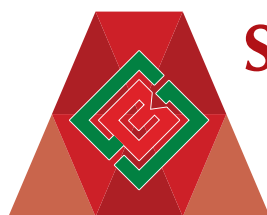


# Annual Report 2023



**SHIMANTO BANK PLC.**

শিমন্ত ব্যাংক পিএলসি.

শিমহীন আশ্রা

# Annual Report 2023



**SHIMANTO BANK PLC.**

সীমান্ত ব্যাংক পিএলসি.  
সীমান্ত ব্যাংক

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of 'Annual Report 2023'



Date of Publication : 20 June 2024





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## Letter of Transmittal

Date: 20 June 2024

All Shareholders of Shimanto Bank PLC.  
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 2023.**

We are pleased to present before you the Annual Report of Shimanto Bank PLC. along with the Audited Financial Statements for the year ended 31 December 2023. The Report is furnished with Corporate Information, Board of Directors' Report, Board Committee Reports, Corporate Governance Report, Management Review, 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 Eighth Annual General Meeting (AGM)

Notice is hereby given that the 8<sup>th</sup> Annual General Meeting (AGM) of Shimanto Bank PLC. will be held on Tuesday, June 25, 2024 at 1930 Hours at Captain Shahid 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, 2023;
02. To receive, consider and adopt the Accounts for the year ended on December 31, 2023 together with the Auditor's Report;
03. To approve dividend for the year ended on December 31, 2023;
04. To appoint Auditors for the year ending on 2024 and to fix their remuneration;
05. To elect/re-elect Directors as per Articles of Association of the Bank;
06. To appoint Independent Director as per Corporate Governance Code and Articles of Association of the Bank.

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

By Order of the Board

Date: : 28 May 2024

**Mohammad Mostafa Hossain Suman FCS**  
Company Secretary

### Notes:

1. The Book Closure will be on 10<sup>th</sup> June 2024. The Shareholders whose names would appear in the Register of Members of the Company on the 'Book Closure Date' (10<sup>th</sup> June 2024) will be eligible to attend the 8<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 2023 at the Registered Office of the Company preferably 72 hours before the day of the Annual General Meeting.



## VISION

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



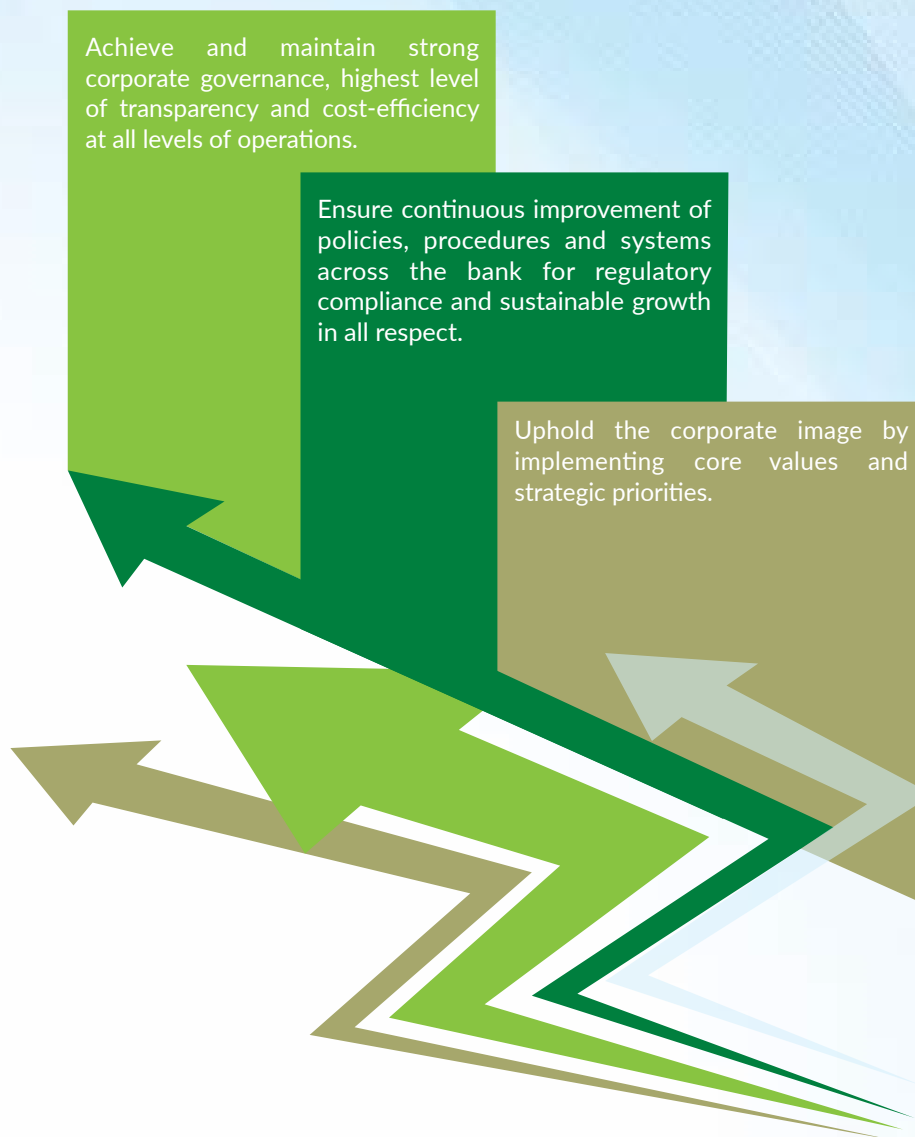


## MISSION

Achieve and maintain strong corporate governance, highest level of transparency and cost-efficiency at all levels of operations.

Ensure continuous improvement of policies, procedures and systems across the bank for regulatory compliance and sustainable growth in all respect.

Uphold the corporate image by implementing core values and strategic priorities.







## CORE VALUES

Customer Centric

Dynamism & Techno Centric

Innovativeness

Trust Worthiness & Integrity



# CORPORATE DIRECTORY

**Name of the Company**

Shimanto Bank PLC.

**Legal Form**

Public Limited Company & Scheduled Commercial Bank

**Capital (December 31, 2023)**

Authorized Capital : BDT 10,000,000,000.00

Paid-up Capital : BDT 4,530,000,000.00

Face value per share : BDT 10.00

**Company Registration No**

C-131884/2016

**Bangladesh Bank License**

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

**Taxpayer's Identification No**

218822759143

**Business Identification No**

000001182-0201

**Chairman**

Major General Mohammad Ashrafuzzaman Siddiqui,  
OSP, BSP, SUP, ndc, psc, MPhil

**Managing Director & CEO**

Rafiqul Islam

**Company Secretary**

Mohammad Mostafa Hossain Suman FCS

**Auditors**

ACNABIN Chartered Accountants

**Accounting Year-end**

December 31, 2023

**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

**SWIFT Code : SHMTBDDD**

Routing No : 305260008



# DELIVERY CHANNEL

(As on 31 December, 2023)





# BRANCH NETWORK

(As on 31 December 2023)

## Information Centres

- Information Center at Halisohor, Chattogram.
- Information Center at Baitul Izzat, Satkania, Chattogram.

## Call Center

**16790**  
 **+88 09612880000**

## DHAKA

### Principal Branch

Shimanto Kalyan 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

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

### Uttara Branch

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

### Hazaribagh Branch

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

### Gulshan Branch

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

### Uttara Sub-Branch

(Under Uttara Branch)  
Troye Plaza (1<sup>st</sup> Floor), Holding No: 34,  
Sonargaon Janapath Road  
Sector:11, Ward: 51, Dhaka North  
City Corporation  
Thana: Uttara West, District: Dhaka.  
Phone: 8809612880157

### Mohammadpur Sub-Branch

(Under Principal Branch)  
Jamila Latif Tower (1<sup>st</sup> Floor)  
Holding No: 1101/A, Ring Road  
Ward No: 30, Dhaka North  
City Corporation  
Thana: Adabor, District: Dhaka.  
Phone: 8809612880017

## KHULNA

### Khulna Branch

Milton Tower, 2<sup>nd</sup> 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 Bazzar  
Pragpur, Doulatpur, Kushtia.  
Phone: +8809612-880140,  
+8809612-880141  
Routing No : 305501396

### Gadkhali

Jalil Sarder Market, 1<sup>st</sup> 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  
Dawlatpur, Khulna.  
Phone: +88 09612880178

### Chudanga Branch

Padoshova Tower (1<sup>st</sup> Floor),  
Shahid Abul Kashem Road (Boro Bazar),  
P.S: Chudanga Sadar, District: Chudanga.  
Phone: +8809612880210, +8809612880211  
Routing Number : 305180191

## SYLHET

### Sylhet Branch

BGB Kallyan Bhaban,  
1<sup>st</sup> Floor, Nobabi Masjid Road,  
Alkhaila, Sylhet.  
Phone: +8809612-880120  
+8809612-880121  
Routing No : 305913555

## RANGPUR

### Lalmoinirhat Branch

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

### Rangpur Branch

Talukdar Tower (1<sup>st</sup> Floor), GL Roy Road  
(Opposite to Fire Service Station)  
Rangpur Sadar, District: Rangpur.  
Tel: 09612-880220, 09612-880223  
Routing Number : 305851459

### Chirirbandar Branch

MB Tower (1<sup>st</sup> Floor), Hospital Mor  
5 No Abdulpur Union  
Thana: Chirirbandar, District: Dinajpur.  
Phone: 09612-880230, 09612-880232  
Routing Number : 305280525

## MYMENSINGH

### Mymensingh Branch

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

### Seedstore Branch

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

## 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 (1<sup>st</sup> 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 (2<sup>nd</sup> 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 (1<sup>st</sup> Floor), Fatapur  
Champaknagar, Bijoyagar, Brahmanbaria.  
Phone: +8809612-880130  
+8809612-880131  
Routing No : 305120180

### Ramu Sub Branch

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

### Brahmanbaria Branch

Hazi Siddik Plaza (1<sup>st</sup> & 2<sup>nd</sup> floor),  
Court Road, Brahmanbaria Sadar,  
Brahmanbaria.  
Phone: +8809612880200,  
+8809612880201  
Routing Number : 305120430





# 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.

#### 13. Connect DPS

Connect DPS scheme where an individual client can deposit monthly amount via internet banking.

#### 14. Connect Fixed Deposit/Term Deposit

It is a generic type term deposit scheme where an individual Client can earn interest of FDR at Maturity via internet banking as an initiative of cashless & Smart Bangladesh.

#### 15. SMBL Individual Retail Account

For hassle free, easy & quick Account opening, Fund transfer, Savings; we propose to open SMBL Personal Current Account for following categories of marginal level business person / entrepreneurs without trade license. It is an initiative for cashless & Smart Bangladesh.





## RETAIL LENDING PRODUCTS

### 1. SMBL Personal Loan

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

### 2. SMBL Shimanto Nibash

A home loan to make the dream of one's own home into a reality with exclusive benefits with a maximum loan limit of Tk. 2.00 Crore.

### 3. SMBL Vehicle Loan

An EMI based loan product to purchase Reconditioned /Brand New vehicles/Motorcycle for personal use only. Loan amount ranges between Tk. 1,00,000. and Tk. 40,00,000.

### 4. SMBL Professional Loan

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

### 5. Shimanto Special Loan

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

### 6. SMBL Easy Cash

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

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

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

### 8. SMBL Projukti Rhin

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

### 9. SMBL Education Loan

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

### 10. SMBL Marriage Loan

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

### 11. SMBL Pension Backed Loan

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

### 12. SMBL Salary OD

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

### 13. SMBL 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. SMBL 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.





## 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 Astha

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

### 5. SMBL Dishari

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

### 6. SMBL Krishi Rin

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

### 7. SME Time Loan

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

### 8. SME Term Loan

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

### 9. SMBL OD (SME)

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

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

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

### 11. SMBL Nari Shakti

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







## CORPORATE BANKING

### 1. SMBL OD (Corporate)

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

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

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

### 4. SMBL Term Loan (Corporate)

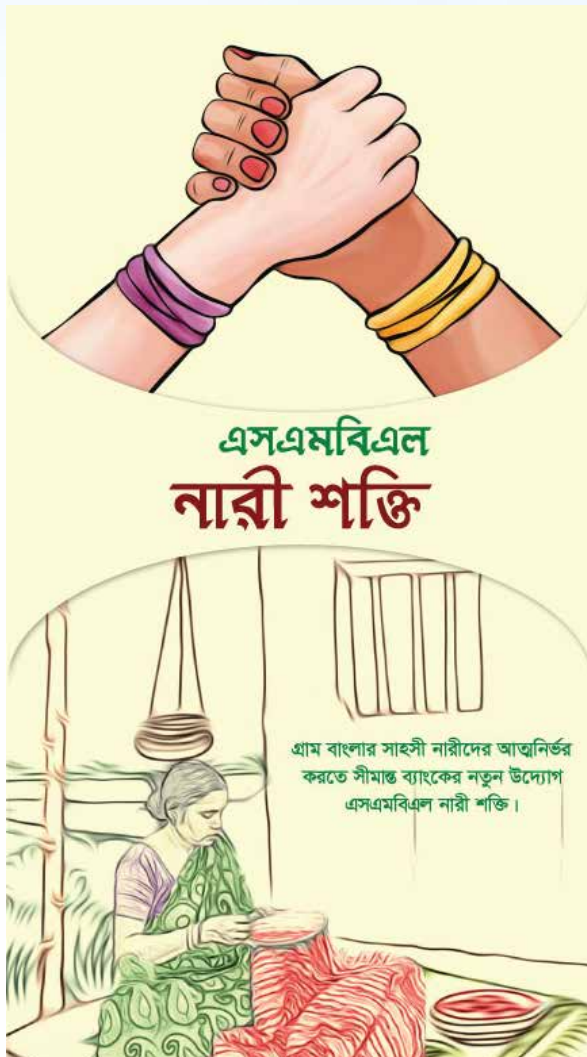
SMBL Term Loan (Corporate) is a EMI/EQI/EHI based terminating loan facility for Corporate entities to purchase fixed assets and machineries.

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

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

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

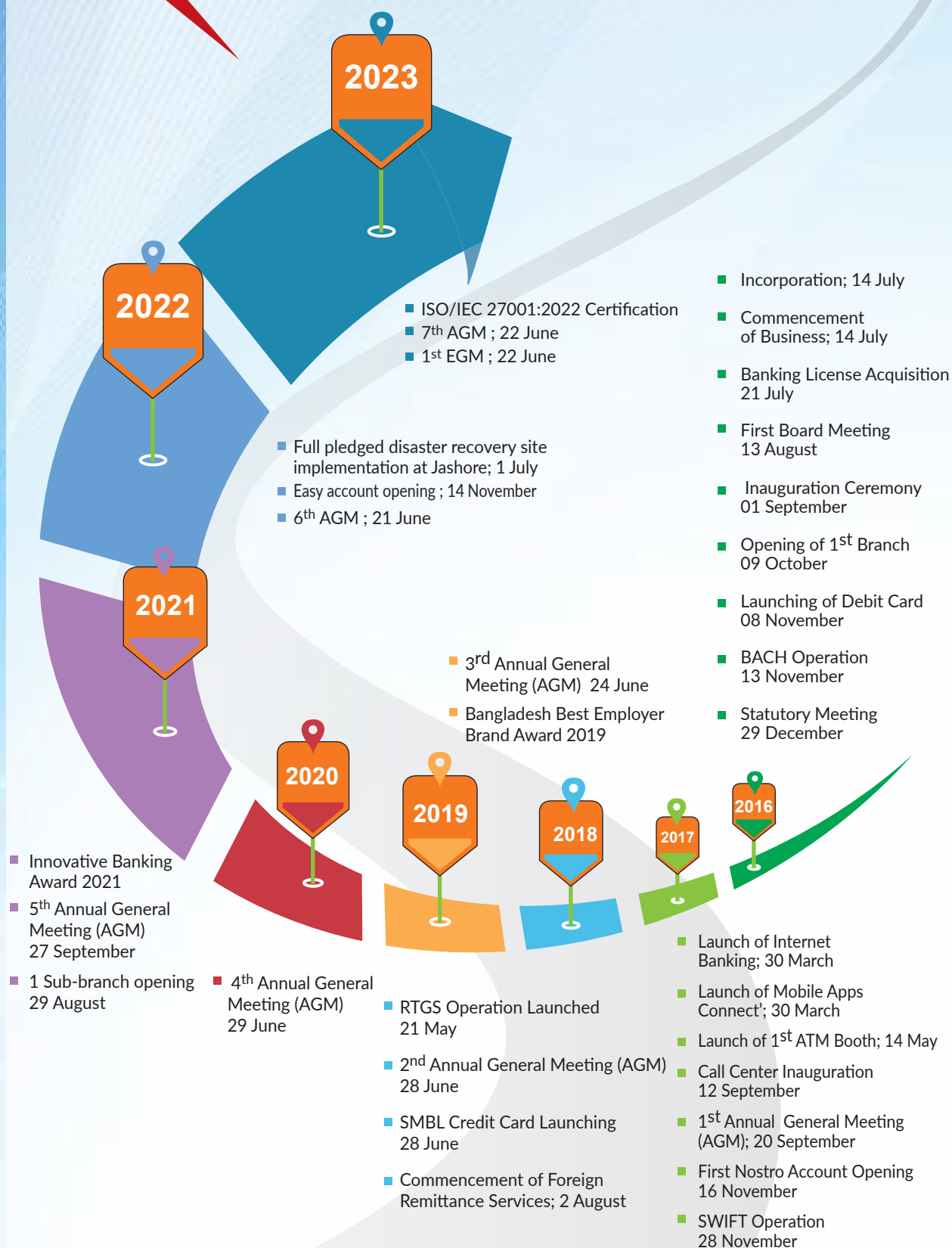
A bank guarantee is an assurance to a beneficiary that the bank will uphold a contract if the applicant and counterparty to the contract are unable to do so. Shimanto Bank is also ready to issue all types of Bank Guarantee as per customer's requirement.







# MILESTONES





# AWARDS & RECOGNITION



2023



2021



2019



Major General Mohammad Ashrafuzzaman Siddiqui, OSP, BSP, SUP, ndc, psc, MPhil  
Chairman



# CHAIRMAN'S STATEMENT

Bismillahir Rahmanir Rahim

Dear Esteemed Stakeholders,

**Assalamu Alaikum.**

It is a matter of honor and immense pleasure for me to be here with you in the 8<sup>th</sup> Annual General Meeting (AGM) of Shimanto Bank PLC. I am pleased to share with you the progress made by your Bank through this Annual Report for the financial year 2023.

## **Global and Bangladesh Economy**

The global economic growth in 2023 remains highly uncertain due to the impact of the COVID-19 pandemic over the past three years and the growing adverse effects of the ongoing Russia's war in Ukraine. International Monetary Fund (IMF) has expected the global economy to slow down from 3.4 percent in 2022 to 2.8 percent in 2023 and rebound to 3.0 percent in 2024. The slowdown of economic activity is observed due to spikes in commodity prices and supply chain disruption driven by the effects of war. Sluggish growth rates between advanced economies and emerging market and developing economies will be divergent. Growth in advanced economies is expected to decline from 2.7 percent in 2022 to 1.3 percent in 2023 and rebound 1.4 percent in 2024. In emerging market and developing economies, however, growth is expected to drop from 4.0 percent in 2022 to 3.9 percent in 2023 and rebound to 4.2 percent in 2024.

Bangladesh's economy has recovered from the economic damage caused by the impact of COVID-19 and the ongoing Russia-Ukraine crisis, although the recent slowdown in the global economy has adversely affected the country's economic growth. Bangladesh's economic growth in the pre-COVID-19 fiscal year (FY 2018-19) was 7.88 percent. During the COVID-19 period, this growth rate declined to 3.45 percent in FY 2019-20, which increased to 6.94 percent in FY 2020-21 and 7.10 percent in FY 2021-22. According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), the GDP growth stood at 6.03 percent in FY 2022-23.

## **Our Purpose**

You all are aware that we envisage the financial inclusion in the development and growth of our economy. We all are pursuing the same goal in our upward journey with its excellence. To succeed in the mission, we have to have unstopping commitment and consistence. We believe that by implementing a well-defined policy on financial inclusion through exploring alternative delivery channels, it can serve unbanked population of the country effectively and efficiently. In order to meet the customers' demands we are in continuous endeavor to develop and design products and services for our existing as well as potential clients. The Bank always puts emphasis on customer care and has made relentless efforts to ensure best possible services at reasonable cost.

## **Our Strategy**

Our Board has an ongoing focus on ensuring appropriate diversity of skills, experience and strategic thinking capabilities that are required to lead your Bank. The bank has appointed new leadership in various positions/appointments to strengthen the mix of skills, knowledge, and experience relevant to the Bank's strategic priorities. It is vital to stay focused on what we can regulate and control. Our 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. So, we remain poised that it will deliver sustainable shareholder value and maintain itself as a stronger organization for our clients, colleagues, regulators, and the communities.

## **Our Governance**

Our corporate governance system 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 check and balance as well as 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 objectives of the Bank.





## Our Performance

Your Bank performed well in the year 2023, with disciplined execution delivering good outcomes, despite the adverse macroeconomic impacts. Profit after tax is increased by 7.04% reflecting the recovery of economic conditions and outlook, resulting in lower net interest margin, moderate investment income and moderate provision against the soared loan. The Bank has earned a distributable profit of BDT 166.70 million up by 11.10% from BDT 150.05 million in last year.

The total Deposit raised to BDT 18,641.59 million by the end of 2023. Loans and advances totaled BDT 16,014.79 million from BDT 12,531.85 million in 2021 with an increase of 27.79%.

The Paid-up Capital of the Bank was at BDT 4,530.00 million as on December 31, 2023. Unlike many of our peer competitors in the financial services industry, we were well-capitalized, deposit-funded and liquid. Our capital management framework is intended to ensure the best composition of capital in relation to business growth. Capital Adequacy Ratio as per BASEL-III was 42.95%. Return on Asset (ROA) and Return on Investment (ROI) were at 1.03% and 8.09% respectively. Return on Equity (ROE) was 4.97% that allowed Shimanto Bank to deliver moderate returns for shareholders.

## Dividend to the Shareholders

The major business and profitability parameters of the Bank have been improved significantly as compared with previous financial year. I am happy to inform you that, the Board has proposed 3.72% dividend, resulting in shareholders receiving BDT 168.50 million in dividends in relation to the financial year which is an indication of Bank's good financials and increasing profitability.

## Looking ahead

The Bank has a positive outlook for the Financial Year-2024. The Government of Bangladesh has come up with many development projects for infrastructure and other investments to increase sustainability of the economy. The banking industry would be benefited due to increase in the demand for bank credit. The Bank has shown its adaptability to change and being able to respond quickly to the evolving macroeconomic conditions. The major business goals and objectives of the Bank are focused on creating a sustainable and profitable business model with a greater customer friendly approach adopting latest technological innovations.

Going forward, our Bank will continue to serve the society and all our customers, while supporting various Government initiatives for the progress of the Nation and maximizing our productivity and profitability to enhance the satisfaction of our stakeholders.

## Acknowledgements

We understand how important our stakeholders are to our journey in this interconnected financial ecosystem. We realize the importance and power of multi-stakeholder collaborations and cooperation even more by the recent pandemic and the impact of war. On this note, I would like to thank all our stakeholders for their continued and invaluable support extended to the bank.

I'm happy to express a special note of appreciation to the Board leadership team for their prudent guidance and sincere efforts underpinning the achievements outlined above.

I would like to appreciate efforts of all regulatory bodies of the Bangladesh Government, especially Bangladesh Bank, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, National Board of Revenue and Financial Reporting Council.

I would like to express my heartfelt thanks to all members of Shimanto Bank Team for their professionalism, dedication and energy they showed in pursuing strategic priorities for our success.

I am confident that the Bank will remain committed to achieve its business goals and social commitments and make you all more proud of being associated with the Bank.

Sincerely,

**Major General Mohammad Ashrafuzzaman Siddiqui, OSP, BSP, SUP, ndc, psc, MPhil**

Chairman, Board of Directors  
Shimanto Bank PLC.

10 June 2024



## BOARD OF DIRECTORS



Major General Mohammad Ashrafuzzaman Siddiqui  
OSP, BSP, SUP, ndc, psc, MPhil  
Chairman



Brigadier General Md Nurul Amin  
BGBMS, PhD, MPH  
Director



Brigadier General Tanveer Gani Chowdhury  
PBGMS  
Director



Brigadier General Md Shahadat Sikder  
ndc, afwc, psc  
Director



Colonel Md Mahmudur Rahman, psc  
Director



Colonel Murad Zaman, BGBMS, PBGMS  
Director



Colonel Shafiul Azam Parvez  
Director



Mr. Abu Hena Mohd. Razee Hassan  
Independent Director



Mr. Rafiqul Islam  
MD & CEO



## CHAIRMAN's PROFILE

**Major General Mohammad Ashrafuzzaman Siddiqui,**  
**OSP, BSP, SUP, ndc, psc, MPhil**  
**Chairman**

Major General Mohammad Ashrafuzzaman Siddiqui, OSP, BSP, SUP, ndc, psc, MPhil is Chairman of Shimanto Bank PLC. He is the 6<sup>th</sup> Chairman of Shimanto Bank PLC. and the 25<sup>th</sup> Director General of Border Guard Bangladesh.

Major General Ashraf joined Bangladesh Military Academy with 27<sup>th</sup> BMA Long course on 08 January 1991 and was commissioned on 20 December 1992 in the Corps of Artillery of the Bangladesh Army. He has attended number of training courses both at home and abroad. To mention a few, he is a Graduate of School of Artillery; Fort Sill, USA; Defence Services Command and Staff College, Mirpur, Dhaka; Defence Services Staff College, Wellington, India and National Defence College, New Delhi, India. He holds a Bachelor degree from Chattogram University and four master degrees from home and abroad (MDS from National University, MSC and MPhil from Madras University, India and MBA from Bangladesh University of Professionals.

Major General Ashraf served in numerous command, staff and instructional appointments both at home and abroad. He commanded one Artillery Regiment, two Artillery Brigades, served as Director of Internal Affairs Bureau in Directorate General of Forces Intelligence and as Director Military Training in Army Headquarters. He has also served as an Instructor in Bangladesh Military Academy, Staff Officer Grade three of an Infantry Division, Brigade Major of an Infantry Brigade and Colonel Staff of an Infantry Division.

Major General Ashraf has participated in United Nations Missions in United Nations Mission in Ethiopia (UNMEE) and United Nations Mission in Sudan (UNMIS). He also served as Force Generation Officer in the United Nations Secretariat (UNDPKO) in New York, USA. He is a widely travelled person and visited number of countries. His professional endeavor and strategic vision throughout the career make him the ideal person to lead Shimanto Bank PLC. into it's next chapter of growth and innovation.



## DIRECTOR's PROFILE



**Brigadier General Md Nurul Amin**  
BGBMS, PhD, MPH  
Director

Brigadier General Md Nurul Amin, BGBMS, PhD, MPH is Additional Director General (Medical) of Border Guard Bangladesh (BGB). He is Member of Board of Directors and Chairman of Risk Management Committee of Shimanto Bank PLC.

Brig Gen Amin was born on 12 Jun 1967 in Noakhali, Bangladesh. 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 2008 from NIPSOM, Mohakhali, Dhaka. He also obtained PhD in 2019 From Dept of microbiology, University of Dhaka.

Brig Gen 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 Nurul Amin, PhD, MPH is a widely travelled person. He travelled Saudi Arabia to perform Hajj & Omrah and also visited Egypt, Cyprus, Ivory Coast, Turkey, Ghana, Australia and many other Countries. He is interested in travelling/reading in his leisure time. He is happily married with Nahid Rehena Noor and has one son.



**Brigadier General Tanveer Gani Chowdhury**  
PBGM  
Director

Brigadier General Tanveer Gani Chowdhury, PBGM is Additional Director General (Admin) of Border Guard Bangladesh (BGB). He is Member of Board of Directors of Shimanto Bank PLC.

Brig Gen Tanveer was born on 12 Nov 1971 in the District of Chattogram, Bangladesh. He Joined Bangladesh Military Academy on 10 July 1990 and was commissioned on 09 Jun 1992 in the Corps of Infantry.

Brig Gen Tanveer has a variety of experience in different units, training institutions and headquarters in Bangladesh Army and Border Guard Bangladesh. He Served in AHQ as AAG, PA Dte. He also served in President's Office, Banga Bhaban as PS (Coord). He participated in the United Nations Peace Keeping Missions as PI Comd and UN MSN Mil Observer.

Brig Gen Tanveer Gani Chowdhury, PBGM is a widely travelled person. He travelled UK, France, Germany, Netherland, Belgium, Ghana, Greece, Ivory Coast, Saudi Arabia and many other countries. He is interested in travelling/ reading/ playing different games in his leisure time. He is happily married with Dr. Homaira Shobnom and has two daughters.





## DIRECTOR'S PROFILE



**Brigadier General Md Shahadat Sikder**  
ndc, afwc, psc  
Director

Brigadier General Md Shahadat Sikder, ndc, afwc, psc is Additional Director General (HQ) of Border Guard Bangladesh (BGB). He is Member of Board of Directors and Chairman of Audit Committee of Shimanto Bank PLC.

Brig Gen Shahadat was born on 01 Nov 1974 in the District of Rangpur, Bangladesh. He joined Bangladesh Military Academy on 04 Jan 1994 and was commissioned on 29 Nov 1995 in the Corps of Infantry. He has attended several professional courses both at home and abroad. He has completed psc (Staff Course) from DSCSC, Dhaka, Bangladesh. He has completed Armed Forces War Course (afwc) and National Defence Course (ndc) from National Defence College, Bangladesh. He obtained BA (Pass) Degree from National University. He obtained MBA from IBA, Dhaka University and MDS from National University. He has also achieved LLB from National University.

Brig Gen Md Shahadat Sikder has a variety of experience as Staff and Command in Bangladesh Army and Border Guard Bangladesh. He participated in the United Nations Peace Keeping Missions in Liberia and Sudan.

Brig Gen Md Shahadat Sikder, ndc, afwc, psc is interested in travelling and reading books in his leisure time. He is happily married with Rawson Ara Flora and blessed with One Son & One Daughter.



**Colonel Md Mahmudur Rahman**  
psc  
Director

Colonel Md Mahmudur Rahman, psc is Deputy Director General (Works) of Border Guard Bangladesh (BGB). He is Member of Board of Directors and Member of Audit Committee of Shimanto Bank PLC.

Col Mahmud was born on 30 Oct 1972 in the District of Dhaka, Bangladesh. He Joined Bangladesh Military Academy on 11 Jul 1990 and was commissioned on 09 Jun 1992. He has attended several professional courses both at home and abroad. He is a graduate of BMA, Bhatiary, Ctg. He has completed PSC course from staff college, Mirpur, Dhaka. He also obtained MDS from National university, Gazipur and MSc in Civ Engg from UAP.

Col Mahmud has a verity of experience as Commander in Bangladesh Army and Border Guard Bangladesh. He Participated in the United Nations Peace Keeping Missions Angola, Eritria and Liberia.

Colonel Md Mahmudur Rahman, psc is a widely travelled person. He travelled Namibia, Botswana, Zimbabwe, South Africa, Greece, USA, South Africa, Malaysia, Thailand, Nepal, Singapore and many other Countries. He is happily married with Anzuman Aziz Zhumur and has Two sons.



## DIRECTOR'S PROFILE



**Colonel Murad Zaman**  
**BGBMS, PBGMS**  
**Director**

Colonel Murad Zaman, BGBMS, PBGMS is Deputy Director General (Records) of Border Guard Bangladesh (BGB). He is Member of Board of Directors and Member of Risk Management Committee of Shimanto Bank PLC.

Col Murad was born on 01 December 1971 in the District of Rajshahi, Bangladesh. 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.

Col Murad 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.

Col Murad Zaman, BGBMS, PBGMS is a widely travelled person. He travelled UK, Egypt, Malaysia, Singapore and India. He is interested in travelling/ reading/ playing Golf in his leisure time. He is happily married with Zebun Nesa and has one son.



**Colonel Shafiu Azam Parvez**  
**Director**

Colonel Shafiu Azam Parvez is Deputy Director General (Communication) of Border Guard Bangladesh (BGB). He is Member of Board of Directors and Member of Audit Committee of Shimanto Bank PLC.

Col Parvez was born on 10 October 1974 in the District of Dhaka, Bangladesh. 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, Bhatiyar, 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, Col Parvez 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.

Col Shafiu Azam Parvez is a widely travelled person. He has travelled most of the corners of Bangladesh and also many countries. Notably France, Sweden, Denmark, China, India, UAE, Malaysia, Thailand, Turkey, Arab Republic of Egypt, State of Qatar, Singapore, Sultanate of Oman, Ghana, Liberia, Nigeria, USA and Saudi Arabia. He has keen interest to Technology and modern advancement in ICT. He loves travelling, reading and photography in his leisure time. He is happily married with Rumana Ahmed and has one son and two daughters.



## INDEPENDENT DIRECTOR's PROFILE



**Mr. Abu Hena Mohd. Razee Hassan**  
INDEPENDENT DIRECTOR

Mr. Abu Hena Mohd. Razee Hassan is Independent Director and Member of the Audit Committee of Shimanto Bank PLC.

Mr. Razee Hassan was born on 11 September 1956 in the district of Jamalpur. He joined Bangladesh Bank as Assistant Director in 1981 and served the Bank in different positions. He was promoted to Executive Director in 2010. He was appointed by Government as Deputy Governor of Bangladesh Bank in 2012 and extended tenure in 2016 and appointed as Head of BFIU in 2018 where he served up to September 2021. He also worked as Head of BFIU during tenure of Deputy Governor as additional responsibility. He was Director of Bangladesh Bank Board and also represented Bangladesh Bank as Director in the Boards of Bangladesh Sericulture Board, Investment Corporation of Bangladesh and SME Foundation.

As Deputy Governor, Mr. Razee Hassan looked after the banking policy and regulation, foreign exchange policy and investment, off-site and onsite supervision, formulation and implementation of monetary policy, research and statistics, accounts and budgeting, human resources and services management related departments of Bangladesh Bank. As Head of BFIU he played an important role in getting membership of the Egmont Group of FIUs in 2013, bringing out Bangladesh from grey list of risky countries prepared by Financial Action Task Force (FATF) and Asia Pacific

Group on money laundering (APG) and proving Bangladesh as compliant country in FATF-APG Mutual Evaluation of 2015. He also acted as Co-Chair of APG for the term 2018-2020.

Mr. Razee Hassan obtained his BSS (Honours) and MSS in Economics from University of Dhaka. He also obtained an MA in Economic Development from Vanderbilt University, USA. He attended many professional courses and seminars at home and abroad. He also attended and led Bangladesh delegations and presided over many sessions of international conferences and meetings. He is a life member of Bangladesh Economic Association, Dhaka University Alumni Association and Diplomaed Associate of Institute of Bankers, Bangladesh.



## MD & CEO's PROFILE



**Mr. Rafiqul Islam**  
MD & CEO

Mr. Rafiqul Islam joined as Managing Director & CEO of Shimanto Bank PLC. on 8th August 2022.

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 PLC. 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 (AACOB). 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.





## BOARD COMMITTEE



### EXECUTIVE COMMITTEE

Name	Committee Portfolio
1. Major General Mohammad Ashrafuzzaman Siddiqui, BSP, SUP, ndc, psc	Chairman
2. Brig Gen Tanveer Gani Chowdhury, PBGM	Member
3. Mr. Rafiqul Islam	Member
4. Mr. Mohammad Mostafa Hossain Suman FCS	Secretary



### RISK MANAGEMENT COMMITTEE

Name	Committee Portfolio
1. Brig Gen Md Nurul Amin, BGBMS, PhD, MPH	Chairman
2. Col Md Mahmudur Rahman, psc	Member
3. Col Murad Zaman, BGBMS, PBGMS	Member
4. Mr. Mohammad Mostafa Hossain Suman FCS	Secretary



### AUDIT COMMITTEE

Name	Committee Portfolio
1. Brig Gen Md Shahadat Sikder, ndc, afwc, psc	Chairman
2. Col Shaful Azam Parvez	Member
3. Mr. Abu Hena Mohd. Razee Hassan	Member
4. Mr. Mohammad Mostafa Hossain Suman FCS	Secretary

Note: Executive Committee, Audit Committee and Risk Management Committee as on 20<sup>th</sup> June, 2024.



## ব্যক্তি হোক সীমাহীন আস্থায়



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www.shimantobank.com



*Rafiqul Islam*

Managing Director & CEO



# Managing Director & CEO's Statement

Bismillahir Rahmanir Rahim

**Dear Respected Stakeholders,**

I am pleased to present you the performance highlights of your Bank for the financial year 2023. Business growth and the details of accomplishments and initiatives of the Bank are provided in the Annual Report for the year. The performance of our Bank came in an economic environment where the major economies around the world faced unprecedented inflation & monetary tightening, which led to global slowdown.

Now, let me begin with a short preview of the prevailing financial eco-system and the outlook for global and Bangladesh economy.

## Global Economy and Bangladesh Economy

While the economies of the world were recovering to the pre-COVID-19 level, the prolonged war in Russia-Ukraine and supply restrictions caused by sanctions appeared to trigger the economic losses created by unprecedented pandemic COVID-19. According to the UN, the global economy grew by 3.0 percent in 2022 and will grow by 1.9 percent in 2023 and 2.7 percent in 2024. World Bank projected global economic growth to be 1.7 and 2.7 percent in 2023 and 2024 respectively, while growth was estimated 2.9 percent in 2022. IMF forecasted that the global economy would grow by 2.8 percent in 2023 and 3 percent in 2024. Bangladesh is not fully immune from the spill-over effects of economic losses caused by the COVID-19 and now coupled with war in Ukraine, however, due to the timely decision taken by the government of Bangladesh, Bangladesh economy is turning around to previous high growth trajectory. BBS provisionally estimated the GDP growth to be 6.03 percent and the per capita income to be US\$ 2,765 in FY 2022-23. The inflation rate is estimated to be 7.5 percent in FY 2022-23. Exports are showing growth while imports are rationalized. Export receipts are estimated to cross US\$ 60 billion and import payments to be around US\$ 90 billion in FY 2022-23 while exports and imports were US\$ 52.47 billion and US\$ 89.34 billion respectively in FY 2021-22. The currency Taka depreciated around 13.65 percent against US\$ during the first ten months of the last fiscal year. During July-April of FY 2022-23 the remittance inflow recorded US\$ 17.71 billion and foreign exchange reserve position stood US\$ 30.18 billion on May 17, 2023. Considering normal domestic demand, rational fiscal expansion, growth of export and remittances, rationalisation of imports, complete recovery from COVID-19, implementation of COVID-19 incentive packages, completion of large infrastructure projects, no further major economic shock, it is expected that the economy of Bangladesh will return to its previous high and steady growth trajectory shortly.

## Banking Sector

Bangladesh Bank continued to tighten monetary policy in FY23, to slow inflation. It introduced an interest targeting framework over the past year. However, monetary policy transmission remains impaired by a variable cap on bank lending rates. While the policy rate has risen by a cumulative 325 bps, real interest rates remain negative. Public sector credit growth moderated in FY23, with less reliance on the banking system to finance the deficit. Liquidity within the banking system has tightened due to unsterilized BB foreign exchange sales and weak deposit growth. Private sector credit slowed in FY23, largely reflecting the decline in imports due to forex shortages. To address elevated banking sector vulnerabilities, BB has proposed bank mergers and introduced a Prompt Corrective Action (PCA) framework.

