANCOM Members were present in the ceremony.

Event Highlights - 2020



Moment of a Meeting of Board of Directors of Shimanto Bank Ltd conducted in 2020 through Zoom Cloud Meeting.



Board of Directors of the Bank present in a program of Shimanto Bank Ltd.



Event Highlights - 2020



Brig Gen Brig Gen Md Jalal Ghani Khan, ndc, psc was present as chief guest in the opening ceremony of Gadkhali Branch. Mr. Muklesur Rahman, Managing Director & CEO and other officials of the Bank and Border Guard Bangladesh were present in the program.



A moment of celebration of International Women's Day-2020 in Head Office.

Event Highlights - 2020



An Audit Committee Meeting presided over by the Chairman of the Committee Brig Gen Benazir Ahmed, BGBMS, afwc, psc was conducted in 2020 through digital platform.



A Meeting of Risk Management Committee presided over by the Chairman of the Committee Brig Gen Md Towhidul Islam, PBGM, afwc, psc was conducted in 2020 using digital platform.



Event Highlights - 2020



A moment of celebration of 'Basantho Utsab', the first day of spring in Bangladesh.

Event Highlights - 2020



Celebration of the 4th Anniversary of Shimanto Bank Ltd through a program in Head Office.



Memorandum of Understanding (MoU) was signed between Shimanto Bank Ltd and Agrani Bank Ltd for providing remittance services.



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REPORT OF THE BOARD OF DIRECTORS

Dear Stakeholders,

The Board of Directors welcome you all at the 5th Annual General Meeting of Shimanto Bank Ltd and is pleased to present the Annual Report for the year ended on 31 December 2020 together with the Audited Financial Statements & Auditor's Report thereon. A review of business and financial performance of the Bank during the Year 2020 amid COVID-19 pandemic 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

Global outlook. The global economy is set to expand 5.6 percent in 2021—its strongest post-recession pace in 80 years. This recovery is uneven and largely reflects sharp rebounds in some major economies—most notably the United States, owing to substantial fiscal support—amid highly unequal vaccine access. In many emerging market and developing economies (EMDEs), elevated COVID-19 caseloads, obstacles to vaccination, and a partial withdrawal of macroeconomic support are offsetting some of the benefits of strengthening external demand and elevated commodity prices. By 2022, global output will remain about 2 percent below pre-pandemic projections, and per capita income losses incurred last year will not be fully unwound in about two-thirds of EMDEs. The global outlook remains subject to significant downside risks, which include the possibility of large COVID-19 waves in the context of new virus variants and financial stress amid high EMDE debt levels. Controlling the pandemic at the global level will require more equitable vaccine distribution, especially for low-income countries. The legacies of the pandemic exacerbate the challenges facing policy makers as they balance the need to support the recovery while safeguarding price stability and fiscal sustainability. As the recovery becomes more entrenched, policy makers also need to continue efforts toward promoting growth-enhancing reforms and steering their economies onto a green, resilient, and inclusive development path.



Regional Prospects. The recovery in all EMDE regions is expected to be insufficient to reverse the damage from the pandemic. By 2022, output in all regions is expected to remain below pre-pandemic projections, weighed down by the ongoing pandemic and its legacies, which include higher debt loads and damage to many of the drivers of potential output. The recovery in small, tourism-dependent economies is expected to be particularly weak as some travel restrictions will remain in place until the pandemic is brought under control. The pace of vaccine rollout varies across countries, with low-income countries lagging considerably. The recovery is expected to be strongest in East Asia and the Pacific, primarily due to strength in China. In South Asia, India's recovery is being hampered by the largest outbreak of any country since the beginning of the pandemic. In the Middle East and North Africa and Latin America and the Caribbean, the pace of growth in 2021 is expected to be less than the magnitude of the contraction in 2020, while the tepid recovery in Sub-Saharan Africa will make little progress in reversing the increase in extreme poverty caused by the pandemic. In most regions, risks to the outlook are tilted to the downside. All regions remain vulnerable to renewed outbreaks of COVID-19, which could feature variant strains of the virus; financial stress amplified by elevated debt levels; deeper-than-expected scarring from the pandemic; and rising social unrest, potentially triggered by rising food prices.

High Trade Costs: Causes and Remedies. As the global economy rebounds from the COVID-19-induced global recession, the accompanying strength in global trade offers an opportunity to jumpstart the recovery in EMDEs. Lowering cross-border trade costs could help revive trade growth. Trade costs are high: on average, they double the cost of internationally traded goods over domestic goods. Tariffs account for only one-fourteenth of average trade costs; the bulk of trade costs are incurred in shipping and logistics as well as cumbersome trade procedures and processes at and behind the border. Despite a decline since 1995, trade costs remain almost one-half higher in EMDEs than in advanced economies; about one-third of the gap may be accounted for by higher shipping and logistics costs and another one-third by trade policy. A comprehensive reform package to lower trade costs would include trade facilitation measures; deeper trade liberalization; efforts to streamline trade processes and clearance requirements; better transport infrastructure; more competition in domestic logistics, retail, and wholesale trade; and less corruption. Some of these measures could yield large dividends: Among the worst-performing EMDEs, a hypothetical reform package to improve logistics performance, maritime connectivity, and border processes to those of the best-performing EMDEs is estimated to halve trade costs.

Emerging Inflation Pressures: Cause for alarm after declining in the first half of 2020, global inflation has rebounded quickly on recovering activity. While global inflation is likely to continue rising in the remainder of this year, inflation is expected to remain within target bands in most inflation-targeting countries. Among EMDEs where recent price pressures may raise inflation above their target ranges, they may not warrant a monetary policy response—provided they are temporary and inflation expectations remain well-anchored. However, higher inflation may complicate the policy choices of EMDEs that are in danger of persistently breaching their inflation targets while also relying on expansionary policies to ensure a durable recovery. Measures to strengthen central bank credibility can help anchor inflation expectations in these economies. Unless risks from record-high debt are addressed, EMDEs remain vulnerable to financial market stress should investor risk sentiment deteriorate as a result of actual or perceived inflation pressures in advanced economies. Low-income countries are likely to experience rising aggregate and food price inflation in the remainder of this year, exacerbating food insecurity and threatening to increase poverty. Attempts to control food prices through price subsidies in many countries, or the re-emergence of protectionist policies could drive global prices higher and prove to be self-defeating.

Source: Global Economic Prospects, June 2021; The World Bank.

Bangladesh Economy & Economic Outlook

Bangladesh has been severely affected by the COVID-19 pandemic. A first wave of infections started in April with an initial peak in early July 2020. While new infections subsequently declined, the risk of a resurgence remained at the time this report was written. A national COVID-19 vaccination campaign began in February 2021, and it is expected to accelerate as Bangladesh receives doses under the COVAX Initiative. However, achieving mass vaccination and herd immunity will take significant time. A national shutdown implemented from March to May 2020 to contain domestic transmission resulted in severe supply-side disruptions in all sectors of the economy. GDP growth decelerated sharply, down to an estimated 2.4 percent in FY20. Industrial growth slowed, with a sharp decline in readymade garment (RMG) manufacturing output. Service sector growth also decelerated due to disruptions in transport, retail, hotels, and restaurants. Early signs of recovery emerged in the first half of FY21, after movement restrictions were progressively lifted. Inflation remained moderate in FY20, but food price volatility rose due to supply chain disruptions and temporary surges in consumer demand. Despite a contraction in exports, the current account surplus rose as imports also fell and official remittance inflows surged. Thus, the balance of payments surplus

rose in FY20 and the first half of FY21. The exchange rate remained stable, and foreign exchange reserves remained at adequate levels. The pandemic has reversed the country's steady trend of poverty reduction over the past two decades, at least temporarily. Widespread losses in employment and labor earnings caused a significant increase in poverty. Early evidence points to large effects on food security. Recent survey data from poor areas in Dhaka and Chittagong suggest that there was a gradual recovery of livelihoods in those areas. In Chittagong, the percentage of adults working seems to have returned to pre-COVID levels in February 2021. The Government of Bangladesh (GoB) responded to the economic shock from the pandemic proactively. It announced a COVID-19 response program of US\$ 14.6 billion (4.5 percent of estimated FY20 GDP). However, implementation challenges remain, particularly in bringing resources to small businesses and poor households. To support the GoB's program, Bangladesh Bank eased monetary policy and introduced refinancing facilities. While liquidity rose, private sector credit growth remained muted amid heightened uncertainty. The COVID-19 crisis has compounded longstanding financial sector vulnerabilities, including weak capital buffers and undercapitalization of banks. While public expenditure declined, due to slow implementation of development projects, revenues fell even more, due to low trade and weak economic activity, so that the fiscal deficit widened to an estimated 6.0 percent of GDP in FY20. Preliminary data from the first four months of FY21 show further reductions in expenditure and modest revenue growth.

The economy is expected to continue to recover gradually. Over the first half of FY21, mobility returned to pre-pandemic levels, factories reopened, and exports rebounded. Consequently, GDP growth is projected to reach 3.6 percent in FY21, led by (i) a recovery in manufacturing on the back of strong export demand, (ii) a rebound in construction supported by accelerating public investment, and (iii) robust services growth, thanks to progress in the vaccination campaign. On the demand side, private consumption is expected to continue to recover gradually while export demand expands strongly. Inflation is projected to remain close to Bangladesh Bank's 5.5 percent target despite expansionary monetary and fiscal policies, and monetary accommodation is likely to continue. The fiscal deficit is projected to remain at 6.0 percent of GDP in FY21 before moderating in the medium term. External stability is likely to be sustained, supported by export growth and resilient remittance inflows. The outlook is subject to significant downside risks, particularly from the financial sector. Financial stability risks stemming from high levels of non-performing loans (NPLs), weak capital buffers, and poor bank governance and risk management pre-date COVID-19, but the pandemic has exacerbated them. Reduced profitability, weaker asset quality, and lower credit growth can have large second-round repercussions on the real economy. The fragile outlook for the global economic recovery adds external risks, if it impacts demand for RMG products and employment of Bangladesh's overseas workforce.

Moving Forward: Connectivity and Logistics to Strengthen Competitiveness:

As the COVID-19 pandemic reshapes trade and supply chains, the logistics sector can play an important role to support the recovery in Bangladesh and drive improvements in its competitiveness. Currently, Bangladesh lags its competitors in terms of logistics performance, which constrains its exports. The COVID-19 pandemic has exposed vulnerabilities, including the absence of electronic processing systems that has impeded the facilitation of cargo movement at ports and border stations. In the near-term, reforms should focus on ensuring business continuity and on building resilience. In the longer term, improving logistics performance would help Bangladesh maintain its position as a major player in RMG manufacturing while diversifying its export basket. Achieving efficient logistics requires a system-wide approach. It should be guided by a logistics strategy focused on both infrastructure and service delivery. The overarching goal can be broken down into four interlinked objectives:

1. Developing a system-wide strategy aimed at increasing logistics efficiency;
2. Improving the quality, capacity, and management of infrastructure;
3. Improving the quality and integration of logistics services; and
4. Achieving seamless integration of regional logistics services.

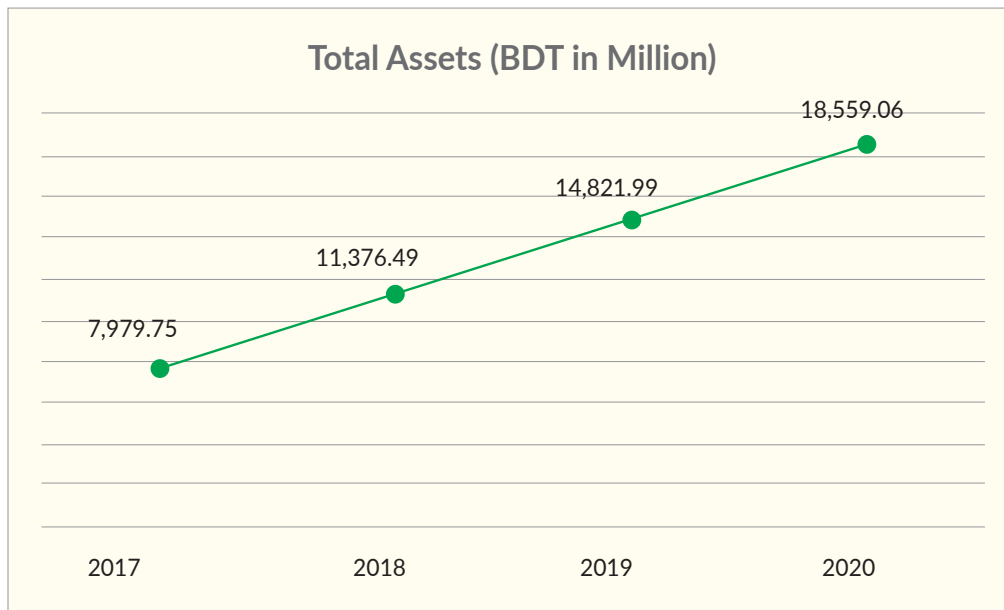
Source: Bangladesh Development Update; April 2021; The World Bank.



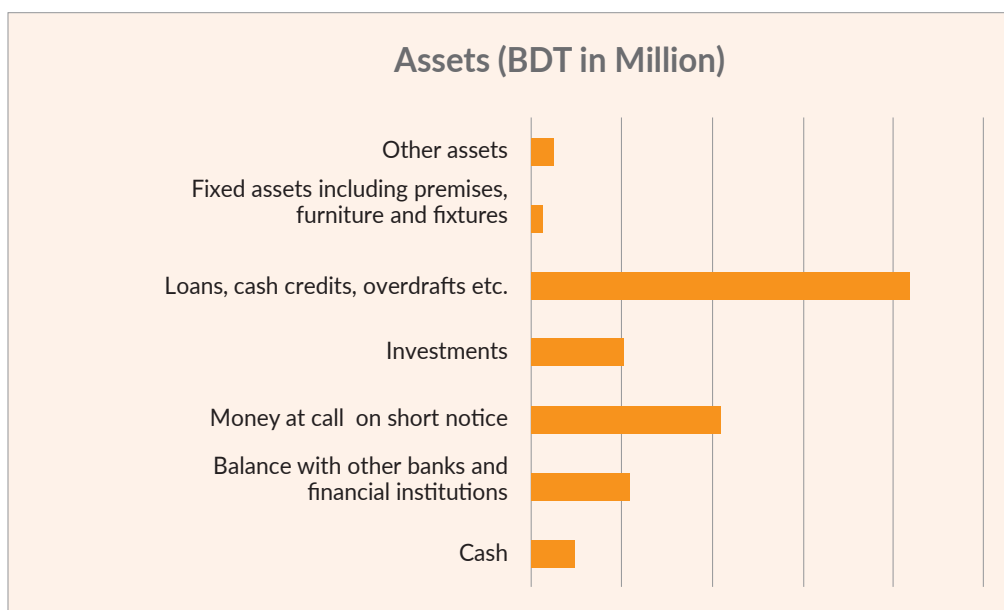
Financial Highlights

Asset Portfolio

The assets of the Bank stood at BDT 18,559.06 million in 2020 compared to BDT 14,821.99 million in 2019 with a growth of 25.21%. Shimanto Bank Ltd has been successful in marketing significant amount of loans and advances by launching new and innovative products in the market.

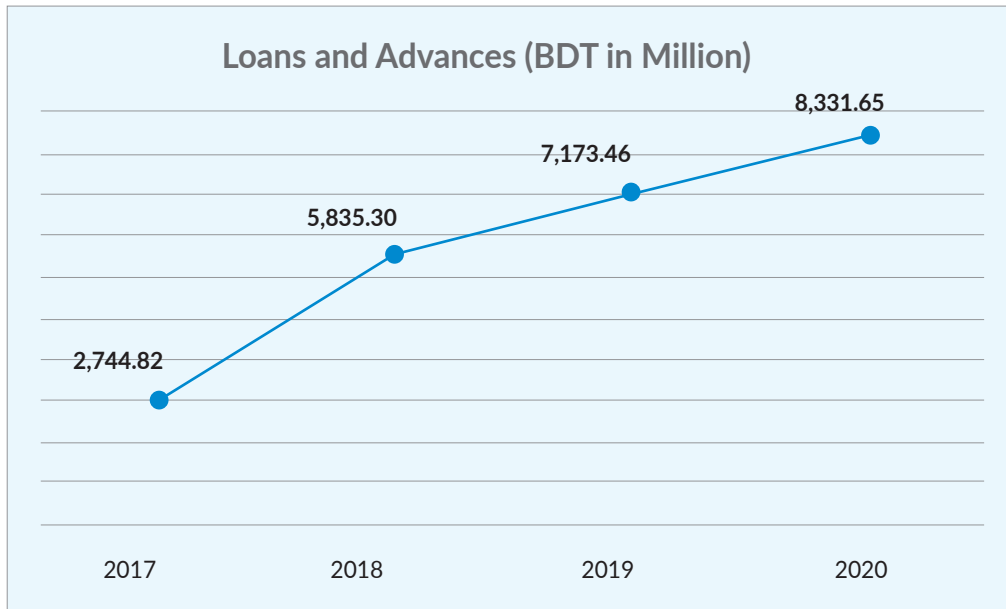


The asset portfolio comprised of BDT 1,008.73 million as Cash, BDT 2,171.25 million as Balance with Other Banks and FIs, BDT 4,200.00 million as Money on Call at Short Notice, BDT 2,076.25 million as Investments, BDT 8,331.65 million as Loans and Advances, BDT 248.60 as Fixed Assets and BDT 522.59 million as other assets.



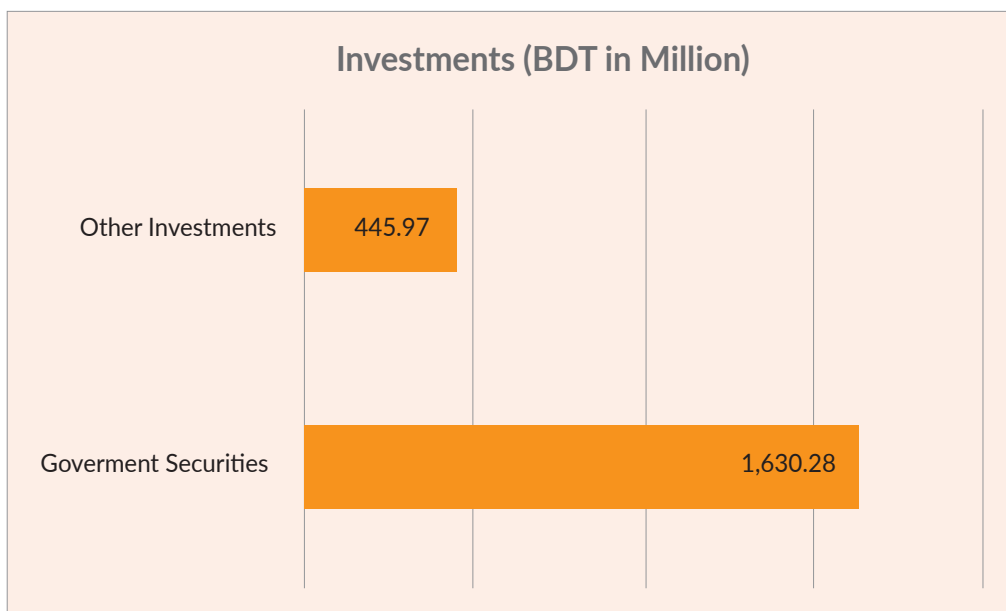
Loans & Advances

The total loans and advances of the Bank is BDT 8,331.65 million for the year ended 2020 which was BDT 7,173.46 million in 2019.



Investments

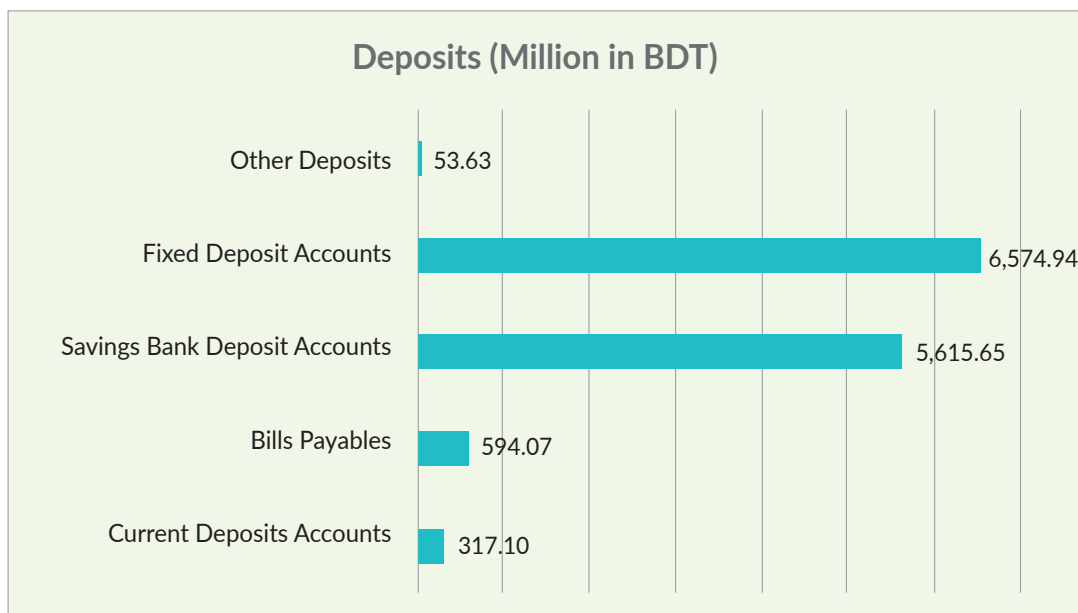
The Bank has raised investment to BDT 2,076.25 million consisting of investment in Govt. Securities BDT 1,630.28 million and Other Investment BDT 445.97 million.





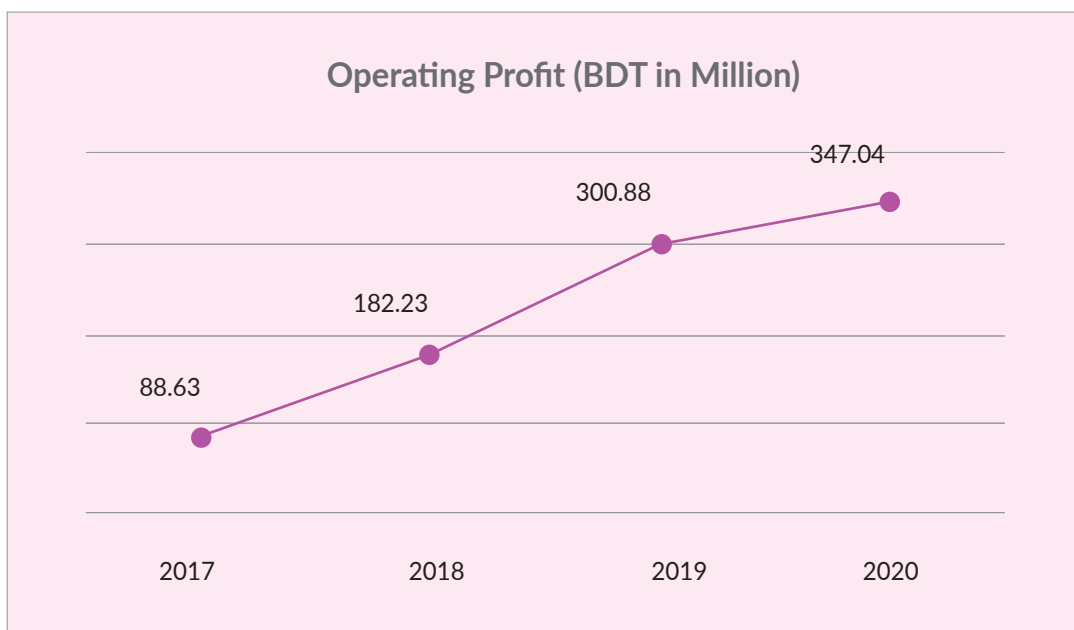
Deposit

The total deposit of Shimanto Bank stood to BDT 13,155.38 million comprising of BDT 6,574.94 million fixed deposit, BDT 5,615.65 million savings deposit, BDT 317.10 million current deposit, BDT 594.07 million bills payable and BDT 53.63 million other deposit.



