



**ANNUAL
REPORT
2021**



SHIMANTO BANK LIMITED

শিমন্তো ব্যাংক লিমিটেড
শিমাইন ওয়াশ



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শীমন্তীন ঔদ্যোগ



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Notice of the Sixth Annual General Meeting (AGM)

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

Agenda:

01. To receive and approve the report of the Board of Directors regarding the affairs of the company for the year ended on December 31, 2021
02. To receive, consider and adopt the Accounts for the year ended on December 31, 2021 together with the Auditor's Report
03. To approve dividend for the year ended on December 31, 2021
04. To appoint Auditors for the year ending on 2022 and to fix their remuneration
05. To elect/re-elect Directors as per Articles of Association of the Company

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

Date: 29 May 2022

By Order of the Board

Mohammad Mostafa Hossain Suman FCS
Company Secretary

Notes:

1. The Book Closure will be on 7th June 2022. The Shareholders whose names would appear in the Register of Members of the Company on the 'Book Closure Date' (7th June 2022) will be eligible to attend the 6th AGM and receive Dividend.
2. The Board of Directors has recommended Stock Dividend.
3. A member entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/her stead. Such proxy shall be a member of the company. The proxy form duly stamped should be deposited at the registered office of the Company not later than 48 hours before the time fixed for the meeting.
4. For the sake of convenience, shareholders are requested to submit their queries if any, on the Directors' Report/Audited Accounts for the year 2021 at the Registered Office of the Company preferably 72 hours before the day of the Annual General Meeting.



REPORT OF THE BOARD OF DIRECTORS

Dear Stakeholders,

The Board of Directors welcome you all at the 6th Annual General Meeting of Shimanto Bank Ltd and is pleased to present the Annual Report for the year ended on 31 December 2021 together with the Audited Financial Statements & Auditor's Report thereon. A review of business and financial performance of the Bank during the Year 2021 and a snapshot of global and local economic trend affecting the performance of the Bank and condition of banking industry in Bangladesh is provided with this report.

Global Economy & Economic Outlook

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

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



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

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

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

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

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



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

The war and its impact on fuel prices can provide the region with much-needed impetus to reduce reliance on fuel imports and transition to a green, resilient and inclusive growth trajectory. World Bank report recommends that countries steer away from inefficient fuel subsidies that tend to benefit wealthier households and deplete public resources. South Asian countries should also move towards a greener economy by gradually introducing taxation that puts tariffs on products which cause environmental damage. The introduction of green taxation can have multiple quantifiable benefits for South Asia, including improved energy security, environmental gains and increased fiscal revenues. These revenues could be utilized for adaptation against climate-related disasters and to strengthen social safety net systems. Source: Global Economic Prospects, June 2022; The World Bank.

Bangladesh Economy & Economic Outlook

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

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

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



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

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

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



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

Source: Bangladesh Development Update; April 2022; The World Bank

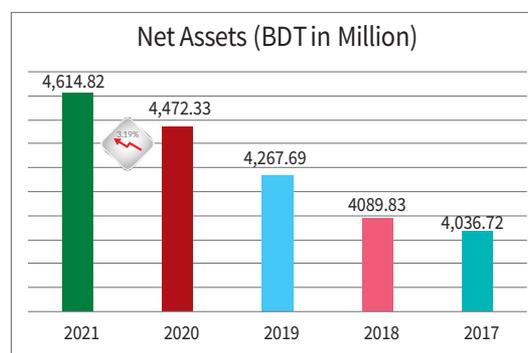
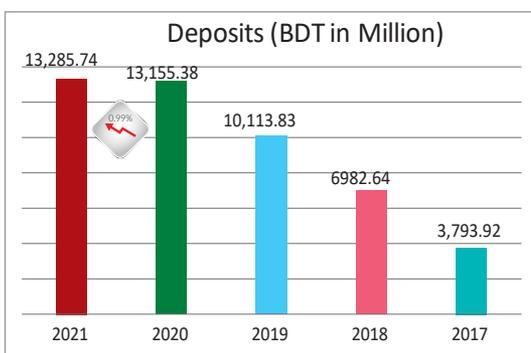
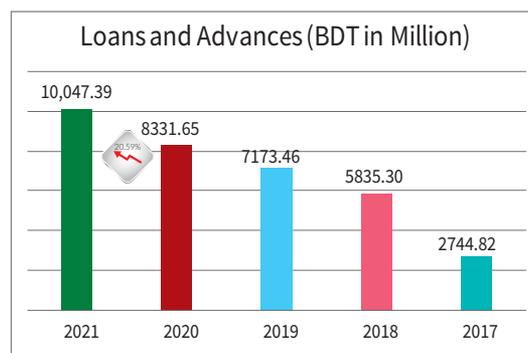
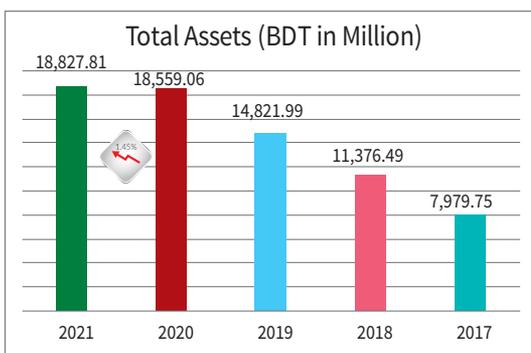
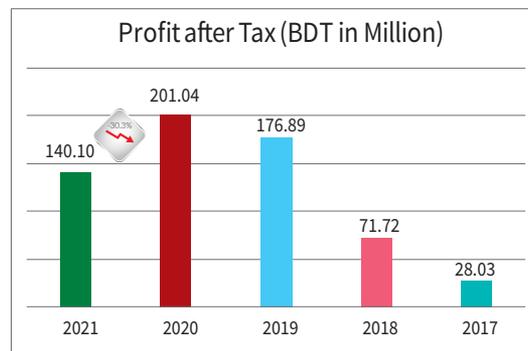
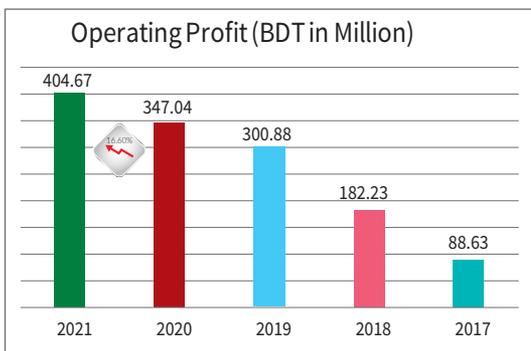
Banking Sector Highlights-2021: Bangladesh Bank (BB) remained proactive during FY21 in ensuring financial stability along with adopting supportive steps for quick economic recovery from the adversities caused by the COVID-19 pandemic. BB's numerous initiatives concerned of easing liquidity access to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

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

Source: Annual Report-2020-21; Bangladesh Bank

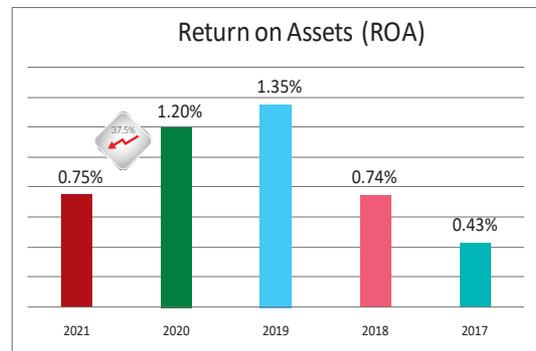
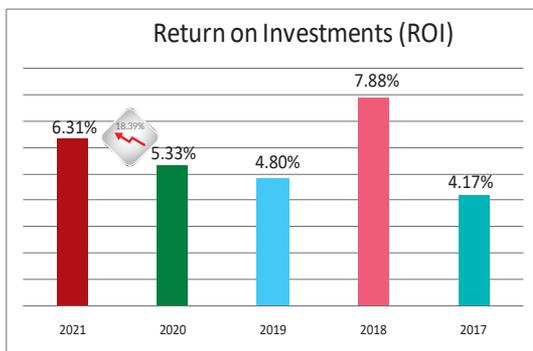
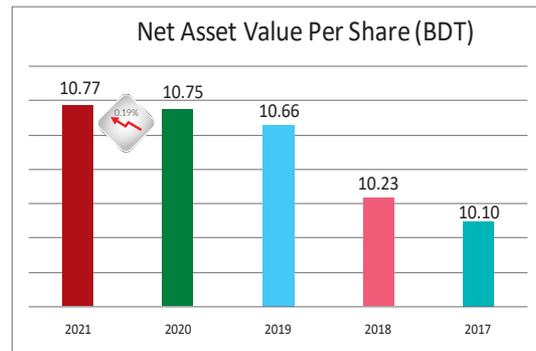
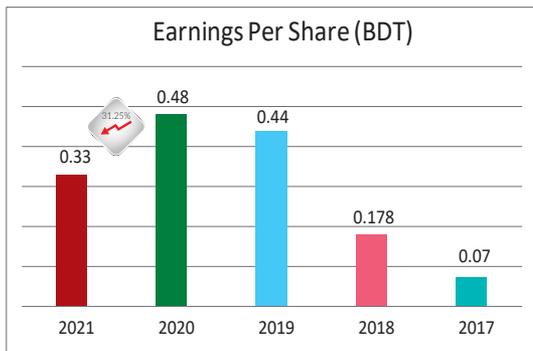
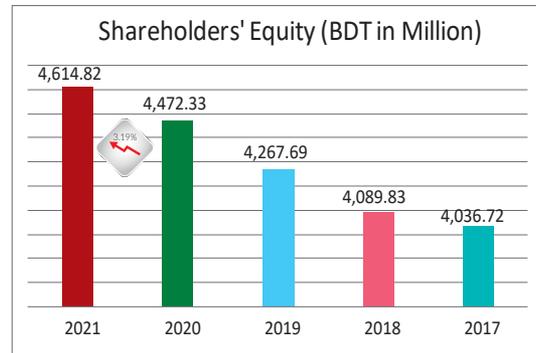
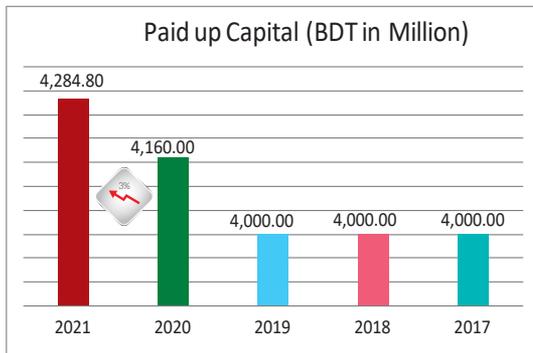