Highlights are as follows:

- Transitioning from monetary targeting to an interest rate targeting framework with the introduction of an Interest Rate Corridor (IRC) and variable lending rate cap.
- Tightened monetary policy in FY23, but transmission has been dampened by the SMART lending rate cap.
- Money supply growth accelerated marginally in FY23.
- Private and public sector credit growth moderated in FY23.
- Stressed assets in the banking sector continue to rise.
- Tight liquidity conditions in the banking system persisted.
- Set out a framework for corrective actions to manage weak banks and announced plans to merge weak banks with strong banks.
- Despite several policy changes, investor confidence in the capital market remained subdued.

## Bank's Performance -2023

Against this background, I would like to present a synopsis of the Bank's performance during the year-2023.

### Business Figure:

- Bank achieved 24.63% growth in corporate loan portfolio to BDT 9,504 million in FY23 from BDT 7,470 million in FY22.
- Achieved 187% growth in CMSME loan portfolio to BDT 2283 million in FY23 from BDT 796 million in FY22.
- Bank' Deposit increased by 12.55%; loan portfolio increased by 27.79%; investment portfolio increased by 3.06% YoY.





### Earnings and Profitability:

- Net Interest Income of the Bank registered a negative growth of 18.96% YoY to BDT 507.10 million;
- Non interest income (investment income and fee based income) of the Bank grew by 51.14% YoY to BDT 545.82 million.
- Operating Profit recorded a YoY growth of 0.75% to reach BDT 421.44 as compared to BDT 418.30 in the previous year.
- Net Profit of the Bank grew by 64.58% YoY BDT 246.80 million in FY23 as against BDT 230.57million in FY22.
- Return on Assets (RoA) improved to 1.03% in FY23 from 1.11% a year ago.
- Return on Equity (RoE) increased to 4.97% in FY23 from 4.87% in FY22.
- Earning per Share (EPS) for FY23 improved to BDT 0.54 from BDT 0.51 a year ago.
- Cost to income ratio increased slightly to 59.97% in FY23 as against 57.61% in the last year.

### Asset Quality:

- Non-Performing Loans decreased to 1.11% at in FY23 as against 1.22% in the previous financial year.
- NPL Coverage Ratio improved to 164.57% in FY23.

### Sound Capital Structure:

- Capital Adequacy Ratio (CRAR) of the Bank computed as per Basel III guidelines stood at 42.95% in FY23, with Tier-I Capital at 41.24%.
- The share of BGB Welfare Trust in the Bank was 99.99% as on 31<sup>st</sup> December'23. The Board of Directors has recommended a dividend of 3.72 percent for FY23.

### Bank's Footprint:

- Currently, the Bank has twenty-three branches, four sub-branches, three information centers and twenty-five ATMs across the country;

### Financial Inclusion Initiatives:

- Bank has launched a project to acquire BGB Payroll Account countrywide.

### Leveraging Technology:

- Bank has achieved certification on ISO 27001:2022;
- Bank has implemented Utility Bill Collection Software;
- Upgraded the Internet Banking Solution.

### HR Initiatives:

- As part of our commitment to foster a positive work environment, we have implemented several HR initiatives to support our employees;

### Way Forward:

At Shimanto Bank, we are adopting best in class industry practices to address evolving customer expectations. We are committed to deliver excellence in financial services by bringing innovation & technology in our offerings and will continue to be responsive to the needs of our customers through the channel of their choices.

### Acknowledgement

I would like to thank our honorable Chairman and shareholders for their unwavering support and confidence in the Bank. The success we have achieved is a result of the hard work & dedication of the employees, the loyalty of our customers and the trust & confidence of our valued shareholders. We remain committed to delivering superior financial performance and creating value for our stakeholders.

I also wish to sincerely thank the Bangladesh Bank and other regulatory agencies, Border Guard Bangladesh, all our valuable stakeholders for their continued confidence and support to the Bank in all its endeavours. We would continue to look forward for your support, good will and patronage.

**Rafiqul Islam**  
Managing Director & CEO  
Shimanto Bank PLC.

10 June, 2024



## MANAGEMENT COMMITTEE (MANCOM)



1. **Mr. Shamim Ahmed**  
In-Charge, CRM
2. **Mr. Fashiuddin Mahmud**  
Head of IT
3. **Mr. Md. Asirul Hoq Khan**  
Sr. Manager, CAD
4. **Mr. Md. Ashraful Alam**  
In-Charge, Trade Ops.
5. **Mr. Muhammad Emranul Musabbir**  
Head of Service Delivery
6. **Ms. Shahneela Islam Shanil**  
Head of BCA & IDP
7. **Mr. Rafiqul Islam**  
Managing Director & CEO
8. **Mr. Mohammad Azizul Hoque**  
Head of Operations & CRO
9. **Mr. Muhammad Shawkat Alam**  
Head of ICC
10. **Mr. Mohammad Masud Sajjad**  
In Charge, Retail Assets and Liabilities
11. **Mr. Mohammad Mostafa Hossain Suman FCS**  
Company Secretary
12. **Mr. Ramesh Kumar Paul**  
Head of Finance
13. **Mr. Motashim Billah Chowdhury**  
Sr. Manager, Card Ops.
14. **Mr. Sharif Zahirul Islam**  
Head of Cards & ADC



# FIVE YEAR'S FINANCIAL PERFORMANCE

Amount in BDT Million

Particulars	2019	2020	2021	2022	2023
<b>Balance Sheet Metrics</b>					
Authorised Capital	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Paid up Capital	4,000.00	4,160.00	4,284.80	4,380.00	4,530.00
Shareholders' Equity	4,267.69	4,472.33	4,614.82	4,849.87	5,081.61
Loans and Advances	7,173.46	8,331.65	10,047.40	12,531.85	16,014.79
Deposits	10,113.83	13,155.38	13,285.74	16,679.48	18,641.59
Borrowing	-	-	-	48.86	49.77
Statutory Liquidity Reserve Ratio (SLR) (% at close of the year)	15.64%	15.64%	18.33%	17.98%	15.05%
Cash Reserve Requirement (CRR) (% at close of the year)	6.32%	6.32%	4.10%	4.61%	4.43%
Liabilities to Shareholders' Equity (Times)	2.47	3.15	3.07	3.65	3.96
Investments	1,752.81	2,076.25	2,751.99	5,370.99	5,535.15
Fixed Assets	301.79	248.60	211.14	232.20	429.69
Total Assets	14,821.99	18,559.06	18,827.81	22,545.30	25,215.44
Net Assets	4,267.69	4,472.33	4,614.82	4,849.87	5,081.61
<b>Income Statement Metrics</b>					
Net Interest Income	659.98	674.14	680.59	625.75	507.10
Non-Interest Income	82.71	131.93	209.19	361.14	545.82
Investment Income	60.37	102.01	152.42	289.49	440.90
Non Investment Income	22.34	29.92	56.77	71.65	104.92
Operating Income	742.69	806.07	889.78	986.89	1,052.92
Operating Expenses	441.81	459.02	485.11	568.60	631.48
Operating Profit	300.88	347.04	404.67	418.30	421.44
Provision for Loans, Investment and Other Assets	11.62	14.92	114.60	44.29	45.62
Profit Before Tax	289.26	332.13	290.06	374.00	375.81
Profit After Tax	176.89	201.04	140.10	230.57	246.80
Net operating cash flow (NOCF)	2,072.18	2,498.95	(1,603.42)	1,152.64	(858.32)
<b>Capital Metrics</b>					
Total Risk Weighted Assets (RWA)	8,204.87	8,663.28	10,039.79	11,754.57	12,284.06
Common Equity Tier-1 Capital	4,266.73	4,467.77	4,607.86	4,822.51	5,065.33
Tier-2 Capital	78.78	102.37	137.54	180.46	210.10
Total Eligible Capital (Tier 1 and Tier 2)	4,345.51	4,570.14	4,745.40	5,002.97	5,275.43
Capital to risk weighted assets ratio (CRAR)(%)	52.96%	52.75%	47.27%	42.56%	42.95%
Common Equity Tier - 1 Capital to RWA (%)	52.00%	51.57%	45.90%	41.03%	41.24%
RWA to total assets (%)	55.35%	46.67%	53.32%	52.14%	48.72%



# FIVE YEAR'S FINANCIAL PERFORMANCE

Amount in BDT Million

Particulars	2019	2020	2021	2022	2023
<b>Credit Quality</b>					
Non Performing Loans (NPLs)	31.18	5.91	120.16	152.65	177.71
Specific Provision (Cumulative)	7.60	2.54	84.37	75.25	92.66
General Provision (Cumulative)	77.12	97.80	99.06	174.18	199.81
NPL Ratio (%)	0.43%	0.07%	1.20%	1.22%	1.11%
NPL Coverage Ratio (Specific Provision + General Provision)/Gross NPL (%)	271.71%	1697.80%	152.65%	180.19%	164.57%
<b>Trade Business Metrics</b>					
Export	5.85	142.48	331.53	75.93	317.30
Import	99.45	894.64	943.07	489.23	671.00
Guarantee	51.72	20.08	273.81	136.68	796.90
Foreign Remittance	59.73	97.03	65.62	72.09	33.10
<b>Efficiency / Productivity Ratios</b>					
Return on Investments (ROI) %	4.80%	5.33%	6.31%	6.95%	8.09%
Return on Assets (ROA) %	1.35%	1.20%	0.75%	1.11%	1.03%
Return on Equity (ROE) %	4.42%	4.83%	3.27%	4.87%	4.97%
Cost to Income Ratio %	59.49%	56.95%	54.52%	57.61%	59.97%
Operating Profit per Employee	1.72	1.90	1.71	1.62	1.49
Operating Profit per Branch	17.70	19.28	19.27	17.43	15.61
<b>Share Based Metrics</b>					
Earnings per Share (EPS) in BDT	0.44	0.48	0.33	0.51	0.54
Operating profit per share in BDT	0.75	0.83	0.94	0.96	0.93
NAV per Share in BDT	10.66	10.75	10.77	11.07	11.22
Net operating cash flow per share (NOCFPS) BDT	5.18	6.01	-3.74	2.63	(1.89)
Dividend %	4% Stock	3% Stock	2.22% Stock	3.42% Stock	3.72% Stock (Recommended)
<b>Other Information</b>					
Number of branches (Including Sub-Branches)	17	18	21	24	27
Number of permanent employees	175	183	237	259	283
Number of deposit accounts	57,024	70,257	95,594	110,555	102,459
Number of loan Accounts	11,799	12,599	13,680	19,850	21,820
Number of RMA	48	64	64	52	60
Number of Foreign Account	3	3	3	3	3
Number of ATM	16	16	19	19	25
Number of Information Centers	3	2	2	2	2

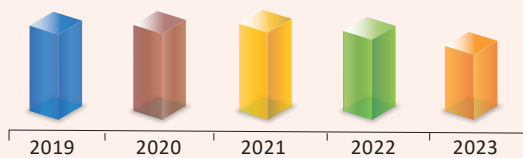


## FINANCIAL INDICATOR

Amount in BDT Million

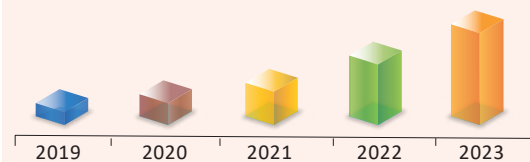
### NET INTEREST INCOME

659.98    674.14    680.59    625.75    507.10



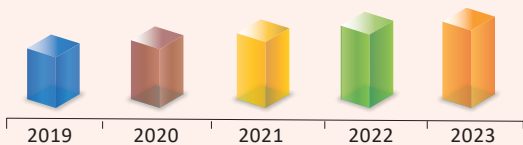
### NON INTEREST INCOME

82.71    131.93    209.19    361.14    545.82



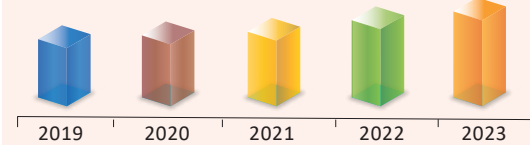
### OPERATING INCOME

742.69    806.07    889.78    986.89    1,052.92



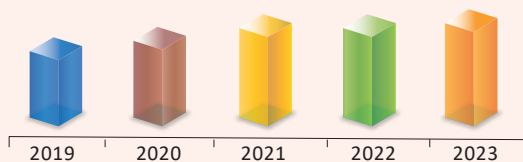
### OPERATING EXPENSES

441.81    459.02    485.11    568.60    631.48



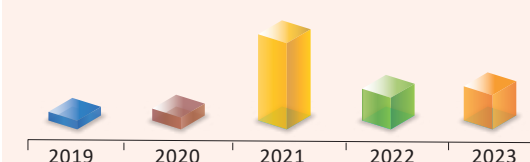
### OPERATING PROFIT

300.88    347.04    404.67    418.30    421.44



### TOTAL PROVISION CHARGED

11.62    674.14    114.60    44.29    45.62



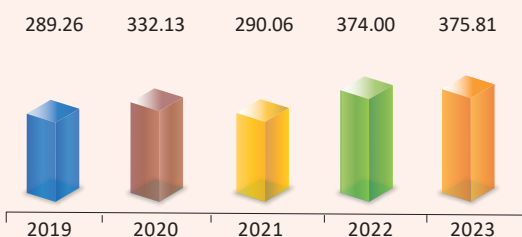




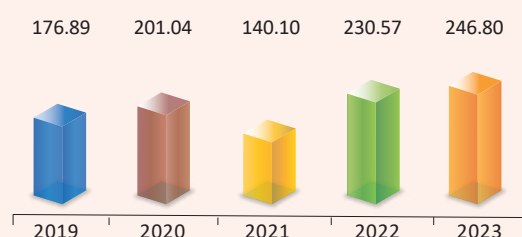
## FINANCIAL INDICATOR

Amount in BDT Million

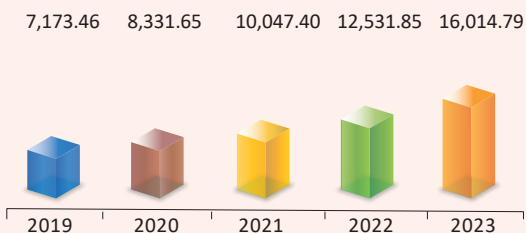
### PROFIT BEFORE TAX



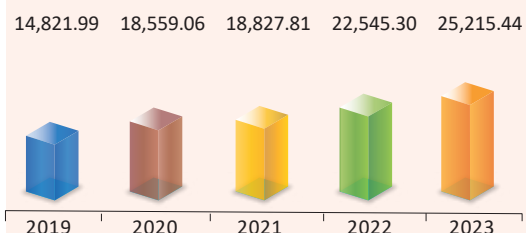
### PROFIT AFTER TAX



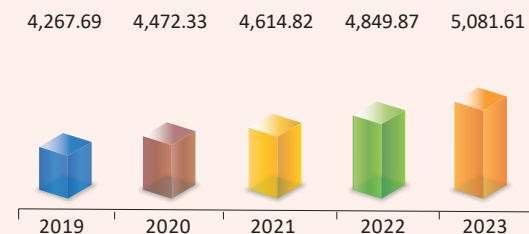
### LOANS AND ADVANCES



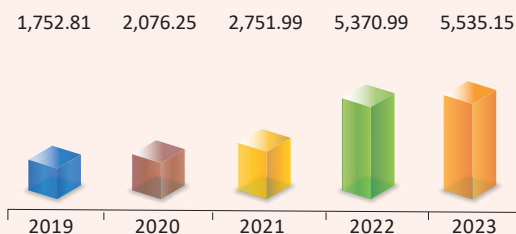
### TOTAL ASSETS



### NET ASSETS



### INVESTMENTS

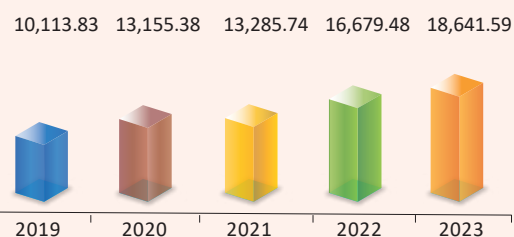




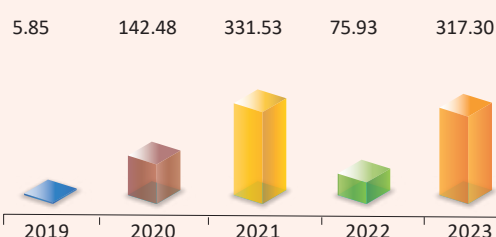
# FINANCIAL INDICATOR

Amount in BDT Million

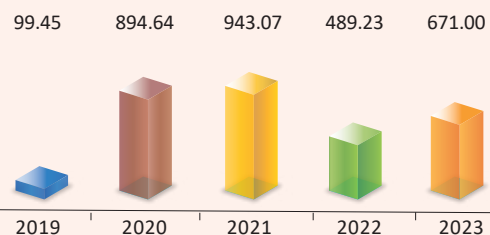
## DEPOSITS



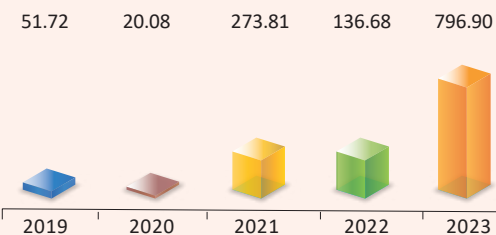
## EXPORT



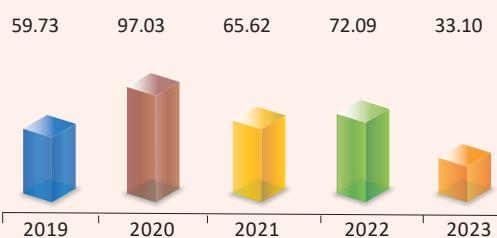
## IMPORT



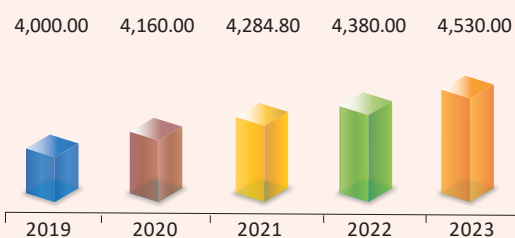
## GUARANTEE



## FOREIGN REMITTANCE



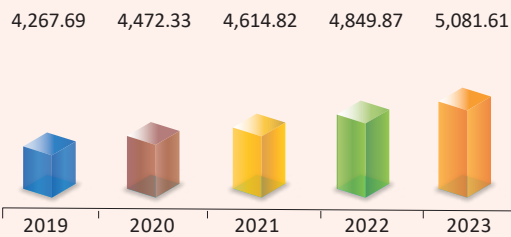
## PAID UP CAPITAL



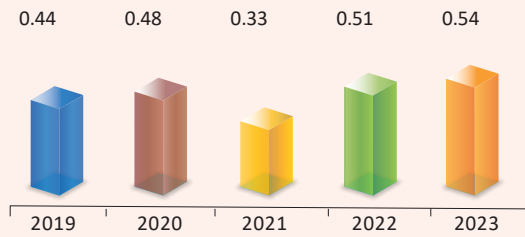


## FINANCIAL INDICATOR

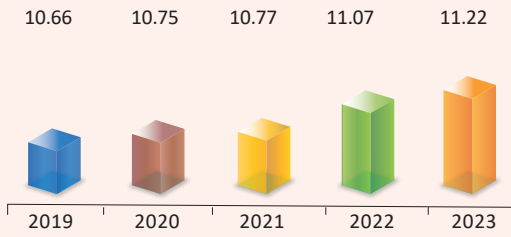
SHAREHOLDERS' EQUITY (BDT MILLION)



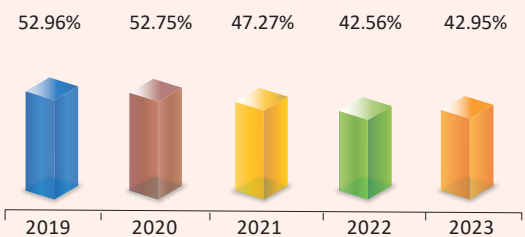
EARNINGS PER SHARE (BDT)



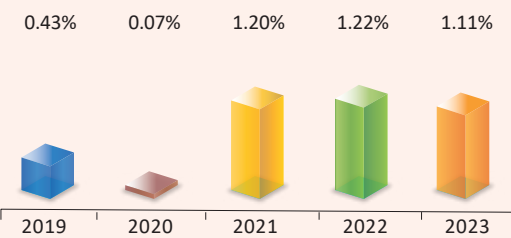
NET ASSET VALUE PER SHARE (BDT)



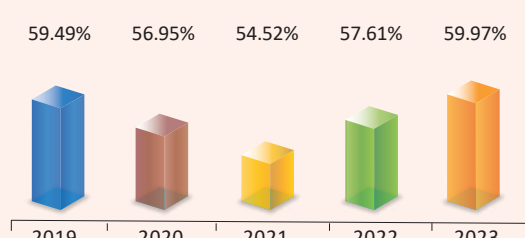
CAPITAL TO RWA RATIO (CRAR)%



NPL RATIO (%)



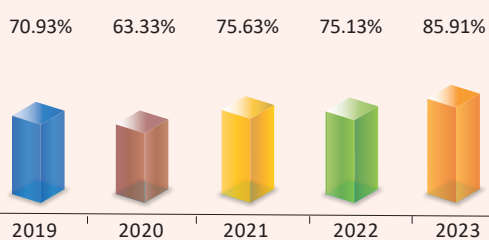
COST TO INCOME RATIO (%)



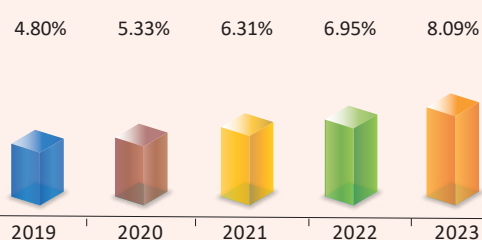


## FINANCIAL INDICATOR

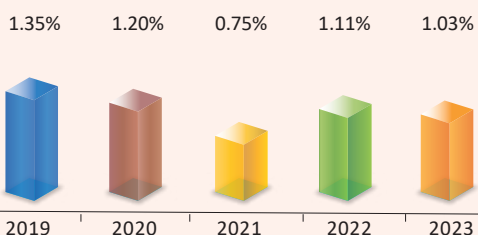
CREDIT-DEPOSIT RATIO (%)



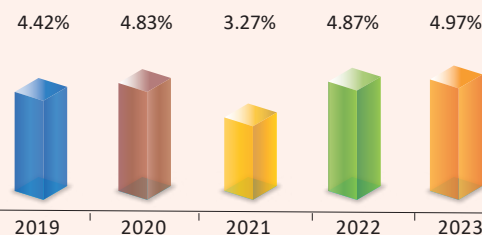
RETURN ON INVESTMENT (ROI) %



RETURN ON ASSETS (ROA) %



RETURN ON EQUITY %



## CREDIT RATING

	2021	2022	2023
Long Term	A	A	A+
Short Term	ST-3	ST-3	ST-3
Outlook	Stable	Stable	Stable

**Methodology:** Credit Rating information and Service Ltd. (CRISL) Bank Rating Methodology.



# VALUE ADDED STATEMENT

For the year ended 31 December, 2023

Amount in BDT

Particulars	2023	2022
<b>Value Creation</b>		
Income from Banking Services	1,939,155,414	1,517,347,714
Less: Cost of services & supplies	1,074,020,746	756,361,003
<b>Value Added by Banking Services</b>	<b>865,134,668</b>	<b>760,986,711</b>
Non- banking Income	-	-
Less: Provision-Loans and other assets	45,622,215	44,292,835
<b>Total Value Creation</b>	<b>819,512,453</b>	<b>716,693,876</b>

<b>Distribution of Value Addition</b>		
<b>Employees and Directors</b>	<b>332,054,326</b>	<b>288,815,267</b>
To Employees as salaries & allowances	330,567,391	287,825,682
To Directors as remuneration & fees	1,486,935	989,585
<b>Government</b>		
To Government as income tax	129,012,828	143,433,074
<b>Retentation for future business growth</b>	<b>358,445,299</b>	<b>284,445,534</b>
Depreciation & amortization	111,643,977	53,876,347
Statutory Reserve	75,162,830	74,800,452
Retained earnings	166,702,466	150,051,703
Start-Up Fund	2,468,013	5,717,033
Climate Risk Fund	2,468,013	-
<b>Total Value Distributed</b>	<b>819,512,453</b>	<b>716,693,876</b>





# HORIZONTAL ANALYSIS

For the last 5 Years Statements of Financial Position

Particulars	2023		2022		2021		2020		2019	
	BDT	▲ %	BDT	▲ %	BDT	▲ %	BDT	▲ %	BDT	▲ %
<b>PROPERTY AND ASSETS</b>										
Cash	1,203,570,020	15.17%	1,045,070,815	10.97%	941,786,142	-6.64%	1,008,728,306	14.99%	877,225,599	-1.46%
Cash in hand (Including foreign currency)	351,213,043	9.81%	319,824,165	1.40%	315,414,703	26.74%	248,869,400	20.16%	207,118,595	6.06%
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)	852,356,977	17.33%	725,246,650	15.79%	626,371,439	-17.57%	759,858,906	13.39%	670,107,004	-3.58%
<b>Balance with other banks and financial institutions</b>	<b>736,896,791</b>	<b>-38.44%</b>	<b>1,197,131,073</b>	<b>-39.83%</b>	<b>1,989,609,036</b>	<b>-8.37%</b>	<b>2,171,254,732</b>	<b>241.37%</b>	<b>636,046,460</b>	<b>38.69%</b>
Inside Bangladesh	570,863,784	-49.74%	1,135,807,491	-42.13%	1,962,712,386	-8.38%	2,142,120,359	248.72%	614,288,229	42.43%
Outside Bangladesh	166,033,007	170.75%	61,323,582	128.00%	26,896,650	-7.68%	29,134,373	33.90%	21,758,231	-20.35%
<b>Money at call and short notice</b>	<b>260,000,000</b>	<b>-80.00%</b>	<b>1,300,000,000</b>	<b>-39.53%</b>	<b>2,150,000,000</b>	<b>-48.81%</b>	<b>4,200,000,000</b>	<b>13.51%</b>	<b>3,700,000,000</b>	<b>23.33%</b>
Investments	5,535,148,826	3.06%	5,370,990,000	95.17%	2,751,989,935	32.55%	2,076,247,639	18.45%	1,752,807,126	130.18%
Government	2,298,324,968	10.92%	2,071,964,499	3.91%	1,993,964,512	22.31%	1,630,277,275	36.10%	1,197,812,184	162.39%
Others	3,236,823,858	-1.89%	3,299,025,501	335.21%	758,025,423	69.97%	445,970,364	-19.64%	554,994,942	81.97%
<b>Loans and advances</b>	<b>16,014,791,094</b>	<b>27.79%</b>	<b>12,531,846,451</b>	<b>24.73%</b>	<b>10,047,395,543</b>	<b>20.59%</b>	<b>8,331,651,298</b>	<b>16.15%</b>	<b>7,173,461,524</b>	<b>22.93%</b>
Loans, cash credits, overdrafts etc.	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Bills purchased & discounted	429,690,907	85.06%	232,196,270	9.97%	211,139,918	-15.07%	248,596,677	-17.63%	301,794,910	133.14%
<b>Fixed assets including land, building, furniture and fixtures</b>	<b>1,035,346,512</b>	<b>19.27%</b>	<b>868,069,914</b>	<b>17.96%</b>	<b>735,894,304</b>	<b>40.82%</b>	<b>572,585,599</b>	<b>37.29%</b>	<b>380,654,828</b>	<b>26.30%</b>
<b>Other assets</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>
<b>Non-banking assets</b>	<b>25,215,444,150</b>	<b>11.84%</b>	<b>22,545,304,523</b>	<b>19.74%</b>	<b>18,827,814,878</b>	<b>1.45%</b>	<b>18,559,064,251</b>	<b>25.21%</b>	<b>14,821,990,447</b>	<b>30.29%</b>
<b>Total Assets</b>										
<b>LIABILITIES AND CAPITAL</b>										
<b>Liabilities</b>										
Borrowings from other banks, financial institutions and agents	49,768,850	1.86%	48,860,032	100%	-	0.00%	-	-100.00%	10,113,827,024	100%
Deposits and other accounts	18,641,585,763	11.76%	16,679,484,286	25.54%	13,285,737,635	0.99%	13,155,384,458	30.07%	10,113,827,024	44.84%
Current deposit accounts	684,445,216	53.51%	445,864,916	18.10%	377,519,967	19.05%	317,098,806	36.19%	232,838,204	93.34%
Bills payable	259,913,863	44.68%	179,641,450	-38.26%	290,943,228	-51.03%	594,065,466	329.03%	138,465,723	263.97%
Savings bank deposits & Short Notice Deposits	4,984,632,482	-19.26%	6,173,683,616	34.42%	4,592,749,398	-18.22%	5,615,647,895	25.43%	4,477,148,699	19.01%
Fixed deposits	12,436,820,619	28.05%	9,712,177,476	23.29%	7,877,432,956	19.81%	6,574,938,297	25.99%	5,218,669,410	73.53%
Other deposits	275,773,583	64.04%	168,116,828	14.29%	147,092,086	174.25%	53,633,994	14.84%	46,704,988	-14.47%
Other liabilities	1,442,478,649	49.16%	967,092,438	4.30%	927,255,320	-0.44%	931,345,009	111.44%	440,477,411	44.88%
<b>Total Liabilities</b>	<b>20,133,833,262</b>	<b>13.78%</b>	<b>17,695,436,756</b>	<b>24.50%</b>	<b>14,212,992,955</b>	<b>0.90%</b>	<b>14,086,729,467</b>	<b>33.47%</b>	<b>10,554,304,435</b>	<b>44.84%</b>
<b>Capital/Shareholders' equity</b>	<b>5,081,610,888</b>	<b>4.78%</b>	<b>4,849,867,767</b>	<b>5.09%</b>	<b>4,614,821,923</b>	<b>3.19%</b>	<b>4,472,334,783</b>	<b>4.80%</b>	<b>4,267,686,012</b>	<b>4.35%</b>
Paid-up capital	4,530,000,000	34.2%	4,380,000,000	2.22%	4,284,800,000	3.00%	4,160,000,000	4.00%	4,000,000,000	0.00%
Statutory reserve	375,712,142	25.01%	300,549,312	33.13%	225,748,860	34.59%	167,735,983	65.57%	101,310,320	133.12%
Retained earnings	168,868,435	10.98%	152,165,969	56.37%	97,314,266	-30.50%	140,030,415	-15.35%	165,418,724	256.69%
Other reserve	7,030,311	-59.01%	17,152,486	146.49%	6,958,797	52.33%	4,568,385	377.38%	956,968	100%
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>25,215,444,150</b>	<b>11.84%</b>	<b>22,545,304,523</b>	<b>19.74%</b>	<b>18,827,814,878</b>	<b>1.45%</b>	<b>18,559,064,251</b>	<b>25.21%</b>	<b>14,821,990,447</b>	<b>30.29%</b>



# HORIZONTAL ANALYSIS

For the last 5 Years Profit & Loss Account

Particulars	2023		2022		2021		2020		2019	
	BDT	▲ %	BDT	▲ %	BDT	▲ %	BDT	▲ %	BDT	▲ %
Interest income	1,393,335,133	20.51%	1,156,205,358	3.37%	1,118,459,879	-5.10%	1,178,537,410	9.99%	1,071,470,091	44.78%
Interest on deposits & borrowings, etc.	(886,237,237)	67.07%	(530,455,512)	21.14%	(437,874,267)	-13.19%	(504,398,193)	22.58%	(411,493,608)	41.77%
<b>Net interest income</b>	<b>507,097,896</b>	<b>-18.96%</b>	<b>625,749,846</b>	<b>-8.06%</b>	<b>680,585,612</b>	<b>0.96%</b>	<b>674,139,217</b>	<b>2.15%</b>	<b>659,976,483</b>	<b>46.71%</b>
Income from investment	440,900,517	52.30%	289,490,420	89.92%	152,424,267	49.42%	102,011,179	68.98%	60,369,781	9.88%
Commission, exchange and brokerage	14,934,433	95.26%	7,648,410	-86.53%	56,766,586	89.75%	29,916,632	33.89%	22,344,917	37.91%
Other operating income	89,985,331	40.59%	64,003,526	100%	-	0.00%	-	0.00%	-	0.00%
<b>Total operating income (a)</b>	<b>1,052,918,177</b>	<b>6.69%</b>	<b>986,892,202</b>	<b>10.91%</b>	<b>889,776,465</b>	<b>10.38%</b>	<b>806,067,028</b>	<b>8.53%</b>	<b>742,691,181</b>	<b>42.55%</b>
Salary and allowances	330,567,391	14.85%	287,825,682	25.36%	229,598,477	9.15%	210,360,888	-1.97%	214,579,278	31.67%
Rent, taxes, insurances, electricity, etc.	50,113,693	-49.85%	99,931,218	3.93%	96,153,654	11.56%	86,190,259	9.53%	78,689,388	26.22%
Legal expenses	3,433,540	12.48%	3,052,625	4.35%	2,925,375	-29.42%	4,144,530	30.91%	3,166,027	95.25%
Postage, stamp, telecommunication, etc.	12,163,115	2.32%	11,887,506	-29.11%	16,768,159	-3.42%	17,361,960	18.17%	14,692,622	23.46%
Stationery, printing, advertisements, etc.	10,239,998	28.07%	7,995,508	7.10%	7,465,497	-4.05%	7,780,270	-32.82%	11,581,599	31.51%
Chief executive's salary and fees	9,889,295	4.69%	9,445,929	-37.04%	15,002,000	5.63%	14,202,000	-0.86%	14,324,904	32.64%
Directors' fees	1,484,935	50.26%	989,585	73.57%	570,136	-31.88%	836,980	-18.67%	1,029,053	16.82%
Auditors' fees	494,500	1.33%	488,000	28.59%	379,500	0.00%	379,500	-62.41%	1,009,500	166.01%
Depreciation and repairs of Bank's assets	113,068,856	98.88%	56,852,732	-14.84%	66,759,685	-13.68%	77,339,498	43.32%	53,963,519	43.21%
Other expenses	100,024,489	10.98%	90,128,318	82.13%	49,484,880	22.40%	40,427,528	-17.12%	48,776,040	17.89%
<b>Total operating expenses (b)</b>	<b>631,481,812</b>	<b>11.06%</b>	<b>568,597,105</b>	<b>17.21%</b>	<b>485,107,363</b>	<b>5.68%</b>	<b>459,023,413</b>	<b>3.90%</b>	<b>441,811,930</b>	<b>30.42%</b>
<b>Profit before provision (c)=(a-b)</b>	<b>421,436,365</b>	<b>0.75%</b>	<b>418,295,097</b>	<b>3.37%</b>	<b>404,669,102</b>	<b>16.60%</b>	<b>347,043,615</b>	<b>15.34%</b>	<b>300,879,251</b>	<b>65.11%</b>
General Provision	29,632,495	-40.60%	49,886,750	52.21%	32,774,737	64.07%	19,975,886	397.17%	4,017,923	-90.98%
Specific provisions	15,974,520	-307.74%	(7,689,597)	-109.40%	81,829,980	-1717.01%	(5,060,586)	-166.57%	7,601,900	100%
Diminution in value of investments	15,200	-99.27%	2,095,683	100.00%	-	0.00%	-	0.00%	-	0.00%
Other provisions	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Off balance sheet exposure	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
<b>Total provision (d)</b>	<b>45,622,215</b>	<b>3.00%</b>	<b>44,292,835</b>	<b>-61.35%</b>	<b>114,604,717</b>	<b>668.37%</b>	<b>14,915,300</b>	<b>28.36%</b>	<b>11,619,823</b>	<b>-73.92%</b>
<b>Profit before tax (e=c-d)</b>	<b>375,814,150</b>	<b>0.48%</b>	<b>374,002,262</b>	<b>28.94%</b>	<b>290,064,385</b>	<b>-12.66%</b>	<b>332,128,315</b>	<b>14.82%</b>	<b>289,259,428</b>	<b>110.10%</b>
<b>Provision for taxation (f)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current tax	128,054,624	-9.95%	142,209,825	-9.08%	156,417,934	14.30%	136,847,710	19.41%	114,601,562	78.99%
Deferred tax	958,204	-21.67%	1,223,249	-118.96%	(6,450,277)	120.5%	(5,756,747)	157.36%	(2,236,867)	-216.13%
<b>Net profit after taxation (g=e-f)</b>	<b>246,801,322</b>	<b>7.04%</b>	<b>230,569,188</b>	<b>64.58%</b>	<b>140,096,727</b>	<b>-30.31%</b>	<b>201,037,353</b>	<b>13.65%</b>	<b>176,894,733</b>	<b>146.65%</b>