Income & Expenditure

The Bank earned interest income of BDT 1,178.54 million whereas the interest paid on deposits and borrowings is BDT 504.40 million. The Bank has generated operating income of BDT 806.07 million and incurred operating expense of BDT 459.02 million. The Bank has booked an operating profit of BDT 347.04 million before provisions in the year 2020.



Risk Based Capital Framework

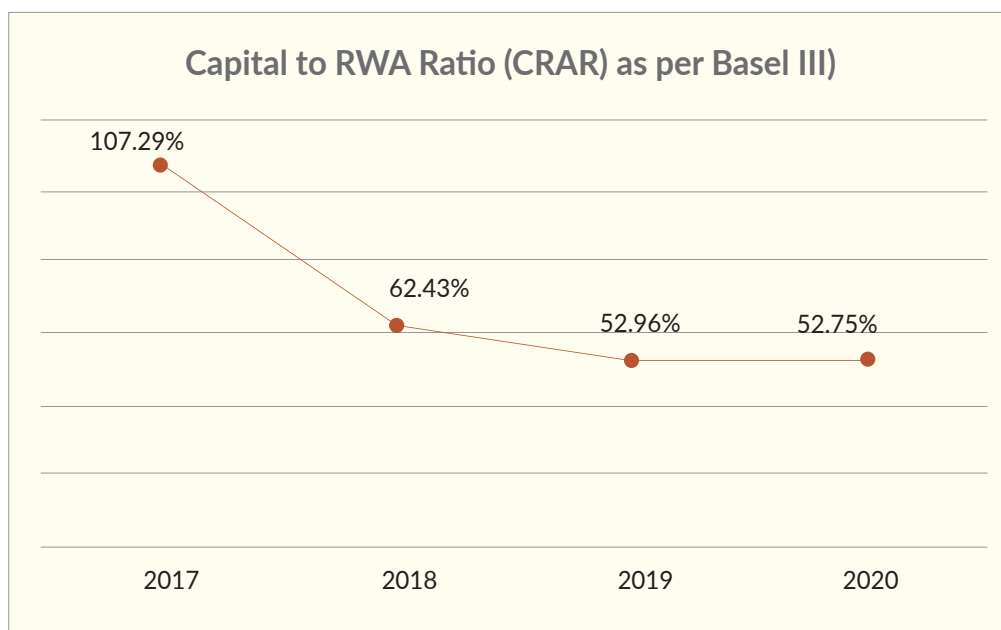
Risk Based Capital Adequacy Framework (Revised Regulatory Capital Framework for banks in line with Basel III) has been implemented in Bangladesh from beginning of 2015 through BRPD Circular No- 18 dated December 21, 2014. Bank was in Basel II regime in 2014 maintaining its capital level above the minimum requirement, estimating the additional capital requirement to find out level of Adequate Capital against all types of risks under Pillar II and providing adequate disclosure as per pillar III (market discipline) of Basel II guideline.

Shimanto Bank Ltd has been continuing to calculate minimum capital requirement (MCR) considering credit risk, market risk and operational risk considering the Capital Conservation Buffer @ 1.25 percent. The summary of pillar I (Minimum Capital Requirement) as under:

(in Million BDT)

Particulars	2020	2019
Tier I Capital	4467.77	4266.73
Tier II Capital	102.37	78.78
Total Eligible Capital	4570.14	4345.51
Risk Weighted Assets	8663.28	8204.87
Capital to Risk Weighted Asset Ratio (CRAR) (%)	52.75%	52.96%

Shimanto Bank has strong Common Equity (Tier-1 Capital) base of BDT 4467.77million which was 51.57 percent of risk weighted assets as on December 31, 2020. Bank's Tier-2 Capital was BDT 102.37million at the end of 2020, which was 1.18 percent of risk weighted assets. Against the minimum requirement of 10 percent, Shimanto Bank is consistently maintaining above the requirement in last five years. In addition to minimum requirement of 10 percent, Bank needs to maintain buffer requirement of 1.25 percent in 2020. Thus Bank's minimum plus buffer requirement was 11.25 percent in 2020 which was deliberately maintained by the Bank.



Branch Network Expansion

As we experienced pandemic and lockdown situation during the year 2020, we emphasized to steady expansion. We opened only one branch at Gadkhali-Jashore and the number of branches have been raised to eighteen. We focused to provide services to our customers through existing branches, Call Center and Information Centers.



Appropriate Accounting Policies and Financial Reporting Standards

Shimanto Bank Ltd maintained proper books of account for its financial transactions occurred during 2020. 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, Hoda Vasi Chowdhury & 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 on accrual 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 2020. 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 2020.

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.

Remuneration of Directors

As per the BRPD Circular No. 09 dated 19/09/1996, the Chairman of the Bank may be provided a car, telephone, office and private secretary. However, Shimanto Bank pays only fees to its Chairman and Directors for attending the meetings of the Board of Directors, Executive Committee, Risk Management Committee and Audit Committee. Managing Director is paid a salary and allowances, as per approval of the Bank's Board of Directors and Bangladesh Bank.

Related Party Transaction

The details of transactions of related parties of the company have been given in Note 37 of the Financial Statements. Shimanto Bank Ltd didn't transact any significant related party contracts/transactions during the year 2020 where Bank is a party and where in the Directors have interest. The Bank didn't issue share to the Directors & the Executives without consideration or exercisable at discount. Bank follows normal process of business for related party transaction i.e. Related party does not enjoy any preferred facility or concession or favor from the view point of approval process, rate or cost charged etc.

Appropriation of Profit & Dividend

Profit after Tax stood at BDT 201.04 million in the year ended on 31 December 2020. The profit available for distribution was BDT 113.61 million after a mandatory transfer of BDT 66.43 million to statutory reserve in 2020. The accumulated retained earnings stood at BDT 140.03 million at end of the year 2020. Bangladesh Bank had instructed the Bank to raise the Paid up Capital upto BDT 5,000.00 million from BDT 4,000.00 million within two years (i.e. by 2022) from own source of the sponsors. Bangladesh Bank had barred to distribute Cash Dividend till the raise of capital being accomplished. Currently the paid up capital of the Bank is BDT 4,160.00 million. Considering the requirement of raise of paid up capital, the Board of Directors has recommended 3% stock dividend for the shareholders.

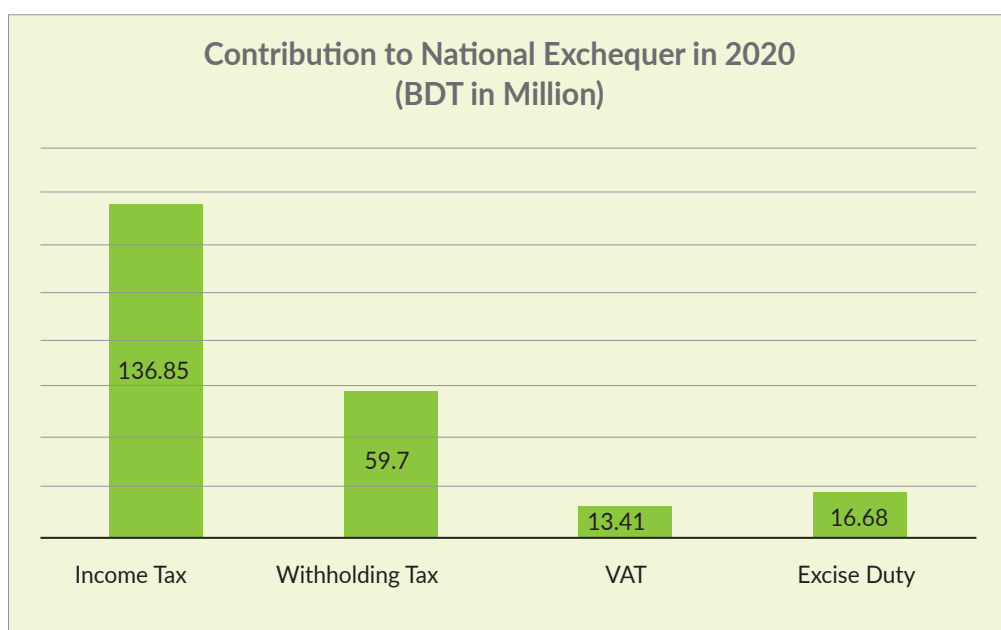
Stock Dividend has been recommended to strengthen the capital base of the Bank to comply the regulatory requirements and to support the business growth. Stock Dividend is declared out of accumulated profit, and Stock Dividend is not declared from capital reserve or revaluation reserve or any unrealized gain or out of profit earned prior to incorporation of the Company or through reducing paid-up capital or through doing anything so that the post-dividend retained earnings become negative or a debit balance.

Proposed appropriations are as follows:

Particulars	Amount (in million BDT)
Net profit after tax in the year 2020	201.04
Retained earnings at the beginning	5.42
Transfer from General Reserve	-
Profit available for appropriation	206.46
Transferred to Statutory Reserve	66.43
Proposed stock dividend	124.80
Retained earnings after payment of dividend	15.23

Contribution to National Exchequer

Shimanto Bank made significant contribution to the government in boosting its revenue collection which will help in developing the society and the country as a whole. As per the prevailing taxation law of the country, the Bank pays tax and VAT on its own income. The Bank also collects tax, VAT and excise duty at source from clients, deposits and suppliers. All the collected amounts are deposited to the national exchequer in due time. During the year 2020, the Bank contributed BDT 226.64 million to national exchequer as against BDT 214.30 million in the previous year.





Auditors Report

The Board of Directors reviewed the Auditors Report issued by M/S Hoda Vasi Chowdhury & Co. Chartered Accountants, statutory auditor of the Bank based on their audit of financial statements for the year ended 31 December 2020.

The auditor didn't mention about any material misstatement or significant disagreement regarding review of the Bank's financial statements. The Board also reviews the auditors' suggestion which auditor provides through a separate management report and gives the strategic guidelines to the management for improvement.

Appointment of Statutory Auditor

M/S Hoda Vasi Chowdhury & Co. Chartered Accountants was appointed as statutory Auditor as per Article 158 of Articles of association of the Bank in the 4th Annual General Meeting. They had conducted the statutory audit of Shimanto Bank Ltd for the year ended on December 31, 2020 and submitted the Audit Report and Audited Financial Statements to the Shareholders in this General Meeting. They have accomplished their roles as Statutory Auditor for their 2nd term with the Bank. As per provision of Bangladesh Bank Circular, they are eligible for re-appointment. The Board of Directors in their 43rd Meeting recommended to re-appoint M/S Hoda Vasi Chowdhury & Co. Chartered Accountants as external auditors of the Bank up to the 6th Annual General Meeting.

Retirement & Re-election of Directors

According to the Companies Act, 1994 and Clause No-114 of Articles of Association of the Bank, at least one third of the Directors shall retire from office in the Annual General Meeting (AGM) on the basis of seniority since last election. There are 08 (eight) Directors in the Board of the Bank. Among them, 04 (four) directors were elected in the 4th AGM and 04 (four) other Directors were appointed to fill the casual vacancy in between the AGMs.

Considering the seniority in the Board of the Bank, following Directors will retire in the upcoming 5th Annual General Meeting:

1. Major General Md Shafeenul Islam, BGBM (BAR), ndc, psc
2. Brig Gen Benazir Ahmed, BGBMS, afwc, psc
3. Brig Gen A M M Khairul Kabir, BGBMS, psc
4. Colonel Abu Sayed Al Masud, BGBMS, PBGMS, psc

Colonel Abu Sayed Al Masud, BGBMS, PBGMS, pschad been transferred recently from BGB to other organization and he expressed his intent for not being re-elected in the upcoming AGM. Remaining other Directors from SI-01 to SI-03 being eligible for re-election they offered themselves for being re-elected in the 5th AGM of the Bank and the Board has recommended accordingly.

Moreover, the following Directors were appointed in the Board during the year 2020 and 2021 in between the two AGMs to fill casual vacancy and also for adding members in the Board as per Clause 111 of Articles of Association. Complying with the provisions, the following Directors will retire in the upcoming 5th Annual General Meeting:

1. Brig Gen Md Nurul Amin, Phd, MPH
2. Brig Gen A B M Nowroj Ehsan, BSP, psc
3. Col A S M Faisal
4. Col Md Aminul Hoque, SUP, afwc, psc

Brig Gen A B M Nowroj Ehsan, BSP, psc had been transferred recently from HQ BGB and he expressed his intent for not being re-elected in the upcoming AGM. Remaining other Directors on SI-01, SI-03 and SI-04 being eligible for re-election they offered themselves for being re-elected in the 5th AGM of the Bank.

Furthermore, The Board has also recommended to nominate Brig Gen Md Hasan Uz Zaman, ndu, afwc, psc and Colonel Murad Zaman to be elected in the 5th AGM.

Looking Forward 2021

The financial year 2020 was a very critical year in our journey because of the COVID-19 pandemic. We have experienced spread of deadly virus across the globe. We experienced countrywide and partial lockdown situation. Our economy has faced a downturn. Being a new bank with huge growth prospective, we have to reinforce our vision of the technocentric digital banking. During the year of pandemic, we continued to focus significantly in our propositions and execute our strategy of delivering positive outcomes for all our stakeholders amid lockdown situation.

Stepping into the year 2021 with increased levels of interest and growth possibilities from customers, we are on track to significantly increase revenues and profitability growth. This will be achieved through our customercentric and techno centric business model and alignment with our vision of change in the competitive banking sector of the country.

Acknowledgement & Gratitude

We express our gratitude for your confidence in us. Your relentless support contributed to the growth and development of our business. We sincerely acknowledge the employees of Shimanto Bank for their commitment, devotion and hard work as they are core to our success. We would like to take this opportunity to acknowledge and express our heartiest gratitude to our respected shareholders, members of Border Guard Bangladesh, valued clients, Bangladesh Bank and other Government agencies, regulatory bodies and everyone with whom the bank is connected with. We assure you that we will do everything possible to uphold your faith and trust on us today and step up into the future to achieve our goals.

For and on behalf of the Board of Directors,



Major General Md Shafeenul Islam, BGBM (BAR), ndc, psc
Chairman, Board of Directors
Shimanto Bank Ltd
05 August, 2021



AUDIT COMMITTEE REPORT

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.

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.

Formation & Composition of the Committee

The Audit Committee had been revised twice during the financial year 2020 in the 37th and 39th Board Meeting held on 29 July 2020 and 7th December 2020 respectively. Audit Committee as on 31st December 2020 was as follows:

Name	Educational Qualification	Committee Designation
Brig Gen Benazir Ahmed, BGBMS, afwc, psc	BA, MDS	Chairman
Col Md. Mahfuzer Rahman, PBGM, psc, PEng, MSc	MSc (Civil)	Member
Mr. Mohammad Mostafa Hossain Suman ACS	CS, MSS, LLB	Secretary

The Board has revised the Audit Committee in the 43rd Board Meeting held on August 05, 2021. Brig Gen Benazir Ahmed, BGBMS, afwc, psc 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	Committee Designation
Brig Gen Benazir Ahmed, BGBMS, afwc, psc	BA, MDS	Chairman
Col Md Aminul Hoque, SUP, afwc, psc	BSc, MDS, MICT	Member
Mr. Mohammad Mostafa Hossain Suman ACS	CS, MSS, LLB	Secretary

Roles & Responsibilities of the Committee

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

Internal Control:

- Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities;
- Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS);
- Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management;
- Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management.

Financial Reporting:

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

Internal Audit:

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

External Audit

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

Compliance with existing laws and Regulations:

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

**Other Responsibilities:**

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

Meetings & Attendance of the Audit Committee

Audit Committee met in four meetings during the year 2020 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 the following dates:

Meeting	Date
13th Audit Committee Meeting	22nd January, 2020
14th Audit Committee Meeting	18th May, 2020
15th Audit Committee Meeting	15th December, 2020
16th Audit Committee Meeting	31st December, 2020

Attendance in the Audit Committee Meeting during the Year 2020 is as follows:

Name of the Member	Attendance
Brig Gen Khondoker Farid Hassan, BGBM, PBGM (BAR), ndc	02/04
Brig Gen Md Towhidul Islam, PBGB, afwc, psc	02/04
Brig Gen Benazir Ahmed, BGBMS, afwc, psc	02/04
Col Md. Mahfuzur Rahman, PBGM, psc, PEng, MSc	02/04

Area Focused & Agenda Discussed in 2020**13th Audit Committee Meeting:**

- Review of Unaudited Financial Status of Shimanto Bank Ltd for the Year Ended on 31st December 2019
- Review of Bangladesh Bank Inspection report on Head Office as on 31-12-2018 and Compliance
- Review of Draft Audit Policy Version-2.0:

14th Audit Committee Meeting:

- Review and Recommendation of Audited Financial Statements for the Year ended 31 December, 2019
- Review of Bangladesh Bank Inspection Report on Asset Liability Management as on 30-06-2019 and Compliance status
- Review of Bangladesh Bank Inspection Report on Foreign Exchange Management as on 30-06-2019 and Compliance status
- Review of Bangladesh Bank Inspection Report on CRM as on 30-06-2019 and Compliance Status
- Review of Bangladesh Bank Inspection Report on ICT Security as on 30-06-2019 and Compliance Status
- Review of Shimanto Bank Internal Audit Report on Bibir Bazar Branch for the period from 01-09-2018 to 30-11-2019
- Review of Shimanto Bank Internal Audit Report on Teknaf Branch for the period from 01-09-2018 to 31-08-2019
- Review of Shimanto Bank Internal Audit Report on Mymensing Branch for the period from 01-03-2018 to 30-11-2019

15th Audit Committee Meeting:

- Review of Compliance Status of Audit Committee Recommendations
- Review of Summary Report of Internal Audit Findings in 2019
- Review of Updated Audit Policy
- Approval of Audit Plan-2021

- Review of Shimanto Bank Internal Audit Report on Satkania Branch for the period from 01-09-2018 to 31-08-2019
- Review of Shimanto Bank Internal Audit Report on Cox'sbazar Branch for the period from 08-07-2018 to 30-06-2019
- Review of Shimanto Bank Internal Audit Report on Principal Branch for the period from 01-03-2018 to 30-11-2019
- Review of Shimanto Bank Internal Audit Report on Champaknagar Branch
- Review of Shimanto Bank Internal Audit Report on Trade Ops for the period from 27-11-2018 to 30-11-2019
- Review of Shimanto Bank Internal Audit Report on AML for the period from 01-12-2018 to 30-11-2019

16th Audit Committee Meeting:

- Review of Bangladesh Bank Inspection Report on Internal Control & Compliance as on 30-06-2019 and Compliance status
- Review of Bangladesh Bank Inspection Report on Foreign Trade and Foreign Exchange Transactions of Head Office and Principal Branch for the period from 24.11.2016 to 22-09-2020 and Compliance status
- Review of Internal Audit Reports Internal Audit Report on Lalmonirhat Branch for the period from 09-05-2018 to 30-06-2019
- Review of Internal Audit Reports Internal Audit Report Internal Audit Report on Seedstore Branch for the period from 08-07-2018 to 30-06-2019
- Review of Internal Audit Reports Internal Audit Report Internal Audit Report on Agrabad Branch for the period from 01-09-2018 to 30-11-2019

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 Benazir Ahmed, BGBMS, afwc, psc
Chairman, Audit Committee
Shimanto Bank Ltd
05 August, 2021



RISK MANAGEMENT COMMITTEE REPORT

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

Formation & Composition of the Committee

Risk Management Committee was revised once during the financial year 2020 in the 39th Board Meeting held on 7th December 2020. Audit Committee as on 31st December 2020 was as follows:

Name	Educational Qualification	Committee Designation
Brig Gen Md Towhidul Islam, PBGM, afwc, psc	BSc, MDS, MBA	Chairman
Colonel Md Rashidul Alam	BA, MBA	Member
Colonel Abu Sayed Al Masud, PBGMS, psc	BSc, MDS	Member
Mr. Mohammad Mostafa Hossain Suman ACS	CS, MSS, LLB	Secretary

The Board of Directors has reconstituted the Risk Management Committee in the 43rd Board Meeting held on August 05, 2021. The Committee has been consisted of skilled and efficient Board Members and the present composition of the Committee is as follows:

Name	Educational Qualification	Committee Designation
Brig Gen A M M Khairul Kabir, BGBMS, psc	MSc, MBA	Chairman
Colonel Abu Sayed Al Masud, PBGMS, psc	BSc, MDS	Member
Mr. Mohammad Mostafa Hossain Suman ACS	CS, MSS, LLB	Secretary

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 if necessary. The committee will review the risk management process to ensure effective prevention and control measures.
2. **Construction of organizational structure:**
The responsibility of Risk Management Committee is to ensure an adequate organizational structure for managing risk within the bank. The Risk Management Committee will supervise formation of separate management level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.
3. **Analysis and approval of Risk Management policy:**
Risk management policies & guidelines of the bank should be reviewed annually by the committee. The committee will propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit should be reviewed at least once annually and should be amended, if necessary.
4. **Storage of data & Reporting system:**
Adequate record keeping & reporting system developed by the bank management will be approved by the risk management committee. The committee will ensure proper use of the system. The committee will minute its proposal, suggestions & summary in a specific format & inform the Board of Directors.
5. **Monitoring the implementation of overall Risk Management Policy:**
Risk Management Committee will monitor proper implementation of overall risk management policies. They will monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.
6. **Other Responsibilities:**
Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form;
Comply instructions issued time to time by the controlling body;
Internal & external auditor will submit respective evaluation report whenever required by the committee.

Meetings of the Risk Management Committee

Risk Management Committee of the Bank met in four meetings in the year 2020 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
10 th Risk Management Committee Meeting	February 24, 2020
11 th Risk Management Committee Meeting	July 22, 2020
12 th Risk Management Committee Meeting	November 26, 2020
13 th Risk Management Committee Meeting	December 29, 2020



Name	Attendance
Brig Gen Md Towhidul Islam, PBGM, afwc, psc	04/04
Colonel Md Rashidul Alam	04/04
Colonel Md. Mahfuzer Rahman, PBGM, psc, PEng, MSc	03/04
Colonel Abu Sayed Al Masud, BGBMS, psc	01/04

Area Focused & Agenda Discussed in 2020

10th Risk Management Committee Meeting:

- Review of Risk Appetite Statement of Shimanto Bank Limited for the Year 2020
- Review of the Comprehensive Risk Management Rating Report of Shimanto Bank Limited as on June 30, 2019 by Bangladesh Bank
- Review of the observations based on review of 10% approvals out of all credit approvals by the Managing Director & CEO during March – October 2019
- Review of the result of quarterly Stress Testing Report of Shimanto Bank Limited for December 2019 quarter
- Review of the IT audit observations by PricewaterhouseCoopers (PwC) and compliance status of Shimanto Bank Limited

11th Risk Management Committee Meeting:

- Review of Internal Capital Adequacy Assessment Process (ICAAP) Report of Shimanto Bank Limited for the year 2019
- Review of the 'Guideline for Sampling of Credit Files for Review of Approvals under Each Level of Credit Authority'
- Review of the CAMELS Rating Report of Shimanto Bank Limited as on December 31, 2019 done by Bangladesh Bank
- Review of the Executive Risk Management Committee on Priority Setting for Implementation of PwC IT Audit Observations
- Review of the Credit Portfolio Status of Shimanto Bank Ltd as on June 30, 2020

12th Risk Management Committee Meeting:

- Review of the updated status of Post Disbursement Credit Risk Analysis Report on Some Major Clients under Credit Portfolio of Shimanto Bank Limited
- Review of the half yearly CAMELS Ratings from Bangladesh Bank based on June 30, 2020.
- Review of the credit portfolio status of Shimanto Bank Limited as on October 31, 2020.

