



# ANNUAL REPORT 2021



**SHIMANTO BANK LIMITED**

শিমন্ত ব্রাংক লিমিটেড  
শিমন্তিণ অংশ

# ANNUAL REPORT 2021



**SHIMANTO BANK LIMITED**

শিমন্তা ব্যাংক লিমিটেড  
শিমন্তা বীজ

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of 'Annual Report 2021'



Date of Publication : 15 June 2022





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## Letter of Transmittal

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Date: 15 June 2022

All Shareholders of Shimanto Bank Ltd,  
Bangladesh Bank,  
Bangladesh Securities and Exchange Commission,  
Financial Reporting Council,  
Registrar of Joint Stock Companies & Firms and  
Other Stakeholders.

Dear Sir,

### **ANNUAL REPORT FOR THE YEAR 2021.**

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 2021. 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 FCS**  
Company Secretary



## Notice of the Sixth Annual General Meeting (AGM)

Notice is hereby given that the 6<sup>th</sup> Annual General Meeting (AGM) of Shimanto Bank Limited will be held on Tuesday, June 21, 2022 at 1900 Hours at Shaheed Captain Ashraf Hall, Peelkhana, Dhaka-1205 to transact the following business:

**Agenda:**

01. To receive and approve the report of the Board of Directors regarding the affairs of the company for the year ended on December 31, 2021
02. To receive, consider and adopt the Accounts for the year ended on December 31, 2021 together with the Auditor's Report
03. To approve dividend for the year ended on December 31, 2021
04. To appoint Auditors for the year ending on 2022 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: : 29 May 2022

By Order of the Board

**Mohammad Mostafa Hossain Suman FCS**  
Company Secretary

**Notes:**

1. The Book Closure will be on 7<sup>th</sup> June 2022. The Shareholders whose names would appear in the Register of Members of the Company on the 'Book Closure Date' (7<sup>th</sup> June 2022) will be eligible to attend the 6<sup>th</sup> AGM and receive Dividend.
2. The Board of Directors has recommended Stock Dividend.
3. 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.
4. For the sake of convenience, shareholders are requested to submit their queries if any, on the Directors' Report/Audited Accounts for the year 2021 at the Registered Office of the Company preferably 72 hours before the day of the Annual General Meeting.



## VISION

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



## CORE VALUES

- ✓ Customer Centric
- ✓ Dynamism & Techno Centric
- ✓ Innovativeness
- ✓ Trust Worthiness & Integrity



## MISSION

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



# CORPORATE DIRECTORY

**Name of the Company**

Shimanto Bank Ltd

**Legal Form**

Public Limited Company & Scheduled Commercial Bank

**Capital (December 31, 2021)**

Authorized Capital : BDT 10,000,000,000.00

Paid-up Capital : BDT 4,284,800,000.00

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 Shakil Ahmed, SPP, nswc, afwc, psc

**Managing Director & CEO (Current Charge)**

Rafiqul Islam

**Company Secretary**

Mohammad Mostafa Hossain Suman FCS

**Auditors**

Hoda Vasi Chowdhury & Co Chartered Accountants

**Accounting Year-end**

December 31, 2021

**Credit Rating Agency**

Credit Rating Information and Services Ltd (CRISL)

**Head Office & Registered Office**

Shimanto Shamvar (7<sup>th</sup> Floor), Shimanto Square,  
Road No- 2, Bir Uttam M A Rob Sarak

Dhanmondi, Dhaka-1205, Bangladesh.

E-mail : [information.desk@shimantobank.com](mailto:information.desk@shimantobank.com)

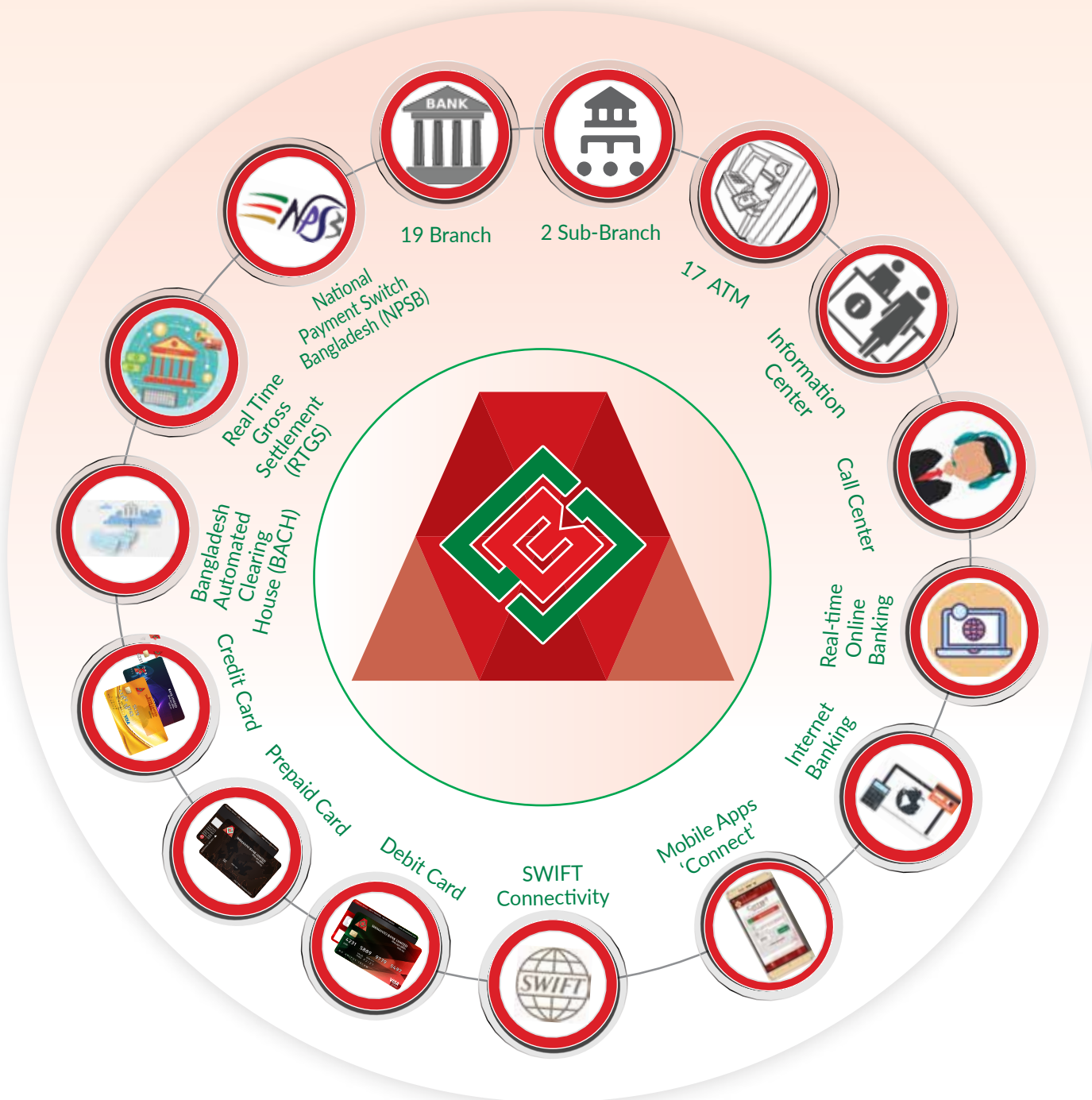
**SWIFT Code : SHMTBDDD**

Routing No : 305260008



# Delivery Channel

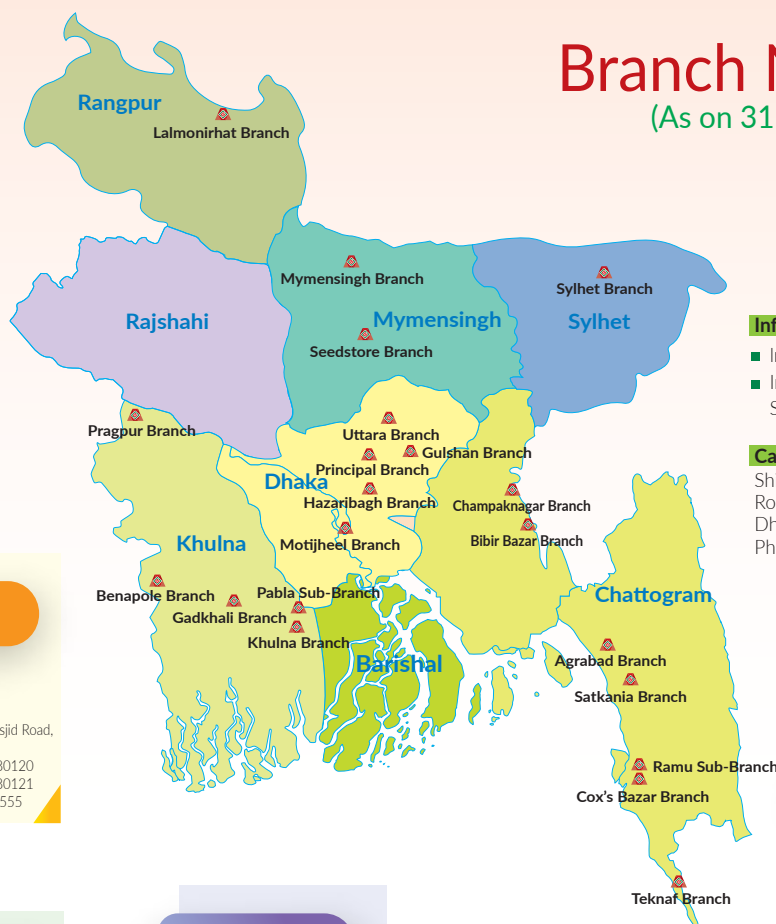
(As on 31 December, 2021)





# Branch Network

(As on 31 December 2021)



## 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.  
Phone: +8809612880100,  
+8809612880101  
Routing No: 305520469

## MYMENSINGH

### Mymensingh Branch

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

### Seedstore Branch

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

## KHULNA

### Khulna Branch

Milton Tower, 2nd floor,  
Holding no-64  
K D A Avenue Road, Khulna.  
Phone: +8809612-880170,  
+88 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 Bazaar  
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

### Pabla Sub-Branch

(Under Khulna Branch)  
Mosgunni Main Road,  
Notun Raster Mor, Pabla  
Word no: 06, Khulna  
City Corporation  
Dawatpur, Khulna.  
Phone: +88 09612880178

## DHAKA

### Principal Branch

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

### Motijheel Branch

Krishni Bhaban, 49-51 Diliksha  
Commercial Area, Dhaka-1000.  
Phone: +8809612-880060  
+8809612-880061  
Routing No: 305274249

### Uttara Branch

Plot No. 38, Rabindra Sarani,  
Sector-7, Uttara, Dhaka-1203.  
Phone: +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

### Gulshan Branch

Hosna Center (1st Floor), 106 Gulshan  
Avenue, Gulshan, Dhaka-1212.  
Phone: +8809612880190,  
+8809612880191  
Routing Number: 305261728

## 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: +88 01769630360  
+88 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 Bijoynagar, Brahmanbaria.  
Phone: +8809612-880130  
+8809612-880131  
Routing No: 305120180

### Ramu Sub Branch

(Under Cox's Bazar Branch)  
Habib Market (1st Floor), Arkan Sarak,  
Chawmuhoni Mor, Ramu, Cox's Bazar.  
Phone: +88 09612880088  
+8809612880089





# PRODUCTS AND SERVICES

## RETAIL BANKING

### RETAIL DEPOSIT PRODUCTS

#### 1. SMBL Current Account

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

#### 2. Shimanto Sanchay Account

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

#### 3. Payroll Account

Payroll Account is an interest bearing taka account to facilitate the BGB 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. SBL 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. SBL 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. SBL 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. SBL Professional Loan

SBL 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. SBL Easy Cash

A secured overdraft facility for any legitimate personal or business purpose up to Tk.10.00 crore against FDR or cash.

### 7. SBL Shimanto Nir (Home Loan for BGB members)

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

### 8. SBL 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. SBL Education Loan

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

### 10. SBL Marriage Loan

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

### 11. SBL Pension Backed Loan

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

### 12. SBL Salary OD

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

### 13. SBL Credit Cards

A dual currency credit card offered to salaried individuals, business persons and professionals with an attractive credit limit. It's a convenient and flexible way to pay for purchases made at home and abroad. It's operable anywhere at anytime around the globe. SBL Credit Card is the perfect prospect for customer rather to carry large amount of cash. These credit cards are accepted in millions of ATM, POS Terminal and e-commerce portal across the world.



**Shimanto Bank launches  
0% EMI Program  
for it's Credit Cardholders**



# 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)

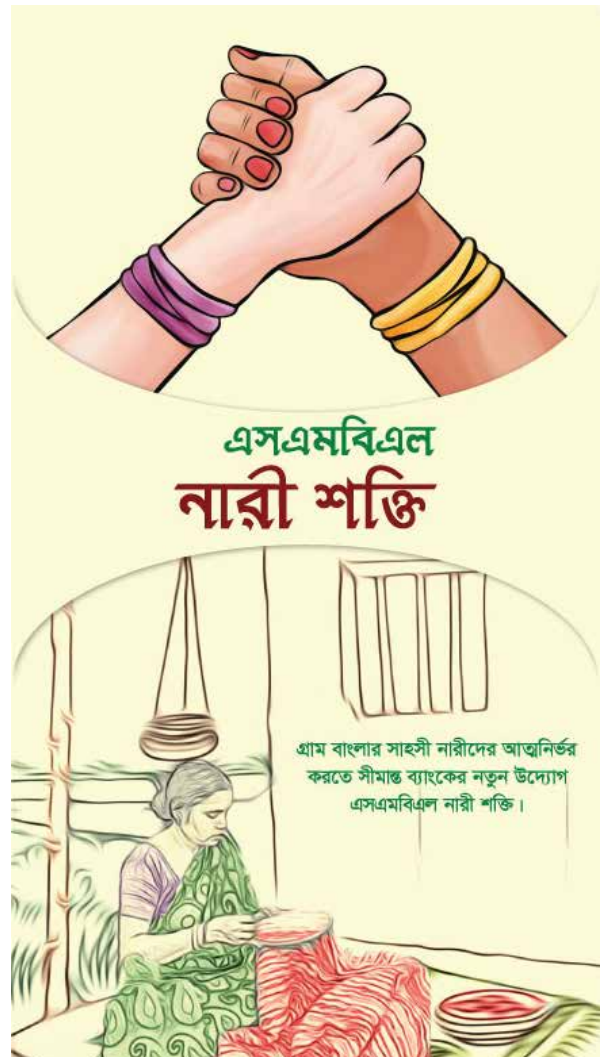
SMBL OD (SME) is a revolving Overdraft facility for any legitimate business purpose of SME entities.

## 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



এসএমবিএল  
নারী শক্তি

গ্রাম বাংলার সাহসী নারীদের আত্মনির্ভর  
করতে সীমান্ত ব্যাংকের নতুন উদ্যোগ  
এসএমবিএল নারী শক্তি।

## 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)

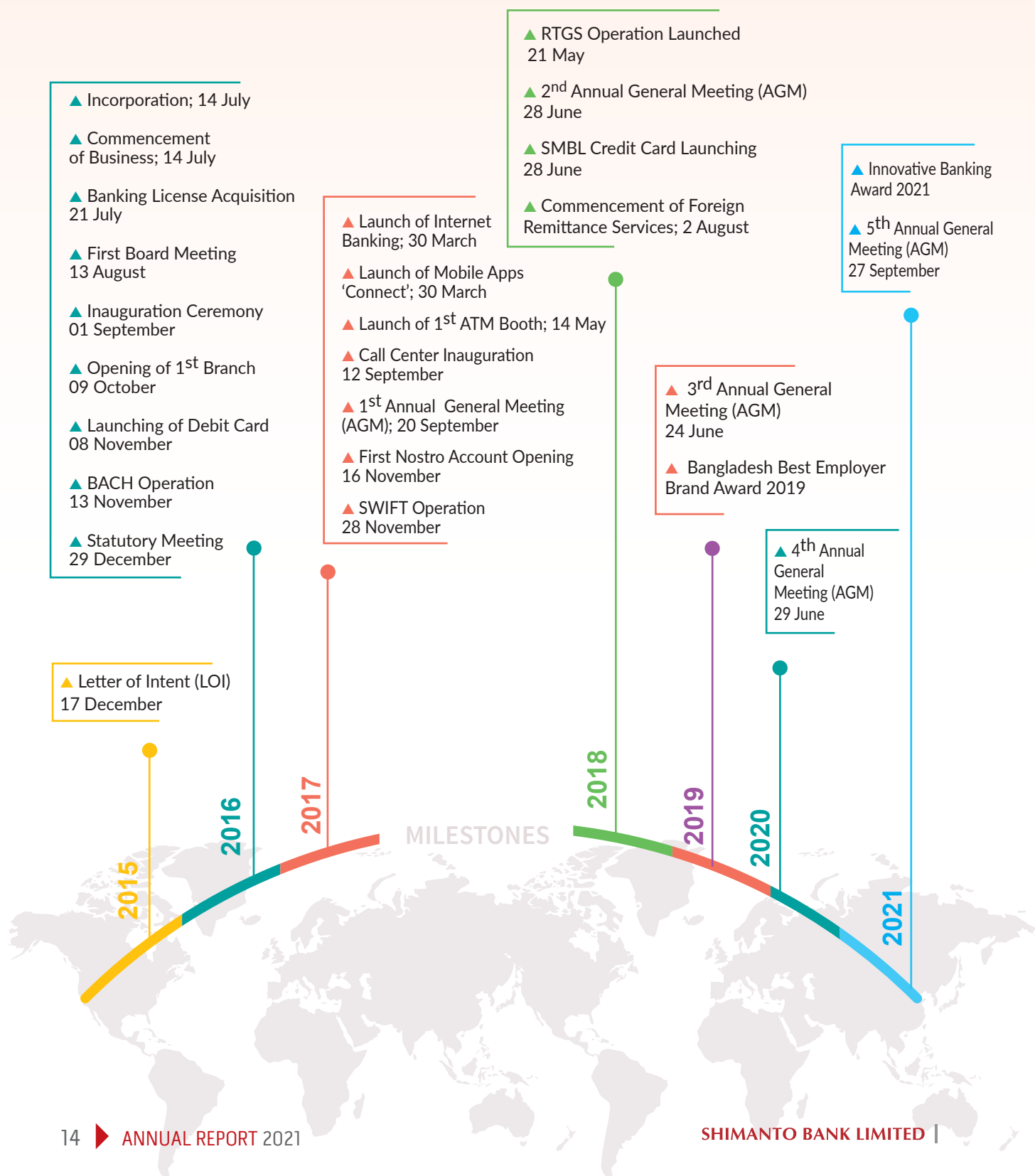
Shimanto Bank deals with both import and export LCs to facilitate the SME & Corporate customers for their international trade business.

### 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







## AWARDS & RECOGNITION



2021



2019



**Maj Gen Shakil Ahmed**  
SPP, nswc, afwc, psc  
Chairman



## Message From The Chairman

Bismillahir Rahmanir Rahim

Dear Esteemed Stakeholders,

Assalamu Alaikum.

It is a matter of honor and immense pleasure for me to be here with you and I would like to welcome you all to the 6<sup>th</sup> Annual General Meeting (AGM) of Shimanto Bank Ltd. We are placing the bank's information for the financial year 2021 at this moment when the global economy and Bangladesh economy are recovering from the COVID-19 pandemic and facing the spillover effect of the Ukraine-Russia war. The past two years fetched tremendous unprecedented challenges for the world, but our people responded extraordinarily well and our performance has been buoyant. I am extremely delighted with the competence, devotion, and vigor that my colleagues across the country have demonstrated as they have ensured our customer's true satisfaction throughout the year. On behalf of the Board, I would like to express my sincere thanks to all members of Shimanto Bank Limited for the extraordinary way they are responding to these most challenging circumstances to ensure the satisfaction of the esteemed stakeholders of the bank.

### Resilience and Recovery

The purpose of Shimanto Bank Limited is to improve the financial well-being of our society, BGB, and Non-BGB customers. In this aspect, our bank has gone in the right direction throughout the financial year. As the pandemic persisted into the 2021 financial year, the Bank continued to defer repayments on loans as per the circular of Bangladesh Bank and offered a wide range of support to the customers. This helped alleviate financial pressure and uncertainty for individuals and businesses. The past year has also been notable for governments, regulators, and industry continuing to work collaboratively, implement recovery incentive packages quickly, and help minimize the impacts of the pandemic. While we prioritized supporting our customers and people during the pandemic and spillover impact of the Ukraine-Russian war, we made good growth against the planned priorities the Board and Management set, reallocating resources from underperforming parts of the business, reducing costs, and abridging the process through technology.

We are proud to say that we have accomplished our six years of journey and stepped into the seventh year amid the pandemic situation.

### Sustainable Outcomes for all Stakeholders of the Bank

The Bank recognizes that its performance on environmental and social dimensions is fundamental to delivering sustainable outcomes that balance the interests of all stakeholders. Shimanto Bank is committed to playing its part in limiting investment in environmentally harmful industries in line with the goals and policies set forth by international organizations and Bangladesh Bank. The bank also believes that by executing a well-defined strategy on financial inclusion through discovering alternative delivery channels, it can serve the unbanked population of the country successfully and proficiently. To encounter the stakeholder's demands we are in an unceasing endeavor to develop and design products and services for our prevailing and potential clients. Shimanto Bank Limited always puts importance on customer care and has made persistent efforts to ensure the best possible services at a judicious cost.

### Bank's Strategy

The Board has an ongoing focus on ensuring that it has the appropriate diversity of skills, experience and strategic thinking capabilities that are required to lead the Bank. The bank is appointing new leadership in various positions/appointments to strengthen the mix of skills, knowledge, and experience relevant to the Bank's strategic priorities. We know that it is vital we stay focused on what we can regulate and control. The Board is self-assured that there are many prospects and opportunities ahead for the bank to attain its competitive strength in comparison to other reputed banks. The Board has preserved its oversight of the execution of the Bank's strategy throughout the year and we remain poised that it will deliver sustainable shareholder value and a stronger organization for our clients, colleagues, regulators, and the communities.





### The Future

The refinement of the strategy also reflects our purpose and values, with an explicit intent for the Bank to play a significant role in the economic recovery of Bangladesh and to contribute to the nation's transition to a digital and sustainable economy, thereby underpinning prosperity and social well-being. In aspiring to these ambitions, we recognize the importance of achieving the best balance of outcomes for all stakeholders.

### Governance

The 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.

### Bank's Business Performance and Capital Position

The Bank performed well in the year 2021, with disciplined execution delivering strong outcomes, despite the impacts of the pandemic. Profit after tax was 30% lower reflecting the impact of economic conditions and outlook, resulting in an increased provision against the soared loan. The Bank earned a distributable profit of BDT 82.08 million whereas the operating profit was BDT 404.67 million up by 16.60%.

Most of the profits came from the core banking business of the Bank. The total Deposit raised to BDT 13,285.74 million by the end of 2021. Loans and advances totaled BDT 10,047.39 million from BDT 8,331.65 million in 2020 with an increase of 20.59%.

The Paid-up Capital of the Bank was at BDT 4,284.80 million as on December 31, 2021. 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 the best composition of capital in relation to business growth. Capital Adequacy Ratio as per BASEL-III was 47.27%. Return on Asset (ROA) and Return on Investment (ROI) were at 0.75% and 6.31% respectively.

The year's performance and capital position have allowed Shimanto Bank to deliver moderate returns for shareholders. The Board determined 2.22% dividend, resulting in shareholders receiving BDT 95.20 million in dividends in relation to the financial year.

### Thanks & Gratitude

I am also grateful to all the regulatory agencies of the government, in particular the Bangladesh Bank, Bangladesh Securities and Exchange Commission, and the Registrar of Joint Stock Companies and Firms for their continued support. I thank each and every customers 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 want to thank my colleagues on the Board for their wise counsel and guidance which has supported the strong achievements reported by the bank in 2021.

Warm Regards

**Maj Gen Shakil Ahmed, SPP, nswc, afwc, psc**  
Chairman, Board of Directors  
Shimanto Bank Ltd  
15 June 2022



## BOARD OF DIRECTORS



Maj Gen Shakil Ahmed, SPP, nswc, afwc, psc  
Chairman



Brig Gen Md Nurul Amin, PhD, MPH  
Director



Brig Gen Md. Shazedur Rahman, BGBM  
Director



Brig Gen Md Hasan Uz Zaman,  
ndu, afwc, psc, MPhil  
Director



Brig Gen Benazir Ahmed, BGBMS, afwc, psc, MPhil  
Director



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



Col Murad Zaman, PBGMS  
Director



Col A S M Faisal, PBGMS  
Director



Col Shaful Azam Parvez  
Director



Rafiqul Islam  
Managing Director & CEO (CC)



## CHAIRMAN'S PROFILE



**Maj Gen Shakil Ahmed, SPP, nswc, afwc, psc**  
Chairman

Maj Gen Shakil Ahmed, SPP, nswc, afwc, psc is Chairman of Shimanto Bank Ltd. The General has taken over the coveted responsibility of Director General, Border Guard Bangladesh on 28 February 2022. Before taking over this command, the General served as Adjutant General of the Bangladesh Army.

Upon completion of military training as a proud cross belt holder of 18 BMA Long Course, Major General Shakil Ahmed was commissioned on 24 June 1988 in the Corps of Infantry.

In his 33 years long illustrious career, Major General Shakil Ahmed commanded an Infantry Division, a Composite Brigade and an Infantry Battalion. Apart from the regimental staff duties, the General served as a Director in the Directorate General of Forces Intelligence (DGFI). He also served as General Staff Officer Grade – I of an Infantry Division and Brigade Major of an Infantry Brigade. The General also has extensive experience serving in different Command and Staff appointments of United Nations Peace Keeping Operations. During his deployment in UNOSOM-II (Somalia), the General served as a Platoon Commander and Force Logistics Staff in MONUC (Congo). Major General Shakil Ahmed also Commanded the BANBAT-3/23 contingent in UNOCI (Ivory Coast). In instructional capacities, he served as Platoon Commander in Bangladesh Military Academy, Chief Instructor of Weapon Wing in School of Infantry and Tactics and Directing Staff of Armed Forces War Course in National Defence College, Mirpur, Dhaka. Major General Shakil Ahmed also served as Commandant of the School of Infantry and Tactics, the largest Training Institution of the Bangladesh Army for all Arms and Services, including Special Forces and Para Military Forces.

Major General Shakil Ahmed obtained his Masters in National Security and War Studies, Masters of Strategic Studies and Masters in Defence Studies both at home and abroad.

Major General Shakil Ahmed has attended numerous professional training courses, seminars, and symposiums at home and abroad. Worth mentioning are China, Nepal, New Zealand, Thailand and UK. He represented Bangladesh at the Asia Pacific Intelligence Chiefs Conference held in New Zealand and Nepal. The General also attended Anti-Terrorism and Security Training in China and Regional Preparatory Meeting for REVCON Seminar in Thailand. He visited many countries, meeting both professional and personal requirements.



## DIRECTOR'S PROFILE



**Brig Gen Md Nurul Amin, PhD, MPH**

Director

Brig Gen 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. Brigadier General 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 Md. Shazedur Rahman, BGBM**

Director

Brig Gen Md Shazedur Rahman, BGBM is Additional Director General (Admin) of Border Guard Bangladesh and Director of Shimanto Bank Ltd. He Joined Bangladesh Military Academy on 09 Jun 1990 and was commissioned on 20 Dec 1991 in the Corps of Infantry.

Brig Gen Md Shazedur Rahman has a variety of experience in different unit, training institution and headquarters in Bangladesh Army and Border Guard Bangladesh. He Served in AHQ as AAG, PA Dte. He also served in DGFI. He participated in the United Nations Peace Keeping Missions as contingent member and UNMO.



## DIRECTOR'S PROFILE



**Brig Gen Md Hasan Uz Zaman, ndu, afwc, psc, MPhil**  
Director

Brig Gen Md Hasan Uz Zaman, ndu, afwc, psc, M Phil is Bureau Chief of Border Security Bureau. He is Member of Board of Directors of Shimanto Bank Ltd. He joined Bangladesh Military Academy on 10 Jul 1990 and was commissioned on 09 Jun 1992 in the Corps of Engineers. He has attended several professional courses both at home and abroad. He has completed ndu course from China, afwc course from NDC, Bangladesh, Staff Course from DSCSC, Bangladesh. He obtained BSc Engineering (Civil) from BUET and Master of Philosophy from Bangladesh University of Professionals, Dhaka. He also obtained Masters in Defence Studies from National University, Masters in Security Studies from BUP and Masters in International Security Studies from International College of Defence Studies, China.

Brig Gen Hasan has a variety of experience as Staff, Instructor and Commander in Bangladesh Army/Border Guard Bangladesh. He participated in the United Nations Peace Keeping Missions in Angola, Sudan and Ivory Coast.



**Brig Gen Benazir Ahmed, BGBMS, afwc, psc, MPhil**  
Director

Brigadier General Benazir Ahmed, BGBMS, afwc, psc, MPhil is the Additional Director General, Headquarters of Border Guard Bangladesh (BGB). He is a Member of the Board of Directors and Chairman of the 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 of Defence Services Command and Staff College and completed his Armed Forces War Course from National Defence College, Mirpur, Dhaka. Brigadier General Benazir has completed his M Phil degree and at present, he is pursuing his Ph.D.

Brig Gen Benazir Ahmed has a variety of professional experience as a Staff, Instructor, and Command in Bangladesh Army and Border Guard Bangladesh. He has served as GSO-2 (Operations) and GSO-1 in an Infantry Division. He has served twice as a distinguished instructor and Chief Instructor in the Armoured Corps Centre and School of Bangladesh Army. He also worked as the Principal of Jhenidah Cadet College. In Border Guard Bangladesh, he has commanded one Sector and two Regions. Under the blue helmets, he has participated in the United Nations Peace Keeping Missions in Sierra Leone (as a contingent member) and Darfur, Sudan (as a staff officer) and served in the prestigious President Guard Regiment.





## DIRECTOR'S PROFILE



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

Director

Brig Gen A 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.



**Col Murad Zaman, PBGMS**

Director

Col Murad Zaman, PBGMS is Deputy Director General (Records) of Border Guard Bangladesh (BGB). He is Member of Board of Directors and Risk Management Committee of Shimanto Bank Ltd. He Joined Bangladesh Military Academy on 12 Jun 1991 and was commissioned on 20 Dec 1992 in the Corps of Infantry. He has attended several professional courses both at home and abroad. He is a graduate of BSC, Chittagong University. He is a graduate of MBA from Atish Dipankar University of Science and Technology.

Murad Zaman 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 at Sierra Leone and Sudan.



## DIRECTOR'S PROFILE



**Col A S M Faisal, PBGMS**

Director

Col A S M Faisal, PBGMS is Deputy Director General (Works) of Border Guard Bangladesh (BGB). He is Director of Shimanto Bank Ltd and Member of the Audit Committee. 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 has complete 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).



**Col Shafiul Azam Parvez**

Director

Col Shafiul Azam Parvez is Deputy Director General (Communication) Border Guard Bangladesh (BGB). He is Director of Shimanto Bank Ltd and Member of the Audit Committee. He joined in Bangladesh Military Academy on 04 January 1994 and was commissioned on 28 November 1995 in the Corps of Signals. He has attended several Professional Courses both at home and abroad. He is a graduate of BMA, Bhatiary, Chattogram and from National University. He has complete his BSc Engineering in Computer Science and Engineering and Masters in ICT from Bangladesh University of Professional, Dhaka.

In his 27 years of military carrier, he has a verity of experience as Staff and Command in both Bangladesh Army and Border Guard Bangladesh. Wearing blue helmet he has also participated twice in the United Nations Peace Keeping Missions in Liberia.





## DIRECTOR'S PROFILE



### Rafiqul Islam

Managing Director & CEO (Current Charge)

Mr. Rafiqul Islam is Managing Director & CEO (Current Charge) of Shimanto Bank Limited.

Mr. Islam started his banking career with Uttara Bank Limited as a Probationary Officer in 1996. He was posted as a Branch Manager just after successful completion of the one-year probation period and he served there in various branches till 2002. Later, he served Eastern Bank Limited in various capacities including Branch Manager, Manager – Operational Risk, Cluster Head, Zonal Head and Head of Internal Control. Then, Mr. Islam joined NRB Bank Ltd in 2013 and served there as Head of Internal Control & Compliance.

Mr. Islam joined Shimanto Bank Ltd as SEVP and Chief Operating Officer (COO) in 2016. Later he was promoted as Deputy Managing Director. He also performed as Chief Risk Officer (CRO), Chief Anti-Money Laundering Compliance Officer (CAMLCO) and Head of Business.

Instrumental with business, consumer banking, branch operation, AML and operational risk, control & compliance, Mr. Islam is a certified lead auditor on ISO/IEC 27000:2005 standard from International Register of Certified Auditors (IRCA).

Mr. Islam holds post graduations in International Trade & Business from University of Dhaka. He

completed Masters of Business Administration from University of New Castle, USA.

Mr. Islam completed exclusive course on 'Risk Management for Corporate Leader' from Harvard Business School-USA; 'Business, International Relations and Political Economy' from The London School of Economics and Political Science-UK; 'International Business and Banking' from Leeds Beckett University-UK; 'Business & Leadership Development Program' from Saskatchewan University-Canada and 'International Trade & Business' from Federation University-Australia and Advanced Course in Business Administration from IBA, University of Dhaka.

Mr. Islam was Ex-Chairman of Association of Anti Money Laundering Compliance Officers of Banks of Bangladesh (AACOBB). He is the Life Member of Dhaka University Alumni Association (DUAA) and Registered Graduate of Dhaka University. He is a column writer of the daily newspapers on contemporary issues on Banking, Finance and Economy.