# VERTICAL ANALYSIS

For the last 5 Years Statements of Financial Position

Particulars	2023		2022		2021		2020		2019	
	BDT	▲ %	BDT	▲ %	BDT	▲ %	BDT	▲ %	BDT	▲ %
<b>PROPERTY AND ASSETS</b>										
Cash	1,203,570,020	4.77%	1,045,070,815	4.64%	941,786,142	5.00%	1,008,728,306	5.44%	877,225,599	5.92%
Cash in hand (Including foreign currency)	351,213,043	1.39%	319,824,165	1.42%	315,414,703	1.68%	248,869,400	1.34%	207,118,595	1.40%
Balance with Bangladesh Bank and its agent banks (Including foreign currency)	852,356,977	3.38%	725,246,650	3.22%	626,371,439	3.33%	759,858,906	4.09%	670,107,004	4.52%
<b>Balance with other banks and financial institutions</b>	<b>736,896,791</b>	<b>2.92%</b>	<b>1,197,131,073</b>	<b>5.31%</b>	<b>1,989,609,036</b>	<b>10.57%</b>	<b>2,171,254,732</b>	<b>11.70%</b>	<b>636,046,460</b>	<b>4.29%</b>
Inside Bangladesh	570,863,784	2.26%	1,135,807,491	5.04%	1,962,712,386	10.42%	2,142,120,359	11.54%	614,288,229	4.14%
Outside Bangladesh	166,033,007	0.66%	61,323,582	0.27%	26,896,650	0.14%	29,134,373	0.16%	21,758,231	0.15%
<b>Money at call and short notice</b>	<b>260,000,000</b>	<b>1.03%</b>	<b>1,300,000,000</b>	<b>5.77%</b>	<b>2,150,000,000</b>	<b>11.42%</b>	<b>4,200,000,000</b>	<b>22.63%</b>	<b>3,700,000,000</b>	<b>24.96%</b>
Investments	5,535,148,826	21.95%	5,370,990,000	23.82%	2,751,989,935	14.62%	2,076,247,639	11.19%	1,752,807,126	11.83%
Government	2,298,324,968	9.11%	2,071,964,499	9.19%	1,993,964,512	10.59%	1,630,277,275	8.78%	1,197,812,184	8.08%
Others	3,236,823,858	12.84%	3,299,025,501	14.63%	758,025,423	4.03%	445,970,364	2.40%	554,994,942	3.74%
<b>Loans and advances</b>	<b>16,014,791,094</b>	<b>63.51%</b>	<b>12,531,846,451</b>	<b>55.59%</b>	<b>10,047,395,543</b>	<b>53.36%</b>	<b>8,331,651,298</b>	<b>44.89%</b>	<b>7,173,461,524</b>	<b>48.40%</b>
Loans, cash credits, overdrafts etc.	16,014,791,094	63.51%	12,531,846,451	55.59%	10,047,395,543	53.36%	8,331,651,298	44.89%	7,173,461,524	48.40%
Bills purchased & discounted	-	0.00%	-	0.00%	-	-	-	-	-	-
<b>Fixed assets including land, building, furniture and fixtures</b>	<b>429,690,907</b>	<b>1.70%</b>	<b>232,194,270</b>	<b>1.03%</b>	<b>211,139,918</b>	<b>1.12%</b>	<b>248,596,677</b>	<b>1.34%</b>	<b>301,794,910</b>	<b>2.04%</b>
Other assets	1,035,346,512	4.11%	868,069,914	3.85%	735,894,304	3.91%	522,585,599	2.82%	380,654,828	2.57%
Non-banking assets	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
<b>Total Assets</b>	<b>25,215,444,150</b>	<b>100.00%</b>	<b>22,545,304,523</b>	<b>100.00%</b>	<b>18,827,814,878</b>	<b>100.00%</b>	<b>18,559,064,251</b>	<b>100.00%</b>	<b>14,821,990,447</b>	<b>100.00%</b>
<b>LIABILITIES AND CAPITAL</b>										
<b>Liabilities</b>										
<b>Borrowings from other banks, financial institutions and agents</b>										
Deposits and other accounts	49,768,850	0.20%	48,860,032	0.22%	-	0.00%	-	0.00%	-	0.00%
Current deposit accounts	18,641,585,763	73.93%	16,679,484,286	73.98%	13,285,737,635	70.56%	13,155,384,458	70.88%	10,113,827,024	68.24%
Bills payable	684,452,216	2.71%	445,864,916	1.98%	377,519,967	2.01%	317,098,806	1.71%	232,838,204	1.57%
Savings bank deposits & Short Notice Deposits	259,913,863	1.03%	179,641,450	0.80%	290,943,228	1.55%	594,065,466	3.20%	138,465,723	0.93%
Fixed deposits	4,984,632,482	19.77%	6,173,683,616	27.38%	4,592,749,398	24.39%	5,615,647,895	30.26%	4,477,148,699	30.21%
Other deposits	12,436,820,619	49.32%	9,712,177,476	43.08%	7,877,432,956	41.84%	6,574,938,297	35.43%	5,218,669,410	35.21%
Other liabilities	275,773,583	1.09%	168,116,828	0.75%	147,092,086	0.78%	53,633,994	0.29%	46,704,988	0.32%
<b>Total Liabilities</b>	<b>1,443,478,649</b>	<b>5.72%</b>	<b>967,092,438</b>	<b>4.29%</b>	<b>927,253,320</b>	<b>4.92%</b>	<b>931,345,009</b>	<b>5.02%</b>	<b>440,477,411</b>	<b>2.97%</b>
<b>Capital/Shareholders' equity</b>	<b>20,133,833,262</b>	<b>79.85%</b>	<b>17,695,436,756</b>	<b>78.49%</b>	<b>14,212,992,955</b>	<b>75.49%</b>	<b>14,086,729,467</b>	<b>75.90%</b>	<b>10,554,304,435</b>	<b>71.21%</b>
Paid-up capital	5,081,610,888	20.15%	4,849,867,767	21.51%	4,614,821,923	24.51%	4,472,334,783	24.10%	4,267,686,012	28.79%
Statutory reserve	4,530,000,000	17.97%	4,380,000,000	19.43%	4,284,800,000	22.76%	4,160,000,000	22.41%	4,000,000,000	26.99%
Retained earnings	375,712,142	1.49%	300,549,312	1.33%	225,748,860	1.20%	167,735,983	0.90%	101,310,320	0.68%
Other reserve	168,868,435	0.67%	152,165,969	0.67%	97,314,266	0.52%	140,030,415	0.75%	165,418,724	1.12%
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>25,215,444,150</b>	<b>100.00%</b>	<b>22,545,304,523</b>	<b>100.00%</b>	<b>18,827,814,878</b>	<b>100.00%</b>	<b>18,559,064,251</b>	<b>100.00%</b>	<b>14,821,990,447</b>	<b>100.00%</b>



# VERTICAL ANALYSIS

## For the last 5 Years Profit & Loss Account

Particulars	2023		2022		2021		2020		2019	
	BDT	▲ %	BDT	▲ %	BDT	▲ %	BDT	▲ %	BDT	▲ %
Interest income	1,393,335,133	71.85%	1,156,205,358	76.20%	1,118,459,879	84.24%	1,178,537,410	89.93%	1,071,470,091	92.83%
Interest on deposits & borrowings, etc.	(886,237,237)	45.70%	(530,455,512)	34.96%	(437,874,267)	32.98%	(504,398,193)	38.49%	(411,493,608)	35.65%
<b>Net Interest Income</b>	<b>507,097,896</b>	<b>26.15%</b>	<b>625,749,846</b>	<b>41.24%</b>	<b>680,585,612</b>	<b>51.26%</b>	<b>674,139,217</b>	<b>51.44%</b>	<b>659,976,483</b>	<b>57.18%</b>
Income from investment	440,900,517	22.74%	289,490,420	19.08%	152,424,267	11.48%	102,011,179	7.78%	60,369,781	5.23%
Commission, exchange and brokerage	14,934,433	0.77%	7,648,410	0.50%	56,766,586	4.28%	29,916,632	2.28%	22,344,917	1.94%
Other operating income	89,985,331	4.64%	64,003,526	4.22%	-	0.00%	-	0.00%	-	0.00%
<b>Total operating income (a)</b>	<b>1,052,918,177</b>	<b>54.30%</b>	<b>986,892,202</b>	<b>65.04%</b>	<b>889,776,465</b>	<b>67.02%</b>	<b>806,067,028</b>	<b>61.51%</b>	<b>742,691,181</b>	<b>64.35%</b>
Salary and allowances	330,567,391	17.05%	287,825,682	18.97%	229,598,477	17.29%	210,340,888	16.05%	214,579,278	18.59%
Rent, taxes, insurances, electricity, etc.	50,113,693	2.58%	99,931,218	6.59%	96,133,654	7.24%	86,190,259	6.58%	78,689,388	6.82%
Legal expenses	3,433,540	0.18%	3,052,625	0.20%	2,925,375	0.22%	4,144,530	0.32%	3,166,027	0.27%
Postage, stamp, telecommunication, etc.	12,163,115	0.63%	11,887,506	0.78%	16,768,159	1.26%	17,361,960	1.32%	14,692,622	1.27%
Stationery, printing, advertisements, etc.	10,239,998	0.53%	7,995,508	0.53%	7,465,497	0.56%	7,780,270	0.59%	11,581,599	1.00%
Chief executive's salary and fees	9,889,295	0.51%	9,445,929	0.62%	15,002,000	1.13%	14,202,000	1.08%	14,324,904	1.24%
Directors' fees	1,486,935	0.08%	989,585	0.07%	570,136	0.04%	836,980	0.06%	1,029,053	0.09%
Auditors' fees	494,500	0.03%	488,000	0.03%	379,500	0.03%	379,500	0.03%	1,009,500	0.09%
Depreciation and repairs of Bank's assets	113,068,856	5.83%	56,852,732	3.75%	66,759,685	5.03%	77,339,498	5.90%	53,963,519	4.68%
Other expenses	100,024,489	5.16%	90,128,318	5.94%	49,484,880	3.73%	40,427,528	3.08%	48,776,040	4.23%
<b>Total operating expenses (b)</b>	<b>631,481,812</b>	<b>32.56%</b>	<b>568,597,105</b>	<b>37.47%</b>	<b>485,107,363</b>	<b>36.54%</b>	<b>459,023,413</b>	<b>35.03%</b>	<b>441,811,930</b>	<b>38.28%</b>
<b>Profit before provision (c=(a-b))</b>	<b>421,436,365</b>	<b>21.73%</b>	<b>418,295,097</b>	<b>27.57%</b>	<b>404,669,102</b>	<b>30.48%</b>	<b>347,043,615</b>	<b>26.48%</b>	<b>300,879,251</b>	<b>26.07%</b>
General Provision	29,632,495	1.53%	49,886,750	3.29%	32,774,737	2.47%	19,975,886	1.52%	4,017,923	0.35%
Specific provisions	15,974,520	0.82%	(7,689,597)	-0.51%	81,829,980	6.16%	(5,060,586)	-0.39%	7,601,900	0.66%
Diminution in value of investments	15,200	0.00%	2,095,683	0.14%	-	0.00%	-	0.00%	-	0.00%
Other provisions	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Off balance sheet exposure	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
<b>Total provision (d)</b>	<b>45,622,215</b>	<b>2.35%</b>	<b>44,292,835</b>	<b>2.92%</b>	<b>114,604,717</b>	<b>8.63%</b>	<b>14,915,300</b>	<b>1.14%</b>	<b>11,619,823</b>	<b>1.01%</b>
<b>Profit before tax (e=c-d)</b>	<b>375,814,150</b>	<b>19.38%</b>	<b>374,002,262</b>	<b>24.65%</b>	<b>290,064,385</b>	<b>21.85%</b>	<b>332,128,315</b>	<b>25.34%</b>	<b>289,259,428</b>	<b>25.06%</b>
<b>Provision for taxation (f)</b>										
Current tax	128,054,624	6.60%	142,209,825	9.37%	156,417,934	11.78%	136,847,710	10.44%	114,601,562	9.93%
Deferred tax	958,204	0.05%	1,223,249	0.08%	(6,450,277)	-0.49%	(5,756,747)	-0.44%	(2,236,867)	-0.19%
<b>Net profit after taxation (g=e-f)</b>	<b>129,012,828</b>	<b>6.55%</b>	<b>143,433,074</b>	<b>9.45%</b>	<b>149,967,157</b>	<b>11.30%</b>	<b>131,090,963</b>	<b>10.00%</b>	<b>112,364,695</b>	<b>9.74%</b>
	<b>246,801,322</b>	<b>12.73%</b>	<b>230,569,188</b>	<b>15.20%</b>	<b>140,096,727</b>	<b>10.55%</b>	<b>201,037,353</b>	<b>15.34%</b>	<b>176,894,733</b>	<b>15.33%</b>





## GLIMPSE OF 7<sup>th</sup> ANNUAL GENERAL MEETING (AGM)



Major General A K M Nazmul Hasan, BAM, ndc, psc, former Chairman of the Bank was delivering valuable speech in the 7<sup>th</sup> AGM.



Distinguished guests, Management Officials, representatives of Auditors and other Stakeholders were observing the AGM.



Shareholders of Shimanto Bank PLC. were voting in favor of an agenda transacted in the AGM.



# GLIMPSE OF 7<sup>th</sup>

## ANNUAL GENERAL MEETING (AGM)



Honorable Chairman along with the Board Members and Shareholders present in the 7<sup>th</sup> AGM.



The Board of Directors and Management Committee (MANCOM) of the Bank.



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



## EVENT HIGHLIGHTS



Honorable Prime Minister of People's Republic of Bangladesh Sheikh Hasina was receiving blanket for cold affected distressed people from the former Chairman of the Bank Major General A K M Nazmul Hasan, BAM, ndc, psc.



Major General A K M Nazmul Hasan, BAM, ndc, psc, former Chairman was receiving the dividend of Shimanto Bank PLC. for the year 2022 on behalf of BGB Welfare Trust in presence of Board Members.





## EVENT HIGHLIGHTS



Major General Mohammad Ashrafuzzaman Siddiqui, OSP, BSP, SUP, ndc, psc, MPhil, honorable Chairman was greeted by the MD & CEO of the Bank.



A moment of celebration of 7<sup>th</sup> Anniversary of the Bank with presence of the employees.



## EVENT HIGHLIGHTS



A moment of a Meeting of Board of Directors of Shimanto Bank PLC. presided over by Major General Mohammad Ashrafuzzaman Siddiqui, OSP, BSP, SUP, ndc, psc, MPhil, honorable Chairman of the Bank.



Chuadanga Branch was inaugurated by Col Mohammad Nazmul Haque, psc, Deputy Region Commander, South-West Region of Border Guard Bangladesh in presence of Mr. Rafiqul Islam-MD & CEO, Senior BGB Officers, Executives, Customers and other stakeholders in the ceremony.





## EVENT HIGHLIGHTS



Brigadier General Md Nurul Amin, BGBMS, PhD, MPH, honorable Chairman of the Risk Management Committee was presiding over a Meeting of the Committee. Respected Members of the Committee and Executives are seen present in the Meeting.



Rangpur Branch was inaugurated by Brigadier General Khandaker Shafiquzzaman, psc, Region Commander, North-West Region & Additional Director General of Border Guard Bangladesh in presence of Mr. Rafiqul Islam-MD & CEO, Senior BGB Officers, Executives, Customers and other stakeholders in the ceremony.



## EVENT HIGHLIGHTS



Brigadier General Md Shahadat Sikder, ndc, afwc, psc, honorable Chairman of the Audit Committee was presiding over a Meeting of the Committee. Respected Members of the Committee, Representatives of Bangladesh Bank and ACNABIN Chartered Accountants and Executives are seen present in the Meeting.



Chirirbandar Branch was inaugurated by Colonel Rashed Asgar, psc, G, Sector Commander of Dinajpur Sector & Deputy Director General of Border Guard Bangladesh in presence of Mr. Rafiqul Islam-MD & CEO, Senior BGB Officers, Executives, Customers and other stakeholders in the ceremony.





## EVENT HIGHLIGHTS



A moment of 1<sup>st</sup> Extra-ordinary General Meeting (EGM) held on 22<sup>nd</sup> June 2023; shareholders were seen voting in favor of a proposal for changing the name of the Bank as 'Shimanto Bank PLC.'



Nildumur ATM located at 17 BGB Battalion-Satkhira remotest area adjacent to Sundarban was inaugurated by Mr. Rafiqul Islam-MD & CEO in presence of Lt Col Mohammad Kamrul Ahsan, SGP, MPhil, PEng, Commanding Officer of 17 Battalion, Senior BGB Officers, Executives in the ceremony.



## EVENT HIGHLIGHTS



Mr. Rafiqul Islam, Managing Director & CEO was handing over a Cheque to Prime Minister Education Assistance Trust for providing scholarship to the meritorious students as part of corporate social responsibility.



ISO/IEC 27001:2022 Certificate handover Ceremony.





## EVENT HIGHLIGHTS



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



Shimanto Bank Football Team along with the fans celebrating a moment before a Match of Sheikh Hasina Inter-Bank Football Tournament-2023.





## EVENT HIGHLIGHTS



A moment of celebration of International Women's Day 2023 on 8 March 2023 by employees of the Bank.



A moment of the Business Conference of Shimanto Bank PLC. for the Year-2023.

# REPORT OF THE BOARD OF DIRECTORS





## Dear Stakeholders,

The Board of Directors welcome you all at the 8<sup>th</sup> Annual General Meeting of Shimanto Bank PLC. and is pleased to present the Annual Report for the year ended on 31 December 2023 together with the Audited Financial Statements & Auditor's Report thereon. A review of business and financial performance of the Bank during the Year 2023 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 global output growth is projected to slow down to 3.0 percent in 2023 and further to 2.9 percent in 2024 from 3.5 percent in 2022 due mainly to effects of monetary policy tightening to reduce inflation. The recent resolution of the US debt ceiling and the robust measures already taken by authorities to manage disruptions in the US and Swiss banking sectors have lessened the immediate threat of turmoil in the financial sector. Economic activity is still below its pre-pandemic trajectory, particularly in emerging markets and developing economies, and regional disparities are becoming more pronounced. Nevertheless, the prevailing risks to worldwide economic expansion still lean towards the downside. Due to diminishing food and energy costs as well as normalization of supply chains, it is now anticipated that global inflation will decrease sharply to 6.9 percent in 2023 from 8.7 percent in 2022. While the effects of monetary tightening are beginning to become evident, a primary factor contributing to the anticipated decrease in headline inflation for 2023 is the declining prices of international commodities. In many economies, the primary goal is to maintain stable prices and secure the financial system. Central banks must concentrate on reestablishing price stability and enhancing financial oversight, responding swiftly to market challenges while preventing moral hazards. Additionally, building fiscal reserves and directing fiscal adjustments toward supporting the most susceptible can help, along with enhancing the economy's productive capacity to achieving a 5.8 percent global inflation rate in 2024. The growth of world trade volume went down almost half way from 10.9 percent in 2021 to 5.1 percent in 2022. Anticipated trade volume growth is set to decelerate, dropping to 0.9 percent in 2023, mirroring the global demand slowdown following two years of rapid post-pandemic recovery. This slowdown affects both advanced and emerging market economies and influenced by factors such as the shift from traded goods to domestic services, increased trade barriers, and the lingering impact of the 2022 US dollar appreciation. In summary, the trade outlook for 2023 points to a less robust growth trend compared to the two decades before the pandemic, which averaged 4.9 percent. But in 2024 the growth of trade volume is expected to bounce back and increase a little to 3.5 percent.

For advanced economies, the projected growth for 2023 is set lower at 1.5 percent, a decrease from 2.6 percent in 2022. The output growth in the United States for 2023 is projected to be the same as 2.1 percent in 2022, reflecting the anticipated effects of slower wage growth, tightening of financial conditions, and depleted consumers' excess savings that accumulated during the pandemic. Growth in the euro area is projected to fall to 0.7 percent in 2023 from 3.3 percent in 2022 due to downward growth forecasts in major economies—Germany, France, Spain and Italy.

The output growth in emerging markets and developing economies is projected to decrease a little bit to 4.0 percent in both 2023 and 2024 from 4.1 percent in 2022. However, the growths of two countries of the main five geographic regions are expected to increase in 2023 and then fall in 2024. China's output is projected to grow by 5.0 percent in 2023 from the actual growth of 3.0 percent in 2022, owing mainly to higher consumption growth and stronger than expected net exports. On the other hand, India's output growth is projected to decline by 0.9 percentage points to 6.3 percent in 2023 from the actual growth of 7.2 percent in 2022.

Inflation is easing in most countries but remains high, with divergences across economies and inflation measures. In advanced economies, inflation increased to 7.3 percent in 2022 from 3.1 percent in 2021. The inflation in 2023 for advanced economies is projected to decrease to 4.6 percent due mainly to monetary policy tightening and declining international commodity prices. It is expected to fall further to 3.0 percent in 2024. However, inflation in emerging and developing economies (excluding Venezuela but including Argentina) increased considerably to 9.8 percent in 2022 from 5.9 percent in 2021. It is projected to decrease to 8.5 percent in 2023 and to 7.8 percent in 2024.

The delayed impacts the appreciation of US dollar, which hampered world trade due to the prevalent practice of pricing products in US dollars, as well as the escalation of trade barriers, played a role in decrease in world trade. The imports growth for advanced economies decreased from 10.3 percent in 2021 to 6.7 percent in 2022. The import growth in this region may sharply decrease to 0.1 percent in 2023 and increase to 3.0 percent in 2024. In emerging markets and developing economies, the import growth decreased robustly from 11.8 percent in 2021 to 3.2 percent in 2022, which is projected to decrease further to 1.7 percent in 2023 but increase to 4.4 percent in 2024. Export growth in the advanced economies stood at 5.3 percent in 2022 from 9.8 percent in 2021 which is projected to decrease further to 1.8 percent in 2023 and then increase to 3.1 percent in 2024. Exports of the emerging markets and developing economies increased by 4.1 percent in 2022, lower from a sharp increase of 12.8 percent in 2021, which is anticipated to decrease by 0.1 percent in 2023 and then increase by 4.2 percent in 2024.



According to World Economic Outlook, October 2023, beside some positive indicators there are some prominent risks and uncertainties that can negatively impact global economic performance. On the positive side, stronger-than-expected pass-through from lower energy prices or a compression of profit margins to absorb cost increases and declining job vacancies can cause inflation to fall faster than expected. The surplus savings that accrued during the pandemic have not been fully depleted, and consumer spending continues to lag behind pre-pandemic levels, which increases the potential for a quicker-than-anticipated rebound in consumption. However, on the adverse side, slower economic growth of China, more volatile commodity prices amid climate and geopolitical changes, rising interest rates in the financial markets, rising debt distress, etc. are main factors.

The October 2023 World Economic Outlook emphasized several crucial policy priorities to address global economic challenges. Central banks should commit to reducing inflation through restrictive monetary measures while prioritizing financial stability and data-driven decision-making. Rapid monetary tightening requires strengthened supervision, risk monitoring, and the use of macroprudential measures to preemptively address financial sector stress and provide liquidity support when needed. Many countries should engage in credible medium-term fiscal consolidation to restore fiscal flexibility while safeguarding support for vulnerable populations and phasing out untargeted fiscal measures. Developing and low-income countries, facing external financing needs and high sovereign spreads, should improve debt resolution coordination to reduce borrowing costs and mitigate debt crises. Labor market reforms, well-designed industrial policies, and investments in clean energy along with international cooperation on climate change and emerging technologies, are essential for economic sustainability and growth. These policy priorities collectively aim to navigate the intricate global economic landscape and promote recovery and resilience in uncertain times.

According to the Global Financial Stability Report, October 2023, financial stability risks rose sharply as the resilience of the world financial system was put to the test in a number of ways. The collapses of Silicon Valley Bank and Signature Bank of New York, as well as the decline in confidence in Credit Suisse, provide strong reminders of the difficulties that can arise from the combination between tighter monetary and financial conditions and the accumulation of vulnerabilities from the global financial crisis.

Despite recent improvements, market conditions are still unstable, and volatility is still visible in a number of institutions and markets. Due to early monetary tightening by many large emerging markets, detrimental spillovers have so far been avoided. The persistence of the global risk scenario could trigger capital outflows. Smaller and riskier emerging market nations continue to face worsening debt sustainability trends, many of which are already experiencing constraints and funding issues. After more than a decade of low rates, moderate inflation, and sufficient liquidity, the threat of inflation and interest rates is rising for an extended period of time which will have a significant impact on asset prices and asset allocations. Lack of liquidity in the bond market may cause asset price changes and shocks to be dramatically amplified.

(Source: Annual Report-2022-23; Bangladesh Bank)

## Bangladesh Economy & Economic Outlook

Bangladesh navigated the COVID-19 pandemic shock with prudent macroeconomic policies, but now faces a significant balance of payments (BoP) deficit and rising inflationary pressure. Elevated commodity prices and synchronous global monetary policy tightening in the aftermath of Russia's invasion of Ukraine contributed to a widening BoP deficit and a sharp decline in foreign exchange (FX) reserves from the second half of FY22. Domestic policies exacerbated the impacts of external pressure, including the introduction of multiple exchange rates, and de facto caps on deposit and lending rates.

Consequently, real GDP growth slowed to 6.0 percent in FY23 from 7.1 percent in FY22, based on Bangladesh Bureau of Statistics (BBS) provisional estimates. On the supply side, industrial production slowed due to disruptions in the imports of raw materials, higher energy prices, and power and gas shortages. On the demand side, private consumption and investment growth slowed as a result of high inflation and rising uncertainty. The trade deficit narrowed, supported by import compression and resilient export growth. Inflation accelerated following an increase in administered energy prices and depreciation of the currency.

Bangladesh Bank (BB) adopted a contractionary monetary policy to reduce inflation. However, monetary policy transmission was impaired by caps on lending interest rates. Private sector credit growth decelerated amid tighter liquidity conditions, reduced demand for trade finance, and rising uncertainty. Public sector credit growth surged due to the government's heightened borrowing from the banking sector, partially the result of a shift away from National Savings Certificates (NSCs). Liquidity within the banking system remained constrained due to BB dollar sales and declining deposit growth, driven by negative real interest rates and weak depositor confidence. Banking sector vulnerabilities deepened, with a rise in stressed assets.





The external sector remained under pressure. The Current Account Deficit (CAD) narrowed in FY23 to US \$3.3 billion from US\$ 18.6 billion in FY22, supported by resilient export growth and import suppression measures. However, the financial account moved into deficit, as trade credit and medium- and long-term borrowing contracted sharply. As a result, the Balance of Payments (BoP) deficit widened to US\$ 8.2 billion in FY23, up from US\$ 6.7 billion in FY22. Exchange rate flexibility was insufficient to clear the FX market, despite modest depreciation. BB sold US dollars at an accelerated rate, depleting FX reserves by US\$ 9.8 billion in FY23.

The estimated fiscal deficit widened to 5.3 percent of GDP in FY23 from 4.6 percent of GDP in FY22 as expenditure growth outpaced revenue growth. Tax collection stagnated, primarily due to declining trade-related taxes resulting from falling imports. Expenditure growth was driven by subsidies and incentive payments. Deficit financing from domestic banks increased, as net sales of National Savings Certificates (NSCs) declined following a reduction in NSC interest rates and stronger enforcement of purchase limits. Public debt as a share of GDP increased but remained sustainable at 35.3 percent of GDP.

Global economic growth is set to slow to 2.1 percent in CY23, amid continued monetary policy tightening to rein in high inflation, before a tepid recovery to 2.4 percent in CY24. In Bangladesh, GDP growth is projected to decelerate to 5.6 percent in FY24, before reverting to a higher long-term trend. Absent policy tightening, inflation is likely to remain elevated in the near term and gradually subside if import prices stabilize in the medium term.

External pressure is expected to persist in FY24, contingent on global economic conditions and additional exchange rate flexibility. The fiscal deficit is expected to remain within the government's target of 5.5 percent of GDP, with a moderate increase in revenues. Downside risks to the outlook are significant, including rising inflation, slowing demand in major export markets, and further increases in financial sector vulnerabilities.

(Source: Bangladesh Development Update; October 2023; The World Bank)

### Banking Sector Highlights-2023:

The economy of Bangladesh experienced a resilient recovery from the economic shocks of the COVID-19 pandemic. To support smooth operation of the scheduled banks and non-banking financial institutions (NBFIs) under this critical juncture, Bangladesh Bank has emphasised the continuance of the prudential measures taken at the inception of the pandemic, though with some fine-tuning. However, the outbreak of the Russia-Ukraine war posed significant challenges to the effort to accelerate growth. Particularly, the supply-chain shocks in terms of higher fuel and commodity prices and disruptions in the global delivery system has put pressure in the country's external balances which in turn, in the form of the exchange rate shock, has affected the balance sheet of the banking sector. To address the external shocks, BB has decided to move toward a more market-based interest rate and exchange rate regime. Nonetheless, FY23 saw significant liquidity pressure in the banking sector, especially in the case of several Islamic banks. To mitigate the liquidity shocks and prevent spillover effect of these shocks in other parts of the economy, BB has opened special liquidity support facilities for banks and will continue to provide assistance until the risk subsides. In its effort to strengthen the supervisory framework, BB has introduced several reform programmes with the technical assistance of the IMF and the IFC, namely, the implementation of the risk-based supervisory framework. Also, to improve governance of selected banks with deteriorating financial conditions, BB has initiated a three-year special supervisory programme. Under this programme, selected banks have been given concrete, time-bound targets and are being monitored meticulously as per the terms and conditions of Memorandum of Understandings (MoU).

Total deposits of the banking sector stood at BDT 16981.2 billion in 2022 which was BDT 15,181.4 billion in 2021 showing an increase of 11.9 percent. From the year 2021 to 2022, considering the share in total deposit of the banking sector, SCBs' share decreased from 26.3 percent to 25.4 percent, PCBs' share increased from 66.8 percent to 67.1 percent, FCBs' share increased from 4.2 percent to 4.7 percent and SBs' share increased from 2.7 percent to 2.8 percent.

As on 30 June 2023 the total number of branches of the 61 scheduled banks were 11088. Among these, 46.5 percent (5158) of the bank branches were in rural areas and the rest or 53.5 percent (5923) were in urban areas. The SCBs had 2061 rural branches and 1769 urban branches. Specialised banks had 1153 rural branches and 370 urban branches. Private commercial banks had 1943 rural branches and 3722 urban branches. Foreign commercial banks had 62 urban branches.

In 2022, the total assets of the banking sector stood at BDT 21,961.4 billion showing an increase of 7.5 percent over the total assets in 2021. During this period, the SCBs' assets rose by 10.2 percent and that of the PCBs' increased by 13.9 percent. The aggregate banking sector assets consisted of BDT 14,318.7 billion as loans and advances (65.2 percent of total assets), BDT 245.0 billion as cash in tills including foreign currencies, BDT 990.7 billion as deposit





with BB including foreign currencies, BDT 3,070.6 billion as investment in (government bills and bonds) treasury securities and rest BDT 3,335.5 billion as other assets during the period Deposits continued to be the main sources of funds of the banking industry in FY23 and it (excluding inter-bank) constituted 73.0 percent of the total amount of liability and shareholders' equity in 2022. Total shareholders' equity of the banks was BDT 1,270.1 billion at the end of December 2022 which was BDT 1,261.08 billion in June 2023.

Under Basel-III, banks in Bangladesh are instructed to maintain the minimum capital requirement (MCR) at 10.0 percent of the risk weighted assets (RWA) or BDT 5.0 billion as capital, whichever is higher. The aggregate amount of regulatory capital of the banking sector was BDT 1571.8 billion as on 31 December 2022 which increased to BDT 1578.1 billion at the end of June 2023.

CRAR of SCBs, PCBs and FCBs were 6.8, 12.8 and 32.9 percent respectively as on 30 June 2023. Two SBs- BKB and RAKUB failed to maintain MCR on risk weighted assets basis. Besides, 5 SCBs and 5 PCBs could not maintain the minimum required capital. The CRAR of the banking industry as a whole was 11.2 percent at the end of June 2023.

At the end of June 2023, the gross NPL ratio of the banking sector stood at 10.11 percent. FCBs had the lowest and SCBs had the highest gross NPL ratio at the end of June 2023. FCBs' gross NPL ratio was 4.8 percent, whereas those of SCBs, PCBs and SBs were 25.0, 6.5 and 12.1 percent respectively at the end of June 2023. The ratio of gross NPLs to total loans and advances indicates a mixed trend in the banking sector during the period from 2014 to June 2023. Asset quality of the banking sector as a whole slightly deteriorated in 2022 and also in June 2023. The gross NPL ratio increased by 2.0 percentage points at the end of June 2023 compared to the end of December 2022, However, NPLs of banking sector reached at noticeably lower, 7.7 percent in 2020 and 7.9 percent in 2021. It is mainly due to providing deferral and soft repayment facilities during the COVID-19 pandemic in that period.

Total NPLs of the banking sector stood at BDT 1,560.39 billion at the end of June 2023. SCBs and PCBs held the largest portion of the NPLs of the industry.

The provision maintenance scenario became worse in June 2023. As of end of June 2023, the gross NPLs totalling BDT 1,560.39 billion imposed a loan-loss provision requirement of BDT 1,010.31 billion, against which the amount of provision maintained was BDT 795.66 billion. The provision maintained by the banks in June 2023 recorded an increase of 8.77 percent compared to 2022. Thus, the overall provision shortfall stood at BDT 214.64 billion in June 2023 from BDT 110.09 billion in 2022.

Consequently, the provision maintenance ratio also decreased to 78.75 percent in June 2023 from 86.92 percent in 2022.

The ROA of the SCBs and SBs were always less than the industry average ROA. The ROA of SCBs has improved (0.1 percent) in June 2023 as compared to 2022 (0.2 percent). On the other hand, after showing an increasing trend from 2014 to 2016, ROA of PCBs has gradually declined in the recent years.

ROA of the banking sector stood at 0.4 percent in June 2023.

ROE of the SCBs stood at 5.4 percent in 2022 which was -21.6 percent in 2021. ROE of SBs also decreased to -13.7 percent in 2022 from -13.2 percent in 2021 whereas ROE of PCBs increased to 9.4 percent in 2022 from 9.3 percent in 2021. ROE of FCBs has increased sharply to 16.0 percent in 2022 from 7.6 in 2021. ROE of the banking sector stood at 7.9 percent in June 2023.

Net interest margin (NIM) of the banking industry stood at 2.4 percent in 2022 which was 2.5 percent in 2021. The NIM for all the types of banks (SBs, PCBs and FCBs) dropped off in 2022 except SCBs as compared to that of 2021. Analysis of the indicator reveals that NIM for PCBs and FCBs was always higher than the industry average. NIM for overall banking sector exhibited a downward trend from 2014 to 2022 except slight increase in 2018 and June 2023. NIM for overall banking sector stood at 2.51 percent at the end of June 2023.

Indicators like advance-deposit ratio (ADR), statutory liquidity ratio (SLR), interbank call money rate, and repo rate show the real picture of liquidity of the banking sector. Overall advance deposit ratio (ADR) in the banking sector stood at 79.0 percent in December 2022. The prudential limit of ADR for conventional and Islamic Shariah based banks were 87.0 percent and 92.0 percent respectively.

All scheduled banks are required to maintain cash reserve ratio (CRR) bi-weekly basis at 4.0 percent against their average total demand and time liabilities (ATDTL) of second preceding month with an obligation to maintain daily minimum 3.5 percent cash against the same ATDTL held by the bank. The current rate of statutory liquidity



ratio (SLR) for conventional banks is 13.0 percent of ATDTL and in case of Islamic Shariah based banks, the rate of SLR is 5.5 percent of their ATDTL of second preceding month.

Banks having off-shore banking operation (OBO) have to maintain CRR and SLR for the liabilities arising from that operation. Scheduled banks having OBO are required to maintain minimum 2.0 percent cash reserve ratio (CRR) on bi-weekly average basis with a provision of minimum 1.5 percent on daily basis of the ATDTL of OBO of second preceding month. The current rate of statutory liquidity ratio (SLR) in this regard for conventional banks is 13.0 percent of ATDTL and for Islamic Shariah based banks, this rate is 5.5 percent of the same ATDTL of second preceding month.

As on 30 June 2023, the liquidity coverage ratio (LCR) of the banking sector was 152.4 percent (against minimum requirement of 100.0. percent), indicating that banks had a reasonable buffer of high quality assets to cover the cash outflow for a minimum of next 30 calendar days under stressed scenario. The net stable funding ratio (NSFR) of the banking sector, as a whole, was 109.7 percent in June 2023 indicating that banks were also more dependent on stable funding rather than volatile funding to expand their business activities.

Capital to risk weighted asset ratio (CRAR) of the banking industry stood at 11.08 percent at the end of September 2023 while CET1 was 7.35 percent which fulfilled Basel III capital adequacy requirements as a whole. However, at individual level, 51 banks out of 61 scheduled banks are able to maintain CET1 and minimum capital requirements respectively.

In addition of minimum capital requirement (MCR) 10.00 percent, banks also maintaining a Capital Conservation Buffer (CCB) which started with 0.625 percent from 2016 and ended up with 2.50 percent in December 2019. CCB of the banking industry stood at 1.08 percent at the end of September 2023. Besides, at individual level, 42 banks have fulfilled the CCB requirements by the period.

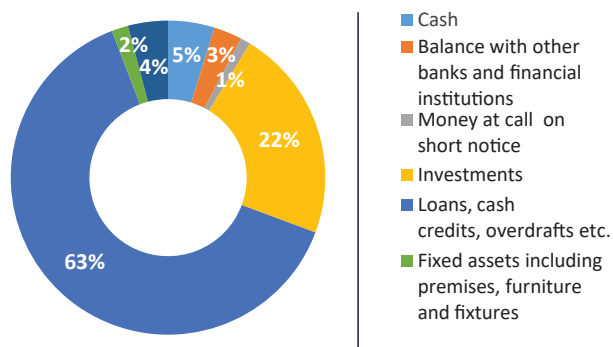
(Source: Annual Report-2022-23; Bangladesh Bank)

## Shimanto Bank Financial Highlights

### Asset Portfolio

The assets of the Bank stood at BDT 22,545.30 million in 2022 compared to BDT 18,827.81 million in 2021 with a growth of 19.74%. The asset portfolio comprised of BDT 1,045.07 million as Cash, BDT 94.49 million as Balance with Other Banks and FIs, BDT 2,405.00 million as Money on Call at Short Notice, BDT 5,370.99 million as Investments, BDT 12,531.85 million as Loans and advances, BDT 232.20 as Fixed Assets and BDT 865.72 million as other assets.

Asset



### Loans and Advances

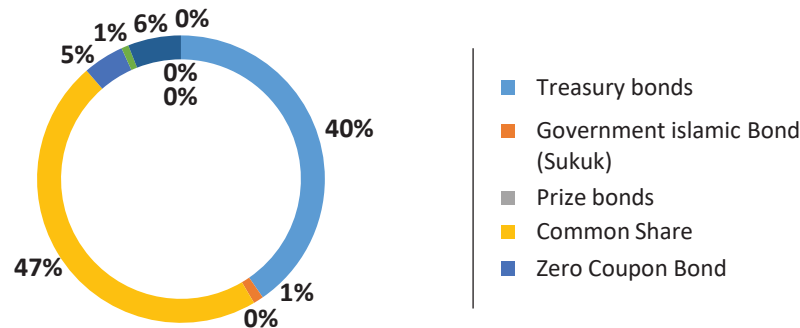
The total loans and advances of the Bank is BDT 16,014.79 million for the year ended 2022 which was BDT 12,531.85 million in 2021.



## Investments

The Bank has raised investment to BDT 5,535.15million consisting of investment in Govt. Securities BDT 2,298.32 million and Other Investment BDT 3,236.82 million.

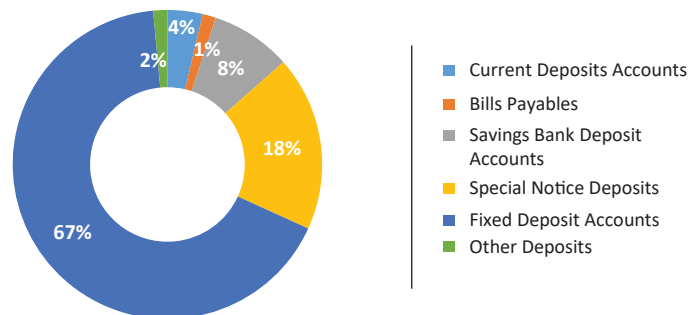
### Investment



## Deposit

The total deposit of Shimanto Bank stood to BDT 18,641.59 million comprising of BDT 12,436.82 million fixed deposit, BDT 3,416.99 million savings deposit, BDT 684.45 million current deposit, BDT 259.91 million bills payable and BDT 275.77 million other deposit.

### Deposit



## Income & Expenditure

The Bank earned interest income of BDT 1,393.34 million whereas the interest paid on deposits and borrowings is BDT 886.24 million. The Bank has generated operating income of BDT 1,052.92 million and incurred operating expense of BDT 631.48 million. The Bank has booked an operating profit of BDT 421.44million before provisions in the year 2023.