13th Risk Management Committee Meeting:

- Review of the Compliance Status of Recommendations of Risk Management Committee
- Review of the Credit Rating Report of Shimanto Bank Ltd for the Year 2020

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 A M M Khairul Kabir, BGBMS, psc
Chairman, Risk Management Committee
Shimanto Bank Ltd
05 August, 2021

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.

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.

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

Governance Legal Framework

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

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

Stakeholders

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



Shareholding Structure

As on 31st December 2020 BGB Welfare Trust has been holding 415,999,992 shares as institutional shareholder whereas eight individual members who are also serving as the Directors of the Board have been holding 08 shares of the Bank.

Sl.	Name of Shareholder	No of Shares	Percentage (%) of Share
1	BGB Welfare Trust	415,999,992	99.999998
2	Others	8	0.000002

Ownership of Company's Securities by the Members of Board of Directors as on 31 December 2020 are as follows:

Sl.	Name of Shareholder	No of Share
01.	Major General Md Shafeenul Islam, BGBM (BAR), ndc, psc	01
02.	Brig Gen Md Jalal Ghani Khan, ndc, psc	01
03.	Brig Gen Md Towhidul Islam, PBGM, afwc, psc	01
04.	Brig Gen Benazir Ahmed, BGBMS, afwc, psc	01
05.	Brig Gen A M M Khairul Kabir, BGBMS, psc	01
06.	Colonel Md Rashidul Alam, BGBMS, PBGMS	01
07.	Col Abu Sayed Al Masud, PGBMS, psc	01
08.	Col Md. Mahfuzer Rahman, PBGM, psc, PEng, MSc	01
Total		08

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 Registrar of Joint Stock Companies & Firms.

Policy on Appointment of Directors

Directors of Shimanto Bank Ltd are appointed complying with the 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 officials of Border Guard Bangladesh (BGB) 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. 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 of the Bank in their own name. The Chairman is representing the shareholding interest of the BGB Welfare Trust.

Appointment, Rotation and Retirement of Directors

In the 4th Annual General Meeting of the Bank, four senior most Directors were retired and re-elected in the same general meeting. Five other Directors were retired (who had been appointed in between the AGM to fill up casual vacancy). Two individuals were elected afresh in the AGM. The said re-elected and elected individuals have 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 met in 06 (six) meetings during the year 2020 and the attendance of the directors is presented in the following table:

Sl.	Name of Director	Attendance	Leave
01	Maj Gen Md Shafeenul Islam, BGBM (BAR), ndc, psc	06	Nil
02	Brig Gen Khondakar Shahidul Ghani, MPH	05	01
03	Brig Gen Abu Taher Muhammad Ibrahim, ndc	05	01
04	Brig Gen Md Jalal Ghani Khan, ndc, psc	02	Nil
05	Brig Gen Khondoker Farid Hassan, BGBM, PBGM (BAR), ndc	03	Nil
06	Brig Gen Moazzem Hossain, BGBM, PhD	02	01
07	Brig Gen Md Towhidul Islam, PBGM, afwc, psc	06	Nil
08	Brig Gen Benazir Ahmed, afwc, psc	03	01
09	Brig Gen A M M Khairul Kabir, psc	03	Nil
10	Colonel Md Rashidul Alam	05	01
11	Col Abu Sayed Al Masud, PGBMS, psc	06	Nil
12	Col Md. Mahfuzer Rahman, PBGM, psc, PEng, MSc	06	Nil

Remuneration of Directors

The Directors of the bank do not receive any type of remuneration and incentive. They are only paid Meeting fees for attendance in the Board and 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 in note 27. At the end of 2020, Shimanto Bank Ltd had 08 (eight) members in its Board of Directors. 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 (Eight thousand) as honorarium for attending in a meeting. In the year 2020, total honorarium was BDT 0.60 million which was BDT 0.65 million in 2019.

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. There are clear and defined roles and responsibilities of the Chairman and the Chief Executive Officer of the Bank.

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 Shimanto Bank Ltd is guided by the corporate governance principles as well as the terms of reference prescribed by the regulators of the country. The Bank appraises the performance of the 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 Company Secretary, Head of Finance and Head of ICC

The role of Company Secretary, Head/In Charge of Finance and Head of Internal Control & Compliance 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 two 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 two Board committees are Audit Committee and Risk Management Committee to oversee performance and strategic direction of the Bank.

1. Audit Committee (AC)

Audit Committee of the Board comprised of two members from the Board. The Audit Committee carries out its functions based on the guidelines of Bangladesh Bank. The Company Secretary acts as the Secretary of the committee. The Committee has been re-constituted by the Board of Directors 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. 55 of this Annual Report.

2. 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 two member Risk Management Committee (RMC) of the Board. Risk Management Committee has been formed to minimize probable risks arisen during implementation of Board approved policies, procedures and strategies. 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- 59 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. Shimanto Bank has some designated committees who are entrusted with specific objectives.

1. Management Committee (MANCOM)

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

2. SBL Central Quick Response Team on COVID-19

A central quick response team has been formed to accelerate immediate response on pandemic and lockdown situation prevailed during the year 2020. The Team is responsible for coordination of branches on pandemic situation and awareness creation for preventing novel corona virus. They are also responsible to monitor health and safety norms and protocols on COVID-19 across the Bank.

3. Asset Liability Committee (ALCO)

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

4. Credit Risk Management Committee (CRMC)

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 credits by the Bank.

5. Investment Committee

Investment Committee is formed ensuring representation of all concerned divisions of the Bank. The Committee is responsible for reviewing the investment proposals and recommending to the Management.

6. Purchase Committee (PC)

Purchase Committee (PC) of the Bank formed by the board of directors consisting of members from different divisions 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.

7. HR Committee

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

8. Executive Risk Management Committee (ERMC)

Executive Risk Management Committee (ERMC) 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.

9. ICT Risk Management Committee

ICT Risk Management 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.

10. Central Compliance Committee

Central Compliance Committee is the prime mover for ensuring the compliance of AML & CFT measures. The Committee is responsible for establishing internal control, conducting AML & CFT training regularly and determining its strategies and programs for achieving its objectives.

11. Integrity Strategy Committee

Integrity Strategy Committee is formed as per instructions of Bangladesh Bank to develop ethical culture across the Bank. The Committee is responsible for creating awareness on integrity and recommend for awards.

12. Fraud Risk Management Committee

The key responsibilities of this committee are to review & scrutinize the investigation reports and based on the investigation, the committee will take the decision about the fraud / operational loss and the punitive decision for the person(s) responsible. The committee also approves the financial amount as per given authority to the committee.

13. IT Steering Committee

IT Steering Committee plays one of the key ICT governance roles and responsibilities and the management of ICT related projects. They are also responsible for monitoring management methods to determine and achieve strategic goals, raising flags about exposure towards ICT risks and controls, providing guidance related to risk, funding, or sourcing, ensuring project priorities and assessing feasibility for ICT proposals, ensuring compliance to regulatory and statutory requirements, providing direction to architecture design and ensure that the ICT architecture reflects the need for legislative and regulatory compliance.



14. ICT Security Committee

ICT Security Committee is responsible to ensure implementing the ICT security policy across the Bank. The objective of Committee is to coordinate the development and implementation of Bank's ICT Security Policies and related procedures. The scope of the committee is essentially broad, with the goal of ensuring the establishment of and adherence to practices which protect the interests of the Bank as a whole and the integrity of ICT security program, individually and collectively.

15. Technical Evaluation Committee

Technical Evaluation Committee is formed to review the procurement proposals to examine whether the specifications, terms and conditions of the proposal is technically complying with the requirement of the Bank and recommend accordingly.

16. Corporate Social Responsibility (CSR) Committee

CSR Committee of the bank is formed consisting of the top executives of the Bank. The committee is responsible for establishing and reviewing corporate social responsibility policies, identifying and recommending the CSR activities to the Board of Directors, overseeing the implementation and monitoring of CSR programs, reviewing the annual budgets with respect to corporate social responsibility program.

Approval Process of Related-Party Transactions

The Bank has 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 Ltd has policy on Green Banking and also is practicing Green Banking.



Shimanto Bank Limited

Disclosures on Risk Based Capital (Basel III) based on 31 December 2020

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:

- 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.

3. Capital base

Regulatory capital has been categorized into following way :

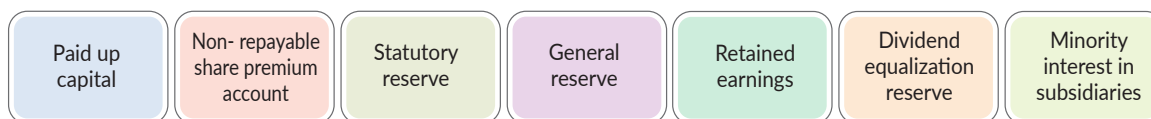
- Tier 1 Capital (going-concern capital)**
 - Common Equity Tier I
 - Additional Tier I
- Tier 2 Capital (Gone concern)**



1) Tier 1 Capital (going-concern capital)

(a) Common Equity Tier 1 Capital

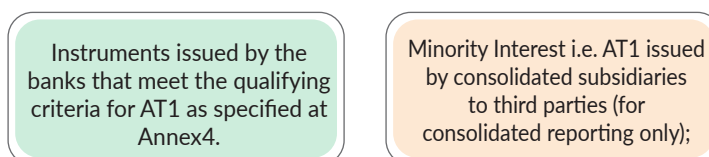
For the local banks, Common Equity Tier 1 (CET1) capital shall consist of sum of the following items:



Less: Regulatory adjustments applicable on CET1

(b) Additional Tier 1 Capital

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



Less: Regulatory adjustments applicable on AT1 Capital

2) Tier 2 Capital (Gone concern)

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

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

4. Limits (Minima and Maxima)

These instructions will be adopted in a phased manner starting from the January 2016, with full implementation of capital ratios from the beginning of 2020. 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.
- Tier-1 capital will be at least 6.0% of the total RWA.
- Minimum CRAR of 10% of the total RWA.
- Additional Tier 1 capital can be admitted maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher
- Tier 2 capital can be admitted maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher
- 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

	2016	2017	2018	2019	2020
Minimum Common Equity Tier-1 Capital Ratio	4.50%	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer	-	0.63%	1.25%	1.88%	2.50%
Minimum CET-1 plus Capital Conservation Buffer	4.5%	5.13%	5.75%	6.38%	7.00%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.63%	11.25%	11.88%	12.50%

5. Capital Conservation Buffer

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

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

6. Regulatory Adjustments / Deductions

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

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

Transitional Arrangements for Capital Deductions

Currently, 10% of revaluation reserves for equity instruments and 50% of revaluation reserves for fixed assets and securities are eligible for Tier 2 capital. However, Bangladesh Bank, in the light of Basel III proposals, has harmonized deductions from capital which will mostly be applied at the level of Tier 2. The regulatory capital adjustment will start in a phased manner from January, 2016 in the following manner:



Transitional Arrangements for Capital Deductions

Phase-in of deductions from Tier 2	2016	2017	2018	2019	2020
RR for Fixed Assets	20%	40%	60%	80%	100%
RR for Securities	20%	40%	60%	80%	100%
RR for Equity Securities	20%	40%	60%	80%	100%

7. Leverage Ratio

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

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

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

Transitional Arrangements

The parallel run period for leverage ratio will commence from January, 2015 and run until December 31, 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. 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.

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.

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.

9. 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).

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:

- i) Capital Charge for Interest Rate Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk.
- ii) Capital Charge for Equity Position Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk.
- iii) Capital Charge for Foreign Exchange Risk = Capital Charge for General Market Risk
- iv) Capital Charge for Commodity Position Risk = Capital Charge for General Market Risk

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

10. 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

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)

Qualitative disclosure	a)	The name of the top corporate entity in the group to which this guidelines applies	Shimanto Bank Limited
	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 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 Eighteen branches (Principal branch, Mymensing branch, Agrabad Branch, Satkania Branch, Benapole Branch, Motijheel Branch, Bibir Bazar Branch, Cox's Bazar Branch, Teknaf Branch, Lalmonirhat Branch, SeedStore Branch, Champaknagar Branch, Sylhet Branch, Pragpur Branch, Uttara Branch, Hazaribag Branch, Khulna Branch, and Gadkhali 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:

Quantitative 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 reserve and (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:	
		i. Fully Paid-up Capital ii. Statutory reserve iii. Retained Earnings Sub Total (A)	Figure in BDT Crore 416.00 16.77 14.00 446.78
	c)	The total amount of Tier-2 and Tier-3 capital (B)	10.24
	d)	Other deductions from capital	-
	e)	Total eligible capital (A+B)	457.01

3. Capital Adequacy:

Quantitative disclosure	
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:

	<ul style="list-style-type: none"> ■ Accepting the credit rating agencies as External Credit Assessment Institutions (ECAI) for claims on corporate and eligible SME customers. ■ Accepting Credit Risk Mitigation (CRM) against the financial securities. b. Standardized (rule based) Approach for Market Risk and c. Basic Indicator Approach for Operational Risk. <p>Besides computing CRAR under the Pillar I requirement, the Bank also undertakes stress testing periodically in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, profitability and capital adequacy.</p>
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Quantitative Disclosures

Capital requirement under following Risk:	Amount in Crore
a) Capital requirement for Credit Risk	82.48
b) Capital requirement for Market Risk	0.00
c) Capital requirement for Operational Risk	4.15
Total Capital Requirement (a+b+c)	86.63

Minimum Capital Requirement (MCR) Capital Adequacy Ratio (CRAR):

1. Common Equity Tier 1 (CET 1) Ratio	51.57%
2. Tier 1 Capital Adequacy Ratio	51.57%
3. Tier-2 Capital Adequacy Ratio	1.18%
Capital to Risk-weighted Asset Ratio (CRAR)	52.75%
Capital Conservation Buffer	42.75%
Available Capital under Pillar 2 Requirement	10.24
Minimum Capital Requirement (MCR)	400.00

4. Credit Risk:

Qualitative disclosure	a)	The general qualitative disclosure requirement with respect to credit risk, including:
	i) Definitions of past due and impaired (for accounting purposes)	<p>All the loans and advances are grouped into four categories for the purpose of classification, namely (i) Continuous Loan, (ii) Demand Loan (iii) Fixed Term Loan and (iv) Short-term Agricultural and Micro Credit.</p> <p>In case of Continuous Loan, Demand Loan, Fixed Term Loan, the past due/overdue calculation and classification structure will be as follows:</p> <p>Past due/Overdue:</p> <ul style="list-style-type: none"> Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date.



		<ul style="list-style-type: none"> Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue after six months of the expiry date. <p>Special Mention Account (SMA): Continuous loan, Demand loan or Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which remain overdue for a period of 02 (two) months or beyond but less than 03 (three) months, the entire loan will be treated as "Special Mention Account (SMA)".</p> <p>Loan Classification structure: They are classified as follows:</p> <ul style="list-style-type: none"> Substandard (SS): Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 03 (three) months or beyond but less than 09 (nine) months, the entire loan will be put into the "Sub-standard (SS)". Doubtful (DF): A Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 09 (nine) months or beyond but less than 12 (twelve) months, the entire loan will be put into the "Doubtful (DF)". Bad/Loss (B/L): A Continuous loan, Demand loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 12 (twelve) months or beyond, the entire loan will be put into the "Bad/Loss (B/L)".
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			<p>Short-term Agricultural and Micro Credit will be considered irregular if it is not repaid within the due date as stipulated in the loans agreement are classified as under:</p> <ul style="list-style-type: none">• Substandard (SS): if the irregular status continues after a period of 12 (twelve) months, the credits are classified as "Sub-standard".• Doubtful (DF): if the irregular status continue after a period of 36 (thirty six) months, the credits are classified as "Doubtful".• Bad/Loss (B/L): if the irregular status continue after a period of 60 (sixty) months, the credits are classified as "Bad/Loss". <p>Defaulted Loan: Loans have to be treated as defaulted loan as per section 5(GaGa) of the Banking Companies Act, 1991. In this regard, a portion of the "Sub-standard (SS)" loans will be reported as defaulted loan.</p>										
		ii) Description of approaches followed for specific and general allowances and statistical methods	<p>The Bank is required to maintain the following general and specific provision in respect of classified and unclassified loans and advances / investments on the basis of Bangladesh Bank guidelines issued from time to time:</p> <table><tr><th>Particulars</th><th>Rate</th></tr><tr><td>General provision on unclassified Small and Medium Enterprise (SME) financing.</td><td>0.25%</td></tr><tr><td>General provision on unclassified loans and advances/investments.</td><td>1%</td></tr><tr><td>General provision on unclassified loans and advances for housing finance</td><td>1%</td></tr><tr><td>General provision on off-balance sheet exposures (Provision has been made on the total exposure and amount of cash margin or value of eligible collateral were not deducted while computing off-balance sheet exposure).</td><td>1%</td></tr></table>	Particulars	Rate	General provision on unclassified Small and Medium Enterprise (SME) financing.	0.25%	General provision on unclassified loans and advances/investments.	1%	General provision on unclassified loans and advances for housing finance	1%	General provision on off-balance sheet exposures (Provision has been made on the total exposure and amount of cash margin or value of eligible collateral were not deducted while computing off-balance sheet exposure).	1%
Particulars	Rate												
General provision on unclassified Small and Medium Enterprise (SME) financing.	0.25%												
General provision on unclassified loans and advances/investments.	1%												
General provision on unclassified loans and advances for housing finance	1%												
General provision on off-balance sheet exposures (Provision has been made on the total exposure and amount of cash margin or value of eligible collateral were not deducted while computing off-balance sheet exposure).	1%												



			General provision on unclassified loans and advances for Credit card, loans for professionals to set-up business under consumer financing scheme	2%
			General provision on the unclassified loans to Brokerage House, Merchant Banks, Stock Dealers, etc	2%
			General provision on unclassified amount for Consumer Financing other than Housing finance, Credit card, loans for professionals to set-up business under consumer financing scheme	5%
			General provision for all regular short term agri. and micro credit	1%
			General provision on outstanding amount for Special Mention Account (SMA)	5%
			Specific provision on Sub-Standard loans and advances	20%
			Specific provision on Doubtful loans and advances	50%
			Specific provision for Sub-Standard and Doubtful short term agri. and micro credit	5%
			Specific provision on Bad /Loss loans and advances	100%
Quantitative Disclosure	b)	Total gross credit risk exposures broken down by major types of credit exposure	Total Gross Credit Risk Exposures broken down by major types of credit exposure of the Bank:	
			Particulars	Figure in BDT crore
			Loan (General)	671.06
			Cash Credit	0.00
			Overdraft	158.89
			Staff Loan	3.22
			TOTAL	833.17
	c)	Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	Geographical distribution of exposures, broken down in significant areas by major types of credit exposure of the Bank:	

			Particulars Urban: Dhaka Division 590.14 Chattogram Division 106.75 Sylhet Division 9.73 Khulna Division 33.84 Mymensingh Division 22.09 Rangpur Division 13.96 Rajshahi - Rural: Chattogram Division 49.70 Mymensingh Division 2.68 Khulna Division 4.28 TOTAL 833.17	Figure in BDT crore
	d)	Industry or counterparty type distribution of exposures, broken down by major types of Credit exposure. exposures, broken down by major types of Credit exposure.	Industry or counterparty type distribution of exposures, broken down by major types of credit exposure of the Bank:	
			Particulars Commercial and Trading 1.26 Importer of Commodity 11.07 Construction 56.92 Edible Oil Refinery Industry Nil Electronics Goods 28.48 Consumer Credit 485.64 Pharmaceuticals Industries Nil Readymade Garments Industry Nil Ship Breaking Industry Nil Industries for Steel Products Nil Telecommunication Sector Nil Textile Mills 20.05 Power Sector 53.56 Others 176.07 TOTAL 833.17	Figure in BDT crore
	e)	Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	Residual contractual maturity break down of the whole portfolios, broken down by major types of credit exposure of the Bank:	
			Particulars Repayable on demand 188.96 In more than one month but not more than three months 0.00 In more than three months but not more than one year 157.97 In more than one year but not more than five years 131.56 more than five years 354.68 TOTAL 833.17	Figure in BDT crore



	f)	By major industry or counterparty type:	
		i) Amount of impaired loans and if available, past due loans, provided separately	Nil
		ii) Specific and general provisions	Nil
		iii) Charges for specific allowances and charge-offs during the period.	Nil
	g)	Gross Non-Performing Assets (NPAs). Non-Performing Assets (NPAs) to Outstanding loans and advances.	
		Movement of Non-Performing Assets (NPAs).	0.07%
		Movement of Specific Provisions for (NPAs).	Nil

5. Equities: Disclosures for Banking Book Positions

Qualitative disclosures	a)	The general qualitative disclosure requirement with respect to equity risk, including:	
		Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and	Investment in equity securities are broadly categorized into two parts: i) Quoted Securities (Common or Preference Shares & Mutual Fund) that are traded in the secondary market (Trading Book Assets). 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 accounting techniques and valuation methodologies used, including key assumptions and Practices affecting valuation as well as significant changes in these practices.	The primary aim is to investment in these equity securities for the purpose of capital gain by selling them in future or held for dividend income. Dividends received from these equity securities are accounted for as and when received. Both Quoted and Un Quoted equity securities are valued at cost and necessary provisions are maintained if the prices fall below the cost price. As per Bangladesh Bank guidelines, the HFT equity securities are revalued once in each week using marking to market concept and HTM equity securities are amortized once a year according to Bangladesh Bank guideline. The HTM equity securities are also revalued if any, are reclassified to HFT category with the approval of Board of Directors.

Quantitative disclosures	b)	Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	Nil
	c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	Nil
	d)	<ul style="list-style-type: none"> • 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 loan repayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.	<p>Interest rate risk is the risk where changes in market interest rates might adversely affect a bank's financial condition. Changes in interest rates affect both the current earnings (earnings perspective) as well as the net worth of the bank (economic value perspective).</p> <p>Re-pricing risk is often the most apparent source of interest rate risk for a bank and is often gauged by comparing the volume of a bank's assets that mature or re-price within a given time period with the volume of liabilities that do so.</p>
			<p>Risk management framework:</p> <p>The Asset Liability Management Committee (ALCO) consisting of Bank's senior management is responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the Bank (for the assets and liabilities) in line with the Bank's budget and decided risk management objectives. ALCO decides strategies and specifies prudential limits for management of interest rate risk in the banking book within the broad parameters laid down by Board of Directors. These limits are monitored periodically and the breaches, if any, are reported to ALCO.</p>



Quantitative disclosures	b)	The increase (decline) in earnings or economic value (or relevant measure used by Management) for upward and downward rate shocks according to management's method of measuring IRRBB, broken down by currency.		Total Risk Sensitive Asset		999.17
				Total Risk Sensitive Liabilities		798.47
		Cumulative Gap				257.70
		< 3 month				238.70
		3-6 month				200.70
		6-12 month			51.99%	
		CAR before shock (%)				
		Assumed Change in Interest Rate	1.00%	2.00%	3.00%	
		Capital After Shock (in BDT Crore)	437.31	423.89	410.48	
		CAR After Shock (%)	50.45%	48.90%	47.35%	

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 Marketrisk	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.
		iii) Market Risk Management system	The Treasury Division of the Bank manages market risk covering liquidity, interest rate and foreign exchange risks with oversight from Assets- Liability Management Committee (ALCO) comprising senior executives of the Bank.