FINANCIAL HIGHLIGHTS





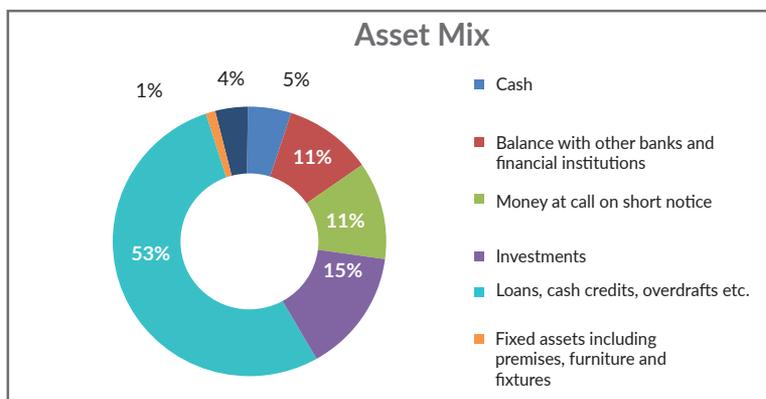
FINANCIAL HIGHLIGHTS





Asset Portfolio

The assets of the Bank stood at BDT 18,827.81 million in 2021 compared to BDT 18,559.06 million in 2020 with a growth of 1.45%. The asset portfolio comprised of BDT 941.79 million as Cash, BDT 1,989.61 million as Balance with Other Banks and FIs, BDT 2,150.00 million as Money on Call at Short Notice, BDT 2,751.99 million as Investments, BDT 10,047.39 million as Loans and advances, BDT 211.14 as Fixed Assets and BDT 735.89 million as other assets.



Loans & Advances

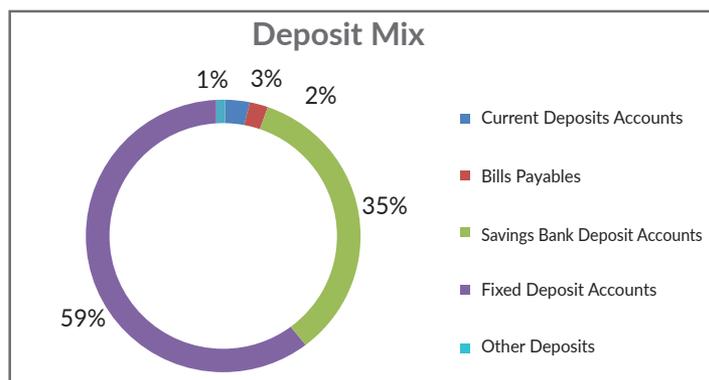
The total loans and advances of the Bank is BDT 10,047.40 million for the year ended 2020 which was BDT 8,331.65 million in 2020.

Investments

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

Deposit

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



Income and Expenditure

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

Risk Based Capital Framework

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

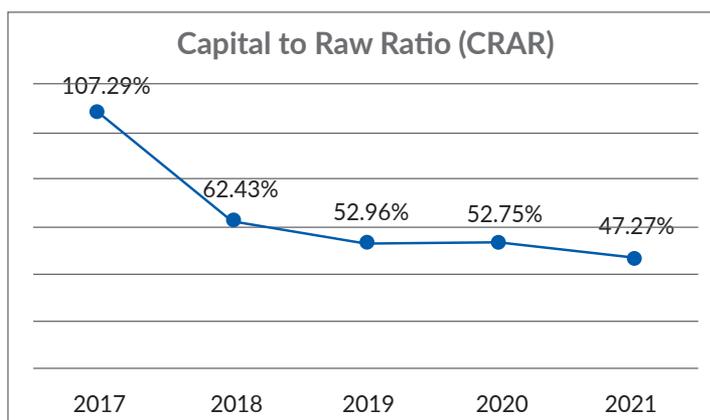


The summary of Capital Requirement of the Bank are as follows:

Amount in Million

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

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



Branch Network Expansion

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

Appropriate Accounting Policies and Standards and Financial Reporting Standards

Shimanto Bank Ltd maintained proper books of account for its financial transactions occurred during 2021. For recording the transactions the bank has followed the Bangladesh Accounting Standard (BAS). The books of account have also been reviewed by the external auditor, Hoda Vasi Chowdhury & Chartered Accountants with an opinion that proper books of accounts as required by the law have been properly maintained.

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

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

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

The Directors acknowledge their overall responsibility for the Bank's systems of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with the applicable laws and regulations. This process ensures that a system of internal control in accordance with best financial reporting practice was in place throughout the year 2021. It also involved an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various committees and bank's risk management functions.



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

The Directors confirm that the Board through its committees has reviewed the effectiveness of the bank's systems of internal control for the year ended 31 December 2021.

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

Director's Declaration on Going Concern

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

Remuneration of Directors

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

Related Party Transaction

The details of transactions of related parties of the company have been given in Note 37 of the Financial Statements. Shimanto Bank Ltd didn't transact any significant related party contracts/transactions during the year 2021 where Bank is a party and wherein Directors have interest. The Bank didn't issue share to the Directors & the Executives without consideration or exercisable at discount. Bank follows normal process of business for relat transaction i.e. Related party does not enjoy any preferred facility or concession or favor from the view point of approval process, rate or cost charged etc.

Appropriation of Profit & Dividend Declaration

Profit after Tax stood at BDT 140.10 million in the year ended on 31 December 2021. The profit available for distribution was BDT 82.08 million after a mandatory transfer of BDT 58.01 million to statutory reserve in 2021. The accumulated retained earnings stood at BDT 97.31 million at end of the year 2021. Bangladesh Bank had instructed the Bank to raise the Paid up Capital upto BDT 5,000.00 million from BDT 4,000.00 million within the year 2023 from own source of the sponsors. Bangladesh Bank had barred to distribute Cash Dividend till the raise of capital being accomplished. Board of Directors has recommended 2.22% stock dividend amounting to BDT 95.20million. Paid up capital of the Bank will be BDT 4,380.00million after distributing the dividend.

Proposed appropriations are as follows:

Amount in BDT Million

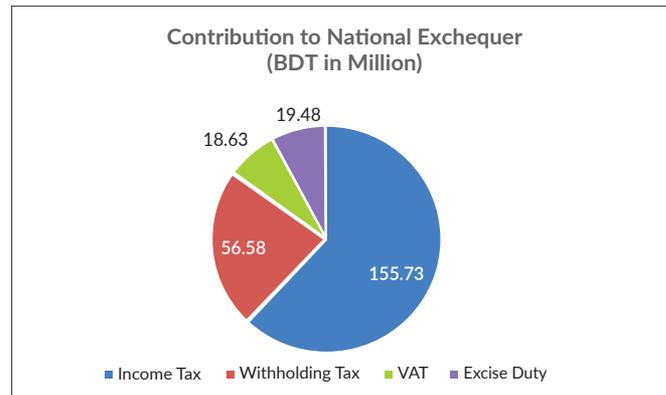
Particulars	2021
Net profit after tax in the year 2021	140.01
Retained earnings at the beginning	15.23
Transfer from General Reserve	-
Profit available for appropriation	155.33
Transferred to Statutory Reserve	58.01
Proposed stock dividend	95.00
Retained earnings after distribution of dividend	2.12

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



Contribution to National Exchequer

Shimanto Bank made significant contribution to the government in boosting its revenue collection which will help in developing the society and the country as a whole. As per the prevailing taxation law of the country, the Bank pays tax and VAT on its own income. The Bank also collects tax, VAT and excise duty at source from clients, deposits and suppliers. All the collected amounts are deposited to the national exchequer in due time. During the year 2021, the Bank contributed BDT 250.43 million to national exchequer as against BDT 230.17 million in the previous year.



Auditors Report

The Board of Directors reviewed the Auditors Report issued by M/S Hoda Vasi Chowdhury & Co. Chartered Accountants, statutory auditor of the Bank based on their audit of financial statements for the year ended 31 December 2021.

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

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

Appointment of Statutory Auditor

M/S Hoda Vasi Chowdhury & Co. Chartered Accountants was appointed as statutory Auditor as per Article 158 of Articles of association of the Bank in the 5th Annual General Meeting. They had conducted the statutory audit of Shimanto Bank Ltd for the year ended on December 31, 2021 and submitted the Audit Report and Audited Financial Statements. They have accomplished their roles as Statutory Auditor for their 3rd term with the Bank. As per guidelines and circulars of Bangladesh Bank (BB) and Bangladesh Securities Exchange Commission (BSEC), an Auditor could be appointed for consecutive maximum 03 (three) terms/years and therefore, Hoda Vasi Chowdhury & Co Chartered Accountants is not eligible for being reappointed. The Audit Committee and Board of Directors have recommended to appoint M/S ACNABIN Chartered Accountants as external auditors of the Bank up to the 7th Annual General Meeting.



Retirement & Re-election of Directors

According to the Companies Act, 1994 and Clause No-114 of Articles of Association of the Bank, at least one third of the Directors shall retire from office in the Annual General Meeting (AGM) on the basis of seniority since last election. There are 09 (nine) Directors in the Board of the Bank. Among them, 04 (four) directors had been elected in the 5th AGM and 05 (five) other Directors were appointed by the Board of Directors in between the AGMs to fill the casual vacancy.