### Operating Profit (BDT in Million)

2022	2023	Change%
418.30	421.44	0.75



### Profit after Tax (BDT in Million)

2022	2023	Change%
230.57	246.80	7.04



### Loans and Advances (BDT in Million)

2022	2023	Change%
12,531.85	16,014.79	27.79



### Total Assets (BDT in Million)

2022	2023	Change%
22,545.30	25,215.44	11.84



### Deposits (BDT in Million)

2022	2023	Change%
16,563.24	18,641.59	12.55



### Shareholders' Equity (BDT in Million)

2022	2023	Change%
4,849.87	5,081.61	4.78



#### Earnings Per Share (BDT)

2022	2023	Change%
0.51	0.54	5.88



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

2022	2023	Change%
11.07	11.22	1.36



#### Return on Investments (ROI)

2022	2023	Change%
6.95%	8.09%	16.40



#### Return on Assets (ROA)

2022	2023	Change%
1.11%	1.03%	7.21

### Risk Based Capital Framework

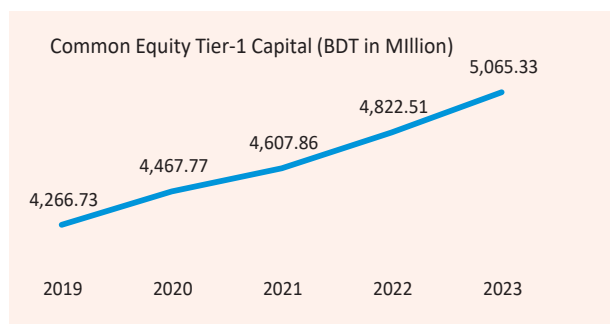
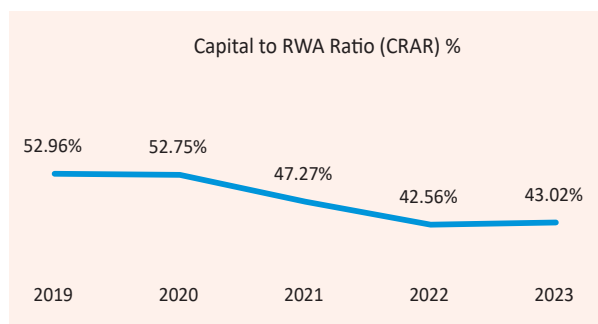
Risk Based Capital Adequacy Framework (Revised Regulatory Capital Framework for banks in line with Basel III) has been implemented in Bangladesh from beginning of 2015 through BRPD Circular No- 18 dated December 21, 2014.

Shimanto Bank PLC. 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	2022	2023
Tier I Capital	4,822.51	5,074.58
Tier II Capital	180.46	210.02
Total Eligible Capital	5,002.97	5,275.36
Risk Weighted Assets	11,754.57	12,261.38
Capital to Risk Weighted Asset Ratio (CRAR) (%)	42.56	43.02

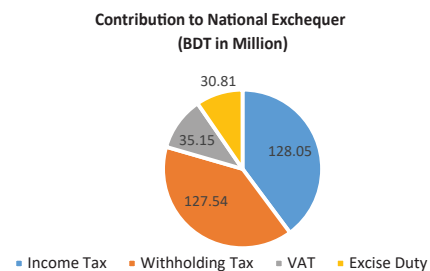
Shimanto Bank has strong Common Equity (Tier-1 Capital) base of BDT 5,065.33 million which was 41.31% of risk weighted assets as on December 31, 2023. Bank's Tier-2 Capital was BDT 210.02 million at the end of 2023, which was 1.71% of risk weighted assets. Against the minimum requirement of 12.50%, Shimanto Bank is consistently maintaining above the requirement in last five years.





### 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 2023, the Bank contributed BDT 321.55 million to national exchequer as against BDT 271.88 million in the previous year.



### Branch Network Expansion

We opened three branches at Chuadanga, Chirirbandar-Dinajpur and Rangpur Districts. The total number of branches including sub-branches have been raised to twenty-seven.

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

Shimanto Bank PLC. maintained proper books of account for its financial transactions occurred during 2023. For recording the transactions the bank has followed the Bangladesh Accounting Standard (BAS). The books of account have also been reviewed by the external auditor, ACNABIN Chartered Accountants with an opinion that proper books of accounts as required by the law have been properly maintained.

Appropriate accounting policies have been consistently applied, except for the changes disclosed in the financial statements in preparation of financial statements and that the accounting estimates are based on reasonable and prudent judgment. Bank records financial transaction 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' 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 2023.

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 Code 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.

### Auditors Report

The Board of Directors reviewed the Auditors Report issued by M/S ACNABIN Chartered Accountants, statutory auditor of the Bank based on their audit of financial statements for the year ended 31 December 2023. 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. The Auditors Report is reviewed by the Audit Committee and Board of Directors which is furnished in the Annual Report.

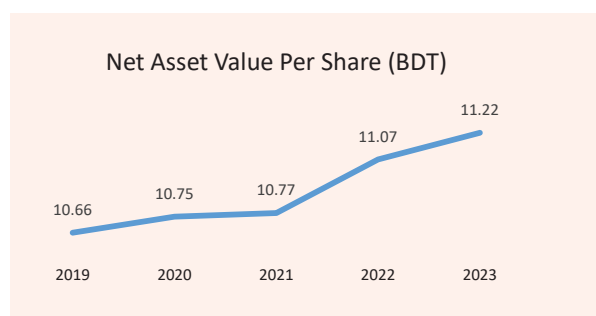
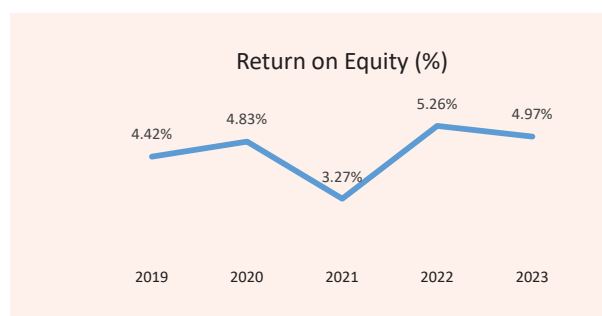




## Appropriation of Profit & Justification of Dividend

Profit after Tax stood at BDT 246.80 million in the year ended on 31 December 2023. The balance available for distribution as dividend was BDT 166.70 million after a mandatory transfer of BDT 75.16 million to statutory reserve in 2023 and BDT 2.47 million to Start-Up Fund and BDT 2.47 million to Climate Risk Fund for the year 2023.

Bangladesh Bank 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 barred to distribute Cash Dividend till the raise of capital being accomplished. Board of Directors has recommended 3.72% stock dividend amounting to BDT 168.50 million. Paid up capital of the Bank will be BDT 4,698.50 million after distributing the dividend.

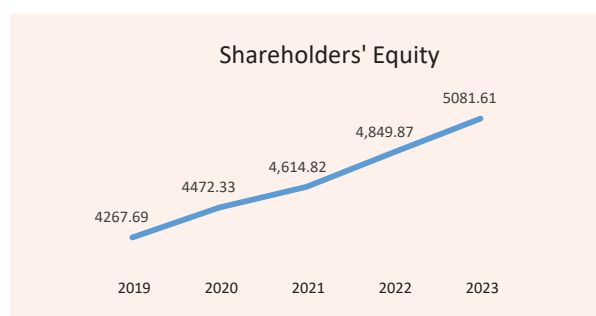
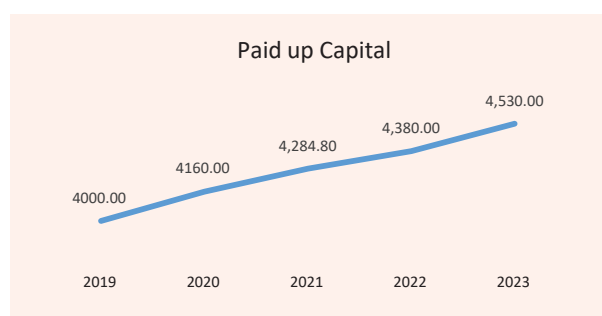


## Retained Earnings as on 31 December 2023 in BDT:

Particulars	Amount in BDT
Opening balance	152,165,969
Add: Profit after tax for the year	246,801,322
Less: Stock dividend distributed in 2023	150,000,000
Less: Transferred to statutory reserve	75,162,830
Less: Transfer Start-Up Fund	2,468,013
Less: Transfer to Climate Risk Fund	2,468,013
Balance of Fund Available for Dividend	168,868,435

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.

(BDT in Million)





### Appointment of Statutory Auditor

M/S ACNABIN Chartered Accountants was appointed as statutory Auditor as per Article 158 of Articles of association of the Bank. They have conducted the statutory audit of Shimanto Bank PLC. for the year ended on December 31, 2023 and submitted the Audit Report and Audited Financial Statements. They have accomplished their roles as Statutory Auditor for their second 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. ACNABIN Chartered Accountants is eligible for being re-appointed, but they are not interested to be re-appointed for the third term considering the bar imposed by Bangladesh Bank regarding statutory audit of maximum six Banks and Financial Institutes in a year. The Audit Committee and Board of Directors have recommended to appoint M/S M J Abedin & Co. as external auditors of the Bank up to the 9<sup>th</sup> 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 prescribed that one third of the Directors of the Bank should retire from office in the Annual General Meeting (AGM) on the basis of seniority means those who had been longest in their office since their last election.

There are 08 (eight) Directors in the Board of the Bank. Among them, 01 (One) director was elected in the 6<sup>th</sup> AGM, 03 (three) directors were elected in the 7<sup>th</sup> AGM and 03 (three) other Directors were appointed by the Board of Directors in between the AGMs to fill the casual vacancy. Independent Director was appointed by the Shareholders in the 7<sup>th</sup> AGM.

Considering the seniority in the Board, four Directors would retire in the upcoming AGM. As the three Directors was elected in the same date, agreeing among themselves the following Directors will retire in the upcoming 8<sup>th</sup> Annual General Meeting:

1. Brig Gen Md Nurul Amin, BGBMS, PhD, MPH;
2. Col Murad Zaman, BGBMS, PBGMS;
3. Col Shafiqul Azam Parvez.

All of the aforesaid persons are eligible for re-election and they may offer themselves for being re-elected in the 8<sup>th</sup> AGM of the Bank.

The following Directors were appointed in the Board in between the 7<sup>th</sup> AGM and 8<sup>th</sup> AGM 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 8<sup>th</sup> AGM and being eligible for re-election they offered themselves for being re-elected:

1. Maj Gen Mohammad Ashrafuzzaman Siddiqui, OSP, BSP, SUP, ndc, psc, MPhil;
2. Brig Gen Md Shahadat Sikder, ndc, afwc, psc;
3. Col Md Mahmudur Rahman, psc.

The Board of Directors has approved proposal for appointment of Brig Gen Md Anwar Hossain, ndc, psc, G+ as member of the Board of Directors in the 68<sup>th</sup> Meeting held on 27<sup>th</sup> March 2024 to fill the casual vacancy; the proposal is under consideration of Bangladesh Bank. Therefore, the Board nominated Brig Gen Md Anwar Hossain, ndc, psc, G+ to be elected in the 8<sup>th</sup> AGM as new Director.

### Acknowledgement & Gratitude

We express our gratitude for your confidence in us. Your relentless support contributed to the growth and development of our business. We sincerely acknowledge the employees of Shimanto Bank for their commitment, devotion and hard work as they are core to our success. We would like to take this opportunity to acknowledge and express our heartiest gratitude to our valued 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 Mohammad Ashrafuzzaman Siddiqui, OSP, BSP, SUP, ndc, psc, MPhil  
Chairman, Board of Directors  
Shimanto Bank PLC.

28 May, 2023



# 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 PLC. was formed in accordance with the BRPD Circular No.11 dated on 27 October 2013 issued by Bangladesh Bank and Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC).

## Formation & Composition of the Committee

The Audit Committee was revised once during the financial year 2023 in the 57<sup>th</sup> Board Meeting held on 27<sup>th</sup> February 2023. Audit Committee as on 31<sup>st</sup> December 2023 was as follows:

Name	Educational Qualification	Committee Designation
Brig Gen K M Azad, BPM (Seba), PPM (Seba), psc	MBA, MDS, MSS (Criminology and Criminal Justice)	Chairman
Col A S M Faisal, PBGMS	B.Sc. Engineer (Civil)	Member
Col Shafiu Azam Parvez	MBA, BSc (Engg), MSc (Engg)	Member
Mr. Mohammad Mostafa Hossain Suman FCS	MSS, LLB, Chartered Secretary	Secretary

The Board has revised the Audit Committee in the 66<sup>th</sup> Board Meeting held on 1<sup>st</sup> February 2024. Brig Gen Md Shahadat Sikder, ndc, afwc, psc has been appointed as the Chairman of the Audit Committee. The Audit Committee is consisting of skilled and efficient Board Members and the present Committee comprised the following members (as on report publication date):

Name	Educational Qualification	Committee Designation
Brig Gen Md Shahadat Sikder, ndc, afwc, psc	MBA, MDS, LLB	Chairman
Col Shafiu Azam Parvez	MBA, BSc (Engg) MSc (Engg)	Member
Mr. Abu Hena Mohd. Razee Hassan	MSS (Economics); MA (Development Economics)	Member
Mr. Mohammad Mostafa Hossain Suman FCS	MSS, LLB, Chartered Secretary	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 Code 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 five meetings during the year 2023 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
26 <sup>th</sup> Audit Committee Meeting	11 <sup>th</sup> April, 2023
27 <sup>th</sup> Audit Committee Meeting	15 <sup>th</sup> May, 2023
28 <sup>th</sup> Audit Committee Meeting	19 <sup>th</sup> June, 2023
29 <sup>th</sup> Audit Committee Meeting	21 <sup>st</sup> September, 2023
30 <sup>th</sup> Audit Committee Meeting	18 <sup>th</sup> December, 2023





Attendance in the Audit Committee Meeting during the Year 2023 is as follows:

Name of the Member	Attendance
Brig Gen K M Azad, BPM (Seba), PPM (Seba), psc	05/05
Col A S M Faisal, PBGMS	03/03
Col Shafiul Azam Parvez	05/05

#### Area Focused & Agenda Discussed in 2023

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

- Reviewed the Auditor's Report and Audited Financial Statements of Shimanto Bank Limited for the year ended on 31<sup>st</sup> December, 2022;
- Reviewed Bangladesh Bank (BB) Comprehensive Inspection on Principal Branch as on 31-12-2021;
- Reviewed Bangladesh Bank (BB) Comprehensive Inspection on Head Office as on 31-12-2021;
- Reviewed Internal Audit Report on Infrastructure Development and Procurement Department for the period from 01 August 2020 to 30 September 2021 and Compliance Status;
- Reviewed Internal Audit Report on Brand and Corporate Affairs Department for the period from 01 August 2020 to 28 February 2021 and Compliance Status;
- Reviewed Internal Audit Report on Credit Risk Management Department for the period from November 2020 to 31 May 2021 and Compliance Status;
- Reviewed Internal Audit Report on Human Resources Division for the period from 01 October 2020 to 31 October 2021 and Compliance Status;

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

- Reviewed the Bangladesh Bank Inspection Report on Core Risk Audit on Credit Risk Management (CRM) as on 30-06-2022 and Compliance Status
- Reviewed the Bangladesh Bank Inspection Report on Core Risk Audit on Internal Control and Compliance (ICC) as on 30-06-2022 and Compliance Status
- Reviewed the Review Internal Audit Report on Credit Administration Dpt. (CAD) for the period from 01 October 2020 to 31 July 2021
- Reviewed the Internal Audit Report on Retail, SME and Corporate for the period from 01 January 2020 to 31 July 2021
- Reviewed the Internal Audit Report on Treasury Department for the period from 1<sup>st</sup> July 2021 to 31<sup>st</sup> December 2021
- Reviewed the Internal Audit Report on Financial Institution Ops Dept. for the period from 1<sup>st</sup> June 2021 to 31<sup>st</sup> May 2022 and Compliance Status
- Reviewed the Internal Audit Report on Trade Operations Department for the period from 1<sup>st</sup> June 2021 to 31<sup>st</sup> May 2022 and Compliance Status
- Reviewed the Internal Audit Report on Brand & Corporate Affairs Dept. for the period from 1<sup>st</sup> March 2021 to 31<sup>st</sup> January 2022 and Compliance Status
- Reviewed the Internal Audit Report on Uttara Branch for the period from 1<sup>st</sup> March 2021 to 28<sup>th</sup> February 2022 and Compliance Status
- Reviewed the Internal Audit Report on Godkhali Branch, Jashore for the period from 1<sup>st</sup> March 2021 to 31<sup>st</sup> May 2022 and Compliance Status
- Reviewed the Internal Audit Report on Pragpur Branch-Kushtia for the period from 1<sup>st</sup> March 2021 to 30<sup>th</sup> April 2022 and Compliance Status
- Reviewed the Internal Audit Report on Khulna Branch for the period from 1<sup>st</sup> March 2021 to 30 April 2022 and Compliance Status
- Reviewed the Internal Audit Report on Publa Sub Br. for the period from 1<sup>st</sup> March 2021 to 30 April 2022 and Compliance Status
- Reviewed the Internal Audit Report on Benapole Branch, Jashore for the period from 1<sup>st</sup> March 2021 to 31<sup>st</sup> May 2022 and Compliance Status
- Recommended regarding Appointment of External Auditors of Shimanto Bank Ltd for the Year 2023
- Reviewed the Draft Report of the Audit Committee of Shimanto Bank Ltd for the Year-2022



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

- Reviewed the Bangladesh Bank Special Inspection Report on Information & Communication Technology (ICT) of Head Office and Agrabad Branch as on 30-06-2022 and Compliance Status;
- Reviewed the Bangladesh Bank Inspection Report on Benapole Branch as on 31-12-2022 & Compliance Status;
- Reviewed the Internal Audit Report on Treasury Department for the period from 1<sup>st</sup> January 2022 to 30<sup>th</sup> June 2022 and Compliance Status;
- Reviewed the Internal Audit Report on Cards & ADC Department for the period from 1<sup>st</sup> August 2021 to 31<sup>st</sup> August 2022 and Compliance Status;
- Reviewed the Internal Audit Report on Anti-Money Laundering Division for the period from 1<sup>st</sup> August 2021 to 31<sup>st</sup> August 2022 and Compliance Status;
- Reviewed the Internal Audit Report on Service Delivery Department for the period from 1<sup>st</sup> October 2021 to 30<sup>th</sup> September 2022 and Compliance Status;
- Reviewed the Internal Audit Report on IDP Department for the period from 1<sup>st</sup> October 2021 to 30<sup>th</sup> September 2022 and Compliance Status;
- Reviewed the Internal Audit Report on IT Department for the period from 1<sup>st</sup> November 2021 to 30<sup>th</sup> September 2022 and Compliance Status;
- Reviewed the Internal Audit Report on Sylhet Branch for the period from 1<sup>st</sup> August 2021 to 31<sup>st</sup> August 2022 and Compliance Status;
- Reviewed the Internal Audit Report on Bibir Bazar Branch, Cumilla for the period from 1<sup>st</sup> September 2021 to 31<sup>st</sup> August 2022 and Compliance Status;
- Reviewed the Internal Audit Report on Lalmonirhat Branch for the period from 1<sup>st</sup> September 2021 to 31<sup>st</sup> August 2022 and Compliance Status;
- Reviewed the Internal Audit Report on Agrabad Branch, Chittagong for the period from 1<sup>st</sup> October 2021 to 30<sup>th</sup> September 2022 and Compliance Status;
- Reviewed the Internal Audit Report on Hazaribag Branch for the period from 1<sup>st</sup> May 2021 to 30<sup>th</sup> April 2022 and Compliance Status;
- Reviewed the Internal Audit Report on Motijheel Branch for the period from 1<sup>st</sup> May 2021 to 30<sup>th</sup> April 2022 and Compliance Status;
- Reviewed the Internal Audit Report on Principal Branch for the period from 1<sup>st</sup> June 2021 to 31<sup>st</sup> May 2022 and Compliance Status;
- Reviewed the Internal Audit Report on Gulshan Branch for the period from Beginning (24.06.2021) to 30<sup>th</sup> June 2022 and Compliance Status;
- Reviewed the Management Letter of ACNABIN Chartered Accountants for the Year ended on 31-12-2022;
- Reviewed the Repeated Internal Audit Observations in 2022;
- Reviewed the Implemental Status of Audit Committee Recommendations from 21<sup>st</sup> Meeting to 24<sup>th</sup> Meeting.

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

- Reviewed the Bangladesh Bank Comprehensive Inspection Report on Sylhet Branch as on 31-12-2020;
- Reviewed the Bangladesh Bank Comprehensive Inspection Report on Motijheel Branch as on 31-12-2020;
- Reviewed the Bangladesh Bank Special Inspection Report of Anti-Money Laundering and Combating the Financing of Terrorism on Head Office as on 31-12-2021;
- Reviewed the Bangladesh Bank Special Inspection Report of Anti-Money Laundering and Combating the Financing of Terrorism on Principal Branch as on 31-12-2021;
- Reviewed the Internal Audit Report on Mymensing Branch for the Period from 01 July 2020 to 30 November 2021 and Compliance Status;
- Reviewed the Internal Audit Report on Principal Branch for the Period from 01 July 2020 to 31 May 2021 and Compliance Status;
- Reviewed the Internal Audit Report on Benapole Branch for the Period from 01 July 2020 to 28 February 2021 and Compliance Status;
- Reviewed the Internal Audit Report on Satkania Branch for the Period from 01 September 2020 to 30 September 2021 and Compliance Status;
- Reviewed the Internal Audit Report on Anti Money Laundering Division for the period from 01 December 2020 to 31 July 2021 and Compliance Status;
- Reviewed the Internal Audit Report on Card Operations Department for the period from 01 December 2020 to 31 July 2021 and Compliance Status;
- Reviewed the Internal Audit Report on Financial Institution Operations for the period from 01 November 2020 to 31 May 2021 and Compliance Status.



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

- Reviewed the Implementation Status of Audit Committee Recommendations from 25<sup>th</sup> Meeting to 28<sup>th</sup> Meeting;
- Reviewed the Internal Audit on Brand and Corporate Affairs Department for the period from 01 February 2022 to 31 January 2023 and Compliance Status;
- Reviewed the Internal Audit on Foreign Exchange Transaction and Reporting for the period from 01 January 2022 to 31 December, 2022 and Compliance Status;
- Reviewed the Internal Audit on Financial Institution Operation Department for the period from 01 June 2022 to 30 April 2023 and Compliance Status;
- Reviewed the Internal Audit on Treasury and Treasury Operations Department for the period from 01 July 2022 to 31 December 2022 and Compliance Status;
- Reviewed the Internal Audit on Khulna Branch for the period from 01 May 2022 To 28 February 2023 and Compliance Status;
- Reviewed the Internal Audit on Benapole Branch for the period from 01 June 2022 to 28 February 2023 and Compliance Status;
- Reviewed the Internal Audit on Pragpur Branch for the period from 01 May 2022 To 28 February 2023 and Compliance Status;
- Reviewed the Internal Audit on Uttara Branch for the period from 01 March 2022 To 31 January 2023 and Compliance Status;
- Reviewed the Internal Audit on Mymensingh Branch for the period from 01 December 2022 TO 31 May 2023 and Compliance Status;
- Reviewed the Exceptions on Credit Approval during the period from August/2023 to September/2023;
- Reviewed the Summary Report of Audit Findings-2022;
- Approved the Audit Plan for the year 2024.

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 Md Shahadat Sikder, ndc, afwc, psc**  
Chairman, Audit Committee  
Shimanto Bank PLC.

Date: 23 May 2024



# RISK MANAGEMENT COMMITTEE REPORT

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

## Formation & Composition of the Committee

The Risk Management Committee was reformed in the 48<sup>th</sup> Board Meeting held on 27<sup>th</sup> March, 2022.

Risk Management Committee as on 31<sup>st</sup> December 2023 was as follows:

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

The Board has revised the Risk Management Committee in the 67<sup>th</sup> Board Meeting held on 12<sup>th</sup> March 2024. Brig Gen Md Nurul Amin, BGBMS, PhD, MPH has been appointed as the Chairman of the Risk Management Committee.

The Risk Management 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 Md Nurul Amin, BGBMS, PhD, MPH	MBBS, MPH (Epid), PhD	Chairman
Col Md Mahmudur Rahman, psc	MDS, MSc in CivEngg	Member
Col Murad Zaman, BGBMS, PBGMS	BSc	Member
Mr. Mohammad Mostafa Hossain Suman FCS	MSS, LLB, Chartered Secretary	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. The Committee will monitor risk management policies & methods and amend it if necessary. The committee will review the risk management process to ensure effective prevention and control measures.





**2. Construction of organizational structure:**

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

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

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

**4. Storage of data & Reporting system:**

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

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

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

**6. Other Responsibilities:**

Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form; Comply instructions issued time to time by the controlling body; Internal & external auditor will submit respective evaluation report whenever required by the committee.

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

**Meetings of the Risk Management Committee**

Risk Management Committee of the Bank met in four meetings in the year 2023 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
20 <sup>th</sup> Risk Management Committee Meeting	4 <sup>th</sup> April 2023
21 <sup>st</sup> Risk Management Committee Meeting	20 <sup>th</sup> June 2023
22 <sup>nd</sup> Risk Management Committee Meeting	14 <sup>th</sup> Sept 2023
23 <sup>rd</sup> Risk Management Committee Meeting	14 <sup>th</sup> Dec 2023

Attendance in the Risk Management Committee Meeting during the Year 2023 is as follows:

Name	Attendance
Brig Gen A M M Khairul Kabir, BGBM, BGBMS, psc	04/04
Col Murad Zaman, PBGMS	04/04

**Area Focused & Agenda Discussed in 2023**

20<sup>th</sup> Risk Management Committee Meeting:

- Reviewed and recommended the 'Risk Appetite Statement of Shimanto Bank Limited for the year 2023' for onward submission to the Board of Directors for approval;
- Reviewed and recommended the 'Revised ICAAP (Internal Capital Adequacy Assessment Process) Manual of Shimanto Bank Limited';
- Reviewed the Comprehensive Risk Management Report (CRMR) as of December, 2022;
- Reviewed the Credit Portfolio Status of the Bank as of February, 2023;



- Reviewed the Deposit Status of the Bank as of February, 2023;
- Reviewed the Pending Deferral of Corporate & SME Loan Accounts Documentations.

#### **21<sup>st</sup> Risk Management Committee Meeting:**

- Reviewed and recommended the 'Risk Appetite Statement of Shimanto Bank Limited for the year 2023' for onward submission to the Board of Directors for approval;
- Reviewed and recommended the 'Revised ICAAP (Internal Capital Adequacy Assessment Process) Manual of Shimanto Bank Limited';
- Reviewed the Comprehensive Risk Management Report (CRMR) as of December, 2022;
- Reviewed the Credit Portfolio Status of the Bank as of February, 2023;
- Reviewed the Deposit Status of the Bank as of February, 2023;
- Reviewed the Pending Deferral of Corporate & SME Loan Accounts Documentations.

#### **22<sup>nd</sup> Risk Management Committee Meeting:**

- Reviewed the 'Capital Management Position as of June, 2023' of Shimanto Bank Limited;
- Reviewed and Recommended the proposed "ICT Security Policy Version 3.0" of Shimanto Bank Limited for onward submission to the Board of Directors for approval;
- Reviewed and Recommended the proposed "Cloud Computing & Security Policy Version 1.0" of Shimanto Bank Limited for onward submission to the Board of Directors for approval;
- Reviewed the Deposit Status of the Bank as of July, 2023;
- Reviewed the Credit Portfolio Status of the Bank as of July, 2023;
- Reviewed and Recommended the 'Comprehensive Risk Management Rating as of 31.12.2022' of Shimanto Bank Limited rated by Bangladesh Bank and Response by the Management of Shimanto Bank.

#### **23<sup>rd</sup> Risk Management Committee Meeting:**

- Reviewed and Recommended the 'Revised Risk Appetite Statement of Shimanto Bank PLC. for the year 2023' for onward submission to the Board of Directors for approval;
- Reviewed the 'Half yearly CAMELS Rating of Shimanto Bank PLC. as on December 31, 2022 by Bangladesh Bank';
- Reviewed the Credit Portfolio Status of the Bank as of November, 2023;
- Reviewed the 'Credit Portfolio Review Report of Corporate & SME Clients by Risk Management Division' and the Pending Deferral of Corporate & SME Loan Accounts Documentations;
- Reviewed the Deposit Status of the Bank as of November, 2023;
- Reviewed the 'Capital Management Position as of September, 2023' of Shimanto Bank PLC.;
- Reviewed the Challenges and Achievements of the Risk Management Division during the year 2023, and Strategies for the year 2024;
- Reviewed and Recommended the Stress scenario based 'Recovery Plan of Shimanto Bank PLC.' as per the prescribed format provided by Bangladesh Bank for onward submission to the Board of Directors for approval;
- Reviewed and Recommended the 'Money Laundering & Terrorist Financing Risk Assessment Guidelines, Version 2.0' for onward submission to the Board of Directors for approval.

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 Md Nurul Amin, BGBMS, PhD, MPH**  
Chairman, Risk Management Committee  
Shimanto Bank PLC.

Date: 25 May 2023



Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.

The purpose of corporate governance is to help build an environment of trust, transparency and accountability necessary for fostering long-term investment, financial stability and business integrity, thereby supporting stronger growth and more inclusive societies.

We have started our journey to achieve the goals prudently by establishing principles of corporate governance in the operation of the Bank. We are committed to running the Bank in compliance with the highest standards of corporate governance.

### Governance Framework

Shimanto Bank PLC. 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. We are complying with the directives and guidelines issued from time to time by Bangladesh Bank (BB) for operation of the Bank and circulars of Bangladesh Securities and Exchange Commission (BSEC) for capital issues. Specifically, for governance issues we have been following the BRPD Circulars issued by BB and 'Corporate Governance Code' issued by BSEC.

As a part of good practice, we are also following different principles on corporate governance like 'OECD Principles of Corporate Governance' framed by Organization for Economic Co-operation and Development, 'Corporate Governance Principles for framed by Banks' framed by Basel Committee on Banking Supervision and Bank for International Settlements etc.

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

Mentionable policies are as follows:

- 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
- Commercial Paper Investment Policy
- Small and Medium Enterprise (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
- Integrity Award Policy
- Risk Management Policy
- Start-up Financing Policy
- Cloud Computing and Security Policy
- Cluster Financing Policy etc.

Standard operating procedures, process manuals are prepared by the Management in line with the applicable 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, Investors, Board of Directors, Board Committees, Bank Management, Employees, Customers, Regulatory Authorities (i.e. Bangladesh Bank, Registrar of Joint Stock Companies, Bangladesh Securities & Exchange Commission, Financial Reporting Council, National Board of Revenue and other relevant government agencies), Trade/professional Bodies (i.e. Bangladesh Association of Banks, Association of Bankers Bangladesh), External Auditors etc.

### Shareholding Structure

BGB Welfare Trust, Sponsor of the Bank has been holding 99.99% shares of the Bank as on 31<sup>st</sup> December 2023. BGB Welfare Trust is a limited liability company/trust limited by guarantee registered in Bangladesh for development and welfare of the Members of Border Guard Bangladesh (BGB), a paramilitary force of Bangladesh. The Director General (DG) of Border Guard Bangladesh is the Chairman of BGB Welfare Trust. He is also representing shareholding interest of BGB Welfare Trust in Shimanto Bank PLC.

There are nine individual members holding one qualifying share each for being Member of the Board of Directors as on 31<sup>st</sup> December 2023.

Sl.	Name of Shareholder	No of Shares Held	Percentage of Share
1	BGB Welfare Trust represented by Maj Gen A K M Nazmul Hasan, BGBM, BAM, ndc, psc	452,999,991	99.99 %
2	Others	9	Negligible
Total		453,000,000	100%

Ownership of Company's Securities by the Members of Board of Directors as on 31 December 2023 are as follows:

Sl.	Name of Shareholder	No of Share
01.	Maj Gen A K M Nazmul Hasan, BGBM, BAM, ndc, psc	01
02.	Brig Gen Md Nurul Amin, BGBMS, PhD, MPH	01
03.	Brig Gen Ali Reza Mohammad Ashaduzzaman, BGBMS, ndc, psc	01
04.	Brig Gen Tanveer Gani Chowdhury, PBGM	01
05.	Brig Gen A M M Khairul Kabir, BGBM, BGBMS, BGOM, psc	01
06.	Brig Gen K M Azad, BGBM, BPM (Seba), PPM (Seba), psc	01
07.	Col Md Mahmudur Rahman, psc	01
08.	Col Murad Zaman, BGBMS, PBGMS	01
09.	Col Shafiul Azam Parvez	01
Total		09





Shareholding by Executives as on 31 December 2023 are as follows:

Name of Executives	No of Share
Managing Director & Chief Executive Officer	Nil
Company Secretary	Nil
Head of Finance	Nil
Head 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. Stock dividend has been distributed and Return of Allotment has been submitted within the statutory requirements.

### Policy on Appointment of Directors

Directors of Shimanto Bank PLC. are appointed complying with the relevant provision/clause of Companies Act 1994, Bank Company Act 1991 (amended up to 2013), Corporate Governance Code of BSEC and Bangladesh Bank and Articles of Association of the Bank. The Board of Directors of the Bank is consisted of the selected senior most Officers of Border Guard Bangladesh (BGB) stationed at HQ BGB who have diversified professional experience in military operations, government projects, foreign missions and businesses entities etc. 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. Every Director is holding qualification share of BDT 10 (Taka ten) only ordinary share in the Bank in their own name. The Chairman of the Bank is representing the shareholding interest of the BGB Welfare Trust.

### Appointment, Rotation and Retirement of Directors

In the 7<sup>th</sup> Annual General Meeting of the Bank, six senior most Directors were retired and re-elected in the same general meeting. Three other Directors were retired and re-elected (who had been appointed in between the AGM to fill up casual vacancy). The said re-elected and elected individuals has been appointed as Director of the Board with prior approval from Bangladesh Bank. Mr. Abu Hena Mohammad Razee Hasan was appointed as an Independent Director of the Bank by the Shareholders in the 7<sup>th</sup> Annual General Meeting for next three years.

### Board Meeting and Attendance

During the year 2023, eleven 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	Description	Meeting Held	Present in Meeting	Attendance	Remarks
01	Maj Gen A K M Nazmul Hasan, BGBM, BAM, ndc, psc	Chairman	11	09 (Out of 09)	Nil	Joined the Board on 26 February 2023
02	Brig Gen Md Nurul Amin, BGBMS, PhD, MPH	Director	11	11	Nil	
03	Brig Gen Ali Reza Mohammad Ashaduzzaman, BGBMS, ndc, psc	Director	11	11	Nil	
04	Brig Gen Tanveer Gani Chowdhury, PBGM	Director	11	05 (Out of 05)	Nil	Joined the Board on 14 June 2023
05	Brig Gen A M M Khairul Kabir, BGBM, BGBMS, BGOM, psc	Director	11	11	Nil	
06	Brig Gen K M Azad, BGBM, BPM (Seba), PPM (Seba), psc	Director	11	06 (Out of 07)	01	Leave of absence was duly granted by respective meeting of the Board. Joined the Board on 06 April 2023
07	Col Md Mahmudur Rahman, psc	Director	11	02 (Out of 02)	Nil	Joined the Board on 08 October 2023
08	Col Murad Zaman, BGBMS, PBGMS	Director	11	11	Nil	
09	Col Shaful Azam Parvez	Director	11	11	Nil	
10	Abu Hena Mohammad Razee Hasan	Independent Director	11	07 (Out of 07)	Nil	Joined the Board on 20 March 2023
11	Maj Gen Shakil Ahmed, SPP, nswc, afwc, psc	Ex- Chairman	11	02 (Out of 02)	Nil	Resigned from the Board on 29 January 2023
12	Brig Gen Md. Shazedur Rahman, BGBM	Former Director	11	04 (Out of 05)	01	Leave of absence was duly granted by respective meeting of the Board. Resigned from the Board on 28 April 2023
13	Col A S M Faisal, PBGMS	Former Director	11	06 (Out of 08)	02	Leave of absence was duly granted by respective meeting of the Board. Resigned from the Board on 10 August 2023
14	Brig Gen Benazir Ahmed, BGBMS, afwc, psc	Former Director	11	02 (Out of 02)	Nil	Resigned from the Board on 28 April 2023



### 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-31. At the end of 2023, Shimanto Bank PLC. had 10 (ten) members in its Board of Directors, 03 (three) members in the Executive Committee, 02 (two) members in the Audit Committee and 02 (two) members in the Risk Management Committee. As per Bangladesh Bank's BRPD circular no. 11 dated 04 October 2015, the members of Board of Directors and its Committees (excluding Managing Director) received maximum BDT 8,000.00 (Eight thousand) as honorarium for attending in a meeting. In the year 2023, total meeting fees expense was BDT 1.09 million which was BDT 0.66 million in 2022.

### 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.

Mr. Rafiqul Islam was appointed as Managing Director & CEO for next three years and he joined on 8<sup>th</sup> August 2022 with approval of Bangladesh Bank.

### Roles and Responsibilities of the Board of Directors

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

### Responsibilities of the Chairman

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

### Appraisal of Board Members

The Board of Directors of Shimanto Bank PLC. 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 in the Note-30 of audited financial statements.

### Appointment of Company Secretary, Head of Finance and Head of ICC

The role of Company Secretary, Head 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 Directors

The 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

As on 31<sup>st</sup> December 2023, the Bank has three Sub-Committees of the Board for ensuring good governance through transparency and accountability in bank management complying with the Bangladesh Bank circular i.e. BRPD Circular No. 11 dated 27 October 2013.

The three Board committees are 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. 68 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-73 of this Annual Report.

## Management Committees & Their Responsibilities

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

### 1. Management Committee (MANCOM)

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

### 2. 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.

### 3. 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.

### 4. 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.

### 5. Purchase Committee (PC)

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



## **5. HR Committee**

HR Committee of the Shimanto Bank PLC. 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.

## **6. Executive Risk Management Committee (ERMC)**

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

## **7. ICT Risk Management Committee**

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

## **8. 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.

## **9. 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.

## **10. 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.

## **11. 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.

## **12. 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.

## **13. 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 complied with the requirement of the Bank and recommend accordingly.

## **14. 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.





### Change of Name as 'Shimanto Bank PLC.'

The Companies Act-1994 was amended in 2020 and the gazette was published as 'Companies (2nd amendment) Act-2020 on 7th September 2020. As per the said Amendment, Section-11 (A) of the Act was amended which prescribed that 'Public Limited Companies should write 'PLC' at the end of their name'.

As per previous provision the Companies with limited liability whether Private or Public Company should use 'Limited/Ltd' at the end of their name. According to the amended provisions, the Public Limited Companies would use acronym 'PLC' and Private Limited Companies would use 'Ltd'. The Bank was registered in 2016 as 'Shimanto Bank Limited'.

The shareholders of the Bank approved the proposal for changing the registered name of the Bank to 'Shimanto Bank PLC' from 'Shimanto Bank Ltd' in the 1<sup>st</sup> Extra-ordinary General Meeting (EGM) held on 22<sup>nd</sup> June 2023.