			ALCO is chaired by the Managing Director. ALCO meets at least once in a month.
		iv) Policies and processes for mitigating market risk.	<p>There are approved limits for Market risk related instruments both on-balance sheet and off-balance sheet items. The limits are monitored and enforced on a regular basis to protect against market risks. The exchange rate committee of the Bank meets on regular basis to review the prevailing market condition, exchange rate, foreign exchange position and transactions to mitigate foreign exchange risks.</p> <p>Policies and processes for mitigating market risk are mentioned below-</p> <ul style="list-style-type: none"> • Risk Management and reporting is based on parameters such as Maturity Gap Analysis, Duration Gap Analysis with the global best practices. • Risk Profiles are analyzed and mitigating strategies/ processes are suggested by the Asset Liability Committee (ALCO). • Asset Liability Management Committee (ALCO) analyzes market and determines strategies to attain business goals. • Reconciliation of foreign currency transactions.
Quantitative disclosures	b)	Capital requirement for:	Figures in BDT crore
		Interest rate related instruments	0.00
		Equities	0.00
		Foreign Exchange position	0.00
		Commodity Risk	0.00
		TOTAL	0.00

8. Operational Risk:

Quantitative disclosures	a)	i) Views of BOD on system to reduce Operational Risk	Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputation risk. It is inherent in every business organization and covers a wide spectrum of issues. The Board of Director (BOD) of the Bank and its Management firmly believe that this risk through a control based environment in which processes are documented, authorizations are independent and transactions are reconciled and monitored. This is supported by an independent program of periodic reviews undertaken by internal audit, and by monitoring external operational risk events,
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			which ensure that the Bank stays in line with industry best practices and takes account or lessons learned from publicized operational failures within the financial services industry.
		ii) Performance gap of executives and staffs	The bank believes that training and knowledge sharing is the best way to reduce knowledge gap. Therefore, it arranges trainings on a regular basis for its employees to develop their expertise. The bank offers competitive pay package to its employees based on performance and merit. It always tries to develop a culture where all employees can apply his/her talent and knowledge to work for the organization with high ethical standards in order to add more value to the company and for the economy.
		iii) Potential external events	No potential external events are expected to expose the Bank to significant operational risk.
		iv) Policies and Processes for mitigating operational risk:	Internal control mechanism is in place to control and minimize the operational risks. If any controls are found to be ineffective during the course of Risk & Control Self-Assessment, corrective measures are adopted in due course. A monitoring system is also in place for tracking the corrective actions plan periodically. The various Board approved policies viz., Internal Control & Compliance Policy, Internet Banking Security Policy; Policy on KYC & AML; ICT Policy addresses issues pertaining to Operational Risk Management.
		iii) Approach for calculating capital charge for operational risk	The Bank follows the Basic Indicator Approach (BIA) in terms of BRPD Circular No. 18 dated 21 December 2014 Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III). The BIA stipulates the capital charge for operational risk is a fixed percentage, denoted by α (alpha) of average positive annual gross income of the Bank over the past three years. It also states that if the annual gross income for any year is negative or zero, that should be excluded from both the numerator and denominator when calculating the average gross income. The capital charge for operational risk is enumerated by applying the following formula: $K = [(GI1 + GI2 + GI3) \alpha] / n$
Qualitative disclosure	b)	The Capital Requirement for Operational Risk	Figure in BDT crore 41.51

9. Liquidity Ratio:

Qualitative disclosure	
i) Views of BoD on system to reduce liquidity Risk	The Board of Directors of the bank set policy, different liquidity ratio limits, and risk appetite for liquidity risk management as per regulatory guidelines. The ALM Policy, the most important policy for Liquidity Risk Management is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign with changes in the economic landscape. The ALCO of the Bank formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the ALM Policy.
ii) Methods used to measure Liquidity risk	<p>In the perspective of Bangladesh, identifying and monitoring the driving factors of liquidity risk is viewed from the following aspects:</p> <p>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 Ratio (NSFR)</p> <p>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.</p>
iii) Liquidity Risk Management System	The Asset Liability Management Committee (ALCO) of the Bank monitors & manages liquidity and interest rate risk in line with the business strategy. ALM activity including liquidity analysis & management is conducted through coordination between various ALCO support groups residing in the functional areas of Balance Sheet Management, Treasury Front Office, Budget and Planning etc.
iv) Policies and Processes for mitigating Liquidity risk	<p>An effective liquidity risk management process will include systems to identify measure, monitor and control its liquidity exposures.</p> <p>Bank has Asset Liability Management Committee (ALCO) to monitor the liquidity risk on a regular basis. Based on the detail recommendation from ALM desk, ALCO take appropriate action to manage the liquidity risk. Also Bank has internal risk control framework which outlines clear and consistent policies and principles for liquidity risk management</p>
Qualitative disclosure	
	Amount in Million (BDT.)
Liquidity Coverage Ratio	166.21%
Net Stable Funding Ratio (NSFR)	150.84%
Stock of High quality liquid assets	914.30
Total net cash outflows over the next 30 calendar days	1778.80
Available amount of stable funding	17069.98
Required amount of stable funding	11316.57

10. Leverage Ratio:

Qualitative Disclosures:	
i) Views of BoD on system to reduce excessive leverage	In order to avoid building-up of an excessive on- and off-balance sheet leverage in the banking system, a simple, transparent and non-risk based leverage ratio has been introduced under the Base III framework. Board of Directors of our Bank continuously monitoring the exposure limit of lending, capital strength of our Bank in order to avoid building-up excessive on- and off-balance sheet leverage.



ii) Policies and processes for managing excessive on and off balance sheet leverage	<p>The leverage ratio is intended to achieve the following objectives: a) constrain the build-up of leverage in the banking sector which could damage the broader financial system and the economy b) reinforce the risk based requirements with any easy-to-understand and non-risk based measure.</p> <p>At the end December 2020, the minimum requirement for leverage ratio was 23.59% on solo bases. But Higher leverage ratio can decrease the profitability of banks because it means banks can do less profitable lending. However, increasing the leverage ratio means that banks have more capital reserves and can more easily survive a financial crisis.</p> <p>In view of the impact of leverage into the business, our bank management takes decision about future investment. Considering the financial strength, Bank also make Capital planning and business budget to go on a right way.</p>
iii) Approach for calculating exposure	<p>The leverage ratio is a volume-based measure and is calculated as Basel III Tier I capital divided by total on and off-balance sheet exposures.</p> <p>A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level.</p> $\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$
Quantitative Disclosures:	
Leverage Ratio	23.59%
On balance sheet exposure	1855.41 (crore)
Off balance sheet exposure	38.90
Total exposure	1894.30 (crore)

11. Remuneration:

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

		<ul style="list-style-type: none"> ■ Demonstrate a clear relationship between individual performance and rewards; ■ Comply with all regulatory and legal requirements; and ■ Provide an appropriate level of transparency. <p>In the year 2019, the salary structure of the bank was reviewed by the committee and finally approved by the Board, where the structure was adjusted with the then inflation rate.</p> <p>The structure of remuneration arrangements for all employees consists of following components:</p> <ul style="list-style-type: none"> • Fixed Remuneration; and • Performance-based remuneration <p>Fixed remuneration: This includes base salary, fixed benefits and superannuation. Base salaries are determined to attract and retain employees with skills required to effectively manage the operations and growth of the business to reflect best market practice for the specific circumstances of the Bank. Fixed remuneration is benchmarked against the financial services industry through the use of external remuneration market surveys, conducted by professional, independent benchmarking organizations.</p> <p>Performance-based remuneration: Employee remuneration packages may include a 'variable' component with short term and long term incentive plans.</p> <p>Moreover, the employees whose job nature shows risk factors are allowed risk allowances as prescribed in the policy. In addition, employees with compliance and supervisory responsibilities are also provided additional benefits besides their regular pay.</p>
	(c)	<p>Description of the ways in which current and future risks are taken into account in the remuneration processes.</p> <p>The Bank's remuneration practices are carefully managed takes into account the following key risks when implementing remuneration measures:</p> <ul style="list-style-type: none"> • Financial Risks • Compliance Risks <p>Risk and compliance requirements represent a gateway to whether an incentive bonus payment is made and the size of the payment. Despite, if the individual does not meet or only partially meets compliance requirements, no award or a reduced award may be made.</p>
	(d)	<p>Description of the ways in which the bank seeks to link performance :</p> <p>❖ Overview of main performance metrics for the Bank, top level business lines and individuals-</p> <p>The main performance metrics include profits, loan growth, deposit growth, risk metrics (such as quality of assets), compliance with regulatory norms, refinement of risk management processes and customer service. The specific metrics and weightages for various metrics vary with the role and level of the individual.</p> <p>❖ Discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance-</p> <p>The Performance Appraisal Form (PAF) takes into consideration all the above aspects while assessing individual performance and making compensation-related recommendations to the Remuneration Committee regarding the level of increment and performance bonus for employees. The performance assessment of individual employees is undertaken based on achievements vis-a-vis their goal sheets, which incorporate the various aspects/metrics.</p>
	(e)	<p>Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance.</p> <p>The Bank's remuneration system is designed to reward long-term as well as short-term performance, encourage retention and recognize special performance in the organization.</p>



		<p>The Bank provides reasonable remuneration for short-term performance besides for long-term performance the bank has some deferred payment options (i.e. incentive bonus, gratuity, superannuation etc.)</p> <p>In case of following situation remuneration can be adjusted before vesting:</p> <ul style="list-style-type: none">• Disciplinary Action (at the discretion of Enquiry committee)• Resignation of the employee prior to the payment date. <p>At the same time previously paid or already vested variable pay can also be recovered under the case of disciplinary action (at the discretion of the Enquiry Committee and approval of Executive Committee)</p>														
	(f)	<p>Description of the different forms of variable remuneration that the bank utilities and the rationale for using these different forms.</p> <p>The main forms of such variable remuneration include:</p> <ul style="list-style-type: none">• Monthly Cash benefits• Incentive plan for the employees to be paid annually <p>The form of variable remuneration depends on the job level of individual, risk involved, the time horizon for review of quality of the assignments performed.</p>														
Quantitative Disclosures	(g)	<p>Number of Meeting held by the Remuneration Committee during the financial year and remuneration paid to its member. Nil</p>														
	(h)	<p>Number of employees having received a variable remuneration award during the financial year. Nil</p> <p>Number and total amount of guaranteed bonuses awarded during the financial year: BDT. 1.10 Crore</p> <p>Number and total amount of sign-on award made during the financial year. Nil</p> <p>Number and total amount of severance payments made during the financial year. Nil</p>														
	(i)	<p>Breakdown of amount of remuneration awards for the financial year to show. Fixed and Variable:</p> <p>Breakdown of Remuneration (Fixed and Variable) is as follows(Amount in Crore)</p> <table><tr><td>Basic Salary</td><td>11.57</td></tr><tr><td>Allowances</td><td>5.56</td></tr><tr><td>Festival Bonus</td><td>2.43</td></tr><tr><td>Gratuity</td><td>0.73</td></tr><tr><td>Provident Fund Contribution</td><td>0.74</td></tr><tr><td>Performance Bonus</td><td>0.00</td></tr><tr><td>Total</td><td>21.04</td></tr></table>	Basic Salary	11.57	Allowances	5.56	Festival Bonus	2.43	Gratuity	0.73	Provident Fund Contribution	0.74	Performance Bonus	0.00	Total	21.04
	Basic Salary	11.57														
Allowances	5.56															
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Gratuity	0.73															
Provident Fund Contribution	0.74															
Performance Bonus	0.00															
Total	21.04															
(J)	<p>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:</p> <p>Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments. Nil</p> <p>Total amount of reductions during the financial year due to ex post explicit adjustments. Nil</p> <p>Total amount of reduction during the financial year due to ex post implicit adjustments. Nil</p>															



MANAGEMENT REVIEW & EVALUATION

01. Retail
Banking

02. SME
Banking

03. Corporate
Banking

04. Treasury
Management

05. Information
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06. Developing
the Resources for
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07. Shimanto
Bank : Prospects
for a Brand

08. Corporate
Social
Responsibility

09. Risk
Management
Framework

10. Compliance
and Governance
Excellence



01. Retail Banking

An Overview:

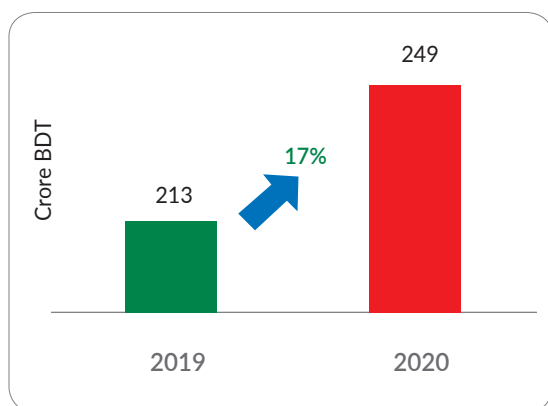
Historically, cost of deposit in retail market has been lower than other market segment and spread is also higher in this segment which draw the attention of the banks and has pulled them to enter in this segment. In retail banking, products or services respond differently as market conditions change. 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. The Covid-19 pandemic has further pushed the whole banking industry for rapid digital transformation and only the digitally advanced banks can grab the opportunity of this changed market scenario.

In addition to boosting our portfolio we have also focused on achieving service excellence through convenient service propositions and delivery channels. SMBL business division 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 18 branches with more than 70,000 happy customers.

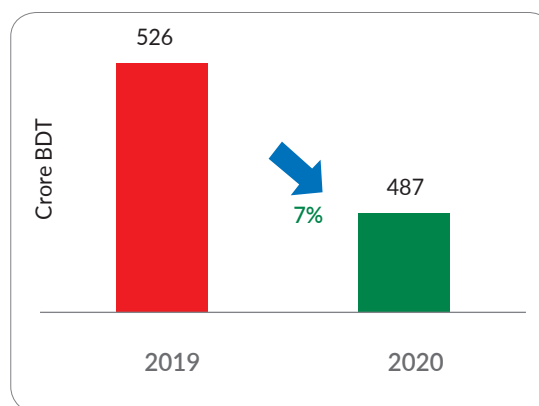
Retail Banking Performance Highlights-2020:

- ▶ We have launched 3 new innovative loan products for the retail segment namely SMBL Projukti Rhin for purchasing electronics gadget and Nari Shakti for rural women and a deposit product named Sainik Bhabishwat for BGB members.
- ▶ We have opened 1 new branch in 2020 at Gadkhali, Jashore amidst the Covid-19 pandemic.
- ▶ Despite a year of pandemic we have achieved 17% growth in our customer deposit.
- ▶ Though retail loan decreased by 7% we have maintained good health of retail portfolio with zero NPL During the COVID-19 pandemic.

Deposits



Loans



Challenges Ahead:

- Digital Transformation: All the markets are moving towards digital platform and banking is not an exception. The Covid-19 pandemic has further escalated the need for digital transformation as people have more and more interested to receive their services at their doorstep and we must transform ourselves accordingly to adapt with the changed scenario.
- 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. However, considering the cost minimization target due to the pandemic, opening new branches will remain a challenge for the years ahead.

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

Retail Banking Goals for 2021:

- To achieve remarkable growth in credit card business segment.
- To enhance service proposition through ADC and digital platform.
- To drive the retail loan growth through 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.



Champion's Trophy of Branch Champion League was handed over by Mr. Muklesur Rahman, Managing Director & CEO in presence of the Management Committee members.



02. SME Banking

An Overview:

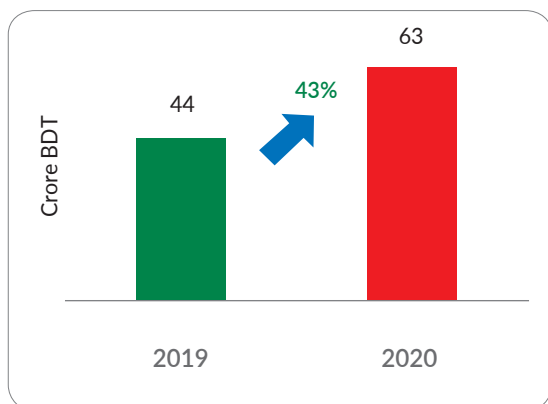
SMEs have been playing a tremendous role in developing the overall economy by accelerating industrialization, generating employment and reducing poverty with remarkable contribution in GDP growth of Bangladesh. Realizing the growth potential, most of the commercial banks have focused on this growing 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. However, the year 2020 has been the most challenging year for the SMEs due to the Covid-19 pandemic and many of the SMEs across the industry are struggling to survive. Repeated closures and various restrictions on people's movement due to coronavirus has severely affected the cash flow of the SMEs which will eventually have a huge impact on the loan repayment ability of the SMEs.

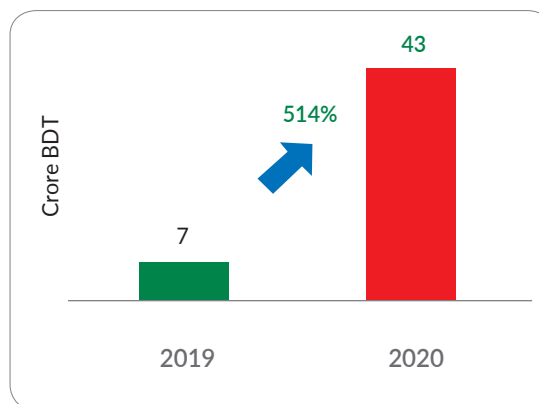
SME Banking Performance Highlights-2020:

- We have also achieved 43% growth in SME deposit segment
- We have achieved 514% growth in SME loan portfolio.

Deposits



Loans



Challenges Ahead:

- Recovering from the devastating effect of Covid-19 is the prime challenge for the SME sector and banks need to come up with innovative strategies to maintain their portfolio health in SME segment.
- 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 2021:

- To fully utilize the allocated target for SME sector under Stimulus Package for SME segment.
- To formulate strategy to identify good SME borrowers considering the ongoing pandemic.
- To 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.

03. Corporate Banking

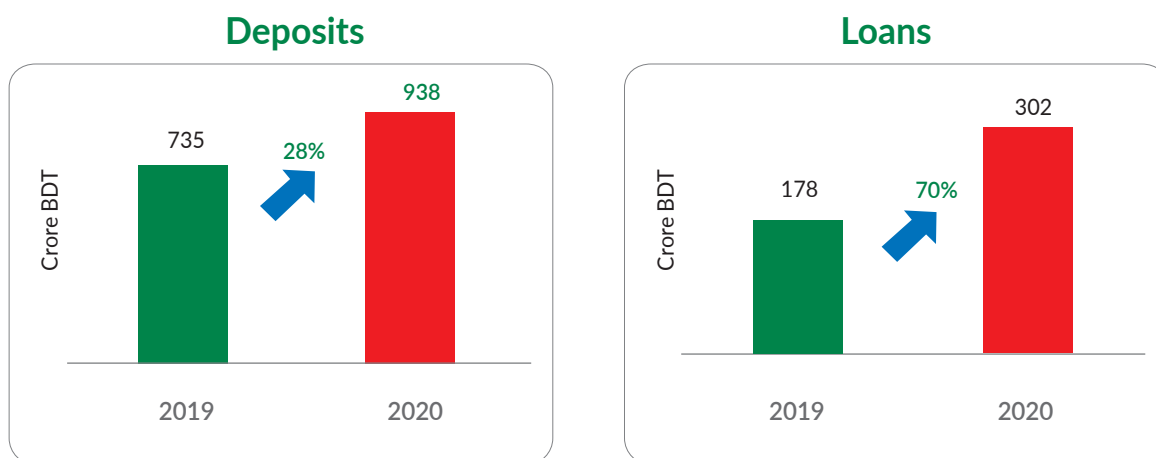
An Overview of Corporate Banking

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, 2020 has been the most challenging year in recent history due to Covid-19. Strong growth trajectory for last one decade has suddenly taken a nose dive in 2020 due to the pandemic.

Despite all these challenges SMBL corporate banking has achieved 70% growth in its loan portfolio. Our corporate banking team has been able to finance some of the large and renowned corporates of our country despite the pandemic. SMBL is currently offering working capital finance, term finance, trade finance & syndication and hopeful to launch all other conventional tailor made corporate products like cash management services, offshore banking services etc. within a very short time.

Corporate Banking Performance Highlights-2020:

- We have also achieved 28% growth in corporate deposit segment.
- Despite a year of pandemic we have achieved 70% growth in corporate loan portfolio.
- We have also achieved significant growth in the Non-Funded income from trade business.



Challenges Ahead:

- The rate of economic recovery from the scar of the pandemic will eventually determine the lending scenario in corporate segment and it is still uncertain.
- 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 2021:

- To maintain the portfolio health as the loan recovery will be more and more challenging due to the ongoing pandemic.
- To grow corporate banking portfolio in the segments more resilient to the current pandemic situation.
- Focusing on corporate segments like health & pharmaceuticals, food & agro processing, agriculture and most importantly help government and private sector in developing the economic zones and related sectors.



04. Treasury Management

From the very beginning of 2020, 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 2020, during pandemic situation Shimanto bank Treasury department has continuously actively participated in Money market term placement and with treasury Bonds activity. Till 31st December 2020, the invested amount in Term placement was BDT 420 crore and Treasury bond investment face value was BDT 155.58 crore, also invested in Preference Share, MUTUAL Fund, Subordinate Bond & in Zero coupon bond. During the year 2020, treasury department performed their activity in Foreign Exchange market also as per business requirement.

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 2020, Shimanto bank Treasury department provide their best solution for bank profitability during pandemic and Treasury will continue to further contribute towards Shimanto Bank's profitability in 2021. Shimanto bank Treasury Department has a plan to expend their activity in Fixed Income, Capital market and Money market activity in 2021.

05. Information Technology : A Digital Journey Towards Service Excellence

Shimanto Bank Limited has prioritized integrating cutting-edge technology to deliver secure and reliable banking services to its customers since its inception. As a result, we are providing centralized banking services employing advanced technology and linked payment networks since the beginning.

Digitization

As client expectations alter during the pandemic, COVID-19 has expedited banking digitization. SMBL identified an excellent opportunity to advance its digital banking projects to aid customers during the crisis and prepare for the post-COVID-19 period, even though the COVID-19 pandemic impacted global economic activity, including banking and financial operations. In 2020, SMBL released an improved version of its mobile apps (Android and iOS) to provide its valued clients with a seamless banking experience. Customers migrated online platform in far more significant numbers during the pandemic, and this profound transition is continuing. Moreover, customer expectations of banking have risen fast as banks push toward digitization, which the epidemic has accelerated. To meet customer needs and as customer expectations of banking rise, we have incorporated bKash, internet banking fund transfer, etc., to ensure contactless banking services that satisfy the intended clients at lower costs and without putting their health in danger. In addition, we make every effort to ensure the security of all transactions to provide comfort and reliable usage of digital channels for transactions.

Automation

COVID-19 has brought up alternative consumer needs and requirements to ensure the bank's operational environment. It allowed us to think outside the box by automating some services and relocating some events to an online platform, lowering operating costs and increasing revenue retention. We have automated and expanded our digital channels to provide several services, including eKYC onboarding, fund transfers via Connect (IB) web and mobile apps, fund transfers to bKash, and school fee collections. We focus our efforts on better understanding clients, redefining them to fulfill their needs, and incorporating this into our financial services.

Process re-engineering

SMBL IT Division plays a vital role in arranging work from the home operational environment by providing secure & reliable virtual meeting places, providing uninterrupted access to the bank's network with secured VPN, and monitoring unusual activities using security tools during the pandemic-induced lockdown announced by the government and to comply with the health-restriction imposed by the concerned authority.

Contribution to Country's Development

SMBL has distinguished itself among the financial industries of the country by providing all essential banking services, including fund transfer, cheque processing, remittance services, and internet banking services, since the bank's inception. SMBL is also a participant in the central bank's Interoperable Digital Transaction Platform (IDTP) programs, aiming to speed up FinTech and Digital Financial Inclusion in the country.