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

1. Brig Gen Md Nurul Amin, PhD, MPH
2. Brig Gen Benazir Ahmed, BGBMS, afwc, psc
3. Brig Gen A M M Khairul Kabir, BGBMS, psc
4. Col A S M Faisal, PBGMS

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

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

1. Maj Gen Shakil Ahmed, SPP, nswc, afwc, psc
2. Brig Gen Md. Shazedur Rahman, BGBM
3. Brig Gen Md Hasan Uz Zaman, ndu, afwc, psc, MPhil
4. Col Murad Zaman, PBGMS
5. Colonel Shaful Azam Parvez

Acknowledgement & Gratitude

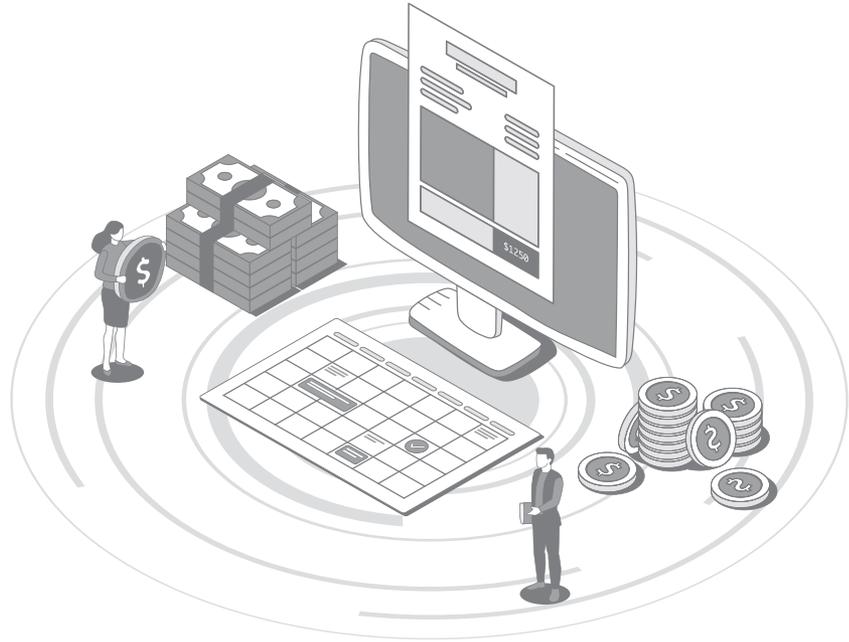
Year 2021 was a critical year in our journey as we have been recovering from economic impact of COVID-19 pandemic. We have experienced spread of deadly virus across the globe in last two years. We experienced lockdown situation countrywide or in partial during the year 2020 and 1st half of the year-2021.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

Stepping into the year 2022 with increased levels of interest and growth possibilities from customers, we are on track to significantly increase revenues and profitability growth. This will be achieved through our customer centric and techno centric business model and alignment with our vision of change in the competitive banking sector of the country.

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

For and on behalf of the Board of Directors,

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



Independent Auditor's Report and Audited Financial Statements

For the year ended 31 December 2021



Hoda Vasi Chowdhury & Co

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Shimanto Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Shimanto Bank Limited ("the Bank"), which comprise the Balance Sheet as at 31 December 2021, the profit and loss account, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as explained in note # 2.1.

Basis for Opinion

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

Emphasis of Matter

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

Other Information

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

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

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

National Office : BTMC Bhaban (6th & 7th Floor), 7-9 Karwan Bazar Commercial Area, Dhaka-1215, Bangladesh
Chattogram Office : Delwar Bhaban (4th Floor), 104 Agrabad Commercial Area, Chattogram-4100. Bangladesh



Hoda Vasi Chowdhury & Co Chartered Accountants

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

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

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with IFRSs as explained in note # 2.1, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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Hoda Vasi Chowdhury & Co Chartered Accountants

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other Legal and Regulatory Requirements

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

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities {other than matters disclosed in these financial statements};
- (iii) in our opinion, proper books of accounts as required by law have been kept by the Bank and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained in the financial statements;
- (vi) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred were for the purpose of the Bank's business for the year;

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Hoda Vasi Chowdhury & Co Chartered Accountants

- (viii) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 2,150 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka,
28 April 2022

DVC : 2205081238AS637131

Sk Md Tarikul Islam, FCA

Partner

Membership no: 1238
Hoda Vasi Chowdhury & Co
Chartered Accountants

National Office : BTMC Bhaban (6th & 7th Floor), 7-9 Karwan Bazar Commercial Area, Dhaka-1215, Bangladesh
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Shimanto Bank Limited

Balance Sheet

As at 31 December 2021

Hoda Vasi
Chowdhury & Co

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



Hoda Vasi
Chowdhury & Co

	Notes	31.12.2021 Taka	31.12.2020 Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities		610,651,229	388,958,835
Acceptances and endorsements		-	50,234,400
Letters of guarantee		297,860,342	41,792,456
Letters of credit		312,790,887	296,931,979
Bills for collection		-	-
Other contingent liabilities		-	-
Other commitments		-	-
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-Balance Sheet items including contingent liabilities		610,651,229	388,958,835

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

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

Brig Gen Benazir Ahmed,
BGBMS, afwc, psc
Director

Col A S M Faisal,
PBGMS
Director

Rafiqul Islam
Acting Managing Director & CEO

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

Dated: 28 April 2022
DVC : 2205081238AS637131



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

**Hoda Vasi
Chowdhury & Co**

	Notes	2021 Taka	2020 Taka
OPERATING INCOME			
Interest income	18	1,118,459,879	1,178,537,410
Interest on deposits and borrowings etc	19	(437,874,267)	(504,398,193)
Net interest income		680,585,612	674,139,217
Investment income	20	152,424,267	102,011,179
Commission, exchange and brokerage	21	56,766,586	29,916,632
Total operating income (a)		209,190,853	131,927,811
		889,776,465	806,067,028
OPERATING EXPENSE			
Salaries and allowances	22	229,598,477	210,360,888
Rent, taxes, insurance, electricity, etc.	23	96,153,654	86,190,259
Legal expenses	24	2,925,375	4,144,530
Postage, stamp, telecommunication, etc.	25	16,768,159	17,361,960
Stationery, printings, advertisements, etc.	26	7,465,497	7,780,270
Chief executive's salary and fees		15,002,000	14,202,000
Directors' fees	27	570,136	836,980
Auditors' fees	28	379,500	379,500
Depreciation and repairs of Bank's assets	29	66,759,685	77,339,498
Other expenses	30	49,484,880	40,427,528
Total operating expenses (b)		485,107,363	459,023,413
Profit before provision (c = (a-b))		404,669,102	347,043,615
Provision against loans and advances			
General Provision	31	32,774,737	19,975,886
Specific Provision		81,829,980	(5,060,586)
Total provision (d)		114,604,717	14,915,300
Profit before taxation (e=c-d)		290,064,385	332,128,315
Provision for taxation (f)			
Current tax expense	13.2	156,417,934	136,847,710
Deferred tax income	13.3	(6,450,277)	(5,756,747)
Net profit after taxation (g=e-f)		140,096,727	201,037,353
Appropriations			
Statutory reserve	15	58,012,877	66,425,663
General reserve		-	-
Retained earnings		58,012,877	66,425,663
		82,083,850	134,611,689
Earnings Per Share (EPS) (Restated-2020)	33	0.327	0.469

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

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

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PBGMS
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Acting Managing Director & CEO

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

Dated: 28 April 2022
DVC : 2205081238AS637131



Shimanto Bank Limited

Cash Flow Statement

For the year ended 31 December 2021

Hoda Vasi
Chowdhury & Co

	Notes	2021 Taka	2020 Taka
Cash flows from Operating Activities			
Interest receipts in cash		1,100,380,523	1,171,117,738
Interest payments		(432,043,470)	(465,505,191)
Dividend receipts		12,718,356	10,947,349
Fees and commission receipts in cash		56,766,586	29,916,632
Cash payments to employees		(244,600,477)	(224,562,888)
Cash payments to suppliers		(90,917,999)	(76,037,345)
Income taxes paid		(187,863,279)	(96,429,940)
Receipts from other operating activities	34	123,650,715	95,315,478
Payments for other operating activities	35	(87,468,115)	(86,273,353)
(i) Operating profit before changes in operating assets & liabilities		250,622,840	358,488,480
Change in operating assets and liabilities			
Loans and advances to customers		(1,715,744,246)	(1,158,189,773)
Other assets		6,782,066	(47,508,490)
Deposits from customers		130,353,176	3,041,557,433
Other liabilities		(275,431,043)	304,602,521
(ii) Cash generated from operating assets and liabilities		(1,854,040,045)	2,140,461,692
Net cash flow from operating activities (a)=(i)+(ii)		(1,603,417,206)	2,498,950,172
Cash Flows from Investing Activities			
Payments for purchase of government securities		(363,688,937)	(432,612,291)
Payments for purchase of securities		(312,055,059)	109,024,578
Purchase of property, plant and equipment		(19,428,358)	(8,798,681)
Net cash used in investing activities (b)		(695,172,354)	(332,386,393)
Cash Flows from Financing Activities			
Dividend paid		-	-
Receipts from issue of ordinary share		-	-
Net cash flow from financing activities (c)		-	-
Net Increase in cash and cash equivalents (a+b+c)		(2,298,589,559)	2,166,563,779
Cash and cash equivalents at beginning of the year		7,380,157,238	5,213,593,459
Cash and cash equivalents at end of the year (*)		5,081,567,679	7,380,157,238
(*) Cash and cash equivalents:			
Cash in hand		315,414,703	248,869,400
Prize bonds		172,500	174,200
Money at call on short notice		2,150,000,000	4,200,000,000
Balance with Bangladesh Bank and its agent bank(s)		626,371,439	759,858,906
Balance with other banks and financial institutions		1,989,609,036	2,171,254,732
		5,081,567,679	7,380,157,238

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

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

Brig Gen Benazir Ahmed,
BGBMS, afwc, psc
Director

Col A S M Faisal,
PBGMS
Director

Rafiqul Islam
Acting Managing Director & CEO

Dated: 28 April 2022
DVC : 2205081238AS637131



Shimanto Bank Limited

Statement of Changes in Equity
For the year ended 31 December 2021

(Amount in Taka)