The Bank has duly registered the changed name from Registrar of Joint Stock Companies (RJSC) with NOC from Bangladesh Bank. Bangladesh Bank issued the Banking License on change of the name as Shimanto Bank PLC' and published the Gazette notification.

### Amendment in Clause of Articles of Association

The shareholders of the Bank in the 1<sup>st</sup> Extra-ordinary General Meeting (EGM) held on 22<sup>nd</sup> June 2023 approved the proposal for amendment of the Clause No-128 of Articles of Association with the following clause:

*'The quorum for the meeting of the Board of Directors shall be 5 (five) Directors present in person other than the Managing Director.'*

The amendment of the aforesaid clause was registered with the Registrar of Joint Stock Companies (RJSC) having NOC from Bangladesh Bank.

### Related Party Transaction

The details of transactions of related parties of the company have been given in Note 44 of the Financial Statements. Shimanto Bank PLC. didn't transact any significant related party contracts/transactions during the year 2022 where Bank is a party and wherein Directors have interest. Bank follows normal process of business for related party transaction i.e. Related party does not enjoy any preferred facility or concession or favor from the view point of approval process, rate or cost charged etc.

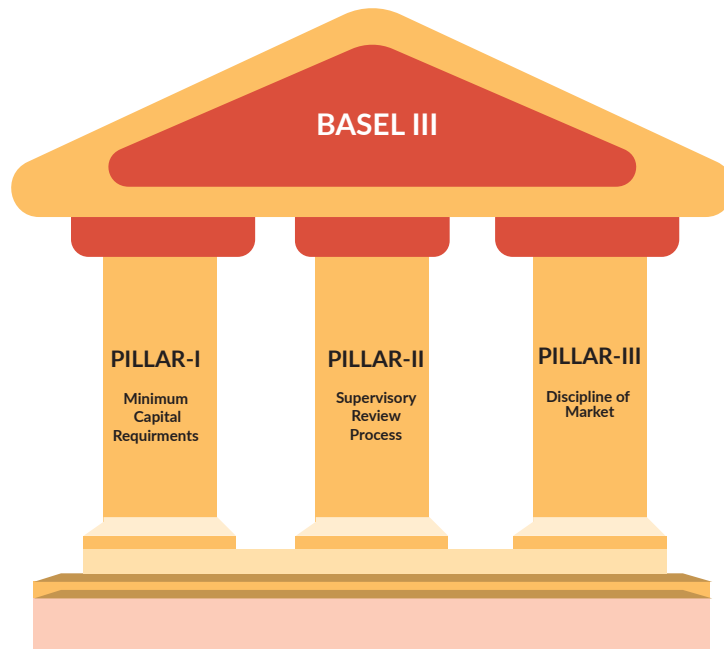
### Code of Conduct & Whistle Blowing Policy

All the employees of Shimanto Bank PLC. 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 PLC. 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 PLC. 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 PLC. 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 PLC. has policy on Green Banking and also is practicing Green Banking.



# DISCLOSURE ON RISK BASED CAPITAL (UNDER PILLAR 3 OF BASEL III)

**For The Year Ended December 31, 2023**



## Background:

The Basel Committee on Banking Supervision's (BCBS) framework of capital measurement and capital adequacy, known as Basel III, requires banks to publicly disclose prudential information. This information includes capital requirements, risk levels, and risk management systems. The purpose of this disclosure is to enhance transparency and enable market participants to assess and analyze a bank's risks and capital adequacy. This disclosure is an essential market mechanism that can help banks achieve effective risk management beyond simply internal controls and supervision by the Bangladesh Bank.

The current scenario of bank runs is a prime example of how the depletion of regulatory capital, combined with a panicked rush by depositors to withdraw their money, can render a bank unviable and insolvent. As a result, sound risk management is essential to any banking operation, and therefore the need for a sufficient capital adequacy ratio is paramount. Under prudential norms, capital regulation is of critical importance in order to ensure the structural stability of the banking system and protect depositors.

Given the importance of capital adequacy, a bank's capital adequacy ratio (CAR) is considered a symbol of its operational health, helping to protect against excessive leverage and insolvency. It is defined as the ratio of a bank's capital to its current liabilities and risk-weighted assets (RWAs). RWAs are a measure of the amount of a bank's assets, adjusted for risk. An appropriate level of capital adequacy ensures that the bank has sufficient capital to expand its business, while at the same time its net worth is sufficient to absorb any financial losses without becoming insolvent. It is the ratio that determines a bank's ability to meet its time liabilities and other risks.

To comply with international best practices and to make banks' capital more shock absorbent, the "Guidelines on Risk-Based Capital Adequacy (RBCA) for banks" (Revised Regulatory Capital Framework in line with Basel II) was introduced on January 1, 2009, in parallel with BRPD Circular No. 10, dated November 25, 2002 (Basel I). At the end of the parallel run, the Basel II regime began on January 1, 2010, and the RBCA guidelines came fully into force with subsequent supplements and revisions. Bangladesh Bank then issued the "Guidelines on Risk-Based Capital Adequacy (RBCA) for banks" (Revised Regulatory Capital Framework in line with Basel III) in BRPD Circular 18 dated December 21, 2014; Basel III reporting began on January 2015, and full implementation began on January 2020. All scheduled banks were required to follow the instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirements as stated in the guidelines for statutory compliance.

## Basel III Accord:

Basel III is an internationally agreed set of measures developed by the Basel Committee on Banking Supervision (BCBS) in response to the financial crisis of 2008. It is a global regulatory framework that seeks to strengthen the regulation, supervision, and risk management of banks. Basel III builds on the previous Basel Accords (Basel I and Basel II) and mainly addresses the following areas:

- \* Raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis
- \* Increase the risk coverage of the capital framework
- \* Introduce leverage ratio to serve as a backstop to risk-based capital measure
- \* Raise the standards for the Supervisory Review Process (Pillar 2) and Public Disclosures (Pillar 3)

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

**Pillar 1 (Minimum Capital Requirement):** This Pillar of the Basel III framework covers the calculation of risk-weighted assets (RWAs) for credit risk, market risk, and operational risk. Shimanto Bank PLC. uses the standardized approach to measure credit risk, the standardized approach to measure market risk, and the basic indicator approach to measure operational risk. Shimanto Bank also maintains a non-risk-based leverage ratio at a healthy level.

**Pillar 2 (Supervisory Review Process):** This Pillar of the Basel III framework covers all other risks, as well as the entire risk management framework from both the internal and external (supervisory) perspectives. Shimanto Bank has developed a comprehensive ICAAP (Internal Capital Adequacy Assessment Process) manual to capture risks in detail. Pillar 2 covers the consideration of whether additional capital is required over and above the Pillar 1 risk calculations. Regular SRP-SREP interaction ensures compliance with Pillar 2 regulations.



**Pillar 3 (Market Discipline):** This Pillar of the Basel III framework covers the external communication of risk and capital information by banks. This is intended to promote transparency and good risk management, and to allow market participants to make informed decisions about their investments. Pillar 3 disclosures include information on a bank's capital adequacy, risk management framework, and exposures to various risks. The information provided in the Market Disclosure is consistent with the relevant guidelines set by Bangladesh Bank from time to time. It has been prepared based on the bank's audited financial statements and is available on the bank's website. Pillar 3 disclosures set out in the following sections:

## 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 PLC. as of the reporting date i.e. December 31, 2023. 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 PLC. 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.

As of December 31, 2023; the Bank is operating its business activities through Head Office with Twenty Three 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, Godkhali Branch, Brahmanbaria Branch, Rangpur Branch, ChirirBandar Branch, and Chuadanga Branch) and Four Sub Branches (Ramu Sub Branch, Pabla Sub Branch, Mohammadpur Sub Branch, & Uttara Sub Branch).

- (c) **Any restrictions, or other major impediments, on the 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:

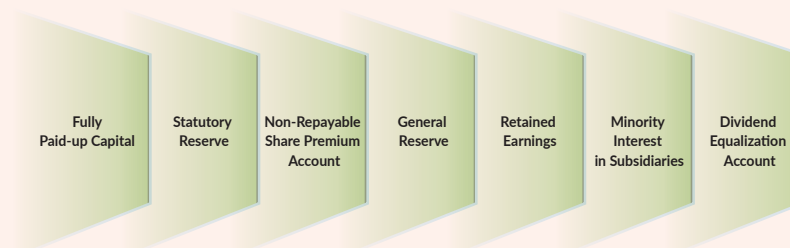
- (a) **Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1, or in Tier 2.**

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 the 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:



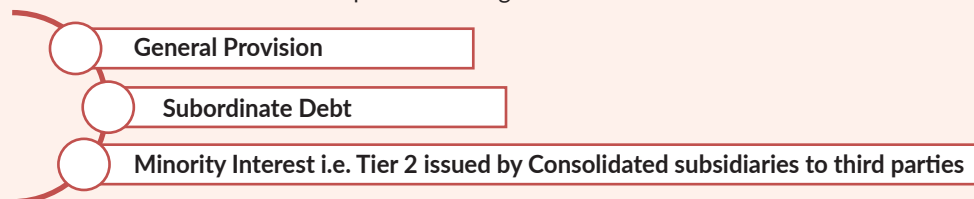
**Less:** Regulatory adjustments applicable on CET1

### 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-



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

### Quantitative Disclosures:

(b) The amount of Regulatory capital of Shimanto Bank PLC. under Basel-III during 2023 as below:

Sl. No.	Particulars	BDT in Million
(a)	<b>Common Equity Tier-1 Capital (CET-1)</b>	
a.1	Fully Paid-up Capital	4,530.00
a.2	Statutory Reserve	375.71
a.3	Retained Earnings	168.87
a.4	Sub-Total (a.1 to a.3)	5,074.58
(b)	<b>Less: Regulatory Adjustments</b>	
b.1	Deferred Tax Assets (DTA)	9.25
(c)	<b>Total common equity Tier-1 capital (CET-1)</b>	<b>5,065.33</b>





(d)	Additional Tier-1 Capital	0.00
(e)	<b>Total Tier-1 Capital (c+d)</b>	<b>5,065.33</b>
(f)	<b>Tier-2 Capital</b>	
f.1	General Provision	210.10
(h)	<b>Total Admissible Tier -2 Capital</b>	<b>210.10</b>
(i)	<b>Total Eligible Regulatory Capital (e+h)</b>	<b>5,275.43</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:

The banking industry of Bangladesh transitioned to Basel III from Basel II in early 2015. In accordance with the Basel Committee on Banking Supervision (BCBS) recommendations and international best practices, Bangladesh Bank issued revised guidelines on Risk-Based Capital Adequacy based on Basel III with the goal of fully implementing it by the end of 2019. Shimanto Bank, as a result, implemented the Basel III framework as part of its capital management strategy. The bank applies the following approaches for its risk-wise capital calculation:

- 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 2023; the CRAR of the bank was 42.95%.
- During the same period Minimum Capital Requirement (MCR) of the bank was Tk. 5,000.00 million and the eligible capital was Tk. 5,275.43 million; i.e. the bank held TK. 275.43 million surplus capital.

#### Capital Management:

Capital adequacy calculation provides a bank with an indicative resolution for the capital requirement; however, capital management plays a crucial role in maintaining the overall capital at an adequate level. Shimanto Bank's capital management is underpinned by a sound capital assessment process, followed by a risk-based long-term capital planning approach.

- 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

Shimanto Bank's Risk Management Division (RMD) monitors CRAR status regularly and reports to the Senior Management and the Board from time to time.

**(b) Quantitative Disclosures:**

Sl. No.	Particulars	BDT in Million
(a)	Capital Requirement for Credit Risk	1,053.36
(b)	Capital Requirement for Market Risk	19.30
(c)	Capital Requirement for Operational Risk	155.74
(d)	Minimum Capital Requirement (MCR)	5,000.00
(e)	Total Eligible Regulatory Capital	5,275.43
(f)	Total Risk-Weighted Assets (RWA)	12,284.06
(g)	Capital to Risk-weighted Asset Ratio (CRAR)	42.95%
(h)	Capital Ratio	
h.1	Common Equity Tier 1 (CET 1) Ratio	41.24%
h.2	Tier 1 Capital Adequacy Ratio	41.24%
h.3	Tier 2 Capital Adequacy Ratio	1.71%
h.4	Capital Conservation Buffer (CCB) Maintained (Minimum Requirement of CCB is 2.50%)	32.95%
(i)	Available Capital under Pillar 2 requirement	275.43

**4. CREDIT RISK****Qualitative Disclosures:****(a) The general qualitative disclosure requirement with respect to credit risk:**

Credit risk refers to the probability of loss resulting from a borrower's failure to repay a loan or meet contractual obligations. Financial institutions face different types of credit risks—default risk (Unable to repay the loan obligation on time), concentration risk (heavy reliance on a particular sector or industry), country risk (probability of a foreign government defaulting on its financial obligation), downgrade risk (loss caused by falling credit ratings), and institutional risk (failure to comply on pre-determined rules, regulations, covenants or conditions). For most banks, default risk is the largest and most obvious source of credit risk. However, apart from the one stated above, there are other sources of credit risk both on and off-the balance sheet items. Off-balance sheet items include letters of credit, non-funded loan commitments etc.

Credit risk management is the process of mitigating those losses by identifying and assessing the risks associated with lending and at the same time understanding the adequacy of both a bank's capital and loan loss reserves to accommodate those risks.

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 Shimanto Bank. 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 follows:



- 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.
- Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date.
- In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue from the following day of the expiry date.
- 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.

**In this regard, all loans and advances/investments are grouped into four categories for the purpose of classification, as per BB circulars, namely:**

- \* Continuous loan
- \* Demand loan
- \* Fixed term loan
- \* Short-term agricultural & micro-credit

**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)	9 months or more but less than 15 months	15 months or more but less than 18 months	18 months or more
Fixed Term Loan (BRPD Circular no.16 under CMSME)	12 months or more but less than 24 months	24 months or more but less than 36 months	36 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

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

Particulars	BDT in Million
<b>General Provision on:</b>	
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%

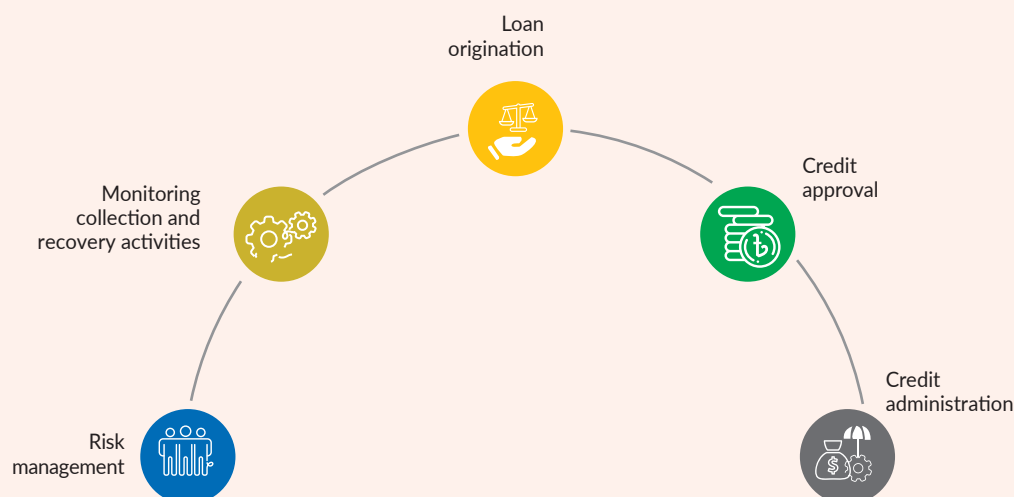


Particulars	BDT in Million
Off-balance sheet exposures	1%
<b>Specific provision on:</b>	
Substandard loans other than short term agri credit, micro credit and CMSME	20%
Doubtful loans other than short term agri credit, micro credit and CMSME	50%
Substandard & doubtful loans short term agri credit and 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 bank's credit risk management policy is designed to promote the sustained growth of a healthy loan portfolio. It does this by establishing a well-defined system for identifying, measuring, monitoring, and controlling the various risks associated with the bank's credit portfolio. This includes reducing exposures to high-risk areas, focusing on promising industries and sectors, striking a balance between risk and return, and maximizing stakeholder value.

The policy also seeks to achieve prudent credit growth, both qualitatively and quantitatively, while adhering to prudential norms. This is done by deploying credit in a balanced manner across industries, sectors, and segments, while also increasing market share. The policy also aims to standardize and harmonize credit practices. The bank has a defined credit appraisal and approval authority, reporting and monitoring system, and loan review and credit audit system in place, as outlined 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. Shimanto Bank 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
<b>Continuous loan (CL-2)</b>	
Small & Medium Enterprise (SME)	145.83
Consumer Financing	359.11
Loans to BHs/MBs/SDs against Shares	-
Other than SMEF,CF,HF,LF,BHs/MBs,SDs	1,768.72
<b>Sub-Total</b>	<b>2,273.66</b>
<b>Term loan (CL-3)</b>	
Small & Medium Enterprise	617.01
Consumer Financing	-
Loans to BHs/MBs/SDs	-
Other than SMEF,CF,HF,LF,BHs/MBs,SDs	4,890.48
<b>Sub-Total</b>	<b>5,507.49</b>
<b>Term loan (CL-4)</b>	
Small & Medium Enterprise (SME)	1,520.37
Consumer financing (other than HF & LP)	713.69
Housing Finance (HF)	372.99
Loans for professionals to set up business	-
Loans to BHs/MBs/SDs	-
Other than SMEF,CF,HF,LF,BHs/MBs,SDs	5,361.59
<b>Sub-Total</b>	<b>7,968.64</b>
<b>Short term Agri-credit and microcredit (CL-5)</b>	
Short term Agri-credit	235.31
Micro Credit	3.42
<b>Sub-Total</b>	<b>238.72</b>
Staff loan	26.28
<b>Total</b>	<b>16,014.79</b>

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

Division	BDT in Million
Dhaka	12,805.95
Chattogram	2,471.19
Khulna	373.65
Sylhet	66.42
Rajshahi	-
Barisal	-
Rangpur	115.06
Mymensingh	182.51
<b>Total</b>	<b>16,014.79</b>





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

Industry Type	BDT in Million
Agriculture, Fishing, and Forestry	235.31
RMG	477.05
Textile	225.67
Food and allied industries	2,159.08
Pharmaceutical industries	886.32
Chemical, fertilizer, etc.	31.92
Cement and ceramic industries	509.02
Ship building industries	-
Ship breaking industries	-
Power and gas	533.01
Other manufacturing or extractive industries	1,658.97
Service industries	1,136.95
Other Industry	7.71
Trade & Commerce	667.99
Construction (commercial real estate, construction, and land development loans)	1,566.65
Transport	-
Consumer financing	3,887.38
Loans to financial institutions	1,734.87
Miscellaneous	296.82
<b>Total</b>	<b>16,014.79</b>

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

Particulars	BDT in Million
Repayable on demand	1,363.91
Not more than three months	2,540.20
More than three months but not more than one year	3,813.73
More than one year but not more than five years	5,330.44
More than five years	2,966.50
<b>Total</b>	<b>16,014.79</b>



- (f) By major industry or counterparty type of Shimanto Bank:  
Amount of impaired loans and if available, past due loans, provided separately:

Particulars	BDT in Million
Sub- Standard	43.17
Doubtful	9.54
Bad and Loss	125.01
<b>Total</b>	<b>177.71</b>

- ☐ Specific and General provision (Maintained):

Particulars	BDT in Million
Total General Provision	212.21
Total Specific Provision	92.65
<b>Total Provision</b>	<b>304.86</b>

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

Particulars	BDT in Million
Gross Non-Performing Assets (NPAs)	177.71
Non-Performing Assets (NPAs) to outstanding loans & advances	1.11%
<b>Movement of Non-Performing Assets for NPAs</b>	
Opening balance	152.65
Additions	33.00
Reductions	(7.94)
Closing Balance	177.71
<b>Movements of Specific Provisions for NPAs</b>	
Opening balance	76.68
Provision made during the period	24.77
Transferred to General Provision	(8.79)
Write-off	-
Write back of excess provisions	-
<b>Closing Balance</b>	<b>92.66</b>

## 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 Shimanto Bank 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	16.29
	Market Price	14.18
Difference		(2.11)
(ii) Cumulative realized gains (losses) arising from sales and liquidations in the reporting period		Nil
(iii) Total unrealized gains (losses)		(2.11)

## 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 potential impact on a bank's earnings and net asset values due to changes in market interest rates. It affects 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) changes when interest rates changes. Interest Rate Risk is the risk which affects the Bank's financial condition due to change of market interest rates. Changes in interest rates affect both the current earnings (earnings perspective) and also the net worth of the Bank (economic value perspective). Bank assesses the interest rate risk both in earning and economic value perspective.

The process of interest rate risk management by the bank involves the determination of the business objectives, expectations about future macroeconomic 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	(3,407.20)		
< 6 months	(5,612.20)		
< 12 months	(8,919.80)		
Stress Testing	Minor	Moderate	Major
Regulatory capital (after shock)	4,961.70	4,647.90	4,334.20
RWA (after shock)	12,542.70	12,799.60	13,054.70
CRAR (after shock)	42.06%	41.22%	40.41%

## 7. MARKET RISK

#### Qualitative Disclosures:

- (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 and stems from adverse movements in market rates or prices, such as interest rates, foreign exchange rates, equity prices, credit spreads, and/or commodity prices. Market risk exposure may be explicit in the bank's trading book and banking book. The objective of market risk management is to minimize the impact of losses on the bank's earnings and shareholders' equity.

The Board establishes trading and investment objectives, limits and other risk controls through different Board-approved policies, guidelines, and frameworks. The delegation chain for trading and investment activities originates from the Board, which further establishes control limits and responsibility centers for these activities. Furthermore, the Board regularly reviews trading and investment activities and issues necessary advisories and recommendations.

- (b) Methods used to Measure Market risk:

Fundamentally, Shimanto Bank PLC. 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 Shimanto Bank 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:**

Particulars	BDT in Million
Interest Rate Related instruments	0.00
Equities	2.84
Foreign Exchange Position	16.46
Commodities	-
<b>Total</b>	<b>19.30</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:**

Shimanto Bank 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.

Shimanto Bank 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).

Particulars	BDT in Million
Total Capital Requirement for Operation Risk	155.74



## 9. LIQUIDITY RATIO

### Qualitative Disclosures:

Liquidity risk is the risk to the bank's earnings and capital arising from its inability to timely meet obligations when they come due without incurring unacceptable losses. Liquidity risk primarily arises due to the maturity mismatch associated with the assets and liabilities of the bank. 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.

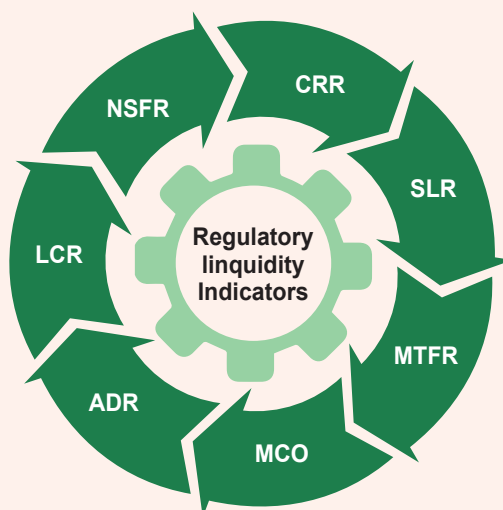
#### (a) Views of Board of Directors on system to reduce Liquidity Risk:

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:

Shimanto Bank 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 Shimanto Bank 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 Shimanto Bank 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 PLC., 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 (%)	163.88%
Net Stable Funding Ratio (%)	126.70%
Stock of High quality liquid assets	3,476.19
Total net cash outflows over the next 30 calendar days	2,121.13
Available amount of stable funding	22,905.90
Required amount of stable funding	18,079.32

## 10. LEVERAGE RATIO

### Qualitative Disclosures:

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

Leverage ratio is the ratio of Tier 1 capital to total on and off-balance sheet exposures. Leverage ratio was introduced in Basel III with an aim to avoid building-up excessive on- and off-balance sheet leverage in the banking system.

**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

Shimanto Bank adopted the leverage ratio in line with Basel III guidelines as a credible supplementary measure to the risk-based capital requirements

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

Shimanto Bank 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.



Revised guideline of RBCA based on Basel III as provided by BRPD of Bangladesh Bank is followed by the bank while managing excessive on- and off-balance sheet leverage of the bank. As per RBCA, the leverage ratio shall be Tier I capital divided by total exposure after related deductions.

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

**Calculation of Leverage Ratio:**

For the year 2023, a minimum Tier 1 leverage ratio of 3.25% 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 previous 3.0 percent (2022).

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

**Quantitative Disclosures:**

The Capital requirements for specified risk are as follows:

Particulars	BDT in Million
Tier -1 Capital (considering all regulatory adjustments)	5,065.33
On balance sheet exposure	25,122.79
Off-balance sheet exposure	736.54
Total exposure after regulatory adjustments	25,850.08
Leverage Ratio (%)	19.60%

## 11. REMUNERATION

**Qualitative Disclosures:**

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

Shimanto Bank aims to attract, retain, and motivate the best people who are committed to maintaining a career with the bank, and who will perform their roles in the long-term interests of the bank. A vigorous and effective governance framework ensures that the bank operates within the clear parameters of its compensation strategy. Shimanto Bank has a comprehensive pay scale indifferent to all its subsidiaries, regions, and business lines. All compensation matters are overseen by Shimanto Bank Human Resources Division in consultation with the Managing Director & CEO, and Human Resources Committee. The remuneration and compensation is a process-driven system aligned with a structured pay scale and with proportionate growth by evaluating and anchoring the market conditions and through the adjustment of the cost of living. The remuneration and its process are finally approved by the Board of Directors.

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 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:**

In the competitive financial sector of Bangladesh, the remuneration system is largely driven by market forces. Due to the intense competition in a crowded market with a large number of participants, compensation packages are restructured more frequently than in other industries. However, such changes can sometimes lead to market distortions, excessive profit motives, and disparities in work-life balance. Nonetheless, Shimanto Bank always strives to design remuneration strategies that reward competitive employees with the compensation packages they truly deserve. Additionally, Shimanto Bank is committed to maintaining internal equity and fair treatment in its compensation system throughout the organization.

**Ways in which measures affect remuneration:**

- Commensuration to individual's performance, desired role in the organization, quality of past experience, quality of training received, and technical competency.
- Fair and Equal for different positions in the bank
- In line with the market dynamics and practices

**(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 a base salary and different benefits 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 who have received a variable remuneration award during the financial year: NA  
Number and the total amount of guaranteed bonuses awarded during the financial year:  
☐ Festival bonuses: On average 295 no. employees received 3 festival bonuses amounted BDT 20.94 Million
- (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	163.13
Allowances	110.16
Festival Bonus	20.94
Gratuity	8.35
Provident Fund Contribution	11.48
Performance Bonus	16.50
<b>Total</b>	<b>330.57</b>



## MANAGEMENT REVIEW & EVALUATION

1. Retail Banking
2. CMSME Banking
3. Corporate Banking
4. Treasury Management
5. Information Technology
6. Corporate Social Responsibility
7. Human Resource Development
8. Internal Control & Compliance



# 1. Retail Banking

## An Overview of Retail Banking:

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.

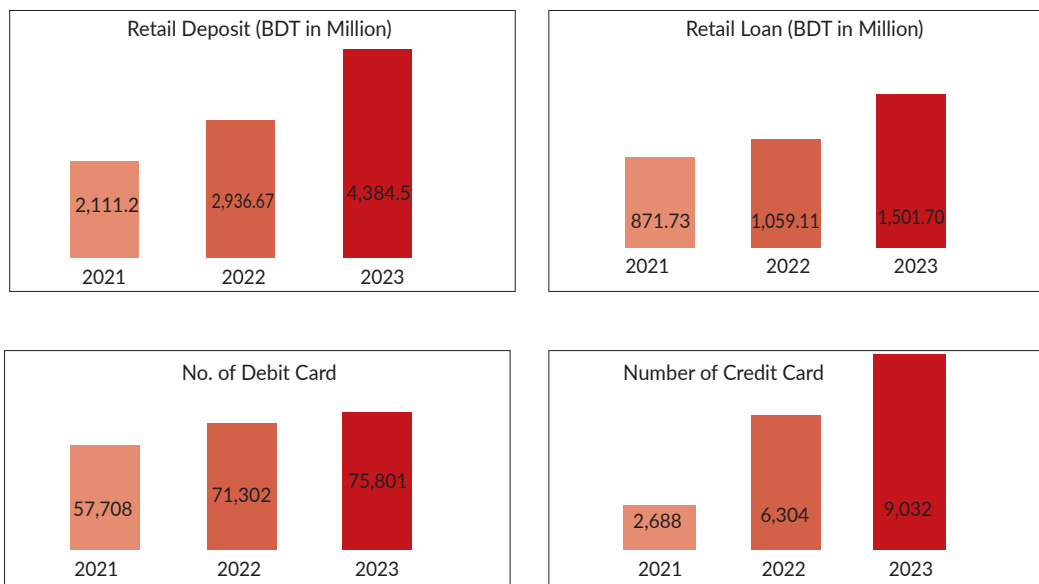
With the aim of geographical expansion, SMBL business division is relentlessly working to deliver the retail products and services to the mass customers in safe, secure, prompt and cost effective manner leveraging the latest technology and operational efficiency forming a team of highly skilled professionals. Currently Retail Banking has 28 branches including 4 sub-branches with more than 90,000 happy customers.

## Retail Banking Performance Highlights-2023:

- We have opened 3 branches at Rangpur, Chirirbandar & Chuadanga.
- Despite of turbulence of world economy we have achieved 49.30% growth in our Retail deposit portfolio.
- Retail loan Increased by 41.79%. We have maintained good health of retail portfolio with a negligible rate of NPL.
- We have launched Connect DPS, Connect FDR and Double Money Deposit Scheme for Retail clients.
- Started Auto debit transaction for loan EMI.

## Financial Highlights

BDT in Million



## Challenges Ahead:

- Increasing Property Value - one of the major hurdle for banks to introspect and reprioritize its goals.
- 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.
- 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.



MoU signing ceremony with Rupayan City to provide Home Loan to Customers;



MoU signing ceremony with hotel Holiday Inn to provide additional facility to Shimanto Bank Customers;

### Retail Banking Goals for 2024:

- To develop a customer-centric business model where bank will invest in improving overall customer experience and transformation of the operating model.
- To develop new product for lower mid-range client like Semi pacca house
- To optimize distribution offerings at anytime, anywhere, fully utilizing all the channels in an integrated fashion.
- Tie up with premium developers and car vendors.
- To launch digital and virtual products as well as service channels to cater customers instantly.
- On board Retail Asset & Liability Sales Team.
- 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.



Launching ceremony of Nagad services for Shimanto Bank Customers;



MoU signing ceremony with Kay Kraft to provide additional offer to Shimanto Bank Customers;





## 2. CMSME Banking

### An Overview

Small and Medium Enterprises (SMEs) are being considered as the backbone of the economies across the world. SMEs provide the necessary foundations for sustained growth and rising income in the less developed and transitional economies. Cottage, Micro Enterprises (CMEs) have been added with Small and Medium Enterprises (SMEs) to enlarge the SME financing scope and to include the root level Cottage, Micro Enterprises (CMEs) under the single financing umbrella. Cottage, Micro, Small and Medium Enterprise (CMSME) financing is a lending portfolio arena of a financial institution that targets the small scale business entities of a country. CMSMEs require borrowing from financial institutions to meet their working capital, business expansion requirement as well as capital machinery and other fixed asset procurement related requirement. Economic as well as technical and social arguments warrant the promotion of CMSMEs 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. Although CMSME financing is a challenging landscape, which is one of the reasons behind CMSME loans being relatively smaller in the portfolios of most banks, despite an excellent growth of the sector.

Considering the economic prospects, to capitalize on the CMSME sectors' immense growth potential and focus on meeting the government's central mandate of financial inclusion, Shimanto Bank Limited (SMBL) started SME Banking since inception of its banking operation. The bank is continuously working on developing various tools and techniques, products and policies, staff and strategies to attract the potential CMSME entrepreneurs of our country.

We have already launched a number of loan products for CMSME segment and specialized deposit products to balance the fund management needs of the CMSME customers. Most of our branch locations are in favorable to reach the CMSME customers and we are focusing more on developing various service propositions to meet the growing needs of our CMSME customers for better market penetration day by day. We are working on maintaining the CMSME portfolio in terms of manufacturing, service, trade, women entrepreneurship, start-up financing. Financial literacy program is also a key strategy to us through which business and financing knowledge development for CMSMEs and farmers can be ensured. After Covid-19 pandemic the year 2020, 2021, 2022 were the most challenging year for the CMSMEs as many of the CMSMEs 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 CMSMEs which will eventually have a huge impact on the loan repayment ability of the CMSMEs. However, we grew well in 2023 in CMSME financing compare to 2022 with a marking around 187% growth year to year. A large portion of our CMSME financing has been ensured to rural people through MFI-Linkage CMSME financing in 2023. During the year 2023, we worked on increasing our business area through financing in refinancing/pre-financing package of SME Foundation and Bangladesh Bank to CMSMEs and Agricultural sectors. We also focused on people development for Agricultural and CMSME financing as well as documentations.



MoU signing ceremony with Bangladesh Bank for financing in Environment Friendly Products/ Projects/ Initiatives.



A campaign of Shimanto Bank for increasing financial literacy for rural women customers;



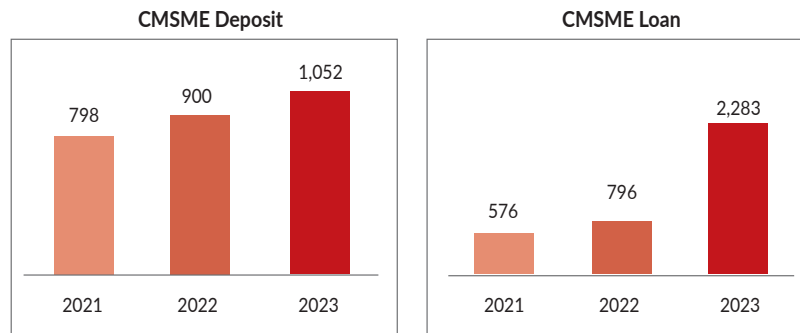


### CMSME Banking Performance Highlights - 2023:

- We have also achieved around 17% growth in CMSME Deposit segment.
- We have also achieved around 187% growth in CMSME Loan segment.

## Financial Highlights

BDT in Million



### Challenges Ahead:

- Recovering from the devastating effect of Covid-19 is the prime challenge for the CMSME sector and banks need to come up with innovative strategies to maintain their portfolio health in CMSME segment.
- CMSMEs are not preparing proper financial statement which creates problem for the banks judging their financial standings, profitability and credibility.
- CMSMEs are not maintaining proper licensing which makes CMSMEs difficult to trace, create problem for the banks maintaining records, and decrease SMEs credibility to the financial institutions.
- Many CMSMEs have failed to adopt modern technology due to the shortage of adequate fund which results in less development in this sector.
- Rising NPL in CMSME sector is making CMSME financing more challenging.

### CMSME Banking goals for 2024:

- To ensure dedicated CMSME support service through dedicated SME Desks in Branch Level.
- To fully utilize the allocated target for CMSME sector under Refinance and Pre-finance Package for CMSMEs.
- To promote women entrepreneurs more in small and medium industries through providing special loans with easy terms and under refinancing scheme of Bangladesh Bank.
- To train-up women entrepreneurs to support and expand their businesses with utmost care.
- 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 educate Branch peoples to facilitate qualified acquisition of CMSME Business.
- To make agreements with various organizations for refinancing & pre-financing facilities, as & when required.

## 3. 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, 2023 has been the most challenging year in recent history.



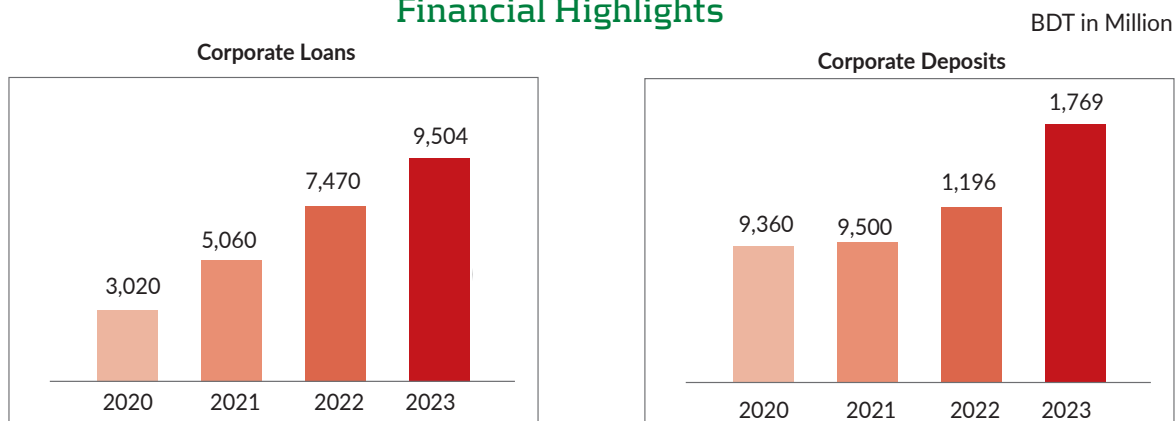
Just when the world was recovering from the Pandemic, Russian invasion of Ukraine has created more than a headache worldwide. Worldwide economy has slowed down quite a lot. All the developed and developing countries of the world have struggled with the rising inflation. However, it is true that 2023 has been one of the toughest years for our country especially in the banking sector; but everyone is looking forward to 2024.

Despite all these challenges SMBL corporate banking has achieved 25% 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 Finance 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- 2023:

- We have achieved 24.63% growth in corporate loan portfolio.
- Despite a year of high inflation, we have also managed to sustain the growth in corporate deposit segment around 48%.
- We have also achieved 143.23% growth in the Non-Funded trade business.

### Financial Highlights



#### 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 2024:

- 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, Ready Made Garments, Agriculture and most importantly help government and private sector in developing the economic zones and related sectors.



## 4. 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 2023, Shimanto bank Treasury department has continuously actively participate in Money market term & Short Term placement, treasury Bonds and capital market activity. As on 31st December 2023 Treasury total investment stood BDT 611.18 Crore which invested in Term placement, Short Term lending & overnight lending total amount of BDT 80.80 Crore and Treasury bond investment for BDT 229.81 Crore. Also invested in Preference Share, Subordinate Bond, Commercial Paper & Zero coupon bond amounting of total BDT 300.57 Crore. During the year 2023, 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 2023, Shimanto bank Treasury department provide their best effort for bank's profitability and Treasury will continue to further contribute towards Shimanto Bank's profitability in 2024. Shimanto bank Treasury Department has a plan to expand their activity in Government Securities, Investments and Money market in 2024 actively.