ICT Security Risk Management

Cyber-attacks and related threats have increased due to the increased use of technology and enormous digital transformation. The worldwide IT risk landscape and regulatory norms have been linked with our IT security infrastructure and related management and monitoring tools. The bank has continued to implement internal standards following best practices. The ICT Risk Management Committee comprises top bank executives who meet regularly to assess various aspects of the bank's IT security infrastructure and management. Regular Vulnerability Assessment and Penetration Testing (VAPT), the deployment and monitoring of Next-generation Firewalls, Network Intrusion Prevention Systems, Endpoint Security and Anti-Virus, Intrusion Prevention System (IPS)/ Intrusion Detection System (IDS), and other security measures keep us vigilant.

06. Developing the Resources for Sustainable Growth

A Bank inaugurated by the Honorable Prime Minister of the country holds a different prestige in banking sector, started functioning as a scheduled commercial bank made the employees further confident about their responsibilities. Members of Human Resources Division of Shimanto Bank Ltd take the pride to serve the Bank with full compliance owned by Border Guard Bangladesh Welfare Trust. The bank has a mission to excel in the banking arena with its visionary Board of directors, experienced management team supported by highly dedicated work force. 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 be the most successful Bank among the newly opened contemporary banks. The Bank is dedicated to serve countrymen irrespective of profession and classes.

Human Resources Division is the management of the people of the Bank. It is designed by the HR Department to maximize employees' performances in service of employer's strategic objectives. 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.

HR Division 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 home and abroad for the employees:



- Basic Banking for all Grades of employees
- Foundation Training for all Fresh employees
- Anti-Money Laundering & Counter Financing Terrorism
- Credit Risk Management
- Trade Operations
- Vault Management
- Customer Service
- Asset & Liability Management for employees in Treasury (arranged by Bangladesh Bank)
- BASEL II & III
- Internal Control & Compliance
- Human Resources Management
- Leadership & Teamwork
- Cyber Security for the Senior Management

The Bank arranged “Star Performers 2019” award giving ceremony to award its outstanding performing employees who added remarkable value to the Bank’s business and operations. The Bank also arranged different employee engagement programs i.e. Employee Reach Out, Employees’ Views Exchange with the Management, Women’s Day, etc. to ensure better Employee Engagement.

The Human Resources Division of Shimanto Bank Limited believes in sustainable growth of country’s human resources. Hence, it 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.

07. Shimanto Bank : Prospects for a Brand

Shimanto Bank is working to maintain corporate identity that expresses the personality and philosophy of the Bank. In the competitive market scenario it is vital to establish a sustainable, strong and adequate brand identity.

Shimanto Bank ensures consistency in language and communication of the bank. Consistency includes language and how we say things as well as the look and feel. This consistency reassures and sends a message of integrity and commitment as an organization, while consolidating Shimanto Bank’s brand identity to the world.

The brand elements like logo, tag line, brand color and policy issues like Communication policy, Brand identity guideline etc are maintained by the Bank strictly. The design and execution of creative communication for various products of the bank are coordinated strongly.

The Brand “Shimanto Bank” has already created its strong presence in the financial market. With the Brand tag line “Shimahin Astha”, Shimanto Bank has established endless trust in the minds of customers. Day by day the Brand “Shimanto Bank” is increasing its “Brand Equity” by establishing its core values.

08. Corporate Social Responsibility

As a responsible corporate citizen we understand the need to invest in the society we operate in for bringing about changes that impact lives in positive way. It intends to undertake the CSR activities strategically, systematically and more thoughtfully and to move from institutional building to community development through its various CSR programs and projects.

As part of CSR, Shimanto Bank is committed to contribute to the society to make it more livable. Shimanto Bank wants to bring financial inclusion to the life of margined people of Bangladesh. The Bank is 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 Education, Health, local sports, digester relief etc. As a new bank and within the 5th year of operations our contribution in the field of CSR is praiseworthy.

During the Covid-19, pandemic period we have donated significant amount for Covid prevention activities and we are unable to execute more CSR activities just to avoid people's gathering.



A moment of CSR contribution by the Bank and handing over cheque to Dipto Shimanto, a school for special children.

09. Risk Management Framework

Efficient tradeoff between risk and reward are compulsory for any financial institution to maximize risk-adjusted returns within stipulated boundaries. Shimanto Bank has a commitment to strive for excellence in risk management culture and thus has put a dedicated functional unit in place to take care of the bank's Risk Management. The Bank has established a strong, disciplined and inclusive risk management culture, where risk management is a responsibility shared by all the employees of the Bank and involving all functions.

It is viewed as an integral contributor to good governance which enables the management and the Board to make effective decisions to achieve organization's vision and strategic objectives. That is why, we have established a disciplined risk management culture where it is a responsibility shared by all the employees of the Bank.

Shimanto Bank's risk governance framework includes:

- Board of Directors for reviewing the activities of the delegated authorities
- Board-level committee, which is the Board's Risk Management Committee (BRMC) that oversees, directs and sets policies, while monitoring risk management performance
- Management-level committee, which is the Executive Risk Management Committee (ERMC) that oversees risk management activities across the Bank
- Chief Risk Officer (CRO) for supervising the Bank's overall risk management activities, as an independent person from business verticals and has a direct reporting line to Board's Risk Management Committee with dotted reporting to the MD & CEO

Shimanto Bank has always recognized risks associated with its business operation. The Bank is consciously taking risks based on its approved Risk Appetite, coupled with the necessary checks and control systems to continuously detect, assess and mitigate risks as well as following transparent policies and procedures to follow up on breaches and deviations. Shimanto Bank has well formulated strategies to optimize risk return through effective risk infrastructure to support business growth plans, executives in control and co-ordination of risk taking across the business.

Shimanto Bank recognizes that the risk environment changes and evolves over time. In this context, the Bank has taken several strategies to monitor emerging risks, to analyze their potential impact and to develop action plans to mitigate or minimize the risks.



A. Risk Appetite Framework:

The financial institutions need to have a comprehensive risk appetite framework which is considerably more than a sophisticated key performance indicator (KPI) system for risk management. It's the core instrument for better alignment of overall corporate strategy, risk mitigation and capital allocation. Therefore, Business Strategy and Risk Appetite are interlinked with each other. Shimanto Bank formulates Risk Appetite Statement on a yearly basis as per regulatory guidelines which is approved by the Board of Directors.

B. Policies & Guidelines:

Shimanto Bank has duly approved policies, guidelines and manuals covering all functional area to cover up all possible risk triggering areas of business operations to ensure proper addressing of risks and to have safeguards. These have been formulated taking into account Bangladesh Bank's guidelines on managing core risks. These policies are regularly reviewed and updated to keep pace with the changing operating environment, technology and regulatory requirements. Besides, the bank has introduced various guidelines and operational manuals.

C. Assigning Responsibilities:

Responsibility for risk management are in place at all levels within the Bank, from the Board Risk Management Committee (BRMC) and the Executive Risk Management Committee (ERMC) down through the organization to each business manager and risk analyst. Bank allocates the responsibilities accordingly so that risk/return decisions are taken at the most appropriate level. The procedures are approved, monitored and mitigated at different stages within the Bank with a combination of the Board & its Committees - Executive Committee, Audit Committee and Risk Management Committee (RMC), Management Committees (MANCOM), Assets Liability Committees (ALCO), Credit Committee, ICT Risk Management Committee, Fraud Control Committee, etc.

D. Risk Management Strategies:

1. Credit Risk Management: Credit risk is perhaps the most obvious of the risks that can arise from the banking business. Banks must do their best to determine the likelihood that a customer will pay back what is loaned to them. To ensure profit maximization as well as to mitigate Credit Risk, Shimanto Bank religiously follows some well-defined steps.

- Shimanto Bank has updated Credit Risk Management policy, which clearly defines the Bank's objectives, standards, credit approval process and well-defined responsibilities of different officials, who are associated with marketing, approving and administering the credit portfolio of the bank.
- The Bank uses a well-designed and in-depth Credit memorandum format that contains details of the prospective borrower's financials, business status, cash flow trends as well as reputation in the market, experience in the field. The format also highlights the different security /collateral converge issues. As a whole, the format allows the credit approving authority to make a well-informed decision, concerning the profit making as well as risk mitigating factors.
- There is a centralized set up for client's approved limit loading and as well as limit activations to ensure accuracy and control.
- Customers are actively encouraged to rate themselves through approved credit rating agencies to determine their financial health.
- Shimanto Bank has also taken the strategy of enhanced monitoring as a shield against the occurrence of new NPLs and strengthening recovery process to reduce existing NPLs.

2. Market Risk Management: This risk emanates from adverse movement of interest rate, foreign exchange rates, equity prices, commodity prices, etc. In Shimanto Bank, we have the following structure in place for monitoring the trend and taking appropriate measures to maximize margin and minimize risks:

- ALCO (Asset Liability Committee) and Investment Committee comprising Treasury and other Senior Management meets periodically to review present and anticipated future market trend and takes appropriate decisions on interest rates and investments.
- Segregated Front Office, Mid Office and Back Office to ensure 'check and balance' between Treasury functions.
- Regular reconciliation of all Nostro accounts.

3. Operational Risk Management: Operational risk is the risk that comes from inadequate internal controls and less than necessary employee accountability can lead to serious risks for the bank. Operational Risk refers to some direct or indirect losses, resulting from human errors, external events, inadequate or failed internal processes and systems e.g. frauds and forgeries, etc. The Bank is committed to alleviate this risk through the followings:

- Set down guidelines, manuals and policies have been implemented for all back office functions.
- Strong operational teams with clear segregation of duties to ensure check and balance and regular reviews by senior management.
- A strong and committed control culture across the bank.
- A strong internal control team conducting regular audits.
- Frequent visit by Head Office Senior Management along with specifically designated officials.
- Arrangement of trainings, seminars and knowledge sharing sessions.

4. Liquidity Risk Management: This is a risk that Bank will not be able to stay resilient, if funds suddenly run out. A solid risk management plan is essential for mitigating Liquidity risk that can be faced by any bank in the industry. Banks face this risk, when it is unable to meet its financial obligations at the time of demand/emergency. It arises when the cushion provided by the liquid assets of the bank are not sufficient to meet maturing obligations. Shimanto Bank has founded the following precautions to restrain the risks that can arise from liquidity issue:

- ALCO (Asset Liability Committee) comprising Treasury and other senior management meets periodically to review different aspects of the bank's portfolio with special emphasis on deposits and liquidity position. After a detailed discussion among the designated members, necessary steps are decided to be taken by the bank.
- The Bank is always highly cautious about maintaining the liquidity parameters set by Bangladesh Bank, especially AD ratio.
- A balanced mix of short and long terms deposits to counter maturity gaps.
- Annual budget is formulated with a balance between growth in assets and liabilities.
- Different deposit based products to attract deposits from various customer segments

5. ICT Security Risk Management: IT security infrastructure and related management and monitoring systems have been aligned with respect to the global IT risk landscape and regulatory guidelines. The Bank has been continuing to adopt internal standards as per best practices. ICT Risk Management Committee has been formed with senior officials of the Bank who periodically meet to review different aspects of the Bank's IT security infrastructure and related management.

6. Combating Money Laundering & Financing of Terrorism: The Bank emphasizes on the robustness of processes and internal controls followed at the organization along with the safeguards that are in place to protect the system against any possible frauds. Money Laundering and Terrorist Financing are alarming threats worldwide. Since these risks are directly associated with 'money', banks have an active role in prevention of money laundering and terrorism financing. Bangladesh Bank also has taken a lead role to combat these risks and have circulated guidelines and policies on "Anti Money Laundering" and "Combating the Financing of Terrorism". In accordance with these guidelines, Shimanto Bank has taken the following steps:

- A Central Compliance Committee (CCC) has been set up headed by a Deputy Managing Director who is also the Chief Anti Money Laundering Compliance Officer (CAMLCO).
- Branch Anti Money Laundering Compliance Officers (BAMLCO) and Departmental Anti Money Laundering Compliance Officers (DAMLCO) have been assigned for all branches and necessary departments who spearheads the AML & CFT activities in their respective branch and department.
- Account activities are monitored through automated system for reporting of Cash Transaction Reports (CTR).
- Shimanto Bank continuously conducts trainings/workshops all the year round, to equip senior officials as well as officials working in different business groups and control functions, to create awareness and to be vigilant accordingly.
- AML & CFT compliance status of branches are reviewed by the internal audit team during their periodic audit at branches.



E. Capital Plan and Management:

Capital management is one of the key focus areas of the risk management framework for achieving the appropriate balance between our risk appetite and the amount of capital required to support each of the business lines. The Bank is committed to maintain a strong capital base to support its business growth, comply with all regulatory requirements, and obtain good credit rating and CAMELS rating and to have a cushion to absorb any unforeseen shock. The capital adequacy position and assessment is reported to the Board and the Risk Management Committee periodically. The Bank actively manages its capital to meet regulatory norms, current and future business needs and the risks in its businesses. The Bank has been maintaining a strong Capital Adequacy Ratio (CAR) to protect greater interest of the depositors and shareholders.

F. Stress Testing:

Shimanto Bank conducts stress testing exercise and prepares Stress Testing Report on quarterly basis in accordance with Bangladesh Bank Guidelines considering the following risk factors:

- a) Credit Risk
- b) Interest Rate Risk
- c) Exchange Rate Risk
- d) Equity Price Risk
- e) Liquidity Risk

G. Supervisory Review Process (SRP) - Supervisory Review Evaluation Process (SREP) on Internal Capital Adequacy Assessment Process (ICAAP):

Supervisory Review Process (SRP) gives emphasis to the value that Banks have a process for assessing overall capital adequacy in relation to risk profile and strategy for maintaining their capital at a satisfactory level. The process involves constitution of two teams i.e. SRP Team at the Bank level and SREP Team at Bangladesh Bank. Accordingly, Shimanto Bank has formed its SRP team duly approved by the Board. Supervisory Review Evaluation Team (SREP) of BB reviews and evaluates the Bank's ICAAP and strategies, as well as its ability to monitor and ensure compliance with Capital Adequacy Ratio (CAR). It is mentionable that, under this process, Bank may need to maintain 'Additional Capital' in addition to Minimum Capital Requirement (MCR) based on risk management status of the Bank on some specific parameters. SRP-SREP Dialogue on ICAAP Report of every year is being held by the Bangladesh bank.

H. Risk Management Department:

The Bank has an established Risk Management Department (RMD) in accordance with Bangladesh Bank guidelines. The department follows Bangladesh Bank's risk related directives and works closely with core risks dealing divisions to address and mitigate the risks properly. RMD has a continuous focus on the core risk areas. The department plays a key role in providing suggestions where mitigating factors require some added expertise and need to undertake required initiatives.

From the beginning of the operation, Shimanto Bank has considered 'risk management' as core part of the Bank's strategic planning, having close collaboration with the Business Leaders within the Bank and a center of excellence for unprejudiced decision making. The management and Board of the Bank feel and believe that, with the growth of its business, strengthening its oversight and building a strong risk management structure is a matter of great significance. The Bank has set its risk management policies, risk appetite statement and introduced effective risk assessment procedures, monitoring and oversight in a very methodical and conscious manner in order to control the internal and external risks at an optimum level. The Bank is always keen to uphold its brand image through customer satisfaction by mitigating risk factors at all levels.

10. Compliance & Governance Excellence

Banking industry is quite important to the national economy of a country as well as to the international economy. The issue of effective internal control system, compliance and corporate governance has become significant to ensure smooth performance of the operations of the Bank. Internal Control is the process, affected by a company's Board of Directors, Management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies.

Shimanto Bank Limited (SMBL) has established an appropriate and effective internal control environment through the Board of Directors, Management, an independent audit mechanism and procedural controls in order to ensure that the Bank is managed and controlled in a sound and prudent manner. The Bank identifies its weakness through the internal control system and takes appropriate measures to overcome the weaknesses. The Board of Directors of the Bank has established an Audit Committee. The Audit Committee monitors the effectiveness of internal control system of the Bank. Management takes appropriate actions as per the recommendations of the Bangladesh Bank's Inspection Team, External Auditors and Internal Auditors.

The Bank has updated its Internal control & Compliance Policy and implemented robust Risk Based Internal Audit (RBIA) methodology. 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. In this way, Internal Control & Compliance plays its vital role both as a watchdog as well as a facilitator of the Bank's sustainable growth.

The Compliance Unit looks after compliance activities of different divisions and branches. The compliance objectives of internal control refer to ensure that the bank stays in compliance with all applicable laws and regulations. The compliance unit is responsible for ensuring compliance with applicable laws, regulations, policy and guidelines of relevant regulatory authorities (BB, NBR, BSEC etc.). The compliance unit maintains liaison with the regulators at all levels and notifies relevant internal division/ departments regarding any change of regulatory instruction.

Bangladesh Bank has conducted core risk inspection on Credit Risk Management, Asset Liability Management, Information Security, Internal control & Compliance, Foreign Trade and Foreign Exchange in 2020 and submitted inspection reports. Compliance Unit submitted all compliance reports to Bangladesh Bank. Bangladesh Bank also conducted comprehensive inspection on Head Office as on 30-06-2020 and Principal Branch as on 30-06-2020 and Compliance Unit already submitted compliance reports to Bangladesh Bank. Tripartite meeting among Bangladesh Bank, External Auditors and the Management of the Bank has already been conducted for finalization of Annual Financial Statements-2020. All SMBL audit observations are compiled meticulously by Compliance Unit.

Governance is the combination of processes and structures implemented by the Board to inform, direct, manage and monitor the activities of the organization towards the achievement of its objectives. For reinforce, effective governance:

- Starts at the top with the Board of Directors and cascades throughout the organization to all employees.
- Involves critical relationships among the Board, Senior Management and Shareholders
- Encompasses organizational structure as well as the related legal and regulatory environment
- Balances economic and social goals
- Extends to all organizational stakeholders including but not limited to customers, suppliers, partners, creditors and the general community.

Corporate governance is fundamental to the gaining of stakeholders' trust. Shimanto Bank's commitment to all stakeholders is reflected in our management culture that embraces the higher standards of corporate governance we maintain. The Board of Directors of Shimanto Bank has a separate role from executive management in governing the organization. The board approves strategic policies and decisions, establishes appropriate boundaries, oversees execution and ensures accountability, fairness and transparency. Executive management aligns strategy, processes, people, reporting and technology to accomplish the organization's mission in accordance with its established values. An important aspect of the delineation of responsibilities between the board and management is the setting of boundaries, which provide a broad context for balancing the organization's objectives and performance goals for creating enterprise value with the policies, processes and control systems deemed appropriate to preserve enterprise value.

The Board of Directors has always been deeply committed to establishing the highest levels of ethics and compliance among all employees of the bank. It has always encouraged the management to ensure that everyone maintains high ethical standards within the bank. The bank's philosophy on corporate governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealing with shareholders, employees, regulators and other relevant stakeholders. By doing so, the bank demonstrates its understanding and respects its fiduciary roles and responsibilities to shareholders.



Independent Auditor's Report and Audited Financial Statements

For the year ended 31 December 2020

Hoda Vasi Chowdhury & Co

Chartered Accountants

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 ("the Bank"), which comprise the Balance Sheet as at 31 December 2020, the profit and loss account, statements of changes in equity and statements 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 financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2020, 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 Auditor's 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) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note-3.18 of the financial statements, which describes matters related to implementation of 'IFRS 16 Leases' including preliminary assessment of its impact as assessed by management. Our opinion is not modified in respect of this matter.

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 auditor's 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.

National Office : BTMC Bhaban (6th & 7th Floor), 7-9 Karwan Bazar Commercial Area, Dhaka-1215, Bangladesh
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If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conduct that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regards.

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 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 statement, 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.

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Hoda Vasi Chowdhury & Co

Chartered Accountants

- 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.

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

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 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 and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained in the financial statements;
- (vi) 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;

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Chartered Accountants

- (vii) the expenditures incurred were for the purpose of the Bank's business for the year;
- (viii) 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;
- (ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 2,100 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka,
05 August 2021

DVC : 2108261238AS592068

Sk Md Tarikul Islam, FCA

Partner

Membership no: 1238

Hoda Vasi Chowdhury & Co
Chartered Accountants

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Shimanto Bank Limited

Balance Sheet

As at 31 December 2020

Hoda Vasi
Chowdhury & Co

	Notes	31.12.2020 Taka	31.12.2019 Taka
PROPERTY AND ASSETS			
Cash	4	1,008,728,306	877,225,599
Cash in hand (including foreign currency)	4.1	248,869,400	207,118,595
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	4.2	759,858,906	670,107,004
Balance with other banks and financial institutions	5	2,171,254,732	636,046,460
In Bangladesh	5.1	2,142,120,359	614,288,229
Outside Bangladesh	5.2	29,134,373	21,758,231
Money at call on short notice	6	4,200,000,000	3,700,000,000
Investments	7	2,076,247,639	1,752,807,126
Government	7.1	1,630,277,275	1,197,812,184
Others	7.2	445,970,364	554,994,942
Loans and advances	8	8,331,651,298	7,173,461,524
Loans, cash credits, overdrafts etc.	8.1	8,331,651,298	7,173,461,524
Bills purchased & discounted		-	-
Fixed assets including premises, furniture and fixtures	9	248,596,677	301,794,910
Other assets	10	522,585,599	380,654,828
Non-banking assets		-	-
Total Assets		18,559,064,251	14,821,990,448
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	-	-
Deposits and other accounts	12	13,155,384,458	10,113,827,024
Current deposit accounts		317,098,806	232,838,204
Bills payable		594,065,466	138,465,723
Savings bank deposits		5,615,647,895	4,477,148,699
Fixed deposits		6,574,938,297	5,218,669,410
Other deposits		53,633,994	46,704,988
Other liabilities	13	931,345,009	440,477,411
Total Liabilities		14,086,729,467	10,554,304,435
Capital/Shareholders' Equity			
Total Shareholders' Equity		4,472,334,784	4,267,686,012
Paid-up capital	14.2	4,160,000,000	4,000,000,000
Statutory reserve	15	167,735,983	101,310,320
Retained earnings	16	140,030,415	165,418,724
Other reserves	16.1	4,568,385	956,968
Total Liabilities and Shareholders' Equity		18,559,064,251	14,821,990,448

**OFF-BALANCE SHEET ITEMS****Contingent liabilities**

Acceptances and endorsements

Letters of guarantee

Letters of credit

Bills for collection

Other contingent liabilities

Other commitments

Documentary credits and short term trade-related transactions

Forward assets purchased and forward deposits placed

Undrawn note issuance and revolving underwriting facilities

Undrawn formal standby facilities, credit lines and other commitments

Total off-Balance Sheet items including contingent liabilities

	2020 Taka	2019 Taka
Contingent liabilities	388,958,835	70,889,297
Acceptances and endorsements	50,234,400	-
Letters of guarantee	41,792,456	36,545,860
Letters of credit	296,931,979	34,343,437
Bills for collection	-	-
Other contingent liabilities	-	-
Other commitments	-	-
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
Total off-Balance Sheet items including contingent liabilities	388,958,835	70,889,297

The notes 1 to 37 and annexure A form an integral part of these financial statements.