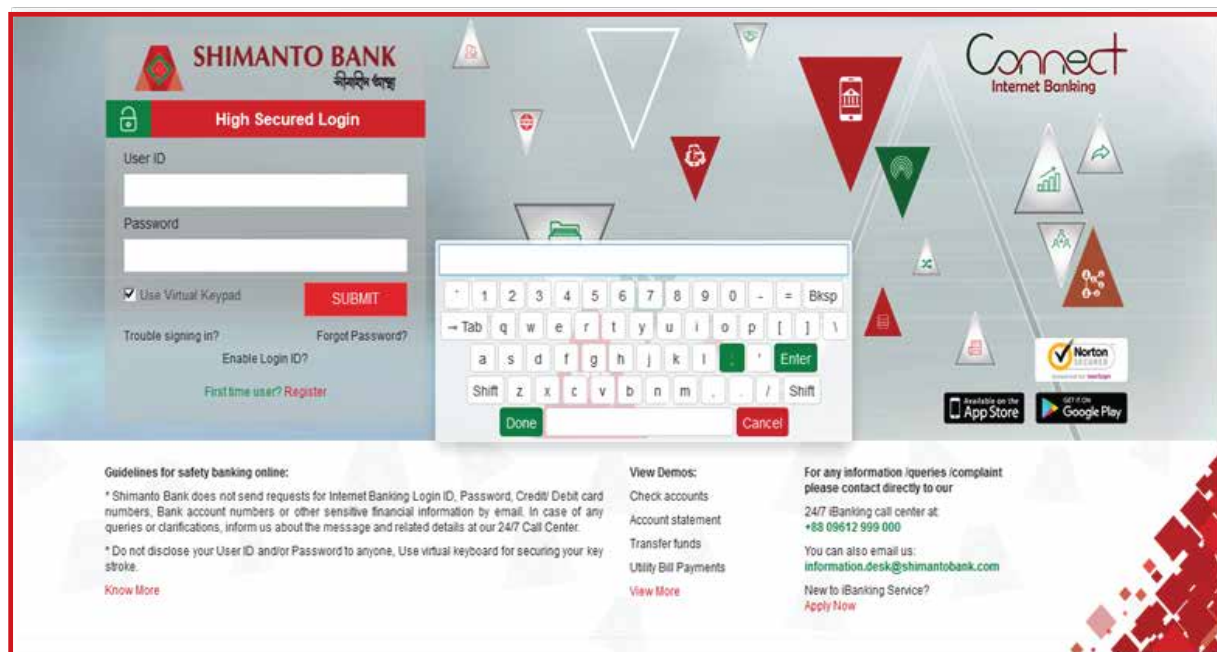
## AUDIT COMMITTEE

Name	Committee Portfolio
1. Brig Gen Benazir Ahmed, BGBMS, afwc, psc, MPhil	Chairman
2. Col A S M Faisal, PBGMS	Member
3. Col Shafiu Azam Parvez	Member
4. Mohammad Mostafa Hossain Suman FCS	Secretary

## RISK MANAGEMENT COMMITTEE

Name	Committee Portfolio
1. Brig Gen A M M Khairul Kabir, BGBMS, psc	Chairman
2. Col Murad Zaman, PBGMS	Member
3. Mohammad Mostafa Hossain Suman FCS	Secretary

Note: Audit Committee and Risk Management Committee as on 31<sup>st</sup> May, 2022.







**Rafiqul Islam**

Managing Director & CEO (Current Charge)



## Managing Director & CEO's Statement

Dear Respected Stakeholders,

It would not be far from the truth that 2021 was a full learning cycle for our banking business. The pandemic and its impact brought challenges that none of us ever faced in our lifetimes. We went through a phase of realization and relearning. This experience has given us meaningful lessons leading to more sustainable learning. I am very proud of our team who responded cordially during this difficult circumstances. However, opportunities came back strongly, and we were well poised to grab them and close the year on a positive note. Even with a challenging backdrop, we achieved moderate numbers in terms of net income, earnings per share, and total assets. In addition, we managed to keep costs reined in and maintained a healthy net interest margin in the face of interest rates capping.

### Operating Environment

We started the year in review while being in the toughest phase for the nation. The second wave of the pandemic in Bangladesh brought much disruption. Unlike the first wave of 2020, the rural and urban areas were also significantly affected. The medium-scale loss of lives and livelihoods was witnessed by all. The lockdowns and restriction in movement dented businesses. Repayments were impacted, credit demand shrunk, consumer expenditure was limited, and the overall economy was under pressure. Policy measures brought some relief as people dusted their backs and got back up on their feet. Within the third quarter of the year, large-scale vaccination drive had reduced impact of the pandemic, thanks to the government. Credit demand picked up sharply, consumer expenditure started rising, and industries that had faced the greatest impact. This bode well for our Bank as the third quarter is traditionally when the Bank's business picks up. The new calendar year 2022, came with another wave of the pandemic. However, this time, the impact was milder. Hospitalization and fatality rates were low, loss of business was minimal, and restrictions placed by the authorities were also milder. All these resulted in people gaining confidence in managing the pandemic. This was a welcome sign as the devastation caused by the earlier waves had left many in a lot of fear. With these developments, the last quarter of the last financial year turned out to be the savior for many businesses.

### Financial Review

In the last year, our Bank scripted a resurgence that ensured growth. This was made possible by our customer's faith and trust on us, committed workforce, and prudent management. As mentioned earlier, in the second wave of the pandemic, there was a significant loss of livelihood. As a result of this, interest income dropped sharply. We remained vigilant and grow in very steady in 2021. Our net interest income increased only by 0.96% whereas non-interest income increased by 58.56%; operating income increased 10.38%. We have booked a deposit of BDT 13,285.74 million and loan of BDT 10,047.40 million in the end of the year 2021. We have reported an operating profit of BDT 404.67 million and profit after tax of BDT 140.10 million. As a conservative measure, we have made a near eight fold higher provisions at BDT 114.60 million at the year end to cover existing and future asset quality stress. Capital adequacy ratio as per BASEL III was 47.27%. Return on Investment (ROI) and Return on Assets (ROA) were 6.31% and 0.75% respectively.

### Emerging Stronger

While none would have wished for the unprecedented disruption caused by the pandemic, we have leveraged this crisis as a learning opportunity to become stronger. The Bank's business demonstrated strong resilience against the headwinds, as mentioned earlier, driven by the resilient workforce. I am extremely proud of how they continued to serve customers throughout the year, despite challenges. We have always placed strong emphasis on training and development to upskill and reskill staff to ensure that they stay relevant to the fast-changing world.

### Business Outlook

Following a largely successful and massive vaccination drive, pandemic fear and anxieties in people's minds have receded. Business and consumer sentiments are improving, and the economy is showing signs of moving towards normalcy, and potentially fast-paced growth. While extraneous uncontrollable factors like geopolitical tensions has put stress on the economy, yet, we are confident that we will bounce back soon enough.



### Key Focus Areas Ahead

We are well poised for our next phase of growth. It is progressing as desired on its Vision 2025. There are two prominent focus areas of the Bank moving forward, which will work in unison with the rest of the business priorities. These focus areas are strengthening the service delivery channels and upskilling of existing and prospective staffs across all levels. Our strength is technology based infrastructure. We have to spread our networks utilizing our technology based infrastructure. We are confident of achieving our goals. In the next couple of years, your Bank will continue to evolve to keep itself relevant to the target audiences. The Bank will focus not just on the volume of business but also on the quality of business. Expanding our Corporate, SME and Retail portfolio diversifying, and getting the tech and digital transformation across the finish line will continue to be areas of emphasis.

### 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 2022 will be the year of recovery from the economic downturn due to pandemic and Ukraine war.

**Rafiqul Islam**

Managing Director & CEO (Current Charge)  
Shimanto Bank Ltd  
15 June, 2022



## MANAGEMENT COMMITTEE (MANCOM)



- 1 | Md. Moniruzzaman  
Sr. Manager, Finance
- 2 | Muhammad Shawkat Alam  
Head of ICC
- 3 | Md. Sanaur Rahman  
In-Charge, CRM
- 4 | Shahneela Islam Shanil  
Head of Brand & CA & IDP

- 5 | Arman Hossain  
Head of Cards & ADC
- 6 | Rafiqul Islam  
Managing Director & CEO (Current Charge)
- 7 | Mohammad Azizul Hoque  
Head of Operations & CRO
- 8 | Mohammad Mostafa Hossain Suman FCS  
Company Secretary
- 9 | Fashiuddin Mahmud  
Head of IT





## FIVE YEAR'S FINANCIAL PERFORMANCE

Amount in BDT Million

Particulars	2021	2020	2019	2018	2017
<b>Balance Sheet Metrics</b>					
Authorized Capital	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Paid up Capital	4,284.80	4,160.00	4,000.00	4,000.00	4,000.00
Shareholders' Equity	4,614.82	4,472.33	4,267.69	4,089.83	4,036.72
Loans and Advances	10,047.40	8,331.65	7,173.46	5,835.30	2,744.82
Deposits	13,285.74	13,155.38	10,113.83	6,982.64	3,793.92
Borrowing	0	0	0	0	0
Statutory Liquidity Reserve Ratio (SLR) (% at close of the year)	18.33%	15.64%	15.64%	15.64%	25.22%
Cash Reserve Requirement (CRR) (% at close of the year)	4.10%	6.32%	6.32%	10.58%	12.24%
Liabilities to Shareholders' Equity (Times)	3.07	3.15	2.47	1.78	0.98
Investments	2,751.99	2,076.25	1,752.81	761.50	633.66
Fixed Assets	211.14	248.60	301.79	129.45	106.68
Total Assets	18,827.81	18,559.06	14,821.99	11,376.49	7,979.75
<b>Income Statement Metrics</b>					
Net Interest Income	680.59	674.14	659.98	449.84	300.32
Non-Interest Income	209.19	131.93	82.71	71.14	21.50
Investment Income	152.42	102.01	60.37	54.94	16.44
Non Investment Income	56.77	29.92	22.34	16.20	5.06
Operating Income	889.78	806.07	742.69	520.99	321.82
Operating Expenses	485.11	459.02	441.81	338.76	233.18
Operating Profit	404.67	347.04	300.88	182.23	88.63
Provision for Loans, Investment and Other Assets	114.60	14.92	11.62	44.55	25.03
Profit Before Tax	290.06	332.13	289.26	137.67	63.61
Profit After Tax	140.10	201.04	176.89	71.72	28.03
<b>Capital Metrics</b>					
Total Risk Weighted Assets (RWA)	10,039.79	8,663.28	8,204.87	6,669.38	3,786.20
Common Equity Tier-1 Capital	4,607.86	4,467.77	4,266.73	4,089.83	4,033.11
Tier-2 Capital	137.54	102.37	78.78	73.81	29.26
Total Eligible Capital (Tier 1 and Tier 2)	4,745.40	4,570.14	4,345.51	4,163.64	4,062.37
Capital to Risk Weighted Assets Ratio (CRAR)(%)	47.27%	52.75%	52.96%	62.43%	107.29%
Common Equity Tier - 1 Capital to RWA (%)	45.90%	51.57%	52.00%	61.32%	106.52%
RWA to Total Assets (%)	53.32%	46.67%	55.35%	58.62%	48.00%



## FIVE YEAR'S FINANCIAL PERFORMANCE

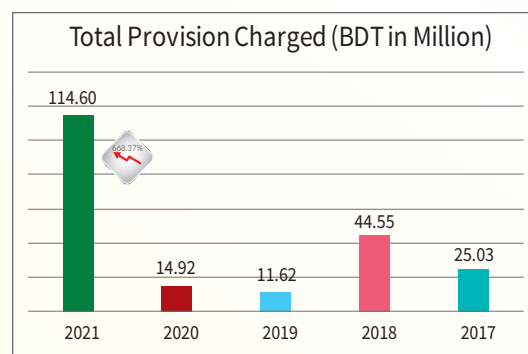
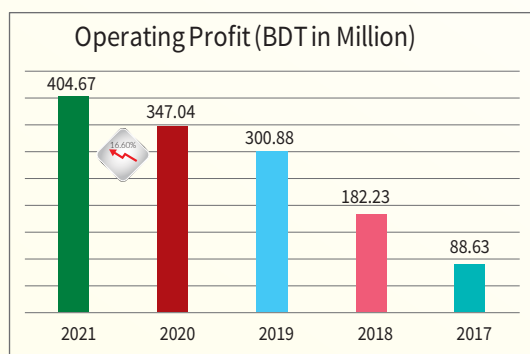
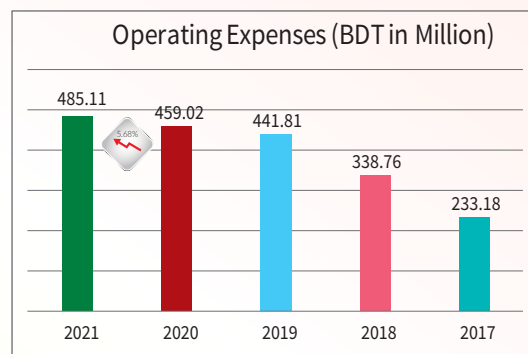
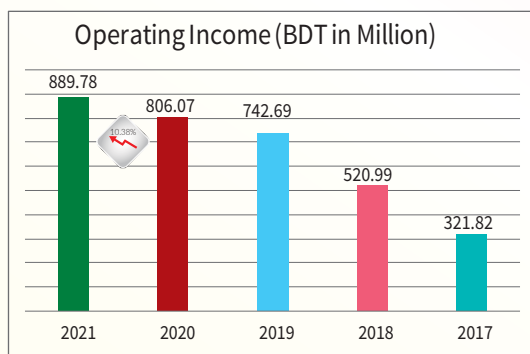
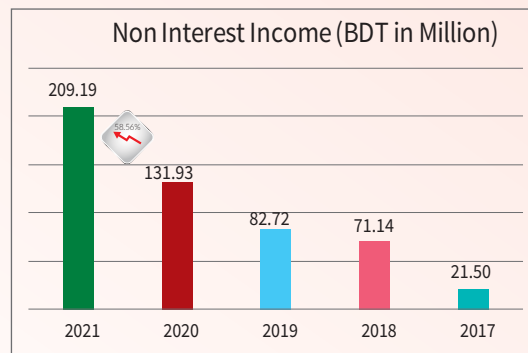
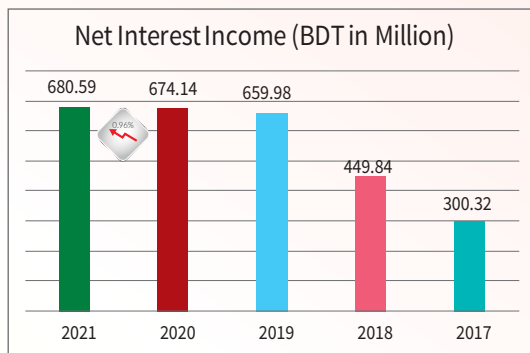
Amount in BDT Million

Particulars	2021	2020	2019	2018	2017
<b>Credit Quality</b>					
Non Performing /Classified Loans (NPLs)	120.16	5.91	31.18	5.57	0
Specific Provision (Cumulative)	84.37	2.54	7.60	2.0	0
General Provision (Cumulative)	99.06	97.80	77.12	37.98	25.03
NPL Ratio (%)	1.2%	0.07%	0.43%	0.09%	0
NPL Coverage Ratio (Specific Provision + General Provision)/Gross NPL (%)	152.65%	1697%	271.72%	717.54%	NA
<b>Trade Business Metrics</b>					
Export	331.53	142.48	5.85	0	0
Import	943.07	894.64	99.45	43.38	1.11
Guarantee	273.81	20.08	51.72	798.62	0
Foreign Remittance	65.62	97.03	59.73	8.95	0
<b>Efficiency / Productivity Ratios</b>					
Return on Investments (ROI) %	6.31%	5.33%	4.80%	7.88%	4.17%
Return on Assets (ROA) %	0.75%	1.20%	1.35%	0.74%	0.43%
Cost to Income Ratio %	54.52%	56.95%	59.49%	65.02%	72.46%
Operating Profit per Employee	1.71	1.90	1.72	1.12	0.72
Operating Profit per Branch	19.27	19.28	17.70	14.02	9.85
<b>Share Based Metrics</b>					
Earnings Per Share (EPS) in BDT	0.33	0.48	0.44	0.18	0.07
Operating Profit Per Share in BDT	0.94	0.83	0.75	0.46	0.22
NAV Per Share in BDT	10.77	10.75	10.66	10.23	10.10
Dividend %	2.22% Stock (Recommended)	3% Stock	4% Stock	Nil	0.37% Cash
<b>Other Information</b>					
Number of Branches	21	18	17	13	9
Number of Permanent Employees	237	183	175	162	123
Number of Deposit Accounts	95,594	70,257	57,024	41,431	21,995
Number of Loan Accounts	13,680	12,599	11,799	8,751	4,848
Number of RMA	64	64	48	45	28
Number of Foreign Account	3	3	3	3	2
Number of ATM	19	16	16	10	9
Number of Information Centers	2	2	3	3	3



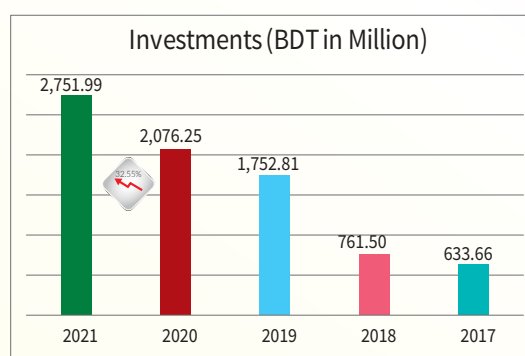
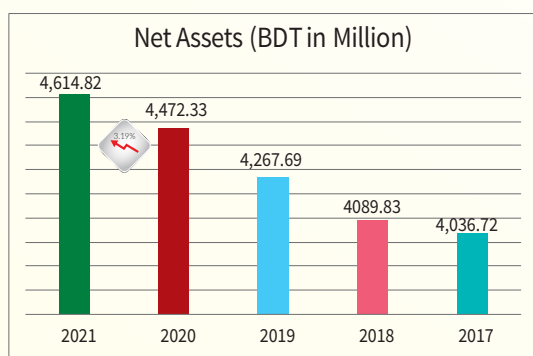
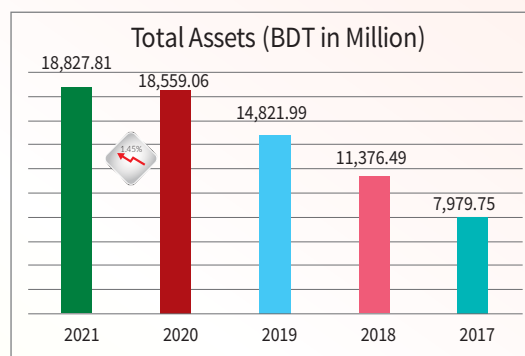
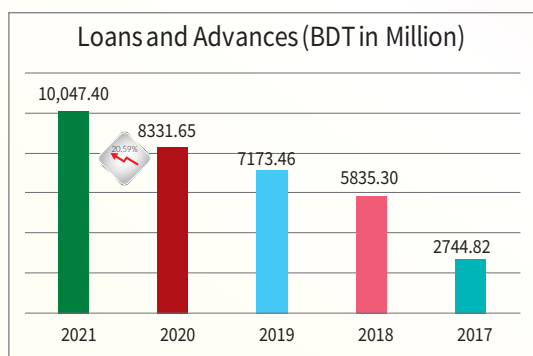
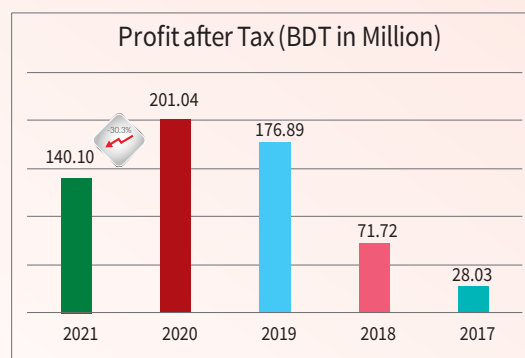
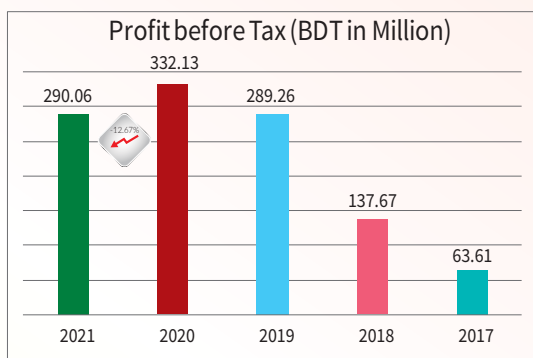
## FINANCIAL HIGHLIGHTS

### Performance During the Year





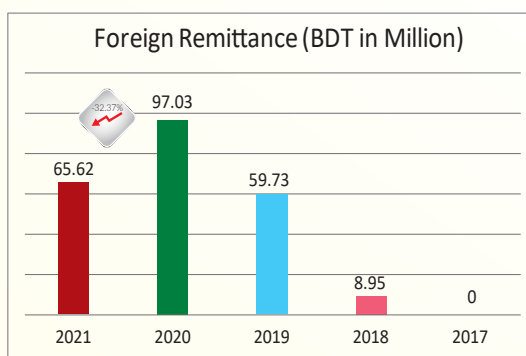
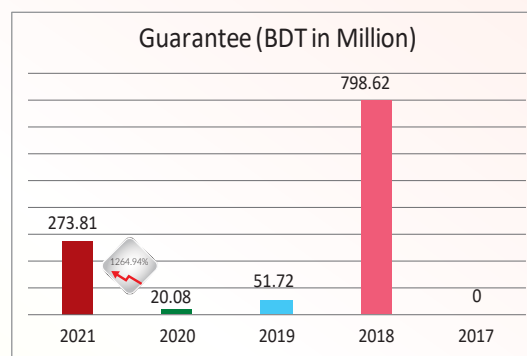
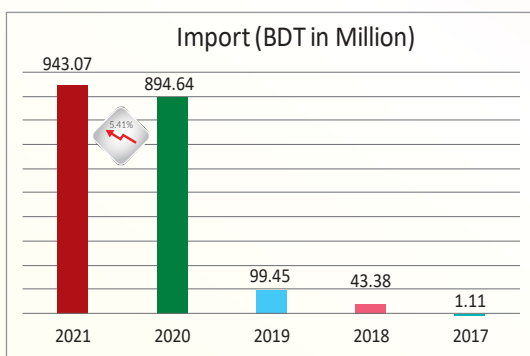
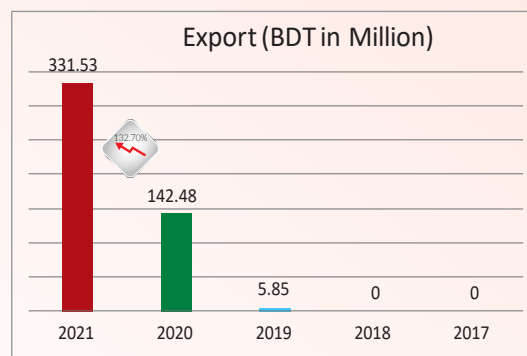
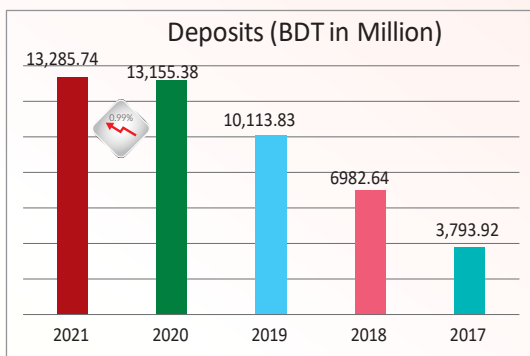
## FINANCIAL HIGHLIGHTS





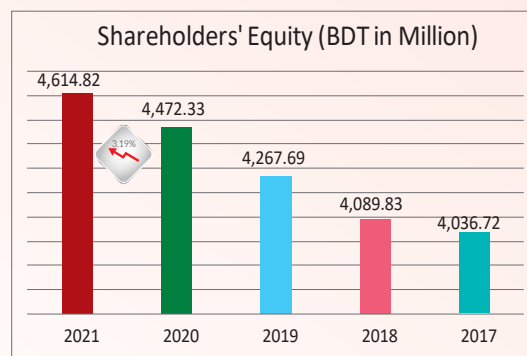
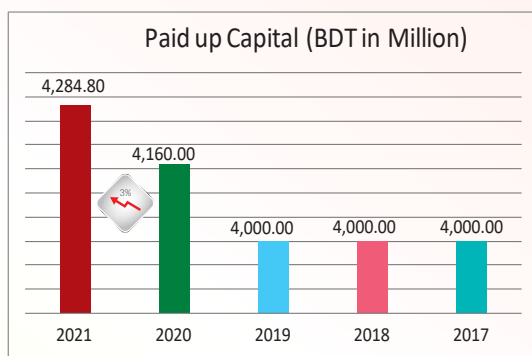


## FINANCIAL HIGHLIGHTS

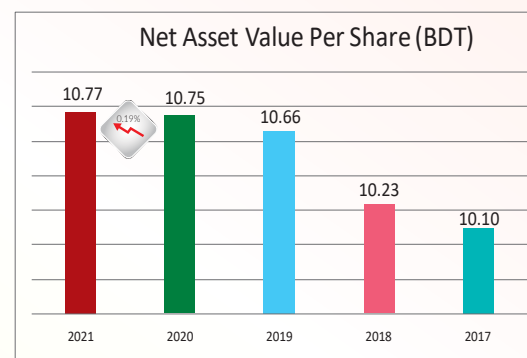
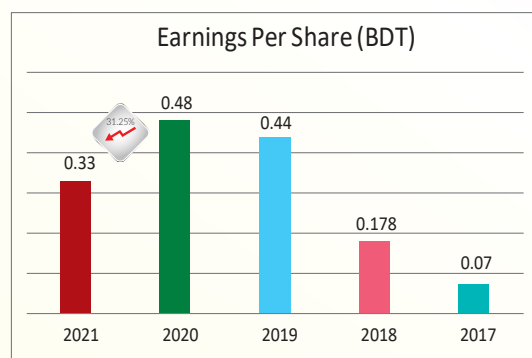




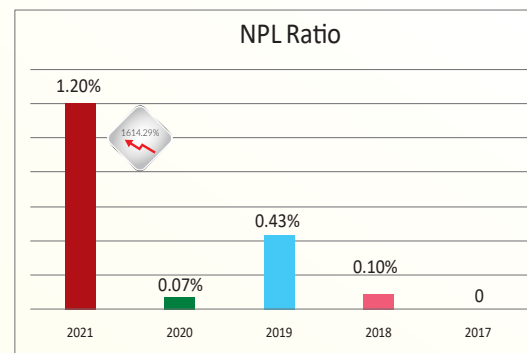
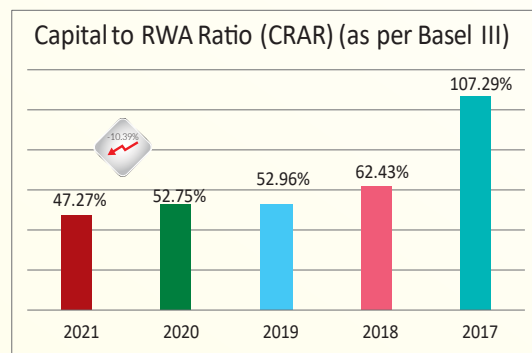
## FINANCIAL HIGHLIGHTS



### Information Per Ordinary Share



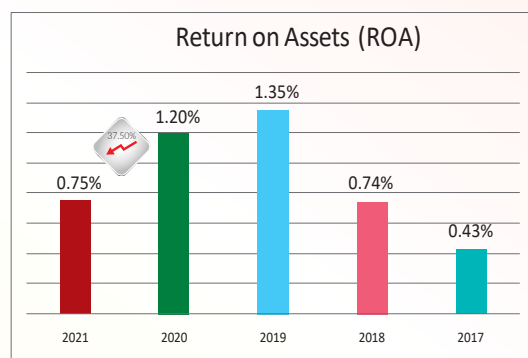
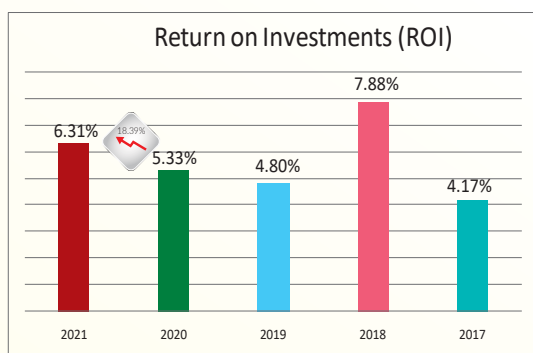
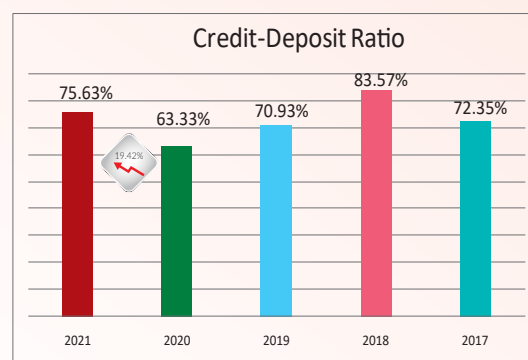
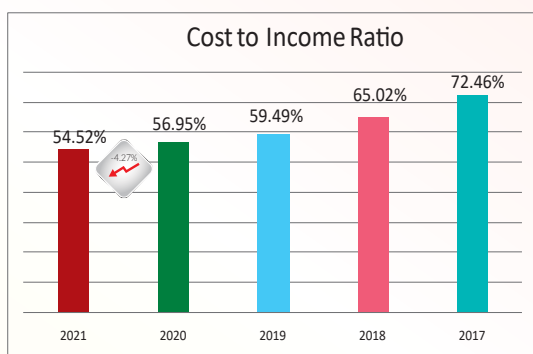
### Ratios (%)





## FINANCIAL HIGHLIGHTS

### Ratios (%)



### CREDIT RATING

	2021	2020
Long Term	A	A
Short Term	ST-3	ST-3
Outlook	Stable	Stable

Methodology: Credit Rating Information and Services Ltd (CRISL) Bank Rating Methodology



## ব্যংকিং হোক সীমাহীন আস্থা



+88 09612 88 0000

shimantobankbd

www.shimantobank.com





## GLIMPSE OF 5<sup>th</sup> ANNUAL GENERAL MEETING (AGM)



Honourable Board Members, Shareholders, Management Representatives and Other Stakeholders attended in the 5<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> September 2021 through Zoom Cloud Meeting.



Shareholders of the Bank were casting their votes in favor of an agenda transacted in the 5<sup>th</sup> AGM.



## EVENT HIGHLIGHTS - 2021



Major General Shakil Ahmed, SPP, nswc, afwc, psc, honorable Chairman attended in an event with presence of the Directors and Executives of the Bank.



Major General Md Shafeenul Islam, BGBM (BAR), ndc, psc, Ex-Chairman and Col ABM Mizanur Rahman, OSP, PBGM, PEng, (Retd), Managing Director of BGB Welfare Trust were receiving the dividend declared by Shimanto Bank Ltd for the year 2020. Former Managing Director & CEO along with the Executives of the Bank were handing over the share certificate against the dividend.





## EVENT HIGHLIGHTS - 2021



A moment of a Meeting of Board of Directors of Shimanto Bank Ltd presided over by Major General Shakil Ahmed, SPP, nswc, afwc, psc, honorable Chairman of the Bank.



Gulshan Branch one of the flagship branch of the Bank was inaugurated by former Chairman, Major General Md Shafeenul Islam, BGBM (BAR), ndc, psc in presence of the respected Board Members, Executives, Customers and other stakeholders in the ceremony.



## EVENT HIGHLIGHTS - 2021



Opening ceremony of Sub-Branch and ATM Booth at Pabla, Khulna on 29 August 2021. Col Md Golam Mohiuddin Khandaker, BGBM, PBGM, psc, G the Sector Commander, Khulna, Border Guard Bangladesh, Executives, Customers of the Bank and distinguished guests were present at the program.



Shimanto Bank launched bKash services on 2<sup>nd</sup> March 2022. Mr. Muklesur Rahman, former Managing Director and CEO of Shimanto Bank; Mr. Kamal Quadir, Chief Executive Officer of bKash and Mr. Kazi Saifuddin Munir, MD and CEO of IT Consultants Ltd along with other high officials of the organizations were present at the inaugural ceremony.





## EVENT HIGHLIGHTS - 2021



Brig Gen Benazir Ahmed, BGBMS, afwc, psc, MPhil, honorable Chairman of the Audit Committee was presiding over a Meeting of the Audit Committee. Respected Members and Executives are seen present in the Meeting.



A moment of celebration of 5<sup>th</sup> Anniversary in Head Office with participation of employees of the Bank.



## EVENT HIGHLIGHTS - 2021



Sub-Branch and ATM Booth at Ramu, Cox's Bazar were launched on 15 September, 2021 by Col Mohammad Azizur Rouf, psc, Sector Commander, Ramu, Border Guard Bangladesh. Former Managing Director & CEO and other Executives and distinguished guests were present at the ceremony.



A moment of celebration of International Women's Day 2021 on 8 March 2021. Dr. Zeba Mahmud, Country Manager, Alive & Thrive Bangladesh and Ms. Uzma Chowdhury, Director Finance, PRAN-RFL Group were present as special guests.





## EVENT HIGHLIGHTS - 2021



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



An agreement was signed with MetLife Bangladesh for providing insurance coverage of the Credit Card holders of the Bank; Mr. Muklesur Rahman, Ex-Managing Director & CEO of Shimanto Bank Ltd and Mr. Md. Jafar Sadeque Chowdhury, Additional Managing Director & Chief Distribution Officer of MetLife with senior officials from both the organization were present in the signing ceremony.



## EVENT HIGHLIGHTS - 2021



An ATM was installed at premises of Cox's Bazar Region, Border Guard Bangladesh and launched by Region Commander in presence of the senior officials of the Bank and BGB.



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





## EVENT HIGHLIGHTS - 2021



An agreement was signed with InterContinental Dhaka for providing services to the Visa Gold Credit Card holders of the Bank at Balaka Executive Lounge at Hazrat Shah Jalal International Airport, Dhaka. Mr. Rafiqul Islam, Deputy Managing Director, Shimanto Bank Ltd and Mr. Rezwan Maruf, In-charge Hotel Operations, InterContinental Dhaka exchanged the documents.



A tree plantation program was organized at the bank's Mymensing Branch premises on the occasion of the 46th martyrdom anniversary of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman. Mr. Rafiqul Islam, Deputy Managing Director, Shimanto Bank and other senior officials were present in the event.





## EVENT HIGHLIGHTS - 2021



A moment of the Strategy Session of Shimanto Bank Ltd for the Year-2021; Ex Managing Director & CEO Mr. Muklesur Rahman with the participants of the program.