## 5. Information Technology:

### An Overview

Our commitment to making banking enjoyable and convenient is unbroken. We are making significant work towards implementing our technological resiliency roadmap, which will increase the availability and reliability of our digital services. We continue to invest in our employees and technology to provide a unique customer experience. The IT division of Shimanto Bank has had a landmark year in 2023, marked by significant advancements in digital transformation, cybersecurity, and customer service enhancements. Major projects completed include ISO 27001:2022 certification, implementation of advanced cybersecurity measures and the launch of an innovative mobile banking app. These initiatives have led to improved operational efficiency, heightened security, and increased customer satisfaction. Our focus on digital transformation, compliance, and innovation has solidified our leadership in technology. Looking ahead, we aim to expand AI-driven services and strengthen cybersecurity, ensuring continued excellence and customer satisfaction.

### Information Technology Contribution to Business:

In 2023, the information technology team completed a variety of new projects and digital services. The following are some major projects/services:

**ISO 27001:2022:** Shimanto Bank has achieved the internationally recognized ISO 27001:2022 certificate. ISO 27001:2022 is the latest iteration of the globally recognized standard for information security management systems (ISMS). The certification validates Shimanto Bank's unwavering commitment to safeguarding sensitive data and upholding the trust of our customers, partners, and stakeholders. Bureau Veritas, a leading global certification body, has been certified to ISO 27001:2022 by conducting audits of the Bank's IT Division, Data center and Disaster Recovery Site.

**Utility Bill Collection Software:** Our Utility Bill Collection Software streamlines the billing process for utility companies. It automates bill generation, distribution, and payment collection, ensuring accuracy and efficiency. Key features include real-time tracking of payments, secure online payment options, and detailed reporting for financial analysis. Customer can avail the service from the Connect Internet Banking software and also from Branch.

**Core Banking Version Upgradation:** Core banking systems are updated at regular intervals by financial institutions around the world so that they can better serve their customers and introduce cutting-edge products and services. We started working on our new core banking system a while ago as part of our larger effort to digitize all aspects of our business. In order to provide improved support for our customers and introduce innovative new services and products, Shimanto Bank has upgraded its core banking solution to the most recent version.



**Generating value from technology:** Our Operations Processes and Platform Re-engineering initiative has improved employee productivity since 2022. The digitalization of operations has contributed to a reduction in risk incidents despite a doubling in transaction volumes. We have integrated with all the major MFS companies, digitalize the Form –C Operation, real-time FRD/ DPS open via internet banking and also provide major contribution of digitalization of BGB recruitment payment process.

**Committed to pleasant banking and frictionless customer experiences:** Our commitment to making banking enjoyable and convenient is unbroken. We are making significant work towards implementing our technological resiliency roadmap, which will increase the availability and reliability of our digital services. We invest in our people and technology to provide a unique customer experience.

## 6. Corporate Social Responsibility (CSR)

Corporate social responsibility (CSR) is a form of self-regulation which aims to contribute to societal goals of a philanthropic, activist or charitable nature by engaging in or supporting volunteering or ethically-oriented practices. The primary purpose of the Shimanto Bank's CSR is to make a meaningful and measurable impact in the lives of the economically, physically and socially challenged communities of the country.

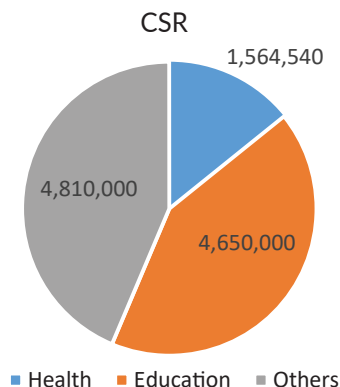
As part of CSR, Shimanto Bank is committed to contribute to the society to make it more livable. Shimanto Bank wants to bring financial inclusion to the life of margined people of Bangladesh. The Bank is working to make financial service available to the people of remote areas.

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, sports and necessary facilities for the underprivileged communities in remote far flung areas.

Shimanto Bank allocates its CSR Expenditure as per the guideline of Bangladesh Bank. Shimanto Bank has allocated mentionable amount of money to different sectors of CSR. As a new bank and within the 8<sup>th</sup> year of operations our contribution in the field of CSR is praiseworthy.



Exchanging documents for donation under CSR for development of Dipto Shimanto, a specialized educational institution working for children with special needs.



## 7. Human Resource Development

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



Human Resources 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.



Recipients of Star Performer-2022 Award with Managing Director & CEO of the Bank in the Town Hall Meeting.

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
- Fake Note Detection & Fraud Awareness
- Anti-Money Laundering & Counter Financing Terrorism
- Credit Risk Management
- International Trade Finance
- Operational Risk
- Foreign Exchange Transactions Reporting
- Business Performance Analysis
- BAMLCO & DAMLCO Conference 2023
- Internal Control & Compliance
- Gender Equality Awareness Program





- National Integrated System (NIS)
- Preparation of Trade Transaction Profile
- Understanding the Bond and Sukuk Market
- Training on Core Banking System
- Information Security Awareness Program

We have implemented so many vital project for the year 2023 and in line with this sprit for further HR effectiveness we will do some activities in 2024 as following:

- Succession Planning
- Foundation Training
- Talent Acquisition/Retention
- Employee Engagement program
- Different awareness program

The Human Resources Division of Shimanto Bank PLC 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.



A Moment of observing the National Mourning day and the martyrdom anniversary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman at Bangabandhu Lounge at Head Office.



Food Distribution to distressed children on the National Mourning day .

## 8. Internal Control & Compliance

Banking industry is quite important to the national economy of a country as well as to the international economy. The issue of effective internal control system, compliance and corporate governance has become significant to ensure smooth performance of the operations of the Bank. Internal Control is the process, 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 PLC. 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 comprises of 3 (three) Directors including an independent Director. 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 Internal control & Compliance Policy and implements robust Risk Based Internal Audit (RBIA) methodology. Risk assessment by internal control focuses on ensuring compliance with the Bank's policies, together with regulatory requirements as per core risk guidelines and different circulars of Bangladesh Bank and other regulatory requirements. In this way, Internal Control & Compliance plays its 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 (Bangladesh Bank, 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 Foreign Exchange in 2023 and submitted inspection reports. Compliance Unit submitted all compliance reports to Bangladesh Bank. Bangladesh Bank also conducted comprehensive inspection on Principal Branch as on 31-12-2023 and report of which is yet to be submitted to us. Financial Statements-2023 has been finalized after a Tripartite meeting held among Bangladesh Bank, External Auditors and the Management of the Bank. All 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.

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

The Board has always been deeply committed to establishing the highest level 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 level 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 excellently.





**SHIMANTO BANK LIMITED**  
বিশ্বস্ত প্রত্যেক নিশ্চিত  
নির্বাহিত ব্যক্তি





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নির্বাহিত ব্যক্তি

বিদেশে উপার্জিত অর্থ  
স্বদেশে আনুন খুব সহজে



সীমান্ত ব্যাংকের সকল শাখা এবং উপশাখা থেকে মানিগ্রাম এর মাধ্যমে  
প্রবাসীদের পাঠানো রেমিট্যান্স নিরাপদে ও দ্রুততার সাথে গ্রহণ করুন।

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# Independent Auditor's Report and Audited Financial Statements

For the year ended 31 December 2023



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Dhaka-1215, Bangladesh.

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Shimanto Bank PLC.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Shimanto Bank PLC. ("the Bank"), which comprise the balance sheet as at 31 December 2023, the profit and loss accounts, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2023, 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 requirements of Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1) Loans and Advances	
See note# 8 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>Loans and advances are the vital component of financial statements of the bank. Income of the bank is primarily reliant on the portfolio of loans and advances. Management performance is highly dependent on the target achievement of loans and advances. Loan disbursement requires robust documentation followed by approval from appropriate level of authority.</p> <p>We identified loans and advances as a key audit matter because there is an inherent risk of fraud and error in disbursement of loans and advances by management to meet specific targets or expectations.</p>	<p>We tested the design and operating effectiveness of key controls focusing on credit appraisal, loan disbursement procedures and monitoring process of loans and advances.</p> <p>We performed procedures to check whether the bank has ensured appropriate documentation as per Bangladesh Bank regulations and Bank's policy before disbursement of loans and advances. In addition, we have performed procedures to check whether the loans and advances is recorded completely and accurately and that are existed at the reporting date.</p>





At year end the Bank reported total loans and advances of Taka 16,014 million (2022: Taka 12,531 million).	<p>We also performed the detailed test to confirm that the balances of the branches were correctly incorporated in gross balances of loans and advances.</p> <p>Moreover, we assessed the appropriateness and presentation of disclosures against Bangladesh Bank guidelines.</p>
<b>2) Valuation of treasury bill and treasury bond</b>	
See note# 7 to the financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The classification and measurement of T-Bill and T-Bond require judgment and complex estimates.</p> <p>In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.</p> <p>At year end the Bank reported total investment in treasury bill and treasury bond of Taka 2,298 million (2022: Taka 2,071 million).</p>	<p>We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and bonds.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.</p> <p>We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data.</p> <p>Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
<b>3) Measurement of provision for loans and advances</b>	
See note# 13 to the financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The process for estimating the provision for loans and advances portfolio associated with credit risk is judgmental, significant and complex. While estimating such provision certain judgmental factors need to be considered including</p> <ul style="list-style-type: none"> <li>• Future business performance of the borrower;</li> <li>• Key assumptions relating to further business performance of the borrower;</li> <li>• Market value of the collateral;</li> <li>• Ability to repossess collateral; and</li> <li>• Recovery rates.</li> </ul>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>• Identification of loss events, including early warning and default warning indicators; and</li> <li>• Reviewed quarterly Classification of Loans (CL).</li> </ul> <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p>



<p>Furthermore, these provisions are processed manually that deals with voluminous data extracted from the IT system of the Bank and following the instructions of Bangladesh Bank issued time to time.</p> <p>Due to high level of judgment involved and using some manual process in estimating the provision for loans and advances, we considered this to be a key audit matter.</p> <p>At year end the Bank reported total provision kept for loans and advances of Taka 292 million (2022: Taka 251 million).</p>	<ul style="list-style-type: none"> <li>Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines;</li> <li>Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</li> <li>Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines;</li> <li>Evaluated the balances of loans and advances and provisions of the branches whether those are properly incorporated in the gross balances thereon; and</li> </ul> <p>Finally, we compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained.</p>
<b>4) IT systems and controls</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Our audit procedures have been focused on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>We have focused on master data management, user access management and developer access to the production environment and changes to the IT environment. Among others, these are key to ensuring operating effectiveness of manual with automated control and automated controls.</p>	<p>We tested the design and operating effectiveness of the bank's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the bank's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit. Where deficiencies were identified, we tested compensating controls or performed alternate procedures.</p> <p>In addition, we understood where relevant, changes/updates were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>



5) Legal and regulatory matters	
The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because the Bank operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established as other contingent liabilities.</p> <p>Overall, the legal provision represents the Bank's best estimate for existing legal matters that have a probable and estimable impact on the financial position.</p>	<p>We obtained an understanding of the Bank's key controls over the legal compliance.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Bank's provisions and contingent liabilities disclosure.</p>

#### Other Matter

The name of the bank has been changed to Shimanto Bank PLC from Shimnato Bank Limited during the year.

#### Other Information

Management is responsible for the other information. The other information comprises all of the information other than the financial statements and our auditor's report thereon.

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.

When we read the other information, if we concluded that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation of financial statements of the Bank that give a true and fair view in accordance with IFRSs as explained in note# 2, 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 Banking Companies Act, 1991 as (amended up to date) and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.



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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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



### Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, Banking Companies Act 1991 (Amended up to date), 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 Responsibilities section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibilities for the financial statements and internal control:
  - (a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
  - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities (other than matters disclosed in these financial statements);
- (iii) in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- (iv) the records and statements submitted by the branches have been properly maintained in the financial statements;
- (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 loans and advances and other assets which are in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 1,200 person hours; and
- (xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka,  
29 April 2024

Signed for & on behalf of  
**ACNABIN**  
Chartered Accountants



**Md. Moniruzzaman, FCA**  
Partner  
ICAB Enrollment No. 787  
DVC : 2404290787AS808904





## Shimanto Bank PLC.

### Balance Sheet

As at 31 December 2023

Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
<b>Property and Assets</b>			
<b>Cash</b>	4	<b>1,203,570,020</b>	<b>1,045,070,815</b>
Cash in Hand (including foreign currency)	4.1	351,213,043	319,824,165
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	4.2	852,356,977	725,246,650
<b>Balance with other banks and financial institutions</b>	5	<b>736,896,791</b>	<b>1,197,131,073</b>
In Bangladesh	5.1	570,863,784	1,135,807,491
Outside Bangladesh	5.2	166,033,007	61,323,582
<b>Money at call on short notice</b>	6	<b>260,000,000</b>	<b>1,300,000,000</b>
<b>Investments</b>	7	<b>5,535,148,826</b>	<b>5,370,990,000</b>
Government	7.1	2,298,324,968	2,071,964,499
Others	7.2	3,236,823,858	3,299,025,501
<b>Loans and advances</b>	8	<b>16,014,791,094</b>	<b>12,531,846,451</b>
Loans, cash credits, overdrafts etc.	8.1	16,014,791,094	12,531,846,451
Bills purchased & discounted	8.2	-	-
<b>Fixed assets including premises, furniture and fixtures</b>	9	<b>429,690,907</b>	<b>232,196,270</b>
<b>Other assets</b>	10	<b>1,035,346,512</b>	<b>868,069,914</b>
<b>Non-banking assets</b>		<b>-</b>	<b>-</b>
<b>Total Assets</b>		<b>25,215,444,150</b>	<b>22,545,304,523</b>
<b>Liabilities and Capital</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	11	<b>49,768,850</b>	<b>48,860,032</b>
<b>Deposits and other accounts</b>	12	<b>18,641,585,763</b>	<b>16,679,484,286</b>
Current deposits and other accounts		684,445,216	445,864,916
Bills payable		259,913,863	179,641,450
Savings bank deposits		1,567,634,859	1,258,758,740
Special notice deposits		3,416,997,623	4,914,924,876
Fixed deposits		12,436,820,619	9,712,177,476
Bearer certificates of Deposit		-	-
Other deposits		275,773,583	168,116,828
<b>Other liabilities</b>	13	<b>1,442,478,649</b>	<b>967,092,438</b>
<b>Total Liabilities</b>		<b>20,133,833,262</b>	<b>17,695,436,756</b>
<b>Capital/Shareholders' Equity</b>			
<b>Total Shareholders' Equity</b>		<b>5,081,610,888</b>	<b>4,849,867,767</b>
Paid-up Capital	14.2	4,530,000,000	4,380,000,000
Statutory Reserve	15	375,712,142	300,549,312
Retained Earnings	16	168,868,435	152,165,969
Other Reserves	17	7,030,311	17,152,486
<b>Total Liabilities and Shareholders' Equity</b>		<b>25,215,444,150</b>	<b>22,545,304,523</b>




# Shimanto Bank PLC.


## Balance Sheet As at 31 December 2023

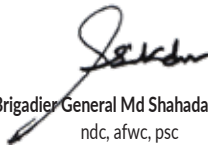


Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
<b>Off-Balance Sheet Items</b>			
<b>Contingent liabilities</b>	18	<b>1,027,411,773</b>	<b>578,282,033</b>
Acceptances and endorsements	18.1	121,789,306	10,025,534
Letters of guarantee	18.2	707,901,400	363,981,529
Letters of credit	18.3	193,772,497	204,274,970
Bills for collection		-	-
Other contingent liabilities	18.4	3,948,570	-
<b>Other commitments</b>		-	-
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total off-Balance Sheet items including contingent liabilities</b>		<b>1,027,411,773</b>	<b>578,282,033</b>

The annexed notes from 1 to 44 form an integral part of these financial statements.

  
Major General Mohammad Ashrafuzzaman Siddiqui  
OSP, BSP, SUP, ndc, psc, MPhil  
Chairman

  
Brigadier General Md Nurul Amin  
BGBMS, PhD, MPH  
Director


  
Brigadier General Md Shahadat Sikder  
ndc, afwc, psc  
Director

  
Rafiqul Islam  
Managing Director & CEO

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

Dhaka,  
Dated: 29 April 2024

Signed for & on behalf of  
**ACNABIN**  
Chartered Accountants

  
Md. Moniruzzaman, FCA  
Partner  
ICAB Enrollment No. 787  
DVC : 2404290787AS808904



# Shimanto Bank PLC.

## Profit and Loss Account

For the year ended 31 December 2023

Particulars	Notes	Amount in Taka	
		2023	2022
Interest income	20	1,393,335,133	1,156,205,358
Interest on deposits and borrowings etc	21	(886,237,237)	(530,455,512)
<b>Net interest income</b>		<b>507,097,896</b>	<b>625,749,846</b>
Investment income	22	440,900,517	289,490,420
Commission, exchange and brokerage	23	14,934,433	7,648,410
Other operating Income	24	89,985,331	64,003,526
		<b>545,820,281</b>	<b>361,142,356</b>
<b>Total operating income (a)</b>		<b>1,052,918,177</b>	<b>986,892,202</b>
Salaries and allowances	25	330,567,391	287,825,682
Rent, taxes, insurance, electricity, etc.	26	50,113,693	99,931,218
Legal expenses	27	3,433,540	3,052,625
Postage, stamp, telecommunication, etc.	28	12,163,115	11,887,506
Stationery, printings, advertisements, etc.	29	10,239,998	7,995,508
Chief executive's salary and fees	30	9,889,295	9,445,929
Directors' fees	31	1,486,935	989,585
Auditors' fees	32	494,500	488,000
Charges on loan losses		-	-
Depreciation and repairs of Bank's assets	33	113,068,856	56,852,732
Other expenses	34	100,024,489	90,128,318
<b>Total operating expenses (b)</b>		<b>631,481,812</b>	<b>568,597,105</b>
<b>Profit before provision (c = (a-b))</b>		<b>421,436,365</b>	<b>418,295,097</b>
<b>Provision against loans &amp; advances and Other</b>	35		
General Provision		29,632,495	49,886,750
Specific Provision		15,974,520	(7,689,597)
Provision for diminution in value of Investments		15,200	2,095,683
<b>Total provision (d)</b>		<b>45,622,215</b>	<b>44,292,835</b>
<b>Profit before taxation(e=c-d)</b>		<b>375,814,150</b>	<b>374,002,262</b>
<b>Provision for taxation (f)</b>	36	<b>129,012,828</b>	<b>143,433,074</b>
Current tax expense		128,054,624	142,209,825
Deferred tax expense/(Income)		958,204	1,223,249
<b>Net profit after taxation (g=e-f)</b>		<b>246,801,322</b>	<b>230,569,188</b>
<b>Appropriations:</b>			
Statutory reserve	15	75,162,830	74,800,452
General reserve		-	-
Start-Up Fund		2,468,013	5,717,033
Climate Risk Fund		2,468,013	-
		<b>80,098,856</b>	<b>80,517,485</b>
<b>Retained Surplus</b>		<b>166,702,466</b>	<b>150,051,703</b>
<b>Earnings Per Share (EPS) [Restated: 2022]</b>	38	<b>0.54</b>	<b>0.51</b>

The annexed notes from 1 to 44 form an integral part of these Financial Statements.

Major General Mohammad Ashrafuzzaman Siddiqui  
OSP, BSP, SUP, ndc, psc, MPhil  
Chairman

Brigadier General Md Nurul Amin  
BGBMS, PhD, MPH  
Director

Brigadier General Md Shahadat Sikder  
ndc, afwc, psc  
Director

Rafiqul Islam  
Managing Director & CEO

Signed for & on behalf of  
**ACNABIN**  
Chartered Accountants

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

Dhaka,  
Dated: 29 April 2024

Md. Moniruzzaman, FCA  
Partner

ICAB Enrollment No. 787  
DVC : 2404290787AS808904



# Shimanto Bank PLC.

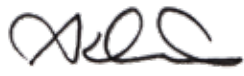
## Cash Flow Statement

For the year ended 31 December 2023




Particulars	Notes	Amount in Taka	
		2023	2022
<b>Cash flows from Operating Activities</b>			
Interest receipts in cash		1,405,910,409	1,240,027,606
Interest payments		(811,745,963)	(525,073,042)
Dividend receipts		208,116,664	58,357,442
Income from investment		220,074,321	83,140,058
Fees and commission receipts in cash		14,934,433	7,648,410
Cash payments to employees		(340,456,686)	(297,241,152)
Cash payments to suppliers		(10,239,998)	(15,884,553)
Income taxes paid		(162,748,020)	(170,677,362)
Receipts from other operating activities		89,985,331	164,087,080
Payments for other operating activities	41	(169,141,151)	(208,965,639)
<b>(i) Operating profit before changes in operating assets &amp; liabilities</b>		<b>444,689,340</b>	<b>335,418,848</b>
<b>Change in operating assets and liabilities</b>			
Loans and advances to customers		(3,482,944,643)	(2,481,298,691)
Other assets	39	(5,352,526)	41,598,970
Deposits from customers		1,888,519,021	3,241,887,875
Other liabilities	40	296,773,346	15,036,787
<b>(ii) Cash generated from operating assets and liabilities</b>		<b>(1,303,004,802)</b>	<b>817,224,941</b>
<b>Net cash flow used in operating activities (a)=(i)+(ii)</b>		<b>(858,315,462)</b>	<b>1,152,643,789</b>
<b>Cash Flows from Investing Activities</b>			
Payments for purchase of government securities		(236,438,544)	(77,993,887)
Proceeds from sale of other securities		62,201,643	(2,538,904,396)
Purchase of property, plant and equipment		(309,138,614)	(74,932,698)
<b>Net cash used in investing activities (b)</b>		<b>(483,375,515)</b>	<b>(2,691,830,981)</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 decrease in cash and cash equivalents (a+b+c)</b>		<b>(1,341,690,977)</b>	<b>(1,539,187,192)</b>
Cash and cash equivalents at beginning of the year		3,542,380,488	5,081,567,679
Effects of Exchange Rate Changes on Cash and Cash Equivalent		-	-
<b>Cash and cash equivalents at end of the year (*)</b>		<b>2,200,689,511</b>	<b>3,542,380,488</b>
<b>(*) Cash and cash equivalents at end of the year:</b>			
Cash in hand		351,213,043	319,824,165
Balance with Bangladesh Bank and its agent bank(s)		852,356,977	725,246,650
Balance with other banks and financial institutions		736,896,791	1,197,131,073
Money at call on short notice		260,000,000	1,300,000,000
Prize bonds		222,700	178,600
		<b>2,200,689,511</b>	<b>3,542,380,488</b>

The annexed notes from 1 to 44 form an integral part of these financial statements.

  
Major General Mohammad Ashrafuzzaman Siddiqui  
OSP, BSP, SUP, ndc, psc, MPhil  
Chairman

  
Brigadier General Md Nurul Amin  
BGBMS, PhD, MPH  
Director

  
Brigadier General Md Shahadat Sikder  
ndc, afwc, psc  
Director

  
Rafiqul Islam  
Managing Director & CEO

Dhaka,  
Dated: 29 April 2024

## Statement of Changes in Equity


For the year ended at 31 December 2023



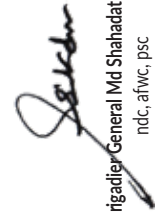
Particulars	Amount in Taka				
	Paid-up Capital	Statutory Reserve	Other Reserve	Retained Earnings	Total Shareholders' Equity
<b>Balance as at 01 January 2023</b>	4,380,000,000	300,549,312	17,152,486	152,165,969	4,849,867,767
Net profit after tax for the year	-	-	-	246,801,322	246,801,322
Stock dividend paid during the year	150,000,000	-	-	(150,000,000)	-
Surplus on account of revaluation of investments	-	-	(10,122,175)	-	(10,122,175)
Start-Up Fund for the year of 2023	-	-	-	(2,468,013)	(2,468,013)
Climate risk fund for the year of 2023	-	-	-	(2,468,013)	(2,468,013)
Statutory Reserve	-	75,162,830	-	(75,162,830)	-
<b>Balance as at 31 December 2023</b>	<b>4,530,000,000</b>	<b>375,712,142</b>	<b>7,030,311</b>	<b>168,868,435</b>	<b>5,081,610,888</b>

Particulars	Amount in Taka				
	Paid-up Capital	Statutory Reserve	Other Reserve	Retained Earnings	Total Shareholders' Equity
<b>Balance as at 01 January 2022</b>	4,284,800,000	225,748,860	6,958,797	97,314,266	4,614,821,923
Net profit after tax for the year	-	-	-	230,569,188	230,569,188
Stock dividend paid during the year	95,200,000	-	-	(95,200,000)	-
Surplus on account of revaluation of investments	-	-	10,193,689	-	10,193,689
Start-Up Fund for the year of 2020, 2021 & 2022	-	-	-	(5,717,033)	(5,717,033)
Statutory Reserve	-	74,800,452	-	(74,800,452)	-
<b>Balance as at 31 December 2022</b>	<b>4,380,000,000</b>	<b>300,549,312</b>	<b>17,152,486</b>	<b>152,165,969</b>	<b>4,849,867,767</b>

The annexed notes from 1 to 44 form an integral part of these financial statements.

  
 Major General Mohammad Ashrafuzzaman Siddiqui  
 OSP, BSP, SUP, ndc, psc, MPhil  
 Chairman

  
 Brigadier General Md Nurul Amin  
 BGBMS, PhD, MPH  
 Director

  
 Brigadier General Md Shahadat Sikder  
 ndc, afwc, psc  
 Director

  
 Rafiqul Islam  
 Managing Director & CEO

Dhaka,  
 Dated: 29 April 2024








# Shimanto Bank PLC.

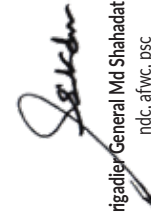
## Liquidity Statement (Assets and Liabilities Maturity Analysis) As at 31 December 2023

Particulars	Amount in Taka				
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years
<b>Assets</b>					
Cash in hand (including balance with Bangladesh Banks and its agent banks)	1,203,570,020	-	-	-	-
Balance with other banks and financial institutions	736,896,791	-	-	-	-
Money at call on short notice	260,000,000	-	-	-	-
Investments	222,700	330,833,895	23,991,830	3,590,830,840	1,589,269,561
Loans & advances	1,363,913,027	2,540,201,931	3,813,730,061	5,330,442,026	2,966,504,049
Fixed assets including premises, furniture and fixture	107,422,727	128,907,272	98,828,909	64,453,636	30,078,363
Other assets	258,836,628	310,603,954	238,129,698	155,301,977	72,474,255
Non-banking assets	-	-	-	-	-
<b>Total Assets (a)</b>	<b>3,930,861,893</b>	<b>3,310,547,052</b>	<b>4,174,680,498</b>	<b>9,141,028,479</b>	<b>4,658,326,228</b>
<b>Liabilities</b>					
Borrowing from other banks, financial institutions and agents	-	-	49,768,850	-	-
Deposit and other accounts	2,950,887,789	4,648,355,878	6,874,263,594	2,675,981,346	1,492,097,156
Other Liabilities	504,867,528	360,619,662	216,371,797	187,522,224	173,097,438
<b>Total Liabilities (b)</b>	<b>3,455,755,317</b>	<b>5,008,975,540</b>	<b>7,140,404,241</b>	<b>2,863,503,570</b>	<b>1,665,194,594</b>
<b>Net Liquidity Gap (a-b)</b>	<b>475,106,576</b>	<b>(1,698,428,488)</b>	<b>(2,965,723,743)</b>	<b>6,277,524,909</b>	<b>2,993,131,634</b>

The annexed notes from 1 to 44 form an integral part of these financial statements.

  
Major General Mohammad Ashrafuzzaman Siddiqui  
OSP, BSP, SUP, ndc, psc, MPhil  
Chairman

  
Brigadier General Md Nurul Amin  
BGBMS, PhD, MPH  
Director

  
Brigadier General Md Shahadat Sikder  
ndc, afwc, psc  
Director

  
Rafiqul Islam  
Managing Director & CEO

Dhaka,  
Dated: 29 April 2024





# Shimanto Bank PLC.

## Notes to the Financial Statements

### As at and for the year ended 31 December 2023

#### 1. The Bank and its activities

##### 1.1 Legal form of the bank

Shimanto Bank PLC. (hereinafter referred to as "the Bank" or "SMBL") is a scheduled commercial bank established under the Banking Companies Act, 1991( amended up to date) 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 twenty three (23) branches and four (04) sub-branches operating in Bangladesh and the Bank has no overseas branch as at 31 December 2023.

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 LC and LG 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 2023 have been prepared in accordance with the "First Schedule (Section 38) of the Banking Companies Act 1991 (amended up to date) 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 up to date), 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 (amended up to date), and by Bangladesh Bank regulations differ with those of IFRS, the requirements of the Banking Companies Act, 1991 (amended up to date) 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:** Bangladesh Bank: The presentation of the financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flow 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 up to date) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines of Bangladesh Bank. In the prescribed format there is no option to present assets and liabilities under current and non-current classifications.



## ii) Investments in shares and securities

**IFRS:** As per requirements of IFRS 9 investment in shares and securities generally falls under 'at Fair Value Through Profit or Loss (FVTPL)' or Fair Value Through Other Comprehensive Income (FVTOCI) where any change in the fair value (as measured in accordance with IFRS 13 Fair Value Measurement) at the year end is taken to profit and loss account or revaluation reserve respectively.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003, investments in quoted and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment.

## iii) Revaluation gains/losses on Government securities

**IFRS:** As per the requirement of IFRS 9, where securities will fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognised through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method and interest income is recognised through the profit and loss account.

**Bangladesh Bank:** According to DOS circular no. 05 dated 26 May 2008 and subsequent clarification in DOS circular no. 05 dated 28 January 2009, HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

## iv) Provision on loans and advances

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

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 05 dated 29 May 2013, BRPD circular no. 16 dated 18 November 2014, BRPD circular no. 12 dated 20 August 2017 and BRPD circular no. 15 dated 27 September 2017 and subsequent circulars issued till 2023, 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, @2% is required to be provided for deferral 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 by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

#### vi) Financial instruments – presentation and disclosure

As per BB guidelines, in certain cases financial instruments are categorized, recognized, measured and presented differently from those prescribed in IFRS 9: Financial Instruments and IFRS 7 Financial Instruments: Disclosures. As such full disclosure and presentation requirements of IFRS 7 is 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 23 June 2003, there must exist a face item named Non-Banking Asset which has to be recognized as per BRPD Circular No. 22, dated 20 September 2021.

#### 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**

Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' are measured weekly using 'mark to market' concept with gain credited to revaluation reserve but loss charged to Profit and Loss Account. Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' are amortized each year with resulting gain credited to revaluation reserve but loss charged to Profit and Loss Account.

-Zero coupon bond at present value using amortization concept.

**2.3 Functional and presentation currency**

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

**2.4 Use of estimates and judgments**

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected. The most significant areas where estimates and judgements have been made are on provision for loans and advances, income tax, deferred tax, employee benefits and liquidity statement. Key estimates include:

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

**2.5 Foreign currency transaction**

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

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

**2.6 Cash flow statement**

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

**2.7 Comparative information**

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

**2.8 Reporting period**

These financial statements of the Bank cover a calendar year from 01 January 2023 to 31 December 2023.



## 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 2023 and under the guidelines of Bangladesh Bank BRPD circular no.14 dated 25 June 2003.

- i) Balance with other Banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity terms;
- ii) Investments are on the basis of their residual maturity terms;
- iii) Loans and advances/investments are on the basis of their repayment/maturity schedules;
- iv) Fixed assets are on the basis of their useful lives;
- v) Other assets are on the basis of their realization/amortization;
- vi) Borrowing from other Banks, financial institutions and agents, etc. are as per their maturity/repayment terms;
- vii) Deposits and other accounts are on the basis of their maturity terms and past trend of withdrawals by the depositors;
- viii) Provisions and other liabilities are on the basis of their settlement/adjustment schedules.

## 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)
Government treasury securities-Held to Maturity (HTM)
Zero coupon bonds
Shares (Quoted)
Shares (Unquoted)
Debenture
Prize bonds and other bonds

### 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 and subsequent circulars issued till 2023, a special general provision COVID-19, @2% is required to be provided for deferral loans. Provisions and interest suspense are separately shown under other liabilities as per First Schedule of Banking Companies Act, 1991 (amended up to date), instead of netting off with loans.

Particulars	Rates of Provision
<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.	1%
Unclassified (including SMA) loans for housing finance	1%
Unclassified (including SMA) loans for professionals	2%
Unclassified (including SMA) consumer financing other than housing financing and loans for professionals	2%
Unclassified Short term agri credit and micro credit	1.0%
Off balance sheet exposures	1%
<b>Specific provision on:</b>	
Substandard Small & Medium Enterprise	5%
Doubtful Small & Medium Enterprise	20%
Substandard loans and advances other than short term agri credit and micro credit	20%
Doubtful loans and advances other than short term agri credit and micro credit	50%
Bad/loss loans and advances	100%
Substandard short term agri credit and micro credit	5%
Doubtful short term agri credit and micro credit	5%

### 3.1.4 Property, plant and equipment and depreciation

#### 3.1.4.1 Recognition and measurement

All item of fixed assets are stated at cost less accumulated depreciation & accumulated impairment as per IAS 16 "Property, Plant and Equipment". Land, if any, is measured at cost. The cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of the IFRS.

The cost of an item of fixed assets is recognized as an asset if, it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

#### 3.1.4.2 Subsequent costs

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

#### 3.1.4.3 Depreciation

Depreciation is charged at the following rates on all fixed assets on the basis of estimated useful lives as determined by fixed asset policy of the Bank. In all cases depreciation on addition is calculated using the straight line method. Depreciation on assets begins when the assets are available for use.

Category of fixed assets	Depreciation Period in year(s)
Core Banking Software (CBS, Card Management, Trade, Treasury & AML)	10
Software (other than subscription license)	5
Software (subscription license)	Subscription Period
Furniture and Fixture	10
Computer and Network equipment	5
Electromechanical Equipment	10
Machineries and Equipment	5
IT Equipment	3
Right of use asset (Leased Asset)	40 or Lease Tenor
Building	40
Land and Land Development	-
Vehicle	8

#### 3.1.4.4 Disposal of assets

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

### 3.1.5 Intangible assets

#### Recognition of intangible assets

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

#### Amortization of intangible assets

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

#### Impairment of fixed assets

At each balance sheet date, the Bank assesses whether there is any indication that the carrying amount of an asset exceeds its recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If



this is the case, the asset is described as impaired and an impairment loss as per IAS-36 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 was no such indication existed as on Balance Sheet date.

### 3.1.6 Leased assets

IFRS 16 Leases, defines a lease as “A contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration”. In order for such a contract to exist the user of the asset needs to have the right to: -

Obtain substantially all the economic benefits from the use of asset (identifiable asset) -

The right to direct the use of asset

The Bank as a lessee (Note-9)

For any new contracts entered into on or after 01 January 2019, the Bank considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition, the Bank assesses whether the contract meets two key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Bank
- the Bank has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Bank has the right to direct the use of the identified asset throughout the period of use. The Bank assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

#### Measurement and recognition of leases as a lessee

At lease commencement date, the Bank recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Bank, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Bank depreciates the right-of-use assets on a straight-line basis over the remaining useful life of the asset. The Bank also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Bank measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Bank’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is premeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is premeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Bank has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included other liabilities under IFRS 16 with minor departure as such the recognition, measurement, presentation and disclosure do not conflict with the reporting guideline issued by Central Bank via BRPD circular no. 14, date 25 June 2003.

### 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 PLC. 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, fixed deposit and other deposits. 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 and other subsequent circulars till 2023. 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), BRPD circular no. 06 dated April 25, 2023 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 LC 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. 4 dated 12 April 2022 on which provision is to be required on other assets which are outstanding for one year or more.





### 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.

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 The Banking Companies Act, 1991(amended up to date), 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 and other subsequent circulars till 2023.

#### 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 (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 and other subsequent circulars till 2023. Adequate provision has been kept which is stated in Note 13.1 to the financial statements.

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

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

### **Market Risk**

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

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

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

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

### **Operational Risk**

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

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

### **Information and communication technology risk**

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



### **Asset liability risk management**

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

### **Liquidity risk management**

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

### **Interest rate risk management**

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

### **Operation risk management**

Operational risk is defined as the risk of loss resulting from inadequate or failed internal process, people and system or from external event. It is relatively difficult to identify or assess level of operational risk and its many sources. Shimanto Bank PLC. 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 PLC. (SMB) 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 PLC. 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 Preparation of Basel III Accord

#### Basel II

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

Banks must hold minimum regulatory capital against Credit, Market and Operational Risk inherent with Banking Business. Shimanto Bank PLC. 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 PLC. takes 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 PLC. 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 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.



### 3.16 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 2023.

Name of the Standards	Ref:	Status
Presentation of Financial Statements	IAS-1	Complied **
Inventories	IAS-2	Not Applicable
Statement of Cash Flows	IAS-7	Complied **
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Complied
Events after the Reporting Period	IAS-10	Complied
Income Taxes	IAS-12	Complied
Property, Plant & Equipment	IAS-16	Complied
Employee Benefits	IAS-19	Complied
Accounting for Government Grants and Disclosur of Government Assistance	IAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS-21	Complied
Borrowing Costs	IAS-23	Complied
Related Party Disclosures	IAS-24	Complied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not Applicable
Separate Financial Statements	IAS-27	Complied
Investments in Associates and Joint Ventures	IAS-28	Not Applicable
Financial Reporting in Hyperinflationary Economies	IAS-29	Not Applicable
Financial Instruments: Presentation	IAS-32	Complied **
Earnings per Share	IAS-33	Complied
Interim Financial Reporting	IAS-34	Not Applicable
Impairment of Assets	IAS-36	Complied
Provisions, Contingent liabilities and Contingent Assets	IAS-37	Complied
Intangible Assets	IAS-38	Complied
Investment Property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable

Name of the Standards	Ref:	Status
First-time Adoption of International Financial Reporting Standards	IFRS-1	Complied
Share-based Payment	IFRS-2	Not Applicable
Business Combinations	IFRS-3	Not Applicable
Insurance contracts	IFRS-4	Not Applicable
Non-Current Assets Held for Sale and Discontinued Operations	IFRS-5	Not Applicable
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not Applicable
Financial Instruments: Disclosures	IFRS-7	Complied **
Operating Segments	IFRS-8	Not Applicable
Financial Instruments: Recognition and Measurements	IFRS-9	Complied **
Consolidated Financial Statements	IFRS-10	Not Applicable
Joint Arrangements	IFRS-11	Not Applicable
Disclosure of Interest in other Entities	IFRS-12	Not Applicable
Fair Value Measurement	IFRS-13	Complied
Regulatory Deferral Accounts	IFRS-14	Not Applicable
Revenue from Contracts with Customers	IFRS-15	Complied
Leases	IFRS-16	Complied***
Insurance contracts	IFRS-17	Not Applicable

\* 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.

\*\*\* IFRS-16 leases has been complied for the first time during the year 2023.

### 3.17 Events after the reporting period

All 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'.

### 3.18 Approval of financial statements

The financial statements were reviewed and subsequently approved by the Board of Directors in its 69th Board Meeting on 29 April 2024.

### 3.19 General

- The financial statements of the Bank are presented in Bangladesh Taka (BDT) which is the Bank's functional currency. All financial information presented in Taka has been rounded off to the nearest integer, except when otherwise indicated.
- These financial statements of the Bank cover one calendar year from 01 January 2023 to 31 December 2023.
- The expenses, irrespective of capital or revenue nature, accrued / due but not paid have been provided for in the books of the accounts.
- Figures of previous year have been rearranged whenever necessary to conform with the current year's presentation.





Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
<b>4. Cash</b>			
Cash in hand (including foreign currency)	Note: 4.1	351,213,043	319,824,165
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	Note: 4.2	852,356,977	725,246,650
		<b>1,203,570,020</b>	<b>1,045,070,815</b>
<b>4.1 Cash in Hand</b>			
In local currency		350,508,887	317,705,012
In foreign currency		704,156	2,119,153
		<b>351,213,043</b>	<b>319,824,165</b>
<b>4.2 Balance with Bangladesh Bank and its agent bank(s)</b>			
In local currency		817,618,598	666,456,431
In foreign currency		9,251,653	21,452,514
		826,870,251	687,908,945
Sonali Bank as agent of Bangladesh Bank (Local currency)		25,486,726	37,337,705
		<b>852,356,977</b>	<b>725,246,650</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

##### 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 Bank Companies Act, 1991 and MPD circular nos.01 & 02, dated June 23, 2014 and December 10, 2013 & DOS circular no.1 dated 19 January 2014 & MPD Circular no.01 dated April 03, 2018 & DOS circular letter no. 26 dated 19 August 2019 and MPD Circular no. 03 dated April 09, 2020.

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)

###### Daily Position as on the reporting date

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

635,424,000	488,468,000
804,849,499	644,035,766
<b>169,425,499</b>	<b>155,567,766</b>

###### Bi-weekly as on the reporting date

Required reserve (4.00% of total time & demand liabilities)  
Actual reserve maintained  
**Surplus**

726,199,000	558,249,000
804,849,499	644,035,766
<b>78,650,499</b>	<b>85,786,766</b>

Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
<b>(b) Statutory Liquidity Ratio (SLR)</b>			
Required reserve (13% of total time & demand liabilities)		2,360,148,000	1,814,310,000
Actual reserve maintained		2,753,599,659	2,509,822,517
<b>Surplus</b>		<b>393,451,659</b>	<b>695,512,517</b>
<b>(c) Components of Statutory Liquidity Ratio (SLR)</b>			
Cash in hand		351,213,043	319,823,580
Balance with Sonali Bank Limited		25,411,149	32,247,671
Excess reserve of CRR (4.00% of bi-weekly)		78,650,499	85,786,766
HTM securities		2,234,952,268	1,730,380,500
HFT securities		-	278,255,400
Other eligible security		63,372,700	63,328,600
		<b>2,753,599,659</b>	<b>2,509,822,517</b>
<b>4.4 Maturity grouping of cash</b>			
On demand		1,203,570,020	1,045,070,815
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>1,203,570,020</b>	<b>1,045,070,815</b>
<b>5. Balance with other Banks and Financial Institutions</b>			
Inside Bangladesh	Note: 5.1	570,863,784	1,135,807,491
Outside Bangladesh	Note: 5.2	166,033,007	61,323,582
		<b>736,896,791</b>	<b>1,197,131,073</b>
<b>5.1 Inside Bangladesh:</b>			
<b>Current Account</b>	<b>Branch Name</b>		
Sonali Bank PLC.	Rangpur Branch	1,000,000	-
Agrani Bank PLC.	Pragpur Branch	2,231,895	3,067,930
Sonali Bank PLC.	Teknaf Branch	2,479,785	2,039,723
		<b>5,711,680</b>	<b>5,107,653</b>
<b>Savings Account</b>			
AB Bank PLC.	Principal Branch	6,692,788	15,438,483
Trust Bank Limited	Dhanmondi Branch	4,274,539	4,695,064
Eastern Bank PLC.	Gulshan Branch	6,106,762	833,525
Eastern Bank PLC.	Dhanmondi Branch	74,796	4,729,547
Sonali Bank PLC.	Local Office	3,219	3,219
		<b>17,152,104</b>	<b>25,699,838</b>
<b>Fixed Deposit</b>			
Industrial and Infrastructure Development Finance Company-IIDFC		368,000,000	375,000,000
Phoenix Finance & Investment Limited		180,000,000	180,000,000
IPDC Finance Limited		-	350,000,000
United Finance Limited		-	100,000,000
National Bank Limited		-	100,000,000
		<b>548,000,000</b>	<b>1,105,000,000</b>
		<b>570,863,784</b>	<b>1,135,807,491</b>



Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
<b>5.2 Outside Bangladesh:</b>			
Habib American Bank		152,317,938	54,735,687
Axis Bank ACU		11,790,966	4,960,370
United Bank of India		1,924,103	1,627,525
		<b>166,033,007</b>	<b>61,323,582</b>
<b>5.3 Maturity grouping of balance with other banks and financial institutions</b>			
Repayable on demand		736,896,791	1,197,131,073
Up to 3 months		-	-
Over 3 months but below 1 year		-	-
Over 1 year but below 5 years		-	-
Over 5 years		-	-
		<b>736,896,791</b>	<b>1,197,131,073</b>
<b>6. Money at Call on Short Notice</b>			
With Banking Companies	Note: 6.1	230,000,000	900,000,000
With Finance Companies	Note: 6.2	30,000,000	400,000,000
		<b>260,000,000</b>	<b>1,300,000,000</b>
<b>6.1 With Banking Companies</b>			
Midland Bank Ltd.		-	450,000,000
NCC Bank PLC.		-	100,000,000
AB Bank PLC.		130,000,000	350,000,000
Community Bank Ltd.		100,000,000	-
		<b>230,000,000</b>	<b>900,000,000</b>
<b>6.2 With Finance Companies</b>			
DBH Finance PLC.		30,000,000	-
LankaBangla Finance PLC.		-	400,000,000
		<b>30,000,000</b>	<b>400,000,000</b>
<b>6.3 Maturity grouping of money at call on short notice</b>			
On demand		-	-
Upto 1 month		260,000,000	900,000,000
Over 1 month but not more than 3 months		-	400,000,000
Over 3 month but not more than 6 months		-	-
More than 6 months but less than 1 year		-	-
More than 1 year but less than 5 years		-	-
More than 5 years		-	-
		<b>260,000,000</b>	<b>1,300,000,000</b>

Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
<b>7. Investments</b>			
Government Securities	Note: 7.1	2,298,324,968	2,071,964,499
Other Investments	Note: 7.2	3,236,823,858	3,299,025,501
		<b>5,535,148,826</b>	<b>5,370,990,000</b>
<b>7.1 Government Securities</b>			
Treasury Bills	Note: 7.1.1	-	115,458,991
Treasury Bonds	Note: 7.1.2	2,234,952,268	1,893,176,908
Government Islamic Bond (Sukuk)	Note: 7.1.3	63,150,000	63,150,000
Prize bonds		222,700	178,600
		<b>2,298,324,968</b>	<b>2,071,964,499</b>
<b>7.1.1 Treasury Bills</b>			
91 days Treasury Bills		-	-
182 days Treasury Bills		-	115,458,991
364 days Treasury Bills		-	-
		<b>-</b>	<b>115,458,991</b>
<b>7.1.2 Treasury Bond</b>			
2 years Treasury Bond		350,894,386	-
5 years Treasury Bond		210,537,412	209,685,773
10 years Treasury Bond		884,897,467	890,198,853
15 years Treasury Bond		473,381,993	474,541,307
20 years Treasury Bond		315,241,010	318,750,975
		<b>2,234,952,268</b>	<b>1,893,176,908</b>
<b>7.1.3 Government Islamic Bond (Sukuk)</b>			
2 years		-	-
5 years		63,150,000	63,150,000
		<b>63,150,000</b>	<b>63,150,000</b>
<b>7.1.4 Investment in securities are classified as per Bangladesh Bank Circular</b>			
Held for Trading (HFT)		-	278,255,400
Held to Maturity (HTM)		2,234,952,268	1,614,921,508
		<b>2,234,952,268</b>	<b>1,893,176,908</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.			
<b>7.2 Other Investments</b>			
Investments in Share	Note 7.2.1	2,606,596,483	2,305,994,241
Investment in Zero Coupon Bond		255,227,375	298,031,260
Investment in Mutual Fund		45,000,000	45,000,000
Investment in Subordinate Bond		330,000,000	350,000,000
Investments in Commercial Paper		-	300,000,000
		<b>3,236,823,858</b>	<b>3,299,025,501</b>
<b>7.2.1 Investments in Shares</b>			
Investment in Share (Special Fund)	Note: 7.2.1.1	169,802,260	167,700,020
Investment in Share (Regular Fund)	Note: 7.2.1.2	2,436,794,223	2,138,294,222
		<b>2,606,596,483</b>	<b>2,305,994,241</b>



Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
<b>7.2.1.1 Investment in Share (Special Fund)</b>			
Quoted Share		169,802,260	167,700,020
Unquoted Share		-	-
		<b>169,802,260</b>	<b>167,700,020</b>
<b><u>Quoted Share</u></b>			
A.C.I		25,730	25,730
Bangladesh Steel Re-Ro		1,473,001	1,473,001
Bd Submarine Cable PLC.		2,049	2,049
GPH Ispat Limited		5,456,933	5,456,933
I.F.I.C. Bank PLC.		15,338,976	15,338,976
Mercantile Bank PLC.		3,568,425	3,568,425
Power Grid Company of Bangladesh		10,029,027	10,029,027
Bangladesh Export Import Company Ltd.		7,413,487	7,413,487
Beximco Pharmaceuticals Ltd.		47,015,376	47,015,376
IPDC Finance Limited		420	420
LankaBangla Finance PLC.		10,590,258	10,590,258
LafargeHolcim Bangladesh Limited		5,299,627	3,197,385
Summit Power Limited		4,297,180	4,297,180
British American Tobacco Bangladesh Company Limited-BATBC		30,952,411	30,952,412
Confidence Cement PLC.		14,805,360	14,805,360
Square Pharmaceuticals PLC.		13,534,000	13,534,001
		<b>169,802,260</b>	<b>167,700,020</b>
<b>7.2.1.2 Investment in Share (Regular Fund)</b>			
Quoted Share (a)		16,294,223	16,294,222
Unquoted Share (b)		2,420,500,000	2,122,000,000
		<b>2,436,794,223</b>	<b>2,138,294,222</b>
<b><u>a. Quoted Share</u></b>			
A.C.I		3,025,039	3,025,039
Bangladesh Export Import Company Ltd.		13,474	13,474
Beximco Pharmaceuticals Ltd.		5,499,643	5,499,643
GPH Ispat Limited		2,555,998	2,555,997
I.F.I.C. Bank PLC.		5,199,263	5,199,263
LafargeHolcim Bangladesh Limited		806	806
		<b>16,294,223</b>	<b>16,294,222</b>
<b><u>b. Unquoted Share</u></b>			
Envoy Textiles Limitec		48,000,000	72,000,000
Impress Newtex Composite Textiles Ltd		300,000,000	300,000,000
Premier Cement Mills Ltd.		262,500,000	300,000,000
Esquire Accessories Limited		140,000,000	200,000,000
Anwar Ispat		350,000,000	350,000,000
Paramount Text.		400,000,000	500,000,000
Hamid Spinning Mills Ltd.		250,000,000	-
Lab Aid		350,000,000	-
Confidence Infrastructure Limited		320,000,000	400,000,000
		<b>2,420,500,000</b>	<b>2,122,000,000</b>
		<b>2,436,794,223</b>	<b>2,138,294,222</b>



Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
<b>8. Loans and Advances</b>			
Loans, Cash Credits, Overdrafts etc.	Note-8.1	16,014,791,094	12,531,846,451
Bills Purchased and Discounted	Note-8.2	-	-
		<b>16,014,791,094</b>	<b>12,531,846,451</b>
<b>8.1 Loans, Cash Credits, Overdrafts etc.</b>			
Inside Bangladesh:			
Overdraft	Note-8.3	2,277,076,877	2,519,734,985
Time loan		5,742,799,767	4,060,098,859
Term loan		7,968,638,324	5,921,022,119
Staff Loan		26,276,126	30,990,488
		<b>16,014,791,094</b>	<b>12,531,846,451</b>
Outside Bangladesh:		-	-
		<b>16,014,791,094</b>	<b>12,531,846,451</b>
<b>8.2 Bills Purchased and Discounted</b>			
Payable Inside Bangladesh		-	-
Payable Outside Bangladesh		-	-
		<b>-</b>	<b>-</b>
<b>8.3 Staff Loan</b>			
Home Loan		16,946,202	23,852,722
Car Loan		9,329,924	7,137,766
		<b>26,276,126</b>	<b>30,990,488</b>
<b>8.4 Maturity grouping of loans and advances</b>			
Repayable on demand		1,363,913,027	1,144,796,494
Upto 3 months		2,540,201,931	-
Over 3 months but below 1 year		3,813,730,061	5,261,173,164
Over 1 year but below 5 years		5,330,442,026	4,473,656,839
Over 5 years		2,966,504,049	1,652,219,954
		<b>16,014,791,094</b>	<b>12,531,846,451</b>
<b>8.5 Loans and Advances under the following Broad categories</b>			
Inside Bangladesh:			
Loans		13,737,714,217	10,012,111,466
Overdrafts		2,277,076,877	2,519,734,985
Cash credits		-	-
		<b>16,014,791,094</b>	<b>12,531,846,451</b>
Outside Bangladesh:		-	-
		<b>16,014,791,094</b>	<b>12,531,846,451</b>

As per letter # 178/FRC/APR/2021/27(45) dated 09 December 2021 issued by the Financial Reporting Council (FRC) regarding the compliance of BRPD Circular Letter # 04 dated 04 January 2021 and BRPD Circular Letter # 35 dated 06 July 2021. The Bank collected the audited financial statements before sanction/renewal of new loan and verified those audited financial statements through DVS developed by ICAB.



Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22

#### 8.6 Net loans and advances

Gross loans and advances	16,014,791,094	12,531,846,451
Less: Provision for loans and advances	292,467,997	251,362,793
Less: Interest suspense	77,498,783	8,907,554
	<b>15,644,824,314</b>	<b>12,271,576,104</b>

#### 8.7 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	5,033,675	4,156,982
c) Loans and advances to customer groups:	-	-
i) Real estate finance	372,987,821	230,503,884
ii) Car loan	26,802,991	19,096,495
iii) Personal loan	2,759,606,230	3,111,495,924
iv) Loan against deposits (LAD)	484,313,757	372,830,999
v) Small and medium enterprises	1,519,543,780	53,840,109
vi) Special program loan (Bangladesh Bank refinancing scheme)	34,156,155	155,218,457
vii) Staff loan	26,276,126	30,990,489
viii) Industrial loans, advances and leases	9,386,154,183	6,752,484,908
ix) Other loans and advances	1,399,916,376	1,801,228,204
	<b>16,014,791,094</b>	<b>12,531,846,451</b>

#### 8.8 Details of large loans and advances

Number of clients which sanctioned amount of loans and advances exceeding 10% of the total capital of the Bank with outstanding and classified amount.

Total capital of the Bank	-	-
Number of clients	9	8
Amount of outstanding loans and advances	6,214,354,659	4,626,340,366
Amount of classified loans and advances	-	-
Measures taken for recovery	-	-

Name of the Borrower	Outstanding		Total	
	Funded	Non-Funded	31-Dec-23	31-Dec-22
Energypac Group	720,620,429	-	720,620,429	701,904,505
Property Development Ltd	560,011,794	288,510,341	848,522,135	435,463,500
Genesis International/Merits Technologies Ltd.	891,795,836	79,368,991	971,164,827	1,048,203,757
Taufika Group	1,275,334,046	-	1,275,334,046	1,218,061,646
Paramount Textile Limited	225,672,529	-	225,672,529	224,879,346
Esquire Knit Composite Ltd.	255,800,825	400,000,000	655,800,825	-
Sheltech Engineering Limited	320,942,627	19,524,586	340,467,213	294,131,363
City Group	747,739,930	-	747,739,930	703,696,250
GPH Ispat Limited	429,032,726	-	429,032,726	-
Jagorani Chakra Foundation	-	-	-	499,697,733
	<b>5,426,950,742</b>	<b>787,403,917</b>	<b>6,214,354,659</b>	<b>4,626,340,366</b>

#### 8.9 Sector - wise concentration of loans and advances (including bills purchased and discounted)

Public sector	-	-
Private sector	16,014,791,094	12,531,846,451
	<b>16,014,791,094</b>	<b>12,531,846,451</b>

Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
<b>8.10 Industry wise loans and advances</b>			
Trade and commerce		640,920,740	248,635,962
Industries		-	-
i) Garments and knitwear		481,304,907	452,979,633
ii) Textile		225,672,529	224,879,346
iii) Jute and jute -products		-	-
iv) Food production and processing industry		2,159,076,962	1,571,106,883
v) Plastic industry		102,611,333	-
vi) Leather and leather goods		-	-
vii) Iron, steel and engineering		942,072,382	-
viii) Pharmaceuticals and chemicals		924,221,853	505,845,435
ix) Cement and allied industry		509,022,222	-
x) Telecommunication and IT		7,709,216	9,903,697
xi) Paper, printing and packaging		-	-
xii) Glass, glassware and ceramic industry		-	-
xiii) Ship manufacturing industry		-	-
xiv) Electronics and electrical products		190,203,073	517,211,562
xv) Power, gas, water and sanitary service		533,010,774	505,312,248
xvi) Transport and aviation		-	-
Agriculture		133,492,092	77,640,033
Housing		389,934,023	254,356,606
Loan to subsidiaries companies		-	-
Others		8,775,538,988	8,163,975,046
		<b>16,014,791,094</b>	<b>12,531,846,451</b>
<b>8.11 Geographical location-wise portfolio grouping</b>			
Inside Bangladesh:			
<b>Urban Branches</b>			
Dhaka		12,805,952,487	10,654,736,696
Chittagong		2,146,758,469	743,966,349
Khulna		303,746,638	324,540,154
Mymensingh		145,476,734	162,936,912
Sylhet		66,423,163	77,274,797
Barisal		-	-
Rajshahi		-	105,746,790
Rangpur		115,057,522	-
		<b>15,583,415,013</b>	<b>12,069,201,698</b>
<b>Rural Branches</b>			
Dhaka		-	-
Chittagong		324,435,299	348,020,207
Khulna		69,907,087	69,368,977
Mymensingh		37,033,695	45,255,569
Sylhet		-	-
Barisal		-	-
Rajshahi		-	-
Rangpur		-	-
		<b>431,376,081</b>	<b>462,644,753</b>
		<b>16,014,791,094</b>	<b>12,531,846,451</b>
Outside Bangladesh:		-	-
		<b>16,014,791,094</b>	<b>12,531,846,451</b>



Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22

#### 8.12 Securities wise loans and advances

##### a. Secured

Collateral of movable / immovable asset	589,469,633	1,727,961,239
Cash collateral	11,160,129	-
Local Banks & Financial Institutions guarantee	-	-
Foreign Banks Guarantee	-	-
Export documents	-	-
Government Guarantees	-	-
FDR Shimanto Bank	564,432,829	469,125,006
FDR of Other Banks	-	-
Personal Guarantee	7,203,608,874	649,579,953
Other Securities	-	364,525,000
Government bonds	278,069,528	604,475,000
	<b>8,646,740,993</b>	<b>3,815,666,198</b>
	<b>7,368,050,101</b>	<b>8,716,180,253</b>
	<b>16,014,791,094</b>	<b>12,531,846,451</b>

##### b. Unsecured

#### 8.13 Classification of loans and advances

##### Unclassified

Standard (UC)	15,691,387,040	12,345,788,036
Special Mention Accounts (SMA)	145,692,240	33,404,944
	<b>15,837,079,280</b>	<b>12,379,192,980</b>

##### Classified

Sub-Standard (SS)	43,168,646	36,041,454
Doubtful (DF)	9,537,088	38,390,970
Bad/Loss (BL)	125,006,080	78,221,047
	<b>177,711,814</b>	<b>152,653,471</b>
	<b>16,014,791,094</b>	<b>12,531,846,451</b>

#### 8.14 Particulars of required provision for loans and advances

##### General Provision

Status of Loans and Advances	Base for Provision	Rate	Provision Amount	Provision Amount
Standard	15,680,987,040	Various*	182,021,304	156,768,563
Special Mention Account	145,692,240		770,280	387,683
Special General Provision- COVID-19			17,020,197	17,020,197
<b>Total</b>	<b>15,826,679,280</b>		<b>199,811,781</b>	<b>174,176,443</b>

##### Specific Provision

Status of Loans and Advances	Base for Provision	Rate	Provision Amount	Provision Amount
Sub-Standard	40,935,365	20% & 5%	8,046,455	6,537,152
Doubtful	8,849,513	50% & 5%	4,424,756	8,191,436
Bad-Loss	80,185,005	100%	80,185,005	60,519,273
<b>Total</b>	<b>129,969,883</b>		<b>92,656,216</b>	<b>75,247,861</b>
<b>Total required provision for loans and advances</b>			<b>292,467,997</b>	<b>249,424,304</b>
<b>Total provision maintained for loans and advances</b>			<b>292,467,997</b>	<b>251,362,793</b>
<b>Excess/(Short) Provision</b>			<b>-</b>	<b>1,938,489</b>

\*General provision is kept @ 1% on general loans and advances and 0.25% on small enterprise financing, 2% on certain other types of lending and 5% on consumer financing.

Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
<b>8.15 Particulars of Loans and advances</b>			
(i) Loans considered good in respect of which the Bank is fully secured		1,443,132,119	1,390,896,168
(ii) Loans considered good against which the Bank holds no security other than the debtors' personal guarantee		7,368,050,101	1,443,016,880
(iii) Loans considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors		7,203,608,874	9,697,933,403
(iv) Loan adversely classified for which no provision is created		-	-
		<b>16,014,791,094</b>	<b>12,531,846,451</b>
(v) Loans due by directors or officers of the Bank or any of them either separately or jointly with any other persons		83,640,063	72,774,691
(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		2,000,000	6,000,000
(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 respect of classified loans and advances		-	-
a) Classified loans on which interest has not been charged to income			
(1) Increase/ decrease of provision (Specific)		15,974,520	(7,689,597)
(2) amount of loans written off			-
(3) Amount recovered against loans previously written off;			-
b) Amount of proviosn kept against loan classified as "bad/loss" on the date of preparing the balance sheet;		80,185,005	60,519,273
c) Interest creditable to the interest suspense account		77,498,783	8,907,554
(xi) Cumulative amount of written of loan			
Opening balance		-	-
Amount written off during the year		-	-
		-	-
<b>9. Fixed Assets Including Premises, Furniture and Fixtures</b>			
Freehold assets	Note: 9.1	200,186,674	212,618,733
Intangible assets	Note: 9.2	21,401,484	19,577,537
Lease Assets	Note: 9.3	208,102,749	-
		<b>429,690,907</b>	<b>232,196,270</b>
<b>9.1 Freehold Assets</b>			
Computer & Network		196,223,679	170,584,312
Furniture and Fixtures		95,697,914	93,637,519
Office Equipment		102,188,649	97,067,185
Vehicle		176,400	176,400
Decoration & Renovation		84,962,689	81,911,502
		<b>479,249,331</b>	<b>443,376,918</b>
Less: Accumulated Depreciation		279,062,657	230,758,185
		<b>200,186,674</b>	<b>212,618,733</b>





Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
<b>9.2 Intangible Assets</b>			
Software		79,332,704	66,367,247
Less: Accumulated Amortization		57,931,220	46,789,710
		<b>21,401,484</b>	<b>19,577,537</b>
<b>9.3 Lease Assets</b>			
Right of Used Assets		260,300,744	-
Less: Accumulated Depreciation		52,197,995	-
		<b>208,102,749</b>	<b>-</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		101,095,755	89,294,829
Interest receivable from calls and placements		26,044,775	15,913,043
Interest receivable on loans & advances		42,697,025	65,404,033
Dividend receivable from preference share		30,003,446	28,454,900
Receivable on Cards		10,841,642	3,126,240
Receivable from Capital Market (Regular Fund)		175,266	185,053
Dividend Receivable from Special Fund Investment		1,780,089	2,420,029
Shanchaypatra Receivable		224,449	3,093,239
		<b>212,862,447</b>	<b>207,891,366</b>
<b>Non-Income Generating</b>			
Advance rent		10,028,963	34,381,291
Advance income tax	Note: 10.1	748,560,719	585,812,699
Balance with EBL Securities		18,571	18,571
Balance with Lanka Bangla Securities Ltd		339,224	2,336,329
Advance VAT		7,015	292,763
Advance, deposit & prepayments	Note: 10.2	33,679,026	13,774,398
Stationery and stamps	Note: 10.3	4,306,213	6,227,297
Branch adjustment		-	-
Clearing charges adjustment		100,276	107,686
Suspense account		-	-
Silver		-	-
Other Receivables		16,198,003	7,023,255
Deferred tax asset	Note: 13.3	9,246,055	10,204,259
		<b>822,484,065</b>	<b>660,178,548</b>
		<b>1,035,346,512</b>	<b>868,069,914</b>
<b>10.1 Advance Income Tax</b>			
Opening Balance		585,812,699	415,135,337
Add: Paid during the year		162,748,020	170,677,362
		<b>748,560,719</b>	<b>585,812,699</b>
Less: Adjustment during the year		-	-
		<b>748,560,719</b>	<b>585,812,699</b>
<b>10.2 Advance, Deposit &amp; Prepayments</b>			
House furnishing allowance		2,643,600	3,034,585
Temporary advance to staff & Vendor		358,736	186,995
Prepaid/Deferred Expenses		30,676,690	10,552,818
		<b>33,679,026</b>	<b>13,774,398</b>

Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
<b>10.3 Stationery and stamps</b>			
VISA Plastic card		1,901,707	5,162,407
Printing Stationary		2,274,936	971,920
Stamps (Judicial & Non- Judicial)		129,570	92,970
		<b>4,306,213</b>	<b>6,227,297</b>
<b>11. Borrowings from Other Banks, Financial Institutions and Agents</b>			
Inside Bangladesh		49,768,850	48,860,032
Outside Bangladesh		-	-
		<b>49,768,850</b>	<b>48,860,032</b>
<b>11.1 Security against borrowings from other banks, financial institutions and agents</b>			
Secured (Treasury bills)		-	-
Unsecured		49,768,850	48,860,032
		<b>49,768,850</b>	<b>48,860,032</b>
<b>11.2 Maturity grouping of borrowings from other banks, financial institutions and agents</b>			
Payable on demand		-	-
Up to 1 month		-	-
Over 1 month but within 3 months		-	-
Over 3 months but within 1 year		49,768,850	48,860,032
Over 1 year but within 5 years		-	-
Over 5 years		-	-
		<b>49,768,850</b>	<b>48,860,032</b>
<b>12. Deposit and Other Accounts</b>			
<b>Deposit from Bank</b>		-	-
<b>Deposit from customer and others</b>			
Current Deposits Accounts	Note: 12.1	684,445,216	445,864,916
Bills Payables	Note: 12.2	259,913,863	179,641,450
Savings Bank Deposit Accounts	Note: 12.3	1,567,634,859	1,258,758,740
Short Notice Deposit Account	Note: 12.4	3,416,997,623	4,914,924,876
Scheme Deposit Account	Note: 12.5	440,554,179	382,273,993
Fixed Deposit Accounts	Note: 12.6	11,996,266,440	9,329,903,483
Other Deposits	Note: 12.7	275,773,583	168,116,828
		<b>18,641,585,763</b>	<b>16,679,484,286</b>
		<b>18,641,585,763</b>	<b>16,679,484,286</b>
<b>12.1 Current Deposits Accounts</b>			
Current Deposit		526,920,145	371,745,548
Foreign Currency Deposit		11,352,559	10,205,418
Security Deposit		3,730,187	5,421,479
Margin Deposit		142,442,325	58,492,471
		<b>684,445,216</b>	<b>445,864,916</b>
<b>12.2 Bills Payables</b>		<b>259,913,863</b>	<b>179,641,450</b>



Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
<b>12.3 Savings Deposit Accounts</b>			
SMBL Payroll Gold		1,225,198	45,783
SMBL Shopno		3,169,072	1,848,558
SMBL Payroll		22,662,453	24,231,715
BGB School Payroll Account		136,827,891	102,249,092
BGB School PF Account		86,350,891	63,866,260
BGB School Gratuity Account		15,690,488	12,843,047
Shimanto Student Account		12,025,961	10,939,551
SmbL Staff Salary Account		15,229,130	12,115,892
BGB Payroll Account		314,674,142	279,192,030
Shimanto Sanchay		959,779,633	751,426,812
		<b>1,567,634,859</b>	<b>1,258,758,740</b>
<b>12.4 Short Notice Deposit Accounts</b>			
SMBL SND Account (SME)		511,229,781	472,152,752
SMBL SND Account (Corporate)		2,905,767,842	4,442,772,124
		<b>3,416,997,623</b>	<b>4,914,924,876</b>
<b>12.5 Scheme Deposit Accounts</b>			
Shimanto Student DPS		13,428,429	12,495,992
Shimanto DPS		425,235,652	369,778,001
Connect DPS		1,890,098	-
		<b>440,554,179</b>	<b>382,273,993</b>
<b>12.6 Fixed Deposit Accounts</b>			
Term Deposit Account		11,996,266,440	9,329,903,483
		<b>11,996,266,440</b>	<b>9,329,903,483</b>
<b>12.7 Other Deposits</b>			
Interest Payable on deposit		186,606,748	112,115,474
Vat Payable		7,010,962	4,921,061
Excise Duty Payable		17,637,950	16,122,555
Tax Payable (At Source)		24,465,454	13,903,782
Other Deposit		40,052,469	21,053,956
		<b>275,773,583</b>	<b>168,116,828</b>
<b>12.8 Maturity analysis of deposits and other account</b>			
<b>a) Maturity analysis of deposits from Banks</b>			
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 but within 10 years		-	-
Over 10 years		-	-
		<b>-</b>	<b>-</b>

Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
<b>b) Maturity analysis of customer deposits and other account</b>			
Repayable on demand		944,359,079	416,898,365
Within 1 month		2,006,528,710	3,765,731,004
Over 1 month but within 6 months		6,710,634,956	3,784,882,175
Over 6 months but within 1 year		4,811,984,516	3,711,437,164
Over 1 year but within 5 years		2,675,981,346	3,495,146,216
Over 5 years but within 10 years		1,492,097,156	1,505,389,362
Over 10 years		-	-
		<b>18,641,585,763</b>	<b>16,679,484,286</b>
<b>12.9 Sector wise Deposit</b>			
Government		8,785,297,733	8,579,368,634
Private		9,163,075,513	7,678,238,006
Foreign Currency		11,352,559	10,205,418
Others		681,859,958	411,672,228
		<b>18,641,585,763</b>	<b>16,679,484,286</b>
<b>12.10 Payable on demand and time deposits</b>			
<b>a) Demand Deposits</b>			
Current deposits		669,362,470	435,659,498
Savings deposits (9%)		141,087,137.31	113,288,287
Foreign currency deposits		11,352,559	10,205,418
Security deposits		3,730,187	5,421,479
Sundry deposits		275,773,583	162,695,349
Bills payable		259,913,863	179,641,450
		<b>1,361,219,799</b>	<b>906,911,481</b>
<b>b) Time Deposits</b>			
Savings deposits (91%)		1,426,547,722	1,145,470,453
Fixed deposits		11,996,266,440	9,329,903,483
Special notice deposits		3,416,997,623	4,914,924,876
Deposits under schemes		440,554,179	382,273,993
		<b>17,280,365,964</b>	<b>15,772,572,805</b>
		<b>18,641,585,763</b>	<b>16,679,484,286</b>



Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
<b>13. Other Liabilities</b>			
Accumulated Provision against Loans and Advances	Note - 13.1	275,447,800	234,342,596
Special General Provision- COVID-19	Note - 13.2	17,020,197	17,020,197
Provision for Off Balance Sheet Items	Note - 13.3	10,284,633	5,782,822
Provision for Current Tax	Note - 13.4	780,222,073	652,167,449
Interest Payable on Borrowing		-	161,282
Provision for Deferred Tax	Note - 13.5	-	-
Other Payable		70,109,718	39,476,432
Interest Suspense	Note - 13.6	77,498,783	8,907,554
Provision for Diminution in Value of Investments	Note - 13.7	2,110,883	2,095,683
Provision for Start-up Fund	Note - 13.8	8,185,046	5,717,033
Provision for Climate Risk Fund		2,468,013	-
Transactional Account		49,436	307,600
CIB Payable		-	1,113,790
Lease Liability		199,082,067	-
		<b>1,442,478,649</b>	<b>967,092,438</b>
<b>13.1 Provision against Loans and Advances</b>			
<b>Movement of Specific Provision</b>			
Opening balance		<b>76,681,696</b>	<b>84,371,294</b>
Less: Fully provided debts written off during the year		-	-
Add: Recovery of amounts previously written off		-	-
Add: Specific provision made during the year		24,768,282	146,659,497
Less: Transferred to general provision of loans and advances		8,793,762	154,349,095
Add: Transfer from general reserve		-	-
Less: Recoveries and provision no longer required		-	-
Add: Net charge to Profit and Loss Account		-	-
<b>Closing balance</b>		<b>92,656,216</b>	<b>76,681,696</b>
<b>Movement of General Provision</b>			
Opening Balance		157,660,900	99,063,346
Add: Transfer from specific provisions		-	-
Less: Transfer from General Provision		41,673,825	285,701,228
Add: General provision made during the year		66,804,509	344,298,782
<b>Closing balance</b>		<b>182,791,584</b>	<b>157,660,900</b>
		<b>275,447,800</b>	<b>234,342,596</b>
<b>13.2 Special General Provision- COVID-19</b>			
Opening balance		17,020,197	25,407,312
Less: Adjustment during the year		-	8,387,115
<b>Closing Balance</b>		<b>17,020,197</b>	<b>17,020,197</b>
<b>Total Provision maintained</b>		<b>292,467,997</b>	<b>251,362,793</b>
<b>13.3 Provision for Off Balance Sheet Exposures</b>			
Opening balance		5,782,822	6,106,512
Add: Addition during the year		9,419,065	-
Less: Transfer during the year		4,917,254	323,690
		<b>10,284,633</b>	<b>5,782,822</b>

The Bank has made a provision of (Tk 1,02,74,11,773) @ 1.00% on off balance sheet exposure as per BRPD Circular number 14 dated 23.09.2012 from current year's profit. The total amount of provision of Tk. 1,02,74,118 is deemed sufficient on requirement and will be treated as Supplementary Capital of the Bank.



Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22

#### 13.4 Provision for Current Tax

Opening Balance	652,167,449	509,957,624
Add: Provision made during the year	128,054,624	142,209,825
Less: Settlement during the year	-	-
<b>Closing Balance</b>	<b>780,222,073</b>	<b>652,167,449</b>

#### 13.5 Deferred Tax Liability/(Asset)

Temporary timing difference in written down value of fixed asset

Particulars	Carrying amount of balance sheet	Tax base	Taxable temporary difference
	Taka	Taka	Taka
Fixed assets net of depreciation as on 31 Dec 2023	221,588,158	253,723,977	(32,135,819)
Right of use assets	208,102,749	-	208,102,749
Lease obligation	(199,082,067)	-	(199,082,067)
<b>Total</b>	<b>230,608,840</b>	<b>253,723,977</b>	<b>(23,115,137)</b>
Fixed assets net of depreciation as on 31 Dec 2022	232,196,269	257,706,917	(25,510,648)
<b>Applicable Tax Rate @</b>			40%
Deferred tax assets as on 31 December 2023			(9,246,055)
Deferred tax assets as on 31 December 2022			(10,204,259)
<b>Deferred tax expenses accounted for during the year 2023</b>			<b>(958,204)</b>

Deferred tax has been calculated based on deductible/taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of International Accounting Standard (IAS)12 'Income Taxes and BRPD circular no 11 dated 12 December 2011"

#### 13.6 Interest Suspense Account

Opening Balance	8,907,554	4,835,843
Add: Transfer during the year	105,710,009	22,086,777
Less: Recovery during the year	37,118,780	18,015,066
Less: Waiver during the year	-	-
Less: Write off during the year	-	-
<b>Closing Balance</b>	<b>77,498,783</b>	<b>8,907,554</b>

#### 13.7 Provision for Diminution in Value of Investments

Opening balance	2,095,683	-
Addition during the year	15,200	2,095,683
<b>Closing Balance</b>	<b>2,110,883</b>	<b>2,095,683</b>

#### 13.8 Provision for Start-up Fund

Addition for the year 2020	2,010,374	2,010,374
Addition for the year 2021	1,400,967	1,400,967
Addition for the year 2022	2,305,692	2,305,692
Addition for the year 2023	2,468,013	-
<b>Total</b>	<b>8,185,046</b>	<b>5,717,033</b>

After finalization of the financial statements for the year ended 31 December 2020, Bangladesh Bank vide its SMESPD Circular No. 04 dated 29 March 2021 as well as SMESPD Circular Letter No. 05 dated 26 April 2021 instructed all scheduled banks to build-up a Start-up Fund under Other Liabilities @1% out of net profit starting for the year 2020 in order to make disbursement to make new entrepreneurs and self-employment. In response to that, Shimanto Bank PLC. started to build-up the Start-up Fund out of net profit from the year 2020.



Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22

#### 14. Share Capital

##### 14.1 Authorised Capital

1,000,000,000 ordinary shares of Taka 10 each	10,000,000,000	10,000,000,000
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##### 14.2 Issued, Subscribed and Paid-up Capital

Balance at the beginning of the year	4,380,000,000	4,380,000,000
Add: Stock dividend of 2022 issued in 2023	150,000,000	-
	4,530,000,000	4,380,000,000

##### 14.2.1 Bonus Issue

On 22th June 2023, 3.42% stock dividend approved by the shareholders in its 7th Annual General Meeting of the Bank. The stock dividend was distributed on 30 June 2023 accordingly.

##### 14.3 Percentage of Shareholding

Particulars	31-Dec-23		31-Dec-22
	Capital	% of Holdings	% of Holdings
Sponsors and public	4,530,000,000	100	100
Government	-	-	-
	4,530,000,000	100	100

##### 14.4 Classification of Shareholding

Range of holding of shares	No. of shareholders	No. of Shares	Shareholdings %	
			31-Dec-23	31-Dec-22
Upto 500	9	9	0.000002%	0.000002%
501 to 5,000	0	-	0.00%	0.00%
5,001 to 10,000	0	-	0.00%	0.00%
10,001 to 20,000	0	-	0.00%	0.00%
20,001 to 30,000	0	-	0.00%	0.00%
30,001 to 40,000	0	-	0.00%	0.00%
40,001 to 50,000	0	-	0.00%	0.00%
50,001 to 100,000	0	-	0.00%	0.00%
100,001 to 1,000,000	0	-	0.00%	0.00%
Over 1,000,000	1	452,999,991	99.999998%	99.999998%
	10	453,000,000	100.00%	100.00%

##### 14.5 Names of the Directors and their shareholding as at 31 December 2023

Name of the Director	Status	No of Share	
		31-Dec-23	31-Dec-22
BGB Welfare Trust	Sponsor	452,999,991	437,999,991
Maj Gen A K M Nazmul Hasan, BGBM, BAM, ndc, psc	Chairman	1	-
Brig Gen Md Nurul Amin, BGBMS, PhD, MPH	Director	1	1
Brig Gen Ali Reza Mohammad Ashaduzzaman, BGBMS, ndc, psc	Director	1	-
Brig Gen Tanveer Gani Chowdhury, PBGM	Director	1	1
Brig Gen K M Azad, BGBM, BPM (Seba), PPM (Seba), psc	Director	1	-

Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
Col Md Mahmudur Rahman, psc	Director	1	-
Col Murad Zaman, BGBMS, PBGMS	Director	1	1
Col Shafiul Azam Parvez	Director	1	-
Mr. Abu Hena Mohd. Razee Hasan	Independent Director	-	-
Maj Gen Shakil Ahmed, SPP, nswc, afwc, psc	Ex-Chairman	-	1
Brig Gen Md. Shazedur Rahman, BGBM	Ex-Director	-	1
Col A S M Faisal, PBGMS	Ex-Director	-	1
Brig Gen Benazir Ahmed, BGBMS, afwc, psc	Ex-Director	-	1
Col Md Aminul Hoque, SUP, afwc, psc	Ex-Director	-	1
		<b>453,000,000</b>	<b>438,000,000</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.