Maj Gen Md Shafeenul Islam,
BGBM (BAR), ndc, psc
Chairman

Brig Gen Benazir Ahmed,
BGBMS, afwc, psc
Director

Brig Gen A M M Khairul Kabir,
BGBMS, psc
Director

Muklesur Rahman
Managing Director & CEO

SK MD Tariku Islam, FCA
Partner
Membership No. 1238
Hoda Vasi Chowdhury and Co
Chartered Accountants

Dated : 05 August 2021
DVC : 2108261238AS592068

Shimanto Bank Limited
Profit and Loss Account
For the year ended 31 December 2020

**Hoda Vasi
Chowdhury & Co**

	Notes	2020 Taka	2019 Taka
OPERATING INCOME			
Interest income	18	1,178,537,410	1,071,470,091
Interest on deposits and borrowings etc	19	(504,398,193)	(411,493,608)
Net interest income		674,139,217	659,976,483
Investment income	20	102,011,179	60,369,781
Commission, exchange and brokerage	21	29,916,632	22,344,917
		131,927,811	82,714,698
Total operating income (a)		806,067,028	742,691,181
OPERATING EXPENSE			
Salaries and allowances	22	210,360,888	214,579,278
Rent, taxes, insurance, electricity, etc.	23	86,190,259	78,689,388
Legal expenses	24	4,144,530	3,166,027
Postage, stamp, telecommunication, etc.	25	17,361,960	14,692,622
Stationery, printings, advertisements, etc.	26	7,780,270	11,581,599
Chief executive's salary and fees		14,202,000	14,324,904
Directors' fees	27	836,980	1,029,053
Auditors' fees	28	379,500	1,009,500
Depreciation and repairs of Bank's assets	29	77,339,498	53,963,519
Other expenses	30	40,427,528	48,776,040
Total operating expenses (b)		459,023,413	441,811,930
Profit before provision (c = (a-b))		347,043,615	300,879,251
Provision against loans and advances			
General Provision	31	19,975,886	4,017,923
Specific Provision		(5,060,586)	7,601,900
Total provision (d)		14,915,300	11,619,823
Profit before taxation (e=c-d)		332,128,315	289,259,428
Provision for taxation (f)		131,090,963	112,364,695
Current tax expense	13.2	136,847,710	114,601,562
Deferred tax income	13.3	(5,756,747)	(2,236,867)
Net profit after taxation (g=e-f)		201,037,353	176,894,733
Appropriations			
Statutory reserve	15	66,425,663	57,851,886
General reserve		-	-
		66,425,663	57,851,886
Retained earnings		134,611,689	119,042,847
Earnings Per Share (EPS) (Restated-2019)	33	0.483	0.425

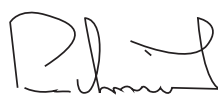
The notes 1 to 37 and annexure A form an integral part of these financial statements.



Maj Gen Md Shafeenul Islam,
BGBM (BAR), ndc, psc
Chairman



Brig Gen Benazir Ahmed,
BGBMS, afwc, psc
Director



Brig Gen A M M Khairul Kabir,
BGBMS, psc
Director



Muklesur Rahman
Managing Director & CEO



SK MD Tariku Islam, FCA
Partner
Membership No. 1238
Hoda Vasi Chowdhury and Co
Chartered Accountants

Dated : 05 August 2021
DVC : 2108261238A5592068



Shimanto Bank Limited

Cash Flow Statement

For the year ended 31 December 2020

Hoda Vasi
Chowdhury & Co

	Notes	2020 Taka	2019 Taka
Cash flows from Operating Activities			
Interest receipts in cash		1,171,117,738	1,048,077,924
Interest payments		(465,505,191)	(409,513,676)
Dividend receipts		10,947,349	2,711,042
Fees and commission receipts in cash		29,916,632	22,344,917
Cash payments to employees		(224,562,888)	(228,904,182)
Cash payments to suppliers		(76,037,345)	(41,981,006)
Income taxes paid		(96,429,940)	(61,622,051)
Receipts from other operating activities	34	95,315,478	33,260,414
Payments for other operating activities	35	(86,273,353)	(81,214,675)
(i) Operating profit before changes in operating assets & liabilities		358,488,480	283,158,707
Change in operating assets and liabilities			
Loans and advances to customers		(1,158,189,773)	(1,338,010,362)
Other assets		(47,508,490)	(7,321,585)
Deposits from customers		3,041,557,433	3,131,191,820
Other liabilities		304,602,521	3,160,502
(ii) Cash generated from operating assets and liabilities		2,140,461,692	1,789,020,376
Net cash flow from operating activities (a)=(i)+(ii)		2,498,950,172	2,072,179,083
Cash Flows from Investing Activities			
Payments for purchase of government securities		(432,612,291)	(740,130,976)
Payments for purchase of securities		109,024,578	(249,994,942)
Purchase of property, plant and equipment		(8,798,681)	(217,412,832)
Net cash used in investing activities (b)		(332,386,393)	(1,207,538,750)
Cash Flows from Financing Activities			
Dividend paid		-	-
Receipts from issue of ordinary share		-	-
Net cash flow from financing activities (c)		-	-
Net Increase in cash and cash equivalents (a+b+c)		2,166,563,779	864,640,333
Cash and cash equivalents at beginning of the year		5,213,593,459	4,348,953,127
Cash and cash equivalents at end of the year (*)		7,380,157,238	5,213,593,459
(*) Cash and cash equivalents:			
Cash in hand		248,869,400	207,118,595
Prize bonds		174,200	321,400
Money at call on short notice		4,200,000,000	3,700,000,000
Balance with Bangladesh Bank and its agent bank(s)		759,858,906	670,107,004
Balance with other banks and financial institutions		2,171,254,732	636,046,460
		7,380,157,238	5,213,593,459

The notes 1 to 37 and annexure A form an integral part of these financial statements.

Maj Gen Md Shafeenul Islam,
BGBM (BAR), ndc, psc
Chairman

Brig Gen Benazir Ahmed,
BGBMS, afwc, psc
Director

Brig Gen A M M Khairul Kabir,
BGBMS, psc
Director

Muklesur Rahman
Managing Director & CEO

Dated : 05 August 2021

Shimanto Bank Limited

Statement of Changes in Equity

For the year ended 31 December 2020

Particulars	Paid-up Capital	Statutory Reserve	Other Reserves (Investment Revaluation Reserve)	Retained Earnings	Total Equity
Balance as at 1 January 2020	4,000,000,000	101,310,320	956,968	165,418,724	4,267,686,012
Net profit after tax for the year	-	-	-	201,037,353	201,037,353
Stock dividend paid during the year	160,000,000	-	-	(160,000,000)	-
Surplus on account of revaluation of investments	-	-	3,611,417	-	3,611,417
Transfer to statutory reserve	-	66,425,663	-	(66,425,663)	-
Balance as at 31 December 2020	4,160,000,000	167,735,983	4,568,385	140,030,415	4,472,334,784

Particulars	Paid-up Capital	Statutory Reserve	Other Reserves (Investment Revaluation Reserve)	Retained Earnings	Total Equity
Balance as at 1 January 2019	4,000,000,000	43,458,434	-	46,375,878	4,089,834,311
Net profit after tax for the period	-	-	-	176,894,733	176,894,733
Dividend paid during the year	-	-	-	-	-
Transfer to statutory reserve	-	57,851,886	956,968	(57,851,886)	956,968
Balance as at 31 December 2019	4,000,000,000	101,310,320	956,968	165,418,724	4,267,686,012



Maj Gen Md Shafeenul Islam,
BGBM (BAR), ndc, psc
Chairman



Brig Gen Benazir Ahmed,
BGBMS, atwc, psc
Director



Brig Gen A M M Khairul Kabir,
BGBMS, psc
Director



Muklesur Rahman
Managing Director & CEO

Dated : 05 August 2021

Shimanto Bank Limited

Liquidity Statement

(Assets and Liabilities Maturity Analysis)


As at 31 December 2020

Hoda Vasi
Chowdhury & Co

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets						
Cash in hand (including balance with Bangladesh Banks and its agent banks)	1,008,728,306	-	-	-	-	1,008,728,306
Balance with other banks and financial institutions	-	2,171,254,732	-	-	-	2,171,254,732
Money at call on short notice	800,000,000	3,400,000,000	-	-	-	4,200,000,000
Investments	174,200	-	149,941,477	1,243,858,291	682,273,671	2,076,247,639
Loans & advances	1,889,649,617	109,924	1,580,015,007	1,315,056,114	3,546,820,635	8,331,651,298
Fixed assets including premises, furniture and fixture	-	-	-	248,596,677	-	248,596,677
Other assets	209,728,868	-	-	312,856,731	-	522,585,599
Non-banking assets	-	-	-	-	-	-
Total Assets (a)	3,908,280,991	5,571,364,657	1,729,956,485	3,120,367,812	4,229,094,306	18,559,064,251
Liabilities						
Borrowing from other banks, financial institutions and agents	-	-	-	-	-	-
Deposit and other accounts	8,378,850,006	1,616,532,471	2,075,014,815	1,084,987,166	-	13,155,384,458
Other Liabilities	473,767,036	-	11,035,000	445,942,973	-	930,745,009
Total Liabilities (b)	8,852,617,043	1,616,532,471	2,086,049,815	1,530,930,138	-	14,086,129,467
Net Liquidity Gap (a-b)	(4,944,336,052)	3,954,832,186	(356,093,330)	1,589,437,674	4,229,094,306	4,472,934,784


Maj Gen Md Shafeenul Islam,
BGBM (BAR), ndc, psc
Chairman

Brig Gen Benazir Ahmed,
BGBMS, afwc, psc
Director

Brig Gen A M M Khairul Kabir,
BGBMS, psc
Director

Muklesur Rahman
Managing Director & CEO

Shimanto Bank Limited

Notes to the Financial Statements

For the year ended 31 December 2020

Hoda Vasi
Chowdhury & Co

1. The Bank and its activities

1.1 Legal form of the bank

Shimanto Bank Limited (hereinafter referred to as "the Bank" or "SMBL") 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 eighteen (18) branches operating in Bangladesh and the Bank has no overseas branches as at 31 December 2020.

The registered office of the Bank is located at Shimanto Shamvar (Level-7), 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 collection, disbursement of loans and advances, providing national and international remittance facilities, providing L/C and L/G 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 2020 have been prepared in accordance with the "First Schedule (Section 38) of the Banking Companies Act 1991 (amended upto 2013) which has been replaced through BRPD Circular no. 10 dated October 04, 2015, International Financial Reporting Standards (IFRS), International Accounting Standard (IAS), other Bangladesh Bank Circulars, 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.

The Financial Reporting Act 2015 (FRA) has been enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) has been formed and they will issue financial reporting standards for public interest entities including banks.

In case the requirements of the Banking Companies 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 a complete set of financial statements comprises statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, 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 Bangladesh Bank. 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 IFRS 9 investment in shares and securities generally falls under 'at Fair Value Through Profit or Loss (FVTPL)' or Fair Value Through Other Comprehensive Income (FVTOCI) where any change in the fair value (as measured in accordance with IFRS 13 Fair Value Measurement) at the year end is taken to profit and loss account or revaluation reserve 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.

iii) Revaluation gains/losses on Government securities

IFRS: As per the requirement of IFRS 9, 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 the requirement of IFRS 9, an entity should carry out the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 05 dated 29 May 2013, BRPD circular no. 16 dated 18 November 2014, BRPD circular no. 12 dated 20 August 2017 and BRPD circular no. 15 dated 27 September 2017, a general provision at 0.25% to 5% under different categories of unclassified loans (standard/SMA loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad/losses loans has to be provided at 20%, 50% and 100%, respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 07 dated 21 June 2018 and BRPD circular no. 13 dated 18 October 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures. Besides, an additional general provision, namely Special General Provision COVID-19, @ 1% on SMA loans and unclassified loans is maintained as per BRPD Circular Letter no 56 dated 10 December 2020. Such provision policies are not specifically in line with those prescribed by International Financial Reporting Standards (IFRS) 9: Financial Instruments.

v) Other comprehensive income and appropriation of profit

IFRS: As per the requirements of IAS 1 Presentation of Financial Statements, 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 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 are to be followed 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 32 Financial Instruments: Presentation, IFRS 9: Financial Instruments and IFRS 7 Financial Instruments: Disclosures. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 are not made in the financial statements.

vii) Financial guarantees

IFRS: As per IFRS 9, 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 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 and the loss allowance determined as expected credit loss method under IFRS 9. Financial guarantees are included within other liabilities.

"Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, 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: As per the requirement of IAS-7: Statement of cash flows, cash and cash equivalent items should be reported as cash item.

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) Presentation of intangible asset

IFRS: Intangible asset must be identified and recognized, and the disclosure must be given as per IAS 38.

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD circular no. 14 dated 25 June 2003.

xii) 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.

xiii) 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.

xiv) 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.

-Zero coupon bond at present value using amortization concept.

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 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:

- (i) Provision for loan and advances
- (ii) Provision for Income tax
- (iii) Provision for gratuity
- (iv) Depreciation of fixed assets
- (v) Amortization of Intangible assets
- (vi) Employee benefits
- (vii) Commitments
- (viii) Contingencies

2.5 Foreign currency transaction

Transactions in foreign currencies are translated at the exchange rate prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rate prevailing at the date of statement of financial position. Foreign currency differences are generally recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of translations.

2.6 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. Cash Flows during the year have been classified as operating activities, investing activities and financing activities.

2.7 Comparative information

Comparative information in respect of the previous year has been presented in all numerical information in the financial statements and the narrative and descriptive information where, it is relevant for understanding of the current year's financial statements.

2.8 Reporting period

These financial statements of the Bank cover a calendar year from 01 January 2020 to 31 December 2020.



2.9 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.

2.10 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 2020 and under the guidelines of Bangladesh Bank BRPD circular no.14 dated 25 June 2003.

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

3. Significant accounting policies

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

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

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

3.1.2 Investments

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

Held to Maturity (HTM)

Investments which are intended to be held till maturity are classified as “Held to Maturity”. These are measured at amortized cost at each year end by taking into account any discount or premium on acquisition. Premiums are amortized and discount accredited, using the effective or historical yield method. Any increase or decrease in value of such investments is booked to equity and in the profit and loss account 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 account (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, the 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".

Value of investment has been shown as under:

Government treasury securities-Held for Trading (HFT)	At present value (using marked to market concept)
Government treasury securities-Held to Maturity (HTM)	At present value (using amortization concept)
Zero coupon bonds	At present value (using amortization concept)
Shares (Quoted)	At cost (provision made for any shortfall arising reduce market price from cost price)
Shares (Unquoted)	At cost (as per BRPD Circular 14 dated June 25, 2003)
Debenture	At cost
Prize bonds and other bonds	At cost

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 (amendment on 21 April 2019) 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 (amendment on 21 April 2019), 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. Besides, an additional general provision, namely Special



General Provision COVID-19, @ 1% on SMA loans and unclassified loans is maintained as per BRPD Circular Letter no 56 dated 10 December 2020. 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%

3.1.4 Property, plant and equipment and depreciation

3.1.4.1 Recognition and measurement

All item of fixed assets are stated at cost less accumulated depreciation & accumulated impairment 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 incurred.

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 on addition is calculated using the straight line method. Depreciation on assets begins when the assets are available for use.

Category of fixed assets	Depreciation Period in Years
Core Banking Software	5
Furniture & Fixture	10
Server & Network Equipment	5
PBM Server and HSM	3
Microsoft software	3
Firewall	3
Laptop & Desktop	3
Air Conditioner	10
Other Office Equipment	3
UPS Scanner	2
Decoration & Renovation	10

3.1.4.4 Disposal of assets

An item of fixed assets is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposals. Gain or loss on sale of fixed assets is recognized in the profit and loss account as per the requirement of IAS 16.

3.1.5 Intangible assets

Recognition of intangible assets

Intangible assets include cost of acquisition of core banking software. Intangible assets are stated at cost less accumulated amortization & accumulated impairment. The costs are capitalized in the year in which the relevant software is available for use according IAS 38. All upgrading and enhancements are generally charged off as revenue expenditure unless they bring similar significant benefits in the long term.

Amortization of intangible assets

Amortization is provided on software applying straight line method. Amortization is charged on the intangible assets when the assets are available for use.

Impairment of fixed assets

At each balance sheet date, the Bank assesses whether there is any indication that the carrying amount of an asset exceeds its recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and an impairment loss is recognised as an expense in the profit and loss statement unless the asset is carried at revalued amount in accordance with IAS 16: Property, Plant and Equipment in which case any impairment loss of a revalued asset should be treated as a revaluation decrease. No impairment loss was recognized up to the reporting period as there were no such indication existed as on Balance Sheet date.



3.1.6 Leased assets

Where fixed assets have been financed by lease arrangement under which substantially all the risks and rewards of ownership are transferred to the lessees are treated as finance leases as per IAS 17 "Leases". All other leases are classified as operating leases as per IAS 17 "Leases". Assets held under finance lease are recognised as assets of the Bank at their fair value at the date of acquisition or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets. When there is no reasonable certainty that the Bank will obtain the ownership at the end of lease, the assets are depreciated over the shorter of the lease term or the life of the asset.

3.1.7 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, advance, deposits and prepayment and income receivables etc.

3.1.8 Non-banking assets

As at balance sheet date Shimanto Bank Ltd has not acquired any Non-Banking Assets as a consequence of failure from borrower to repay the loan/investments.

3.1.9 Inventories

Inventories are valued at lower of cost or net realizable value. Inventories comprise of unused portion of plastic card, stationary items and non-judicial stamp etc.

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

As per IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" the Bank recognises provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

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 (amendment on 21 April 2019), 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 (amendment on 21 April 2019) and other relevant circulars, the Bank requires 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, letter of guarantee and acceptances & endorsements.

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 on which 100% provision is required on other assets which are outstanding for one year or more or classified as bad/loss.

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.

Other reserve

Other reserve arises from the revaluation of Treasury bills and bonds (HFT and HTM) in accordance with the Bangladesh Bank DOS circular no. 5 dated 26 May 2008. The tax effects on revaluation gain are measured and recognised in the financial statements as per IAS 12: Income Taxes.

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

IFRS 15 Revenue from Contracts with Customers has replaced IAS 18 Revenue and IAS 11 Construction Contracts. As per the requirement of IFRS 15, revenue is recognised when or as a performance obligation is satisfied by transferring a good or service to a customer, either at a point in time or over time. The income of the Bank has been recognised as follows:

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 (amendment on 21 April 2019), BRPD circular no 19 dated 27 December 2012 and BRPD circular no 16 dated 18 November 2014.

Fees and commission income

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

Interest and fees receivable on credit card

Interest and fees receivable on credit cards are recognised on accrual basis. Interest and fees ceases to be taken into income when the recovery of interest and fees is in arrear for over three months. Thereafter, interest and fees are accounted for on realisation basis.

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 IFRS 15.

3.6 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.

3.7 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".

3.8 Employee benefits

Provident fund

The Bank operates a provident fund recognised by National Board of Revenue (NBR) which is given to the confirmed employees of the Bank in accordance with Bank's service rules. The provident fund is administered by a Board of Trustees consisting of four members from the employees of the Bank. All confirmed employees of the Bank contribute 10% of their basic salary as subscription to the Fund each month with equal contribution by the Bank.

Gratuity fund

The Bank operates an unfunded gratuity scheme recognised by National Board of Revenue (NBR), provision in respect of which is made on monthly basis covering the claims of eligible members as per Bank's policy. The employee's Gratuity Fund is being considered as defined benefit plan.

Workers Profit Participation Fund

Consistent with widely accepted industry practice and in line with section 11 (1) of the Banking Companies Act 1991 (as amendment up to date) and subsequent clarification given by Bank and Financial Institutions Division (BFID), Ministry of Finance, no provision has been made by the Bank in the reporting period against Workers Profit Participation Fund (WPPF)

3.9 Income tax

Income tax 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.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income tax, if any. Current tax assets/liabilities are offset if certain criteria are met. It is measured using tax rates enacted or substantively enacted at the reporting period. The applicable tax rate for the Bank is currently 40%.

(ii) Deferred tax

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 and liabilities 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".

3.10 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.

3.11 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.



Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any."

3.12 Reconciliation of inter-bank account

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

3.13 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 (amendment on 21 April 2019) and BRPD circular no 05 dated May 29, 2013. Adequate provision has been kept which is stated in Note 13.1 to the financial statements.

Liquidity Risk

Responsibility of managing and controlling liquidity of the bank lies with Asset Liability Committee (ALCO) who 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 amended Money Laundering Prevention Act, 2012 & amended Anti-Terrorism Act, 2013 which covers all the international standards and requirements and assigned BFIU of BB to discharge the regulatory responsibility of implementation & monitoring of the AML & CFT activities to keep the financial system of the country safe & compliance. Shimanto Bank Limited (SMBL)

is as a compliant & responsible institution committed to the highest standards of Anti-Money Laundering (AML) compliance and adhere to the set rules & declared standards to prevent use of our products and services for money laundering purposes. In addition to the legal compliance, Shimanto Bank Limited considers AML & CFT compliance as part of its social responsibility & commitment.

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

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

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

Internal audit

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

Prevention of fraud

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

Preparation of Basel II and Basel III Accord

Basel II

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

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



Pillar-I: Minimum Capital Requirement

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

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

Pillar-II: Supervisory Review Process (SRP)

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

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

Pillar-III: Market Discipline

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

Basel III

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

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

Shimanto Bank Limited 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 and 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.

3.15 Events after the reporting period

The Board of Directors in their meeting held on 05 August 2021 have recommended stock dividend @ 3% aggregating to Taka 124,800,000 for the year ended 31 December 2020 subject to approval of the shareholders in the Annual General Meeting schedule to be held on 27 September 2021.

The financial statements for the year ended 31 December 2020 do not include the effect of these dividends which will be accounted for in the period when shareholders' right to receive payment is established.

However, all other 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'.

3.16 Related party disclosures

A party is related to the Entity 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 Entity;"

"(ii) the party is an associate or a joint venture;

(iii) the party is a member of the key management personnel of the Entity 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 Entity."



3.17 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 2020.

Sl#	IAS #	IAS Title	Compliance Status
1	1	Presentation of Financial Statements	Complied **
2	2	Inventories	Complied
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	Complied
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	Complied
14	23	Borrowing Costs	Complied
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	Complied
24	37	Provisions, Contingent liabilities and Contingent Assets	Complied
25	38	Intangible Assets	Complied
26	39	Financial Instruments: Recognition and Measurement	Not Applicable
27	40	Investment Property	Not Applicable
28	41	Agriculture	Not Applicable

Sl#	IFRS#	IFRS Title	Compliance Status
1	1	First-time Adoption of International 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	Complied
6	6	Exploration for and Evaluation of Mineral	Not Applicable
7	7	Financial Instruments: Disclosures	Complied **
8	8	Operating Segments	Not Applicable
9	9	Financial Instruments: Recognition and Measurements	Complied **
10	10	Consolidated Financial Statements	Not Applicable
11	11	Joint Arrangements	Not Applicable
12	12	Disclosure of Interest in other Entities	Not Applicable
13	13	Fair Value Measurement	Complied
14	15	Revenue from Contracts with Customers	Complied

* Subject to departure disclosed in note no. 2.1

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

3.18 Standard issued and effected but not adopted: IFRS 16 Leases

IFRS 16 eliminates the current operating/financing lease dual accounting model for leases. Instead, there is a single, on-balance sheet accounting model, similar to current finance lease accounting. Issued in January 2016, the new IFRS has replaced the existing guidance in IAS 17 Leases. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 is also adopted. However, the Bank is currently assessing the potential impact of IFRS 16 on its financial statements as it has got multiple dimensions including Risk Weighted Assets (RWA), CRR & SLR and proviso of immovable property. The management is committed to comply with IFRS 16 from coming financial year.

3.19 Approval of financial statements

The financial statements were reviewed and subsequently approved by the Board of Directors in its 43rd Board Meeting on 05.08.2021.



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		31.12.2020 Taka	31.12.2019 Taka
4. Cash			
Cash in hand (including foreign currency)	(Note: 4.1)	248,869,400	207,118,595
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	(Note: 4.2)	759,858,906	670,107,004
		1,008,728,306	877,225,599
4.1 Cash in hand			
In local currency		246,634,568	205,440,513
In foreign currency		2,234,832	1,678,082
		248,869,400	207,118,595

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

749,114,958	667,913,747
10,743,948	2,193,257
759,858,906	670,107,004

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 March 2020 and DOS circular no. 01 dated 19 January 2014.