A moment of closing session of the 'Leadership Journey' of Shimanto Bank Ltd; members of the Leadership Team with former Managing Director & CEO.



# REPORT OF THE BOARD OF DIRECTORS

## Dear Stakeholders,

The Board of Directors welcome you all at the 6<sup>th</sup> Annual General Meeting of Shimanto Bank Ltd and is pleased to present the Annual Report for the year ended on 31 December 2021 together with the Audited Financial Statements & Auditor's Report thereon. A review of business and financial performance of the Bank during the Year 2021 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

The world economy continues to suffer from a series of destabilizing shocks. After more than two years of pandemic, the Russian Federation's invasion of Ukraine and its global effects on commodity markets, supply chains, inflation, and financial conditions have steepened the slowdown in global growth. In particular, the war in Ukraine is leading to soaring prices and volatility in energy markets, with improvements in activity in energy exporters more than offset by headwinds in most other economies. The invasion of Ukraine has also led to a significant increase in agricultural commodity prices, which is exacerbating food insecurity and extreme poverty in many emerging market and developing economies (EMDEs). Numerous risks could further derail what is now a precarious recovery. Among them is, in particular, the possibility of stubbornly high global inflation accompanied by tepid growth, reminiscent of the stagflation of the 1970s. This could eventually result in a sharp tightening of monetary policy in advanced economies to rein in inflation, lead to surging borrowing costs, and possibly culminate in financial stress in some EMDEs. A forceful and wide-ranging policy response is required by EMDE authorities and the global community to boost growth, bolster macroeconomic frameworks, reduce financial vulnerabilities, provide support to vulnerable population groups, and attenuate the long-term impacts of the global shocks of recent years.

Global outlook: Following more than two years of pandemic, spillovers from the Russian Federation's invasion of Ukraine are set to sharply hasten the deceleration of global economic activity, which is now expected to slow to 2.9



percent in 2022. The war in Ukraine is leading to high commodity prices, adding to supply disruptions, increasing food insecurity and poverty, exacerbating inflation, contributing to tighter financial conditions, magnifying financial vulnerability, and heightening policy uncertainty.

Growth in emerging market and developing economies (EMDEs) this year has been downgraded to 3.4 percent, as negative spillovers from the invasion of Ukraine more than offset any near-term boost to some commodity exporters from higher energy prices. Despite the negative shock to global activity in 2022, there is essentially no rebound projected next year: global growth is forecast to edge up only slightly to a still-subdued 3 percent in 2023, as many headwinds—in particular, high commodity prices and continued monetary tightening—are expected to persist. Moreover, the outlook is subject to various downside risks, including intensifying geopolitical tensions, growing stagflationary headwinds, rising financial instability, continuing supply strains, and worsening food insecurity. These risks underscore the importance of a forceful policy response. The global community needs to ramp up efforts to mitigate humanitarian crises caused by the war in Ukraine and conflict elsewhere and alleviate food insecurity, as well as expand vaccine access to ensure a durable end of the pandemic. Meanwhile, EMDE policy makers need to refrain from implementing export restrictions or price controls, which could end up magnifying the increase in commodity prices. With rising inflation, tightening financial conditions, and elevated debt levels sharply limiting policy space, spending can be reprioritized toward targeted relief for vulnerable households. Over the long run, policies will be required to reverse the damage inflicted by the dual shocks of the pandemic and the war on growth prospects, including preventing fragmentation in trade networks, improving education, and raising labor force participation.

Regional prospects: Russia's invasion of Ukraine is affecting EMDE regions to different degrees via impacts on global trade and output, commodity prices, inflation, and interest rates. The adverse spillovers from the war will be most severe for Europe and Central Asia, where output is forecast to sharply contract this year. Output growth is projected to slow this year in all other regions except the Middle East and North Africa, where the benefits of higher energy prices for energy exporters are expected to outweigh those prices' negative impacts for other economies in the region. Risks for all EMDE regions are tilted to the downside and include intensifying geopolitical tensions, rising inflation and food shortages, financial stress and rising borrowing costs, renewed outbreaks of COVID-19, and disruptions from disasters. Global inflation has risen sharply from its lows in mid-2020, on rebounding global demand, supply bottlenecks, and soaring food and energy prices, especially since Russia's invasion of Ukraine. Markets expect inflation to peak in mid-2022 and then decline, but to remain elevated even after these shocks subside and monetary policies are tightened further. Global growth has been moving in the opposite direction. It has declined sharply since the beginning of the year and, for the remainder of this decade, is expected to remain below the average of the 2010s. In light of these developments, the risk of stagflation—a combination of high inflation and sluggish growth—has risen. The recovery from the stagflation of the 1970s required steep increases in interest rates by major advanced-economy central banks to quell inflation, which triggered a global recession and a string of financial crises in EMDEs. If current stagflationary pressures intensify, EMDEs would likely face severe challenges again because of their less well anchored inflation expectations, elevated financial vulnerabilities, and weakening growth fundamentals. This makes it urgent for EMDEs to shore up their fiscal and external buffers, strengthen their monetary policy frameworks, and implement reforms to reinvigorate growth.

Russia's invasion of Ukraine: Implications for energy markets and activity. Russia's invasion of Ukraine has disrupted global energy markets and damaged the global economy. Compared with what took place in the 1970s, the shock has led to a surge in prices across a broader set of energy-related commodities. In energy-importing economies, higher prices will reduce real disposable incomes, raise production costs, tighten financial conditions, and constrain policy space. Some energy exporters may benefit from improved terms of trade and higher commodities production. However, on net, model-based estimates suggest that the war-driven surge in energy prices could reduce global output by 0.8 percent after two years. The experience of previous oil price shocks has shown that these shocks can provide an important catalyst for policies to encourage demand reduction, substitution to other fuels, and development of new sources of energy supply.

Growth in South Asia, already uneven and fragile, will be slower than projected, mostly due to the impacts of the war in Ukraine. World Bank reports the region to grow by 6.6 percent in 2022 and by 6.3 percent in 2023. The 2022 forecast has been revised downward by 1.0 percentage point compared to the January projection. Countries in South Asia are already grappling with rising commodity prices, supply bottlenecks, and vulnerabilities in financial sectors. The war in Ukraine will amplify these challenges, further contributing to inflation, and deteriorating current account balances. South Asia has faced multiple shocks in the past two years, including the scarring effects of the COVID-19 pandemic. High oil and food prices caused by the war in Ukraine will have a strong negative impact on peoples' real incomes. Given these challenges, governments need to carefully plan monetary and fiscal policies to



counter external shocks and protect the vulnerable, while laying the foundation for green, resilient and inclusive growth.

The war and its impact on fuel prices can provide the region with much-needed impetus to reduce reliance on fuel imports and transition to a green, resilient and inclusive growth trajectory. World Bank report recommends that countries steer away from inefficient fuel subsidies that tend to benefit wealthier households and deplete public resources. South Asian countries should also move towards a greener economy by gradually introducing taxation that puts tariffs on products which cause environmental damage. The introduction of green taxation can have multiple quantifiable benefits for South Asia, including improved energy security, environmental gains and increased fiscal revenues. These revenues could be utilized for adaptation against climate-related disasters and to strengthen social safety net systems.

(Source: Global Economic Prospects, June 2022; The World Bank)

### Bangladesh Economy & Economic Outlook

A robust economic recovery in Bangladesh is facing new headwinds. Higher global commodity prices are widening the current account deficit and increasing inflationary pressure in the context of the war in Ukraine. Real GDP growth accelerated to 6.9 percent in FY21 as pandemic-related restrictions were eased, led by a rebound of manufacturing and service sector activities. On the demand side, exports and private consumption led growth. High-frequency indicators point to a resilient recovery in the first half of FY22, although the pace of growth slowed modestly. Estimated poverty declined in FY21 as the economic recovery accelerated. However, recent survey datapoint to persistent job losses and reduced earnings due to the COVID-19 pandemic, with a disproportionate impact on women. Inflationary pressure is rising. After remaining stable in FY21, inflation rose in FY22 with higher commodity prices and domestic demand growth. However, the transmission of higher commodity prices to consumers has been dampened by price subsidies and tax and tariff reductions on imported food items. Monetary policy remained accommodative. A gradual acceleration in private sector credit growth began in FY21 and continued in H1 FY22. In the financial sector, pre-existing vulnerabilities have been exacerbated by ongoing regulatory forbearance measures. After a substantial balance of payments surplus in FY21, the surplus turned into a deficit in H1 FY22 as the current account deficit widened. Payments on account of consumer, intermediate, and capital goods imports rose sharply with the economic recovery and increased world prices. Official remittance inflows declined as the use of informal payment channels normalized after COVID-19 travel restrictions were eased. The financial account surplus also narrowed as loan disbursements and portfolio investments slowed. Bangladesh Bank foreign exchange interventions moderated the depreciation of the exchange rate. The fiscal deficit narrowed to an estimated 3.6 percent of GDP in FY21, as revenue growth outpaced expenditure growth. As in previous years, both revenue and expenditure fell short of their targets. Public debt remained sustainable, with a low risk of debt distress. A reduction in interest rates on high-cost National Savings Certificates, a major source of domestic debt, led to a sharp decline in issuance in FY22. Despite a modest deceleration in FY22, GDP growth is expected to remain resilient in the medium term, as pandemic-related economic disruptions ease. Inflation is projected to remain elevated due to both demand-pull and cost-push factors. External and fiscal sustainability will be stressed by rising global commodity prices and increased uncertainty following the war in Ukraine. Downside risks include continued high commodity prices that could worsen inflation dynamics and impact the external balance, weaker global demand for Bangladesh's exports, and potential new waves of COVID-19 that could require further containment measures. Economic disruptions and extended regulatory forbearance could worsen financial sector vulnerabilities. Structural reforms provide an opportunity to accelerate growth and job creation. Rationalizing the tariff structure with lower overall protection and modernizing import and export processes would help Bangladesh compete in the world as well as regional export markets. An improved business climate, a predictable regulatory framework and a deeper financial sector would support innovation and attract higher foreign and domestic investment.

Addressing climate vulnerabilities would strengthen the resilience of the recovery. Climate change adaptation investments will be critical to protect vulnerable sectors and people, while mitigation measures can reduce emissions growth. Implementation of long-term plans to address climate change will also require resolution of institutional constraints, including more efficient public investment and public financial management.

- While the global economy has continued to recover, commodity prices have surged; The global trade in goods reached new highs, despite persistent supply bottlenecks.
- Bangladesh's economy kept pace with the global recovery in FY21; The global trade in goods reached new highs, despite persistent supply bottlenecks.





- On the supply side, growth was underpinned by a rebound of manufacturing and service sector activity; After declining in FY20, exports grew by 9.2 percent in FY21 and 28.4 percent in H1 FY22, with recovery in global demand for readymade garments (RMG)
- On the demand side, growth was led by exports and a rebound of private consumption; Inflation was moderate in FY21, reaching 5.6 percent by the end of the fiscal year. However, headline inflation rose to 6.2 percent in February 2022, driven by a rise in both food and non-food prices.
- Inflation accelerated in FY22, driven by higher commodity prices and domestic demand growth;
- Estimated poverty declined in FY21 in the context of a stronger economic recovery; Estimated poverty declined to 11.9 percent in FY21 from 12.5 percent in FY20 using the international poverty line (\$1.9 a day in 2011 PPP).
- Bangladesh Bank (BB) adopted accommodative monetary policies in response to the COVID-19 pandemic in FY20, reducing the cash reserve ratio to 4 percent (from 5.5 percent) and the repo rate to 4.75 percent (from 6 percent) and increasing the advance-to-deposit ratio (ADR) to 87 percent (from 85 percent)
- BB foreign exchange interventions to defend the value of the taka, which contributed to slower NFA growth (y-o-y), resulted in a decline in reserve money growth to 6.5 percent in December 2021.
- Private sector credit growth has increased modestly; Credit to the private sector recovered in FY21, as pandemic-related restrictions were lifted.
- The COVID-19 pandemic exacerbated long standing financial sector vulnerabilities.
- Financial soundness indicators may not accurately reflect financial sector conditions.
- Investors showed renewed interest in capital markets in 2021.
- The large balance of payments (BoP) surplus in FY21 turned into a deficit in H1 FY22. Despite a widening trade deficit, the BoP surplus increased to US\$ 9.3 billion at the end of FY21, led by a 36.1 percent (y-o-y) surge in official remittance inflows.
- The BoP deficit has put downward pressure on foreign exchange reserves. The Bangladeshi taka (BDT) remained stable against the US dollar at 84.8 BDT/US\$ throughout FY21.
- Revenue collection recovered from a low base. The revenue target for FY21 was an aspirational 42.3 percent nominal increase over FY20 collections.
- Public expenditure growth remained modest. Despite the ambitious target in the budget to expand expenditure to expedite the economic recovery and support vulnerable sectors, total nominal expenditure grew only 9.8 percent in FY21.
- The fiscal deficit narrowed to an estimated 3.7 percent of GDP in FY21, according to preliminary fiscal data.
- Bangladesh remains at a low risk of debt distress; Estimated public debt rose to 32.1 percent of GDP in FY21, from 31.7 percent in FY20

**Economic Outlook:** GDP growth is expected to remain resilient in the medium term with waning pandemic-related economic disruptions and continuation of supportive macroeconomic policies. Inflation is projected to remain above the BB's target of 5.3 percent. External and fiscal sustainability will be stressed by rising global commodity prices and increased uncertainty following the war in Ukraine. Downside risks include continued high commodity prices that could worsen inflation dynamics and impact the external balance, weaker global demand for Bangladesh's exports, and potential new waves of COVID-19 that could require further containment measures.

- After rebounding to an estimated 5.5 percent in 2021, global growth is expected to decelerate markedly to 4.1 percent in 2022; The downgrade reflects the impact of the Ukraine crisis, continued COVID-19 flare-ups, diminished fiscal support, and lingering supply bottlenecks.
- Bangladesh's GDP is expected to maintain robust growth in the medium term; Real GDP growth in FY22 is projected to decelerate modestly to 6.4 percent, driven by slower manufacturing sector growth as pent-up consumption demand subsides.
- Inflation is projected to remain above the BB's 5.3 percent target; The inflation outlook has worsened due to the war in Ukraine and associated sanctions that resulted in higher global commodity prices.
- Monetary policy is likely to remain accommodative, subject to inflation dynamics; BB kept the prior reductions in policy rates and reserve requirements unchanged despite the economic recovery.
- External stability will be subject to rising global commodity prices and increased uncertainty following the war in Ukraine; The current account deficit is projected to increase to 4.0 percent of GDP in FY22, driven by surging import payments and a decline in official remittance inflows as the use of informal transmission channels normalizes.





- The fiscal deficit is expected to reach 4.1 percent of GDP in FY22 and moderate over the medium term; The volatility and uncertainty in the price of oil and LNG in the international market have created uncertainty regarding the required subsidy payments in FY22 and subsequent years.
  - Risks remain tilted to the downside; Inflation may increase further due to both demand-pull and cost-push factors, disproportionately affecting the poor.
  - Containing inflation and managing the potential negative impacts of the war in Ukraine are immediate priorities. While growth has remained resilient, rising inflation is contributing to headwinds; Implementing existing stimulus programs for smaller firms and scaling up direct cash and food support programs to help the low-income households could underpin more balanced and sustainable growth.
  - Addressing longstanding structural reforms would support the recovery and strengthen resilience to future shocks; Bangladesh's expected graduation from the UN's Least Developed Country (LDC) status in coming years will present opportunities but also challenges, including the eventual loss of preferential access to advanced economy markets and more rigorous environmental and labor standards.
- (Source: Bangladesh Development Update; April 2022; The World Bank)

**Banking Sector Highlights-2021:** Bangladesh Bank (BB) remained proactive during FY21 in ensuring financial stability along with adopting supportive steps for quick economic recovery from the adversities caused by the COVID-19 pandemic. BB's numerous initiatives concerned of easing liquidity access to the banking system, maintaining balanced and competitive foreign exchange rates, and further preserving financial markets' harmony with watchful monitoring and careful supervision. BB utilised necessary policy tools and undertook various measures throughout FY21 to ascertain abundant liquidity, well performing markets, and a sound financial system amidst the devastating waves of the COVID-19 pandemic.

- Broad-based economic recoveries from COVID-19 initiated with the onset of FY21 following supportive measures included BB's attempt to inject sufficient liquidity into the banking system by slashing down the cash reserve ratio (CRR) and repo rate from 5.5 percent to 4.0 percent and from 6.0 percent to 5.25 percent respectively during March-April 2020.
- BB further reduced its repo rate by 50 basis points in July 2020, from 5.25 percent to 4.75 percent for enhancing banks' accessibility into less expensive funds.
- To rationalise the policy rates' corridor, BB also slashed down the reverse repo rate by 75 basis points, from 4.75 percent to 4.0 percent in July 2020.
- To rationalise with the current interest rate regime, BB reduced the bank rate by 100 basis points to 4.0 percent in July 2020 from 5.0 percent, which was unchanged since 2003.
- As a result of policy relaxations, banks' excess liquidity increased, notably in FY21, and the drifts calated due to higher remittance in flows, upward deposit growth, and sluggish growth in loans and advances.
- With the presence of a liquidity glut and slow credit demand owing to the ongoing COVID-19 pandemic, inter bank call money rates recorded a sharp decline from 5.01 percent in June 2020 to 2.25 percent in June 2021.
- BB intentionally refrained from carrying any liquidity sterilisation effort considering the pandemic situation and maintaining safe position of key anchoring variables both in monetary and credit sectors.
- To facilitate Shariah based financing, Bangladesh Government Investment Sukuk (BGIS) bond was issued for raising funds for 'Safe Water Supply for the Whole Country' project on 28 December 2020 with tenure of 5 years and two tranches each worth BDT 40.0 billion have already been issued for this purpose. BB acts as the Special Purpose Vehicle (SPV) of BGIS.
- Both bourses (DSE and CSE) remained buoyant aided through ease monetary condition with restoration of investors' confidence by favorable policies in FY21. The DSE broad index (DSEX) recorded 54.2 percent increase and stood at 6150.5 as of end FY 21.
- BB's appropriate monitoring and close intervention in the foreign exchange market, including sale and purchase of USD, helped to maintain competitiveness of BDT against major currencies of the trade-partners alongside maintaining stability in the BDT-USD exchange rate in the foreign exchange market. As a result, the exchange rate of BDT-USD remained broadly stable in FY21 in spite of having appreciation pressure on the BDT due to an upsurge in remittance in flows and strong export earnings.
- Based on the surplus in the overall balance, the foreign exchange reserve rose to historically high level of USD 46.40 billion at the end of FY21, which could meet 6.9 months of import payments.

(Source: Annual Report-2020-21; Bangladesh Bank)



#### Operating Profit (BDT in Million)

2021	2020	Change%
404.67	347.04	16.60



#### Profit after Tax (BDT in Million)

2021	2020	Change%
140.10	201.04	-30.31



#### Loans and Advances (BDT in Million)

2021	2020	Change%
10,047.40	8,331.65	20.59



#### Total Assets (BDT in Million)

2021	2020	Change%
18,827.81	18,559.06	1.45



#### Deposits (BDT in Million)

2021	2020	Change%
13,285.74	13,155.38	0.99



#### Shareholders' Equity (BDT in Million)

2021	2020	Change%
4,614.82	4,472.33	3.19



#### Earnings Per Share (BDT)

2021	2020	Change%
0.33	0.48	-31.25



#### Net Asset Value Per Share (BDT)

2021	2020	Change%
10.77	10.75	0.19



#### Return on Investments (ROI)

2021	2020	Change%
6.31%	5.33%	18.39



#### Return on Assets (ROA)

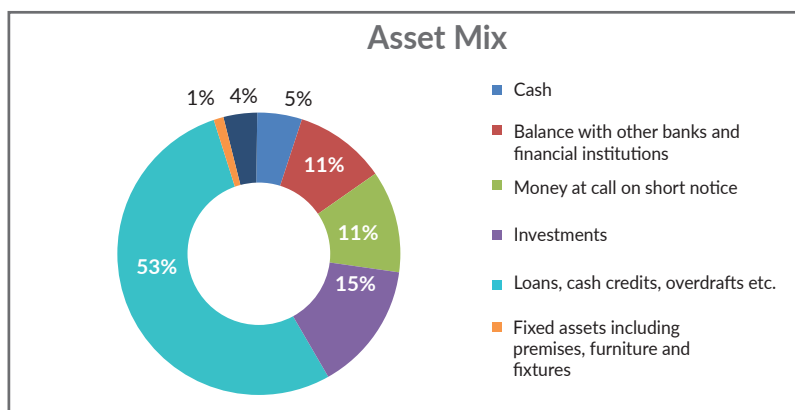
2021	2020	Change%
0.75%	1.20%	-37.50



## Asset Portfolio

The assets of the Bank stood at BDT 18,827.81 million in 2021 compared to BDT 18,559.06 million in 2020 with a growth of 1.45%.

The asset portfolio comprised of BDT 941.79 million as Cash, BDT 1,989.61 million as Balance with Other Banks and FIs, BDT 2,150.00 million as Money on Call at Short Notice, BDT 2,751.99 million as Investments, BDT 10,047.39 million as Loans and advances, BDT 211.14 as Fixed Assets and BDT 735.89 million as other assets.



## Loans & Advances

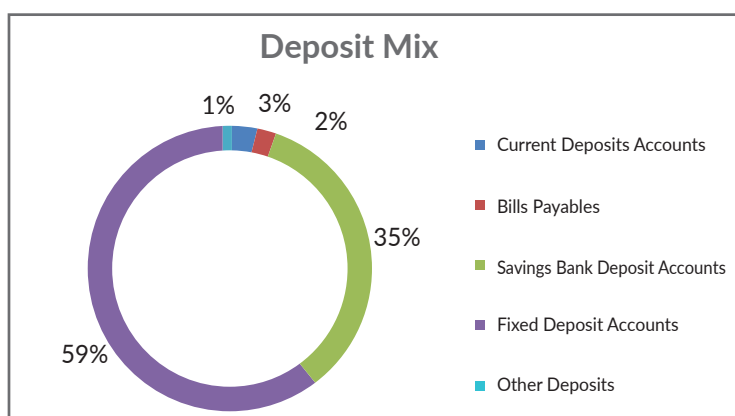
The total loans and advances of the Bank is BDT 10,047.40 million for the year ended 2020 which was BDT 8,331.65 million in 2020.

## Investments

The Bank has raised investment to BDT 2,751.99 million consisting of investment in Govt. Securities BDT 1,993.96 million and Other Investment BDT 758.03 million.

## Deposit

The total deposit of Shimanto Bank stood to BDT 13,258.74 million comprising of BDT 7,877.43 million fixed deposit, BDT 4,592.75 million savings deposit, BDT 377.52 million current deposit, BDT 290.94 million bills payable and BDT 147.09 million other deposit.



## Income and Expenditure

The Bank earned interest income of BDT 1,118.46 million whereas the interest paid on deposits and borrowings is BDT 437.87 million. The Bank has generated operating income of BDT 889.78 million and incurred operating expense of BDT 485.11 million. The Bank has booked an operating profit of BDT 404.67 million before provisions in the year 2021.

## Risk Based Capital Framework

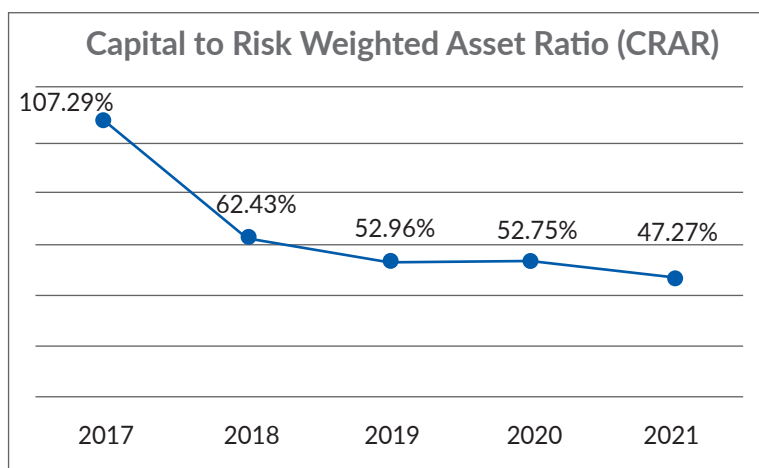
Risk Based Capital Adequacy Framework (Revised Regulatory Capital Framework for banks in line with Basel III) has been implemented in Bangladesh from of 2015 through BRPD Circular No- 18 dated December 21, 2014 Shimanto Bank Ltd has been continuing to calculate minimum capital requirement (MCR) considering credit risk, market risk and operational risk considering the Capital Conservation Buffer 2.5%.



The summary of Capital Requirement of the Bank are as follows:

Particulars (in BDT Million)	2021	2020
Tier I Capital	4607.86	4467.77
Tier II Capital	137.54	102.37
Total Eligible Capital	4745.40	4570.14
Risk Weighted Assets	10039.79	8663.28
Capital to Risk Weighted Asset Ratio (CRAR) (%)	47.27	52.75

Shimanto Bank has strong Common Equity (Tier-1 Capital) base of BDT 4,607.86 million which was 45.90% of risk weighted assets as on December 31, 2021. Bank's Tier-2 Capital was BDT 137.54 million at the end of 2021, which was 1.37% of risk weighted assets. Against the minimum requirement of 12.50%, Shimanto Bank is consistently maintaining above the requirement in last five years.



### Branch Network Expansion

Bangladesh Economy has been recovering from impact of COVID-19 pandemic. We were very cautious about expansion during the year 2021, we emphasized to steady expansion. We opened only one branch at Gulshan-Dhaka and two sub-branches at Ramu-Cox's Bazar and Pabla-Khulna. The total number of branches including sub-branches have been raised to twenty-one.

### Appropriate Accounting Policies and Standards and Financial Reporting Standards

Shimanto Bank Ltd maintained proper books of account for its financial transactions occurred during 2021. 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 2021. 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 2021.

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, 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 2021 where Bank is a party and wherein 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 relat 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 Declaration

Profit after Tax stood at BDT 140.10 million in the year ended on 31 December 2021. The profit available for distribution was BDT 82.08 million after a mandatory transfer of BDT 58.01 million to statutory reserve in 2021. The accumulated retained earnings stood at BDT 97.31 million at end of the year 2021. 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 the year 2023 from own source of the sponsors. Bangladesh Bank had barred to distribute Cash Dividend till the raise of capital being accomplished. Board of Directors has recommended 2.22% stock dividend amounting to BDT 95.20 million. Paid up capital of the Bank will be BDT 4,380.00 million after distributing the dividend.

Proposed appropriations are as follows:

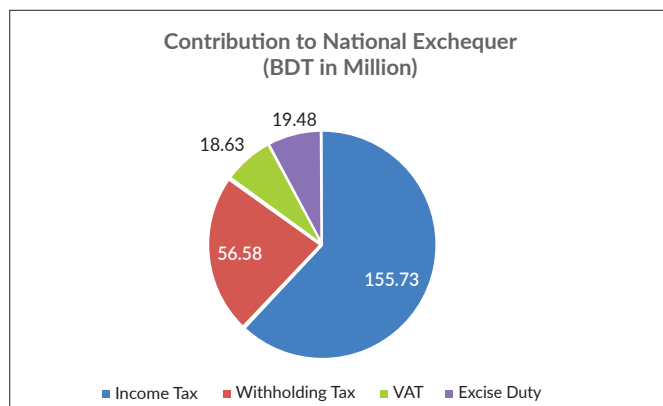
Particulars	Amount in BDT Million
Net profit after tax in the year 2021	140.01
Retained earnings at the beginning	15.23
Transfer from General Reserve	-
Profit available for appropriation	155.33
Transferred to Statutory Reserve	58.01
Proposed stock dividend	95.20
Retained earnings after distribution of dividend	2.12

Stock Dividend is 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.



### 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 2021, the Bank contributed BDT 250.43 million to national exchequer as against BDT 230.17 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 2021.

The auditor has certified that they have obtained all the information and explanations which to the best of their knowledge and belief were necessary for the purpose of their audit. They have also certified that

- i) the financial statements of the Bank as disclosed in the financial statements appeared to be materially adequate;
- ii) nothing has come to their attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank;
- iii) proper books of accounts as required by law have been kept by the Bank;
- iv) the records and statements submitted by the branches have been properly maintained in the financial statements;
- v) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- vi) the expenditures incurred were for the purpose of the Bank's business for the year;
- vii) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- viii) adequate provisions have been made for advance and other assets which are doubtful of recovery;
- ix) the information and explanations required by the Auditor have been received and found satisfactory;
- (x) they have reviewed over 80% of the risk weighted assets of the Bank and spent over 2,150 person hours; and
- (xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

### 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 5th Annual General Meeting. They had conducted the statutory audit of Shimanto Bank Ltd for the year ended on December 31, 2021 and submitted the Audit Report and Audited Financial Statements. They have accomplished their roles as Statutory Auditor for their 3rd term with the Bank. As per guidelines and circulars of Bangladesh Bank (BB) and Bangladesh Securities Exchange commission (BSEC), an Auditor could be appointed for consecutive maximum 03 (three) terms/years and therefore, Hoda Vasi Chowdhury & Co Chartered Accountants is not eligible for being reappointed. The Audit Committee and Board of Directors have recommended to appoint M/S ACNABIN Chartered Accountants as external auditors of the Bank up to the 7th 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 09 (nine) Directors in the Board of the Bank. Among them, 04 (four) directors had been elected in the 5th AGM and 05 (five) other Directors were appointed by the Board of Directors in between the AGMs to fill the casual vacancy.

Considering the seniority in the Board of the Bank, following Directors will retire in the upcoming 6th Annual General Meeting:

1. Brig Gen Md Nurul Amin, PhD, MPH
2. Brig Gen Md Hasan Uz Zaman, ndu, afwc, psc, MPhil
3. Brig Gen Benazir Ahmed, BGBMS, afwc, psc
4. Brig Gen A M M Khairul Kabir, BGBMS, psc
5. Col Murad Zaman, PBGMS
6. Col A S M Faisal, PBGMS

All of the aforesaid persons are eligible for re-election and they have offered themselves for being re-elected in the 6th AGM of the Bank.

The following Directors were appointed in the Board during the year 2021 and 2022 to fill casual vacancy and also for adding members in the Board as per Clause 111 of Articles of Association. In order to comply with the said provision, the following Directors so appointed should retire on the 6th AGM and being eligible for re-election they have offered themselves for being re-elected:

1. Maj Gen Shakil Ahmed, SPP, nswc, afwc, psc
2. Brig Gen Md. Shazedur Rahman, BGBM
3. Colonel Shaful Azam Parvez

## Acknowledgement & Gratitude

Year 2021 was a critical year in our journey as we have been recovering from economic impact of COVID-19 pandemic. We have experienced spread of deadly virus across the globe in last two years. We experienced lockdown situation countrywide or in partial during the year 2020 and 1st half of the year-2021. Our economy has faced a down turn; now we are revamping. Being a new bank with huge growth prospective, we had to reinforce our vision of the techno centric 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 unforeseen situation.

Stepping into the year 2022 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 customer centric and techno centric business model and alignment with our vision of change in the competitive banking sector of the country.

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,

**Maj Gen Shakil Ahmed, SPP, nswc, afwc, psc**  
Chairman, Board of Directors  
Shimanto Bank Ltd  
29 May, 2022



## REPORT OF THE AUDIT COMMITTEE

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 dated on 27 October 2013 issued by Bangladesh Bank.

Name	Educational Qualification	Committee Designation
Brig Gen Benazir Ahmed, BGBM, afwc, psc, MPhil	BA, MDS	Chairman
Col Md Aminul Hoque, SUP, afwc, psc	BSc, MDS, MICT	Member
Mr. Mohammad Mostafa Hossain Suman FCS	MSS, LLB, CS	Secretary

The Board has revised the Audit Committee in the 48<sup>th</sup> Board Meeting held on 27<sup>th</sup> March, 2022. Brig Gen Benazir Ahmed, BGBM, afwc, psc, MPhil 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 (as on report publication date) :





Name	Educational Qualification	Committee Designation
Brig Gen Benazir Ahmed, BGBM, afwc, psc, MPhil	BA, MDS	Chairman
Col A S M Faisal, PBGMS	B.Sc. Engineer (Civil)	Member
Col Shafiu Azam Parvez	BSc, MBA, BSc (Engg) MSc (Engg)	Member
Mr. Mohammad Mostafa Hossain Suman FCS	MSS, LLB, CS	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 dated on 27 October 2013 and Corporate Governance Guideline issued by Bangladesh Securities & Exchange Commission (BSEC). The terms of reference also adopt 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 2021 and the Committee had discussed in details the findings on different issues and corrective measures prescribed by the internal and external auditors. The Committee also instructed the management to ensure those suggestions for corrective measures and monitored accordingly.