Particulars	Paid-up Capital	Statutory Reserve	Other Reserves (Investment Revaluation Reserve)	Retained Earnings	Total Equity
Balance as at 1 January 2021	4,160,000,000	167,735,983	4,568,385	140,030,414	4,472,334,784
Net profit after tax for the year	-	-	-	140,096,728	140,096,728
Stock dividend paid during the year	124,800,000	-	-	(124,800,000)	-
Surplus on account of revaluation of investments	-	-	2,390,412	-	2,390,412
Transfer to statutory reserve	-	58,012,877	-	(58,012,877)	-
Balance as at 31 December 2021	4,284,800,000	225,748,860	6,958,797	97,314,266	4,614,821,923

Particulars	Paid-up Capital	Statutory Reserve	Other Reserves (Investment Revaluation Reserve)	Retained Earnings	Total Equity
Balance as at 1 January 2020	4,000,000,000	101,310,320	956,968	165,418,724	4,267,686,012
Net profit after tax for the year	-	-	-	201,037,353	201,037,353
Stock dividend paid during the year	160,000,000	-	-	(160,000,000)	-
Surplus on account of revaluation of investments	-	-	3,611,417	-	3,611,417
Transfer to statutory reserve	-	66,425,663	-	(66,425,663)	-
Balance as at 31 December 2020	4,160,000,000	167,735,983	4,568,385	140,030,414	4,472,334,784


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


Brig Gen Benazir Ahmed,
BGBMS, afwc, psc
Director


Col A S M Faisal,
PBGMS
Director


Rafiqul Islam
Acting Managing Director & CEO



Dated: 28 April 2022

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

Hoda Vasi
Chowdhury & Co



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


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


Brig Gen Benazir Ahmed,
BGBMS, afwc, psc
Director


Col A S M Faisal,
PBGMS
Director


Rafiqul Islam
Acting Managing Director & CEO



Dated: 28 April 2022



Shimanto Bank Limited

Notes to the Financial Statements

For the year ended 31 December 2021

Hoda Vasi
Chowdhury & Co

1. The Bank and its activities

1.1 Legal form of the bank

Shimanto Bank Limited (hereinafter referred to as "the Bank" or "SMBL") is a scheduled commercial bank established under the Banking Companies Act, 1991 and incorporated as a Public Limited Company under the Companies Act, 1994 in Bangladesh on 14 July 2016 with the primary objective to carry on all kinds of banking business within and outside the boundary of Bangladesh. The Bank has nineteen (19) branches and two (02) sub-branches operating in Bangladesh and the Bank has no overseas branches as at 31 December 2021.

The registered office of the Bank is located at Shimanto Shamvar (Level-7), Road-02, Bir Uttam M. A. Rob Sarak, Shimanto Square, Dhanmondi, Dhaka-1205.

1.2 Principal activities

The principal activities of the Bank are to provide full range of banking services that include deposit collection, disbursement of loans and advances, providing national and international remittance facilities, providing L/C and L/G facilities etc.

2. Basis of preparation of financial statements and significant accounting policies

2.1 Statement of compliance

The financial statements of the Bank as at and for the year ended 31 December 2021 have been prepared in accordance with the "First Schedule (Section 38) of the Banking Companies Act 1991 (amended upto 2013) which has been replaced through BRPD Circular no. 10 dated October 04, 2015, International Financial Reporting Standards (IFRS), International Accounting Standard (IAS), other Bangladesh Bank Circulars, the requirements of the Banking Companies Act, 1991 (amended in 2013), the rules and regulations issued by Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations.

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

In case the requirements of the Banking Companies Act 1991, and by Bangladesh Bank regulations differ with those of IFRS, the requirements of the Banking Companies Act, 1991 (amended in 2013) and Bangladesh Bank regulations shall prevail.

Material departures from the requirement of IFRS are as follows:

i) Presentation of financial statements

IFRS: As per IAS 1 a complete set of financial statements comprises statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, adequate notes comprising summary of accounting policies and other explanatory information. As per Para 60 of IAS 1, the entity shall also present current and non-current assets and current and non-current liabilities as separate classifications in its statement of financial position.



Bangladesh Bank: The presentation of the financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flows statement, changes in equity, liquidity statement) and certain disclosures therein are guided by the 'First Schedule' (section 38) of the Banking Companies Act, 1991 (amended 2013) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines of Bangladesh Bank. In the prescribed format there is no option to present assets and liabilities under current and non-current classifications.

i) Investments in shares and securities

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

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

iii) Revaluation gains/losses on Government securities

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

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

iv) Provision on loans and advances

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

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 05 dated 29 May 2013, BRPD circular no. 16 dated 18 November 2014, BRPD circular no. 12 dated 20 August 2017 and BRPD circular no. 15 dated 27 September 2017, a general provision at 0.25% to 5% under different categories of unclassified loans (standard/SMA loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad/losses loans has to be provided at 20%, 50% and 100%, respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 07 dated 21 June 2018 and BRPD circular no. 13 dated 18 October 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures. Besides, BRPD Circular No. 50, Dated 14 December 2021, a special general provision COVID-19, at 2% is required to provide for deferred loans. Such provision policies are not specifically in line with those prescribed by International Financial Reporting Standards (IFRS) 9: Financial Instruments.



v) Other comprehensive income and appropriation of profit

IFRS: As per the requirements of IAS 1 Presentation of Financial Statements, Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income Statement. IFRSs do not require appropriation of profit to be shown on the face of the statement of comprehensive income.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which are to be followed all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

vi) Financial instruments – presentation and disclosure

As per BB guidelines, in certain cases financial instruments are categorized, recognized, measured and presented differently from those prescribed in IAS 32 Financial Instruments: Presentation, IFRS 9: Financial Instruments and IFRS 7 Financial Instruments: Disclosures. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 are not made in the financial statements.

vii) Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable and the loss allowance determined as expected credit loss method under IFRS 9. Financial guarantees are included within other liabilities.

"Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin."

viii) Cash and cash equivalent

IFRS: As per the requirement of IAS-7: Statement of cash flows, cash and cash equivalent items should be reported as cash item.

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

ix) Non-banking assets

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

Bangladesh Bank: As per BRPD circular no 14, dated 25 June 2003, there exists a face item named non-banking assets.



x) Cash flow statement

IFRS: Cash flow statement can be prepared either in direct method or indirect method. The presentation method is selected to present cash flow information in a manner that is most suitable for the business or industry. Whichever method selected should be applied consistently.

Bangladesh Bank: As per BRPD circular no 14, dated 25 June 2003, cash flow statement is to be prepared following a mixture of direct and indirect method.

xi) Presentation of intangible asset

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

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

xii) Balance with Bangladesh Bank: (Cash Reserve Requirement)

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

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

xiii) Off-balance sheet items

IFRS: There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xiv) Loans and advances net of provision

IFRS: Loans and advances should be presented net of provision.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, provision on loans and advances/investments are presented separately as liability and cannot be netted off against loans and advances.



2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items:

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

- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' are amortized each year with resulting gain credited to revaluation reserve but loss charged to Profit and Loss Account.

-Zero coupon bond at present value using amortization concept.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

2.5 Foreign currency transaction

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

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

2.6 Cash flow statement

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



2.7 Comparative information

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

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

2.8 Reporting period

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

2.9 Statement of changes in equity

Statement of Changes in Equity has been prepared in accordance with IAS 1 "Presentation of Financial Statements" and following the guidelines of Bangladesh Bank BRPD circular no. 14 dated 25 June 2003.

2.10 Liquidity statement

The liquidity statement has been prepared in accordance with remaining maturity grouping of the value of the assets and liabilities as at 31 December 2021 and under the guidelines of Bangladesh Bank BRPD circular no.14 dated 25 June 2003.

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

3. Significant accounting policies

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

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

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

3.1.2 Investments

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



Held to Maturity (HTM)

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

Held for Trading (HFT)

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

Investment in unquoted securities

Investment in unquoted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unquoted securities.

Provision for shares against unrealized loss (gain net off) has been made according to DOS circular no. 4 dated 24 November 2011 and for mutual funds (closed-end) as per DOS circular letter no. 3 dated 12 March 2015 of Bangladesh Bank.

Besides, the Bank complied with Bangladesh Bank BRPD Circular 14 dated June 25, 2003 as follows, "All investments in shares and securities (both dealing and investment) should be revalued at the year- end. The quoted shares should be valued as per market price in the stock exchange(s) and unquoted shares as per book value of last audited balance sheet. Provision should be made for any loss arising from diminution in value of investments".

Value of investment has been shown as under:

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

3.1.3 Loans, advances and provisions

Loans and advances are stated in the balance sheet on gross basis.

Interest is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest on classified loans and advances is kept in interest suspense account as per BRPD circulars no. 14 dated September 23, 2012 (amendment on 21 April 2019) on Master Circular: Loan Classification and Provisioning. Interest is not charged on bad and loss loans and advances as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.



Commission and discounts on bills purchased and discounted are recognized at the time of realization.

General provisions @ 0.25% to 5% under different categories on unclassified loans (standard/SMA) and @ 1% on off balance-sheet exposures, and specific provisions @ 20%, 50% & 100% on classified (substandard/doubtful/bad loss) loans are made on the basis of quarter end review by the management and instructions contained in BRPD Circular no 14, dated 23 September 2012 (amendment on 21 April 2019), BRPD Circular no 19, dated 27 December 2012, BRPD Circular no 16, dated 18 November 2014 and BRPD Circular no 8, dated 2 August 2015. Besides, BRPD Circular No. 50, Dated 14 December 2021, a special general provision COVID-19, at 2% is required to provide for deferred loans. Provisions and interest suspense are separately shown under other liabilities as per First Schedule of Banking Companies Act, 1991 (amended in 2013), instead of netting off with loans.