The statutory cash reserve requirement is on the Bank's time and demand liabilities as per Bangladesh Bank MPD circular no. 03 dated 09 April, 2020 at the rate of 4% for bi-weekly and 3.5% for daily (CRR) 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. 03 dated 09 April 2020, the Bank has to maintain CRR @ 4.00% bi-weekly basis and minimum CRR @ 3.50% on daily basis

Bi-weekly as on the reporting date

Required reserve (4.00% of total time & demand liabilities)

Actual reserve maintained

Surplus

520,647,000	545,777,000
719,939,851	627,500,425
199,292,851	81,723,425

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Daily Position as on the reporting date

Required reserve (3.50% of total time & demand liabilities)
Actual reserve maintained
Surplus

31.12.2020 Taka	31.12.2019 Taka
455,566,000	496,161,000
719,939,851	627,500,425
264,373,851	131,339,425

(b) Statutory Liquidity Ratio (SLR)

Required reserve (13% of total time & demand liabilities)
Actual reserve maintained
Surplus

31.12.2020	31.12.2019
1,692,102,000	1,290,018,000
2,103,844,565	1,524,910,506
411,742,565	234,892,506

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 23 March 2020 & MPD circular no -03 dated 09 April 2020, all scheduled Banks have to maintain CRR and SLR @ 4.0% for bi-weekly & 3.50% for daily (CRR) and @ 13.00% (SLR) respectively of their total time and demand liabilities on bi-weekly average basis, where the Bank maintained @ 6.32% and @ 15.64% respectively at the year end.

(c) Components of Statutory Liquidity Ratio (SLR)

Cash in hand
Balance with Sonali Bank Limited
Excess reserve of CRR (4.00% of bi-weekly)
HTM securities
HFT securities
Other eligible security

248,869,400	207,118,594
25,493,516	38,302,343
199,292,851	81,723,425
1,427,371,598	756,955,248
149,853,000	440,489,496
52,964,200	321,400
2,103,844,565	1,524,910,506

4.4 Maturity grouping of cash

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

1,008,728,306	877,225,599
-	-
-	-
-	-
-	-
-	-
-	-
1,008,728,306	877,225,599

5. Balance with other banks and financial institutions

In Bangladesh
Outside Bangladesh

(Note: 5.2)

2,142,120,359	614,288,229
29,134,373	21,758,231
2,171,254,732	636,046,460

5.1 In Bangladesh

Special Notice Deposits

Bank Name

AB Bank Limited
Trust Bank Limited
Trust Bank Limited (Q Cash Account)
Eastern Bank Ltd
Eastern Bank Ltd (VISA Settlement Account)
Agrani Bank Limited, Pragpur
Sonali Bank Limited (outside Dhaka)
Sonali Bank Limited, Local Office

1,648,942,010	521,279
441,051	436,363
5,341,285	3,025,597
485,355,648	609,431,764
1,241,846	794,478
-	4,390
12,111	55,472
786,409	18,886
2,142,120,359	614,288,229



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5.2 Outside Bangladesh

Habib American Bank
Axis Bank ACU
United Bank of India

31.12.2020 Taka	31.12.2019 Taka
17,176,955	16,111,599
10,079,604	3,689,060
1,877,815	1,957,572
29,134,373	21,758,231

5.3 Account-wise/grouping of balance with other banks and financial institutions

Current deposits
Savings deposits
Short-Notice Deposits
Fixed deposits

35,274,178	24,858,186
-	-
2,135,980,554	611,183,884
-	-
2,171,254,732	636,042,070

5.4 Maturity grouping of balance with other banks and financial institutions

Repayable – on demand
– up to 3 months
– over 3 months but below 1 year
– over 1 year but below 5 years
– over 5 years

-	-
2,142,120,359	614,288,229
-	-
-	-
-	-
2,142,120,359	614,288,229

6. Money at call on short notice

In Bangladesh
Outside Bangladesh

(Note : 6.1)

4,200,000,000	3,700,000,000
-	-
4,200,000,000	3,700,000,000

6.1 In Bangladesh

At short notice

With banking companies

The Premier Bank Ltd
AB Bank Ltd
Eastern Bank Ltd
Dhaka Bank Ltd.
Mercantile Bank Limited
National Bank Limited
Jamuna Bank Limited
Standard Bank Limited

200,000,000	600,000,000
400,000,000	-
-	-
-	-
-	200,000,000
600,000,000	-
-	600,000,000
-	300,000,000
1,200,000,000	1,700,000,000

With non-banking financial institutions

IPDC Finance Ltd.
IDLC Finance Ltd.
United Finance Ltd.
Delta Brac Housing Finance Corporation
LankaBangla Finance Ltd.
IIDFC Ltd.
Union Capital Ltd.
Phoenix Finance & Investment Ltd.

600,000,000	500,000,000
600,000,000	200,000,000
-	-
600,000,000	300,000,000
600,000,000	600,000,000
600,000,000	400,000,000
-	-
-	-
3,000,000,000	2,000,000,000
4,200,000,000	3,700,000,000

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		31.12.2020 Taka	31.12.2019 Taka
6.2 Maturity grouping of money at call on short notice			
On demand		-	-
Upto 1 month		800,000,000	1,000,000,000
Over 1 month but not more than 3 months		3,400,000,000	2,700,000,000
Over 3 month but not more than 6 months		-	-
More than 6 months but less than 1 year		-	-
More than 1 year but less than 5 years		-	-
More than 5 years		-	-
		4,200,000,000	3,700,000,000
7. Investments			
Government securities	(Note: 7.1)	1,630,277,275	1,197,812,184
Other investments	(Note: 7.2)	445,970,364	554,994,942
		2,076,247,639	1,752,807,126
7.1 Government securities			
Treasury bills	(Note: 7.1.1)	149,941,477	440,750,632
Treasury bonds	(Note: 7.1.2)	1,427,371,598	756,740,152
Government islamic Bond (Sukuk)		52,790,000	-
Prize bonds		174,200	321,400
		1,630,277,275	1,197,812,184
7.1.1 Treasury Bills			
28 days Treasury Bills		-	99,802,200
30 days Treasury Bills		-	-
91 days Treasury Bills		-	149,636,432
182 days Treasury Bills		-	98,513,200
364 days Treasury Bills		149,941,477	92,798,800
		149,941,477	440,750,632
7.1.2 Treasury Bond			
2 years treasury bond		-	-
05 years treasury bond		97,353,935	97,819,929
10 years treasury bond		647,743,992	352,984,634
15 years treasury bond		357,155,541	235,371,504
20 years treasury bond		325,118,130	70,564,085
		1,427,371,598	756,740,152
7.1.3 Investment in securities are classified as per Bangladesh Bank Circular			
Held for Trading (HFT)			
10 years Bangladesh Government Treasury Bond		-	-
15 years Bangladesh Government Treasury Bond		-	-
20 years Bangladesh Government Treasury Bond		-	-
		-	-



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	31.12.2020 Taka	31.12.2019 Taka
Held to Maturity (HTM)		
02 years Bangladesh Government Treasury Bond	-	-
05 years Bangladesh Government Treasury Bond	97,353,935	97,819,929
10 years Bangladesh Government Treasury Bond	647,743,992	353,088,235
15 years Bangladesh Government Treasury Bond	357,155,541	235,371,504
20 years Bangladesh Government Treasury Bond	325,118,130	70,675,581
	1,427,371,598	756,955,248
	1,427,371,598	756,955,248

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 the Bank has invested in Treasury bonds under HTM category as per said circular.

	31.12.2020 Taka	31.12.2019 Taka
7.2 Other investments		
Investments in Share (Note 7.2.1)	120,000,000	55,000,000
Investment in Zero Coupon Bond	175,970,364	99,994,942
Investment in Mutual Fund	50,000,000	-
Investment in Subordinate Bond	100,000,000	-
Investments in Commercial Paper	-	400,000,000
	445,970,364	554,994,942
7.2.1 Investments in shares		
Quoted	-	-
Unquoted	120,000,000	55,000,000
	120,000,000	55,000,000
7.3 Maturity grouping of investment in share and zero coupon bond		
Over 6 months but below 1 year	-	-
Over 1 year below 5 years	-	154,994,942
Over 5 years	295,970,364	-
	295,970,364	154,994,942
8. Loans and advances		
Loans, cash credits, overdrafts etc (Note: 8.1)	8,331,651,298	7,173,461,524
Bills purchased and discounted	-	-
	8,331,651,298	7,173,461,524
8.1 Loans, cash credits, overdrafts etc		
Loans	6,742,705,525	5,497,675,694
Overdrafts	1,588,945,773	1,675,785,830
Cash credits	-	-
	8,331,651,298	7,173,461,524
8.1.1 Maturity grouping of loans and advances		
Repayable – on demand	1,889,649,617	1,675,785,830
– upto 3 months	109,924	-
– over 3 months but below 1 year	1,580,015,007	-
– over 1 year but below 5 years	1,315,056,114	5,497,675,694
– over 5 years	3,546,820,635	-
	8,331,651,298	7,173,461,524
8.1.2 Broad category-wise breakup		
Loans	6,742,705,525	5,497,675,694
Overdrafts	1,588,945,773	1,675,785,830
	8,331,651,298	7,173,461,524

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8.1.3 Product wise Loans and Advances

Overdraft
Time loan
Term loan
Staff Loan

31.12.2020
Taka

31.12.2019
Taka

1,588,945,773
1,889,571,199
4,821,013,512
32,120,814
8,331,651,298

1,675,785,830
501,417,315
4,937,563,898
58,694,481
7,173,461,524

8.1.4 Net loans and advances

Gross loans and advances
Less: Provision for loans and advances

8,331,651,298
96,454,158
8,235,197,140

7,173,461,524
85,428,447
7,088,033,077

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

467,181,193
-
-
-
-
-
-
112,799,178
-
266,393,274
7,035,780,802
439,594,072
8,321,748,519
9,902,778
8,331,651,298

440,550,581
-
-
-
-
-
-
78,639,371
-
425,343,700
5,711,273,931
508,848,263
7,164,655,846
8,805,679
7,173,461,524

b. Unsecured

8.1.6 Loans and advances on the basis of significant concentration

- Loans and advances to the institutions in which Directors have interest
- Loans and advances to Chief Executive and other senior executives
- Loans and advances to customer groups:
 - Real estate finance
 - Car loan
 - Personal loan
 - Loan against deposits (LAD)
 - Small and medium enterprises
 - Special program loan (Bangladesh Bank refinancing scheme)
 - Staff loan
 - Industrial loans, advances and leases
 - Other loans and advances
- Details of industrial loans and advances
 - Trade and commerce
 - Industries
 - Garments and knitwear
 - Textile
 - Jute and jute -products
 - Food production and processing industry
 - Plastic industry
 - Leather and leather goods

-
-
36,848,376
-
174,485,213
7,871,842
176,093,076
110,731,854
414,064,622
-
6,881,852
-
4,393,878,630
-
-
-
657,886,264
-
-

-
-
55,746,833
-
141,921,490
8,339,011
139,622,770
584,284,696
84,851,946
-
18,326,684
-
4,376,367,942
-
-
-
74,710,880
-
-



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	31.12.2020 Taka	31.12.2019 Taka
vii) Iron, steel and engineering	-	-
viii) Pharmaceuticals and chemicals	-	-
ix) Cement and allied industry	-	-
x) Telecommunication and IT	-	-
xi) Paper, printing and packaging	-	-
xii) Glass, glassware and ceramic industry	-	-
xiii) Ship manufacturing industry	-	-
xiv) Electronics and electrical products	284,884,429	154,503,262
xv) Power, gas, water and sanitary service	535,948,213	516,766,102
xvi) Transport and aviation	-	-
3) Agriculture	15,338,143	1,295,207
4) Housing	23,776,465	375,713,543
5) Others	-	-
i) Loan to subsidiaries companies	-	-
ii) Others	1,492,962,319	641,011,157
	8,331,651,298	7,173,461,524

8.1.7 Particulars of Loans and advances

(i) Loans considered good in respect of which the Bank is fully secured	1,020,046,136	5,274,767,637
(ii) Loans considered good against which the Bank holds no security other than the debtors' personal guarantee	266,393,274	425,343,700
(iii) Loans considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	-	-
(iv) Loan adversely classified for which no provision is created	-	-
(v) Loans due by directors or officers of the Bank or any of them either separately or jointly with any other persons	-	-
(vi) Loans due from companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in case of private companies, as members	-	-
(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Bank or any of them either separately or jointly with any other persons [note 8.1.10 (a)]	43,730,228	58,694,481
(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	-	-
(ix) Due from other banking companies	-	-
(x) Information in respect of classified loans and advances:		
(a) Increase/(decrease) of provision (specific)	(5,044,602)	7,601,900
(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	1,446,712	31,178,639
(e) Interest creditable to interest suspense account	-	-
(xi) Written off loan:		
During the year	-	-
Cumulative to-date (as per Bangladesh Bank guidelines)	-	-
Cumulative to-date (in amicable settlement)	-	-
The amount of written off loans for which lawsuits have	-	-

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	31.12.2020 Taka	31.12.2019 Taka
8.1.8 Advances to customers for more than 10% of Bank's total capital		
Total capital of the Bank	4,160,000,000	4,000,000,000
Number of clients	5	5
Amount of outstanding advances	2,492,381,362	1,221,160,581
Amount of classified advances	-	-
Measures taken for recovery	-	-
8.1.9 Industry-wise loans and advances		
Working capital	2,039,614,040	729,404,600
Others	569,795,433	262,784,107
	2,609,409,473	992,188,707
8.1.10 Geographical location-wise (division) distribution		
In Bangladesh		
<u>Urban Branches</u>		
Dhaka	5,901,395,816	4,568,340,580
Chittagong	1,067,528,529	1,178,645,396
Khulna	338,394,362	322,918,490
Mymensingh	220,875,982	261,958,227
Sylhet	97,305,243	107,425,917
Barisal	-	-
Rajshahi	-	-
Rangpur	139,584,873	144,543,829
	7,765,084,806	6,583,832,438
<u>Rural Branches</u>		
Dhaka	-	-
Chittagong	496,982,959	554,173,983
Khulna	42,793,357	7,459,587
Mymensingh	26,790,175	27,995,516
Sylhet	-	-
Barisal	-	-
Rajshahi	-	-
Rangpur	-	-
	566,566,491	589,629,086
Outside Bangladesh		
	-	-
	8,331,651,298	7,173,461,524
8.1.11 Classification of loans and advances		
<u>Unclassified</u>		
Standard	8,324,161,835	7,137,556,346
Special Mention Account	1,575,605	4,726,539
	8,325,737,440	7,142,282,885
<u>Classified</u>		
Sub-Standard	3,848,378	29,128,909
Doubtful	629,262	585,513
Bad/Loss	1,436,217	1,464,217
	5,913,858	31,178,639
	8,331,651,298	7,173,461,524



Hoda Vasi Chowdhury & Co

		31.12.2020 Taka	31.12.2019 Taka
9. Fixed assets including premises, furniture and fixtures			
Freehold assets	(Note: 9.1)	238,259,775	284,171,323
Intangible assets	(Note: 9.2)	10,336,902	17,623,587
		248,596,677	301,794,910
9.1 Freehold assets			
A. Cost			
Opening Balance		363,212,888	146,248,963
Add : Addition during the year		8,515,681	216,963,926
		371,728,569	363,212,888
Less: Sales/ disposal during the year		-	-
		371,728,569	363,212,888
B. Accumulated depreciation			
Opening Balance		79,041,565	43,668,843
Add : Charged during the year		54,427,230	35,372,722
		133,468,795	79,041,565
Less: Adjusted during the year		-	-
		133,468,795	79,041,565
C. Written down value Total (A-B)		238,259,775	284,171,323
9.2 Intangible assets			
Opening Balance		17,623,587	26,867,934
Add: Addition during the year		282,999	448,906
		17,906,587	27,316,840
Less : Amortized during the year		7,569,684	9,693,253
		10,336,902	17,623,587
A schedule of fixed assets is given in Annexure-A			
10 Other Assets			
Income generating			
Income receivable on investment		34,111,866	37,264,845
Interest receivable from calls and placements		81,655,936	74,236,264
Interest receivable on loans & advances		31,584,159	36,954,762
Dividend receivable from preference share		2,044,352	3,143,021
Interest Receivable on Cards		392,159	156,280
Shanchaypatra Receivable		59,940,397	7,297,182
		209,728,868	159,052,354
Non-Income generating			
Advance rent		52,462,208	57,557,124
Advance income tax	(Note: 10.1)	230,393,741	133,963,801
Advance VAT		503,879	5,136,368
Advance, deposit & prepayments	(Note: 10.2)	22,122,141	23,167,510
Inventory	(Note: 10.3)	2,291,195	1,298,455
Other Receivables		106,337	479,216
Deferred tax asset	(Note: 13.3)	4,977,231	-
		312,856,731	221,602,474
		522,585,599	380,654,828

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		31.12.2020 Taka	31.12.2019 Taka
10.1 Advance income tax			
Opening Balance		133,963,801	72,341,749
Add: Paid during the year		96,429,940	61,622,052
		230,393,741	133,963,801
Less: Adjustment during the year		-	-
		230,393,741	133,963,801
10.2 Advance, deposit & prepayments			
House furnishing allowance		2,507,862	3,866,409
Temporary advance to staff		3,850,663	4,759,720
Prepaid/Deferred Expenses		15,763,617	14,541,382
		22,122,141	23,167,510
10.3 Inventory			
VISA Plastic card		1,698,000	524,370
Printing Stationary		485,315	477,375
Stamps (Judicial & Non- Judicial)		107,880	296,710
		2,291,195	1,298,455
11. Borrowings from other banks, financial institutions and agents			
In Bangladesh		-	-
Outside Bangladesh		-	-
		-	-
12. Deposit and other accounts			
Current deposits accounts	(Note: 12.1)	317,098,806	232,838,204
Bills payables	(Note: 12.2)	594,065,466	138,465,723
Savings bank deposit accounts	(Note: 12.3)	5,615,647,895	4,477,148,699
Fixed deposit accounts	(Note: 12.4)	6,574,938,297	5,218,669,410
Other deposits	(Note: 12.5)	53,633,994	46,704,988
		13,155,384,458	10,113,827,024
12.1 Current deposits accounts			
Corporate accounts		97,892,823	83,016,376
SME accounts		214,465,144	145,387,790
Individual		4,740,839	4,434,039
		317,098,806	232,838,204
12.2 Bills payables		594,065,466	138,465,723



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	31.12.2020 Taka	31.12.2019 Taka
12.3 Savings bank deposit accounts		
Shimanto Sanchay	489,763,773	534,053,494
SMBL SHOPNO	1,913,387	132,057
SMBL Staff Salary Account	7,924,186	7,688,755
BGB Payroll Account	215,615,153	143,176,722
SMBL SND Account (Corporate)	4,412,062,823	3,360,470,508
SMBL SND Account (SME)	325,049,669	235,535,104
SMBL Payroll	10,709,219	7,596,258
BGB School Payroll Account	77,018,126	103,331,021
RFCD Account (USD)	1,835,729	2,539,255
BGB School PF Account	55,308,050	65,308,012
BGB School Gratuity Account	11,070,474	16,166,706
Shimanto Student Account	7,377,305	1,150,808
	5,615,647,895	4,477,148,699
12.4 Fixed deposit accounts		
Fixed Deposit -1M -Retail	161,728,711	177,615,639
Fixed Deposit -3M -Retail	127,751,645	207,952,255
Fixed Deposit -6M -Retail	202,555,836	79,838,781
Fixed Deposit -1Year -Retail	154,048,361	97,154,070
Fixed Deposit -2Year -Retail	9,335,000	104,950
Fixed Deposit -3Year -Retail	310,050	200,000
Monthly Interest bearing FDR- Asthai Obsor	750,093,500	560,565,000
Fixed Deposit -1M -Corporate	14,694,157	31,645,608
Fixed Deposit -3M -Corporate	1,406,445,566	901,062,288
Fixed Deposit -6M -Corporate	292,843,421	187,061,267
Fixed Deposit -1Year -Corporate	1,391,499,506	689,328,328
Fixed Deposit -2Year -Corporate	7,032,089	-
Fixed Deposit -3Year -Corporate	113,360,000	106,975,000
Special Fixed Deposit for 89 days - Corporate	1,649,371,470	1,993,638,301
Shimanto DPS	200,557,641	122,231,846
Shimanto Student DPS	3,998,886	1,146,530
Fixed Deposit -1M -SME	26,243,500	7,000,000
Fixed Deposit -3M -SME	28,701,265	1,506,250
Fixed Deposit -6M -SME	26,653,898	-
Fixed Deposit -1Year -SME	7,413,794	53,643,298
Fixed Deposit -2Year -SME	300,000	-
	6,574,938,297	5,218,669,410
12.5 Other deposits		
Margin on L/C	5,885,323	4,476,237
Margin on BG Local - Corporate	6,289,516	6,475,844
Margin on SG - SME	3,878,475	4,260,147
Margin on BG Local - SME	-	781,263
Provident Fund	1,619,968	1,647,744
Provision for Gratuity	4,024,000	3,363,227
Advance Fund - Ria	668,990	95,290
OD in Positive Balance	2,405	5,308
Advance Deposit-Xpress Money	237,280	374,180
Security Deposit-Xpress Money	421,000	421,000
Consolidated Prepaid Card Account	1,900,799	1,278,978
BB Fund for Corporate Refinancing	25,026,448	-
Security Deposit Held from Vendor	3,679,791	23,525,770
	53,633,994	46,704,988
12.6 Maturity analysis of deposits and other deposits		
Repayable – on demand	911,164,272	258,326,333
– within 1 month	7,467,685,734	1,567,201,985
– over 1 month but within 3 months	1,616,532,471	2,081,352,658
– over 3 months but within 1 year	2,075,014,815	4,003,423,345
– over 1 year but within 5 years	1,084,987,166	2,001,561,852
– over 5 years	-	201,960,852
	13,155,384,458	10,113,827,025

	31.12.2020 Taka	31.12.2019 Taka
12.7 Sector-wise break up of deposits and other accounts		
Autonomous & Semi-Autonomous Bodies	7,933,266,478	6,231,743,476
Other Non-financial Corporations- Private	1,277,317,067	1,643,751,080
Private	3,029,465,419	2,238,327,161
	12,240,048,964	10,113,821,717
13. Other liabilities		
Accumulated provision against loans and advances (Note 13.1)	84,819,158	84,719,554
Provision for Mutual Fund	600,000	-
Special General Provision- COVID-19	11,035,000	-
Provision for current tax (Note 13.2)	356,661,372	219,813,662
Accounts payable -Interest payable	101,063,489	62,170,487
Shanchaypatra payable	500,000	1,200,000
ATM settlement (NPSB/Q-Cash) payable	3,463,761	224,200
Accrued expenses	38,318,083	41,225,779
Excise duty payable	12,091,100	9,798,501
Tax payable (At source)	7,879,492	11,495,240
VAT payable	2,432,449	2,350,054
Deferred tax liability (Note 13.3)	-	779,516
POS settlement account payable	-	250,174
BACH clearing charge payable	(70,927)	10,000
EFTN Outward Adjustment	53,579,132	354,509
Sundry Creditors	288,809	75,156
Transactional Accounts	253,153,651	-
ATM replanishment GL	-	4,701,237
Provision for off balance sheet items (Note 13.4)	3,889,589	708,893
Payable to SSL for ATM Settlement	182,513	218,579
Payable to ITCL	148,693	85,555
MFS Payable	559,041	-
Interest Suspense Account (Note 13.5)	572,854	296,314
CIB Payable	177,750	-
	931,345,009	440,477,411
13.1 Accumulated provision against loans and advances		
<u>The movement in specific provision for bad and doubtful debts</u>		
Opening balance	7,601,900	1,996,356
Fully provided debts written off during the year (-)	-	-
Recovery of amounts previously written off (+)	-	-
Specific provision made during the year (+)	-	5,605,544
Transferred to general provision of loans and (-)	(5,060,586)	-
Transfer from general reserve (+)	-	-
Recoveries and provision no longer required (-)	-	-
Net charge to Profit and Loss Account (+)	-	-
Closing Balance	2,541,314	7,601,900
Total provision on classified loans and advances	2,541,314	7,601,900
<u>On unclassified loans</u>		
Opening Balance	77,117,654	65,771,115
Transfer from specific provisions (+)	5,060,586	7,601,900
Transfer from general reserve (-)	-	-
General provision made during the year (+)	99,604	11,346,539
Balance at the year ended	82,277,844	84,719,554
Total provision on un-classified loans and advances	77,217,258	77,117,654
Total provision on loans and advances	84,819,158	84,719,554



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	31.12.2020 Taka	31.12.2019 Taka
Provision for	Required	Maintained
Un-classified loans and advances	81,809,753	77,117,654
Classified loans and advances	2,306,534	7,601,900
	84,116,288	84,719,554
13.1.1 Details of provision for loans and advances		
	Required	Required
General Provision	81,809,753	77,117,654
Standard	81,793,769	77,070,208
Special Mention Account	15,984	47,446
Specific Provision	2,306,534	7,601,900
Substandard	705,375	5,831,293
Doubtful	273,273	295,095
Bad/Loss	1,327,887	1,475,512
13.2 Provision for current tax		
Opening Balance	219,813,662	105,212,099
Add: Provision made during the year	136,847,710	114,601,562
	356,661,372	219,813,662
Less: Settlement made during the year	-	-
	356,661,372	219,813,662
13.3 Deferred tax liability		
Temporary timing difference in written down value of fixed asset		
Carrying amount of fixed assets	248,674,121	301,794,910
Tax base	261,117,199	299,716,200
Taxable Temporary difference	(12,443,078)	2,078,710
Tax rate	40.00%	37.50%
Deferred tax liability	(4,977,231)	779,516
Opening deferred tax liability	779,516	3,016,383
Deferred tax expense/ (income)	(5,756,747)	(2,236,867)
	(4,977,231)	779,516
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	708,893	8,037,509
Add: Addition during the year	3,180,696	(7,328,616)
	3,889,589	708,893

The Bank has made a provision of Tk 3,180,696 @ 1.00% on off balance sheet exposure (i.e. Acceptance & 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.3,889,589 is deemed sufficient on requirement and will be treated as Supplementary Capital of the Bank.