##### Tier - I Capital (going concern capital)

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

Paid up capital	4,530,000,000	4,380,000,000
Statutory reserve	375,712,142	300,549,312
Surplus in profit and loss account/ Retained earnings	168,868,435	152,165,969
	<b>5,074,580,577</b>	<b>4,832,715,281</b>

Less: Regulatory Adjustment

Deferred Tax Assets	9,246,055	10,204,259
<b>Total Common Equity Tier 1 Capital (CET-1)</b>	<b>5,065,334,522</b>	<b>4,822,511,022</b>

##### Additional Tier 1 Capital (AT-1)

##### (i) Total Tier - I Capital

##### Tier - II Capital (gone concern capital)

General provision including off-balance sheet exposure	210,096,414	180,463,919
Asset revaluation reserve (50%)	-	-
Revaluation reserve for HTM & HFT securities	-	-
Non-convertible subordinated bond	-	-
	<b>210,096,414</b>	<b>180,463,919</b>

Regulatory Adjustment (if any)

	-	-
<b>(ii) Total Tier - II Capital</b>	<b>210,096,414</b>	<b>180,463,919</b>

##### **A. Total Eligible Capital (i+ii)**

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

##### **Credit risk**

Balance sheet business	10,183,271,040	9,842,052,497
Off- balance sheet business	350,345,268	346,874,510
	<b>10,533,616,308</b>	<b>10,188,927,007</b>

Market risk	193,002,799	209,101,997
Operational risk	1,557,436,119	1,356,538,801
<b>Total risk-weighted assets</b>	<b>12,284,055,226</b>	<b>11,754,567,805</b>



Particulars		Notes	Amount in Taka	
			31-Dec-23	31-Dec-22
C. Required Capital based 10% of RWA i.e Taka 1,228,405,523 or 5,000,000,000 (Tk 4,380,000,000 for 2022) whichever is higher			5,000,000,000	4,380,000,000
D. Capital Surplus / (Shortfall) [A-C] (except capital conservation buffer 2.5%)			275,430,936	622,974,941
Total capital adequacy ratio (%)			42.95%	42.56%
Capital requirement	31-Dec-23		31-Dec-22	
	Required	Held	Required	Held
Tier - I Capital (Going concern capital)	6.00%	41.24%	6.00%	41.03%
Tier - II Capital (Gone Concern Capital)	-	1.71%	-	1.54%
Total	12.50%	42.95%	12.50%	42.56%
15. Statutory Reserve				
Opening balance			300,549,312	225,748,860
Add: Transfer from profit during the year			75,162,830	74,800,452
Closing Balance			375,712,142	300,549,312
As per Section 24 of Banking Companies Act 1991(amended up to date), 20% of pre tax profit has been transferred to Statutory Reserve Account.				
16. Retained Earnings				
Opening balance			152,165,969	97,314,266
Add: Profit after tax for the year			246,801,322	230,569,188
Less: Stock dividend			150,000,000	95,200,000
Less: Transferred to statutory reserve			75,162,830	74,800,452
Less: Transfer Start-Up Fund			2,468,013	5,717,033
Less: Transfer to Climate Risk Fund			2,468,013	-
Closing Balance			168,868,435	152,165,969
17. Other Reserves				
Opening balance			17,152,486	6,958,797
Add: Revaluation Reserve -T Bond HFT			-	4,465,904
Add: Amortization Gain- T Bond HTM			-	2,486,888
Add: Revaluation Reserve - T Bill HTM			-	3,692,876
Less: Revaluation Reserve -T Bond HFT			6,429,300	-
Less: Revaluation Reserve -T Bill HFT			-	451,979
Less: Revaluation Reserve -T Bill HTM			3,692,875	-
Closing Balance			7,030,311	17,152,486
18. Contingent Liabilities				
Acceptances and endorsements	Note - 18.1		121,789,306	10,025,534
Letters of guarantee	Note - 18.2		707,901,400	363,981,529
Letters of credit	Note - 18.3		193,772,497	204,274,970
Bills for collection			-	-
Other contingent liabilities	Note - 18.4		3,948,570	-
			1,027,411,773	578,282,033
18.1 Acceptances and endorsements				
Acceptance Local BTB Usance LC			66,897,907	10,025,534
Acceptance Foreign BTB Usance LC			54,891,399	
			121,789,306	10,025,534

Particulars	Notes	Amount in Taka	
		31-Dec-23	31-Dec-22
<b>18.2 Letters of guarantee</b>			
Other Guarantee (Warranty, Surety, Retention etc)		18,670,000	18,026,980
Payment Guarantee-Local		472,655,404	80,255,405
Shipping Guarantee		11,302,950	2,134,512
Performance Guarantee-Local		205,273,046	124,770,650
Advanced Payment Guarantee-Local		-	138,793,982
		<b>707,901,400</b>	<b>363,981,529</b>
<b>18.3 Letters of credit</b>			
Local BTB Usance LC		37,445,022	-
Foreign Cash Sight LC		137,759,978	156,422,690
Foreign BTB Usance LC		18,567,497	-
Foreign Usance LC		-	47,852,280
		<b>193,772,497</b>	<b>204,274,970</b>
<b>18.4 Other contingent liabilities</b>			
Local Bills for Collection		3,948,570	-
		<b>3,948,570</b>	<b>-</b>
<b>19. Income Statement</b>			
		Amount in Taka	
		2023	2022
<b>Income:</b>			
Interest, discount and similar income		1,393,335,133	1,156,205,358
Dividend income		209,025,270	90,717,236
Fee, commission and brokerage		14,934,433	7,648,410
Gains less losses arising from government securities		11,059,500	17,407,931
Gains less Losses arising from investment securities /Trading shares		220,815,747	181,365,253
Other operating income		89,985,331	64,003,526
		<b>1,939,155,414</b>	<b>1,517,347,714</b>
<b>Expenses:</b>			
Interest, fee and commission		886,237,237	530,455,512
Auditors' fees		494,500	488,000
Administrative expenses		341,943,621	298,261,196
Other operating expenses		175,974,835	212,995,176
Depreciation and amortization on banking assets		113,068,856	56,852,732
		<b>1,517,719,049</b>	<b>1,099,052,617</b>
<b>Operating Profit/ (Loss)</b>		<b>421,436,365</b>	<b>418,295,097</b>
<b>20. Interest Income</b>			
<b>Interest on loans and advances:</b>			
Corporate Loan		738,598,255	517,578,687
SME Loan		160,082,344	63,579,626
Retail Loan		353,883,353	368,077,434
Agriculture Loan		8,652,543	3,541,652
Staff Loan		1,230,572	1,719,480
		<b>1,262,447,067</b>	<b>954,496,879</b>
<b>Interest on Calls and placements &amp; balance with other banks:</b>			
Calls and placements		126,909,917	143,593,514
Balance with other Banks		3,978,149	58,114,965
		<b>130,888,066</b>	<b>201,708,479</b>
		<b>1,393,335,133</b>	<b>1,156,205,358</b>





Particulars	Notes	Amount in Taka	
		2023	2022
<b>21. Interest Paid on Deposits and Borrowings etc.</b>			
<b>Interest paid on deposits:</b>			
Short notice deposit		176,018,949	76,435,152
Savings deposits		23,954,372	18,570,687
Term deposit		663,489,938	434,698,182
		<b>863,463,259</b>	<b>529,704,022</b>
<b>Interest paid for borrowings:</b>			
Interest on money at call and short notice		6,475,111	-
Interest on borrowings from banks and FIs		4,003,472	-
Interest on repurchase agreement (REPO)		306,974	445,426
Interest on re-finance and pre-finance from Bangladesh Bank		902,163	306,064
Interest Expenses of Lease Liabilities		11,086,258	
		<b>22,773,978</b>	<b>751,490</b>
		<b>886,237,237</b>	<b>530,455,512</b>
<b>22. Investment Income</b>			
Dividend on shares	Note: 22.1	209,025,270	86,264,002
Gain from Sale of Govt. Securities		11,059,500	17,407,931
Capital Gain from Special Fund Investment		-	3,130,704
Capital Gain on Share Trading- (Regular Fund)		-	1,322,530
Interest income from Commercial Paper		18,213,699	5,786,301
Income from Bond	Note: 22.2	55,534,673	47,666,194
Interest on treasury bonds & Bills		176,670,259	162,232,380
Gain/(Loss) on treasury bills and treasury bonds		(29,602,884)	(34,319,622)
		<b>440,900,517</b>	<b>289,490,420</b>
<b>22.1 Dividend on Shares</b>			
Dividend from Special Fund Investment		5,351,670	6,507,442
Dividend Income on Preference Share		203,398,294	79,571,507
Dividend from Capital Market (Regular Fund)		275,306	185,053
		<b>209,025,270</b>	<b>86,264,002</b>
<b>22.2 Income from Bond</b>			
Interest on Subordinate Bond		26,930,932	17,319,359
Interest from Zero Coupon Bond		28,603,741	30,346,835
		<b>55,534,673</b>	<b>47,666,194</b>
<b>23. Commission, Exchange and Brokerage</b>			
Other Commission and service charges		1,591,269	1,073,589
Commission on letters of credit		3,591,621	4,581,000
Commission on letters of guarantee		9,751,543	1,993,821
		<b>14,934,433</b>	<b>7,648,410</b>
<b>24. Other Operating Income</b>			
Income from New Projects		24,473,976	18,031,800
Exchange Gain on Foreign Currencies		7,695,199	9,333,864
Other Income-MISC & Supervision charge		12,167,751	7,168,893
Income from account maintenance		19,548,949	13,550,045
Card related Income		26,099,456	15,918,923
		<b>89,985,331</b>	<b>64,003,526</b>

Particulars	Notes	Amount in Taka	
		2023	2022
<b>25. Salary and Allowances</b>			
Basic salary		117,102,474	103,292,684
Allowances		123,565,883	114,536,791
Contractual Staffs Salary and Wages		53,460,579	48,385,046
Bonus		36,438,455	21,611,161
		<b>330,567,391</b>	<b>287,825,682</b>
<b>26. Rent, Taxes, Insurance, Electricity etc.</b>			
Rents, rates and taxes - premises	Note: 26.1	28,034,378	82,334,163
Electricity, gas, water, etc.		11,677,701	10,636,174
Insurance		10,401,614	6,960,881
		<b>50,113,693</b>	<b>99,931,218</b>
<b>26.1 Rents, Rates and Taxes - Premises</b>			
Rent - Premises		25,704,008	75,811,799
Rent - Vehicle		2,014,265	2,784,600
Rent-ATM		316,105	146,264
Data Center Service		-	3,591,500
		<b>28,034,378</b>	<b>82,334,163</b>
<b>27. Legal Expenses</b>			
Legal and Professional expenses		2,655,921	1,950,250
Notary & Court Fees and Licensing		777,619	1,102,375
		<b>3,433,540</b>	<b>3,052,625</b>
<b>28. Postage, Stamp, Telecommunication, etc.</b>			
Telephone		651,157	663,230
Postage, stamp, Courier and shipping		1,343,966	1,338,052
Telex, fax, internet, wireless link etc.		1,492,670	1,886,489
Branch Connectivity Charges		8,675,322	7,999,735
		<b>12,163,115</b>	<b>11,887,506</b>
<b>29. Stationery, Printing, Advertisements, etc.</b>			
Printing and stationery		9,223,693	6,426,084
Publicity, advertisement, etc.		1,016,305	1,569,424
		<b>10,239,998</b>	<b>7,995,508</b>
<b>30. Chief Executive's Salary and Fees</b>			
Basic Salary		4,367,097	3,859,355
Allowances		3,752,198	3,950,574
Festival Bonus		770,000	636,000
Incentive bonus		1,000,000	1,000,000
		<b>9,889,295</b>	<b>9,445,929</b>
<b>31. Directors' Fees</b>			
Directors' fees		1,088,000	664,000
Meeting expenses		398,935	325,585
		<b>1,486,935</b>	<b>989,585</b>



Particulars	Notes	Amount in Taka	
		2023	2022
<b>32. Auditors' Fees</b>			
External Audit Fee		494,500	488,000
<b>33. Depreciation and Repairs of Bank's Assets</b>			
<b><u>Depreciation :</u></b>			
Furniture & Fixture - Office		9,795,044	8,797,178
Office Equipment		7,572,903	11,993,856
Decoration & Renovation		7,420,098	7,671,143
Vehicle		23,253	35,280
Computer and Network Equipment		23,493,174	18,352,749
Right of Use Assets		52,197,995	-
Software		11,141,510	7,026,140
		<b>111,643,977</b>	<b>53,876,347</b>
<b><u>Repairs:</u></b>			
Computer Accessories		534,459	1,248,000
Electricity & Lighting		6,370	10,163
Furniture & Fixture		43,483	9,598
Motor Vehicles		214,375	277,387
Building & Decoration		21,474	532,603
Equipment		604,718	898,635
		<b>1,424,879</b>	<b>2,976,386</b>
		<b>113,068,856</b>	<b>56,852,732</b>
<b>34. Other Expenses</b>			
Bank charges		13,682,141	13,134,028
Books and periodicals		27,258	19,933
Advertisement Related Tax		2,580,364	1,824,122
Entertainment		2,267,750	2,191,199
Traveling Expenses		976,835	993,750
Local Conveyance		513,022	475,308
Staff Training and Development		676,368	503,418
Car and Fuel Expenses		14,517,281	14,712,073
Office Maintenances		1,959,838	1,545,897
IT Enabled Service		11,893,608	9,571,500
Software maintenance		6,125,241	7,962,710
ATM Maintenance		1,219,400	1,177,763
Annual General Meeting		509,942	570,943
Business Development/Promotional Expenses		1,315,184	2,515,717
Miscellaneous Expenses		120,049	962,513
Spare Parts		3,281,754	3,529,235
Cards Related Expense		20,233,467	15,389,604
Donations, Subscription and Memberships		12,941,290	7,520,060
Branch opening expenses		123,853	197,256
Events & Occasional Expenses		1,047,760	2,673,517
Purchase of Utensils		700,071	133,611
Expenses for New Projects		3,312,013	2,343,384
Trading Loss from Special Fund Investment		-	180,776
		<b>100,024,489</b>	<b>90,128,318</b>
<b>35. Provision against Loans and Advances &amp; Others</b>			
General Provision	Note: 35.1	29,632,495	49,886,750
Specific Provision		15,974,520	(7,689,597)
Provision for diminution in value of Investments		15,200	2,095,683
		<b>45,622,215</b>	<b>44,292,835</b>

Particulars	Notes	Amount in Taka	
		2023	2022
<b>35.1 General Provision</b>			
General Provision on Loans and Advances		25,130,684	58,597,555
Off balance sheet items		4,501,811	(323,690)
COVID-19 provision		-	(8,387,115)
		<b>29,632,495</b>	<b>49,886,750</b>
<b>36. Provision for taxation</b>			
Provision for current tax calculation based on the profit before provision considering admissible and inadmissible expense as per provision of Income Tax Act-2023.			
Current Tax		128,054,624	142,209,825
Deferred Tax		958,204	1,223,249
		<b>129,012,828</b>	<b>143,433,074</b>
<b>37. Appropriations</b>			
Retained earnings - brought forward		152,165,969	97,314,266
Less: Stock dividend		(150,000,000)	(95,200,000)
Add: Net profit after tax for the year		246,801,322	230,569,188
		<b>248,967,291</b>	<b>232,683,454</b>
<u>Transferred to</u>			
Statutory reserve		(75,162,830)	(74,800,452)
Start-Up Fund		(2,468,013)	(5,717,033)
Climate risk fund		(2,468,013)	-
		<b>(80,098,856)</b>	<b>(80,517,485)</b>
<b>Retained earnings</b>		<b>168,868,435</b>	<b>152,165,969</b>
<b>38. Earnings Per Share (EPS)</b>			
Profit after taxation		246,801,322	230,569,188
Number of ordinary shares outstanding		453,000,000	438,000,000
<b>Basic Earnings Per Share</b>		<b>0.54</b>	<b>0.53</b>
Bonus fraction		-	0.02
<b>Earnings Per Share (EPS) [Restated: 2022]</b>		<b>0.54</b>	<b>0.51</b>
Earnings Per Share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2023 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 2023.			
<b>39. Changes in Other Assets</b>			
<b>Opening balance:</b>			
Advance rent		34,381,291	42,374,026
Advance VAT		292,763	392,393
Advance, deposit & prepayments		13,774,398	26,969,066
Inventory		6,227,297	1,518,693
Shanchaypatra Receivable		3,093,239	35,039,264
Receivable on Cards		3,126,240	257,247
Clearing charges adjustment		107,686	78,261
Other Receivables		7,208,308	917,666
Balance with EBL Securities		18,571	4,618,476
Balance with LankaBangla Securities Ltd		2,336,329	-
		<b>70,566,122</b>	<b>112,165,092</b>
<b>Closing Balance:</b>			
Advance rent		10,028,963	34,381,291
Advance VAT		7,015	292,763
Advance, deposit & prepayments		33,679,026	13,774,398
Inventory		4,306,213	6,227,297
Receivable on Cards		10,841,642	3,126,240
Shanchaypatra Receivable		224,449	3,093,239



Particulars	Notes	Amount in Taka	
		2023	2022
Clearing charges adjustment		100,276	107,686
Other Receivables		16,373,269	7,208,308
Balance with EBL Securities		18,571	18,571
Balance with LankaBangla Securities Ltd		339,224	2,336,329
		<b>75,918,648</b>	<b>70,566,122</b>
<b>Net Cash Changes in Other Assets</b>		<b>(5,352,526)</b>	<b>41,598,970</b>
<b>40. Changes in Other Liability</b>			
<b>Opening balance:</b>			
Other Payable		39,476,432	28,942,443
Interest Payable on Borrowing		161,282	161,282
Interest Suspense		8,907,554	4,835,843
CIB Payable		1,113,790	575,850
Transactional Account		307,600	414,453
		<b>49,966,658</b>	<b>34,929,871</b>
<b>Closing Balance:</b>			
Other Payable		70,109,718	39,476,432
Interest Suspense		77,498,783	8,907,554
CIB Payable		-	1,113,790
Interest Payable on Borrowing		-	161,282
Transactional Account		49,436	307,600
Lease Liability		199,082,067	-
		<b>346,740,004</b>	<b>49,966,658</b>
<b>Net Cash Changes in Other Liability</b>		<b>296,773,346</b>	<b>15,036,787</b>
<b>41. Payments for Other Operating Activities</b>			
Rent, taxes, insurance, electricity, etc.		50,113,693	99,931,218
Postage, stamps, telecommunication, etc.		12,163,115	11,887,506
Repairs of Bank's assets		1,424,879	2,976,386
Auditors' fees		494,500	-
Legal expenses		3,433,540	3,052,625
Directors' fees		1,486,935	989,585
Other expenses		100,024,489	90,128,318
		<b>169,141,151</b>	<b>208,965,639</b>
<b>42. Number of Employees and Support Staffs</b>			
<b>Regular employee</b>			
Officer and executives		283	259
<b>Contractual</b>			
Officer		41	21
Support staffs & Security		192	169
<b>Total</b>		<b>516</b>	<b>449</b>

The number of employees including contractual engaged for the whole year or part there of who received a total yearly remuneration of Tk. 36,000/- or above were 516 for the year 2023 (2022 : 449)

#### 43. Disclosure on Audit Committee

##### a) Particulars of Audit Committee

The audit committee of the Board was duly constituted by the Board of Directors of the Bank in accordance with the BRPD circular no. 11 dated 27 October 2013 of Bangladesh Bank. Pursuant to the BRPD circular no. 08 dated 19 June 2011 and BSEC notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 on Corporate Governance, the current Committee is Constituted with the following 03 (Three) members of the Board:



SL. No.	Name of the Director	Status with the Bank	Status with the Committee	Educational Qualification
1	Brig Gen K M Azad, BPM (Seba), PPM (Seba), psc	Director	Chairman	BSc, MBA, MDS, MSS
2	Col A S M Faisal, PBGMS	Ex-Director	Member	B.Sc. Engineer (Civil)
3	Col Shaful Azam Parvez	Director	Member	BSc, MBA, BSc (Engg), MSc (Engg)

**b) Meetings held by the Audit Committee during the year by date:**

SL. No.	Meeting no.	Holding Date
1	26 <sup>th</sup>	11 <sup>th</sup> April, 2023
2	27 <sup>th</sup>	15 <sup>th</sup> May, 2023
3	28 <sup>th</sup>	19 <sup>th</sup> June, 2023
4	29 <sup>th</sup>	21 <sup>st</sup> September, 2023
5	30 <sup>th</sup>	18 <sup>th</sup> December, 2023

**c) Review by the Audit Committee and Recommendation thereof:**

- a) Oversee the financial reporting process;
- b) Monitor implementation of accounting policies and principles;
- c) Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Policy and review of the Internal Audit and Compliance Report;
- d) Scrutinize and evaluation the performance of the existing external auditors of the bank before recommending to the Board for onward placing of their names in the AGM for appointment;
- e) Conduct meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;
- f) Review of the annual financial statements before submission to the Board for approval;
- g) Review of the quarterly and half yearly financial statements before submission to the Board for approval;
- h) Review of the adequacy of internal audit function;
- i) Review of Management Letters or Letter of Internal Control weakness issued by statutory auditors;
- j) Oversee of the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and
- k) Review of quarterly progress report of Audit & Inspection report of the Bank.



#### 44. Related Party Disclosures

##### i) Name of Directors and their interest in different entities as on December 31,2023

SL No.	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	Not Applicable
2	Maj Gen A K M Nazmul Hasan, BGBM, BAM, ndc, psc	Border Guard Bangladesh; BGB Welfare Trust	Chairman	Director General; Chairman
3	Brig Gen Md Nurul Amin, BGBMS, PhD, MPH	Border Guard Bangladesh; BGB Welfare Trust	Director	Additional Director General (Med); Member
4	Brig Gen Ali Reza Mohammad Ashaduzzaman, BGBMS, ndc, psc	Border Guard Bangladesh; BGB Welfare Trust	Director	Additional Director General (HQ); Vice Chairman
5	Brig Gen Tanveer Gani Chowdhury, PBGM	Border Guard Bangladesh; BGB Welfare Trust	Director	Additional Director General (Admin); Member
6	Brig Gen A M M Khairul Kabir, BGBM, BGBMS, BGOM, psc	Border Guard Bangladesh	Director	Additional Director General (GS)
7	Brig Gen K M Azad, BGBM, BPM (Seba), PPM (Seba), psc	Border Guard Bangladesh; BGB Welfare Trust	Director	Additional Director General, BSB; Member
8	Col Md Mahmudur Rahman, psc	Border Guard Bangladesh; BGB Welfare Trust	Director	Deputy Director General (Works); Member
9	Col Murad Zaman, BGBMS, PBGMS	Border Guard Bangladesh	Director	Deputy Director General (Records)
10	Col Shafiu Azam Parvez	Border Guard Bangladesh	Director	Deputy Director General (Communication)
11	Mr. Abu Hena Mohd. Razee Hasan	Not Applicable	Independent Director	Not Applicable

##### ii) Name of the Directors and their interest in the Bank

SL No.	Name	Address	Designation	No. of Shares holding as on Dec-31,2023
1	BGB Welfare Trust	Shimanto Shomvar, Dhanmondi, Dhaka	Sponsor	452,999,991
2	Maj Gen A K M Nazmul Hasan, BGBM, BAM, ndc, psc	Director General, Border Guard Bangladesh	Chairman	1
3	Brig Gen Md Nurul Amin, BGBMS, PhD, MPH	Additional Director General (Med), HQ BGB	Director	1
4	Brig Gen Ali Reza Mohammad Ashaduzzaman, BGBMS, ndc, psc	Additional Director General (HQ), HQ BGB	Director	1
5	Brig Gen Tanveer Gani Chowdhury, PBGM	Additional Director General (Admin), HQ BGB	Director	1
6	Brig Gen A M M Khairul Kabir, BGBM, BGBMS, BGOM, psc	Additional Director General (GS), BGB	Director	1
7	Brig Gen K M Azad, BGBM, BPM (Seba), PPM (Seba), psc	Bureau Chief, BSB, HQ BGB	Director	1
8	Col Md Mahmudur Rahman, psc	Deputy Director General (Works), HQ BGB	Director	1
9	Col Murad Zaman, BGBMS, PBGMS	Deputy Director General (Records), BGB	Director	1
10	Col Shafiu Azam Parvez	Deputy Director General (Comm), HQ BGB	Director	1
11	Mr. Abu Hena Mohd. Razee Hasan	Banasree, Rampura, Dhaka	Independent Director	-

**453,000,000**

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

iv) Related party Transactions:

During the year ended 31 December 2023, the Bank has transaction with the following organizations in which the directors had interest:

SL. No	Name of the Company/Person	Name of the relationship	Nature of the transaction	Amount of Transaction made during the year	
				2023	2022
	BGB Welfare Trust	Common Director	Stock Dividend	150,000,000	95,200,000

v) Lending policies in respect of related party

a) Amount of transaction regarding loans and advances, deposits, guarantees and commitment as on 31 December 2023.

SL. No	Name of the Party	Nature of Transaction	Product	Amount
1	Border Guard Bangladesh; it's Units	Deposit	Current	10,165,994
		Deposit	FDR	1,764,764,977
		Deposit	SND	850,314,791
2	BGB Welfare Trust	Deposit	FDR	3,306,060,084
		Deposit	SND	875,286,360
3	Shimanto Poribar Kolyan Samity (Shipoks)	Deposit	Current	73,710
		Deposit	FDR	30,364,759
		Deposit	SND	1,357,738
4	Birshreshtha Munshi Abdur Rouf Public College	Deposit	FDR	98,819,894
		Deposit	SND	150,526,156
5	Birshreshtha Noor Mohammad Public College	Deposit	FDR	75,530,626
		Deposit	SND	207,498,551
6	Shimanto Square Market	Deposit	FDR	619,969
		Deposit	SND	80,650,903
7	BGB School and Others	Deposit	Current	9,611,350
		Deposit	FDR	101,932,419
		Deposit	SND	62,093,927
b) Amount of transactions regarding principal items of deposits, expenses and commission				Nil
c) Amount of provision against loans and advances given to related party				Nil
d) Amount of guarantees and commitments arising from other off-balance sheet exposures				Nil

vi) Disclosure of transaction regarding Directors and their related concerns Nil

vii) Business other than banking business with any related concern of the Directors as per Section 18 (2) of Bank Companies Act 1991 (amended up to date)



a) Lease agreement related with the Border Guard Bangladesh; it's Units

SL. No	Name of the Party	Nature of Contract	Name of the Branch	Area of the Branch (SFT)	Amount
1	Border Guard Bangladesh; it's Units	Lease Agreement	Principal	5,902	12,394,200
2	Border Guard Bangladesh; it's Units	Lease Agreement	Lalmonirhat	2,070	273,240
3	Border Guard Bangladesh; it's Units	Lease Agreement	Sylhet	2,800	924,000
4	Border Guard Bangladesh; it's Units	Lease Agreement	Halishahar	200	29,053
5	Border Guard Bangladesh; it's Units	Lease Agreement	BGTC	200	29,053
6	Border Guard Bangladesh; it's Units	Lease Agreement	Hazaribagh	2,494	823,020
7	Border Guard Bangladesh; it's Units	Lease Agreement	Godown	1,141	376,517
8	Border Guard Bangladesh; it's Units	Lease Agreement	Head Office	36,000	27,864,000
9	Border Guard Bangladesh; it's Units	Lease Agreement	HO Archive	3,783	3,376,029
10	Border Guard Bangladesh; it's Units	Lease Agreement	Mymensingh	2,984	1,853,064

b) Receiving Service related with the Border Guard Bangladesh; it's Units

i)	Shimanto Logistics & Transport Service (SLTS) Rooftop signboard for Principle Branch	Yearly Rent	86,940
ii)	Shimanto Square Market Main Signboard	Yearly Rent	214,411
iii)	BGB Welfare trust, Security and Support Staff Service	Yearly Expenses	47,465,435
VIII)	Investments in the securities of Directors and their related concern		Nil

#### 44.1 Events after the Reporting Period

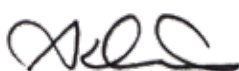
As per IAS -10 "Events after the Reporting Period" events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are unauthorized for the issue. Two types of event can be identified:


(a) Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and


(b) Non-adjusting events after the reporting period, are those that are indicative of conditions that arose after the reporting period.

The details about the event after the reporting period:

The Board of Directors in its 69th Board meeting held on 29 April 2024 has proposed 3.72% stock dividend subject to the approval of the Shareholders at the next Annual General Meeting of the Bank.

  
Major General Mohammad Ashrafuzzaman Siddiqui  
OSP, BSP, SUP, ndc, psc, MPhil  
Chairman

  
Brigadier General Md Nurul Amin  
BGBMS, PhD, MPH  
Director

  
Brigadier General Md Shahadat Sikder  
ndc, afwc, psc  
Director

  
Rafiqul Islam  
Managing Director & CEO



**Shimanto Bank PLC.**  
**Highlights on the overall activities.**  
**As at 31 December 2023**

SI #	Particulars		2023	2022
1	Paid-Up Capital	BDT	4,530,000,000	4,380,000,000
2	Total Capital	BDT	5,275,430,936	5,002,974,941
3	Capital (Deficit)/ Surplus	BDT	275,430,936	622,974,941
4	Total Assets	BDT	25,215,444,150	22,545,304,523
5	Total Deposits	BDT	18,641,585,763	16,679,484,286
6	Total Loans And Advances	BDT	16,014,791,094	12,531,846,451
7	Total Contingent Liabilities And Commitments	BDT	1,027,411,773	578,282,033
8	Credit-Deposit Ratio	%	85.91%	75.13%
9	% Of Classified Loan Against Total Loans And Advances	%	1.11%	1.22%
5	Profit After Tax And Provision	BDT	246,801,322	230,569,188
11	Amount of Clasified Loans During Current Year	BDT	177,711,814	152,653,471
12	Provision Kept Against Classified Loans	BDT	92,656,216	76,681,696
13	Provision Surplus/Deficit	BDT	-	1,938,489
14	Cost of Fund	%	7.78%	7.06%
15	Interest Earning Assets	BDT	22,546,836,711	20,399,967,524
16	Non-Interest Earning Assets	BDT	2,668,607,439	2,145,336,999
17	Return on Investments (ROI)	%	8.09%	6.95%
18	Return on Assets (ROA)	%	1.03%	1.11%
19	Return on Equity (ROE)	%	4.97%	4.87%
20	Income from Investments	BDT	440,900,517	289,490,420
21	Earnings per Share (Restated-2022)	BDT	0.54	0.51
22	Net Income per Share (Restated-2022)	BDT	0.54	0.51
23	Price Earning Ratio	Times	N/A	N/A

**Shimanto Bank PLC.**  
Schedule of Fixed Assets  
As at 31 December 2023

Annexure-A

Name of Assets	Amount in Taka									
	Cost				Depreciation/ Amortization					
	Opening Balance	Addition during the year	Adjustment During the year	Closing Balance	Opening Balance	Depreciation During the year	Adjustment During the year	Closing Balance	Written Down Value	
<b>Tangible Assets</b>										
Computer & Network	170,584,312	25,639,367	-	196,223,679	112,990,558	23,493,174	-	136,483,732	59,739,947	
Furniture and Fixtures	93,637,520	2,060,394	-	95,697,914	32,930,703	9,795,044	-	42,725,747	52,972,167	
Office Equipment	97,067,185	5,121,464	-	102,188,649	57,694,212	7,572,903	-	65,267,115	36,921,534	
Vehicle	176,400	-	-	176,400	132,300	23,253	-	155,553	20,847	
Decoration & Renovation	81,911,502	3,051,187	-	84,962,689	27,010,412	7,420,098	-	34,430,510	50,532,179	
	<b>443,376,919</b>	<b>35,872,412</b>	<b>-</b>	<b>479,249,331</b>	<b>230,758,185</b>	<b>48,304,472</b>	<b>-</b>	<b>279,062,657</b>	<b>200,186,674</b>	
<b>Intangible Assets</b>										
Software	66,367,246	12,965,458	-	79,332,704	46,789,710	11,141,510	-	57,931,220	21,401,484	
Right of Used Assets		260,300,744	-	260,300,744	-	52,197,995	-	52,197,995	208,102,749	
Total as on 31 December 2023	509,744,165	309,138,614	-	818,882,779	277,547,895	111,643,977	-	389,191,872	429,690,907	
Total as on 31 December 2022	434,811,466	74,932,699	-	509,744,165	223,671,548	53,876,347	-	277,547,895	232,196,270	



**Shimanto Bank PLC.**  
**Investment in Shares of the Bank**  
**As at 31 December 2023**

Annexure-B (Regular Fund)

Amount in Taka								
Sl. No.	Name of the Company	Face Value	No. of Shares including bonus share	Cost of Holding	Average Cost Per Share	Market rate per share as at 31 December 2023	Total market value as at 31 December 2023	Unrealized Profit/ (Loss) as at 31 December 2023
1	A.C.I	10	11,122	3,025,039	271.99	260.20	2,893,944	(131,095)
2	Bangladesh Export Import Company Ltd.	10	100	13,474	134.74	115.60	11,560	(1,914)
3	Beximco Pharmaceuticals Ltd.	10	30,027	5,499,643	183.16	146.20	4,389,947	(1,109,696)
4	GPH Ispat Limited	10	53,725	2,555,997	47.58	42.70	2,294,058	(261,939)
5	I.F.I.C. Bank PLC.	10	410,102	5,199,263	12.68	11.20	4,593,142	(606,121)
6	LafargeHolcim Bangladesh Limited	10	10	806	80.60	69.30	693	(113)
Sub-Total				16,294,222	14,183,344			(2,110,878)

## Shimanto Bank PLC.

### Investment in Shares of the Bank As at 31 December 2023

Sl. No.	Name of the Company	Amount in Taka					Unrealized Profit/ (Loss) as at 31 December 2023
		Face Value	No. of Shares including bonus share	Cost of Holding	Average Cost Per Share	Market rate per share as at 31 December 2023	Total market value as at 31 December 2023
1	A.C.I	10	90	25,730	285.89	271.77	24,459
2	BSRM Steel	10	15,221	1,473,001	96.77	90.00	1,369,890
3	Bd Submarine Cable PLC.	10	10	2,049	204.90	218.90	2,189
4	GPH Ispat Limited	10	105,500	5,456,933	51.72	44.84	4,730,093
5	I.F.I.C. Bank PLC.	10	1,017,312	15,338,976	15.08	11.20	11,393,894
6	Mercantile Bank PLC.	10	214,200	3,568,425	16.66	13.30	2,848,860
7	Power Grid Company of Bangladesh	10	155,000	10,029,027	64.70	52.40	8,122,000
8	Bangladesh Export Import Company Ltd.	10	50,000	7,413,487	148.27	115.60	5,780,000
9	Beximco Pharmaceuticals Ltd.	10	230,768	47,015,376	203.73	146.20	33,738,282
10	IPDC Finance Limited	10	10	420	42.00	57.60	576
11	LankaBangla Finance PLC.	10	275,845	10,590,258	38.39	26.00	7,171,970
12	LafargeHolcim Bangladesh Limited	10	70,000	5,299,627	75.71	69.30	4,851,000
13	Summit Power Limited	10	100,000	4,297,180	42.97	34.00	3,400,000
14	BATBC	10	48,255	30,952,411	641.43	518.70	25,029,869
15	Confidence Cement PLC.	10	113,444	14,805,360	130.51	89.00	10,096,516
16	Square Pharmaceuticals PLC.	10	59,000	13,534,000	229.39	210.30	12,407,700
<b>Sub-Total</b>				<b>169,802,260</b>			<b>130,967,298</b>
							<b>(38,834,962)</b>

As per DOS circular no.1 dated February 10,2020 provision for denomination value of investment under special fund is exempted upto February 2025.

**Shimanto Bank PLC.**  
**Balance with other banks-outside Bangladesh (Nostro Account)**  
**As at 31 December 2023**

Name of the Bank	Account Type	Currency Type	2023			2022		
			FC	Exchange	Equivalent	FC	Exchange	Equivalent
			Amount	Rate	Taka	Amount	Rate	Taka
Habib American Bank	CD	US \$	1,385,280.65	109.95	152,317,938	707,055.40	77.41	54,735,687
Axis Bank ACU	CD	US \$	107,594.77	109.59	11,790,966	48,022.46	103.29	4,960,370
United Bank of India	CD	US \$	17,531.69	109.75	1,924,103	15,756.44	103.29	1,627,525
<b>Total</b>			<b>1,510,407.11</b>		<b>166,033,007</b>	<b>770,834.30</b>		<b>61,323,582</b>

Note: The Bank is not required to keep provision on the unreconciled debit balance as at balance sheet date as there was no debit entry aging more than three months.







**SHIMANTO BANK PLC.**  
সীমান্ত ব্যাংক পিএলসি.

**Head Office & Registered Office**

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

**PROXY FORM**

I/We.....

Of.....

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

of.....

either of them may, in writing, appoint anyone to act as my proxy at the 8<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, 25 June 2024 and at any adjournment thereof.

As Witness my/our hand this..... day of.....2024

Signature of Proxy

Revenue  
Stamp of  
Tk. 20/=

Signature of Shareholder(s)

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

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

No. of shares held.....

**Notes:**

01. A member entitled to attend and vote in the AGM may appoint a proxy to attend and Vote on his / her behalf.
02. The Proxy From, 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 PLC.**  
সীমান্ত ব্যাংক পিএলসি.

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E-mail: information.desk@shimantobank.com, Web:www.shimantobank.com

**ATTENDANCE SLIP**

I/we do hereby record my/ our attendance at the 8<sup>th</sup> Annual General Meeting (AGM) of the Company being held on Tuesday, 25 June 2024 at 1930 hours at Shaheed Captain Ashraf Hall, Peelkhana, Dhaka-1205.

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

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

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

No. of Shares held: .....

Signature of Shareholder(s) / Proxy

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







**SHIMANTO BANK PLC.**

সীমান্ত ব্যাংক পিএলসি.  
সীমান্ত ব্যাংক

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