Heads	Rates
General provision on:	
Unclassified (including SMA) general loans and advances	1%
Unclassified (including SMA) small and medium enterprise	0.25%
Unclassified (including SMA) Loans to BHs/MBs/SDs against Shares etc.	2%
Unclassified (including SMA) loans for housing finance and on loans for professionals	2%
Unclassified (including SMA) consumer financing other than housing financing and loans for professionals	5%
Unclassified Short term agri credit and micro credit	2.50%
Off balance sheet exposures	1.00%
Specific provision on:	
Substandard loans and advances other than short term agri credit and	20%
Doubtful loans and advances other than short term agri credit and	50%
Bad/loss loans and advances	100%
Substandard short term agri credit and micro credit	5%
Doubtful short term agri credit and micro credit	5%

3.1.4 Property, plant and equipment and depreciation

3.1.4.1 Recognition and measurement

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

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

3.1.4.2 Subsequent costs

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



3.1.4.3 Depreciation

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

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

3.1.4.4 Disposal of assets

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

3.1.5 Intangible assets

Recognition of intangible assets

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

Amortization of intangible assets

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

Impairment of fixed assets

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



3.1.6 Leased assets

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

3.1.7 Other assets

As per BRPD circular No. 14 dated 25 June 2003, other assets/item(s) have been shown separately as 'income generating' and 'non income generating' in the relevant notes to the financial statements. Other assets include advance rent, advance for VAT and advance to vendor, advance, deposits and prepayment and income receivables etc.

3.1.8 Non-banking assets

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

3.1.9 Inventories

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

3.2 Liabilities and provisions

3.2.1 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents include interest-bearing borrowings redeemable at call and Bangladesh Bank refinance. These items are brought to financial statements at the gross value of the outstanding balance.

3.2.2 Deposits and other accounts

Deposits and other accounts include non-interest-bearing current deposit redeemable at call, bills payable, interest bearing on demand and special notice deposits, savings deposit and fixed deposit. These items are brought to financial statements at the gross value of the outstanding balance.

3.2.3 Other liabilities

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

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxes, interest payable on borrowing, interest suspense and accrued expenses etc. Individual item-wise liabilities are recognized as per the guidelines of Bangladesh Bank and International Financial Reporting Standards (IFRS).



3.2.4 Provision for loans and advances

Provision for classified loans and advances is made on the basis of quarter-end review by the management and instructions contained in BRPD circular no. 14 dated 23 September 2012 (amendment on 21 April 2019), BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 16 dated 18 November 2014. Details are stated in Note 13.1 to these financial statements.

3.2.5 Provision for off-balance sheet exposures

In compliance with BRPD circular no. 14 dated 23 September 2012 (amendment on 21 April 2019) and other relevant circulars, the Bank requires to maintain provision @ 1% against off-balance sheet exposures (mainly contingent assets/liabilities). In this year there are off-balance sheet exposures related to L/C liabilities, letter of guarantee and acceptances & endorsements.

3.2.6 Provision for other assets

Provision for other assets is made as per the instructions made in the BRPD circular No. 14 dated 25 June 2001 on which 100% provision is required on other assets which are outstanding for one year or more or classified as bad/loss.

3.3 Share capital and reserves

Authorized capital

Authorized capital is the maximum amount of share capital that the Bank is authorized by its Memorandum and Articles of Association.

Paid-up capital

The paid-up capital represents the amount of bank's capital that has been contributed by ordinary shareholders. The holders of ordinary shares are entitled to receive dividend as recommended by the Board and subsequently approved by the shareholders from time to time in the Annual General Meeting (AGM).

Statutory reserve

In compliance with the provision of Section 24 of Banking Companies Act, 1991, the Bank transfers at least 20% of its profit before tax "Statutory Reserve Fund" each year until the sum of statutory reserve and share premium equal to the paid up capital of the Bank.

Other reserve

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

3.4 Contingent liabilities and assets

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. Any present obligation that arises from past events but is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognized in the financial statements as this may result in the recognition of income which may never be realized.



3.5 Revenue recognition

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

Interest income

Interest on unclassified loans and advances is recognized as income on accrual basis, interest on classified loans and advances is credited to interest suspense account with actual receipt of interest there from credited to income as and when received as per instruction contained in BRPD circular no 14 dated 23 September 2012 (amendment on 21 April 2019), BRPD circular no 19 dated 27 December 2012 and BRPD circular no 16 dated 18 November 2014.

Fees and commission income

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

Interest and fees receivable on credit card

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

Investment income

Income on investments is recognized on accrual basis. Investment income includes discount on treasury bills and zero coupon bonds, interest on treasury bonds, debentures and fixed deposits with other banks. Capital gain on investments in shares and dividend on investment in shares are also included in investment income.

Dividend income

Dividend income from investments is recognized at the time when it is declared, ascertained and right to receive the payment is established as per IFRS 15.

3.6 Interest paid on borrowings and deposits

Interest paid on borrowings and deposits are calculated on 360 days' basis (except for some treasury instruments which are calculated on 364 days' basis) in a year and recognized on accrual basis.

3.7 Other operating expenses

All other operating expenses are provided for in the books of the account on accrual basis according to the IAS 1 "Presentation of Financial Statements".

3.8 Employee benefits Provident fund

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



Gratuity fund

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

Workers Profit Participation Fund

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

3.9 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity.

(i) Current tax

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

(ii) Deferred tax

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date. The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the profit and loss account as per IAS-12 "Income Taxes".

3.10 Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.11 Earnings per share

"Basic earnings per share have been calculated in accordance with IAS 33 "Earnings per Share" which has been shown on the face of the profit and loss account. This has been calculated by dividing the basic earnings by the number of ordinary shares outstanding during the year.

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

3.12 Reconciliation of inter-bank account

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



3.13 Risk management and other related matters

Financial Institutions are in the business of taking calculative risk and it is important how a bank decides on its risk appetite. The bank firmly believes that robust risk management is the core function that makes its business sustainable. The risk management systems in place at the Bank are discussed below:

Credit Risk

Credit risk is the risk of loss that may occur from the default of any counterparty to repay in accordance with agreed terms and conditions and/or deterioration of creditworthiness. Board of Directors is the apex body for credit approval of the Bank. However, they delegate authority to the Managing Director & CEO or other officers of the Credit Risk Management (CRM) Division. The Board also sets credit policies to the management for setting procedures, which together has structured the CRM framework in the bank. The Credit Policy Manual (CPM) contains the core principles for identifying, measuring, approving, and managing credit risk in the bank. The policy covers Corporate, Retail, Small and Medium Enterprise (SME) exposures. Policies and procedures together have structured and standardized CRM process both in obligor and portfolio level. There is a comprehensive credit appraisal procedure that covers Industry/Business risk, management risk, financial risk, facility structure risk, security risk, environmental risk, reputational risk, and account performance risk.

The Bank follows the criteria for loan classification and provisioning requirement as stipulated in the BRPD circular no 14 dated September 23, 2012 (amendment on 21 April 2019) and BRPD circular no 05 dated May 29, 2013. Adequate provision has been kept which is stated in Note 13.1 to the financial statements.

Liquidity Risk

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

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

Market Risk

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

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

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

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



Operational Risk

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

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

Information and communication technology risk

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

Asset liability risk management

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

Liquidity risk management

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

Interest rate risk management

Interest rate risk is the exposure of a bank's financial condition to adverse movements in interest rates. Accepting this risk is a normal part of banking and can be an important source of profitability and shareholder value. However, excessive interest rate risk can pose a significant threat to a bank's earnings and capital base. Changes in interest rates affect a bank's earnings by changing its net interest income and the level of other interest-sensitive income and operating expenses.



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

Operation risk management

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

Internal control and compliance risk management

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

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

Money laundering risk management

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

Bangladesh has enacted the amended Money Laundering Prevention Act, 2012 & amended Anti-Terrorism Act, 2013 which covers all the international standards and requirements and assigned BFIU of BB to discharge the regulatory responsibility of implementation & monitoring of the AML & CFT activities to keep the financial system of the country safe & compliance. Shimanto Bank Limited (SMBL) is as a compliant & responsible institution committed to the highest standards of Anti-Money Laundering (AML) compliance and adhere to the set rules & declared standards to prevent use of our products and services for money laundering purposes. In addition to the legal compliance, Shimanto Bank Limited considers AML & CFT compliance as part of its social responsibility & commitment.

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



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

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

Internal audit

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

Prevention of fraud

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

3.14 Preparation of Basel II and Basel III Accord

Basel II

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

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

Pillar-I: Minimum Capital Requirement

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

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



Pillar-II: Supervisory Review Process (SRP)

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

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

Pillar-III: Market Discipline

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

Basel III

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

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

Shimanto Bank Limited initiatives to ensure adequate capital include the following:

- a) Consistently encouraging corporate clients to complete external credit rating to assess counterparty Credit Risk status, and to reduce capital requirements.
- b) Improving and enhancing eligible collateral, by way of collateral optimization.
- c) Assessment of risk profile and credit rating of new clients.
- d) CAR is periodically reviewed and assessed in Shimanto Bank Limited by the Risk Management Unit (RMU), and reported to senior management.



Capital adequacy and stress testing

In order to have a sound and robust banking industry and to make the banks in Bangladesh more shock absorbent as well as to cope with international best practice for risk management, Bangladesh Bank introduced 'Risk Based Capital Adequacy (RBCA) for all Banks effective from January, 2010.

As per Risk Based Capital Adequacy (RBCA) guideline, according to Pillar 1 of Basel II, Risk Weighted Assets (RWA) of Shimanto Banks is calculated against Credit Risk, Market Risk and Operational Risk. Under Pillar 2 in Supervisory Review Process (SRP) Banks deals with other risks faced but not covered in pillar-1. Finally, under Pillar-3 in Market Discipline bank publish its capital adequacy disclosure on regular basis for market participants to establish more transparent and more disciplined financial market so that stakeholders can assess the position of a bank.

The Bank has also implemented Bangladesh Bank approved stress testing framework which forms an integral part of the Bank's Internal Capital Adequacy Assessment Process (ICAAP). Stress testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible stressed business conditions. The changes in the level of credit risk, market risk, liquidity risk and Interest Rate Risk in the Banking Book (IRRBB), in the on and off balance sheet positions of the Bank, is assessed under assumed "stress" scenarios. Typically, this relates, among other things, to the impact on the Bank's profitability and capital adequacy. Stress Tests are conducted on a quarterly basis and the stress test results are put up to the Board quarterly, for their review and guidance.