The Meetings were held in following dates:

Meeting	Date
17 <sup>th</sup> Audit Committee Meeting	18 <sup>th</sup> July, 2021
18 <sup>th</sup> Audit Committee Meeting	1 <sup>st</sup> November, 2021
19 <sup>th</sup> Audit Committee Meeting	6 <sup>th</sup> December, 2021
20 <sup>th</sup> Audit Committee Meeting	27 <sup>th</sup> December, 2021

Attendance in the Audit Committee Meeting during the Year 2021 is as follows:

Name of the Member	Attendance
Brig Gen Benazir Ahmed, BGBM, afwc, psc, MPhil	04/04
Col Md Aminul Hoque, SUP, afwc, psc	04/04

## Area Focused & Agenda Discussed in 2021

### 17<sup>th</sup> Audit Committee Meeting:

- Proposal for Review and Recommendation of Audited Financial Statements for the Year ended 31 December, 2020

### 18<sup>th</sup> Audit Committee Meeting:

- Review of Bangladesh Bank Special Inspection report on Internal Control & Compliance as on 30-06-2020 and Compliance Status
- Review of Bangladesh Bank Special Inspection report on Credit Risk Management as on 30-06-2020 and Compliance status
- Review of Bangladesh Bank Special Inspection report on Asset Liability Management as on 30-06-2020 and Compliance Status
- Review of Bangladesh Bank Comprehensive Inspection report on Principal Branch as on 30-06-2020 and Compliance Status
- Review of Internal Audit Report on Motijheel Branch for the Period from 01 March 2019 to 29 February 2020 and Compliance Status
- Review of Internal Audit Report on Lalmonirhat Branch for the Period from 01 July 2019 to 31 December 2020 Compliance Status

### 19<sup>th</sup> Audit Committee Meeting:

- Review of Bangladesh Bank Special Inspection report on Anti Money Laundering and Terrorist Financing as on 30-06-2020 and Compliance Status
- Review of Internal Audit Report on Bibir Bazar Branch for the Period from 01 December 2019 to 31 August 2020 and Compliance Status
- Review of Internal Audit Report on Agrabad Branch for the Period from 01 September 2019 to 31 August 2020 and Compliance Status
- Review of Internal Audit Report on Uttara Branch for the Period from 11 July 2019 (Beginning) to 31 January 2020 and Compliance Status
- Approve Audit Plan-2022
- Review Summary Report of Audit Findings-2020
- Submit Annual Health Report-2020 of Shimanto Bank Limited



#### **20<sup>th</sup> Audit Committee Meeting:**

- Review of Bangladesh Bank Special Inspection Report on Information Communication Technology (ICT) Security as on 30-06-2020 and Compliance Status
- Review of Internal Audit Report on Pragpur Branch for the Period from 20 January 2019 (Beginning) to 31 January 2020 and Compliance Status
- Review of Internal Audit Report on Cox's Bazar Branch for the Period from 01 September 2019 to 31 August 2020 and Compliance Status
- Review of Internal Audit Report on Teknaf Branch for the Period from 1 September 2019 to 31 August 2020 and Compliance Status
- Review of Internal Audit Report on Satkania Branch for the Period from 01 September 2019 to 31 August 2020 and Compliance Status
- Review of Internal Audit Report on Mymensing Branch for the Period from 1 December 2019 to 30 June 2020 and Compliance Status

Audit Committee acknowledges the splendid support of Members of the Board, Management 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, BGBM, afwc, psc, MPhil**  
Chairman, Audit Committee  
Shimanto Bank Ltd  
29 May, 2022



## 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 2021 in the 42<sup>nd</sup> and 43<sup>rd</sup> Board Meeting held on 25<sup>th</sup> April 2021 and 5<sup>th</sup> August 2021. Audit Committee as on 31<sup>st</sup> December 2021 was as follows:

Name	Educational Qualification	Committee Designation
Brig Gen A M M Khairul Kabir, BGBMS, psc	MSc, MBA	Chairman
Col Murad Zaman, PBGMS	BSc	Member
Mr. Mohammad Mostafa Hossain Suman FCS	CS, MSS, LLB	Secretary

The Committee has been consisted of skilled and efficient Board Members and the present composition of the Committee is as follows (as on report publication date):

Name	Educational Qualification	Committee Designation
Brig Gen A M M Khairul Kabir, BGBMS, psc	MSc, MBA	Chairman
Col Murad Zaman, PBGMS	BSc	Member
Mr. Mohammad Mostafa Hossain Suman FCS	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.
06. **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 two meetings in the year 2021 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
14 <sup>th</sup> Risk Management Committee Meeting	December 06, 2021
15 <sup>th</sup> Risk Management Committee Meeting	December 30, 2021

Attendance in the Risk Management Committee Meeting during the Year 2021 is as follows:

Name	Attendance
Brig Gen A M M Khairul Kabir, BGBMS, psc	02/02
Col Murad Zaman, PBGMS	02/02



## Area Focused & Agenda Discussed in 2021

### 14<sup>th</sup> Risk Management Committee Meeting:

- Comparative Analysis on Regulatory Framework and Shimanto Bank (SMBL) Framework for Mitigating the following Risks:
- Credit Risk
- Internal Control & Compliance Risk
- Anti-Money Laundering Risk
- Foreign Exchange Risk
- Asset Liability Management Risk
- Information Technology Risk
- To review and recommend 'Risk Appetite Statement' of Shimanto Bank Limited for the year 2021 for onward submission to the Board of Directors for approval
- To review 'Comprehensive Risk Management Rating as of 30.12.2020' of Shimanto Bank Limited rated by Bangladesh Bank

### 15<sup>th</sup> Risk Management Committee Meeting:

- To review and recommend 'Revised Risk Appetite Statement' of Shimanto Bank Limited for the year 2021 for onward submission to the Board of Directors for approval
- To review 'Comprehensive Risk Management Rating as of 30.06.2021' of Shimanto Bank Limited rated by Bangladesh Bank

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

On behalf of the Committee,

**Brig Gen A M M Khairul Kabir, BGBMS, psc**  
Chairman, Risk Management Committee  
Shimanto Bank Ltd  
29 May, 2022



# CORPORATE GOVERNANCE REPORT

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

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

## Governance Legal Framework

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

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

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

Internal policies of Shimanto Bank Ltd are formulated in line with the guidelines of Bangladesh Bank which are approved by the Board of Directors.

- 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.

Management has also prepared different operational manuals in line with the aforesaid policies to streamline and strengthen the process and procedures.

### Stakeholders

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

### Shareholding Structure

As on 31st December 2021 BGB Welfare Trust has been holding 428,479,991 shares as institutional shareholder whereas nine individual members who are also serving as the Directors of the Board have been holding 09 shares of the Bank.

Sl.	Name of Shareholder	No of Shares Held	Percentage (%) of Share
1	BGB Welfare Trust	428,479,991	99.999998
2	Others	9	0.000002

Ownership of Company's Securities by the Members of Board of Directors as on 31 December 2021 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 Nurul Amin, PhD, MPH	01
03.	Brig Gen Md. Shazedur Rahman, BGBM	01
04.	Brig Gen Md Hasan Uz Zaman, ndu, afwc, psc, MPhil	01
05.	Brig Gen Benazir Ahmed, BGBMS, afwc, psc, MPhil	01
06.	Brig Gen A M M Khairul Kabir, BGBMS, psc	01
07.	Col Murad Zaman, PBGMS	01
08.	Col A S M Faisal, PBGMS	01
09.	Col Md Aminul Hoque, SUP, afwc, psc	01
<b>Total</b>		<b>09</b>

Shareholding by Executives as on 31 December 2021 are as follows:

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

The shareholding by other senior executives is also nil.





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

### Policy on Appointment of Directors

Directors 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 in 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 5<sup>th</sup> Annual General Meeting of the Bank, two Directors were retired from the Board of Directors, four senior most Directors were retired and re-elected in the same general meeting. Four other Directors were retired and re-elected (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 has been appointed as the Director of the Board with prior approval from Bangladesh Bank.

### Board Meeting and Attendance

During the year 2021, seven meetings of the Board of Directors were conducted and the attendance of the directors in those meetings are presented in the following table:

Sl.	Name of Director	Attendance	Leave
01	Maj Gen Md Shafeenul Islam, BGBM (BAR), ndc, psc	07	Nil
02	Brig Gen Md Jalal Ghani Khan, ndc, psc	Nil	04
03	Brig Gen Md Nurul Amin, Phd, MPH	03	Nil
04	Brig Gen Md Hasan Uz Zaman, ndu, afwc, psc	02	Nil
05	Brig Gen Md Towhidul Islam, PBGM, afwc, psc	04	Nil
06	Brig Gen Benazir Ahmed, BGBMS, afwc, psc, MPhil	07	Nil
07	Brig Gen A M M Khairul Kabir, BGBMS, psc	07	Nil
08	Brig Gen A B M Nowroj Ehsan, BSP, psc	01	Nil
09	Col Md Rashidul Alam	04	Nil
10	Col Abu Sayed Al Masud, PGBMS, psc	04	01
11	Col Murad Zaman, PBGMS	02	Nil
12	Col A S M Faisal, PBGMS	02	01
13	Col Md. Mahfuzer Rahman, PBGM, psc, PEng, MSc	04	Nil
14	Col Md Aminul Hoque, SUP, afwc, psc	03	Nil

### Remuneration of Directors

The Directors do not receive any type of remuneration and incentive. They are only paid Board meeting attendance fees, and other Board's Committee meetings as per Articles of Association of the Bank and within the guidelines of Bangladesh Bank. Information regarding expenses relating to Directors is separately disclosed in the financial statements in Notes-27. At the end of 2021, Shimanto Bank Ltd had 09 (nine) 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 8,000.00 (Eight thousand) as honorarium for attending in a meeting. In the year 2021, total honorarium was BDT 0.38 million which was BDT 0.60 million in 2020.



### Separation of Chairman and Chief Executive Officer Roles

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

### Roles and Responsibilities of the Board of Directors

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

### Responsibilities of the Chairman

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

### Appraisal of Board Members

The Board of Directors of 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 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 and direct the operations, performance and strategic direction of the Bank.



**1. Audit Committee (AC)**

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

The Committee has been re-constituted by the Board of Directors from time to time to review and oversee independently the company's financial reporting, nonfinancial corporate disclosures, internal control systems and compliance to governing laws, rules and regulations etc. The report of the Audit Committee is provided in the page no. 61 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 three-member Risk Management Committee (RMC) of the Board. The Risk Management Committee has been formed to minimize probable risks arisen during implementation of Board approved policies, procedures and strategies. The RMC is entrusted to examine and review whether management is properly working on identification, management and mitigation of credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, information and communication technology risk, operation risk, interest rate risk and liquidity risk and keeping adequate provision and capital against the said risks. The Statement of the Risk Management Committee on appointment, composition, roles and responsibilities of the Committee is furnished in page no. 65 of this Annual Report.

### Management Committees & Their Responsibilities

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

**1. Management Committee (MANCOM)**

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

**2. SMBL Central Quick Response Team on COVID-19**

A central quick response team has been formed to accelerate immediate response on pandemic and lockdown situation. 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 rules 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 key ALM ratios. ALCO is also engaged in setting strategies and revamping previously taken strategies to cope with current & future market scenario.

**4. Credit Risk Management Committee (CRMC)**

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

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



- 7. HR Committee**  
HR Committee of the Shimanto Bank Ltd 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) of Shimanto Bank Ltd is formed consisting of representatives of different stakeholders and divisions. Objective of the Committee is to promote better risk culture at all levels of the banks, to provide minimum standards for risk management practices, to improve financial soundness of individual banks and stability of the overall financial sector, to encourage banks to adopt and implement a sound risk management framework and to introduce important risk management tools and techniques for assessment and necessary treatment of various risks.
- 9. ICT Risk Management Committee**  
ICT Risk Management Committee of the Bank is formed and the committee is responsible to govern overall ICT risks and relevant mitigation measures. The committee is to define the Risk Appetite in terms of combinations of frequency and magnitude of a risk to absorb loss e.g., financial loss, reputation damage.
- 10. Central Compliance Committee**  
Central Compliance Committee the prime mover for ensuring the compliance of AML & CFT measures. 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 guidelines 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**  
ICT 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 complained 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 have disclosed the related party transaction (if any) in its financial statements. Related-Party Transaction is being executed complying with relevant rules and regulations. For making decision of related party transaction, the process is same as applicable to the other stakeholders. Same process of selection is applied to related party. The related party doesn't enjoy any preferred facility or concession from the view point of approval process, rate or cost charged, action taken for any non-compliance etc.

### Code of Conduct & Whistle Blowing Policy

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

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

### Corporate Social Responsibility Activities and Green Banking

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

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## DISCLOSURES ON RISK BASED CAPITAL (BASEL III) For The Year 2021

The public disclosure of prudential information is an important component of the Basel Committee on Banking Supervision's framework of capital measurement and capital adequacy, known as Basel III. The Bank must set out the public disclosure upon its capital requirements, level of risks, and risk management system to facilitate and enhance greater insight information for the outsiders and market participants to assess and analyze all risks and capital adequacy of the Bank. This disclosure shall be deemed as the essential market mechanism in escorting the Bank to achieve an effective risks management system beyond simply the internal control of the Bank and the supervision of Bangladesh Bank.

In line with the Bangladesh Bank BRPD Circular no. 35 of December 29, 2010 as to Guidelines on 'Risk-Based Capital Adequacy for Banks' and subsequent BRPD Circular 18, dated December 21, 2014 on 'Guidelines on Risk-Based Capital Adequacy', following detailed qualitative and quantitative disclosures are provided in accordance with the central bank directions covering the scope of capital adequacy framework, capital of the bank, risk exposure and assessment methodology, risk mitigation strategies and capital adequacy of the bank.

To cope with the international best practices and to make the bank's capital shock absorbent 'Guidelines on Risk-Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with Basel II) was introduced from January 01, 2009 as a parallel run with BRPD Circular No. 10, dated November 25, 2002 (Basel I). At the end of parallel run, Basel II regime started from January 01, 2010 and the guidelines on RBCA came fully into force with its subsequent supplements/revisions. After that Bangladesh Bank issued 'Guidelines on Risk-Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with Basel III) vide its BRPD Circular 18 dated December 21, 2014 that Basel III reporting started from January 2015 and full implementation started from January 2020. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirements as stated in the guidelines had to be followed by all scheduled banks for the purpose of statutory compliance.

**The Basel III framework consists of three-mutually reinforcing pillars:**

**Pillar 1 (Minimum Capital Requirement):** covers the calculation of RWAs for credit risk, market risk, and operational risk



**Pillar 2 (Supervisory Review Process)** : covers the consideration of whether additional capital is required over and above the Pillar 1 risk calculations. Bank's own internal models and assessments support this process.

**Pillar 3 (Market Discipline)** : covers external communication of risk and capital information by banks as specified in the Basel rules to promote transparency and good risk management. Market discipline comprises a set of disclosures on the Capital Adequacy and Risk Management Framework of the Bank. Pillar 3 disclosures as per BB circular on Basel-III Capital Regulations are set out in the following sections for information.

## 1. SCOPE OF APPLICATION

### Qualitative Disclosures :

- (a) The name of the top corporate entity in the group to which this guideline applies:

The framework applies to Shimanto Bank Limited (SMBL) as of the reporting date i.e. December 31, 2021. However, 'Solo Basis' information has been presented as Bank does not have any subsidiary.

- (b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (i) that are fully consolidated; (ii) that are given a deduction treatment; and (iii) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted):

**Shimanto Bank Limited** was formally inaugurated on 1st September 2016 by the Honorable Prime Minister Sheikh Hasina, and incorporated as a Public Limited Company (Banking Company) under the Companies Act 1994 for carrying out all kinds of banking activities.

At present, the Bank is operating its business activities through Head Office with Nineteen Branches (Principal Branch, Mymensingh Branch, Agrabad Branch, Gulshan Branch, Satkania Branch, Benapole Branch, Motijheel Branch, Bibir Bazar Branch, Cox's Bazar Branch, Teknaf Branch, Lalmonirhat Branch, SeedStore Branch, Champoknagar Branch, Sylhet Branch, Pragpur Branch, Uttara Branch, Hazaribag Branch, Khulna Branch, and Godkhali branch) and Two Sub Branches (Ramu Sub Branch, & Pabla Sub Branch)

- (c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group:

Not applicable

### Quantitative Disclosures :

- (d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.

Not Applicable

## 2. CAPITAL STRUCTURE

### Qualitative Disclosures :

- (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 CET 1, Additional Tier 1, or in Tier 2.

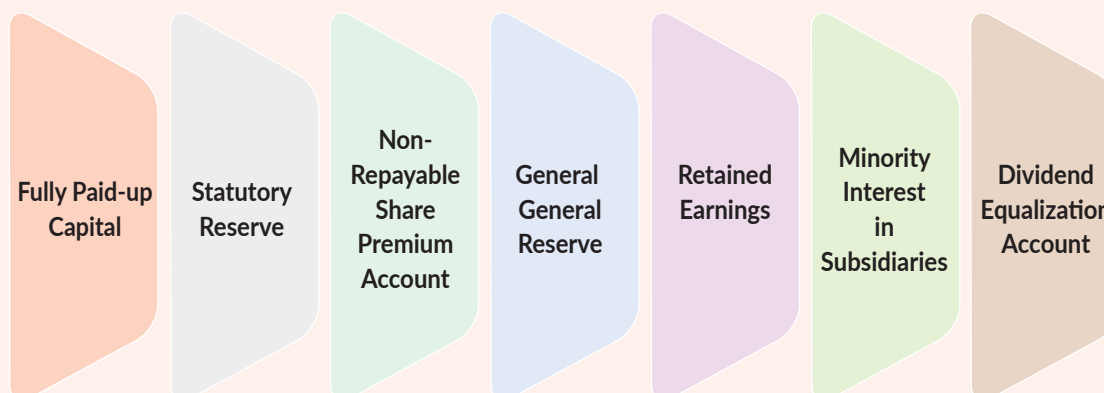
For the purpose of calculating capital under the capital adequacy framework, the capital of banks shall be classified into two tiers. The total regulatory capital will consist of sum of the following categories:



- I. **Tier 1 Capital (going-concern capital)** : This form of capital can absorb losses without triggering the bankruptcy of the bank. Hence, it is the core measure of a bank's financial strength from the regulator's point of view. The components of Tier 1 Capital are given below:



**Common Equity Tier 1 Capital** : It is called 'Core Capital' and comprises the highest quality of capital elements consisting of:



**Less:** Regulatory adjustments applicable on CET1

#### Additional Tier 1:

- \* Non-cumulative irredeemable preference share
- \* Instruments issued by the banks that meet the qualifying criteria for AT1
- \* Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties as specified in Annex-4 of Basel III Guidelines (For Consolidated Reporting)

**Less:** Regulatory adjustments applicable on AT1

II. **Tier-2 Capital:** It is called 'gone-concern capital' and represents other elements that fall short of some of the characteristics of the core capital consisting of-

General Provision

Subordinate Debt

Minority Interest i.e. Tier 2 issued by Consolidated subsidiaries to third parties

**Less:** Regulatory adjustments applicable on Tier-2 capital

**Capital Requirement Rules as per RBCA Guidelines of Bangladesh Bank for the year 2021:**

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 I capital can be admitted maximum up to 1.5% of the total RWA or 33.33% of CET 1, whichever is higher \*\*

Tier II capital can be admitted maximum up to 4.0% of the total RWA or 88.89% of CET 1, whichever is higher

In addition to minimum CRAR, Capital Conservation Buffer (CCB) of 2.50% of the total RWA is being introduced which is maintained in the form of CET 1

**\*\* Footnote 9 :** For the purpose of calculating Tier 1 capital and CRAR, the excess Additional Tier 1 capital and Tier-2 capital can only be recognized if the bank has CET1 ratio in excess of the minimum requirement of 7.0% (i.e. 4.5% plus capital conservation buffer of 2.5%). Further, any excess Additional Tier 1 and Tier 2 capital will be recognized in the same proportion as stipulated above i.e. the recognition of excess Additional Tier 1 (above 1.5%) is limited to the extent of 33.3% (1.5/4.5) of the CET1 in excess of 7.0% requirement. Similarly, the excess Tier 2 capital (above 4.0%) shall be recognized to the extent of 88.89% (4.0/4.5) of the CET1 in excess of 7.0% requirement.

### Quantitative Disclosures:

(b) The amount of Regulatory capital of Shimanto Bank Limited under Basel-III during 2021 as below:

Particulars	BDT in Million
Fully Paid-up Capital	4,284.80
Statutory Reserve	225.75
Retained Earnings	97.31
<b>a. Total Common Equity Tier-1 Capital</b>	<b>4,607.86</b>
<b>b. Additional Tier-1 Capital</b>	<b>-</b>
<b>c. Total Tier-1 Capital (a+b)</b>	<b>4,607.86</b>
General Provision	130.58
Others	6.96
<b>d. Total Available Tier -2 Capital</b>	<b>137.54</b>
<b>Total Regulatory Capital (c+d)</b>	<b>4,745.40</b>

## 3. CAPITAL ADEQUACY

### Qualitative Disclosures:

(a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities:

#### Capital Calculation Approach:

With regard to regulatory capital computation approaches (Minimum Capital Requirement), the bank is following the prescribed approach of Bangladesh Bank. Below are risk wise capital computation approaches that the bank is currently applying:

- \* Credit Risk: Standardized Approach (SA)
- \* Market Risk: Standardized Approach (SA)
- \* Operational Risk: Basic Indicator Approach (BIA)



### Capital of the Bank:

In parallel to business growth, the bank effectively manages its capital to meet regulatory requirements considering the risk profile. Below are a few highlights:

- \* Currently Bangladesh Bank prescribed Minimum Capital Adequacy Ratio (MCR) including buffer is 12.50%, whereas as on December 2021 the CRAR of the bank was 47.27%.
- \* During the same period Minimum Capital Requirement (MCR) of the bank was Tk. 4,000.00 million and the eligible capital was Tk. 4,745.40 million; i.e. the bank held TK. 745.40 million surplus capital.

### Capital Management:

Capital adequacy calculation gives the bank an indicative resolution for the capital requirement; capital management, on the other hand, plays a vital role in maintaining the overall capital at an adequate level. SMBL'S capital management is underscored by a sound capital assessment process, followed by a risk-based long-term capital planning approach. Some of the mentionable initiatives to ensure adequate capital for the bank are as follows:

- \* Encouraging borrowers to complete external credit rating to assess counterparty credit risk status, and minimize regulatory capital requirements;
- \* Improving and enhancing collateral coverage through efforts to obtain eligible collateral;
- \* Growth projection in line with RWA composition and capital planning trajectory ;
- \* Assessing risk profile of new clients and onboarding clients with satisfactory external credit rating

Risk Management Division (RMD) under the guidance of the Executive Risk Management Committee (ERMC) & the Board Risk Management Committee (BRMC) is taking active measures to identify, quantify, manage and monitor all risks to which the Bank is exposed.

### Quantitative Disclosures:

Particulars	BDT in Million
Capital requirement for Credit Risk	881.87
Capital requirement for Market Risk	-
Capital requirement for Operational Risk	122.11
Minimum Capital Requirement (MCR) @ 10%	4,000.00
Total Regulatory Capital	4,745.40
Total Risk-Weighted Assets (RWA)	10,039.80
Capital to Risk-weighted Asset Ratio (CRAR)	47.27%
I. Common Equity Tier 1 (CET 1) Ratio	45.90%
II. Tier 1 Capital Adequacy Ratio	45.90%
III. Tier 2 Capital Adequacy Ratio	1.37%
Requirement for Capital Conservation Buffer (CCB)	2.50%
Capital Conservation Buffer (CCB) Maintained	37.27%



## 4. Credit Risk

### Qualitative Disclosures :

#### (a) The general qualitative disclosure requirement with respect to credit risk:

Credit risk is defined as the probability of failure of the counter-party to meet its obligation as per agreed terms. Banks are very much prone to credit risk due to their core activities i.e. lending to Corporate, Consumer, SME, and other banks/FI. The main objective of credit risk management is to minimize the negative impact through adopting proper mitigates and also limiting credit risk exposures within acceptable limits.

Our credit risk management function has been kept independent from business origination functions to establish better internal control and reduce conflict of interest. The Bank has a well-structured delegation and sub-delegation of credit approval authority for ensuring better control in the credit approval system. The Board is the apex body for credit approvals at SMBL. The credit approval authority is delegated to the Managing Director, further sub-delegated to officials of CRM based on their credit skills, experience, and knowledge.



#### (i) Definitions of past due and impaired:

Bank classifies loans and advances (loans and bills discount in the nature of an advance) into performing and non-performing loans (NPL) in accordance with the Bangladesh Bank guidelines in this respect. All the loans and advances are grouped into four categories for the purpose of classification, which are as followings:

- o 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.
- o 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.
- o 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 from the following day of the expiry date.
- o The Short-term Agricultural and Micro-Credit if not repaid within the fixed expiry date for repayment will be considered past due/overdue after six months of the expiry date.



All classified loans can be defined as below:

Types of Facility	Overdue Period for Loans Classification		
	Sub Standard	Doubtful	Bad & Loss
Continuous Loan & Demand Loan (Except CMSME)	3 months or more but less than 9 months	9 months or more but less than 12 months	12 months or more
Continuous Loan & Demand Loan (BRPD Circular no.16 under CMSME)	6 months or more but less than 18 months	18 months or more but less than 30 months	30 months or more
Fixed Term Loan (Except CMSME)	3 months or more but less than 9 months	9 months or more but less than 12 months	12 months or more
Fixed Term Loan (BRPD Circular no.16 under CMSME)	6 months or more but less than 18 months	18 months or more but less than 30 months	30 months or more
Short Term Agricultural & Micro Credit	12 months or more but less than 36 months	36 months or more but less than 60 months	60 months or more

\*Any Continuous Loan, Demand Loan, Fixed Term Loan under Cottage, Micro and Small Credits under CMSME will be classified according to BRPD Circular No. 16, July 21, 2020. Cottage, Micro and Small credits have been defined in SMESPD Circular No. 02 dated 05 September 2019 under Master Circular on Cottage, Micro, Small and Medium Enterprise (CMSME) Financing.

(ii) Description of approaches followed for specific and general allowances and statistical methods:

Particulars	Rates of Provision
General Provision on:	
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	1%
Unclassified consumer financing including credit card (other than housing finance)	2%
Unclassified (including SMA) other loans and advances	1%
Short term agri credit and micro credit	1%
Special General Provision: Covid-19	1-2%
Off-balance sheet exposures	1%
Specific provision on:	
Substandard loans other than short term agri credit, micro credit and CMSME	20%
Doubtful loans other than short term agri credit, micro credit and CMSME	50%
Substandard & doubtful loans short term agri credit and micro credit	5%
Substandard loans CMSME	5%
Doubtful loans CMSME	20%
Bad/Loss loans and advances	100%

(iii) Discussion of the Bank's Credit Risk Management Policy:

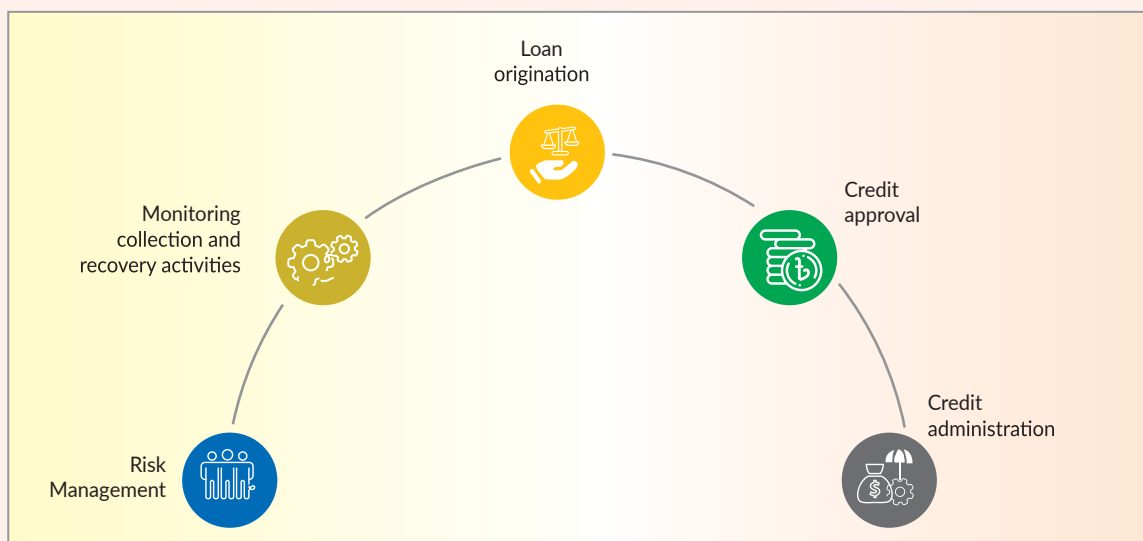
The credit risk management policy of the bank aims at a sustained growth of a healthy loan portfolio. It articulates while evolving a well-defined system to identify measure, monitor, and control various risks attached to the credit portfolio of the Bank. This entails reducing exposures in high risk areas, concentrating more on the promising industries/sectors/segments, striking a balance between risk and return on assets, and ensuring optimization of the stakeholder's value.





The policy also seeks to achieve prudent credit growth –both qualitative and quantitative- while adhering to the prudential norms with the balanced sectoral deployment of credit to control credit concentration across Industries, sectors, segments and at the same time increase the market share. The policy also aims at consistency and standardization of credit practices. There is a defined credit appraisal & credit approval authority, reporting cum monitoring/follow-up system, and loan review mechanism/ credit audit system in place at the Bank as spelled out in the Board approved Credit Risk Management Policy.

Moreover, credit risk appetite plays a vital role in devising the overall credit strategies of the bank. It sets out the perimeter for different credit aspects, which helps in shaping meticulous and wide-ranging credit-control mechanisms. SBL underscores good governance, sound risk assessment, and timely approvals in our lending processes to accelerate quality credit operations. Thus, the bank's credit policy encompasses all operational issues of credit, right from the selection of borrowers to the ultimate recovery, overdue accounts, Special Mention Accounts (SMA), and classified loan accounts.



## Quantitative Disclosures:

(b) Total Gross Credit Risk Exposure Broken down by Major Types of Credit Exposure:

Particulars	BDT in Million
Continuous loan (CL-2)	
Consumer Finance	105.10
Small & Medium Enterprise (SME)	161.60
Loans to BHs/MBs/SDs against Shares	-
Other Corporate Loans	1,798.89
<b>Sub-Total</b>	<b>2,065.59</b>
Demand loan (CL-3)	
Small & Medium Enterprise	294.63
Consumer Finance	-



Corporate Loans	1,701.02
<b>Sub-Total</b>	1,995.65
Term loan (CL-4)	
Consumer Finance (including staff, other than HF)	231.77
Housing Finance (HF)	204.25
Small & Medium Enterprise (SME)	113.16
Corporate Loans	5,384.25
<b>Sub-Total</b>	5,933.43
Short term Agri-credit and microcredit (CL-5)	
Short term Agri-credit	31.13
Micro Credit	3.30
<b>Sub-Total</b>	34.43
Staff loan	18.29
<b>Total</b>	10,047.40

(c) Geographical Distribution, Broken down in Significant Areas by Major Types of Credit Exposures of SMBL:

Division	BDT in Million
Dhaka	7,920.84
Chattogram	1,328.50
Khulna	385.57
Sylhet	92.48
Rajshahi	-
Barisal	-
Rangpur	112.97
Mymensingh	207.04
<b>Total</b>	10,047.40

(d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure of SMBL:

Industry Type	BDT in Million
Agriculture, Fishing, and Forestry	31.10
RMG	200.10
Textile	510.40
Food and allied industries	967.10
Pharmaceutical industries	441.20
Chemical, fertilizer, etc.	-
Cement and ceramic industries	-
Ship building industries	-
Ship breaking industries	-



Power and gas	525.90
Other manufacturing or extractive industries	737.30
Service industries	1,056.40
Other Industry	-
Trade & Commerce	183.90
Construction (commercial real estate, construction, and land development loans)	789.80
Transport	-
Consumer financing	4,358.80
Loans to financial institutions	242.00
Miscellaneous	3.34
<b>Total</b>	<b>10,047.40</b>

**(e) Residual Contractual Maturity Breakdown of the Whole Portfolio, Broken down by Major Types of Credit Exposure of SMBL:**

Particulars	BDT in Million
Repayable on demand	2,030.08
Not more than three months	-
More than three months but not more than one year	1,077.92
More than one year but not more than five years	2,256.24
More than five years	4,683.15
<b>Total</b>	<b>10,047.40</b>

**(f) By major industry or counterparty type of SMBL:**

Amount of impaired loans and if available, past due loans, provided separately:

Particulars	BDT in Million
Sub- Standard	35.01
Doubtful	4.80
Bad and Loss	80.35
<b>Total</b>	<b>120.16</b>

**\* Specific and general provision (Required):**

Particulars	BDT in Million
Total General Provision	98.17
Total Specific Provision	83.92

**(g) Gross Non-Performing Assets (NPAs)**

BDT in Million	120.16
Gross Non-Performing Assets (NPAs)	1.20%
Non-Performing Assets (NPAs) to outstanding loans & advances	
<b>Movement of Non-Performing Assets for NPAs</b>	
Opening balance	5.91
Additions	116.55
Reductions	2.31



Closing Balance	120.16
<b>Movements of specific provisions for NPAs</b>	
Opening balance	2.54
Provision made during the period	86.97
Transferred to General Provision	(5.14)
Write-off	-
Write back of excess provisions	-
Closing Balance	84.37

## 5. EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

### Qualitative Disclosures

- (a) **Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons:**

Investment in equity securities by SMBL is broadly categorized into two parts:

- **Quoted securities** include Common shares, Mutual funds listed with Stock Exchanges. These instruments are categorized as trading book assets. Investment in the trading book includes securities holding for capital gains, dividend income, and securities holding for strategic reasons.
  - **Unquoted securities** are categorized as banking book equity exposures which are further subdivided into two groups: unquoted securities which are invested without any expectation that these will be quoted in near future i.e. held to maturity (HTM) and securities that are acquired under private placement or IPO and are going to be traded in the secondary market after completing required formalities. Usually, these securities are held for trading (HFT) or investment for making capital gains.
- (b) **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 invest in these equity securities for the purpose of capital gain by selling them in the future or holding them 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 a week using the 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 the HFT category with the approval of the Board of Directors. The quoted shares of the bank are valued at cost or market price, whichever is lower.

### Quantitative Disclosures:

- a. Total Unrealized gains/ losses:

Particulars	BDT in Million	
(i) 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:	Cost Price	Nil
	Market Price	Nil
Difference		Nil
(ii) Cumulative realized gains (losses) arising from sales and liquidations in the reporting period		Nil
(iii) Total unrealized gains (losses)		Nil



## 6. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

### Qualitative Disclosure:

(a) The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement:

Interest Rate Risk is the risk that affects the Bank's financial condition due to changes in market interest rates. Changes in interest rates affect both the current earnings (earnings perspective) as also the net worth of the Bank (economic value perspective). Bank assesses the interest rate risk both in earning and economic value perspective.

- Earnings perspective: Indicates the impact on Bank's Net Interest Income (NII) in the short term.
- Economic perspective: Indicates the impact on the net- worth of the bank due to re-pricing of assets, liabilities, and off-balance sheet items.

The process of interest rate risk management by the bank involves the determination of the business objectives, expectations about future macro-economic variables, and understanding of the money markets and debt market in which it operates. Interest rate risk management also includes quantifying the appetite for market risk to which the bank is comfortable.

The Bank proactively manages the impact of IRRBB as a part of its ALM activities. ALM policy defines the different types of interest rate risks that are to be monitored, measured, and controlled. ALCO decides strategies for managing IRRBB at the desired level. ALM Committee periodically gives direction for the management of interest rate risk on the basis of its expectations of future interest rates. Based on the guidance, ALCO manages the IRRBB with the help of various tools i.e. gap analysis, earning at risk (EaR), duration of equity (DoE), and stress testing for basis risk.