13.5 Interest suspense account

		31.12.2020 Taka	31.12.2019 Taka
Balance at 01 January		296,314	116,321
Transfer during the year	(+)	464,542	179,993
Recovery during the year	(-)	(188,002)	-
Waiver during the year		-	-
Write off during the year	(-)	-	-
Balance at 31 December		572,854	296,314

14. Share Capital

14.1 Authorised Capital

100,000,000 ordinary shares of Taka 10 each

10,000,000,000 10,000,000,000

14.2 Issued, Subscribed and Paid-up Capital

416,000,000 ordinary shares of Taka 10 each issued for cash

4,160,000,000 4,000,000,000

14.3 Percentage of shareholding

Particulars	As at 31 December 2020		31.12.2019
	Capital	% of Holdings	% of Holdings
Sponsors and public	4,160,000,000	100	100
Government	-	-	-
	4,160,000,000	100	100

14.4 Classification of shareholders by holding

Holding	No. of holders 31.12.2020	% of total holding 31.12.2020	% of total holding 31.12.2019
Upto 500	8	88.89%	90.00%
501 to 5,000	-	0.00%	0.00%
5,001 to 10,000	-	0.00%	0.00%
10,001 to 20,000	-	0.00%	0.00%
20,001 to 30,000	-	0.00%	0.00%
30,001 to 40,000	-	0.00%	0.00%
40,001 to 50,000	-	0.00%	0.00%
50,001 to 100,000	-	0.00%	0.00%
100,001 to 1,000,000	-	0.00%	0.00%
Over 1,000,000	1	11.11%	10.00%
	9	100.00%	100.00%

14.5 Names of the Directors and their shareholding as at 31 December 2020

Name of the Director	Status	31.12.2020 No of Share	31.12.2019 No of Share
BGB Welfare Trust	Sponsor	415,999,992	399,999,991
Major General Md Shafeenul Islam, BGBM, ndc, psc	Chairman	1	1
Brig Gen Md Jalal Ghani Khan, ndc, psc	Director	1	-
Brig Gen Md Towhidul Islam, PBGM, afwc, psc	Director	1	1
Brig Gen Benazir Ahmed, afwc, psc	Director	1	-
Brig Gen A M M Khairul Kabir, psc	Director	1	-
Colonel Md Rashidul Alam, BGBMS, PBGMS	Director	1	1
Col Abu Sayed Al masud, BGBMS, psc	Director	1	1
Col Md. Mahfuzer Rahman, PBGM, psc, PEng, MSc	Director	1	1
Brig Gen Abu Taher Muhammad Ibrahim, ndc	Director	-	1
Brig Gen Khondakar Shahidul Ghani, MPH	Director	-	1
Brig Gen Khondoker Farid Hassan, PBGM (BAR),	Director	-	1
Brig Gen Moazzem Hossain, BGBM, PhD	Director	-	1
		416,000,000	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)	31.12.2020 Taka	31.12.2019 Taka
Common Equity Tier 1 Capital (CET 1)		
Paid up capital	4,160,000,000	4,000,000,000
Statutory reserve	167,735,983	101,310,320
General reserve	-	-
Surplus in profit and loss account/ Retained earnings	140,030,415	165,418,725
Total Common Equity Tier 1 Capital (CET 1)	4,467,766,399	4,266,729,044
Additional Tier 1 Capital (AT 1)	-	-
(i) Total Tier - I Capital	4,467,766,399	4,266,729,044
Tier - II Capital (gone concern capital)		
General provision including off-balance sheet exposure	97,802,433	77,826,547
Asset revaluation reserve (50%)	-	-
Revaluation reserve for HTM & HFT securities	4,568,385	956,968
Non-convertible subordinated bond	-	-
	102,370,818	78,783,515
Regulatory Adjustment (if any)	-	-
(ii) Total Tier - II Capital	102,370,818	78,783,515
A. Total Eligible Capital (i+ii)	4,570,137,217	4,345,512,559
B. Risk Weighted Assets		
Credit risk		
Balance sheet business	7,893,599,584	7,368,047,771
Off- balance sheet business	354,607,139	44,078,583
	8,248,206,723	7,412,126,354
Market risk	-	-
Operational risk	415,074,054	792,746,852
Total risk-weighted assets	8,663,280,777	8,204,873,206
C. Required Capital based 10% of RWA i.e Taka or 4160,000,000 whichever is higher	4,160,000,000	4,000,000,000
D. Capital Surplus / (Shortfall) [A-C] (except capital conservation buffer 2.5%)	410,137,217	345,512,559
Total capital adequacy ratio (%)	52.75%	52.96%

Capital requirement	31.12.2020	
	Required	Held
Tier - I Capital (Going Concern Capital)	6.00%	51.57%
Tier - II Capital (Gone Concern Capital)	-	1.18%
Total	12.50%	52.75%

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.

Hoda Vasi Chowdhury & Co

	31.12.2020 Taka	31.12.2019 Taka
15. Statutory reserve		
Opening balance	101,310,320	43,458,434
Add: Addition during the year	66,425,663	57,851,886
	167,735,983	101,310,320
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	165,418,725	46,375,878
Less: Stock dividend paid	160,000,000	-
Add: Profit after tax for the year	201,037,353	176,894,733
	206,456,078	223,270,611
Less: Transferred to statutory reserve	66,425,663	57,851,886
	140,030,415	165,418,725
16.1 Other Reserves		
Opening balance	956,968	-
Add: Revaluation Reserve -T Bond & Bill	3,611,417	956,968
Less: Transfer due to Income	-	-
	4,568,385	956,968
17. Profit and loss account		
<u>Income:</u>		
Interest, discount and similar income	1,178,537,410	1,071,302,650
Investment Income	102,745,042	59,982,500
Fee, commission and brokerage	29,916,632	22,344,917
Other operating income	-	-
	1,311,199,085	1,153,630,067
<u>Expenses:</u>		
Interest paid on deposits, borrowings, etc.	504,398,193	411,493,608
Interest, fee and commission	-	-
Administrative expenses	221,138,888	309,340,570
Other operating expenses	171,863,612	87,405,386
Depreciation and amortization on banking assets	61,919,469	45,125,072
	959,320,162	853,364,636
	351,878,923	300,265,431
18. Interest income		
Interest on loans and advances:		
Loans and advances	687,051,137	690,453,836
Interest on:		
Calls and placements	215,044,925	167,599,099
Balance with other Banks	229,415,646	180,967,393
Interest income from Commercial Paper	47,025,701	32,449,763
	491,486,273	381,016,255
	1,178,537,410	1,071,470,091



Hoda Vasi Chowdhury & Co

	31.12.2020 Taka	31.12.2019 Taka
19. Interest paid on deposits, borrowings etc.		
Interest on deposits:		
Fixed deposits	404,846,706	264,310,857
Savings deposits	99,390,206	141,951,829
Other deposits	161,282	4,998,561
	504,398,193	411,261,247
Interest on borrowings:		
Local banks, financial institutions including Bangladesh Bank	-	232,361
Subordinated Bond	-	-
	-	232,361
	504,398,193	411,493,608
20. Investment income		
Dividend on shares	9,848,681	5,362,500
Interest on treasury bonds	111,457,321	68,452,841
Gain/(Loss) on treasury bills and treasury bonds	(19,294,822)	(13,445,560)
	102,011,179	60,369,781
21. Commission, exchange and brokerage		
Other fees, commission and service charges	24,532,453	21,802,612
Commission on letters of credit	4,712,519	270,989
Commission on letters of guarantee	671,660	271,317
	29,916,632	22,344,917
22. Salary and allowances		
Basic salary, provident fund contribution and all other allowances	200,360,888	204,579,278
Provision for Special Allowance for Covid-19	10,000,000	-
Festival and incentive bonus	-	10,000,000
	210,360,888	214,579,278
23. Rent, taxes, insurance, electricity etc.		
Rent, rates and taxes	76,850,517	65,070,690
Electricity, gas, water, etc.	6,078,517	8,958,760
Insurance	3,261,225	4,659,937
	86,190,259	78,689,388
24. Legal expenses		
Legal expenses	4,144,530	3,166,027
25. Postage, stamp, telecommunication, etc.		
Telephone	499,173	105,447
Postage, stamp, Courier and shipping	3,685,543	777,329
Telex, fax, internet, wireless link, SWIFT etc.	6,183,607	5,751,991
Branch Connectivity Charges	6,993,638	8,057,855
	17,361,960	14,692,622
26. Stationery, printing, advertisements, etc.		
Printing and stationery	3,191,587	4,021,971
Publicity, advertisement, etc.	4,588,684	7,559,627
	7,780,270	11,581,599

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	31.12.2020 Taka	31.12.2019 Taka
27. Directors' fees		
Directors' fees	600,000	656,000
Meeting expenses	236,980	373,053
	836,980	1,029,053
Directors' fees include fees for attending the meeting of the Board, Executive Committee and Audit Committee.		
28. Auditors' fees		
Statutory Audit	379,500	1,009,500
29. Amortization & Depreciation and repairs of Bank's assets		
<u>Amortization & Depreciation :</u>		
Computer and Network equipment	25,338,189	19,773,516
Furniture & Fixture - Office	8,126,392	3,560,622
Office Equipment	13,956,111	9,374,943
Motor Vehicle	35,280	26,460
Software	7,569,684	9,693,253
Decoration & Renovation	6,971,257	2,637,180
	61,996,914	45,065,974
<u>Repairs:</u>		
Computer Accessories	1,095	99,638
Furniture & Fixture	51,103	21,144
Motor Vehicles	267,392	347,312
Repair & Maintenance Electricity	66,529	197,421
Computer & Network Equipment	8,696,632	366,310
Building & Decoration	603,930	1,335,201
Software Maintenance	4,671,407	5,132,956
Equipment	234,504	437,731
	14,592,593	7,937,711
<u>Spare Parts:</u>		
Computer, Network & Softwares	192,033	294,015
Electricity & Lighting	322,513	15,136
Equipment	-	231,037
Furniture & Fixture	28,260	3,760
Motor Vehicles	207,187	415,886
	749,992	959,833
	77,339,498	53,963,519
30. Other expenses		
Bank Charges	7,045,193	3,399,452
Branch Opening Cost	593,532	618,874
Local Conveyance	329,597	384,924
Client Entertainment	434,872	522,537
Staff Entertainment	865,598	1,136,790
Meeting Expenses	843,968	1,341,993
Fuel & Lubricant - Vehicle	765,688	884,853
Books and periodicals	44,336	138,107
Office maintenance (Cleaning, Washing and Other items)	1,763,767	869,344
Training Expenses	507,551	1,729,462
Travelling Expenses	1,529,615	2,523,862
WEB Site Maintenances	21,220	18,935
Cash Carrying Charges	-	139,150
Fees to credit rating Agency	215,000	215,000
Fees to surveyor	145,686	128,612
Miscellaneous Expenses	100,340	1,744,699



Hoda Vasi Chowdhury & Co

	31.12.2020 Taka	31.12.2019 Taka
Recruitment Expenses	31,987	77,893
Events and Occasional Expenses	688,317	2,145,327
Exchange Loss on Foreign Currencies	1,203,066	-
Card Related Expenses	8,534,965	6,289,953
Excise Duty	2,068,800	1,091,000
Donations	1,000,000	8,195,185
Membership fees	194,755	1,660,750
Expense For new Projects	129,409	1,210,081
Contractual Services (Vehicle Expenses)	11,370,265	12,309,258
	40,427,528	48,776,040
31. Provision against loans and advances		
On un-classified loans	19,975,886	4,017,923
On classified loans	(5,060,586)	7,601,900
	14,915,300	11,619,823
32. Appropriations		
Retained earnings - brought forward	165,418,725	46,375,878
Less: Stock dividend paid	160,000,000	-
Add: Profit after tax for the year	201,037,353	176,894,733
	206,456,078	223,270,611
Transferred to		
Statutory reserve	66,425,663	57,851,886
General reserve	-	-
	66,425,663	57,851,886
Retained earnings	140,030,415	165,418,725
33. Earnings Per Share (EPS)		
Profit after taxation	201,037,353	176,894,733
Number of ordinary shares outstanding	416,000,000	400,000,000
Earnings Per Share	0.483	0.442
Restatement of EPS for bonus share issue:		
Bonus fraction	-	0.96
	-	0.425
34. Receipts from other operating activities		
Interest on treasury bills, bonds, debenture and others	111,457,321	68,452,841
Gain/(Loss) on treasury bills and treasury bonds	(19,294,822)	(13,445,560)
	92,162,499	55,007,281
35. Payments for other operating activities		
Rent, taxes, insurance, electricity, etc.	86,190,259	78,689,388
Postage, stamps, telecommunication, etc.	17,361,960	14,692,622
Stationery, printing, advertisement, etc.	7,780,270	11,581,599
Repairs of Bank's assets	14,592,593	7,937,711
Legal expenses	4,144,530	3,166,027
Auditor's fees	379,500	1,009,500
Directors' fees	836,980	1,029,053
Other expenses	40,427,528	48,776,040
	171,713,620	166,881,940

"Earnings Per Share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2020 in terms of International Accounting Standard (IAS)-33. As there was no scope for dilution of shares, no diluted EPS required to be calculated for the year ended 31 December 2020."

36. Highlights of the overall activities of the Bank

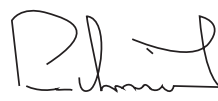
SI #	Particulars	2020 Taka	2019 Taka
1	Paid-up capital	4,160,000,000	4,000,000,000
2	Total capital	4,160,000,000	4,000,000,000
3	Capital surplus	410,137,217	345,512,559
4	Total assets	18,559,064,251	14,821,990,448
5	Total deposits	13,155,384,458	10,113,827,024
6	Total loans and advances	8,331,651,298	7,173,461,524
7	Total contingent liabilities and commitments	388,958,835	70,889,297
8	Credit-deposit ratio	63.33%	70.93%
9	Profit after tax and provision	201,037,353	176,894,733
10	Provision kept against classified loans	2,306,534	7,601,900
11	Provision surplus/ (deficit)	-	-
12	Cost of fund	7.16%	8.35%
13	Interest earning assets	16,779,153,669	13,262,315,110
14	Non-interest earning assets	1,779,910,582	1,559,675,338
15	Return on investments (ROI)	5.33%	4.80%
16	Return on assets (ROA)	1.20%	1.35%
17	Income from investments	102,011,179	60,369,781
18	Earnings per share (Restated-2019)	0.483	0.425
19	Net Income per share (Restated-2019)=	0.483	0.425



Maj Gen Md Shafeenul Islam,
BGBM (BAR), ndc, psc
Chairman



Brig Gen Benazir Ahmed,
BGBMS, afwc, psc
Director



Brig Gen A M M Khairul Kabir,
BGBMS, psc
Director



Muklesur Rahman
Managing Director & CEO

Dated : 05 August 2021



37. Related Party Disclosures

A. i) Name of the Directors and their interest in the Bank as on 31.12.2020:

SL#	Name	Address	Designation	Number of Shares approved by the Board
1	BGB Welfare Trust	Shimanto Shomvar, Dhanmondi, Dhaka	Sponsor	415,999,992
2	Major General Md Shafeenul Islam, BGBM, ndc, psc	Director General, Border Guard Bangladesh	Chairman	1
3	Brig Gen Md Jalal Ghani Khan, ndc, psc	ADG (Ops & Trg), Border Guard Bangladesh	Director	1
4	Brig Gen Md Towhidul Islam, PBGM, afwc, psc	ADG (Admin), Border Guard Bangladesh	Director	1
5	Brig Gen Benazir Ahmed, afwc, psc	ADG (HQ), Border Guard Bangladesh	Director	1
6	Brig Gen A M M Khairul Kabir, psc	Bureau Chief, BSB, Border Guard Bangladesh	Director	1
7	Colonel Md Rashidul Alam, BGBMS, PBGMS	DDG (Logistics), Border Guard Bangladesh	Director	1
8	Col Abu Sayed Al Masud, PGBMS, psc	DDG (Record), Border Guard Bangladesh	Director	1
9	Col Md. Mahfuzer Rahman, PBGM, psc, PEng, MSc	DDG (Works), Border Guard Bangladesh	Director	1
				416,000,000

ii) Name of the Directors and their interest in the Bank (as on 31.12.2019):

SL#	Name	Address	Designation	Number of Shares approved by the Board
1	BGB Welfare Trust	Shimanto Shomvar, Dhanmondi, Dhaka	Sponsor	399,999,991
2	Major General Md Shafeenul Islam, BGBM, ndc, psc	Director General Border Guard Bangladesh	Chairman	1
3	Brig Gen Abu Taher Muhammad Ibrahim, ndc	Bureau Chief, BSB Border Guard Bangladesh	Director	1
4	Brig Gen Khondakar Shahidul Ghani, MPH	Addl DG (Med) 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 Moazzem Hossain, BGBM, PhD	Addl DG (Admin) Border Guard Bangladesh	Director	1
7	Colonel Md Rashidul Alam	DDG (Logistics) Border Guard Bangladesh	Director	1
8	Colonel Md Towhidul Islam, PBGM, afwc, psc	DDG (Communication) Border Guard Bangladesh	Director	1
9	Col Abu Sayed Al Masud, PGBMS, psc	DDG (Record) Border Guard Bangladesh	Director	1
10	Col Md. Mahfuzer Rahman, PBGM, psc, PEng, MSc	DDG (Works) Border Guard Bangladesh	Director	1
				400,000,000

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

SL#	Name	Address	Designation	% of interest
1	BGB Welfare Trust	Shimanto Somvar, Dhanmondi, Dhaka	Sponsor	99.9999980%
2	Major General 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 Zaved Sultan, BGBMS	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
9	Assistant Director Md Mahbubur Rashid	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
Total			40, 00, 00,000 (Fully Paid Up)	

iv) Name of Directors and their interest in different entities as on 31.12.2020

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, BGBM, ndc, psc	Border Guard Bangladesh	Chairman	N/A
3	Brig Gen Md Jalal Ghani Khan, ndc, psc	Border Guard Bangladesh	Director	N/A
4	Brig Gen Md Towhidul Islam, PBGM, afwc, psc	Border Guard Bangladesh	Director	N/A
5	Brig Gen Benazir Ahmed, afwc, psc	Border Guard Bangladesh	Director	N/A
6	Brig Gen A M M Khairul Kabir, psc	Border Guard Bangladesh	Director	N/A
7	Colonel Md Rashidul Alam, BGBMS, PBGMS	Border Guard Bangladesh	Director	N/A
8	Col Abu Sayed Al Masud, PGBMS, psc	Border Guard Bangladesh	Director	N/A
9	Col Md. Mahfuzur Rahman, PBGM, psc, PEng, MSc	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 2020

Annexure-A

Particulars	Computer & Network	Software	Furniture and Fixtures	Office Equipment	Motor Vehicle	Decoration & Renovation	Total
Cost/ Revaluation							
Balance as at 01.01.20	122,245,494	43,371,540	84,332,677	85,980,644	176,400	70,477,672	406,584,427
Addition during the year	2,872,462	282,999	506,776	1,623,665	-	3,512,778	8,798,681
Less: Disposal/Adjustment during the year	-	-	-	-	-	-	-
As At 31 December 2020	125,117,956	43,654,539	84,839,453	87,604,309	176,400	73,990,450	415,383,108
Accumulated Depreciation							
Balance as at 01.01.20	46,958,908	25,747,953	7,713,770	19,186,106	26,460	5,156,320	104,789,518
Addition during the year	25,338,189	7,569,684	8,126,392	13,956,111	35,280	6,971,257	61,996,913
Less: Disposal/Adjustment during the year	-	-	-	-	-	-	-
As At 31 December 2020	72,297,098	33,317,638	15,840,162	33,142,217	61,740	12,127,577	166,786,431
As at 31 December 2020	52,820,858	10,336,902	68,999,291	54,462,092	114,660	61,862,873	248,596,677
As at 31 December 2019	75,286,586	17,623,587	76,618,907	66,794,538	149,940	65,321,352	301,794,910





SHIMANTO BANK LIMITED

শিমন্তো ব্যাংক লিমিটেড

Head Office & Registered Office

Shimanto Shamvar (7th Floor), Shimanto Square, Road No- 2, Bir Uttam M A Rob Sarak
Dhanmondi, Dhaka-1205, Bangladesh. Cell: +8809612-880000
E-mail: information.desk@shimantobank.com, Web:www.shimantobank.com

PROXY FORM

I/We.....

Of.....

.....being a Shareholder/Member of Shimanto Bank Limited, do hereby appoint Mr. /Mrs.

.....

of.....

either of them may, in writing, appoint anyone to act as my proxy at the 5th Annual General Meeting of the Company to be held on Monday, 27 September 2021 and at any adjournment thereof.

As Witness my/our hand this..... day of.....2021

Signature of Proxy

Revenue
Stamp of
Tk. 20/=

Signature of Shareholder(s)

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

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

No. of shares held.....

Notes:

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



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ATTENDANCE SLIP

I/we do hereby record my/ our attendance at the 5th Annual General Meeting (AGM) of the Company being held on Monday, 27 September 2021 at 1200 hours at the Digital Platform (Zoom Cloud Meeting).

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

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

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

No. of Shares held:

Signature of Shareholder(s) / Proxy

Note: Please present this attendance slip at the registered address of the Bank counter before 1000 hours of the AGM date. Children and Non-Shareholders will not be allowed at the meeting.



SHIMANTO BANK LIMITED

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