3.15 Events after the reporting period

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

However, all other material events after the reporting period have been considered and appropriate adjustments/disclosures have been made in the financial statements as per IAS 10 'Events after the Reporting Period'.

3.16 Related party disclosures

A party is related to the Entity if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company; has an interest in the company that gives it significant influence over the company; or has joint control over the Entity;

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

(iii) the party is a member of the key management personnel of the Entity or its parent;

(iv) the party is a close member of the family of any individual referred to in (i) or (iv);

(v) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vi) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the Entity.



3.17 Compliance of International Accounting standards (IASs) and International Financial Reporting Standards (IFRSs)

The Bank has complied the following IASs & IFRSs as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) during the preparation of financial statements as at and for the year ended 31 December 2021.

Sl#	IAS #	IAS Title	Compliance Status
1	1	Presentation of Financial Statements	Complied **
2	2	Inventories	Complied
3	7	Statement of Cash Flows	Complied
4	8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
5	10	Events after the Balance Sheet Date	Complied
6	11	Construction Contracts	Not Applicable
7	12	Income Taxes	Complied
8	16	Property, Plant & Equipment	Complied
9	17	Leases	Complied
10	18	Revenue	Complied
11	19	Employee Benefits	Complied
12	20	Accounting for Government Grants and Discloser of Government Assistance	Not Applicable
13	21	The Effects of Changes in Foreign Exchanges Rates	Complied
14	23	Borrowing Costs	Complied
15	24	Related Party Disclosures	Complied
16	26	Accounting and Reporting by Retirement Benefit Plans	Not Applicable
17	27	Consolidated and Separate Financial Statements	Not Applicable
18	28	Investment in Associates	Not Applicable
19	31	Interest in Joint Venture	Not Applicable
20	32	Financial Instruments: Presentation	Complied
21	33	Earnings per Share	Complied
22	34	Interim Financial Reporting	Not Applicable
23	36	Impairment of Assets	Complied
24	37	Provisions, Contingent liabilities and Contingent Assets	Complied
25	38	Intangible Assets	Complied
26	39	Financial Instruments: Recognition and Measurement	Not Applicable
27	40	Investment Property	Not Applicable
28	41	Agriculture	Not Applicable



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

* Subject to departure disclosed in note no. 2.1

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

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

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

3.19 Approval of financial statements

The financial statements were reviewed and subsequently approved by the Board of Directors in its ---- Board Meeting on 49th held on April 28, 2022.



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		31.12.2021 Taka	31.12.2020 Taka
4. Cash			
Cash in hand (including foreign currency)	(Note: 4.1)	315,414,703	248,869,400
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	(Note: 4.2)	626,371,439	759,858,906
		941,786,142	1,008,728,306
4.1 Cash in hand			
In local currency		311,997,632	246,634,568
In foreign currency		3,417,071	2,234,832
		315,414,703	248,869,400

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

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

Balance with Bangladesh Bank

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

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

4.3 Statutory deposits

Conventional Banking

Cash Reserve Requirement and Statutory Liquidity Ratio

Cash reserve requirement and statutory liquidity ratio have been calculated and maintained in accordance with section 33 of the Banking Companies Act 1991 (Amendment up to 2013), Bangladesh Bank's MPD circular no. 05 dated 01 December 2010, MPD circular no. 01 dated 23 March 2020 and DOS circular no. 01 dated 19 January 2014.

The statutory cash reserve requirement is on the Bank's time and demand liabilities as per Bangladesh Bank MPD circular no. 03 dated 09 April, 2020 at the rate of 4% for bi-weekly and 3.5% for daily (CRR) has been calculated and maintained with Bangladesh Bank in current account while statutory liquidity ratio of 13.00% is required, on the same liabilities is also maintained in the form of treasury bills, bonds and debentures including foreign currency balance with Bangladesh Bank. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below:

(a) Cash Reserve Requirement (CRR)

As per Bangladesh Bank MPD Circular No. 03 dated 09 April 2020, the Bank has to maintain CRR @ 4.00% bi-weekly basis and minimum CRR @ 3.50% on daily basis.

Bi-weekly as on the reporting date

Required reserve (4.00% of total time & demand liabilities)	523,835,000	520,647,000
Actual reserve maintained	614,910,229	719,939,851
Surplus	91,075,229	199,292,851



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	31.12.2021 Taka	31.12.2020 Taka
Daily Position as on the reporting date		
Required reserve (3.50% of total time & demand liabilities)	458,356,000	455,566,000
Actual reserve maintained	614,910,229	719,939,851
Surplus	156,554,229	264,373,851
(b) Statutory Liquidity Ratio (SLR)		
Required reserve (13% of total time & demand liabilities)	1,702,465,000	1,692,102,000
Actual reserve maintained	2,401,302,740	2,103,844,565
Surplus	698,837,740	411,742,565
<p>As per Bangladesh Bank MPD circular no. 05 dated 01 December 2010, MPD circular no. 01 dated 23 June 2014, Bangladesh Bank DOS circular no. 01 dated 19 January 2014 and circular no-MPD circular no-01 date 23 March 2020 & MPD circular no -03 dated 09 April 2020, all scheduled Banks have to maintain CRR and SLR @ 4.0% for bi-weekly & 3.50% for daily (CRR) and @ 13.00% (SLR) respectively of their total time and demand liabilities on bi-weekly average basis, where the Bank maintained @ 4.10% and @ 18.33% respectively at the year end.</p>		
(c) Components of Statutory Liquidity Ratio (SLR)		
Cash in hand	315,414,703	248,869,400
Balance with Sonali Bank Limited	848,296	25,493,516
Excess reserve of CRR (4.00% of bi-weekly)	91,075,229	199,292,851
HTM securities	1,621,399,321	1,427,371,598
HFT securities	309,242,691	149,853,000
Other eligible security	63,322,500	52,964,200
	2,401,302,740	2,103,844,565
4.4 Maturity grouping of cash		
On demand	941,786,142	1,008,728,306
Upto 1 month	-	-
Over 1 month but not more than 3 months	-	-
Over 3 month but not more than 6 months	-	-
Over 6 month but not more than 1 year	-	-
Over 1 year but not more than 5 years	-	-
Over 5 years	-	-
	941,786,142	1,008,728,306
5. Balance with other banks and financial institutions		
In Bangladesh	(Note: 5.1) 1,962,712,386	2,142,120,359
Outside Bangladesh	(Note: 5.2) 26,896,650	29,134,373
	1,989,609,036	2,171,254,732
5.1 In Bangladesh		
Special Notice Deposits		
Bank Name		
AB Bank Limited	1,796,196,897	1,648,942,010
Trust Bank Limited	441,051	441,051
Shimanto Bank Limited-Q-Cash Settlement Account	2,048,758	-
Balance with EBL Securities	4,618,476	-
Trust Bank Limited (Q Cash Account)	-	5,341,285
Eastern Bank Ltd	154,073,069	485,355,648
Eastern Bank Ltd (VISA Settlement Account)	4,172,865	1,241,846
Agrani Bank Limited, Pragpur	83,965	-
Sonali Bank Limited (outside Dhaka)	62,530	12,111
Sonali Bank Limited, Local Office	1,014,776	786,409
	1,962,712,386	2,142,120,359



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	31.12.2021 Taka	31.12.2020 Taka
5.2 Outside Bangladesh		
Habib American Bank	21,421,659	17,176,955
Axis Bank ACU	3,242,484	10,079,604
United Bank of India	2,232,507	1,877,815
	26,896,650	29,134,373
5.3 Account-wise/grouping of balance with other banks and financial institutions		
Current deposits	321,603,334	35,274,178
Savings deposits	-	-
Short-Notice Deposits	1,641,109,052	2,135,980,554
Fixed deposits	-	-
	1,962,712,386	2,171,254,732
5.4 Maturity grouping of balance with other banks and financial institutions		
Repayable – on demand	-	-
– up to 3 months	1,962,712,386	2,142,120,359
– over 3 months but below 1 year	-	-
– over 1 year but below 5 years	-	-
– over 5 years	-	-
	1,962,712,386	2,142,120,359
6. Money at call on short notice		
In Bangladesh	2,150,000,000	4,200,000,000
Outside Bangladesh	-	-
	2,150,000,000	4,200,000,000
6.1 In Bangladesh		
<u>At short notice</u>		
<u>With banking companies</u>		
The Premier Bank Ltd	200,000,000	200,000,000
AB Bank Ltd	-	400,000,000
National Bank Limited	400,000,000	600,000,000
	600,000,000	1,200,000,000
<u>With non-banking financial institutions</u>		
IPDC Finance Ltd.	-	600,000,000
IDLC Finance Ltd.	-	600,000,000
Bay Leasing & Investment Limited	200,000,000	-
Delta Brac Housing Finance Corporation	-	600,000,000
LankaBangla Finance Ltd.	400,000,000	600,000,000
IIDFC Ltd.	600,000,000	600,000,000
Phoenix Finance & Investments Limited	200,000,000	-
CVC Finance Limited	50,000,000	-
Meridian Finance & Investment Ltd.	100,000,000	-
	1,550,000,000	3,000,000,000
	2,150,000,000	4,200,000,000