### 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.

Particulars	BDT in Million		
Cumulative Gap			
< 3 month	(1,762.0)		
< 6 months	(2,953.20)		
< 12 months	(3,022.20)		
Stress Testing	Minor	Moderate	Major
Regulatory capital (after shock)	4,715.20	4,685.0	4,654.70
RWA (after shock)	10,298.40	10,555.30	10,810.40
CRAR (after shock)	46.08%	44.96%	43.90%

## 7. MARKET RISK

### Qualitative Disclosures:

The Bank has set up a vigorous Market Risk management process which sets out the broad guidelines for managing Market Risk that the Bank is exposed. Management of market risk encompasses risk identification, measurement, setting up of limits and triggers, monitoring, control, reporting, and taking corrective actions, where warranted.

The Market Risk management process at the Bank ensures that the Treasury dealings in the product that are exposed to market risk are within the risk appetite of the Bank. Treasury's trading activity represents dealings that include the management of interest rate, foreign exchange (FX), and credit spread risk associated with wholesale funding, liquid asset portfolios, and hedging of foreign currency earnings and capital deployed offshore.



**(a) Views of Board of Directors (BOD) on trading/investment activities:**

Market risk is the risk of potential losses in the on-balance sheet and off-balance sheet positions of a Bank stem from adverse movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads, or commodity prices. The BOD of the Bank ensures that the Bank has an adequate market risk management process that takes into account risk appetite, risk profile, market, and macroeconomic conditions. The BOD also approves prudent policies and processes to identify, measure, evaluate, monitor, and report market risks on a timely basis. Furthermore, the Board regularly reviews trading and investment activities and makes necessary advice and recommendations.

**(b) Methods used to Measure Market risk:**

Fundamentally, Shimanto Bank Limited applies the Standardized Approach for gauging market risk while calculating the minimum capital requirement. It is done under two separate approaches, i.e., capital charges for “specific risk,” which is designed to protect against an adverse movement in the price of individual security, and capital charges on “general market risk,” which is aimed at capturing the risk of loss arising from changes in market interest rates. Moreover, the Bank also uses gap analysis, and stress testing techniques to assume the impact of interest rate changes on earnings and capital base.

**(c) Market Risk Management System:**

To ensure holistic market risk management systems, the Bank diligently adheres to the risk management guidelines for Banks, FX guidelines, and other Bangladesh Bank directives. The Treasury Division of SMLB manages market risk covering, liquidity, interest rate, and foreign exchange risks, with oversight from Asset Liability Management Committee (ALCO), which comprises the Bank’s senior management.

To manage the interest rate risk, ALCO regularly monitors various ratios and parameters. Of the ratios, the key ratios that ALCO regularly monitors are Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Maximum Cumulative Outflow (MCO), Liquid asset to total assets, Volatile liability dependency ratio, Snap liquidity ratio, and Short term borrowing to Liquid assets ratio. To manage the foreign exchange risk of the bank, the bank has adopted the limit set by the central bank to monitor foreign exchange open positions. Foreign exchange risk is computed on the sum of net short positions or net long positions, whichever is higher.

**(d) Policies and Processes for mitigating market risk:**

To mitigate the several market risks the bank formed Asset Liability Management Committee (ALCO), the committee 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, procedures thereof, implementing core risk management framework issued by the regulator, best risk management practices followed globally, and ensuring that internal parameters, procedures, practices/policies, and risk management prudential limits have been set up and followed.

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.

**Quantitative Disclosures:**

The Capital requirements for specified risk are as follows:

BDT in Million	
Particulars	Capital Requirement
Interest Rate Related instruments	0.00
Equities	0.00
Foreign Exchange Position	0.00
Commodities	0.00
<b>Total</b>	<b>0.00</b>



## 8. OPERATIONAL RISK:

### Qualitative Disclosures:

#### (a) Views of BOD on system to reduce Operational Risk:

Operational risk is the risk of loss arising from fraud, unauthorized activities, error, omission, inefficiency, systems failure, or external events. It is inherent in every business organization and covers a wide spectrum of issues. We seek to minimize exposure to operational risk, subject to cost-benefit trade-offs.

The policy for measuring and managing operational risks is approved by the Board in line with the relevant guidelines of Bangladesh Bank. The Audit Committee of the Board directly oversees the activities of the Internal Control and Compliance Division to protect against all operational risks. As a part of continued surveillance, the management committee (MANCOM), Executive Risk Management Committee (ERMC), and Risk Management Division (RMD) regularly review different aspects of operational risks and escalate the findings to appropriate authority while internal audit suggests formulating appropriate policies, tools & techniques for mitigation of operational risk of the bank.

#### (b) Performance Gap of Executive and Staff:

SMBL is an equal opportunity employer. It recognizes the importance of having the right people in the right positions to achieve organizational goals. Our recruitment and selection are governed by the philosophy of fairness, transparency, and diversity. Understanding what is working well and what requires further improvement is essential to our performance management system.

The performance management process aims to clarify what is expected from employees as well as how it is to be achieved. Our learning and development strategy puts special focus on continuous professional development to strengthen individuals' skill sets by removing weaknesses to perform the assigned job with perfection. We have a wide range of internal and external training programs to enhance capabilities as well as minimize performance gaps that will contribute more to the bottom line.

Employee's performance is assessed on the bases of performance objectives and key performance indicators (KPI) set at the beginning of each year. Decisions related to rewards and recognition for the employees are taken on the bases of how well the assigned KPIs are met by the employee. Shimanto Bank wants its employees to balance their work and personal life and has organization-wide practices and policies that actively support employees to achieve success at both work and home. Management is also open and shows flexibility in regard to a balanced work-life.

#### (c) Potential external events:

The impact of external adverse events is a part of systemic risk. Shimanto Bank remains vigilant about its role against every event irrespective of its frequency of occurrence. The bank adopts a different strategy to mitigate the negative effect of systematic risk within tolerable limit. It has developed different policies and processes to diversify risk, also train and aware employees about money laundering, cybercrime, emergency situation, fraud, forgery, etc. which are contributing to managing operational risk.

#### (d) Policies and processes for mitigating operational risk:

Shimanto Bank has risk governance structure, which includes the risk management committee at the Board level; the Executive risk management committee at the senior management level, which ensures inclusive risk management culture. The Bank has board-approved internal control & compliance policies to ensure effective processes and adequate systems are in place for operational risk management.

Operational Risk is the risk of financial losses related to breakdown in internal control and corporate governance. Such breakdown can be the result of human errors, inadequate or failed internal process and technical system, fraud or any other adverse external event. The Bank has adopted policies to deal with different operational risks. The Internal Control and Compliance Division of the Bank, the inspection teams of Bangladesh Bank, and external auditors had conducted inspections in different branches and divisions at the Head office throughout the year and prepared the reports according to the findings of those inspections. Considering the suggestions and observations of those reports management took essential control measures and corrective actions.



SMBL strongly follows the KYC norms for its customer dealings and other banking operations. Banks Anti-Money laundering activities are headed by CAMLCO and their activities are devoted to protecting against all money laundering and terrorist finance related activities. There is adequate check and balance at every stage of operation, authorities are properly segregated and there is at least dual control on every transaction to protect against operational risk.

**(e) Approach for Calculating Capital Charges for Operational Risk:**

Shimanto Bank has adopted Basic Indicator Approach (BIA) to assess the capital charge for operational risk as of the reporting date. Accordingly, the bank's operational risk capital charge has been assessed at 15% of positive annual average gross income over the previous three years as defined in the guideline of Risk-Based Capital Adequacy (RBCA).

**Quantitative Disclosures:**

The capital requirements for operational risk:

Particulars	BDT in Million
Minimum Capital Requirement for Operation Risk	122.11

## 9. LIQUIDITY RATIO

**Qualitative Disclosures:**

Liquidity Risk is the risk of a bank's inability to repay its obligations as they fall due or incurring excessive costs while mobilizing fund due to scarcity of cash fund at a certain period of time. The risk arises from the mismatch in the expected level of cash flows from maturing assets and liabilities. The intensity and sophistication of the liquidity risk management system depend on the nature, size, and complexity of a bank's activities. Sound methods in measuring, monitoring, and controlling liquidity risk are critical to the sustainability of the bank. Therefore, the Board of Directors of the bank sets policy, different liquidity ratio limits, and risk appetite for liquidity risk management.

Thus, liquidity risk can be of two types:

- \* Funding liquidity risk: the risk that a firm will be unable to fulfill its current and future cash flow and collateral needs without affecting its daily operations or its financial condition
- \* Market liquidity risk: the risk that a firm cannot easily offset or sell a position without incurring a loss because of inadequate depth in the market.

**(a) Views of Board of Directors on system to reduce Liquidity Risk:**

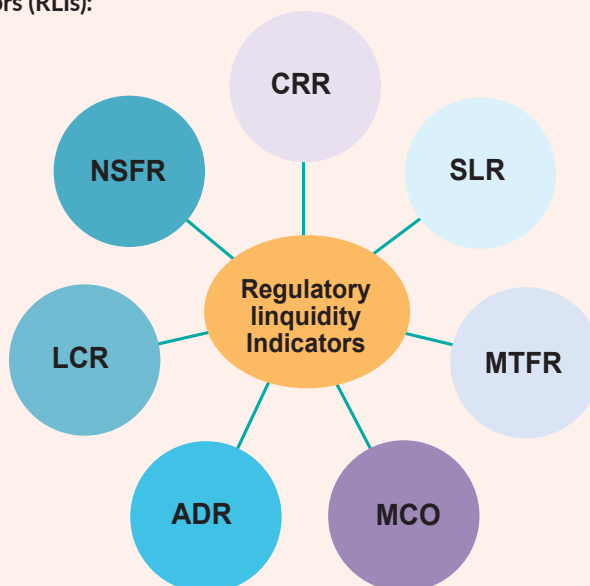
The Board reviews and approves the Assets Liability Management Policies and ensures that senior management manages liquidity risk effectively in the context of the Bank's business plan, long-term funding plan, and economic and financial position. The Asset and Liability Management Committee is responsible for both statutory and prudential liquidity management. Ongoing liquidity management is discussed as a regular agenda of the ALCO meeting, which takes place on a monthly basis. At the ALCO meeting, the bank's liquidity position, limit utilization, changes in exposure, and liquidity policy compliance are presented to the committee. Asset Liability Management Desk closely monitors and controls liquidity requirements on a daily basis.

**(b) Methods used to measure Liquidity risk:**

SMBL follows Bangladesh Bank's Risk-Based Capital Adequacy guideline in line with Basel III for proper assessment and management of liquidity risk of the bank. The tools and procedures deployed by SMBL to manage liquidity risk are comprehensive. The measurement tools used to assess liquidity risks are:



## I. Regulatory Liquidity Indicators (RLIs):



## II. Bank's own liquidity monitoring tools:

- \* Wholesale Borrowing and Funding Guidelines
- \* Liquidity Contingency Plan
- \* Undrawn Commitment Limit

### (c) Liquidity Risk Management System:

The Asset Liability Management Committee (ALCO) of SMBL sets the direction for the Bank's liquidity management. ALCO meets at least once every month and more as and when required. ALM desk of the Treasury Division closely monitors and controls liquidity requirements on regular basis by proper coordination of funding activities. It also monitors market developments, understanding their implications for the Bank's liquidity risk exposure, and recommends appropriate risk management measures to ALCO. Another strategy of liquidity risk management is to develop a diversified funding base. It aims to align sources of funding with their use.

### (d) Policies and processes for mitigating liquidity risk:

At Shimanto Bank Limited, Asset-Liability Management Committee (ALCO) has responsibility for monitoring liquidity measures and limits. ALCO reviews the policy at least annually or as and when required by taking into consideration any changes in the market dynamics and appropriateness and put a recommendation for changes in policy to the Board for approval. Board Risk Management Committee set policies and processes to mitigate all risks including Liquidity risk.

### Quantitative Disclosures:

BDT in Million

Liquidity Coverage Ratio (%)	236.16%
Net Stable Funding Ratio (%)	141.33%
Stock of High quality liquid assets	2,928.57
Total net cash outflows over the next 30 calendar days	1,420.50
Available amount of stable funding	17,429.24
Required amount of stable funding	12,332.20



## 10. LEVERAGE RATIO

### Qualitative Disclosures:

#### (a) Views of BOD on system to reduce excessive leverage:

An underlying cause of the global financial crisis was the build-up of excessive on- and off-balance sheet leverage in the banking system. In order to avoid building-up excessive on and off-balance sheet leverage in the banking system, a simple, transparent, non-risk-based leverage ratio has been introduced by Bangladesh Bank. The leverage ratio is calibrated to act as a credible supplementary measure to the risk-based capital requirements. The leverage ratio is intended to achieve the following objectives:

- \* Constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy
- \* Reinforce the risk-based requirements with an easy-to-understand and a non-risk-based measure

The policy for Leverage Ratio includes on and off-balance sheet exposure and capital-related policy. Boards of Directors of SBL are continuously monitoring the exposure limit of lending, and capital strength of the Bank in order to avoid building-up excessive on- and off-balance sheet leverage.

#### (b) Policies and processes for managing excessive on and off-balance sheet leverage:

SBL follows Bangladesh Bank's Risk-Based Capital Adequacy guideline in line with Basel III. There are approved limits for instruments both on-balance sheet and off-balance sheet items. The limits are monitored and enforced on a regular basis to protect against such risks.

#### (c) Approach for calculating exposure:

##### Calculation of Leverage Ratio:

For the year 2021, a minimum Tier 1 leverage ratio of 3% is being prescribed both at the solo and consolidated level. The central bank has directed all banks to get prepared to increase the leverage ratio by 0.25 percent annually from 2023 in line with Basel-III. The banks will be required to preserve 4.0 percent leverage ratio in 2026 from the existing 3.0 percent.

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

### Quantitative Disclosures:

Particulars	BDT in Million
Leverage Ratio (%)	24.23%
On balance sheet exposure	18,743.90
Off-balance sheet exposure	272.77
Total exposure	19,016.67

## 11. REMUNERATION

Shimanto Bank Limited is committed to ensuring remuneration practices that enable the Bank to attract, develop and retain top talents. The remuneration system combines the need to maintain a high performance culture along with market competitiveness. The following remuneration disclosures have been prepared in accordance with 'Guidelines on Risk-Based Capital Adequacy (RBCA) for banks' provided by Bangladesh Bank.





## Qualitative Disclosures:

### (a) Information relating to the bodies that oversee remuneration:

The Human Resources Committee provides assistance to the Board of Directors to approve the policies regarding remuneration. The Committee consists of the following members as on Dec 31, 2021:

- \* Mr. Rafiqul Islam, DMD, Chairman
- \* Mr. Mohammad Azizul Hoque, Head of Operations & CRO
- \* Mr. Arman Hossain, Head of Cards & ADC
- \* Mr. Masud Hasan, Senior Manager, HRD
- \* Mr. Mohammad Mostafa Hossain Suman, Company Secretary

The committee assists the Board of Directors to ensure that, all employees are remunerated fairly and get performance-based compensation by ensuring effective remuneration policy, procedures, and practices aligned with the Bank's strategy and applied consistently to all employee levels.

### (b) Information relating to the design and structure of remuneration processes: Objective of Bank's Compensation policy is:

- \* To ensure a fair reward management system for the employees in line with the Bank's core values and strategic business goals
- \* To provide a competitive pay package compared to the best practices in the industry
- \* To ensure effective governance of compensation

The structure of remuneration packages for employees of the Bank consists of the following components:

- \* Fixed Remuneration;
- \* Variable Pay &
- \* Employee Benefits

The fixed remuneration is made up of base remuneration including salary and other fixed allowances paid in cash. Fixed remuneration differs from grade to grade and generally changes with promotion/demotion to the higher/lower grades and increments.

Variable pay consists of incentive bonuses paid on the basis of the individual performance subject to the annual profit of the Bank. Therefore, individual performance is measured and reviewed against set goals, which include financial and non-financial metrics.

Gratuity Fund and Provident Fund are maintained by the Bank for employees as a future/long-term benefit. Such remunerations differ based on the grade, basic pay, and length of service of an employee.

### (c) Description of the ways in which current and future risks are taken into account in the remuneration processes:

The banking sector of Bangladesh is very competitive, remuneration system is basically driven by market dynamics. Due to huge competition in a crowded market with a substantial number of participants, restructuring compensation packages is more frequent than any other industries. Shimanto Bank always strives to ensure internal equity and fair treatment in its remuneration system to be competitive in such an industry. It takes into account the following key risks when managing and determining remuneration processes:

- \* Financial Risks
- \* Compliance Risks



Moreover, the bank manages key risks through its strategic and business unit plans, risk management framework, policies, and procedures.

**(d) Description of the ways in which the bank seeks to link performance:**

Employees' performance is appraised biannually in line with the achieved objectives, which have a positive and direct impact on their pay package. Incentive Bonus is directly linked with the employees' individual rating during their performance evaluation process. These ratings are also key parameters for employees to be considered for promotion.

**(e) Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance:**

The Bank's remuneration system is designed to reward long-term as well as short-term performance, encourage retention and recognize special performance in the organization. Shimanto Bank believes that individual and team effort and performance should be regularly appreciated and recognized to keep our employees motivated therefore they will give their best efforts. And, more importantly, by recognizing such performance, we reinforce, with our chosen means of recognition, the actions and behaviors, we want Shimanto Bank employees to embrace and repeat the most.

**(f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using those different forms:**

Shimanto Bank recognizes the efforts and performance of its employees based on its Compensation and Benefit Policy, which consist of base salary and different benefit packages. However, there is also a Reward & Recognition system that recognizes exemplary contributions to business achievements and those that inspire and set high-quality services and standards.

**Quantitative Disclosure:**

**(g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its member:**

The committee held 03 (three) meetings during the financial year. No fees are paid to the remuneration committee member or for attending such meetings.

**(h) Number of employees have received a variable remuneration award during the financial year: NA**

Number and total amount of guaranteed bonuses awarded during the financial year:

\* Festival bonuses: On an average 198 no. employees received 3 festival bonuses amounted BDT 14,166,041.00

Number and total amount of sign-on award made during the financial year:

Nil

Number and total amount of severance payments made during the financial year:

Nil

**(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-lined instruments, and other forms:**

Nil

The total amount of deferred remuneration paid out in the financial year:

Nil

**(j) Breakdown of the amount of remuneration awards for the financial year to show:**



Particulars	BDT in Million
Basic Salary	77.22
Allowances	102.89
Festival Bonus	14.17
Gratuity	17.80
Provident Fund Contribution	7.53
Performance Bonus	10.00
<b>Total</b>	<b>229.60</b>

(k) Quantitative Information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. clawbacks or similar reversals or downward revaluation of awards) of deferred remuneration and retained remuneration:

Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments:

Nil

Total amount of reductions during the financial year due to ex-post explicit adjustments:

Nil

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

Nil



# MANAGEMENT REVIEW & EVALUATION

01. Retail  
Banking

02. SME  
Banking

03. Corporate  
Banking

04. Treasury  
Management

05. Information  
Technology

06. Shimanto Bank:  
A Brand that  
creates value for  
the clients

07. Corporate  
Social  
Responsibility

08. Developing  
the Resources for  
Sustainable  
Growth

09. Risk  
Management  
Report

10. Compliance  
and Governance  
Excellence



# 01. Retail Banking

## An Overview:

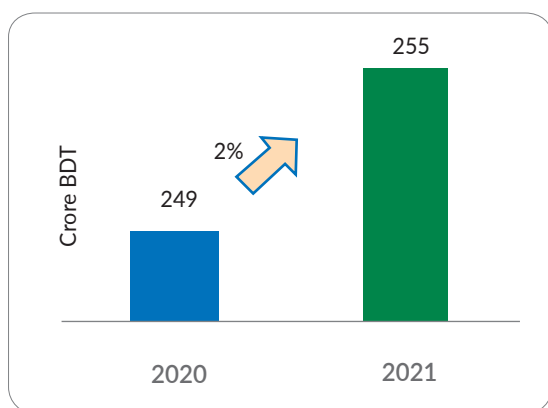
Every person aspires to have a better life. In line with the pace of urbanization as well as the rising purchasing power, this aspiration has become more substantial in the recent days. Retail banking, also known as consumer banking, where the banks are directly involved in carrying out transactions with general customers rather than with other banks, corporations or financial institutions. In retail banking, the focus is on the individual consumer, and services offered include savings and checking accounts, mortgages, personal loans, debit/credit cards and savings certificates. Historically, financial institutions kept focusing on the corporate banking in a great extent. This has certainly ignored a notable segment of the country. Retail banking has a huge prospect in Bangladesh as per capita income has been growing steadily for the past several years. Most of the banks historically may be focused on corporate or commercial clients, but they are increasingly entering the retail banking space to draw a balance between their institutional and retail deposits, loans and more importantly, bring down the cost of deposits as well as increase the yield on assets.

With the aim of geographical expansion, 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 21 branches including 2 sub-branches with more than 80,000 happy customers.

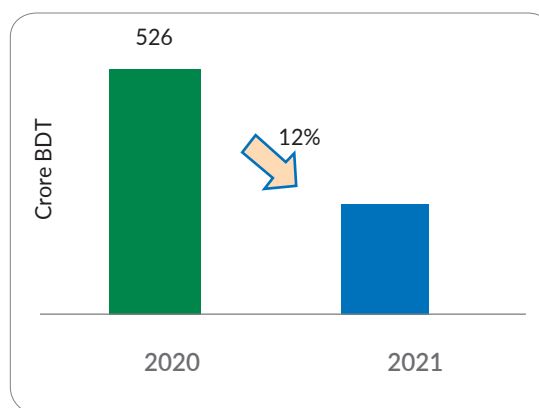
## Retail Banking Performance Highlights-2020:

- ▶ We have opened 1 new branch at Gulshan, Dhaka and 2 new sub branches; one at Ramu, Cox's Bazar and another one at Publa, Khulna in 2021 amidst the Covid-19 pandemic.
- ▶ Despite a year of pandemic we have achieved 2% growth in our customer deposit.
- ▶ Though retail loan decreased by 12% we have maintained good health of retail portfolio with a negligible rate of NPL.

### Deposits



### Loans



## An Overview of Card Business:

In today's modern world of technology card either debit, credit or prepaid is a very extensively used mode of financial transaction and is widely known as plastic money. Usage of cards provide benefits to consumers and merchants which are not provided by other payment instruments. The popularity of cards as a payment medium has been attributed to convenience of not carrying cash.

Being a lifestyle product, banking industry in Bangladesh has been experiencing a dramatic growth of card business in the recent years. Use of cards is no longer seen as a relatively new phenomenon in Bangladesh as its market has been growing rapidly with the increasing acceptability of plastic money in numerous outlets.





To keep pace with the increased demand of plastic money, many banks in Bangladesh are now catering their customers by issuing segmented as well as tailored made card products. This has helped banks to earn more revenue in terms of interest income and different types of non-funded income.

With a vision to serve its customers, SMBL has been issuing debit, credit and prepaid cards which are very much rich in benefits. Moreover, SMBL is continuously working to implement Government's "Cashless Society" concept by bringing more and more customers under the umbrella of digital products and services.

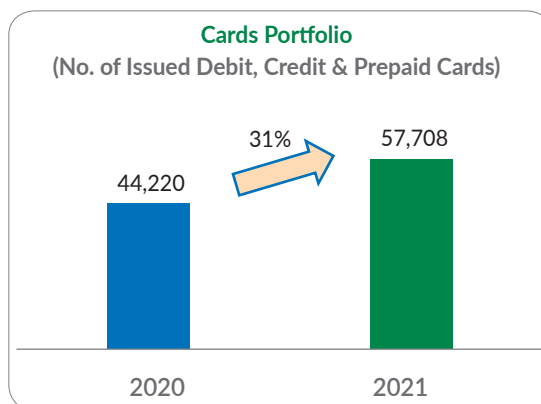


Officials of Shimanto Bank Ltd are seen orienting the rural women on access to finance and entrepreneurship.



Loan Sanction Letter of Nari Shakti, a specialized loan for rural women entrepreneurs was handed over to the customers by Branch Manager, Satkania Branch.

### SMBL Card Business Landscape:



### Challenges Ahead:

- **Digital Banking Services:** Currently ongoing Covid-19 crisis provides an ample environment for banks to introspect and reprioritize its goals. The crisis has validated the need for robust digital capabilities as clients want to manage their banking activities from home in a bid to avoid infection. This increased demand for digital banking services has helped identify the gaps and weaknesses that banks need to address to meet these demands.
- **Simplified Business and Operating Models:** It will require us to think about our operations, such as product simplification; integrated distribution; shared service infrastructure; risk management at a customer level; streamlined compliance processes etc.
- **Channel Expansion:** As branches and delivery channels act 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. Here, the idea of opening sub branch will help us to meet this challenge resulting in lower cost of operations compared to full-fledged branch.
- **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.
- **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.



- Risk Management: Since rules have become more complex and regulators have become less flexible, we need to proactively managing risk, regulations and capital. We need to take an approach that is pragmatic, proactive and increasingly integrated into 'business as usual'. Moreover, we must vigorously monitor the business activities to prevent any fraudulent attempt through a vigilant fraud control unit.

### Retail Banking Goals for 2022:

- To develop a customer-centric business model where bank will invest in improving overall customer experience and transformation of the operating model.
- To optimize distribution offerings at anytime, anywhere, fully utilizing all the channels in an integrated fashion.
- To launch digital and virtual products as well as service channels to cater customers instantly.
- To achieve remarkable growth in credit card business segment.
- To penetrate the market more effectively and increase the customer base.
- Enhance customer value proposition through technology-led innovation.
- To become a brand of choice for the customers.

## 02. SME Banking

### An Overview of SME Banking

The Small and Medium Enterprise (SME) loan means financing provided by financial institutions in small and medium industries. Financial institutions provide loans to small and medium industries for arrangement of working capital, business expansion and capital machinery procurement. Small and Medium Enterprises (SMEs) all over the world have been playing a crucial role in promoting economic development as well as industrial production. In particular, SMEs provide the necessary foundations for sustained growth and rising income in the less developed and transitional economies. SME financing is a topic of significant research interest to academics and an issue of great importance to the policymakers of Bangladesh and around the world. Economic as well as technical and social arguments warrant the promotion of SMEs as they create large scale, low-cost employment opportunities, use locally available inputs and technologies, mobilize small and scattered private savings, develop entrepreneurship, and correct the regional imbalance in development that exists in developing countries. 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 specialized deposit products to fulfil the fund management needs of the SME customers. Most of our branches' locations are very favorable to reach the SME customers and we are focusing more on developing various service propositions to meet the growing needs of our SME customers and for better market penetration. However, the year 2021 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.



View exchange with the valued clients at Principal Branch. Mr. Rafiqul Islam, Deputy Managing Director of Shimanto Bank along with other high officials were present at the program.



A discussion session for exchanging views of the agricultural entrepreneurs was conducted at Bibirbazar Branch on December 2, 2021.

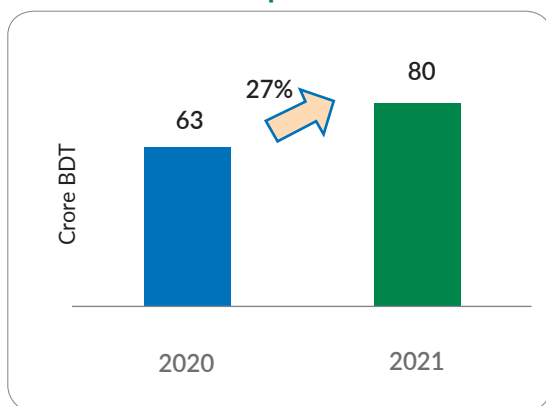


### SME Banking Performance Highlights- 2021:

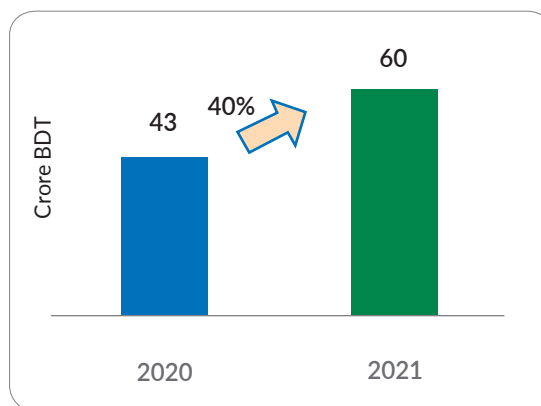
- We have achieved 27% growth in SME deposit segment.
- We have also achieved 40% growth in SME loan portfolio.

#### Financial Highlights:

##### 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.
- SMEs are not preparing proper financial statement which creates problem for the banks judging their financial standings, profitability and credibility.
- SMEs are not maintaining proper licensing which makes SMEs difficult to trace, create problem for the banks maintaining records, and decrease SMEs credibility to the financial institutions.
- Many SMEs have failed to adopt modern technology due to the shortage of adequate fund which results in less development in this sector.
- Rising NPL in SME sector is making SME financing more challenging.

#### SME Banking goals for 2022:

- To open some dedicated SME Service Centers where customers will be treated with utmost care.
- To fully utilize the allocated target for SME sector under Stimulus Package for SME segment.
- To promote women entrepreneurs more in small and medium industries through providing special loans with easy terms.
- To promote sustainable and competitive facilities through innovative development, technological advancement and expansion, enhancing the efficiency of entrepreneurs and marketing the products across the country.
- To ensure 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

Corporate banking is a subset of business banking that involves a range of banking services that are offered only to corporates. The services include the provision of credit, cash management facilities, etc.

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 over the last 10 years. As a result, investment in manufacturing units has been another profitable corporate sector. But, for the banking industry, 2021 has been the most challenging year in recent history to the Covid-19. Strong growth trajectory for last one decade has suddenly taken a nose dive in 2021 due to Covid-19.



Officials of Shimanto Bank Ltd are disbursing cash to the Ruhingya displaced people on behalf of the donor agencies at different camps at Ukhia and Teknaf.



View exchange with the valued clients at Hazaribagh Branch. Mr. Rafiqul Islam, Deputy Managing Director of Shimanto Bank along with other high officials were present at the program.

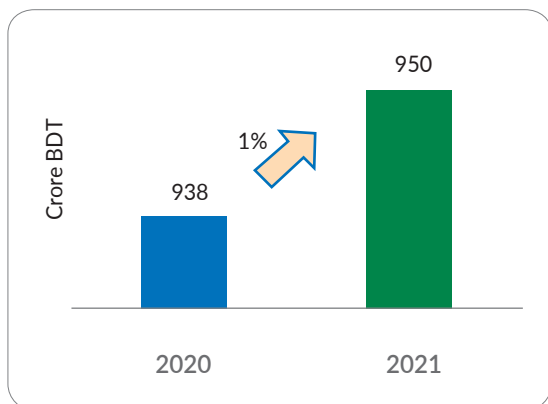
Despite all these challenges SMBL corporate banking has achieved 67% growth in its loan portfolio. Our corporate banking team has been able to finance some of the large and renowned corporates of our country despite the pandemic. SMBL is currently offering working capital finance, term finance, trade 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- 2021:

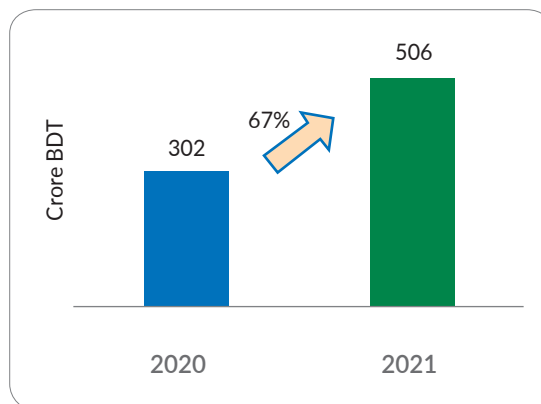
- We have achieved 67% growth in corporate loan portfolio.
- Despite a year of pandemic, we have also managed to sustain the growth in corporate deposit segment.
- We have also achieved significant growth in the Non-Funded income from trade business.

### Financial Highlights:

#### Deposits



#### Loans



### Challenges Ahead:

- There is a need for end-to-end digitization in order to make cash centralization, reconciliation and fraud detection workflows more efficient. The integration between applications can also be improved, allowing customers to connect real-time services and data as well as optimizing customer service offerings.
- The headline challenge for us regarding trade finance is a lack of communication in documentary trade processes, among both internal and external clients. There are also issues with duplication in documentary trade activities with multiple parties involved in their payment processes.
- We need to focus on optimizing the efficiency in supply chain finance processes. These include duplication reductions, invoice optimization approval and discount maximization. Improving the integration of these processes and reducing interaction between involved parties is a priority, as well as increasing security around the process as a whole.
- 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.
- As rising NPL in corporate sector remains a great challenge, there is no alternative to hunt good borrowers.



### Corporate Banking Goals for 2022:

- To find quality borrowers which focuses on sustainable business model and has proper risk management plan.
- To maintain the portfolio health as the loan recovery will be more and more challenging due to the ongoing pandemic.
- 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 2017, 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 2021, after pandemic situation Shimanto bank Treasury department has continuously actively participate in Money market term placement, treasury Bonds and capital market activity. Till 31<sup>st</sup> December 2021, the invested amount in Term placement was BDT 215 crore and Treasury bond investment was BDT 199.39 crore. Also invested in Preference Share, MUTUAL Fund, Subordinate Bond & in Zero coupon bond amounting of total BDT 75.80 crore. During the year 2021, treasury department performed their activity in Foreign Exchange market as well as Capital market 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 2021, Shimanto bank Treasury department provided their best solution for Bank's profitability during pandemic and Treasury will continue to contribute towards Shimanto Bank's profitability in 2022. Shimanto bank Treasury Department has a plan to expend more fixed income securities, Capital market, and Money market activity in 2022.

## 05. Information Technology

### Overview:

Shimanto Bank Information Technology aspires to deliver frictionless customer experiences through the digital channel while maintaining durable and secure backend systems, guided by our digital core values. Since the bank's inception, we have focused on technology transformation to build a robust and scalable foundation. The Covid-19 pandemic validated our strategy. Our workforce quickly converted to remote working without losing productivity, delivering on our workbook, and experimenting with innovative technologies as the pandemic spread. We increased our technological expenditures to put more gap between ourselves and our competition, allowing us to enter a new phase of change in order to provide outstanding consumer experiences. Banks and their clients have been obliged to embrace digital solutions due to the COVID-19 situation.

### Re-engineering our operations through Technology:

In the current age of digital banking, it is critical to digitalize and automate operational procedures in order to give clients timely and happy service. We've made significant progress in these areas and improved our baseline and time to market. In addition, the collaboration of our Business, Operations, and Technology teams in spearheading the transformation of operations and customer service under our Operating Model have resulted in distinct digital customer and employee journeys.

We effectively offered seamless connection from inception to completion, allowing employees constant role-based access to their work systems. In addition, we standardized the design of our best-in-class work flows. We simplified and automated client queries to propose relevant goods and services by reusing digital assets and processes. This methodology will be expanded across all markets in 2022 as we aim to create a seamless network of work benches and processes.





### Information Technology Contribution to Business:

In 2021, the information technology team completed a variety of new projects and digital services. The following are some major projects/services:

**Easy Account:** Digital identification is completely transforming the financial sector. Digital onboarding is a form of acquiring customers that fully takes place online. During the procedure, a customer will provide their NID and biometric information like a face scan or fingerprint via online to open an account. Shimanto Bank will be able to quickly and securely identify a customer with the use of the digital onboarding procedure. Shimanto Bank's Digital onboarding is known as Easy Account, and it will undoubtedly add another feather to its crown.

**Disaster Recovery Site:** A Disaster Recovery Site is a facility an organization can use to recover and restore its technology infrastructure, service and operations when its primary data center becomes unavailable because of hardware failure, service interruption, security breach or natural disaster to manage the crises. BGB has established a state-of-the-art Disaster Recovery Site in Jashore, considering the country's geographic location, particularly power source, distance from Dhaka and the seismic plate. BGB Disaster Recovery Site is regarded as a watershed moment in the field of data centers, and a key player in the protection of digital data for any enterprise in the country. Shimanto Bank is honored to participate in this Disaster Recovery Site. This will undoubtedly play a significant part in Shimanto Bank's digital transformation and provide more resilience to the business.

### Roadmap for 2022

We have a number of initiatives for the coming year, including progressing toward digitization.

- Revamp contact center for 24/7 customer service through digitalization.
- Launch the modern and sophisticated digital banking platform across the country, enriching client experiences while allowing the bank to save expenses.
- Enrich Internet Banking Application so that we may offer a broader choice of digital services to our clients and improve their overall experience with us.
- Achieve ISO 27001 certification & enhance information security posture.
- Accelerate cashless solutions by taking up major customer-facing digital platforms and projects through digitalization.

### Looking Ahead:

We built a solid basis and developed our portfolio of digital assets, goods, and services in the past. That is one part of development; it is also critical to consider the opposite side of the coin, namely, how we recover from adversity. Success rarely follows a straight route, and bumps are an inevitable part of the trip. However, they have not stopped us from our goal of creating a premier technology-led company; instead, they have reinforced our desire to come out stronger and to keep moving forward. We'll build on our history as a mission-driven bank by making a long-term beneficial effect on our customers, staff, and community. We work hard now to develop tomorrow.

## 06. Shimanto Bank: A Brand that creates value for the clients

The Brand 'Shimanto Bank' is creating its distinct identity day by day. 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.

Brand identity is a collection of individual components, such as a name, a design, a set of images, a slogan, a vision, writing style, a particular font or a symbol etc. which sets the brand aside from others. For a company to exude a strong sense of brand identity, it must have an in-depth understanding of its target market, competitors and the surrounding business environment. Brand identity includes both the core identity and the extended identity. The core identity reflects consistent long-term associations with the brand; whereas the extended identity involves the intricate details of the brand that help generate a constant motif.

As a Brand of unlimited trust 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 "Shimanto Bank" has already created its strong presence in the financial market. With the Brand tag line "Shimahn Astha", Shimanto Bank has established endless trust in the minds of customers.



## 07. Corporate Social Responsibility

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.

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.

Shimanto Bank allocates its CSR Expenditure as per the guideline of Bangladesh Bank. Shimanto Bank has allocated mentionable amount of money to Education, Health, digester relief etc. As a new bank and within the 6<sup>th</sup> year of operations our contribution in the field of CSR is praiseworthy.



Dua and Discussion session was conducted on the occasion of National Mourning day and the 46<sup>th</sup> martyrdom anniversary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman at Bangabandhu Lounge.



Free Health Check-up program was organized at Uttara.

## 08. 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 it self to the most successful Bank among the newly opened contemporary banks. The Banks is dedicated to serve countrymen irrespective of profession and classes.

Human Resources 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 Fresh employees
- Anti-Money Laundering & Counter Financing Terrorism
- Credit Risk Management
- Operational Risk
- 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 created its leadership pipeline with talented and extra ordinary performer employees to ensure its future growth. The Bank promoted its 17 employees in 'fast-track' category who are excellent performers. 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.



Recipients of Chairman's Award-2020 with former Chairman and former Managing Director & CEO of the Bank.

Foundation Training for newly recruited employees of the Bank was conducted at the Knowledge Centre.





## 09. Risk Management Report

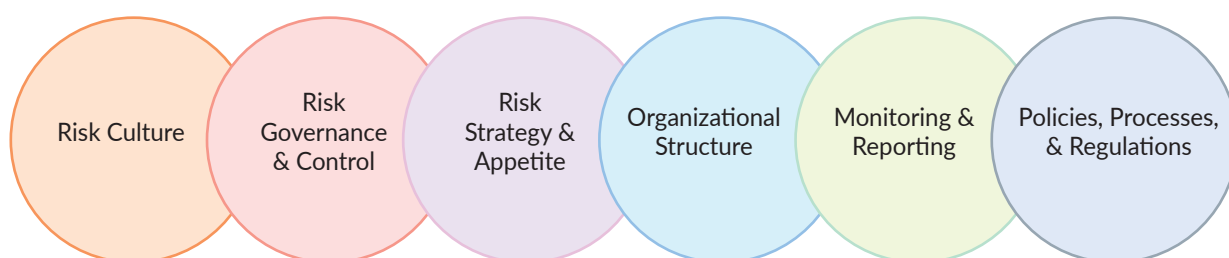
### Risk Management at Shimanto Bank Limited (SMBL):

The Bank is exposed to a variety of risks as a result of its ordinary course of business. Effective risk management is at the core of the Bank's value creation model, and we actively monitor the potential impact of current and emerging risks. Significant resources are devoted to this critical function to ensure that it is well articulated, communicated, and understood by all employees of the Bank as it is a shared responsibility.

At SMBL, risk management plays a pivotal role in safeguarding its financial strength and protecting its assets value to its stakeholders. It is also instrumental in cementing the Bank's shock-absorbing capacity and contributes to stabilized revenues. Unlike the conventional approach of treating risk only as an exposed component, the Bank thrives on exploring opportunities out of taking risks while being consistent with its responsible vision. In 2021, our priority was safeguarding the interests of our stakeholders while attaining sustainable portfolio growth and mitigating the economic and financial impact of the COVID-19 crisis.

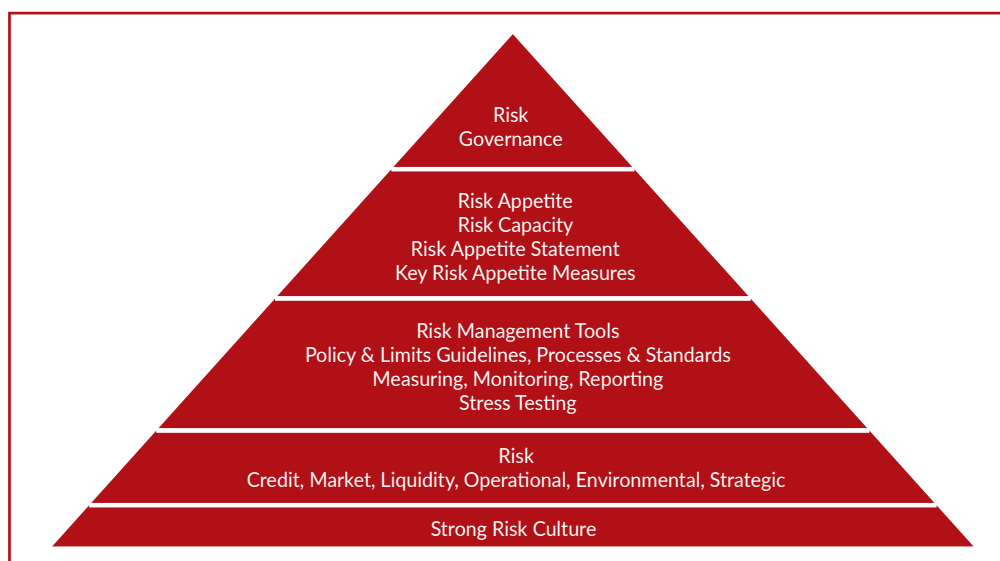
### Dimensions of Risk Management:

The Bank's risk management dimension is underpinned by a sound and robust risk management framework. The framework is designed in line with global risk management, regulatory standards, and industry best practices.



### Risk Management framework:

SMBL's objective is to create sustainable value in the interests of the shareholders, employees, and other stakeholders of the bank. SMBL's risk management framework contributes to this by aligning the planned risk-taking approach with the bank's risk appetite while being in line with the available capital and liquidity. This framework thus safeguards the bank's reputation, operational continuity, and earnings without hindering growth opportunities.





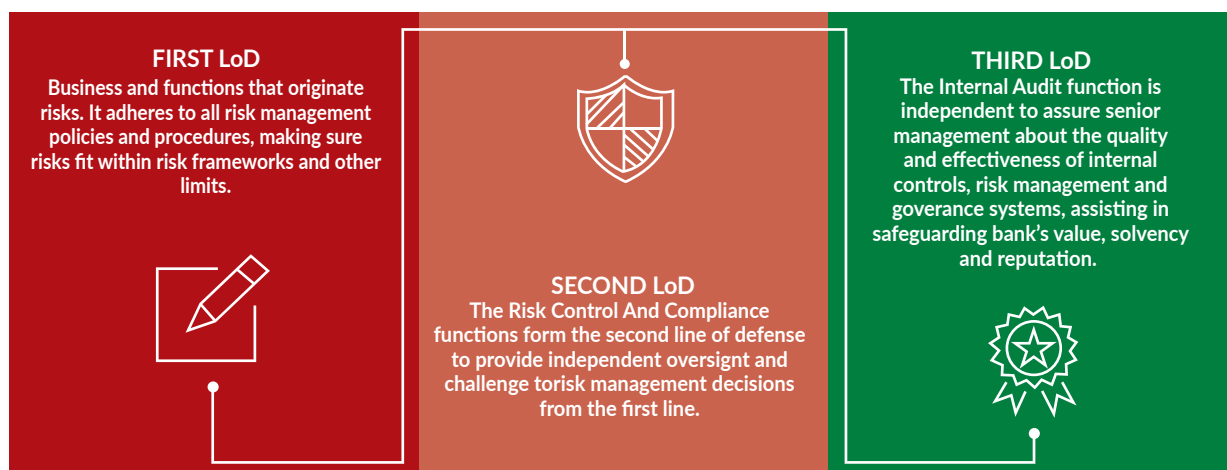
## Risk Governance:

The management of risk is a critical factor in the execution of Shimanto Bank's strategy. The material risks and uncertainties that the bank faces throughout its business and portfolios are a critical focus area of the management. Thus, considering the seriousness of the function, the bank has developed its 3 lines of defence risk governance model that helps it comprehensively address risks on an ongoing basis.

Our Executive Risk Management Committee (ERMC) lays out a clear line of defence approach that allows the bank to prevent risk from occurring, while also assuring adequate mitigation or management of current risk. In a way, it articulates our risk appetite and risk limits.

### Our 3 lines of defence model is indicated below:

- **First line of Defence (First LoD):** Employees engaged in the revenue-generating and client-facing areas of the bank and all associated support functions, including finance, treasury, and human resources. The first line is responsible for identifying and managing the risks they generate, establishing a control framework, and escalating risk events to risk and compliance, including the Risk Management Committee (RMC).
- **Second line of Defence (Second LoD):** This is comprised of the risk and compliance functions. The role of the second line is to establish the limits, rules, and constraints under which first-line activities shall be performed, consistent with the risk appetite, and to monitor the performance of the first line against these limits and constraints. Limits for a number of first-line activities related to operational risk are set by the first line and overseen by the Chief Risk Officer.
- **Third line of Defence (Third LoD):** This is the Independent Audit and Assurance, which is accountable for providing independent and objective assurance on the adequacy of the design, operating effectiveness, and efficiency of the risk management system and systems of internal control.



As a result of our three lines of defence model, we are able to not only prioritise risk management but also establish and nurture a 'risk-aware' culture across the bank, which helps to ensure the bank's long-term sustainability.

## Risk Governance Structure of the Bank:

### Board Risk Management Committee:

The Board Risk Management Committee (BRMC) oversees the risk management functions for identifying, monitoring, and measuring the Bank's risk profile in a comprehensive and integrated manner. The Committee approves policies related to risks and reviews various aspects of risks arising from the business undertaken by the Bank, monitors effective execution of core risk management policy and principles, and makes recommendations relating to risk appetite and particular risks or risk management practices.





### Executive Risk Management Committee:

The Executive Risk Management Committee of the bank is comprised of Heads/In-charges of all core risk areas of the bank and Head/In-charges of any other department/division related to risk, if deemed necessary, to monitor and review all risk exposures, risk-related policies, procedures affecting credit, market and operational areas in line with the directives from the BRMC. The committee is chaired by the Chief Risk Officer (CRO), who holds meetings at least once a month based on the findings of risk reports and takes appropriate decisions to minimize, control, and mitigate risks.

### Risk Management Division:

The Risk Management Division is assigned the responsibility of carrying out the overall risk management function at strategic and operational levels. RMD consists of separate desks, which are devised for managing Credit Risk, Market Risk, Liquidity Risk, Operational Risk, and Risk Research & Policy Development.

### Board and Senior Management Oversight in Risk Management:

The Board of Directors has the ultimate responsibility for the risks assumed by the Bank. Hence, it is responsible for defining the risk appetite, risk tolerance, risk limit and set risk strategies. The Board is also responsible for understanding the Bank's risk landscape and is accountable for determining the significant risks to the Bank. They must ensure that the management is taking the necessary steps to implement strategies devised for effective risk management and managing accompanying risks.

At SMBL, the Board of Directors, either directly or through BRMC, ensures that risk decision-making is aligned with the Bank's strategies and risk appetite. The Board receives regular updates on the Bank's key risks, including the portfolio's performance against defined goals, which is also presented before the Board, and approves key risk policies, limits, strategies, and risk appetite. Internal Control and Compliance Division report, independently, to the Board through the Board Audit Committee on the effectiveness of the risk governance structure and risk management framework.

Fundamental Responsibilities of the Board of Directors of SMBL in Risk Governance:

- Establishing organizational structure for enterprise risk management within the Bank
- Continuously monitoring the Bank's performance and overall risk profile through reviewing various reports;
- Defining and reviewing the risk appetite, risk tolerance, limit etc. in line with strategic planning;
- Ensuring that internal audit reviews the credit operations, foreign exchange operations and securities portfolio management functions etc. to assess the effectiveness of the internal control system;
- Ensuring the formulation, review, and implementation of appropriate policies, plans, and procedures for risk management;
- Assigning sufficient authority and responsibility to risk management related officials;
- Monitoring the function of the Board Risk Management Committee.

While the overall responsibility for risk management is vested with the Board of Directors, senior management of SMBL is responsible for transforming the Board's strategic directions into operational policies, procedures, and processes for effective risk management. The Bank's senior management stays abreast of the activities undertaken by the Bank that could expose it to various risks.

### SMBL's Committees and Forums for Broader Risk Management:

Name of the Committee	Role of the Committee	Represented By
Board Risk Management Committee (BRMC)	<ul style="list-style-type: none"> <li>• Sets up risk governance structure, and risk philosophy to ensure adequate capital, and appropriate capital adequacy assessment process to accommodate the present and future business operations</li> <li>• Reviews risk policies and recommends to the Board</li> </ul>	Members of Board of Directors



<b>Audit Committee (AC)</b>	<ul style="list-style-type: none"> <li>Responsible for reviewing the adequacy of the Bank's risk management processes, policies and the effectiveness of the implementation of the risk management system</li> </ul>	Members of Board of Directors
<b>Executive Risk Management Committee (ERMC)</b>	<ul style="list-style-type: none"> <li>Identifying, measuring, and managing Bank's existing and potential risks through detailed risk analysis;</li> <li>Contributing to the formulation of risk policies for business units;</li> <li>Implementing the decisions of BRMC and board meetings regarding risk issues;</li> <li>Minimizing/controlling risks through ensuring proper implementation of the decisions;</li> <li>Supervise operational units to implement the strategies for managing, measuring and monitoring risks</li> </ul>	Members of Senior Management
<b>Assets-Liability Committee (ALCO)</b>	<ul style="list-style-type: none"> <li>Monitor the structure and composition of the Bank's assets and liabilities</li> <li>Identify major risk issues related to liquidity, interest rate and market and diverse strategies to manage/mitigate</li> </ul>	Members of Senior Management
<b>Supervisory Review Process (SRP) Team</b>	<ul style="list-style-type: none"> <li>Review the Bank's overall capital adequacy in line with its risk profile</li> <li>Set strategy for maintaining Bank's capital at an adequate level</li> </ul>	Members of Senior Management

### Risk Appetite:

Risk appetite is the amount and type of risk an organization is prepared to pursue or take, in order to attain the objectives of the organization and those of its shareholders and stakeholders. SMBL's risk appetite framework consists of a risk capacity, risk appetite statement and key risk appetite measures. Application of the risk appetite statement and monitoring of the key risk appetite measures help to ensure the Bank stay within appropriate risk boundaries. Bank's credit risk appetite further defines the Bank's risk appetite with respect to lending, counterparty credit risk, and other credit risks.

### Risk mitigation approaches:

Risk category	Risk insights	Risk mitigation and monitoring management
Credit	Risk mitigation and monitoring management	<ul style="list-style-type: none"> <li>Robust policy Product Program Guidelines (PPG) and process</li> <li>Board Risk Appetite Statement</li> <li>Robust risk management models/tools</li> <li>Credit risk mitigation (collateral, credit guarantee scheme and guarantees, among others)</li> <li>Effective Credit Committee</li> <li>Strong monitoring systems</li> </ul>



<b>Market</b>	Potential losses arise from changes in the value of assets and liabilities resulting from changes in market variables, such as interest rates, foreign exchange rates, equity prices, commodity prices, and credit spreads, as well as their implied volatilities.	<ul style="list-style-type: none"> <li>• Set limit in the Risk Appetite Statement</li> <li>• Policy formulation and compliance</li> <li>• Stress testing</li> <li>• Monitoring and compliance</li> </ul>
<b>Operational</b>	Risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events	<ul style="list-style-type: none"> <li>• System aticidentification, measurement, mitigation, and monitoring of operational risk</li> <li>• Operational policy and work</li> <li>• Internal audit</li> <li>• KRI review/ incident analysis/audit review</li> </ul>
<b>Reputational</b>	Potential loss to the bank due to inappropriate actions or activity or lack of governance oversight.	<ul style="list-style-type: none"> <li>• Proper policy, PPG and processes in place</li> <li>• Strict monitoring and follow-up arrangements</li> </ul>
<b>Cyber Security</b>	This type of risk is associated with the threat posed by a cyber-attack, cyber breach, or the failure to protect the most vital business of the bank.	<ul style="list-style-type: none"> <li>• Strong IT monitoring and surveillance</li> <li>• Second line of defence: Information Security Team</li> <li>• Tech up-gradation and continual investment to ensure ICT security</li> </ul>
<b>Compliance</b>	Risk arising due to violations of laws, rules, and regulations.	<ul style="list-style-type: none"> <li>• Zero tolerance with regards to regulatory and compliance risk</li> <li>• Continuous monitoring and management</li> </ul>

### Risk Mitigation Methodology:

Banking is about managing risk and return. The most optimum management of risk ultimately brings success for a bank. Risk Management is one of the most fundamental functions of a banking institution. Having uncertainty directly related to regular banking operations, a sound risk management methodology is a must to bring the prime return to all its stakeholders.

The process starts through defining what the organization wants to achieve and the external and internal factors that may influence success in achieving those objectives. This step is called establishing the context and is an essential precursor to risk identification.

Risk assessment comprises the three steps of risk identification, risk analysis, and risk evaluation. Risk identification requires the application of a systematic process to understand what could happen, how, when, and why.

Risk analysis is concerned with developing an understanding of each risk, its consequences, and the likelihood of those consequences

Risk evaluation involves making decision about the level of risk and the priority for attention through the application of the criteria developed when the context was established.

Risk treatment is the process by which existing controls are improved or new controls are developed and implemented.



### 1. Credit Risk:

Credit risk refers to a potential financial loss from the default or credit quality deterioration of a customer or other third party with whom SMBL has a contractual obligation. It is our most important risk in terms of exposure and capital consumption. Effective management of credit risk requires the establishment of an appropriate credit risk culture.

The Bank's credit policy, credit risk appetite, and the credit risk framework set out reasonable expectations for the conduct of the credit risk management activities and behavior throughout the organisation. This ensures:

- A consistent and effective execution of credit risk management activities across the Bank
- A strong credit risk management culture
- A performance that is in line with strategic objectives
- Compliance with legal and regulatory requirements in relation to credit risk

### 2. Market Risk:

Market risk is defined as the risk of losses against the expected (fair) value of financial assets, liabilities, and off-balance sheet items resulting from absurd market conditions (e.g. macro-economic factors). The underlying risk is also considered a non-diversifiable risk, i.e. risk that cannot be avoided. In general market, the risk is often triggered by other forms of financial risks such as credit and market liquidity risks. For example, a downgraded of the credit standing of an issuer (e.g. share) could lead to a drop in the market value of the securities issued by the issuer. Furthermore, major sale of a security by another holder could depress the price of the security.

### 3. Liquidity Risk:

Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable cost or losses. An institution short of liquidity may have to undertake transactions at heavy cost resulting in a loss of earnings or in worst-case scenario; the liquidity risk could result in bankruptcy.

The Bank's ability to meet its obligations and fund itself in a crisis scenario is critical and accordingly, liquidity stress tests are conducted under different scenarios at periodical intervals to assess the impact on liquidity to withstand stressed conditions. Basel III framework on liquidity standards as prescribed by Bangladesh Bank is adopted and put in place requisite systems and processes to enable periodical computation and reporting of the Liquidity Coverage Ratio (LCR).

The Bank has in place a contingency funding plan to ensure that decisive actions are taken in liquidity crisis situation. The Bank have appropriate counter party limits based on the credit risk policies in line with its credit risk appetite as well as target market of the Bank.

### 4. Operational Risk:

Operational Risk refers to the risk of loss resulting from an inadequate or failed internal process, people, and systems or from external events. This definition includes legal risk but excludes strategic and reputational risk. Unlike other risks faced by the bank, the operational risk is inherent in most of the processes and operations of the bank and cannot be separated from other risks. Operational risk in a bank is the functions of the bank's overall environment and culture, employee competence and integrity, management strategies and philosophies, extent and degree of process-centric approach to business, etc.

### 5. Reputation Risk:

Reputation risk is the current or prospective risk to earnings and capital that arise from decline in the customer base, and costly litigation due to adverse perception of the stakeholders. It originate from the lack of compliance with industry service standards or regulation, failure to meet commitments, inefficient and poor quality customer service, lack of fair market practices, unreasonably high costs and inappropriate business conduct. In summary, "reputation risk arises from the failure to meet stakeholders' reasonable expectation of bank's performance and behavior". Reputation risk is a subset of operational risk which can adversely affect the capital base if the driving forces of the risk turn worse.

### 6. Strategic Risk:

Strategic risk means the current or prospective risk to earnings and capital arising from imperfection in business strategy formulation, inefficiencies in implementing business strategy, non-adaptability/ less adaptability with the changes in the business environment, and adverse business decisions.



Strategic risk induces operational loss that consequentially hampers the capital base. In this context, strategic risk possesses a significant space in the ICAAP of the banks, following aspects are considered:

- CAMELS rating – optimum level (satisfactory)
- Operating expenses as % of operating income- optimum level up to 45%
- Classified loans as % of total outstanding loans- optimum level up to 5%
- Classified loan recovery as % of total classified loans- optimum level minimum 20%
- Written-off loans as % of total classified loans- optimum level up to 15%
- Interest waiver as % of total classified loans-optimum level up to 5%.

## 7. Internal Control & Compliance Risk:

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.

Bank's senior management is responsible for establishing a compliance policy that contains the basic principles to be approved by the board and explains the main processes by which compliance risks are to be identified and managed through all levels of the organization.

The board and management are accountable for the bank's compliance, the compliance function has an important role in supporting corporate values, policies, and processes that help ensure that the bank acts responsibly and fulfills all applicable obligations.

## 8. Money Laundering Risk:

Money Laundering Risk can be defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. The bank has a designated chief compliance officer at Head Office and Compliance Officers at branches who independently review the transactions of the accounts to verify suspicious transactions.

The convergence of several remarkable changes in the world markets propelled Money Laundering to become a worldwide problem. SMBL considers Money Laundering and Terrorist Financing Risk not only a compliance requirement of the regulatory bodies but also as one of its core business values. The Board of Directors and the Management are firmly committed to combat Money Laundering activities.

## 9. Environmental and Climate Risk:

Environmental and climate change risk refers to the uncertainty or probability of losses that originates from any adverse environmental or climate change events (natural or manmade) and/or the non-compliance with the prevailing national environmental regulations. This is a facilitating element of credit risk arising from environmental issues. These can be due to environmental impacts caused by and/or due to the prevailing environmental conditions.

Environmental and climate change risks can hamper the business stability of the borrowers in respect of both- i) profitability and ii) reputation. Consequentially, the extent of risk for the banks will be higher. Sector Environmental Due Diligence (EDD) Check List specified in Guidelines on Environmental Risk Management (ERM) issued vide BRPD.

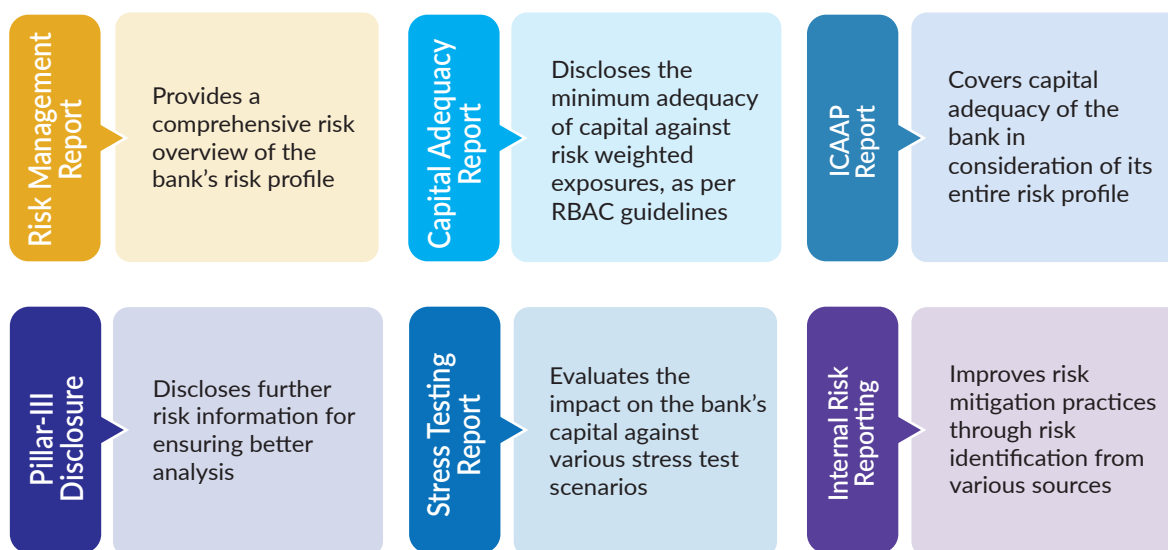
## Risk Reporting:

Our risk reporting practice comprises comprehensive alignment with regulatory disclosures, while also fulfilling our internal requirements pursuant to the guidelines based on:

- Risk-Based Capital Adequacy (RBCA) for Basel-III
- Risk management guidelines as issued by Bangladesh Bank
- Other relevant guidelines of the Bangladesh Bank

Further, SMBL conducts Internal Capital Adequacy Assessment Process (ICAAP) at least annually to evaluate if we are able to maintain sound capital levels after conducting severe stress scenarios. Thus, implementing the Basel framework is an integral part of our efforts to bolster our risk management systems and processes.





## 10. Compliance & Governance Excellence

Banking sector is very important to the national economy 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, effected 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 its internal control & compliance Policy and implemented robust Risk Based Internal Audit (RBIA) methodology. During pandemic of Covid 19, Internal Audit Unit conducted audit on different branches through online audit 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 pivotal 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 Technology Security, Internal control & Compliance and Anti Money Laundering in 2021 and submitted inspection reports. Bangladesh Bank also conducted comprehensive inspection on Agrabad Branch as on 31-12-2021, Lalmonirhat Branch as on 31-12-2021 and Sylhet Branch as on 31-2021.



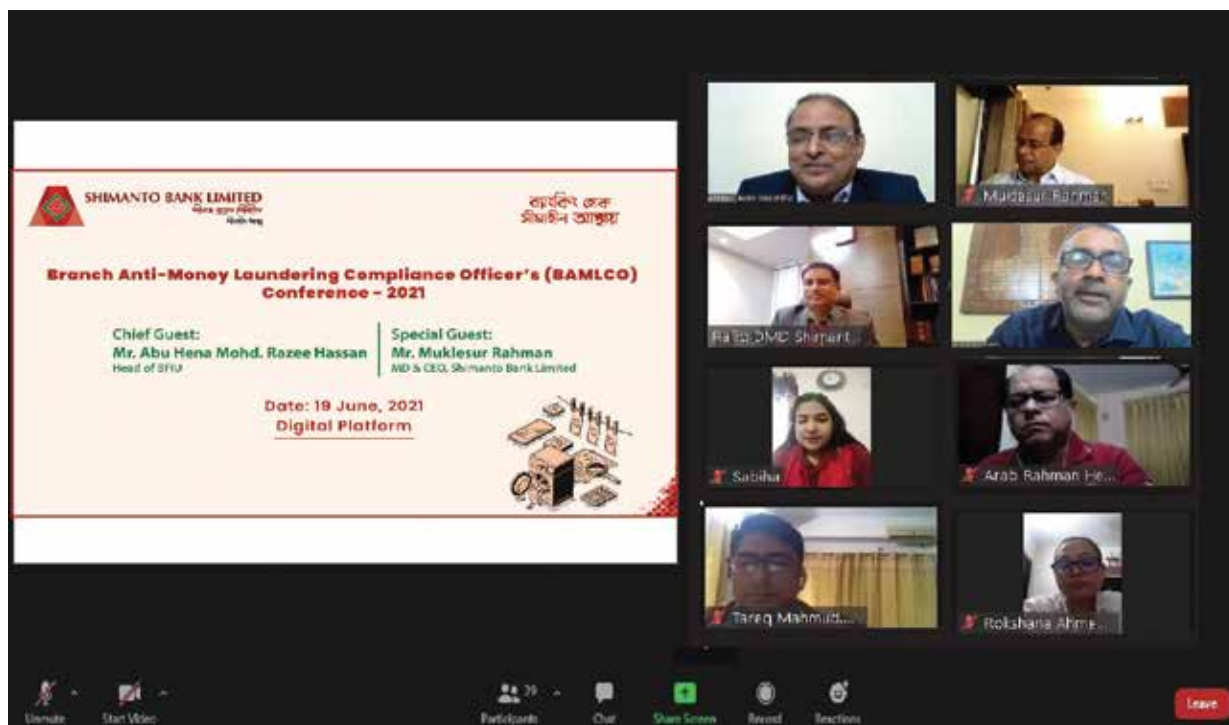
Compliance Unit submitted compliance reports to Bangladesh Bank. Tripartite meeting among Bangladesh Bank, External Auditors and the Management of the Bank has already been conducted for finalization of Annual Financial Statements-2021. All SML audit observations are compiled meticulously by Compliance Unit.

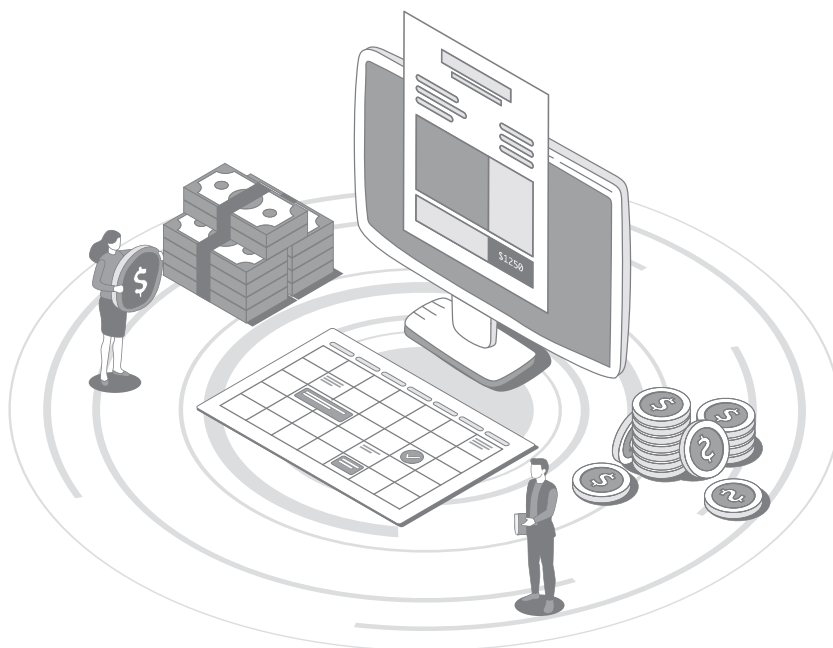
Governance is the combination of processes and structures implemented by the Board to inform, direct, manage and monitor the activities of the organization towards the achievement of its objectives. For reinforce, effective governance:

- 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 provides 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 2021



## 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 2021, 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 2021, 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) By 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.

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 regard.