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



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



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	31.12.2021 Taka	31.12.2020 Taka
8.1.3 Product wise Loans and Advances		
Overdraft	2,065,586,348	1,588,945,773
Time loan	2,030,084,138	1,889,571,199
Term loan	5,933,434,761	4,821,013,512
Staff Loan	18,290,296	32,120,814
	10,047,395,543	8,331,651,298
8.1.4 Net loans and advances		
Gross loans and advances	10,047,395,543	8,331,651,298
Less: Provision for loans and advances	182,084,152	96,454,158
	9,865,311,391	8,235,197,140
8.1.5 Securities against loans		
a. Secured		
Collateral of movable / immovable assets	959,526,318	467,181,193
Cash collateral	-	-
Local Banks & Financial Institutions guarantee	-	-
Foreign Banks Guarantee	-	-
Export documents	-	-
Government Guarantee	-	-
<u>Fixed Deposits Receipts</u>		
Own FDR	58,667,900	112,799,178
FDR of Other Banks	-	-
Personal Guarantee	609,835,049	266,393,274
Other Securities	7,934,582,806	7,035,780,802
Government bonds	380,104,060	439,594,072
	9,942,716,134	8,321,748,519
b. Unsecured	104,679,409	9,902,778
	10,047,395,543	8,331,651,298
8.1.6 Loans and advances on the basis of significant concentration		
a) Loans and advances to the institutions in which Directors have interest	-	-
b) Loans and advances to Chief Executive and other senior executives	8,202,173	36,848,376
c) Loans and advances to customer groups:		
i) Real estate finance	179,963,038	174,485,213
ii) Car loan	5,249,457	7,871,842
iii) Personal loan	222,656,017	176,093,076
iv) Loan against deposits (LAD)	-	110,731,854
v) Small and medium enterprises	569,395,693	414,064,622
vi) Special program loan (Bangladesh Bank refinancing scheme)	-	-
vii) Staff loan	18,290,296	6,881,852
viii) Industrial loans, advances and leases	-	-
ix) Other loans and advances	3,927,771,858	4,393,878,630
d) Details of industrial loans and advances		
1) Trade and commerce	-	-
2) Industries		
i) Garments and knitwear	-	-
ii) Textile	710,483,239	-
iii) Jute and jute -products	-	-
iv) Food production and processing industry	1,063,219,870	657,886,264
v) Plastic industry	-	-
vi) Leather and leather goods	-	-



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	31.12.2021 Taka	31.12.2020 Taka
vii) Iron, steel and engineering	-	-
viii) Pharmaceuticals and chemicals	441,214,767	-
ix) Cement and allied industry	-	-
x) Telecommunication and IT	-	-
xi) Paper, printing and packaging	-	-
xii) Glass, glassware and ceramic industry	-	-
xiii) Ship manufacturing industry	-	-
xiv) Electronics and electrical products	237,296,848	284,884,429
xv) Power, gas, water and sanitary service	525,878,519	535,948,213
xvi) Transport and aviation	-	-
3) Agriculture	31,132,234	15,338,143
4) Housing	24,287,714	23,776,465
5) Others	-	-
i) Loan to subsidiaries companies	-	-
ii) Others	-	-
	2,082,353,821	1,492,962,319
	10,047,395,543	8,331,651,298

8.1.7 Particulars of Loans and advances

(i) Loans considered good in respect of which the Bank is fully secured	951,938,421	1,020,046,136
(ii) Loans considered good against which the Bank holds no security other than the debtors' personal guarantee	607,830,301	266,393,274
(iii) Loans considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	-	-
(iv) Loan adversely classified for which no provision is created	-	-
(v) Loans due by directors or officers of the Bank or any of them either separately or jointly with any other persons	-	-
(vi) Loans due from companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in case of private companies, as members	-	-
(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Bank or any of them either separately or jointly with any other persons [note 8.1.10 (a)]	16,628,768	43,730,228
(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	-	-
(ix) Due from other banking companies	-	-
(x) Information in respect of classified loans and advances:		
(a) Increase/(decrease) of provision (specific)	14,154,401	(5,044,602)
(b) Amount of loan written off	-	-
(c) Amount realised against loan previously written off	-	-
(d) Provision kept against loans classified as bad /loss on the date of preparing the balance sheet	10,936,455	1,446,712
(e) Interest creditable to interest suspense account	-	-
(xi) Written off loan:		
During the year	-	-
Cumulative to-date (as per Bangladesh Bank guidelines)	-	-
Cumulative to-date (in amicable settlement)	-	-
The amount of written off loans for which lawsuits have	-	-



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8.1.8 Advances to customers for more than 10% of Bank's total capital		
Total capital of the Bank	4,284,800,000	4,160,000,000
Number of clients	9	5
Amount of outstanding advances	4,793,425,131	2,492,381,362
Amount of classified advances	-	-
Measures taken for recovery	-	-
8.1.9 Industry-wise loans and advances		
Working capital	2,150,193,507	2,039,614,040
Others	1,941,441,250	569,795,433
	4,091,634,757	2,609,409,473
8.1.10 Geographical location-wise (division) distribution		
In Bangladesh		
<u>Urban Branches</u>		
Dhaka	7,920,841,152	5,901,395,816
Chittagong	890,890,772	1,067,528,529
Khulna	338,866,222	338,394,362
Mymensingh	173,837,627	220,875,982
Sylhet	92,478,902	97,305,243
Barisal	-	-
Rajshahi	-	-
Rangpur	112,968,614	139,584,873
	9,529,883,289	7,765,084,806
<u>Rural Branches</u>		
Dhaka	-	-
Chittagong	437,608,008	496,982,959
Khulna	46,699,844	42,793,357
Mymensingh	33,204,403	26,790,175
Sylhet	-	-
Barisal	-	-
Rajshahi	-	-
Rangpur	-	-
	517,512,254	566,566,491
Outside Bangladesh	-	-
	10,047,395,543	8,331,651,298
8.1.11 Classification of loans and advances		
<u>Unclassified</u>		
Standard	9,858,850,540	8,324,161,835
Special Mention Account	68,388,062	1,575,605
	9927,238,602	8,325,737,440
<u>Classified</u>		
Sub-Standard	35,011,871	3,848,378
Doubtful	4,798,901	629,262
Bad/Loss	80,346,169	1,436,217
	120,156,941	5,913,858
	10,047,395,543	8,331,651,298



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



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



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	31.12.2021 Taka	31.12.2020 Taka
12.3 Savings bank deposit accounts		
Shimanto Sanchay	561,526,161	489,763,773
SMBL SHOPNO	942,923	1,913,387
SMBL Staff Salary Account	7,272,502	7,924,186
BGB Payroll Account	251,737,505	215,615,153
SMBL SND Account (Corporate)	3,146,439,948	4,412,062,823
SMBL SND Account (SME)	414,089,429	325,049,669
SMBL Payroll	13,912,650	10,709,219
BGB School Payroll Account	103,212,382	77,018,126
RFCD Account (USD)	4,432,110	1,835,729
BGB School PF Account	62,292,124	55,308,050
SMBL PRIVATE FOREIGN CURRENCY ACCOUNT	2,539,530	-
BGB School Gratuity Account	13,351,913	11,070,474
Shimanto Student Account	11,000,222	7,377,305
	4,592,749,398	5,615,647,895
12.4 Fixed deposit accounts		
Fixed Deposit -1M -Retail	51,760,633	161,728,711
Fixed Deposit -3M -Retail	355,340,917	127,751,645
Fixed Deposit -6M -Retail	202,764,150	202,555,836
Fixed Deposit -1Year -Retail	251,443,203	154,048,361
Fixed Deposit -2Year -Retail	42,365,740	9,335,000
Fixed Deposit -3Year -Retail	1,020,613	310,050
Monthly Interest bearing FDR- Asthai Obsor	309,025,950	750,093,500
Fixed Deposit -1M -Corporate	34,731,555	14,694,157
Fixed Deposit -3M -Corporate	1,666,338,061	1,406,445,566
Fixed Deposit -6M -Corporate	712,782,120	292,843,421
Fixed Deposit -1Year -Corporate	2,137,593,787	1,391,499,506
Fixed Deposit -2Year -Corporate	7,395,225	7,032,089
Fixed Deposit -3Year -Corporate	120,112,291	113,360,000
Special Fixed Deposit for 89 days - Corporate	1,556,156,556	1,649,371,470
Shimanto DPS	277,830,364	200,557,641
Shoinik Bhabiswat	4,200,000	-
Shimanto Student DPS	8,463,467	3,998,886
Fixed Deposit -1M -SME	8,375,873	26,243,500
Fixed Deposit -3M -SME	51,635,101	28,701,265
Fixed Deposit -6M -SME	29,797,378	26,653,898
Fixed Deposit -1Year -SME	44,999,973	7,413,794
Fixed Deposit -2Year -SME	3,300,000	300,000
	7,877,432,956	6,574,938,297
12.5 Other deposits		
Margin on L/C	73,717,691	5,885,323
Margin on BG Local - Corporate	10,577,646	6,289,516
Margin on SG - SME	3,332,687	3,878,475
Provident Fund	-	1,619,968
Provision for Gratuity	-	4,024,000
Advance Fund - Ria	954,816	668,990
OD in Positive Balance	397	2,405
Advance Deposit-Xpress Money	237,280	237,280
Security Deposit-Xpress Money	421,000	421,000
Consolidated Prepaid Card Account	1,155,502	1,900,799
BB Fund for Corporate Refinancing	25,026,448	25,026,448
BB Fund for Agricultural Refinancing	27,615,000	-
Advance Fund - Cash Incentive for Inward Remittance	(16,203)	-
Security Deposit Held from Vendor	4,069,822	3,679,791
	147,092,086	53,633,994
12.6 Maturity analysis of deposits and other deposits		
Repayable – on demand	4,378,624,187	911,164,272
– within 1 month	1,124,548,552	7,467,685,734
– over 1 month but within 3 months	3,629,470,635	1,616,532,471
– over 3 months but within 1 year	3,688,406,561	2,075,014,815
– over 1 year but within 5 years	460,487,700	1,084,987,166
– over 5 years	4,200,000	-
	13,285,737,634	13,155,384,458