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## Hoda Vasi Chowdhury & Co

### Chartered Accountants

#### **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 the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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## Hoda Vasi Chowdhury & Co

### Chartered Accountants

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;
- (vii) the expenditures incurred were for the purpose of the Bank's business for the year;

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## Hoda Vasi Chowdhury & Co

### Chartered Accountants

- (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 2,150 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka,  
28 April 2022

DVC : 2205081238AS637131

**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 2021

Hoda Vasi  
Chowdhury & Co

	Notes	31.12.2021 Taka	31.12.2020 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	4	941,786,142	1,008,728,306
Cash in hand (including foreign currency)	4.1	315,414,703	248,869,400
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	4.2	626,371,439	759,858,906
<b>Balance with other banks and financial institutions</b>	5	1,989,609,036	2,171,254,732
In Bangladesh	5.1	1,962,712,386	2,142,120,359
Outside Bangladesh	5.2	26,896,650	29,134,373
<b>Money at call on short notice</b>	6	2,150,000,000	4,200,000,000
<b>Investments</b>	7	2,751,989,935	2,076,247,639
Government	7.1	1,993,964,512	1,630,277,275
Others	7.2	758,025,423	445,970,364
<b>Loans and Advances</b>	8	10,047,395,543	8,331,651,298
Loans, cash credits, overdrafts etc.	8.1	10,047,395,543	8,331,651,298
Bills purchased & discounted		-	-
<b>Fixed assets including premises, furniture and fixtures</b>	9	211,139,918	248,596,677
<b>Other assets</b>	10	735,894,304	522,585,599
<b>Non-banking assets</b>		-	-
<b>Total Assets</b>		18,827,814,878	18,559,064,251
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	11	-	-
<b>Deposits and other accounts</b>	12	13,285,737,635	13,155,384,458
Current deposit accounts		377,519,967	317,098,806
Bills Payable		290,943,228	594,065,466
Savings Bank Deposits		4,592,749,398	5,615,647,895
Fixed Deposits		7,877,432,956	6,574,938,297
Other deposits		147,092,086	53,633,994
<b>Other liabilities</b>	13	927,255,320	931,345,009
<b>Total Liabilities</b>		14,212,992,955	14,086,729,467
<b>Capital/Shareholders' Equity</b>			
<b>Total Shareholders' Equity</b>		4,614,821,923	4,472,334,784
Paid-up capital	14.2	4,284,800,000	4,160,000,000
Statutory reserve	15	225,748,860	167,735,983
Retained earnings	16	97,314,266	140,030,415
Other reserves	16.1	6,958,797	4,568,385
<b>Total Liabilities and Shareholders' Equity</b>		18,827,814,878	18,559,064,251



SHIMANTO BANK LIMITED



**Shimanto Bank Limited**  
Profit and Loss Account  
For the year ended 31 December 2021

**Hoda Vasi  
Chowdhury & Co**

	Notes	2021 Taka	2020 Taka
<b>OPERATING INCOME</b>			
Interest income	18	1,118,459,879	1,178,537,410
Interest on deposits and borrowings etc	19	(437,874,267)	(504,398,193)
<b>Net interest income</b>		<b>680,585,612</b>	<b>674,139,217</b>
Investment income	20	152,424,267	102,011,179
Commission, exchange and brokerage	21	56,766,586	29,916,632
<b>Total operating income (a)</b>		<b>209,190,853</b>	<b>131,927,811</b>
<b>OPERATING EXPENSE</b>			
Salaries and allowances	22	229,598,477	210,360,888
Rent, taxes, insurance, electricity, etc.	23	96,153,654	86,190,259
Legal expenses	24	2,925,375	4,144,530
Postage, stamp, telecommunication, etc.	25	16,768,159	17,361,960
Stationery, printings, advertisements, etc.	26	7,465,497	7,780,270
Chief executive's salary and fees		15,002,000	14,202,000
Directors' fees	27	570,136	836,980
Auditors' fees	28	379,500	379,500
Depreciation and repairs of Bank's assets	29	66,759,685	77,339,498
Other expenses	30	49,484,880	40,427,528
<b>Total operating expenses (b)</b>		<b>485,107,363</b>	<b>459,023,413</b>
<b>Profit before provision (c = (a-b))</b>		<b>404,669,102</b>	<b>347,043,615</b>
<b>Provision against loans and advances</b>			
General Provision	31	32,774,737	19,975,886
Specific Provision		81,829,980	(5,060,586)
<b>Total provision (d)</b>		<b>114,604,717</b>	<b>14,915,300</b>
<b>Profit before taxation (e=c-d)</b>		<b>290,064,385</b>	<b>332,128,315</b>
<b>Provision for taxation (f)</b>		<b>149,967,657</b>	<b>131,090,963</b>
Current tax expense	13.2	156,417,934	136,847,710
Deferred tax income	13.3	(6,450,277)	(5,756,747)
<b>Net profit after taxation (g=e-f)</b>		<b>140,096,727</b>	<b>201,037,353</b>
<b>Appropriations</b>			
Statutory reserve	15	58,012,877	66,425,663
General reserve		-	-
<b>Retained earnings</b>		<b>58,012,877</b>	<b>66,425,663</b>
<b>Earnings Per Share (EPS) (Restated-2020)</b>	33	<b>0.327</b>	<b>0.469</b>

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

**Maj Gen Shakil Ahmed,**  
SPP, nswc, afwc, psc  
Chairman

**Brig Gen Benazir Ahmed,**  
BGBMS, afwc, psc, MPhil  
Director

**Col A S M Faisal,**  
PBGMS  
Director

**Rafiqul Islam**  
Acting Managing Director & CEO

**SK Md Tarikul Islam, FCA**  
Partner  
Membership No. 1238  
Hoda Vasi Chowdhury and Co  
Chartered Accountants

Dated: 28 April 2022  
DVC : 2205081238AS637131





# Shimanto Bank Limited

## Cash Flow Statement

For the year ended 31 December 2021

Hoda Vasi  
Chowdhury & Co

	Notes	2021 Taka	2020 Taka
<b>Cash flows from Operating Activities</b>			
Interest receipts in cash		1,100,380,523	1,171,117,738
Interest payments		(432,043,470)	(465,505,191)
Dividend receipts		12,718,356	10,947,349
Fees and commission receipts in cash		56,766,586	29,916,632
Cash payments to employees		(244,600,477)	(224,562,888)
Cash payments to suppliers		(90,917,999)	(76,037,345)
Income taxes paid		(187,863,279)	(96,429,940)
Receipts from other operating activities	34	123,650,715	95,315,478
Payments for other operating activities	35	(87,468,115)	(86,273,353)
<b>(i) Operating profit before changes in operating assets &amp; liabilities</b>		<b>250,622,840</b>	<b>358,488,480</b>
<b>Change in operating assets and liabilities</b>			
Loans and advances to customers		(1,715,744,246)	(1,158,189,773)
Other assets		6,782,066	(47,508,490)
Deposits from customers		130,353,177	3,041,557,433
Other liabilities		(275,431,043)	304,602,521
<b>(ii) Cash generated from operating assets and liabilities</b>		<b>(1,854,040,045)</b>	<b>2,140,461,692</b>
<b>Net cash flow from operating activities (a)=(i)+(ii)</b>		<b>(1,603,417,206)</b>	<b>2,498,950,172</b>
<b>Cash Flows from Investing Activities</b>			
Payments for purchase of government securities		(363,688,937)	(432,612,291)
Payments for purchase of securities		(312,055,059)	109,024,578
Purchase of property, plant and equipment		(19,428,358)	(8,798,681)
<b>Net cash used in investing activities (b)</b>		<b>(695,172,354)</b>	<b>(332,386,393)</b>
<b>Cash Flows from Financing Activities</b>			
Dividend paid		-	-
Receipts from issue of ordinary share		-	-
<b>Net cash flow from financing activities (c)</b>		<b>-</b>	<b>-</b>
<b>Net Increase in cash and cash equivalents (a+b+c)</b>		<b>(2,298,589,559)</b>	<b>2,166,563,779</b>
Cash and cash equivalents at beginning of the year		7,380,157,238	5,213,593,459
<b>Cash and cash equivalents at end of the year (*)</b>		<b>5,081,567,679</b>	<b>7,380,157,238</b>
<b>(*) Cash and cash equivalents:</b>			
Cash in hand		315,414,703	248,869,400
Prize bonds		172,500	174,200
Money at call on short notice		2,150,000,000	4,200,000,000
Balance with Bangladesh Bank and its agent bank(s)		626,371,439	759,858,906
Balance with other banks and financial institutions		1,989,609,036	2,171,254,732
		<b>5,081,567,679</b>	<b>7,380,157,238</b>

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

Maj Gen Shakil Ahmed,  
SPP, nswc, afwc, psc  
Chairman

Brig Gen Benazir Ahmed,  
BGBMS, afwc, psc, MPhil  
Director

Col A S M Faisal,  
PBGMS  
Director

Rafiqul Islam  
Acting Managing Director & CEO

Dated: 28 April 2022  
DVC : 2205081238AS637131



Hoda Vasi  
Chowdhury & Co

## Shimanto Bank Limited


### Statement of Changes in Equity

For the year ended 31 December 2021


(Amount in Taka)

Particulars	Paid-up Capital	Statutory Reserve	Other Reserves (Investment Revaluation Reserve)	Retained Earnings	Total Equity
<b>Balance as at 1 January 2021</b>	<b>4,160,000,000</b>	<b>167,735,983</b>	<b>4,568,385</b>	<b>140,030,414</b>	<b>4,472,334,784</b>
Net profit after tax for the year	-	-	-	140,096,727	140,096,727
Stock dividend paid during the year	124,800,000	-	-	(124,800,000)	-
Surplus on account of revaluation of investments	-	-	2,390,412	-	2,390,412
Transfer to statutory reserve	-	58,012,877	-	(58,012,877)	-
<b>Balance as at 31 December 2021</b>	<b>4,284,800,000</b>	<b>225,748,860</b>	<b>6,958,797</b>	<b>97,314,266</b>	<b>4,614,821,923</b>

Particulars	Paid-up Capital	Statutory Reserve	Other Reserves (Investment Revaluation Reserve)	Retained Earnings	Total Equity
<b>Balance as at 1 January 2020</b>	<b>4,000,000,000</b>	<b>101,310,320</b>	<b>956,968</b>	<b>165,418,724</b>	<b>4,267,686,012</b>
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)	-
<b>Balance as at 31 December 2020</b>	<b>4,160,000,000</b>	<b>167,735,983</b>	<b>4,568,385</b>	<b>140,030,414</b>	<b>4,472,334,784</b>

  
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PBGMS  
Director

  
**Rafiqul Islam**  
Acting Managing Director & CEO



Dated: 28 April 2022

**Shimanto Bank Limited**  
Liquidity Statement  
(Assets and Liabilities Maturity Analysis)  
As at 31 December 2021


Hoda Vasi  
Chowdhury & Co



Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Assets</b>						
Cash in hand (including balance with Bangladesh Banks and its agent banks)	941,786,142	-	-	-	-	941,786,142
Balance with other banks and financial institutions	-	1,989,609,036	-	-	-	1,989,609,036
Money at call on short notice	-	1,750,000,000	400,000,000	-	-	2,150,000,000
Investments	45,172,500	-	86,810,440	272,042,619	2,347,964,376	2,751,989,935
Loans & advances	2,030,084,138	-	1,077,916,974	2,256,241,297	4,683,153,134	10,047,395,543
Fixed assets including premises, furniture and fixture	-	-	-	211,139,918	-	211,139,918
Other assets	237,473,746	-	-	498,420,557	-	735,894,304
Non-banking assets	-	-	-	-	-	-
<b>Total Assets (a)</b>	<b>3,254,516,527</b>	<b>3,739,609,036</b>	<b>1,564,727,413</b>	<b>3,237,844,391</b>	<b>7,031,117,510</b>	<b>18,827,814,878</b>
<b>Liabilities</b>						
Borrowing from other banks, financial institutions and agents	-	-	-	-	-	-
Deposit and other accounts	5,503,172,739	3,629,470,635	3,688,406,561	460,487,700	4,200,000	13,285,737,634
Other Liabilities	208,455,744	-	25,407,312	693,392,264	-	927,255,320
<b>Total Liabilities (b)</b>	<b>5,711,628,484</b>	<b>3,629,470,635</b>	<b>3,713,813,873</b>	<b>1,153,879,964</b>	<b>4,200,000</b>	<b>14,212,992,955</b>
<b>Net Liquidity Gap (a-b)</b>	<b>(2,457,111,957)</b>	<b>110,138,402</b>	<b>(2,149,086,460)</b>	<b>2,083,964,427</b>	<b>7,026,917,510</b>	<b>4,614,821,923</b>

  
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Chairman

  
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BGBMS, afwc, psc, MP/Phil  
Director

  
**Col A S M Faisal,**  
PBGMS  
Director

  
**Rafiqul Islam**  
Acting Managing Director & CEO

Dated: 28 April 2022



# Shimanto Bank Limited

## Notes to the Financial Statements

For the year ended 31 December 2021

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 nineteen (19) branches and two (02) sub-branches operating in Bangladesh and the Bank has no overseas branches as at 31 December 2021.

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 2021 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.

#### i) 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, BRPD Circular No. 50, Dated 14 December 2021, a special general provision COVID-19, at 2% is required to provide for deferred loans. 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.

Previous year/period figures have been rearranged to conform with the current year/period presentation.

## 2.8 Reporting period

These financial statements of the Bank cover a calendar year from 01 January 2021 to 31 December 2021.

## 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 2021 and under the guidelines of Bangladesh Bank BRPD circular no.14 dated 25 June 2003.

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

## 3. Significant accounting policies

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

### 3.1 Assets and basis of their valuation

#### 3.1.1 Cash and cash equivalents

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

#### 3.1.2 Investments

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



### Held to Maturity (HTM)

Investments which are intended to be held till maturity are classified as "Held to Maturity". These are measured at amortized cost at each year end by taking into account any discount or premium on acquisition. Premiums are amortized and discount accredited, using the effective or historical yield method. Any increase or decrease in value of such investments is booked to equity and in the profit and loss 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, BRPD Circular No. 50, Dated 14 December 2021, a special general provision COVID-19, at 2% is required to provide for deferred loans. 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
<b>General provision on:</b>	
Unclassified (including SMA) general loans and advances	1%
Unclassified (including SMA) small and medium enterprise	0.25%
Unclassified (including SMA) Loans to BHs/MBs/SDs against Shares etc.	2%
Unclassified (including SMA) loans for housing finance and on loans for professionals	2%
Unclassified (including SMA) consumer financing other than housing financing and loans for professionals	5%
Unclassified Short term agri credit and micro credit	2.50%
Off balance sheet exposures	1.00%
<b>Specific provision on:</b>	
Substandard loans and advances other than short term agri credit and	20%
Doubtful loans and advances other than short term agri credit and	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 to 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.



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### **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.



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Changes in interest rates also affect the underlying value of the bank's assets, liabilities and off-balance sheet instruments because the present value of future cash flows (and in some cases, the cash flows themselves) change when interest rates change. Accordingly, an effective risk management process that maintains interest rate risk within prudent levels is essential to the safety and soundness of banks.

### **Operation risk management**

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

### **Internal control and compliance risk management**

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

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

### **Money laundering risk management**

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

Bangladesh has enacted the 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.

### **3.14 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 Financial Statements have been approved in the 49th Board Meeting held on 28 April, 2022.

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 2021.

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 Disclosure of Government Assistance	Not Applicable
13	21	The Effects of Changes in Foreign Exchange 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 Board Meeting on 49th held on April 28, 2022.



#### 4. Cash

	31.12.2021 Taka	31.12.2020 Taka
Cash in hand (including foreign currency) (Note: 4.1)	315,414,703	248,869,400
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency) (Note: 4.2)	626,371,439	759,858,906
	<b>941,786,142</b>	<b>1,008,728,306</b>

##### 4.1 Cash in hand

In local currency	311,997,632	246,634,568
In foreign currency	3,417,071	2,234,832
	<b>315,414,703</b>	<b>248,869,400</b>

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	621,918,502	749,114,958
In foreign currency	4,452,937	10,743,948
	<b>626,371,439</b>	<b>759,858,906</b>

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)	523,835,000	520,647,000
Actual reserve maintained	614,910,229	719,939,851
Surplus	<b>91,075,229</b>	<b>199,292,851</b>





	31.12.2021 Taka	31.12.2020 Taka
<b>Daily Position as on the reporting date</b>		
Required reserve (3.50% of total time & demand liabilities)	458,356,000	455,566,000
Actual reserve maintained	614,910,229	719,939,851
<b>Surplus</b>	<b>156,554,229</b>	<b>264,373,851</b>
<b>(b) Statutory Liquidity Ratio (SLR)</b>		
Required reserve (13% of total time & demand liabilities)	1,702,465,000	1,692,102,000
Actual reserve maintained	2,401,302,740	2,103,844,565
<b>Surplus</b>	<b>698,837,740</b>	<b>411,742,565</b>
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 @ 4.10% and @ 18.33% respectively at the year end.		
<b>(c) Components of Statutory Liquidity Ratio (SLR)</b>		
Cash in hand	315,414,703	248,869,400
Balance with Sonali Bank Limited	848,296	25,493,516
Excess reserve of CRR (4.00% of bi-weekly)	91,075,229	199,292,851
HTM securities	1,621,399,321	1,427,371,598
HFT securities	309,242,691	149,853,000
Other eligible security	63,322,500	52,964,200
	<b>2,401,302,740</b>	<b>2,103,844,565</b>
<b>4.4 Maturity grouping of cash</b>		
On demand	941,786,142	1,008,728,306
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	-	-
	<b>941,786,142</b>	<b>1,008,728,306</b>
<b>5. Balance with other banks and financial institutions</b>		
In Bangladesh (Note: 5.1)	1,962,712,386	2,142,120,359
Outside Bangladesh (Note: 5.2)	26,896,650	29,134,373
	<b>1,989,609,036</b>	<b>2,171,254,732</b>
<b>5.1 In Bangladesh</b>		
<b>Special Notice Deposits</b>		
<b>Bank Name</b>		
AB Bank Limited	1,796,196,897	1,648,942,010
Trust Bank Limited	441,051	441,051
Shimanto Bank Limited-Q-Cash Settlement Account	2,048,758	-
Balance with EBL Securities	4,618,476	-
Trust Bank Limited (Q Cash Account)	-	5,341,285
Eastern Bank Ltd	154,073,069	485,355,648
Eastern Bank Ltd (VISA Settlement Account)	4,172,865	1,241,846
Agrani Bank Limited, Pragpur	83,965	-
Sonali Bank Limited (outside Dhaka)	62,530	12,111
Sonali Bank Limited, Local Office	1,014,776	786,409
	<b>1,962,712,386</b>	<b>2,142,120,359</b>



## 5.2 Outside Bangladesh

Habib American Bank  
Axis Bank ACU  
United Bank of India

31.12.2021 Taka	31.12.2020 Taka
21,421,659	17,176,955
3,242,484	10,079,604
2,232,507	1,877,815
<b>26,896,650</b>	<b>29,134,373</b>

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

Current deposits  
Savings deposits  
Short-Notice Deposits  
Fixed deposits

321,603,334	35,274,178
-	-
1,641,109,052	2,135,980,554
-	-
<b>1,962,712,386</b>	<b>2,171,254,732</b>

## 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

-	-
1,962,712,386	2,142,120,359
-	-
-	-
-	-
<b>1,962,712,386</b>	<b>2,142,120,359</b>

## 6. Money at call on short notice

In Bangladesh  
Outside Bangladesh

(Note: 6.1)

2,150,000,000	4,200,000,000
-	-
<b>2,150,000,000</b>	<b>4,200,000,000</b>

### 6.1 In Bangladesh

#### At short notice

#### With banking companies

The Premier Bank Ltd  
AB Bank Ltd  
National Bank Limited

200,000,000	200,000,000
-	400,000,000
400,000,000	600,000,000
<b>600,000,000</b>	<b>1,200,000,000</b>

#### With non-banking financial institutions

IPDC Finance Ltd.  
IDLC Finance Ltd.  
Bay Leasing & Investment Limited  
Delta Brac Housing Finance Corporation  
LankaBangla Finance Ltd.  
IIDFC Ltd.  
Phoenix Finance & Investments Limited  
CVC Finance Limited  
Meridian Finance & Investment Ltd.

-	600,000,000
-	600,000,000
200,000,000	-
-	600,000,000
400,000,000	600,000,000
600,000,000	600,000,000
200,000,000	-
50,000,000	-
100,000,000	-
<b>1,550,000,000</b>	<b>3,000,000,000</b>
<b>2,150,000,000</b>	<b>4,200,000,000</b>



		31.12.2021 Taka	31.12.2020 Taka
<b>6.2 Maturity grouping of money at call on short notice</b>			
On demand		-	-
Upto 1 month		-	800,000,000
Over 1 month but not more than 3 months		1,750,000,000	3,400,000,000
Over 3 month but not more than 6 months		400,000,000	-
More than 6 months but less than 1 year		-	-
More than 1 year but less than 5 years		-	-
More than 5 years		-	-
		<b>2,150,000,000</b>	<b>4,200,000,000</b>
<b>7. Investments</b>			
Government securities	(Note: 7.1)	1,993,964,512	1,630,277,275
Other investments	(Note: 7.2)	758,025,423	445,970,364
		<b>2,751,989,935</b>	<b>2,076,247,639</b>
<b>7.1 Government securities</b>			
Treasury bills	(Note: 7.1.1)	86,810,440	149,941,477
Treasury bonds	(Note: 7.1.2)	1,843,831,572	1,427,371,598
Government islamic Bond (Sukuk)		63,150,000	52,790,000
Prize bonds		172,500	174,200
		<b>1,993,964,512</b>	<b>1,630,277,275</b>
<b>7.1.1 Treasury Bills</b>			
28 days Treasury Bills		-	-
30 days Treasury Bills		-	-
91 days Treasury Bills		-	-
182 days Treasury Bills		-	-
364 days Treasury Bills		86,810,440	149,941,477
		<b>86,810,440</b>	<b>149,941,477</b>
<b>7.1.2 Treasury Bond</b>			
2 years treasury bond		-	-
05 years treasury bond		208,892,619	97,353,935
10 years treasury bond		755,677,988	647,743,992
15 years treasury bond		557,450,368	357,155,541
20 years treasury bond		321,810,597	325,118,130
		<b>1,843,831,572</b>	<b>1,427,371,598</b>
<b>7.1.3 Investment in securities are classified as per Bangladesh Bank Circular</b>			
<b>Held for Trading (HFT)</b>			
10 years Bangladesh Government Treasury Bond		140,871,019	-
15 years Bangladesh Government Treasury Bond		81,786,400	-
20 years Bangladesh Government Treasury Bond		-	-
		<b>222,657,419</b>	-
<b>Held to Maturity (HTM)</b>			
02 years Bangladesh Government Treasury Bond		-	-
05 years Bangladesh Government Treasury Bond		208,892,619	97,353,935
10 years Bangladesh Government Treasury Bond		614,806,970	647,743,992
15 years Bangladesh Government Treasury Bond		475,663,968	357,155,541
20 years Bangladesh Government Treasury Bond		321,810,597	325,118,130
		<b>1,621,174,154</b>	<b>1,427,371,598</b>
		<b>1,843,831,572</b>	<b>1,427,371,598</b>
<b>7.2 Other investments</b>			
Investments in Share	(Note 7.2.1)	472,114,293	120,000,000
Investment in Zero Coupon Bond		140,911,129	175,970,364
Investment in Mutual Fund		45,000,000	50,000,000
Investment in Subordinate Bond		100,000,000	100,000,000
Investments in Commercial Paper		-	-
		<b>758,025,423</b>	<b>445,970,364</b>

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.



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		31.12.2021 Taka	31.12.2020 Taka
<b>7.2.1 Investments in shares</b>			
Traded in shares	Note: 7.2.1.1	76,114,293	-
Investment share	Note: 7.2.1.2	396,000,000	120,000,000
		<b>472,114,293</b>	<b>120,000,000</b>
<b>7.2.1.1 Traded in shares</b>			
Quoted Share (a)		76,114,293	-
Unquoted Share		-	-
		<b>76,114,293</b>	<b>-</b>
<b>a. Quoted Share</b>			
Bangladesh Export Import Company Ltd.		3,003,156	-
Beximco Pharmaceuticals Ltd.		17,341,828	-
The Dacca Dyeing & Manufacturing Co.Ltd.		827,063	-
IPDC Finance Limited		1,842,595	-
LankaBangla Finance Ltd		1,353,375	-
LafargeHolcim Bangladesh Limited		4,446,252	-
Pragati Life Insurance Ltd.		2,231,916	-
SAIF Powertec Limited		1,296,233	-
Summit Power Limited		1,897,733	-
British American Tobacco Bangladesh Company Limited		18,517,734	-
BRAC Bank Ltd		3,538,625	-
Bangladesh Submarine Cable Company Limited		4,250,600	-
Confidence Cement Ltd.		7,337,264	-
Marico Bangladesh Limited		2,355,875	-
Square Pharmaceuticals Ltd.		5,874,047	-
		<b>76,114,293</b>	<b>-</b>
<b>7.2.1.2 Investment share</b>			
Quoted Share		-	-
Unquoted Share (a)		396,000,000	120,000,000
		<b>396,000,000</b>	<b>120,000,000</b>
<b>a. Unquoted Share</b>			
Envoy Textiles Limited		96,000,000	120,000,000
Impress Newtux Composite Textiles Ltd		300,000,000	-
		<b>396,000,000</b>	<b>120,000,000</b>
<b>7.3 Maturity grouping of investment in share and zero coupon bond</b>			
Over 6 months but below 1 year		-	-
Over 1 year below 5 years		613,025,423	-
Over 5 years		-	295,970,364
		<b>613,025,423</b>	<b>295,970,364</b>
<b>8. Loans and advances</b>			
Loans, cash credits, overdrafts etc	(Note: 8.1)	10,047,395,543	8,331,651,298
Bills purchased and discounted		-	-
		<b>10,047,395,543</b>	<b>8,331,651,298</b>
<b>8.1 Loans, cash credits, overdrafts etc</b>			
Loans		7,981,809,195	6,742,705,525
Overdrafts		2,065,586,348	1,588,945,773
Cash credits		-	-
		<b>10,047,395,543</b>	<b>8,331,651,298</b>
<b>8.1.1 Maturity grouping of loans and advances</b>			
Repayable – on demand		2,030,084,138	1,889,649,617
– upto 3 months		-	109,924
– over 3 months but below 1 year		1,077,916,974	1,580,015,007
– over 1 year but below 5 years		2,256,241,297	1,315,056,114
– over 5 years		4,683,153,134	3,546,820,635
		<b>10,047,395,543</b>	<b>8,331,651,298</b>
<b>8.1.2 Broad category-wise breakup</b>			
Loans		7,981,809,195	6,742,705,525
Overdrafts		2,065,586,348	1,588,945,773
Cash credits		-	-
		<b>10,047,395,543</b>	<b>8,331,651,298</b>



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**8.1.3 Product wise Loans and Advances**

Overdraft  
Time loan  
Term loan  
Staff Loan

31.12.2021 Taka	31.12.2020 Taka
2,065,586,348	1,588,945,773
2,030,084,138	1,889,571,199
5,933,434,761	4,821,013,512
18,290,296	32,120,814
<b>10,047,395,543</b>	<b>8,331,651,298</b>

**8.1.4 Net loans and advances**

Gross loans and advances  
Less: Provision for loans and advances

10,047,395,543	8,331,651,298
182,084,152	96,454,158
<b>9,865,311,391</b>	<b>8,235,197,140</b>

**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

959,526,318	467,181,193
-	-
-	-
-	-
-	-
-	-
58,667,900	112,799,178
-	-
609,835,049	266,393,274
7,934,582,806	7,035,780,802
380,104,060	439,594,072
<b>9,942,716,134</b>	<b>8,321,748,519</b>

**b. Unsecured**

<b>104,679,409</b>	<b>9,902,778</b>
<b>10,047,395,543</b>	<b>8,331,651,298</b>

**8.1.6 Loans and advances on the basis of significant concentration**

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

-	-
-	-
8,202,173	36,848,376
-	-
179,963,038	174,485,213
5,249,457	7,871,842
222,656,017	176,093,076
-	110,731,854
569,395,693	414,064,622
-	-
18,290,296	6,881,852
-	-
3,927,771,858	4,393,878,630
-	-
-	-
710,483,239	-
-	-
1,063,219,870	657,886,264
-	-
-	-





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	31.12.2021 Taka	31.12.2020 Taka
vii) Iron, steel and engineering	-	-
viii) Pharmaceuticals and chemicals	441,214,767	-
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	237,296,848	284,884,429
xv) Power, gas, water and sanitary service	525,878,519	535,948,213
xvi) Transport and aviation	-	-
3) Agriculture	31,132,234	15,338,143
4) Housing	24,287,714	23,776,465
5) Others	-	-
i) Loan to subsidiaries companies	-	-
ii) Others	2,082,353,821	1,492,962,319
	<b>10,047,395,543</b>	<b>8,331,651,298</b>

### 8.1.7 Particulars of Loans and advances

(i) Loans considered good in respect of which the Bank is fully secured	951,938,421	1,020,046,136
(ii) Loans considered good against which the Bank holds no security other than the debtors' personal guarantee	607,830,301	266,393,274
(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)]	16,628,768	43,730,228
(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)	14,154,401	(5,044,602)
(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	10,936,455	1,446,712
(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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	31.12.2021 Taka	31.12.2020 Taka
<b>8.1.8 Advances to customers for more than 10% of Bank's total capital</b>		
Total capital of the Bank	4,284,800,000	4,160,000,000
Number of clients	9	5
Amount of outstanding advances	4,793,425,131	2,492,381,362
Amount of classified advances	-	-
Measures taken for recovery	-	-
<b>8.1.9 Industry-wise loans and advances</b>		
Working capital	2,150,193,507	2,039,614,040
Others	1,941,441,250	569,795,433
	<b>4,091,634,757</b>	<b>2,609,409,473</b>
<b>8.1.10 Geographical location-wise (division) distribution</b>		
<b>In Bangladesh</b>		
<b><u>Urban Branches</u></b>		
Dhaka	7,920,841,152	5,901,395,816
Chittagong	890,890,772	1,067,528,529
Khulna	338,866,222	338,394,362
Mymensingh	173,837,627	220,875,982
Sylhet	92,478,902	97,305,243
Barisal	-	-
Rajshahi	-	-
Rangpur	112,968,614	139,584,873
	<b>9,529,883,289</b>	<b>7,765,084,806</b>
<b><u>Rural Branches</u></b>		
Dhaka	-	-
Chittagong	437,608,008	496,982,959
Khulna	46,699,844	42,793,357
Mymensingh	33,204,403	26,790,175
Sylhet	-	-
Barisal	-	-
Rajshahi	-	-
Rangpur	-	-
	<b>517,512,254</b>	<b>566,566,491</b>
<b>Outside Bangladesh</b>	-	-
	<b>10,047,395,543</b>	<b>8,331,651,298</b>
<b>8.1.11 Classification of loans and advances</b>		
<b><u>Unclassified</u></b>		
Standard	9,858,850,540	8,324,161,835
Special Mention Account	68,388,062	1,575,605
	<b>9,927,238,602</b>	<b>8,325,737,440</b>
<b><u>Classified</u></b>		
Sub-Standard	35,011,871	3,848,378
Doubtful	4,798,901	629,262
Bad/Loss	80,346,169	1,436,217
	<b>120,156,941</b>	<b>5,913,858</b>
	<b>10,047,395,543</b>	<b>8,331,651,298</b>



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		31.12.2021 Taka	31.12.2020 Taka
<b>9. Fixed assets including premises, furniture and fixtures</b>			
Freehold assets	(Note: 9.1)	206,197,854	238,259,775
Intangible assets	(Note: 9.2)	4,942,064	10,336,902
		<b>211,139,918</b>	<b>248,596,677</b>
<b>9.1 Freehold assets</b>			
<b>A. Cost</b>			
Opening Balance		371,728,569	363,212,888
Add : Addition during the year		18,377,264	8,515,681
		390,105,833	371,728,569
Less: Sales/ disposal during the year		-	-
		390,105,833	371,728,569
<b>B. Accumulated depreciation</b>			
Opening Balance		133,468,795	79,041,565
Add : Charged during the year		50,439,185	54,427,230
		183,907,979	133,468,795
Less: Adjusted during the year		-	-
		183,907,979	133,468,795
<b>C. Written down value Total (A-B)</b>		<b>206,197,854</b>	<b>238,259,775</b>
<b>9.2 Intangible assets</b>			
Opening Balance		10,336,902	17,623,587
Add: Addition during the year		1,051,094	282,999
		11,387,996	17,906,587
Less : Amortized during the year		6,445,932	7,569,684
		<b>4,942,064</b>	<b>10,336,902</b>
A schedule of fixed assets is given in <b>Annexure-A</b>			
<b>10 Other Assets</b>			
<b>Income generating</b>			
Income receivable on investment		51,478,020	34,111,866
Interest receivable from calls and placements		99,735,293	81,655,936
Interest receivable on loans & advances		49,025,531	31,584,159
Dividend receivable from preference share		733,393	2,044,352
Receivable on Cards		257,247	392,159
Dividend Receivable from Special Fund Investment		812,605	-
Shanchaypatra Receivable		35,039,264	59,940,397
		<b>237,081,354</b>	<b>209,728,868</b>
<b>Non-Income generating</b>			
Advance rent		42,374,026	52,462,208
Advance income tax	(Note: 10.1)	415,135,337	230,393,741
Advance VAT		392,393	503,879
Advance, deposit & prepayments	(Note: 10.2)	26,969,066	22,122,141
Inventory	(Note: 10.3)	1,518,693	2,291,195
Other Receivables		995,927	106,337
Deferred tax asset	(Note: 13.3)	11,427,508	4,977,231
		<b>498,812,950</b>	<b>312,856,731</b>
		<b>735,894,304</b>	<b>522,585,599</b>



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		31.12.2021 Taka	31.12.2020 Taka
<b>10.1 Advance income tax</b>			
Opening Balance		230,393,741	133,963,801
Add: Paid during the year		187,863,279	96,429,940
		418,257,019	230,393,741
Less: Adjustment during the year-FY of 2016		3,121,682	-
		<b>415,135,337</b>	<b>230,393,741</b>
Final Settlement of Income Tax Tk. 31,21,682/- and Income Tax refund Tk.37,74,137/- this amount will be adjusted with subsequent returned's			
<b>10.2 Advance, deposit &amp; prepayments</b>			
House furnishing allowance		2,354,201	2,507,862
Temporary advance to staff		8,339,574	3,850,663
Prepaid/Deferred Expenses		16,275,291	15,763,617
		<b>26,969,066</b>	<b>22,122,141</b>
<b>10.3 Inventory</b>			
VISA Plastic card		1,205,302	1,698,000
Printing Stationary		13,051	485,315
Stamps (Judicial & Non- Judicial)		300,340	107,880
		<b>1,518,693</b>	<b>2,291,195</b>
<b>11. Borrowings from other banks, financial institutions and agents</b>			
In Bangladesh		-	-
Outside Bangladesh		-	-
		<b>-</b>	<b>-</b>
<b>12. Deposit and other accounts</b>			
Current deposits accounts	(Note: 12.1)	377,519,967	317,098,806
Bills payables	(Note: 12.2)	290,943,228	594,065,466
Savings bank deposit accounts	(Note: 12.3)	4,592,749,398	5,615,647,895
Fixed deposit accounts	(Note: 12.4)	7,877,432,956	6,574,938,297
Other deposits	(Note: 12.5)	147,092,086	53,633,994
		<b>13,285,737,634</b>	<b>13,155,384,458</b>
<b>12.1 Current deposits accounts</b>			
Corporate accounts		118,265,909	97,892,823
SME accounts		245,306,483	214,465,144
Individual		13,947,574	4,740,839
		<b>377,519,967</b>	<b>317,098,806</b>
<b>12.2 Bills payables</b>		<b>290,943,228</b>	<b>594,065,466</b>



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### 12.3 Savings bank deposit accounts

Shimanto Sanchay
SMBL SHOPNO
SMBL Staff Salary Account
BGB Payroll Account
SMBL SND Account (Corporate)
SMBL SND Account (SME)
SMBL Payroll
BGB School Payroll Account
RFCD Account (USD)
BGB School PF Account
SMBL PRIVATE FOREIGN CURRENCY ACCOUNT
BGB School Gratuity Account
Shimanto Student Account

31.12.2021 Taka	31.12.2020 Taka
561,526,161	489,763,773
942,923	1,913,387
7,272,502	7,924,186
251,737,505	215,615,153
3,146,439,948	4,412,062,823
414,089,429	325,049,669
13,912,650	10,709,219
103,212,382	77,018,126
4,432,110	1,835,729
62,292,124	55,308,050
2,539,530	-
13,351,913	11,070,474
11,000,222	7,377,305
<b>4,592,749,398</b>	<b>5,615,647,895</b>

### 12.4 Fixed deposit accounts

Fixed Deposit -1M -Retail
Fixed Deposit -3M -Retail
Fixed Deposit -6M -Retail
Fixed Deposit -1Year -Retail
Fixed Deposit -2Year -Retail
Fixed Deposit -3Year -Retail
Monthly Interest bearing FDR- Asthai Obsor
Fixed Deposit -1M -Corporate
Fixed Deposit -3M -Corporate
Fixed Deposit -6M -Corporate
Fixed Deposit -1Year -Corporate
Fixed Deposit -2Year -Corporate
Fixed Deposit -3Year -Corporate
Special Fixed Deposit for 89 days - Corporate
Shimanto DPS
Shoinik Bhabiswat
Shimanto Student DPS
Fixed Deposit -1M -SME
Fixed Deposit -3M -SME
Fixed Deposit -6M -SME
Fixed Deposit -1Year -SME
Fixed Deposit -2Year -SME

51,760,633	161,728,711
355,340,917	127,751,645
202,764,150	202,555,836
251,443,203	154,048,361
42,365,740	9,335,000
1,020,613	310,050
309,025,950	750,093,500
34,731,555	14,694,157
1,666,338,061	1,406,445,566
712,782,120	292,843,421
2,137,593,787	1,391,499,506
7,395,225	7,032,089
120,112,291	113,360,000
1,556,156,556	1,649,371,470
277,830,364	200,557,641
4,200,000	-
8,463,467	3,998,886
8,375,873	26,243,500
51,635,101	28,701,265
29,797,378	26,653,898
44,999,973	7,413,794
3,300,000	300,000
<b>7,877,432,956</b>	<b>6,574,938,297</b>

### 12.5 Other deposits

Margin on L/C
Margin on BG Local - Corporate
Margin on SG - SME
Provident Fund
Provision for Gratuity
Advance Fund - Ria
OD in Positive Balance
Advance Deposit-Xpress Money
Security Deposit-Xpress Money
Consolidated Prepaid Card Account
BB Fund for Corporate Refinancing
BB Fund for Agricultural Refinancing
Advance Fund - Cash Incentive for Inward Remittance
Security Deposit Held from Vendor

73,717,691	5,885,323
10,577,646	6,289,516
3,332,687	3,878,475
-	1,619,968
-	4,024,000
954,816	668,990
397	2,405
237,280	237,280
421,000	421,000
1,155,502	1,900,799
25,026,448	25,026,448
27,615,000	-
(16,203)	-
4,069,822	3,679,791
<b>147,092,086</b>	<b>53,633,994</b>

### 12.6 Maturity analysis of deposits and other deposits

Repayable - on demand
- within 1 month
- over 1 month but within 3 months
- over 3 months but within 1 year
- over 1 year but within 5 years
- over 5 years

4,378,624,187	911,164,272
1,124,548,552	7,467,685,734
3,629,470,635	1,616,532,471
3,688,406,561	2,075,014,815
460,487,700	1,084,987,166
4,200,000	-
<b>13,285,737,634</b>	<b>13,155,384,458</b>





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

Autonomous & Semi-Autonomous Bodies  
Other Non-financial Corporations- Private  
Private

31.12.2021 Taka	31.12.2020 Taka
7,862,763,930	7,933,266,478
1,937,428,921	1,277,317,067
3,485,544,783	3,029,465,419
<b>13,285,737,634</b>	<b>12,240,048,964</b>

### 13. Other liabilities

Accumulated provision against loans and advances (Note 13.1)  
Provision for Mutual Fund  
Special General Provision- COVID-19 (Note 13.6)  
Provision for current tax (Note 13.2)  
Accounts payable -Interest payable  
Shanchaypatra payable  
ATM settlement (NPSB/Q-Cash) payable  
Accrued expenses  
Excise duty payable  
Tax payable (At source)  
VAT payable  
POS settlement account payable  
BACH clearing charge payable  
EFTN Outward Adjustment  
Sundry Creditors  
Transactional Accounts  
School Fees Payable Account  
Provision for off balance sheet items (Note 13.4)  
Payable to ADC Vendor  
MFS Payable  
Interest Suspense Account (Note 13.5)  
CIB Payable

183,434,640	84,819,158
-	600,000
25,407,312	11,035,000
509,957,624	356,661,372
106,894,286	101,063,489
-	500,000
16,441,219	3,463,761
38,525,876	38,318,083
13,355,351	12,091,100
7,897,489	7,879,492
3,057,940	2,432,449
189,772	-
(246,769)	(70,927)
708,221	53,579,132
7,413,481	288,809
414,453	253,153,651
466,232	-
6,106,512	3,889,589
584,615	331,206
1,235,375	559,041
4,835,843	572,854
575,850	177,750
<b>927,255,320</b>	<b>931,345,009</b>

### 13.1 Accumulated provision against loans and advances

The movement in specific provision for bad and doubtful debts

Opening balance  
Fully provided debts written off during the year (-)  
Recovery of amounts previously written off (+)  
Specific provision made during the year (+)  
Transferred to general provision of loans and advances (-)  
Transfer from general reserve (+)  
Recoveries and provision no longer required (-)  
Net charge to Profit and Loss Account (+)  
**Net Additional during the year**  
Closing Balance

2,541,314	7,601,900
-	-
-	-
86,971,293	-
(5,141,313)	(5,060,586)
-	-
-	-
-	-
-	-
<b>81,829,980</b>	<b>(5,060,586)</b>
<b>84,371,294</b>	<b>2,541,314</b>

### Total provision on classified loans and advances

On unclassified loans

Opening Balance  
Opening Balance-Provision for Mutual Fund  
Transfer to Mutual Fund provision to General Provision (+)  
Transfer from specific provisions (+)  
Transfer from general reserve (-)  
General provision made during the year (+)  
**Net Additional during the year**  
Balance at the year ended  
**Total provision on un-classified loans and advances**  
**Total provision on loans and advances**

84,371,294	2,541,314
82,277,844	77,117,654
600,000	-
600,000	-
-	5,060,586
(19,801,591)	-
35,387,093	99,604
<b>16,185,502</b>	<b>5,160,190</b>
<b>99,063,346</b>	<b>82,277,844</b>
<b>99,063,346</b>	<b>77,217,258</b>
<b>183,434,640</b>	<b>84,819,158</b>



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	31.12.2021 Taka	31.12.2020 Taka
<b>Provision for</b>	<b>Required</b>	<b>Maintained</b>
Un-classified loans and advances	98,169,123	99,063,346
Classified loans and advances	83,915,029	84,371,294
	<b>182,084,152</b>	<b>183,434,640</b>

### 13.1.1 Details of provision for loans and advances

	Required	Required
<b>General Provision</b>	<b>98,169,123</b>	<b>81,809,753</b>
Standard	97,463,681	81,793,769
Special Mention Account	705,442	15,984
<b>Specific Provision</b>	<b>83,915,029</b>	<b>2,306,534</b>
Substandard	3,619,386	705,375
Doubtful	2,228,579	273,273
Bad/Loss	78,067,064	1,327,887

### 13.2 Provision for current tax

Opening Balance	356,661,372	219,813,662
Provision made during the year	159,504,988	136,847,710
Income Tax settlement of 2016	3,087,054	-
<b>Net Additional Provision for during the year</b>	<b>156,417,934</b>	<b>136,847,710</b>
	<b>513,079,306</b>	<b>356,661,372</b>
Less: Settlement made during the year-FY of 2016	3,121,682	-
	<b>509,957,624</b>	<b>356,661,372</b>

Final Settlement of Income Tax Tk. 31,21,682/- and Excess provision of Income Tax Tk. 30,87,054 has been carried forward and will be adjusted in the subsequent period.

### 13.3 Deferred tax liability/Asset

#### Temporary timing difference in written down value of fixed asset

Carrying amount of fixed assets	211,139,918	248,674,121
Tax base	239,708,688	261,117,199
<b>Taxable Temporary difference</b>	<b>(28,568,770)</b>	<b>(12,443,078)</b>
Tax rate	40.00%	40.00%
<b>Deferred tax liability/Assets</b>	<b>(11,427,508)</b>	<b>(4,977,231)</b>
Opening deferred tax liability/Assets	(4,977,231)	779,516
Deferred tax expense/ (income)	(6,450,277)	(5,756,747)
	<b>(11,427,508)</b>	<b>(4,977,231)</b>

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	3,889,589	708,893
Add: Addition during the year	2,216,923	3,180,696
	<b>6,106,512</b>	<b>3,889,589</b>

The Bank has made a provision of Tk 22,16,923 @ 1.00% on off balance sheet exposure (i.e. 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. 6,106,512 is deemed sufficient on requirement and will be treated as Supplementary Capital of the Bank.



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		31.12.2021 Taka	31.12.2020 Taka
<b>13.5 Interest suspense account</b>			
Balance at 01 January		572,854	296,314
Transfer during the year	(+)	5,283,870	464,542
Recovery during the year	(-)	(1,020,881)	(188,002)
Waiver during the year		-	-
Write off during the year	(-)	-	-
Balance at 31 December		<b>4,835,843</b>	<b>572,854</b>
<b>13.6 Special General Provision- COVID-19</b>			
Opening balance		11,035,000	-
Adjustment during the year		(5,691,688)	-
Addition during the year		20,064,000	11,035,000
Net Additional during the year		<b>14,372,312</b>	<b>11,035,000</b>
		<b>25,407,312</b>	<b>11,035,000</b>
<b>14. Share Capital</b>			
<b>14.1 Authorised Capital</b>			
100,000,000 ordinary shares of Taka 10 each		<b>10,000,000,000</b>	<b>10,000,000,000</b>
<b>14.2 Issued, Subscribed and Paid-up Capital</b>			
428,480,000 ordinary shares of Taka 10 each issued for cash		<b>4,284,800,000</b>	<b>4,160,000,000</b>

**14.3 Percentage of shareholding**

Particulars	As at 31 December 2021		31.12.2020 % of Holdings
	Capital	% of Holdings	
Sponsors and public	4,284,800,000	100	100
Government	-	-	-
	<b>4,284,800,000</b>	<b>100</b>	<b>100</b>

**14.4 Classification of shareholders by holding**

Holding	No. of holders 31.12.2021	% of total holding 31.12.2021	% of total holding 31.12.2020
Upto 500	9	0.000002%	0.000002%
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	99.99998%	99.99998%
	<b>10</b>	<b>100.00%</b>	<b>100.00%</b>

**14.5 Names of the Directors and their shareholding as at 31 December 2021**

Name of the Director	Status	31.12.2021 No of Share	31.12.2020 No of Share
BGB Welfare Trust	Sponsor	428,479,991	415,999,992
Major General Md Shafeenul Islam, BGBM (BAR), ndc, psc	Chairman	1	1
Brig Gen Md Nurul Amin, PhD, MPH	Director	1	1
Brig Gen Md. Shazedur Rahman, BGBM	Director	1	1
Brig Gen Md Hasan Uz Zaman, ndu, afwc, psc,	Director	1	1
Brig Gen Benazir Ahmed, BGBMS, afwc, psc, MPhil	Director	1	1
Brig Gen A M M Khairul Kabir, BGBMS, psc	Director	1	1
Col A S M Faisal, PBGMS	Director	1	1
Col Murad Zaman, PBGMS	Director	1	1
Col Md Aminul Hoque, SUP, afwc, psc	Director	1	-
		<b>428,480,000</b>	<b>416,000,000</b>



#### 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.

<b>Tier - I Capital (going concern capital)</b>	<b>31.12.2021 Taka</b>	<b>31.12.2020 Taka</b>
<b>Common Equity Tier 1 Capital (CET 1)</b>		
Paid up capital	4,284,800,000	4,160,000,000
Statutory reserve	225,748,860	167,735,983
General reserve	-	-
Surplus in profit and loss account/ Retained earnings	97,314,266	140,030,415
<b>Total Common Equity Tier 1 Capital (CET 1)</b>	<b>4,607,863,126</b>	<b>4,467,766,399</b>
<b>Additional Tier 1 Capital (AT 1)</b>	<b>-</b>	<b>-</b>
<b>(i) Total Tier - I Capital</b>	<b>4,607,863,126</b>	<b>4,467,766,399</b>
<b>Tier - II Capital (gone concern capital)</b>		
General provision including off-balance sheet exposure	130,577,170	97,802,433
Asset revaluation reserve (50%)	-	-
Revaluation reserve for HTM & HFT securities	6,958,797	4,568,385
Non-convertible subordinated bond	-	-
	<b>137,535,967</b>	<b>102,370,818</b>
<b>Regulatory Adjustment (if any)</b>	<b>-</b>	<b>-</b>
<b>(ii) Total Tier - II Capital</b>	<b>137,535,967</b>	<b>102,370,818</b>
<b>A. Total Eligible Capital (i+ii)</b>	<b>4,745,399,093</b>	<b>4,570,137,217</b>
<b>B. Risk Weighted Assets</b>		
Credit risk		
Balance sheet business	8,497,595,251	7,893,599,584
Off- balance sheet business	321,118,999	354,607,139
	<b>8,818,714,250</b>	<b>8,248,206,723</b>
Market risk	-	-
Operational risk	1,221,077,513	415,074,054
<b>Total risk-weighted assets</b>	<b>10,039,791,763</b>	<b>8,663,280,777</b>
<b>C. Required Capital based 10% of RWA i.e Taka or 4,284,800,000 whichever is higher</b>	<b>4,284,800,000</b>	<b>4,160,000,000</b>
<b>D. Capital Surplus / (Shortfall) [A-C] (except capital conservation buffer 2.5%)</b>	<b>460,599,093</b>	<b>410,137,217</b>
<b>Total capital adequacy ratio (%)</b>	<b>47.27%</b>	<b>52.75%</b>

Capital requirement	31.12.2021	
	Required	Held
Tier - I Capital (Going Concern Capital)	6.00%	45.90%
Tier - II Capital (Gone Concern Capital)	-	1.38%
<b>Total</b>	<b>12.50%</b>	<b>47.27%</b>

- 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.



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

	31.12.2021 Taka	31.12.2020 Taka
<b>15. Statutory reserve</b>		
Opening balance	167,735,983	101,310,320
Add: Addition during the year	58,012,877	66,425,663
	<b>225,748,860</b>	<b>167,735,983</b>
As per Section 24 of Bank Companies Act 1991, 20% of pre tax profit has been transferred to Statutory Reserve		
<b>16. Retained earnings</b>		
Opening balance	140,030,415	165,418,725
Less: Stock dividend paid	124,800,000	160,000,000
Add: Profit after tax for the year	140,096,727	201,037,353
	155,327,142	206,456,078
Less: Transferred to statutory reserve	58,012,877	66,425,663
	<b>97,314,266</b>	<b>140,030,415</b>
<b>16.1 Other Reserves</b>		
Opening balance	4,568,385	956,968
Add: Revaluation Reserve -T Bond & Bill	2,390,412	3,611,417
Less: Transfer due to Income	-	-
	<b>6,958,797</b>	<b>4,568,385</b>
<b>17. Profit and loss account</b>		
<u>Income:</u>		
Interest, discount and similar income	1,118,459,879	1,178,537,410
Investment Income	150,635,923	102,745,042
Fee, commission and brokerage	56,766,586	29,916,632
Other operating income	-	-
	<b>1,325,862,388</b>	<b>1,311,199,085</b>
<u>Expenses:</u>		
Interest paid on deposits, borrowings, etc.	437,874,267	504,398,193
Interest, fee and commission	-	-
Administrative expenses	238,885,613	221,138,888
Other operating expenses	183,051,633	171,863,612
Depreciation and amortization on banking assets	57,026,892	61,919,469
	916,838,406	959,320,162
	<b>409,023,983</b>	<b>351,878,923</b>
<b>18. Interest income</b>		
Interest on loans and advances:		
Loans and advances	812,088,803	687,051,137
Interest on:		
Calls and placements	142,864,306	215,044,925
Balance with other banks	163,506,771	229,415,646
Interest income from Commercial Paper	-	47,025,701
	306,371,076	491,486,273
	<b>1,118,459,879</b>	<b>1,178,537,410</b>





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		31.12.2021 Taka	31.12.2020 Taka
<b>19. Interest paid on deposits, borrowings etc.</b>			
Interest on deposits:			
Fixed deposits		355,492,434	404,846,706
Savings deposits		82,119,737	99,390,206
Other deposits		250,151	161,282
		<b>437,862,322</b>	<b>504,398,193</b>
Interest on borrowings:			
Local banks, financial institutions including Bangladesh Bank		11,944	-
Subordinated Bond		-	-
		<b>11,944</b>	<b>-</b>
		<b>437,874,267</b>	<b>504,398,193</b>
<b>20. Investment income</b>			
Dividend Income on Preference shares		11,407,397	9,848,681
Interest on treasury bonds		155,504,088	111,457,321
Gain/(Loss) on treasury bills and treasury bonds		(14,487,219)	(19,294,822)
		<b>152,424,267</b>	<b>102,011,179</b>
<b>21. Commission, exchange and brokerage</b>			
Other fees, commission and service charges		46,108,387	24,532,453
Commission on letters of credit		6,051,092	4,712,519
Commission on letters of guarantee		4,607,108	671,660
		<b>56,766,586</b>	<b>29,916,632</b>
<b>22. Salary and allowances</b>			
Basic salary, provident fund contribution and all other allowances		215,432,436	200,360,888
Provision for Special Allowance for Covid-19		-	10,000,000
Festival and incentive bonus		14,166,041	-
		<b>229,598,477</b>	<b>210,360,888</b>
<b>23. Rent, taxes, insurance, electricity etc.</b>			
Rent, rates and taxes	23.01	82,285,997	74,489,106
Electricity, gas, water, etc.		7,875,289	6,389,582
Insurance		5,992,368	5,311,571
		<b>96,153,654</b>	<b>86,190,259</b>
<b>23.1 Rent, rates and taxes</b>			
Data Center Service		10,566,000	8,646,000
Rent - Premises		67,000,729	59,495,429
Rent-ATM		250,818	278,677
Rent - Vehicle		4,468,450	6,069,000
		<b>82,285,997</b>	<b>74,489,106</b>
<b>24. Legal expenses</b>			
Legal expenses		2,925,375	4,144,530
<b>25. Postage, stamp, telecommunication, etc.</b>			
Telephone		524,260	499,173
Postage, stamp, Courier and shipping		828,929	3,685,543
Telex, fax, internet, wireless link, SWIFT etc.		6,530,324	6,183,607
Branch Connectivity Charges		8,884,646	6,993,638
		<b>16,768,159</b>	<b>17,361,960</b>
<b>26. Stationery, printing, advertisements, etc.</b>			
Printing and stationery		3,483,497	3,191,587
Publicity, advertisement, etc.		3,982,000	4,588,684
		<b>7,465,497</b>	<b>7,780,270</b>



**Hoda Vasi  
Chowdhury & Co**

	31.12.2021 Taka	31.12.2020 Taka
<b>27. Directors' fees</b>		
Directors' fees	384,000	600,000
Meeting expenses	186,136	236,980
	<b>570,136</b>	<b>836,980</b>
Directors' fees include fees for attending the meeting of the Board, Executive Committee and Audit Committee.		
<b>28. Auditors' fees</b>		
Statutory Audit	<b>379,500</b>	<b>379,500</b>
<b>29. Amortization &amp; Depreciation and repairs of Bank's assets</b>		
<u>Amortization &amp; Depreciation :</u>		
Computer and Network equipment	22,340,711	25,338,189
Furniture & Fixture - Office	8,293,362	8,126,392
Office Equipment	12,558,139	13,956,111
Motor Vehicle	35,280	35,280
Software	6,445,932	7,569,684
Decoration & Renovation	7,211,692	6,971,257
	<b>56,885,117</b>	<b>61,996,914</b>
<u>Repairs:</u>		
Computer Accessories	770	1,095
Furniture & Fixture	65,594	51,103
Motor Vehicles	587,969	267,392
Repair & Maintenance Electricity	177,290	66,529
Computer & Network Equipment	609,650	8,696,632
Building & Decoration	866,213	603,930
Software Maintenance	6,140,087	4,671,407
Equipment	270,840	234,504
	<b>8,718,412</b>	<b>14,592,593</b>
<u>Spare Parts:</u>		
Computer, Network & Softwares	66,873	192,033
Electricity & Lighting		322,513
Equipment	512,102	-
Furniture & Fixture	4,720	28,260
Motor Vehicles	572,462	207,187
	<b>1,156,156</b>	<b>749,992</b>
	<b>66,759,685</b>	<b>77,339,498</b>
<b>30. Other expenses</b>		
Bank Charges	6,664,751	7,045,193
Branch Opening Cost	798,548	593,532
Local Conveyance	235,817	329,597
Client Entertainment	88,545	434,872
Staff Entertainment	1,085,680	865,598
Meeting Expenses	186,465	843,968
Fuel & Lubricant - Vehicle	1,003,799	765,688
Books and periodicals	-	44,336
Office maintenance (Cleaning, Washing and Other items)	1,485,555	1,763,767
Training Expenses	541,746	507,551
Travelling Expenses	944,095	1,529,615
WEB Site Maintenances	20,798	21,220
Campaign Expenses	427,500	-
Fees to credit rating Agency	-	215,000
Fees to surveyor	-	145,686
Miscellaneous Expenses	252,577	100,340



## Hoda Vasi Chowdhury & Co

	31.12.2021 Taka	31.12.2020 Taka
Recruitment Expenses	5,858	31,987
Events and Occasional Expenses	2,133,558	688,317
Exchange Loss on Foreign Currencies	7,609,302	1,203,066
Card Related Expenses	8,482,576	8,534,965
Excise Duty	1,741,000	2,068,800
Donations	4,010,000	1,000,000
Membership fees	214,396	194,755
AGM Expense	235,742	
Expense For new Projects	744,075	129,409
Contractual Services ( Vehicle Expenses )	10,572,497	11,370,265
	<b>49,484,880</b>	<b>40,427,528</b>
<b>31. Provision against loans and advances</b>		
On un-classified loans	32,774,737	19,975,886
On classified loans	81,829,980	(5,060,586)
	<b>114,604,717</b>	<b>14,915,300</b>
<b>31.01 Un-classified loans</b>		
General Provision	16,185,502	5,760,190
Off balance sheet itemss	2,216,923	3,180,696
COVID-19 provision	14,372,312	11,035,000
	<b>32,774,737</b>	<b>19,975,886</b>
<b>32. Appropriations</b>		
Retained earnings - brought forward	140,030,415	165,418,725
Less: Stock dividend paid	124,800,000	160,000,000
Add: Profit after tax for the year	140,096,727	201,037,353
	<b>155,327,142</b>	<b>206,456,078</b>
<u>Transferred to</u>		
Statutory reserve	58,012,877	66,425,663
General reserve	-	-
	<b>58,012,877</b>	<b>66,425,663</b>
<b>Retained earnings</b>	<b>97,314,266</b>	<b>140,030,415</b>
<b>33. Earnings Per Share (EPS)</b>		
Profit after taxation	140,096,727	201,037,353
Number of ordinary shares outstanding	428,480,000	416,000,000
Earnings Per Share	<b>0.327</b>	<b>0.483</b>
<b>Restatement of EPS for bonus share issue:</b>		
Bonus fraction	-	0.62
	-	<b>0.469</b>
<b>34. Receipts from other operating activities</b>		
Interest on treasury bills, bonds, debenture and others	155,504,088	111,457,321
Gain/(Loss) on treasury bills and treasury bonds	(14,487,219)	(19,294,822)
	<b>141,016,869</b>	<b>92,162,499</b>
<b>35. Payments for other operating activities</b>		
Rent, taxes, insurance, electricity, etc.	96,153,654	86,190,259
Postage, stamps, telecommunication, etc.	16,768,159	17,361,960
Stationery, printing, advertisement, etc.	7,465,497	7,780,270
Repairs of Bank's assets	8,718,412	14,592,593
Legal expenses	2,925,375	4,144,530
Auditor's fees	379,500	379,500
Directors' fees	570,136	836,980
Other expenses	49,484,880	40,427,528
	<b>182,465,613</b>	<b>171,713,620</b>

Earnings Per Share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2021 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 2021.



Hoda Vasi  
Chowdhury & Co

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

Sl #	Particulars	31.12.2021 Taka	31.12.2020 Taka
1	Paid-up capital	4,284,800,000	4,160,000,000
2	Total capital	4,284,800,000	4,160,000,000
3	Capital surplus	460,599,093	410,137,217
4	Total assets	18,827,814,878	18,559,064,251
5	Total deposits	13,285,737,635	13,155,384,458
6	Total loans and advances	10,047,395,543	8,331,651,298
7	Total contingent liabilities and commitments	610,651,229	388,958,835
8	Credit-deposit ratio	75.63%	63.33%
9	Profit after tax and provision	140,096,727	201,037,353
10	Provision kept against classified loans	83,915,029	2,306,534
11	Cost of fund	7.06%	7.16%
12	Interest earning assets	16,938,994,514	16,779,153,669
13	Non-interest earning assets	1,888,820,364	1,779,910,582
14	Return on investments (ROI)	6.31%	5.33%
15	Return on assets (ROA)	0.75%	1.20%
16	Return on Equity (ROE)	3.27%	4.83%
17	Income from investments	152,424,267	102,011,179
18	Earnings per share (Restated-2020)	0.327	0.469
19	Net Income per share (Restated-2020)	0.327	0.469

Maj Gen Shakil Ahmed,  
SPP, nswc, afwc, psc  
Chairman

Brig Gen Benazir Ahmed,  
BGBMS, afwc, psc, MPhil  
Director

Col A S M Faisal,  
PBGMS  
Director

Rafiqul Islam  
Acting Managing Director & CEO



### 37. Related Party Disclosures

A. i) Name of the Directors and their interest in the Bank as on 31.12.2021:

SL#	Name	Address	Designation	Number of Shares approved by the Board
1	BGB Welfare Trust	Shimanto Shomvar, Dhanmondi, Dhaka	Sponsor	428,479,991
2	Major General Md Shafeenul Islam, BGBM (BAR), ndc, psc	Director General, Border Guard Bangladesh	Chairman	1
3	Brig Gen Md Nurul Amin, PhD, MPH	ADG (Med), Border Guard Bangladesh	Director	1
4	Brig Gen Md. Shazedur Rahman, BGBM	ADG (Admin), Border Guard Bangladesh	Director	1
5	Brig Gen Md Hasan Uz Zaman, ndu, afwc, psc, MPhil	Bureau Chief, BSB, Border Guard Bangladesh	Director	1
6	Brig Gen Benazir Ahmed, BGBMS, afwc, psc, MPhil	ADG (HQ), Border Guard Bangladesh	Director	1
7	Brig Gen A M M Khairul Kabir, BGBMS, psc	ADG (Ops & Trg) Border Guard Bangladesh	Director	1
8	Col A S M Faisal, PBGMS	DDG (Works), Border Guard Bangladesh	Director	1
9	Col Murad Zaman, PBGMS	DDG (Works), Border Guard Bangladesh	Director	1
10	Col Md Aminul Hoque, SUP, afwc, psc	DDG (Comm), Border Guard Bangladesh	Director	1
				<b>428,480,000</b>

ii) 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	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, PBGMS, psc	DDG (Record), Border Guard Bangladesh	Director	1
9	Col Md. Mahfuzer Rahman, PBGM, psc, PEng, MSc	DDG (Works), Border Guard Bangladesh	Director	1
				<b>416,000,000</b>





**Hoda Vasi  
Chowdhury & Co**

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 Zayed Sultan, BGBMS	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
9	Assistant Director Md Mahbubur Rashid	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
<b>Total</b>			<b>40, 00, 00,000 (Fully Paid Up)</b>	

iv) Name of Directors and their interest in different entities as on 31.12.2021

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 (BAR), ndc, psc	Border Guard Bangladesh; BGB Welfare Trust	Chairman	N/A
3	Brig Gen Md Nurul Amin, PhD, MPH	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
4	Brig Gen Md. Shazedur Rahman, BGBM	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
5	Brig Gen Md Hasan Uz Zaman, ndu, afwc, psc, MPhil	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
6	Brig Gen Benazir Ahmed, BGBMS, afwc, psc, MPhil	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
7	Brig Gen A M M Khairul Kabir, BGBMS, psc	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
8	Col A S M Faisal, PBGMS	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
9	Col Murad Zaman, PBGMS	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
10	Col Md Aminul Hoque, SUP, afwc, psc	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A

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

vi) Related party Transactions:

During the year ended 31 December 2021, the Bank concluded business deals with the following organizations in which the directors had interest:

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

SL	Name of Director	Type of Facility	Limit (BDT)	Loan Outstanding in BDT as on 31.12.2021
1	Major General Md Shafeenul Islam, BGBM (BAR), ndc, psc	SMBL Shimanto Nibash	10,000,000.00	10,249,442.00
		Credit Card	1,000,000.00	817,279.65
2	Brig Gen Benazir Ahmed, BGBMS, afwc, psc, MPhil	Credit Card	1,000,000.00	2,924.09

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**



**Annexure-A**

**Shimanto Bank Limited**  
Schedule of Fixed Assets  
As at 31 December 2021

Particulars	Computer & Network	Software	Furniture and Fixtures	Office Equipment	Motor Vehicle	Decoration & Renovation	Total
<b>Cost/ Revaluation</b>							
Balance as at 01.01.21	125,117,956	43,654,539	84,839,453	87,604,309	176,400	73,990,450	415,383,107
Addition during the year	4,957,788	1,051,094	4,517,151	5,557,888	-	3,344,437	19,428,358
Less: Disposal/Adjustment during the year	-	-	-	-	-	-	-
<b>As At 31 December 2021</b>	<b>130,075,744</b>	<b>44,705,633</b>	<b>89,356,604</b>	<b>93,162,197</b>	<b>176,400</b>	<b>77,334,888</b>	<b>434,811,466</b>
<b>Accumulated Depreciation</b>							
Balance as at 01.01.21	72,297,098	33,317,638	15,840,162	33,142,217	61,740	12,127,577	166,786,431
Addition during the year	22,340,711	6,445,932	8,293,362	12,558,139	35,280	7,211,692	56,885,117
Less: Disposal/Adjustment during the year	-	-	-	-	-	-	-
<b>As At 31 December 2021</b>	<b>94,637,809</b>	<b>39,763,570</b>	<b>24,133,525</b>	<b>45,700,355</b>	<b>97,020</b>	<b>19,339,269</b>	<b>223,671,548</b>
<b>As at 31 December 2021</b>	<b>35,437,934</b>	<b>4,942,063</b>	<b>65,223,080</b>	<b>47,461,842</b>	<b>79,380</b>	<b>57,995,619</b>	<b>211,139,918</b>
<b>As at 31 December 2020</b>	<b>52,820,858</b>	<b>10,336,902</b>	<b>68,999,291</b>	<b>54,462,092</b>	<b>114,660</b>	<b>61,862,873</b>	<b>248,596,677</b>







## SHIMANTO BANK LIMITED

## সীমান্ত 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](mailto:information.desk@shimantobank.com). Web: [www.shimantobank.com](http://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 6<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, 21 June 2022 and at any adjournment thereof.  
As Witness my/our hand this..... day of.....2022

.....  
Signature of Proxy

Revenue  
Stamp of  
Tk. 20/=

Signature of Shareholder(s)

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

[illegible]

No. of shares held.....

**Notes:**

01. A member entitled to attend and vote in the AGM may appoint a proxy to attend and Vote on his / her behalf.
02. The Proxy Form, duly 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.



## SHIMANTO BANK LIMITED

## সীমান্ত ব্যাংক লিমিটেড

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E-mail: [information.desk@shimantobank.com](mailto:information.desk@shimantobank.com), Web: [www.shimantobank.com](http://www.shimantobank.com)

## ATTENDANCE SLIP

I/we do hereby record my/ our attendance at the 6<sup>th</sup> Annual General Meeting (AGM) of the Company being held on Monday, 21 June 2022 at 1900 hours at Shaheed Captain Ashraf Hall, Peelkhana, Dhaka-1205.

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

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

[illegible]

No. of Shares held: .....

.....  
Signature of Shareholder(s) / Proxy

**Note:** Please present this attendance slip at the 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

শিমন্ত প্রাচ্য লিমিটেড  
শিমন্তিণ্ড

### Head Office & Registered Office

Shimanto Shamvar (7<sup>th</sup> Floor), Shimanto Square  
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