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12.7 Sector-wise break up of deposits and other accounts		
Autonomous & Semi-Autonomous Bodies	7,862,763,930	7,933,266,478
Other Non-financial Corporations- Private	1,937,428,921	1,277,317,067
Private	3,485,544,783	3,029,465,419
	13,285,737,634	12,240,048,964
13. Other liabilities		
Accumulated provision against loans and advances (Note 13.1)	183,434,640	84,819,158
Provision for Mutual Fund	-	600,000
Special General Provision- COVID-19 (Note 13.6)	25,407,312	11,035,000
Provision for current tax (Note 13.2)	509,957,624	356,661,372
Accounts payable -Interest payable	106,894,286	101,063,489
Shanchaypatra payable	-	500,000
ATM settlement (NPSB/Q-Cash) payable	16,441,219	3,463,761
Accrued expenses	38,525,876	38,318,083
Excise duty payable	13,355,351	12,091,100
Tax payable (At source)	7,897,489	7,879,492
VAT payable	3,057,940	2,432,449
POS settlement account payable	189,772	-
BACH clearing charge payable	(246,769)	(70,927)
EFTN Outward Adjustment	708,221	53,579,132
Sundry Creditors	7,413,481	288,809
Transactional Accounts	414,453	253,153,651
School Fees Payable Account	466,232	-
Provision for off balance sheet items (Note 13.4)	6,106,512	3,889,589
Payable to ADC Vendor	584,615	331,206
MFS Payable	1,235,375	559,041
Interest Suspense Account (Note 13.5)	4,835,843	572,854
CIB Payable	575,850	177,750
	927,255,320	931,345,009
13.1 Accumulated provision against loans and advances		
<u>The movement in specific provision for bad and doubtful debts</u>		
Opening balance	2,541,314	7,601,900
Fully provided debts written off during the year (-)	-	-
Recovery of amounts previously written off (+)	-	-
Specific provision made during the year (+)	86,971,293	-
Transferred to general provision of loans and advances (-)	(5,141,313)	(5,060,586)
Transfer from general reserve (+)	-	-
Recoveries and provision no longer required (-)	-	-
Net charge to Profit and Loss Account (+)	-	-
Net Additional during the year	81,829,980	(5,060,586)
Closing Balance	83,371,294	2,541,314
Total provision on classified loans and advances	84,371,294	2,541,314
<u>On unclassified loans</u>		
Opening Balance	82,277,844	77,117,654
Opening Balance-Provision for Mutual Fund	600,000	-
Transfer to Mutual Fund provision to General Provision (+)	600,000	-
Transfer from specific provisions (+)	-	5,060,586
Transfer from general reserve (-)	(19,801,591)	-
General provision made during the year (+)	35,387,093	99,604
Net Additional during the year	16,185,502	5,160,190
Balance at the year ended	99,063,346	82,277,844
Total provision on un-classified loans and advances	99,063,346	77,217,258
Total provision on loans and advances	183,434,640	84,819,158



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	31.12.2021 Taka	31.12.2020 Taka
Provision for	Required	Maintained
Un-classified loans and advances	98,169,123	82,277,844
Classified loans and advances	83,915,029	2,541,314
	182,084,152	84,819,158

13.1.1 Details of provision for loans and advances

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

13.2 Provision for current tax

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

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

13.3 Deferred tax liability/Asset

Temporary timing difference in written down value of fixed asset

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

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

13.4 Provision for Off Balance Sheet Exposures

Opening balance	3,889,589	708,893
Add: Addition during the year	2,216,923	3,180,696
	6,106,512	3,889,589

The Bank has made a provision of Tk 22,16,923 @ 1.00% on off balance sheet exposure (i.e. Letter of Credit & Letter of Guarantee) as per BRPD Circular number 14 dated 23.09.2012 from current year's profit. The total amount of provision of Tk. 6,106,512 is deemed sufficient on requirement and will be treated as Supplementary Capital of the Bank.



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

14.3 Percentage of shareholding

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

14.4 Classification of shareholders by holding

Holding	No. of holders 31.12.2021	% of total holding 31.12.2021	% of total holding 31.12.2020
Upto 500	9	0.000002%	0.000002%
501 to 5,000	-	0.00%	0.00%
5,001 to 10,000	-	0.00%	0.00%
10,001 to 20,000	-	0.00%	0.00%
20,001 to 30,000	-	0.00%	0.00%
30,001 to 40,000	-	0.00%	0.00%
40,001 to 50,000	-	0.00%	0.00%
50,001 to 100,000	-	0.00%	0.00%
100,001 to 1,000,000	-	0.00%	0.00%
Over 1,000,000	1	99.99998%	99.99998%
	10	100.00%	100.00%

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

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



14.6 Capital to Risk Weighted Assets Ratio (CRAR) - as per BASEL III

The calculation of CRAR under Basel III has been made as per "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" issued by Bangladesh Bank vide its BRPD Circular no. 18 dated December 21, 2014.

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

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

- 14.6.1** As per risk based capital adequacy guideline for banks under BASEL -III, the Tier 2 capital under heading "General Provision" is limited to the actual amount of general provision or 1.25% of credit risk weighted assets, which is lower. In subsequent BRPD Circular Letter No. 05 dated May 31, 2016, full amount of General Provision is allowed to be treated as part of Tier-II Capital.
- 14.6.2** As per risk based capital adequacy guidelines for banks under BASEL - III, the revaluation reserve for assets and securities will diminish at 20% per year on the base amount of 31 December 2014 so that the whole revaluation reserve amount will not get capital treatment after the end of five years (starting from 2015).
- 14.6.3** As per the risk based capital adequacy guidelines in line with Basel-III issued in December 2014 by Bangladesh Bank, the amount of subordinated debt in the regulatory capital will have to be reduced (amortized) in the last 05 (five) years of the bond's life by 20% from the amount of the instrument.



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

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



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



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



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	31.12.2021 Taka	31.12.2020 Taka
Recruitment Expenses	5,858	31,987
Events and Occasional Expenses	2,133,558	688,317
Exchange Loss on Foreign Currencies	7,609,302	1,203,066
Card Related Expenses	8,482,576	8,534,965
Excise Duty	1,741,000	2,068,800
Donations	4,010,000	1,000,000
Membership fees	214,396	194,755
AGM Expense	235,742	
Expense For new Projects	744,075	129,409
Contractual Services (Vehicle Expenses)	10,572,497	11,370,265
	49,484,880	40,427,528
31. Provision against loans and advances		
On un-classified loans	32,774,737	19,975,886
On classified loans	81,829,980	(5,060,586)
	114,604,717	14,915,300
31.01 Un-classified loans		
General Provision	16,185,502	5,760,190
Off balance sheet itemss	2,216,923	3,180,696
COVID-19 provision	14,372,312	11,035,000
	32,774,737	19,975,886
32. Appropriations		
Retained earnings - brought forward	140,030,415	165,418,725
Less: Stock dividend paid	124,800,000	160,000,000
Add: Profit after tax for the year	140,096,727	201,037,353
	155,327,142	206,456,078
Transferred to		
Statutory reserve	58,012,877	66,425,663
General reserve	-	-
	58,012,877	66,425,663
Retained earnings	97,314,266	140,030,415
33. Earnings Per Share (EPS)		
Profit after taxation	140,096,727	201,037,353
Number of ordinary shares outstanding	428,480,000	416,000,000
Earnings Per Share	0.327	0.483
Restatement of EPS for bonus share issue:		
Bonus fraction	-	0.62
	-	0.469
Earnings Per Share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2021 in terms of International Accounting Standard (IAS)-33. As there was no scope for dilution of shares, no diluted EPS required to be calculated for the year ended 31 December 2021.		
34. Receipts from other operating activities		
Interest on treasury bills, bonds, debenture and others	155,504,088	111,457,321
Gain/(Loss) on treasury bills and treasury bonds	(14,487,219)	(19,294,822)
	141,016,869	92,162,499
35. Payments for other operating activities		
Rent, taxes, insurance, electricity, etc.	96,153,654	86,190,259
Postage, stamps, telecommunication, etc.	16,768,159	17,361,960
Stationery, printing, advertisement, etc.	7,465,497	7,780,270
Repairs of Bank's assets	8,718,412	14,592,593
Legal expenses	2,925,375	4,144,530
Auditor's fees	379,500	379,500
Directors' fees	570,136	836,980
Other expenses	49,484,880	40,427,528
	182,465,613	171,713,620



36. Highlights of the overall activities of the Bank

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

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

Brig Gen Benazir Ahmed,
BGBMS, afwc, psc
Director

Col A S M Faisal,
PBGMS
Director

Rafiqul Islam
Acting Managing Director & CEO



37. Related Party Disclosures

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

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

ii) Name of the Directors and their interest in the Bank (as on 31.12.2020):

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



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

SL#	Name	Address	Designation	% of interest
1	BGB Welfare Trust	Shimanto Somvar, Dhanmondi, Dhaka	Sponsor	99.9999980%
2	Major General Aziz Ahmed, BGBM, PBGM, psc, G	HQ BGB, Peelkhana, Dhaka	Chairman	0.0000003%
3	Brig Gen Md Mahfuzur Rahman, BGBMS, G+	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
4	Brig Gen Taufiqul Hasan Siddiquee, BGBMS	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
5	Brig Gen Salim Mahmud Chowdhury, BP, BGBM	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
6	Brig Gen Khondoker Farid Hassan, PBGM	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
7	Colonel Kazi Aniruddha, BGBM	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
8	Colonel Zabed Sultan, BGBMS	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
9	Assistant Director Md Mahbubur Rashid	HQ BGB, Peelkhana, Dhaka	Director	0.0000003%
Total			40, 00, 00,000 (Fully Paid Up)	

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

SL#	Name	Name of the firms/Companies in which they have interest	Status with the Bank	Status in the interested entities
1	BGB Welfare Trust	Border Guard Bangladesh	Sponsor	N/A
2	Major General Md Shafeenul Islam, BGBM (BAR), ndc, psc	Border Guard Bangladesh; BGB Welfare Trust	Chairman	N/A
3	Brig Gen Md Nurul Amin, PhD, MPH	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
4	Brig Gen Md. Shazedur Rahman, BGBM	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
5	Brig Gen Md Hasan Uz Zaman, ndu, afwc, psc, Mphil	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
6	Brig Gen Benazir Ahmed, BGBMS, afwc, psc	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
7	Brig Gen A M M Khairul Kabir, BGBMS, psc	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
8	Col A S M Faisal, PBGMS	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
9	Col Murad Zaman, PBGMS	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
10	Col Md Aminul Hoque, SUP, afwc, psc	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A

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

vi) Related party Transactions:

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

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

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

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

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



Annexure-A

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

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



SHIMANTO BANK LIMITED

শিমন্ত প্রাচীর লিমিটেড
শিমন্তীন ঞ্গাঙ্গ

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